



Central Bank of Yemen



Monetary and Financial Developments

February

2022



Central Bank of Yemen



Monthly report Monetary and Financial Developments

February 2022

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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 third Monetary and Financial Developments report covering recent developments through February 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 money supply (M2) increased to 7229.1 billion Rials in 2021 compared to 6701 billion Rials in 2020, a YoY increase of 528.1 billion Rials (7.9 percent). The actual growth rate of broad money was well below the annual target of 18.3 percent as considered in the annual monetary plan. This indicated that monetary expansion in 2021 has been contained in line with the economic absorptive capacity.

Narrow money (M1) increased by 443.4 billion Rials YoY, while quasi-money rose by 84.7 billion Rials in 2021. The rise in narrow money reflected an increase in the currency in circulation and 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 46.9 percent of the total money supply in 2021 compared to 46.5 percent in 2020, is evidence that Yemen continues to rely heavily on cash as its primary means of financial intermediation.

Balance sheet of the CBY:

The total balance sheet of the CBY reached YER 8910.3 billion at the end of February 2022, showing an increase for the year of YER 12 billion, or 0.1 percent.

The total foreign assets of the CBY rose from YER

1815.7 billion in January 2022 to YER 1823.2 billion in February 2022, an increase of YER 7.4 billion (0.4 percent), mainly due to the positive effect of the allocation of special drawing rights (SDRs) by the International Monetary Fund (IMF) to Yemen in August 2021 (about USD 660 million).

Net credit to the government decreased from YER 5277 billion at the end of January 2022 to YER 5382.9 billion at end of February 2022, an increase of YER 105.9 billion (2 percent).

The stock of currency issued by the CBY amounted to YER 3758.3 billion at the end of February 2022, compared with YER 3760.7 billion at the end of January 2022, a decrease of YER 2.3 billion (0.1 percent).

Bank reserves held at the CBY increased by YER 23.6 billion (0.1 percent) in February 2022.

Thus, base money (the sum of currency issued and bank reserves) increased by 0.5 percent (YER 21.2 billion) in February 2022.

Consolidated balance sheet of commercial and Islamic banks:

The consolidated balance sheet of commercial and Islamic banks in Yemen totaled 4594.9 billion Rials in 2021, an increase of 165.2 billion Rials, or about 3.7 percent relative to 2020.

Bank loans and advances decreased by 1.8 billion Rials, or 0.1 percent in 2021, reaching 2303.6 bil-

lion Rials.

Total deposits increased, in 2021, by 144.3 billion Rials (about 4.1 percent) YoY to 3660.3 billion Rials. This increase reflected growth across several deposit categories: Demand deposits increased by almost 7 percent YoY, savings deposits by 3.9 percent, foreign deposits by 3.7 percent, and time deposits by 2.4 percent.

Clearing room:

The total number of checks transacted in rials in clearing rooms reached 820 in February 2022, representing a total value of YER 8.6 billion, compared with 688 checks totaling YER 9 billion during January 2022, an increase of 19.2 percent in quantity and 4.4 percent in value.

Exchange rates:

The average rate of the US dollar against the Yemeni Rial reached 1125.71 Rials per US Dollar at the end of February 2022, up from 851.11 Rials per Dollar at the end of February 2021. The peak was recorded in January 2022 (1102.69 YER: 1 USD). In response to these downward pressures and the accelerating depreciation of the Rial, the CBY took a series of regulatory and institutional adjustment actions designed to help restore stability in the FX market and enhance FX management guidelines and capacity. This process culminated with the launch of a best practice aligned FX auction mech-

anism, and subsequent implementation of weekly FX live auctions since November 2021 using the Refinitiv electronic platform.

A single price system was used to allocate a maximum envelope of USD15 million for each auction. Adjusted to USD 20 million in mid-February 2022 per auction. This system enabled CBY conducting a competitive FX management process designed to ensure transparency and promote a robust price discovery mechanism. Adjudication prices were based on the marginal clearance price (for instance YER1,411/USD1 for the November 10th first auction). So far, the auctions have included participation of 3-8 banks each week, with an average of 3 bids per bank.

