

The impact of monetary policy on the commodity balances of the most important Egyptian commodities

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ABSTRACT

Monetary Policy is one of the components of the economic policy of the state, which includes all monetary decisions and actions - regardless of whether they have monetary objectives or not to manage the expansion and contraction of the volume of money and control the money supply to affect macroeconomic variables such as savings, consumption, employment etc. The problem of the study was the rise in commodity prices, the increase in the rate of inflation, the continuous price fluctuations, and the rise in the exchange rate of the dollar against the pound and its continued rise, the aim of the study is to evaluate the Egyptian monetary policy during the study period 2010-2020, and its impact on the commodity balance of the most important Egyptian commodities, which is in consequence of the Egyptian monetary policy, and its impact on achieving price stability during the study period, the most important results when comparing the two periods of the second study with the period of the third study, it was found that the deficit percentage increased in the third study period by about 21.37%, 17.83% for wheat, about 1625.32%, 1178.95% for rice, about 37.75%, 9.49% for meat, and about 36.07%, 27.79% for potatoes compared to the second study periods,

The deficit percentage in the oils group increased by about 49.86% in the first period, and then decreased by about 31.06% in the second period compared to the third study period, while the deficit percentage in onions decreased by about 60.55% in the first period, then increased by about 101.84% in the second period compared to the third study. As for the orange crop, it was found that the surplus percentage increased, as the percentage of increase

reached about 75.09% and 50.46% in each of the first and second study periods, compared to the third study period, That is, the effect of applying the policy of floating the Egyptian pound, in addition to the beginning of the spread of the Corona pandemic, had negative effects on increasing the deficit in the food balances of the most important food commodities by a rate of about 87.5% of the total number of crops under study, While the percentage of surplus in the Egyptian food balance was about 12.5% of the total number of crops under study,

The inflation rate is rising continuously throughout the study period 2010-2022, as it ranged from 10.1 to 13.9% and reached 29.5% in 2017 as a result of the flotation in November 2016, and increased by 27% during the period from June 2022 to July 2023. Therefore, the most important recommendations of the study were to study the most important reasons that contributed to the increase in the deficit rate in the food balances of the commodities under study, The study also recommends providing permanent support to investors in order to increase the percentage of direct and indirect foreign investment in Egypt, which contributes to providing hard currency in the country, and thus increasing the volume of its supply and decreasing its price in the Egyptian market, which will result in a decrease in the price of the customs dollar, and thus a decrease in the value of the deficit in the commodity balances of the most important food commodities under study .

Keywords: Monetary and financial policies, Monetary Policy Objectives, Inflation rate.

I. INTRODUCTION:

Monetary and financial policies in Egypt are considered one of the main pillars upon which the state relies to achieve stability in the general level of prices, in addition to achieving high levels of economic growth, maintaining currency stability, and achieving the largest amount of foreign exchange reserves. Monetary in its ability to control the volume of the money supply, the interest rate, the discount rate, and in general, the performance of monetary policy varies from one country to another according to the variables of each country effective on the monetary policies pursued by the Egyptian state, which resulted in the issuance of Law No. 194 issued on September 24, 2020; To keep abreast of economic, political and technological developments at the local and global levels.(Al-Asraj, 2021) Therefore, the problem of the study was the rise in commodity prices, the increase in the rate of inflation, the continuous price fluctuations, and the rise in the exchange rate of the dollar against the pound and its continued rise.

Monetary Policy:

Is one of the components of the economic policy of the state is the monetary policy, which includes all monetary decisions and actions - regardless of whether they have monetary objectives or not - to manage the expansion and contraction of the volume of money and control the money supply to affect macroeconomic variables such as savings, consumption, employment etc. The traditional concept of monetary policy refers to "the process of using a set of tools and policies aimed at influencing the money supply in particular, and economic performance in general, and also represents the procedures adopted by the government, or the monetary authority to manage the money supply and interest rate" (Ghadeer, 2010).

Monetary Policy Objectives:

Monetary policy has an important role in confronting inflation and maintaining the general level of prices, so one of the most important objectives of monetary policy are ;

- Maintaining the general level of prices: large changes in price levels are factors that negatively affect economic performance.
- Stability of the foreign exchange market: Monetary policy increases the growth rate of employment and employment, through the adoption of monetary

policies and measures that contribute to stimulating production and investment.

- Supporting capital market stability and attracting investments, Therefore, it has become very important for the central bank to maintain the stability of the financial markets. (Hassouba, 2010)

Monetary policy also aims to influence economic activity and maintain its stability and reduce the problem of economic fluctuations that accompany inflation, recession, and depression to achieve certain goals, There is a contractionary monetary policy when it seeks to reduce inflation by increasing interest rates and reducing the money supply, and there is an expansionary monetary policy to counter recession and unemployment by lowering interest rates and increasing the money supply (Walid, 2014).

