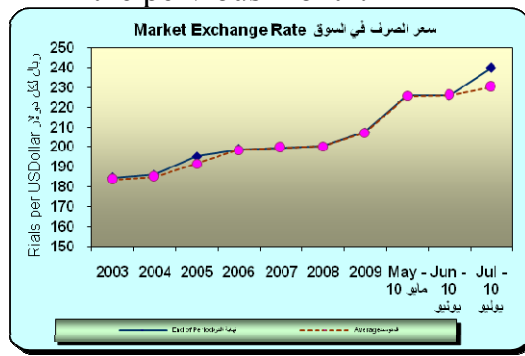


## Review of Monetary and Banking Developments

### Exchange Rate

The exchange rate increases slightly by 239.68 Rials per US Dollar at the end of July 2010 compared with 225.96 Rials per US Dollar at the end of June 2010, a percentage increase of 6.1%. The average exchange rate during July 2010 was 229.97 Rials per US Dollar against 225.82 Rials per US Dollars in the pervious month.



### Consumer Price Index:

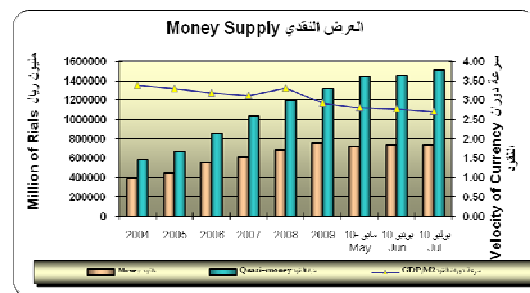
Consumer Price Index (CPI) increased from 113.12 at the end of May 2010 to 116.42 at the end of June 2010. Monthly inflation at the end of June 2010 was (2.91%). Accumulative inflation during December 2009 – June 2010 was 4.91%, while yearly inflation in June 2010 was 12.34% compared with 10.11% in May 2010.

### Money Supply

Money supply increased from 2188.0 billion Rials at the end of June 2010 to 2249.2 billion Rials at the end of July 2010, an increase of 61.2 billion Rials or 2.8% compared with an increase of 21.4 billion Rials or 1.0% during June 2010. Money

supply during July 2009 was 1933.4 billion Rials.

Net foreign assets of the banking system amounted to 1805 billion Rials at the end of July 2010, compared with 1707.2 billion Rials at the end of June 2010, an increase of 98.5 billion Rials or 5.8%. Net foreign assets of the banking system were 1703.6 billion Rials at the end of July 2009.



Net claims on government amounted to 658.8 billion Rials at the end of July 2010 compared with an amount of 653.8 billion Rials at the end of the previous month. Net claims on government were 353.6 billion Rials at the end of July 2009.

Claims on non-government sector increased from 562.8 billion Rials at the end of June 2010 to 603.7 billion Rials at the end of July 2010, an increase of 40.9 billion Rials or 7.3%. Claims on non-government sector were (521.3) billion at the end of July 2009.

**Balance Sheet of Central Bank**

Total balance sheet of Central Bank showed increase of 115.0 billion Rials or 6.2% amounting to 1967.4 billion Rials at the end of July 2010 compared with a decrease of 0.5% during the previous month. Total balance sheet was 1632.6 billion Rials at the end of July 2009.

Foreign assets of the Central Bank at the end of July 2010 amounted to 1374.4 billion Rials (dollar value 5726.9 million US Dollars) covering 7.7 months of imports compared with 1325.8 billion Rials (dollar value 5866.8 million US Dollars) covering 7.9 months of imports at the end of June 2010. Foreign assets of the Central Bank at the end of July 2009 were 1389.2 billion Rials (equivalent to 6796.9 million US Dollars).

Currency issued amounted to 535.7 billion Rials at the end of July 2010 compared with 536.3 billion Rials at the end of June 2010, a decrease of 0.6 billion Rials.

**Treasury Bills Yield:**

The weighted average yield of treasury bills during July 2010 auctions amounted to: -

For three months 22.98 % per annum compared with 22.98% per annum during June 2010.

For six months 22.98% per annum compared with 22.98% per annum during June 2010.

For one year 22.99 % per annum compared with 22.98% per annum during June 2010.

Government Bonds issued for 3 years in July 2010 amounted to 1550 million Rials compared with 3300 million Rials in June 2010. The total outstanding balance in July 2010 is 402.0 billion Rials

**Clearing Room**

Total number of Rial checks transacted in the clearing rooms amounted to 59.4 thousand checks valued at 190.0 billion Rials during July 2010 against 60.2 thousand checks valued at 181.9 billion Rials during June 2010, a decrease of 1.4% in number of checks and an increase of 4.4% in their value.

**Crude Oil Exports:**

Crude oil exports (government share) during July 2010 amounted to 3.60 million barrels with total value of 270.07 million US Dollars (at an average price of US \$75.02/ barrel) compared with 0.99 million barrels valued at 73.16 million US Dollars in June 2010. Crude oil exports (government share) during January- July 2010 amounted to 19.05 million barrels with a total value of 1475.19 million US Dollars (at an average price of US \$ 77.44/barrel) compared with 14.96 million barrels valued at 803.42 million US Dollars (at average price of US\$53.70/barrel) during January –

July 2009, an increase of 27.34% in quantity and 83.61% in value

Domestic consumption during January-July 2010 amounted to 14.85 million barrels compared with 16.09 million barrels during January-July 2009.

### **Consolidated Balance Sheet of Commercial and Islamic Banks\***

The total of the consolidated balance sheet of commercial and Islamic banks showed an increase of 78.7 billion Rials or 4.3% at the end of July 2010 amounting to 1905.3 billion Rials compared with an increase of 18.9 billion Rials or 1.0% during June 2010. The total of the consolidated balance sheet of commercial and Islamic banks was 1573.5 billion Rials at the end of July 2009

Foreign assets of banks amounted to 496.9 billion Rials (dollar value of 1865.5 million US Dollars) at the end of July 2010 compared with 447.7 billion Rials (equivalent to 1981.0 million US Dollars) at the end of June 2010, an increase of 49.2 billion Rials or 11.0%. Foreign assets of commercial and Islamic banks at the end of July 2009 were 382.7 billion Rials (dollar value of 1872.5 million US Dollar).

Total reserves of banks at the end of July 2010 increased by 28.2 billion Rials or 11.4% to amount to 276.7 billion Rials compared with

248.5 billion Rials at the end of the previous month.

Total credits and loans granted by commercial and Islamic banks to the private sector amounted to 483.2 billion Rials at the end of July 2010 compared with an amount of 463.9 billion Rials at the end of June 2010. Treasury bills amounted to 516.4 billion Rials at the end of July 2010 compared with 525.7 billion Rials at the end of June 2010.



Total deposits with banks increase by 4.3% from 1463.8 billion Rials at the end of June 2010 to 1526.1 billion Rials at the end of July 2010.

\* Since The beginning of February 2009, the government has issued government bonds for pension and insurance funds for 3 years with an annual interest by 7%

\* Including provisions against nonperforming loans.