As of end February 2022, CBY offered 265 million USD in eighteen auctions. Total bids amounted to 266.6 million USD representing a coverage ratio of 100.6 percent. The total amount allocated was 233.5 million USD. These auctions enabled CBY absorb a total amount of 261.7 billion YER, equivalent to 5.9 percent of base money growth until the end of February 2022. This constitutes an important step towards effective liquidity management using market-based monetary policy tools by CBY. CBY maintained status quo on interest rates in CY 2022. In fact, the policy rate (the minimum rate on Rial deposits used as benchmark) was maintained

at the same rate of 15% since last cut in February 2013.

Public deficit financing:

The preliminary data on budget execution indicated that the overall deficit, until January 2022 revealed a public deficit of 22.1 billion Rials (approximately 0.1 percent of GDP), compared with the deficit at the end of December 2021 of 4.2 billion Rials (About 0.02 percent of GDP).

In 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 December 2018 to 3.7 trillion Rials as of December 2021.

The primary source of domestic public financing is direct borrowing from the CBY. This equaled 3.5 billion Rials in 2021, or about 94,8 percent of the total public internal debt. Wakala deposits and certificates of deposits constituted the remaining portion of the domestic debt (about 5.2 percent).

Prices and inflation:

Achieving price stability is the primary objective of monetary policy. The primacy of this objective is clearly stated in the Central Bank of Yemen (CBY) Law No. 14 of 2000 that's why tremendous efforts are being deployed by the central bank 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 financing needs are met.

The cost of the national minimum food basket (MFB) in Yemen — an indicator of the cost of living — reached 86004 February 2022 compared to 82150 Rials in January 2022 and 49144 Rials in February 2021. This indicated that food prices declined by 4.7 percent in February 2022 compared to January 2022 in wake of the recent improvement of the value of the Rial in the exchange market, while the YoY food inflation amounted to 75 percent (February 2021 – February 2022).

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 monetary targeting and adopting a comprehensive toolkit of indirect and market-based instruments for liquidity management.

Within this context, the monetary plan for 2022 projects broad and base money growth at 18% and 15.6%, respectively. Monetary emission is estimated to grow by 18.4%. These values are consistent with an inflation rate within a range from 15% to 20% during CY2022.



Monetary Survey of Yemen

(In billions Riials, unless otherwise indicated)

Items	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
<u>(Broad money (M2 1-</u>	<u>2,268.2</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>
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
<u>Quasi-money 2-</u>	<u>1,275.2</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>2,749.8</u>
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
<u>(Narrow money (M1 3-</u>	<u>993.0</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>
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