The aim of the study:

Evaluate the Egyptian monetary policy during the study period 2010-2020 and its impact on the commodity balance of the most important Egyptian commodities, which is in consequence of the Egyptian monetary policy, and its impact on achieving price stability during the study period.

Research method and data sources:

The study relied on the descriptive economic analysis method to reach the desired goal, and it relied on collecting data on some statistical sites, including the Central Agency for Public Mobilization and Statistics, the Agriculture and Food Organization, in addition to many studies that dealt with this topic.

The Egyptian economy has suffered from harsh social conditions such as increasing the rate of unemployment, poverty and the absence of social justice, where the disparity between rich and poor has increased, resulting from the absence of a regulatory framework, inadequate institutions and political stagnation, which led to more corruption and the decline of economic gains on a small segment of society and left the broad base of the Egyptian people, and this resulted in the outbreak of the revolution of January 25, 2011 demanding bread, freedom and social justice. Despite the success of the revolution in removing the regime, the economic and social losses of the revolution exceeded the gains obtained at least that year, as tourism revenues declined as a result of the instability of security in the

country, the stock exchange lost so much that it closed for a while, daily workers were affected, and the unemployment rate increased (Adel, 2014).

This was reflected in a decline in the rate of economic growth, especially after the outbreak of the revolution, where economic activity was disrupted; the level of domestic investment, whether private or public, decreased, security conditions weakened, uncertainty persisted, and political and economic reforms slowed. GDP growth declined to an average growth of 2.08% in the period (2010/2011-2012/2013), and the value of the Egyptian pound fell against the dollar, as the number of tourists decreased, and the passage of ships through the Suez Canal decreased, especially in the early days of the revolution, and the decline in exports of goods and services, in addition to the decline in remittances of workers abroad, where unrest included a large number of Arab countries.

This was reflected in the adoption by the Egyptian government in that period of an expansionary fiscal and monetary policy to achieve the demands of the people to achieve social justice, and therefore expenditures increased so that the average expenditure as a percentage of GDP reached 31.13% during the period (2010/2011-2012/2013). (Adel, 2014; Ibrahim, 2015).

On the other hand, the ratio of revenues to GDP decreased in terms of revolution, strikes, insecurity and the decline in the level of investments, so the relative importance of borrowing increased, the deficit was financed by domestic borrowing, and the relative importance of current revenues and grants decreased, but the relative importance of taxes did not change, but the progressive tax system that was proposed as a kind of justice was not implemented. All this resulted in an increase in the public budget deficit in response to the expansionist policy after the revolution, covering all these requirements and compensating for post-revolution losses (Younis, 2012; Adel, 2014), so that the percentage of revenues from GDP reached 19.3%, 19.7% and 22.7% in the fiscal years 2010/2011, 2011/2012 and 2012/2013 respectively, and the average revenues as a percentage of GDP reached 20.57% during the period (2010/2011-2012/2013) (Ibrahim, 2015).

The evolution of monetary policy in Egypt after the revolution of 25 January 2011 (2010/2011-2012/2013)

In 2010, the Central Bank of Egypt succeeded in controlling the exchange rate problem,

eliminating the black market, and controlling inflation rates from impunity by launching a new core inflation index derived from the general inflation figure; it excludes administratively priced goods and services and the most volatile goods, with the beginning of 2011 and the January 25 revolution, this had negative repercussions on the Egyptian economy. There has been a significant decline in foreign exchange reserves, as Egypt has lost \$ 21 billion since January 2011. Until December 2012, the problem of declining stocks of foreign exchange reserves was one of the most important challenges facing the Central Bank due to its many repercussions on the economy; this was reflected in the devaluation of the pound against the dollar to increase the demand for the dollar and the decrease in its sources in Egypt, especially because the tourism sector was affected by the revolution, which led to the bank taking quick decisions, the most important of which was the bank's introduction of the dollar in the market, and the Central Bank also raised the rate of return on savings in local currency to 12.5% to encourage Egyptians to save.

The budget deficit increased to 9.2% of GDP in 2011, which led to a reconsideration of unnecessary expenditures, and a reconsideration of the subsidies that go to those who do not deserve it, such as gasoline and electricity subsidies that go to high-income segments in the state, despite the negative effects that occurred to the Egyptian economy, but there was an increase in the percentage of domestic credit granted to the banking sector reached 22.65% in December 2011 compared to 7.8% in December 2010, one of the most important challenges faced by the bank Central during this period is how to employ domestic liquidity. This problem comes in conjunction with the decline in lending operations, and the failure of banks to invest this liquidity in new projects and investments, and with the assumption of the Muslim Brotherhood to power, the government failed to face the crisis, which led to the devaluation of the Egyptian pound by 18% against foreign currencies, and there was a deterioration in Egypt's credit rating, and then came the revolution of June 30, 2013 and indicators showed at the time that the Egyptian economy began to recover, according to the Ministry of Planning, that total investments achieved growth during 2013-2014 up to 12.9% vs. 3.7% in 2011-2012 shows an improved investment climate (Central Bank of Egypt, 2016; Eman, 2013).

