



## Regulatory framework and approach

- Exchange rate policy and supervision is conducted by the Central Bank of Egypt (<http://www.cbe.org.eg>), which is also responsible for implementing monetary policy.
- The main policy instruments of the CBE are the overnight deposit and lending rates; these define the bounds of the overnight inter-bank rate. The CBE interacts with the market through regular deposit auctions.
- The Egyptian pound is convertible only for permitted underlying transactions, capital controls persist. Forwards are available via the NDF.
- A withholding tax of 20% applies to government T-bills; this can be reduced using double taxation treaties.

## EGP products

NOTE: the figures below are approximations at the time of printing, these are exceptional times as we are still early days post the liberalization of the FX regime after a 5 year period of restriction.

### FX spot

Avg. ticket size: USD 1-5-1mn

Bid/ask spread: EGP 0.15-0.30

Avg. daily volume: USD 50

No auctions or intervention by CBE post free float thus far

Trading hours: 08:00-02:00 London (at time of printing, these are exceptional hours) (Interbank Spot trading is not available).

### Non deliverable FX forward

Avg. ticket size: 5.0 mn

Avg. daily volume: USD 30-60mn

Liquid tenors: <2Y

Bid/ask spread: EGP 0.04-0.06

Ref. source: NDF fixing reference Reuters <FEMF> 12:30pm

### Government T-bills and bonds

Regulatory: transactions are now recorded electronically on a system which links the primary dealers, CBE and Cairo and Alexandria Stock Exchange (CASE) with the Misr Settlement, Clearing and Central Depository (MCSA). Most trading is OTC with only a few bonds quoted on CASE. A 15%-20% withholding tax (depending on home country tax rate) on T-bills was introduced in May 2008. This only applies to government T-bills issued from May 2008 onwards and does not affect payments on government bonds. Foreign investors face no restrictions on holding T-bills or bonds but often use TRS or CLN for convenience. The market trades Sunday-Thursday.

Avg. ticket size: USD 2-5mn

Daily turnover: USD 50-70mn

Bid/ask spread: T-bills: 30-50bp, T-bonds: 50-100bps

Tbill Issuance: Every Sunday – 3m and 9m

Every Thursday – 6m and 1y

All settlement takes place on Tuesdays.

(note: working week in Egypt is Sunday to Thursday)

Cut off for bid submission 10:00 CAI

announcement after 1pm CAI

	Cut off	Mkt convention
FX settlement	4:00 CAI	T+2
Bills	1:30 CAI	T+0