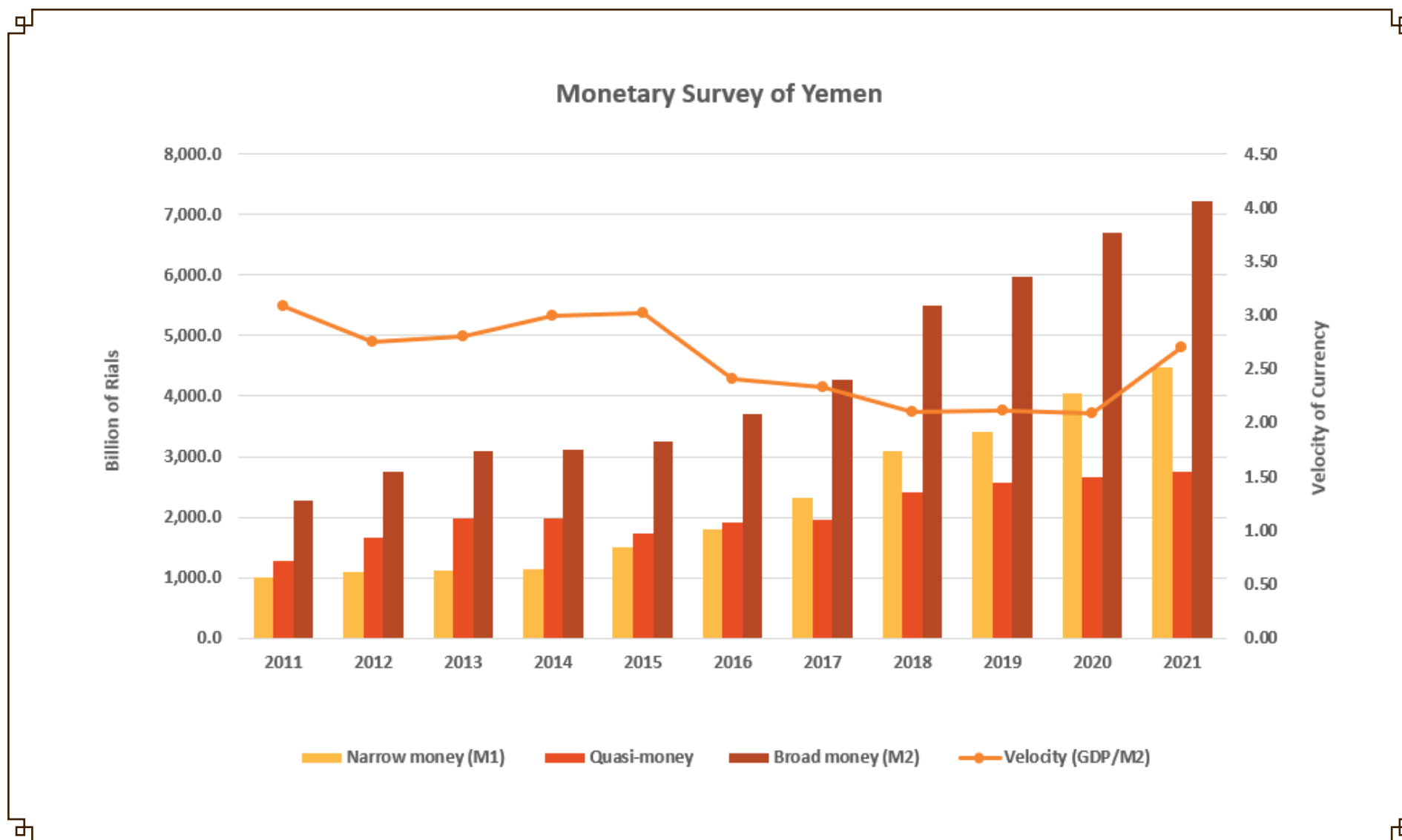


Figure 1: Yemen's Money Survey

Central bank survey

(In billions Rials)

Items	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	Feb-22
<u>Monetary base</u>	<u>954.5</u>	<u>1077.5</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>4,471.8</u>
<u>Monetary base, annual change</u>	<u>15.9</u>	<u>12.9</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>0.5</u>
<u>Currency issued</u>	<u>800.3</u>	<u>832.7</u>	<u>821.6</u>	<u>854.9</u>	<u>1099.5</u>	<u>1375.8</u>	<u>1893.5</u>	<u>2571.6</u>	<u>2890.5</u>	<u>3327.5</u>	<u>3,802.7</u>	<u>3,758.3</u>
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	-0.1
<u>Banks reserves held at the CBY</u>	<u>154.2</u>	<u>244.8</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>713.5</u>
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	3.4
<u>Money multiplier (M2/Monetary base)</u>	<u>2.4</u>	<u>2.6</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>	<u>2.1</u>