This requires studying the performance of Egyptian monetary policies during the study period (2010-2020), by dividing the study period into 3 periods: the first (2010-2013), the second (2014-2017), and the third (2018-2020). First: The performance of monetary policy during the period (2010-2020), This period witnessed the effects of the repercussions of the revolution of January 25, 2011 and the subsequent political and security instability, the flight of foreign capital, and a significant decline in both foreign investment flows and tourism activity.

In the period (2010-2013) no new monetary policy was taken, so the revolution broke out, so the data in Table (No. 1) there are no indicators in this period.

This period was characterized by a severe decline in economic growth rates, as it resulted in achieving a negative growth rate (-3.8). However, the economy was able to compensate part of its loss during the last quarter of 2011, as the growth rate rose to a positive level (0.3).

While the budget deficit and the permanent deficit in the balance of payments widened, the state's tendency to rely on external financing increased, whether in the form of grants, aid, government deposits, or loans. This period was also characterized by a widening gap between inflation rates and real growth rates of domestic production, and it took an increasing trend throughout the period, as the average growth rate ranged around 2%, and the inflation rate ranged between two minimum levels of 7.35% and a maximum of 14%, respectively, in each of the two years. 2014 and 2016, respectively, which resulted in the state pumping additional liquidity to banks to address the liquidity shortage in the local currency.

The reports issued by the Central Bank confirmed that a large part of the high inflation rate is a result of the continuous decline in the value of the Egyptian pound or as a result of the continued liberalization of the exchange rate. Therefore, the Central Bank has done the following:

-Work to provide the necessary foreign exchange to cover citizens' needs for imported commodities, reduce the legal reserve ratio from 14% to 10% to provide more liquidity for banks, maintain the interest rate (corridor) 9% for deposits, 10% for lending, announcing the initiative of the banking system to pump 200 billion pounds to finance small projects in January 2016.

- The year 2016 witnessed a high inflationary wave as well, which resulted in a

continued shortage of supply and high prices of goods and services, and a continued deterioration in the value of the Egyptian pound, as the dollar exchange rate rose to about 8.88 pounds, an increase of about 16.4%, with a continuing gap between the official exchange rate and the exchange rate in the parallel market, and thus an increase in the general level of prices, and although the Central Bank raised the interest (corridor) to reach about 11.75% for deposits, and about 12.75% for lending, the inflation rates reached 14% in 2016. As a result, the Central Bank announced on the third of November 2016 the floating of the Egyptian pound and the reduction of subsidies on petroleum products, which led to a decrease in the value of the pound by about 50%, and an increase in the price of petroleum products where it rose to 45%, and the price of the dollar against the Egyptian pound reached 13.5 pounds compared to 8.65 pounds, and it also rose at the end of November to 17.7 pounds, then it rose again on December 20 to reach the highest price of 19.13 pounds, and on Following this inflationary wave, the Central Bank took a number of measures, including raising the interest rate (corridor) to reach 14.7% for deposits and 15.7% for lending, agreeing with a number of banks to offer savings vessels at high interest rates for a period of 3 years, activating deposits to absorb excess liquidity from banks, Therefore, the Central Bank's decision to liberalize the exchange rate of the Egyptian pound against the dollar was necessary given that the bank was unable to continue to support the local currency at that time, and the weakness of the pound's price against the dollar during that period led to the emergence of a parallel market to the official market, The main objective of the decision to float the Egyptian pound was to control the exchange rate system, which represents one of the most important measures of economic reform operations, one of the most important results of which was the elimination of foreign currency trading operations outside the banking sector compared to the parallel market, In addition to reduce inflation rates to the lowest level compared to the inflation rate at the end of April 2017, which reached 31.4%, thus paving the way for more monetary easing in the Egyptian economy, on top of which is the interest rate reduction.

The exchange liberalization also helped improve the performance of the Egyptian pound against the US dollar during the past four years, which can be summarized in the following stages:

The first stage: the stage of economic improvement 2017, as the exchange rate of the Egyptian pound began to gradually improve since late 2016 and with the beginning of 2017 until the price of the dollar reached to 17.6 against the Egyptian pound, compared to the highest point of 19.13 pounds in 2016, when it decreased by approximately 1.53 Egyptian pounds.

The second stage: the stage of relative stability 2018, as the price of the Egyptian pound stabilized against the dollar during 2018, with a slight relative increase, bringing the price of the dollar against the Egyptian pound at the end of 2018 to 17.8 Egyptian pounds, an increase of approximately 20 piasters compared to 2017.

