

Documentation of the Key financial Indicators April 26, 2006

(Note: All balances are exclusive of data from Northern Region.)

1. **Exchange Rate** The weekly and monthly average for the Iraqi Dinar exchange rates against the U.S. Dollar in the daily CBI auctions. Rate is reported from Foreign Exchange Department.
2. **Inflation Rate** Consumer Price Index (CPI) (1993=100). Issued by the Central Office of Statistics and Information Technology (COSIT). Since August 2004 the index has measured rent monthly (it was previously measured only every six months). In September 2004, 2003 and first three quarters of 2005 were revised to extrapolate rent for earlier months.
3. **Interest Rates**
 - a. **MOF** Reported by Ministry of Finance.
T-Bill Rates: Monthly averages of primary auction interest rates of 91 day government bills since July 2004.
T-Bill amounts sold, redeemed and outstanding: Sales, purchases and redemptions are to or from entities outside the CBI by the MOF or the CBI. Stock outstanding is the value held outside the CBI at the end of the period. Amounts shown are aggregates of 28, 63, 91 day term bill.
 - b. **CBI** Reported by Agreements & Loans Department. Interest rates set by the CBI for use of its Standing Facilities established August 2004 (see <http://www.cbiraq.org/cbs3a.htm>).
b.i Discount rate for bills sole by the CBI bearing a maturity of one year.
 - c. **Commercial Banks** Reported by commercial bank to the Credit Research Division of Statistics and Research Department. Rates are for end of period at annual rates.
4. **Monetary Base** Reported by the Accounts Department in the Analytical balance sheet. Items referenced are item numbers in the Analytical balance sheet.

Sources

a – Net Foreign Assets of the CBI (NFA): Gross Foreign Assets less Foreign Liabilities

Gross Foreign Assets of the CBI: Gold and SDRs (items 1.1 and 1.23); Investments (item 1.22); and Cash in CBI vaults (item 1.21)

Foreign Liabilities of the CBI: Foreign sector foreign currency current account (item 7.1)

b - Net Domestic Assets for the CBI (NDA): Derived from the Analytical Balance sheet reported by the Accounts Department. NDA is defined here as the Monetary Base less Net Foreign Assets of the CBI.

Net claims on central government (items 2.1 to 2.5): these claims are carried over from before February 2003; From April 2006, these claims are consolidated into a single claim with accrued interest added. The rescheduled claim will be paid off in quarterly installments beginning the end of March 2007. Domestic currency deposits of the MOF (item 9.1); and Foreign exchange deposits of MOF (item 9.4).

Net claims on commercial banks: Credit (item 3.2) Less Deposits (excluding overnight ID) (items 10.4 and 10.5)

Uses

Monetary Base is the sum of domestic currency outside of bank and bank reserves (a + b)

a - Currency outside banks, i.e., the currency component of the money supply as shown in the Analytical Balance sheet (Item 8) which is derived from the following sources (currency put into circulation reported by Issuing Dept. less vault cash(item 8.1 of Analytical Balance Sheet) reported by Research & Statistics Dept.). From December 2003, currency in circulation is the new currency issued by the CBI less redemption of old and damaged new currency notes. Prior to October 2003, currency in circulation is all Iraqi Dinar (other than the 25 swiss Dinar notes) issued by the CBI (both Swiss and Saddam Dinar at face value) less redemption of old and damaged notes and issued currency in vaults of CBI.

b - Bank reserves:

ID current account (item 10.1)
Overnight ID deposits (item 10.3)
ID vault cash (item 8.1)

5. Money Supply (M2)

Monthly: Reported by Research & Statistics Department (as at the end of the month, in billions of Dinar) from the monthly regulatory reports of all commercial banks.

Currency in Circulation outside of banks (see 4.a above)

Deposits in Commercial Banks, excluding central government deposits, interbank accounts, and accounts of a current nature.

Weekly: Reported by Research and Statistics Department as at the end of every Thursday.

Currency in Circulation outside of banks is currency put into circulation as reported weekly by Issuing Dept. less dinar cash in vaults of banks as reported by banks in the “Monthly Reserve Calculation Period Report of Deposits and Vault Cash” .

Deposits in Commercial Banks, excluding central government deposits, interbank accounts, and accounts of a current nature as reported by banks in the “Monthly Reserve Calculation Period Report of Deposits and Vault Cash”.

6. Foreign currency deposits – Reported by Agreement & Loans Dept. The monthly average of foreign currency deposits reported by banks in the “Monthly Reserve Calculation Period Report of Deposits and Vault Cash”. As of May 2005, this value includes foreign currency deposits of central government held by banks.

7. Reserve Requirement : Reported by Agreement & Loans Dept on the basis of the “Monthly Reserve Calculation Period Report of Deposits and Vault Cash”.

a. Required Reserves are 25% of all deposits (Dinar and foreign currency) of the public plus of the government (as of May 2005) less cash items in the process of collection. These deposits are the average of the end Thursday balances in the preceding month (the four or five Thursdays ending on the second Thursday before the end of the preceding month). From [July, 2006 the reserve assets that may be held to satisfy the requirement are: a) the Dinar vault cash of banks up to 20% of the total requirement, b) foreign currency current accounts with the CBI up to the 25% of the banks foreign currency deposits, and c) Dinar current account balances with the CBI. Prior to [July, 2006], all dinar vault cash was included in reserve assets.

b. Excess Reserves including overnight Dinar deposits are defined as: a) total Dinar current account balances less that amount of the total reserve requirement not satisfied with vault cash and foreign currency current account deposits with the CBI, plus b) overnight Dinar deposits with the CBI. (show as the average of Thursday balances per the maintenance period).

8. Memorandum Items:

Growth rates from previous month are the compounded annual growth rates represented by the change from the previous month $(\text{Power}(\text{current month} / \text{earlier month}) * 100) - 100$.

Growth rates from previous six months (twelve months) are the compounded annual growth rates represented by the changes from six (twelve) earlier; the formula is:

$$(\text{Power}(\text{current month} / \text{six months earlier}, 2) - 1) * 100$$

$$(\text{Power}(\text{current month} / \text{twelve months earlier}, 1) - 1) * 100$$