Table 2: Survey of the Central Bank of Yemen

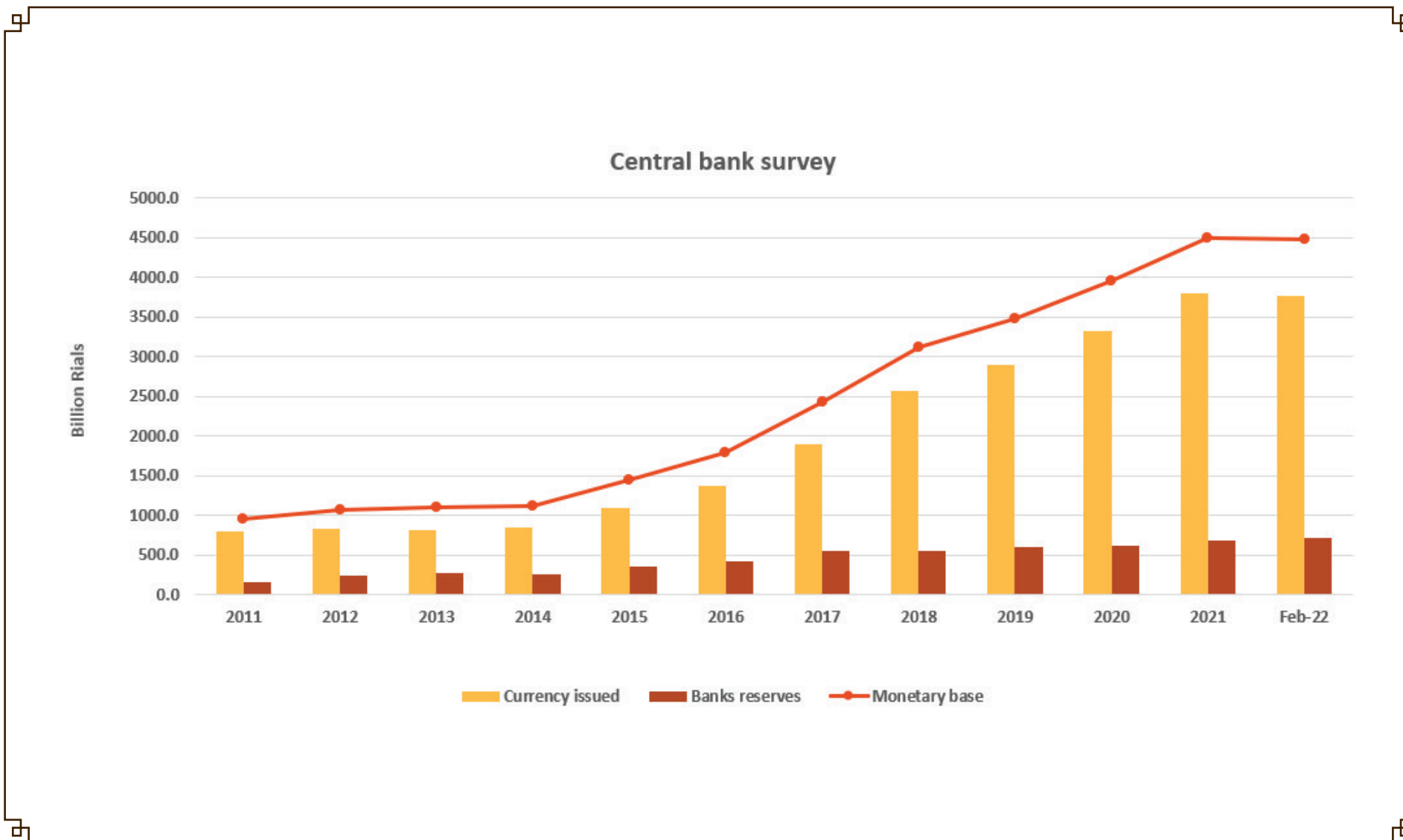


Figure 2: central bank survey

Balance Sheet of the Central Bank of Yemen

(In billion Rials)