The third stage: the recovery phase 2019, where the recovery began in the Egyptian economy and the real shift towards growth, as the growth rate reached about 5.6% compared to the previous year, 5.3%, thus recording the highest growth since 2008 and the improvement of the performance of the Egyptian pound, bringing the price of the dollar at the end of 2019 to 15.99. Egyptian pounds.

The fourth stage: Where the performance of the Egyptian pound continued to improve against the dollar during the first two months of 2020, completing the economic reform program, bringing the price of the dollar to 15.55 Egyptian pounds, and the dollar lost about 14% of its value against the pound during the past three years.

But with the start of the spread of the Corona virus crisis in March 2020, which affected the currency markets and led to a sharp deterioration and the spread of a state of stagnation for the global and Egyptian economies. On March 15, 2020, the Central Bank implemented a number of precautionary measures, the most important of which are: stabilizing the price of the dollar at 15.69 Egyptian pounds, reducing interest rates to stimulate the economy to grow, postponing all credit dues for institutional and individual clients, measures to limit cash transactions and facilitate the use of tools as Electronic payment, Initiatives to support the tourism sector.

Despite all these measures, the Monetary Policy Committee statement was issued on November 12, 2020, whereby the Central Bank decided to reduce both the deposit return rate to 8.25% and overnight lending to 9.20%.

The inflation rate increased to 4.5% in October 2020 compared to 3.4% In August 2020. The

real growth rate of GDP recorded 3.6% during 2019-2020. This came as a result of the slowdown in the growth rate during the second quarter of 2020, especially in light of the precautionary measures of the Corona pandemic, which resulted in weak Egyptian economic activity after recovery (Younis, Ehab, 2021) .

The conclusion of all of the above is that the performance of monetary policy during the period 2010-2020 reflects a continuous endeavor to achieve a balance between the stability of the general level of prices, stimulating economic activity and providing the necessary financing for the state's public balances.

Studying the most important economic indicators of the most important agricultural crops during the study periods

With regard to the population, the average population reached about 93.117 million during the period (2010-2020), with a decrease of about 8.15% as an average for the period (2010-2013), and an increase of about 0.35 %, 17.37%, during the averages of the period (2014-2017) and (2018-2020), respectively, as shown in Table (1).

1 - Wheat: Table No. (1) also shows that the period (2014-2017) witnessed an increase in the quantity of production, imports, Stock, and the value of exports of the Egyptian wheat crop, with an increase of about 6.86% for production, and about 10.75% for imports. And a decrease of about -152.6% for Stock, and an increase of about 10.14% for the value of exports compared to the period (2018-2020), respectively, while the annual per capita consumption rate was stable during the study periods. As for the amount of exports and the value of imports reached their maximum in the period (2018-2020), with an increase of about 391.03% and 23.0%, respectively, compared to the study period (2014-2017).

-2 - As for the Egyptian rice crop, the average study period (2018-2020) witnessed a decrease in the quantity of production, the quantity of Stock, the quantity of exports, the quantity of supply, the annual per capita consumption rate, and also the value of exports by -23.79%, -8.08 %, -86.62%, -6.27%, -84.11% for each of them, respectively, while the percentage of the quantity and value of Egyptian imports increased by about 389.81%, 392.81%, compared to the average period (2014-2017)

-3-Sugar: The average period (2014-2017) witnessed an increase in both the quantity produced

of Egyptian sugar, and the annual per capita consumption rate by about 10.99%, 9.210%, compared to the average period (2018-2020). As for the value of Egyptian imports and exports, it reached its maximum during the average period (2018-2020), with an increase of about 77.77%, 66.67% for the value of imports, and about 442.78%, -5.77% for the value of exports, compared to the period (2014-2017).) as indicated by Table (1).

4-The total group of oils: As shown in the same table, the quantity of production and exports, the quantity of supply, and the annual per capita consumption rate of total oils in Egypt increased during the average study period (2018-2020), with an increase of about 112.62%, 3.56% for production, and about 1.39, -45.45% for exports, and about 47.94%, -1.73% for the quantity supplied. As for the amount of Egyptian imports of oils, it reached its maximum, with an increase of about 30.36%, -15.18% (2018-2020), (2014-2017), respectively. As for the value of Egyptian imports of oils, it increased by about 43.18% during the average period - 2014 (2017), and decreased by -11.63% (2018-2020). Also, both the value of exports and the quantity of stocks decreased by about -86.62% for the value of exports, and by about 133.3% in the quantity of stock respectively, as shown in the table referred to.

-5- Red meat: With regard to red meat, it appears from table (1) that the quantity of production, exports, supply, and the annual per capita consumption rate decreased during the average period (2018-2020), by a decrease of about 21.42%, for production, and about -5.94% for supply. While the quantity and value of meat imports increased by 48.26% and 48.5%, compared to the study period (2014-2017), as shown in the table.

