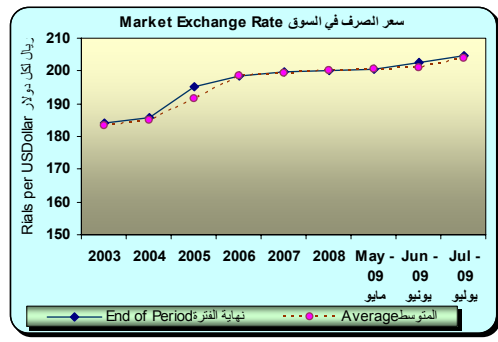


## Review of Monetary and Banking Developments

### Exchange Rate

The end of period exchange rate increased slightly from 202.72 Rials per US Dollar at the end of June 2009 to 204.48 Rials per US Dollar at the end of July 2009, a percentage increase of 0.9%. The average exchange rate during July 2009 was 203.78 Rials per US Dollar.



### Consumer Price Index:

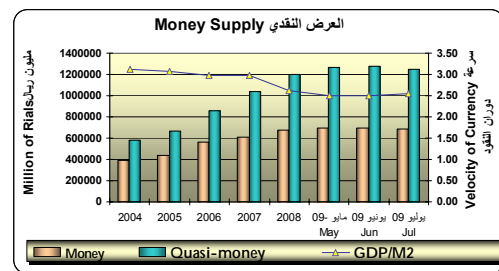
Consumer Price Index (CPI) increased from 145.80 at the end of June 2009 to 146.45 at the end of July 2009. Monthly inflation at the end of July 2009 was (0.44%). Cumulative inflation during December 2008 -July 2009 was 1.91%, while yearly inflation in July 2009 was 4.41% compared with 3.97% in June 2009.

### Money Supply

Money supply decreased from 1969.3 billion Rials at the end of June 2009 to 1933.4 billion Rials at the end of July 2009, a decrease of 35.9 billion Rials or 1.8% compared with an increase of 1.8 billion Rials or 0.1% during June 2009. Money

supply at the end of July 2008 was 1736.6 billion Rials.

Net foreign assets of the banking system amounted to 1703.6 billion Rials at the end of July 2009 compared with 1706.8 billion Rials at the end of June 2009, a decrease of 3.2 billion Rials or 0.2%. Net foreign assets of the banking system were 1864.9 billion Rials at the end of July 2008.



Net claims on government amounted to 353.6 billion Rials at the end of July 2009 compared with an amount of 358.6 billion Rials at the end of the previous month. Net claims on government were -74.8 billion Rials at the end of July 2008.

Claims on non-government sector increased from 517.0 billion Rials at the end of June 2009 to 521.3 billion Rials at the end of July 2009, an increase of 4.3 billion Rials or 0.8%. Claims on non-government sector were 511.4 billion at the end of July 2008.

### Balance Sheet of Central Bank

Total balance sheet of Central Bank showed a decrease of 33.8 billion Rials or 2.0% amounting to 1632.6 billion Rials at the end of July 2009 compared with an increase

of 2.4% during the previous month. Total balance sheet was 1807.8 billion Rials at the end of July 2008.

Foreign assets of the Central Bank at the end of July 2009 amounted to 1389.2 billion Rials (dollar value 6796.9 million US Dollars) covering 8.1 months of imports compared with 1442.1 billion Rials (dollar value 7112.0 million US Dollars) covering 8.5 months of imports at the end of June 2009. Foreign assets of the Central Bank at the end of July 2008 were 1693.9 billion Rials (dollar value 8477.5 million US Dollars).

Currency issued amounted to 485.8 billion Rials at the end of July 2009 compared with 482.7 billion Rials at the end of June 2009, an increase of 3.2 billion Rials.

#### **Treasury Bills Yield:**

The weighted average yield of treasury bills during July 2009 auctions amounted to: -

For three months 12.95% per annum compared with 12.96% per annum during June 2009.

For six months 12.97% per annum compared with 12.97% per annum during June 2009.

For one year 12.97% per annum compared with 12.96% per annum during June 2009.

Government Bonds issued in July 2009 amounted to 25.4 billion Rials compared with 35.5 billion Rials in June 2009. The total outstanding at July 2009 is 307.1 billion Rials.

#### **Clearing Room**

Total number of Rial checks transacted in the clearing rooms amounted to 62.3 thousand checks valued at 176.8 billion Rials during July 2009 against 62.1 thousand checks valued at 182.4 billion Rials during June 2009, an increase of 0.2% in number of checks and a decrease of 3.1% in their value.

#### **Crude Oil Exports:**

Crude oil exports (government share) during July 2009 amounted to 2.2 million barrels with total value of 138.6 million US Dollars compared with 2.6 million barrels valued at 181.6 million US Dollars in June 2009. Crude oil exports (government share) during January- July 2009 amounted to 15.0 million barrels with a total value of 803.4 million US Dollars (at average price of US\$ 53.7/barrel) compared with 27.3 million barrels valued at 3122.9 million US Dollars (at average price of US\$114.6/barrel) during January - July 2008, a decrease of 45.1% in quantity and 74.3% in value. Domestic consumption during January-July 2009 amounted to 15.6 million barrels compared with 13.2 million barrels during January-July 2008.

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

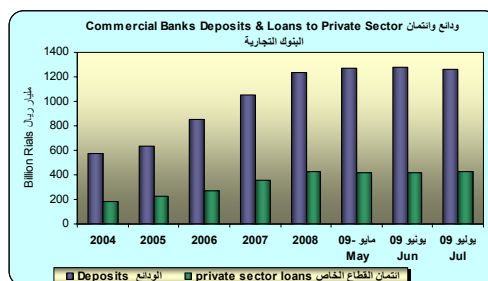
The total of the consolidated balance sheet of the commercial and Islamic banks showed a decrease of 5.8 billion Rials or 0.4% amounting to 1573.5 billion Rials during July 2009 compared with an increase of 5.6 billion Rials or 0.4% during June 2009. The total of the consolidated balance sheet of the commercial and Islamic banks was 1412.1 billion Rials at the end of July 2008.

Foreign assets of banks amounted to 382.7 billion Rials (dollar value of 1872.5 million US Dollars) at the end of July 2009 compared with 336.2 billion Rials (dollar value of 1658.1 million US Dollars) at the end of June 2009, an increase of 46.5 billion Rials or 13.8%. Foreign assets of commercial and Islamic banks at the end of July 2008 were 256.7 billion Rials.

Total reserves of banks at the end of July 2009 decreased by 11.2 billion Rials or 5.3% to 199.8 billion Rials compared with 211.0 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 424.4 billion Rials at the end of July 2009 compared with an amount of 417.7 billion Rials at the end of June 2009. Treasury bills amounted to 468.9

billion Rials at the end of July 2009 compared with 500.5 billion at the end of June 2009.



Total deposits with banks decreased by 1.4% from 1278.4 billion Rials at the end of June 2009 to 1260.3 billion Rials at the end of July 2009.

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\* Including provisions against nonperforming loans.