Items	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	Feb-22
<u>Assets</u>	<u>1,930.0</u>	<u>2,372.9</u>	<u>2,185.0</u>	<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>7,286.3</u>	<u>8,090.3</u>	<u>8,910.3</u>
<u>Foreign Assets</u>	<u>968.8</u>	<u>1,323.2</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>628.4</u>	<u>387.8</u>	<u>684.0</u>	<u>1,823.2</u>
<u>Loans & Advances</u>	<u>940.5</u>	<u>1,032.4</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>4,841.8</u>	<u>5,708.4</u>	<u>6,125.9</u>	<u>6,119.4</u>
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	5,809.9
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
<u>Fixed & Other Assets</u>	<u>20.8</u>	<u>17.3</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>1,088.5</u>	<u>1,190.1</u>	<u>1,280.5</u>	<u>967.8</u>
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
<u>Liabilities</u>	<u>1,930.0</u>	<u>2,372.9</u>	<u>2,185.0</u>	<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>7,286.3</u>	<u>8,090.3</u>	<u>8,910.3</u>
<u>Banknotes Issued</u>	<u>800.3</u>	<u>832.7</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>2,890.5</u>	<u>3,327.5</u>	<u>3,802.7</u>	<u>3,758.3</u>
<u>Sight Liabilities</u>	<u>533.4</u>	<u>645.2</u>	<u>496.7</u>	<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>1,279.1</u>
Government	236.4	150.5	121.3	76.1	50.6	75.4	100.6	243.6	330.6	429.7	342.7	427.0
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	79.9
Demand Deposits	53.3	69.9	70.2	49.3	26.6	32.8	38.2	93.7	34.2	45.3	45.7	49.1
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	30.8
<u>Banks</u>	<u>154.2</u>	<u>244.8</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>713.5</u>
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	3,935.2
<u>Other Liabilities</u>	<u>482.1</u>	<u>563.7</u>	<u>548.2</u>	<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>1,483.4</u>	<u>1,437.3</u>	<u>-62.3</u>

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
<u>Assets</u>	<u>1765.8</u>	<u>2276.1</u>	<u>2776.1</u>	<u>2810.0</u>	<u>2768.5</u>	<u>2961.6</u>	<u>3183.1</u>	<u>4034.2</u>	<u>4408.9</u>	<u>4,429.7</u>	<u>4,594.9</u>
<u>Foreign Assets</u>	<u>477.5</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>971.1</u>
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
<u>Reserves</u>	<u>175.0</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>774.5</u>	<u>821.2</u>	<u>938.3</u>
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
<u>Loans & Advances</u>	<u>933.7</u>	<u>1179.6</u>	<u>1722.5</u>	<u>1844.8</u>	<u>1692.6</u>	<u>1725.7</u>	<u>1817.3</u>	<u>2157.8</u>	<u>2319.4</u>	<u>2,305.4</u>	<u>2,303.7</u>
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
<u>Other Assets</u>	<u>115.6</u>	<u>121.3</u>	<u>131.3</u>	<u>156.9</u>	<u>185.8</u>	<u>213.9</u>	<u>262</u>	<u>339.2</u>	<u>404.2</u>	<u>387.0</u>	<u>381.8</u>

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
<u>Liabilities</u>	<u>1765.8</u>	<u>2276.1</u>	<u>2776.1</u>	<u>2810.0</u>	<u>2768.5</u>	<u>2961.6</u>	<u>3183.1</u>	<u>4034.2</u>	<u>4408.9</u>	<u>4,429.7</u>	<u>4,594.9</u>
<u>Deposits</u>	<u>1348.6</u>	<u>1799.5</u>	<u>2225.3</u>	<u>2225.7</u>	<u>2150.0</u>	<u>2271.4</u>	<u>2374.4</u>	<u>3027.4</u>	<u>3249.3</u>	<u>3,516.0</u>	<u>3,660.3</u>
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
<u>Foreign Liabilities</u>	<u>16.8</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>
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
<u>Other Liabilities</u>	<u>400.3</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>944.1</u>	<u>1123.0</u>	<u>878.8</u>	<u>902.1</u>
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	1102.69
February	214.89	214.89	214.89	213.80	213.80	214.89	330.68	481.50	581.50	655.69	865.38	1125.71
March	214.89	214.89	214.89	213.80	213.80	214.89	348.02	488.00	579.75	656.33	891.52	
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	
Annual average	214.89	214.89	214.89	214.35	213.80	241.41	369.45	538.38	572.19	735.21	1032.51	1114.20