6- As for white meat, the amount of production increased by about 63.11%, and about 54.55% for the value of exports, during the average study period (2018-2020) compared to the study period (2014-2017). It also showed a decrease in the quantity and value of imports by about -66%, -65.88%, and the amount of stock also decreased by

about -1390%, during the average of the third period compared to the study period (2014-2017) as shown in the table.

7-: Vegetables and fruits: With regard to the potato crop, it was shown that the quantity of production increased by about 20.58%, 8.91%, the amount of supply by about 42.32%, 54.215%, and the value of exports by about 39.15%, 74.04%, during the average period (2014 -2017-), (2018-2020), for each of them, respectively. As for the quantity of exports, it decreased during the average of the third period by about 41.72% compared to the second study period, which amounted to 42.5%, as shown in Table (1).

The table also shows a decrease in the amount of imports by about 7.1%, and also the inventory by 7.10% during the average of the third study period compared to the second period, and the value of imports decreased by about 7.27% during the third study period compared to the second period.

8- As for the onion crop, it was shown that the quantity produced increased by about 63.21%, 13.44%, the amount of imports by about 100%, 50%, and the amount of supply by about 81.26%, 21.67%, as well as the individual annual consumption rate by about 56.25%, 18.18%, as shown by The same table decreased the quantity and value of exports by about 7.49%, 31.52% for the quantity, and about 30.41%, 43.78%. Also, the value of Egyptian imports of the crop decreased by about 309%, during the average period (2018-2020) compared to the (2014-2017) period (as shown in the table (1).

9- As for the orange and tangerine crops, it was shown that the quantity produced increased in the third study period by about 16.55% compared to the second study period, and both the quantity and value of imports and exports increased by about 50%, 200% for the amount of imports, and about 93.33%, 28.5%. For the amount of exports, and about 207.69%, 185.71% for the value of imports, and about 110.26%, 58.65% for the value of exports, during the average period (2018-2020), compared to the period (2014-2017).

Table (1): The quantity and value of production, export, import and local consumption of the most important agricultural commodities under study during the period (2010-2020)

the crop	Period	Production in million tons	Production thousand tons	The rate of change in production	Imports thousand tons	The rate of change in imports	Stock thousand tons	The rate of change in Stock	Exports thousand tons	The rate of change in Exports	Domestic supply quantity thousand tons	The rate of change in Domestic supply quantity	Food supply kg/yr	The value of imports million dollars	The rate of change in The value of imports	The value of exports million dollars	The rate of change in The value of exports
Wheat	2010-2013	85529	8465	-	9763	-	-902	-	156	-	-	-	147	2438	-	0.493	-
	2014-2017	93440	9046	6.86	10813	10.75	278	152.6	339	117.31	-	-	146	2526	3.61	0.543	10.14
	2018-2020	100382	8680	2.54	9638	-1.28	-349	145.5	766	391.03	-	-	147	2999	23.01	0.239	-51.52
	Total	279351	26191	-	30214	-	-973	-	1261	-	-	-	440	7963	-	1.275	-
	average	93117	8730	-	10071	-	-324	-	420	-	-	-	147	2654	-	0.425	-
rice	2010-2013	85529	5410	-	157	-	-198	-	411	-	5355	-	58	0.153	-	0.755	-
	2014-2017	93440	5139	-5.0	62	-60.51	-205	3.54	109	-73.48	5297	-1.08	54	0.061	-60.13	0.323	-57.22
	2018-2020	100382	4123	-23.79	769	389.81	-182	-8.08	55	-86.62	5019	-6.27	47	0.754	392.8	0.12	-84.11
	Total	279351	14672	-	988	-	-585	-	575	-	15671	-	159	0.968	-	1.198	-
	average	93117	4891	-	923	-	-195	-	192	-	5224	-	53	0.323	-	0.399	-
Sugar	2010-2013	85529	24325	-	-	-	-	-	1	-	24676	-	37	0.009	-	0.208	-
	2014-2017	93440	26999	10.99	-	-	5	-	2	100	26948	9.21	39	0.015	66.67	0.196	-5.77
	2018-2020	100382	26642	9.53	-	-	1	-	1	-	27365	10.90	35	0.016	77.78	1.129	442.8
	Total	279351	77966	-	-	-	6	-	4	-	78989	-	111	0.04	-	1.533	-
	average	93117	25989	-	-	-	2	-	1	-	26330	-	37	0.013	-	0.511	-
total oils	2010-2013	85529	309	-	672	-	96	-	143	-	753	-	4.71	0.447	-	0.142	-
	2014-2017	93440	320	3.56	468	-30.36	-30	131.25	78	-45.45	740	-1.73	4.2	0.64	43.18	0.051	-64.08
	2018-2020	100382	657	112.62	570	-15.18	-32	133.33	145	1.40	1114	47.94	6.1	0.499	11.63	0.019	-86.62
	Total	279351	1286	-	1710	-	34	-	366	-	2607	-	15.01	1.137	-	0.084	-
	average	93117	429	-	570	-	11	-	122	-	869	-	5	0.379	-	0.028	-

Source :Agriculture and Food Organization - Central Agency for Public Mobilization and Statistics – Egypt855

Follow Table No. (1)

the crop	Period	Population in millions	Production thousand tons	The rate of change in production	imports thousand tons	The rate of change in imports	Stock thousand tons	The rate of change in Stock	Exports thousand tons	The rate of change in Exports	Domestic supply quantity thousand tons	The rate of change in Domestic supply quantity	Food supply kg/ha	The value of imports million dollars	The rate of change in The value of imports	The value of exports million dollars	The rate of change in The value of exports
oranges and tangerines	2010-2013	85529	3522	-	2	-	-	-	870	-	2653	-	27	13	-	458	-
	2014-2017	93440	4144	17.66	1	-50	-	-	1309	50.46	2836	6.90	27	14	7.69	607	32.5
	2018-2020	100382	4105	16.55	3	50	-	-	1682	93.33	2429	-8.44	20	40	207.7	963	110.3
	Total	279351	11771	-	6	-	-	-	3861	-	7918	-	74	67	-	2028	-
	average	93117	3924	-	2	-	-	-	1287	-	2639	-	25	22	-	676	-
potato	2010-2013	85529	4251	-	155	-	155	-	501	-	2994	-	30	1047	-	235	-
	2014-2017	93440	4630	8.916	187	20.65	187	20.65	715	42.71	4261	42.32	30	1201	14.71	327	39.15
	2018-2020	100382	5126	20.58	144	-7.10	144	-7.10	709	41.52	4617	54.21	30	971	-7.26	409	74.04
	Total	279351	14007	-	486	-	486	-	1925	-	11872	-	90	3219	-	971	-
	average	93117	4669	-	162	-	162	-	642	-	3957	-	30	1073	-	324	-
onions	2010-2013	85529	1908	-	-	-	-	-	387	-	1521	-	16	-	-	217	-
	2014-2017	93440	2745	43.87	1	-	-	-	480	24.03	2266	48.98	22	309	-	269	23.96
	2018-2020	100382	3114	63.21	2	-	-	-	358	-7.49	2757	81.26	25	-	-	151	-30.41
	Total	279351	7767	-	3	-	-	-	1225	-	6544	-	63	309	-	637	-
	average	93117	2589	-	1	-	-	-	408	-	2181	-	21	103	-	212	-
commodity meat	2010-2013	85529	845	-	172	-	41	-	-	-	976	-	11	4.765	-	-	-
	2014-2017	93440	806	-4.62	234	36.05	-42	-202.44	0.75	-	1080	10.66	12	6.495	36.31	0.003	-
	2018-2020	100382	664	-21.42	255	48.26	-	-	1	-	918	-5.94	9	7.076	48.50	0.004	-
	Total	279351	2315	-	661	-	-1	-	1.75	-	2974	-	32	18.33	-	0.007	-
	average	93117	772	-	220	-	-0.33	-	0.85	-	991	-	11	6.112	-	0.002	-
poultry	2010-2013	85529	927	-	100	-	-0.5	-	2	-	1026	-	12	1653	-	22	-
	2014-2017	93440	1216	31.18	106	6	10	-2100	1	-50	1311	27.78	14	1761	6.53	14	-36.36
	2018-2020	100382	1512	63.11	34	-66	-70	-1390	2	0	1613	57.21	16	564	-65.88	34	54.55
	Total	279351	3655	-	240	-	-66	-	5	-	3950	-	42	3978	-	70	-
	average	93117	1218	-	80	-	-17	-	2	-	1317	-	14	1326	-	18	-

Source :Agriculture and Food Organization - Central Agency for Public Mobilization and Statistics – Egypt855

The impact of policies on the balances of the most important food commodities

Table (2) shows that the third period witnessed an increase in the deficit percentage for the different food balances as follows

In each of the wheat, rice crops and the group of oils, the increase amounted to about 13.39%, 934.21%, 36.75%.

Table (2) : Deficit or surplus in the commodity balance of wheat , rice & oils group

the crop	average period	The value of imports / million \$	The value of exports / million \$	deficit or surplus value	%disability or increase
Wheat	2010-2013	2434	0.493	(2433.507)	(92.02)
	2014- 2017	2526	0.543	(2525.457)	(95.50)
	2018-2020	2999	0.239	(2998.761)	(113.39)
	average	2645	0.425	(2644.575)	(100)
rice	2010-2013	0.153	0.755	0.602	792.11
	2014- 2017	0.061	0.323	0.262	344.74
	2018-2020	0.754	0.120	(0.634)	(834.21)
	average	0.323	0.399	0.076	100
Oils group	2010-2013	0.447	0.142	(0.305)	(86.89)
	2014- 2017	0.640	0.051	(0.589)	(167.81)
	2018-2020	0.499	0.019	(0.48)	(136.75)
	average	0.379	0.028	(0.351)	(100)

Source: Calculated and collected from Table (1).