Table 6: Average Market Exchange Rates

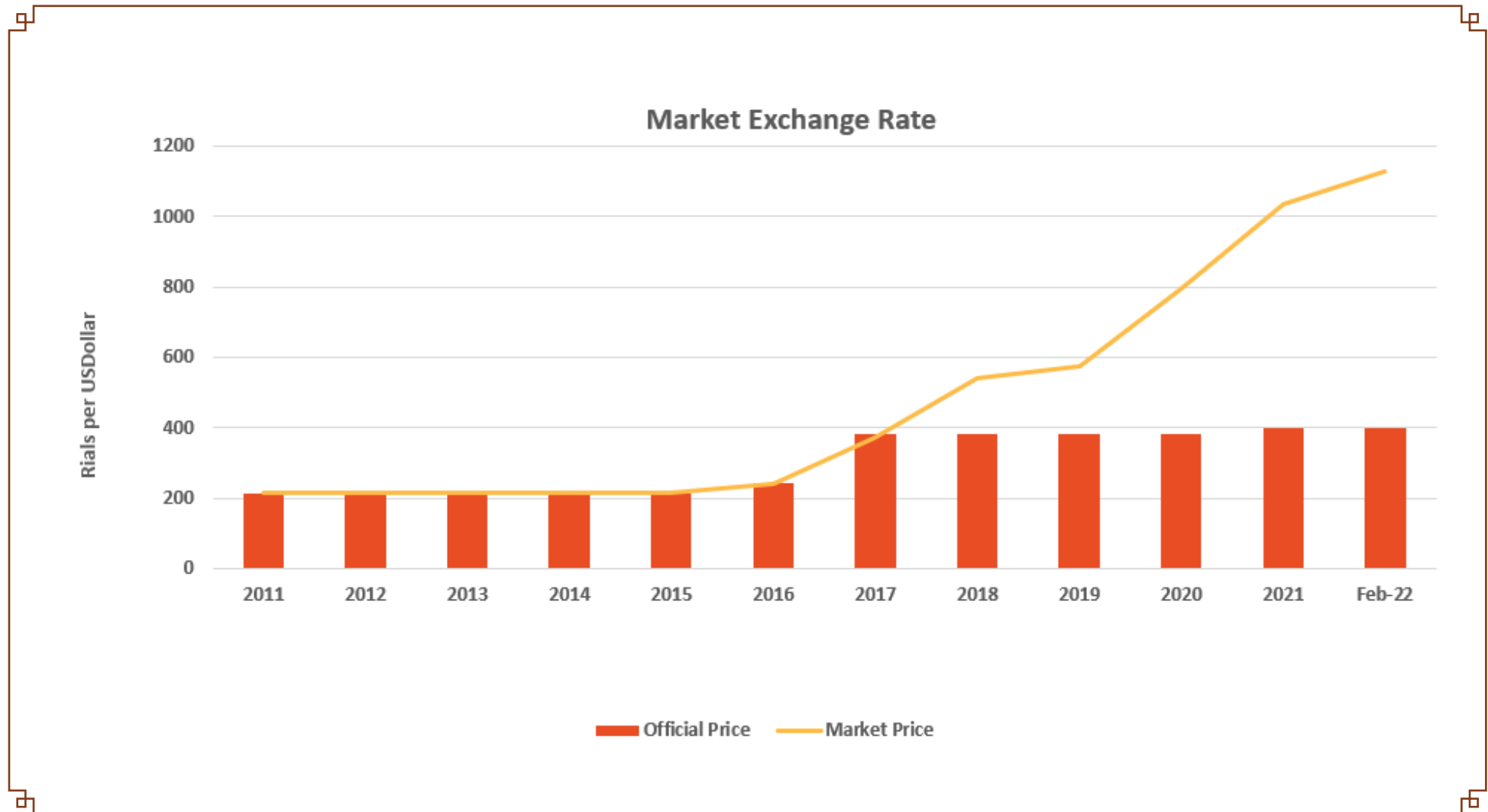


Figure 3: Average Exchange Rates



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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