As for meat and poultry, it is clear from Table (3) that the deficit percentage increased by about 15.74%, 59.48%, and the deficit percentage as shown in Table (4) in each of potatoes and onions reached about 44.48%, 38.53%, compared to the

average for the study period, respectively. For each of them, as for the orange crop, the third study period witnessed an increase in the surplus of the food balance of the crop amounting to about 41.13% compared to the average of the study period.

Table (3) : Deficit or surplus in the commodity balance of wheat , meat & poultry

the crop	average period	The value of imports / million \$	The value of exports / million \$	deficit or surplus value	%disability or increase
meat	2010-2013	4.765	-	(4.765)	(77.99)
	2014- 2017	6.495	0.003	(6.492)	(106.25)
	2018-2020	7.076	0.004	(7.072)	(115.74)
	average	6.112	0.002	(6.11)	(100)
poultry	2010-2013	1653	22	(1631)	(124.69)
	2014- 2017	1761	14	(1747)	(133.87)
	2018-2020	564	34	(530)	(40.52)
	average	1326	18	(1308)	(100)

Source: Calculated and collected from Table (1).

Table (4) : Deficit or surplus in the commodity balance of orange, potato & onions

the crop	average period	The value of imports / million \$	The value of exports / million \$	deficit or surplus value	%disability or increase
orange	2010-2013	13	458	445	66.04
	2014- 2017	14	607	593	90.67
	2018-2020	40	963	923	141.13
	average	22	676	654	100
potato	2010-2013	1047	235	(812)	(108.41)
	2014- 2017	1201	327	(874)	(116.69)
	2018-2020	971	409	(562)	(144.48)

	average	1073	324	(749)	(100)
onions	2010-2013	-	217	(217)	(199.08)
	2014- 2017	309	269	(40)	(36.69)
	2018-2020	151	-	(151)	(138.53)
	average	103	212	109	100

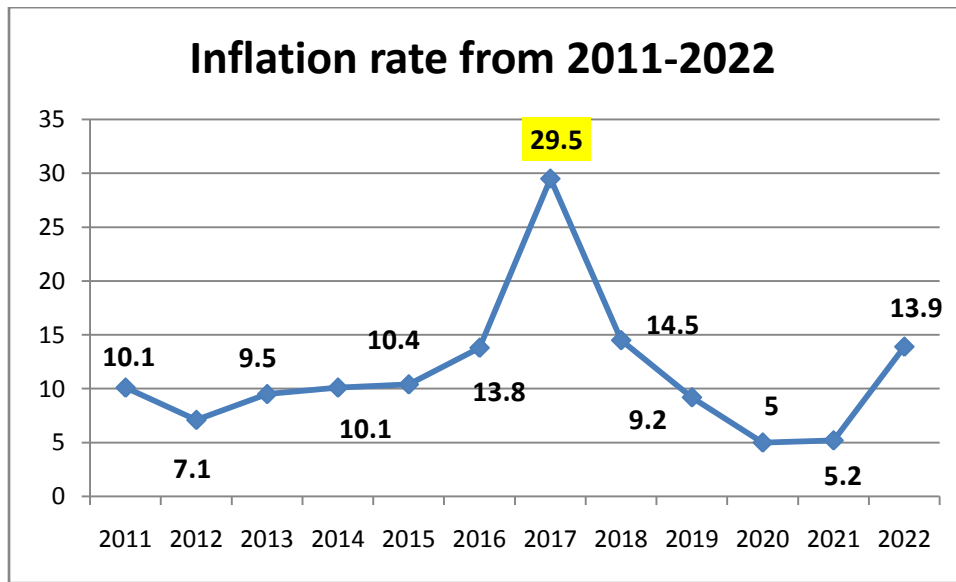
Source: Calculated and collected from Table (1).

The evolution of the inflation rate during the period(2011-2022).

Figure (1) shows the evolution of the inflation rate during the period (2011-2022), where the inflation rate ranged from 10.1% in 2011 to 13.9% in 2022, except for 2017, where the inflation

rate reached the highest rate of about 29.5% due to the state's application of the floating policy of the Egyptian pound in November 2016 .

Figure (1)the evolution of the inflation rate during the period (2011-2022).

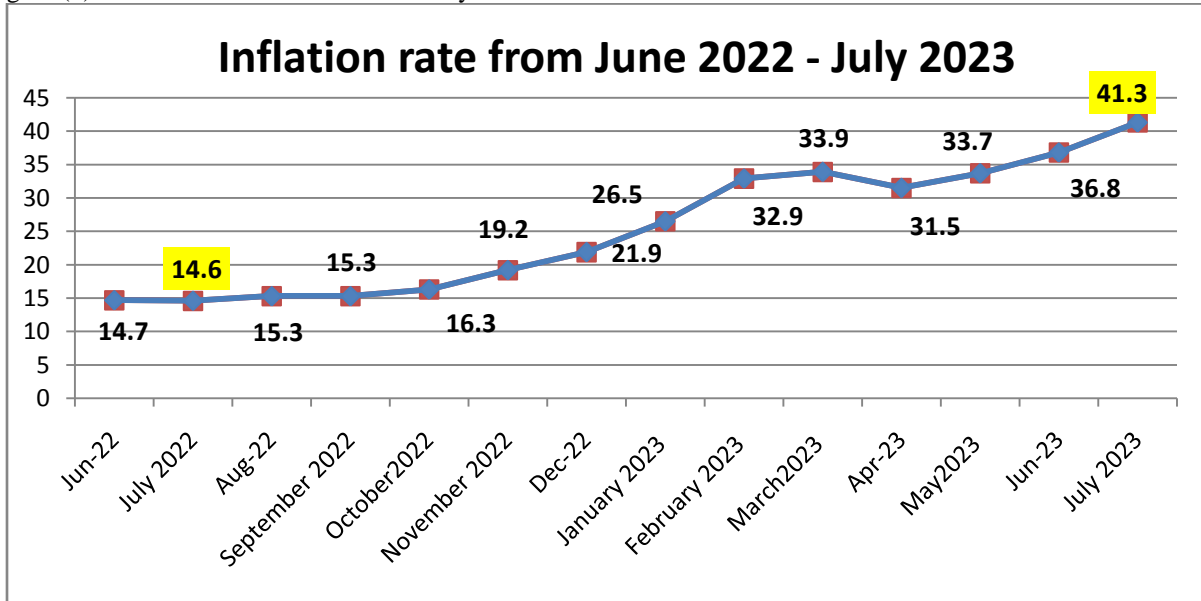


Source: Central Agency for Public Mobilization and Statistics – Egypt 855

Following up the impact of the application of the current monetary policy, which is floating and gradually raising the interest rate several times during one year and reducing the percentage of support provided by the state to citizens in accordance with the conditions of the IMF to lend to Egypt, it is clear that the inflation rate and the rise in commodity prices at increasing rates are unjustified, but it is the

result of floating and the devaluation of the Egyptian pound against the dollar, thus increasing the costs of importing goods, especially food commodities, Where the inflation rate increased during the period from June 2022 - July 2023 from 14.7% to 41.3%, an increase of about 27% in just one year, as shown in Figure (2)

Figure (2) Inflation rate from June 2022 - July 2023



Source: Central Agency for Public Mobilization and Statistics – Egypt 855

The most important results:

-Comparing the two periods of the second study with the period of the third study, it was found that the deficit percentage increased in the third study period by about 21.37%, 17.83% for wheat, about 1625.32%, 1178.95% for rice, about 37.75%, 9.49% for meat, and about 36.07%, 27.79% for potatoes compared to the second study periods.

- The deficit percentage in the oils group increased by about 49.86% in the first period, and then decreased by about 31.06% in the second period compared to the third study period, while the deficit percentage in onions decreased by about 60.55% in the first period, then increased by about 101.84% in the second period compared to the third study.

-As for the orange crop, it was found that the surplus percentage increased, as the percentage of increase reached about 75.09% and 50.46% in each of the first and second study periods, compared to the third study period,

- That is, the effect of applying the policy of floating the Egyptian pound, in addition to the beginning of the spread of the Corona pandemic, had negative effects on increasing the deficit in the food balances of the most important food commodities by a rate of about 87.5% of the total number of crops under study.

-While the percentage of surplus in the Egyptian food balance was about 12.5% of the total number of crops under study.

-The inflation rate is rising continuously throughout the study period 2010-2022, as it ranged from 10.1 to 13.9% and reached 29.5% in 2017 as a result of the flotation in November 2016, and increased by 27% during the period from June 2022 to July 2023.

The recommendations:

Therefore, the most important recommendations of the study were to study the most important reasons that contributed to the increase in the deficit rate in the food balances of the commodities under study.

Is it due to the decision of the wrong application of the Egyptian pound's floating policy at the wrong time, in addition to the impact of the Corona pandemic, which resulted in an increase in the rate of inflation in Egyptian society, Or is it due to the inability of state officials to establish comprehensive control over the internal market and dollar prices in the Egyptian market, and fighting the parallel market.

The study also recommends providing permanent support to investors in order to increase the percentage of direct and indirect foreign

investment in Egypt, which contributes to providing hard currency in the country, and thus increasing the volume of its supply and decreasing its price in the Egyptian market, which will result in a decrease in the price of the customs dollar, and thus a decrease in the value of the deficit in the commodity balances of the most important food commodities under study.

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