

Weekly Economic Monitor

August 10, 2014

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Markets overview

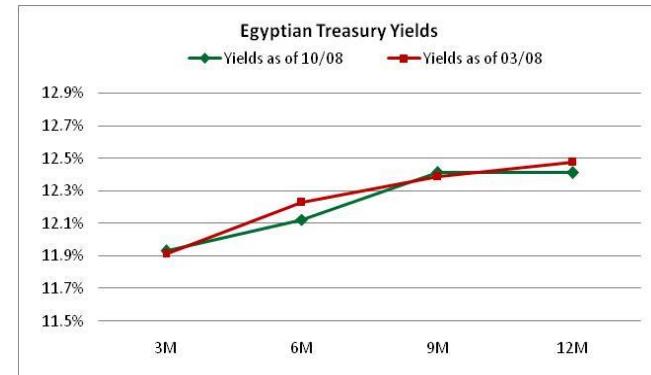
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Regional

Egypt: Consumer inflation jumps to 10.6% in July

- Egypt's T-bill yields remained largely unchanged from last week as the effect of fuel subsidies takes effect on consumer prices, reflecting on inflation which jumped from 8.2% in June to 10.6% in July.
- Annual inflation reached its highest rate in nearly four years last November but had been falling back since then. However, analysts expect it to rise again after the government raised energy prices by up to 78% to address its widening budget deficit.
- Gas subsidies were also cut, lifting prices by 30-75%, and sales taxes on alcohol and cigarettes rose as well. Meanwhile, a plan has been put in place to bring the electricity company to cost recovery.
- In other news, according to preliminary central bank data, Egypt's FX reserves rose to \$16.74 in July, up from \$16.69 in June, but still remains at low levels compared to the beginning of the year.
- FX reserves are expected to continue to rise as the World Bank recently approved a \$500 million loan to Egypt to fund a project. FX reserves decreased significantly following the political instability that hurt tourism revenues, the largest driver of foreign currency inflows to the country.
- Moreover, Egypt is seeking to borrow \$1.5 billion from local and international banks to repay loans to foreign oil companies. According to the government, Egypt owes \$5.9 billion to foreign oil firms as the end of June.



Source: Bloomberg

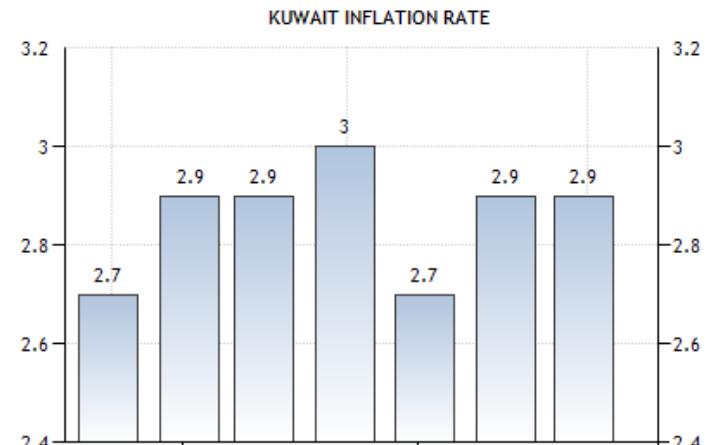


Source: Trading Economics

GCC Economic Highlights:

Kuwait: Inflation steady at 2.9% in June

- The annual inflation rate in Kuwait remained stable in June from May at 2.9% due to steady changes in the CPI components, with the exception of tobacco prices which witnessed a big jump.
- Food prices rose 2.5% when compared with June 2013 levels. However, food prices have continued to trend downwards since May 2013, when the inflation rate was at 6.3%.
- Kuwait imports around 90% of its food items, thus the moderate food prices were in line with declining trends in international food prices.
- Most significantly, tobacco and narcotics prices increased by 6.8% from a year ago. Further increase are expected since the government is considering proposals to increase tax on tobacco products.
- Furthermore, prices of furnishing equipment & household maintenance continued to increase, up 4.7% since June 2013. Meanwhile, transportation costs also contributed to higher inflation due to higher vehicle prices, as the group prices rose by 1.5% from June 2013.
- The IMF expects inflation in Kuwait to reach 3.4% in 2014.

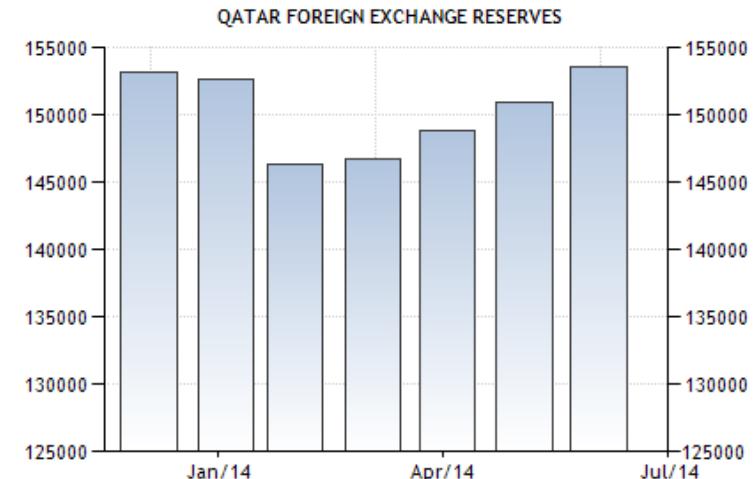


Source: Trading Economics

GCC Economic Highlights:

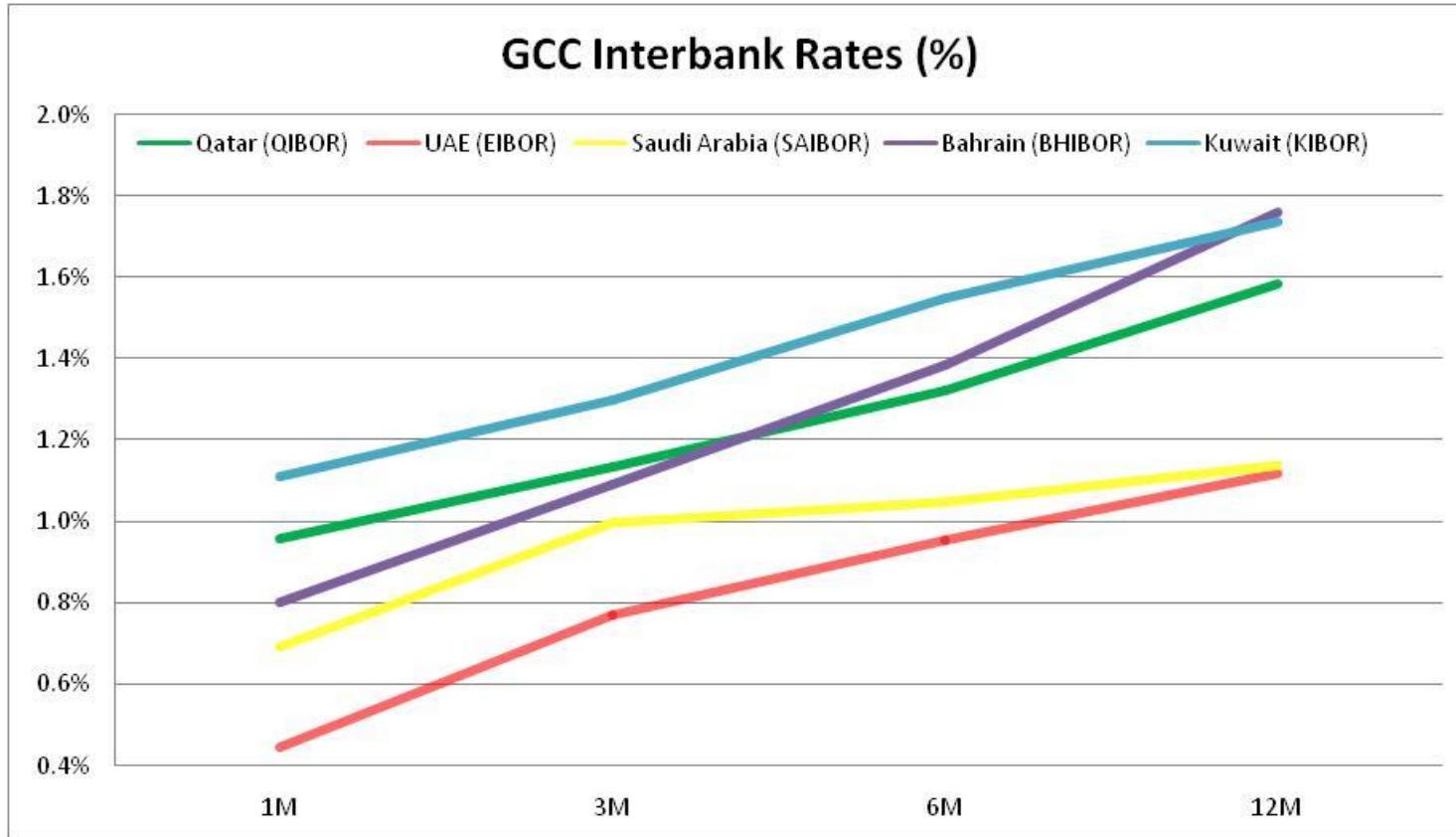
Qatar: FX reserves hit record \$42.2 billion in June

- Qatar's FX reserves increase in June to reach \$42.2 billion (153.6 million QAR), driven by a large current account surplus.
- Qatar's international reserves have been steadily rising over the years due to large account surpluses.
- The latest figure shows that reserves are enough to cover around 7.9 months of imports, well above the IMF's recommended level of 3 months of imports.
- Qatar's current account surplus stood at \$17.2 billion in the first quarter of this year.
- Meanwhile, foreign trade registered a surplus of 32.3 billion QAR in June 2014.
- However, the trade surplus had dropped 1.3% since June 2013, due to imports growing 23.3%, reflecting strong demand. Meanwhile, exports grew by only 3.3%.
- According to studies, domestic demand in Qatar is increasing due to investments and private consumption.



Source: Trading Economics

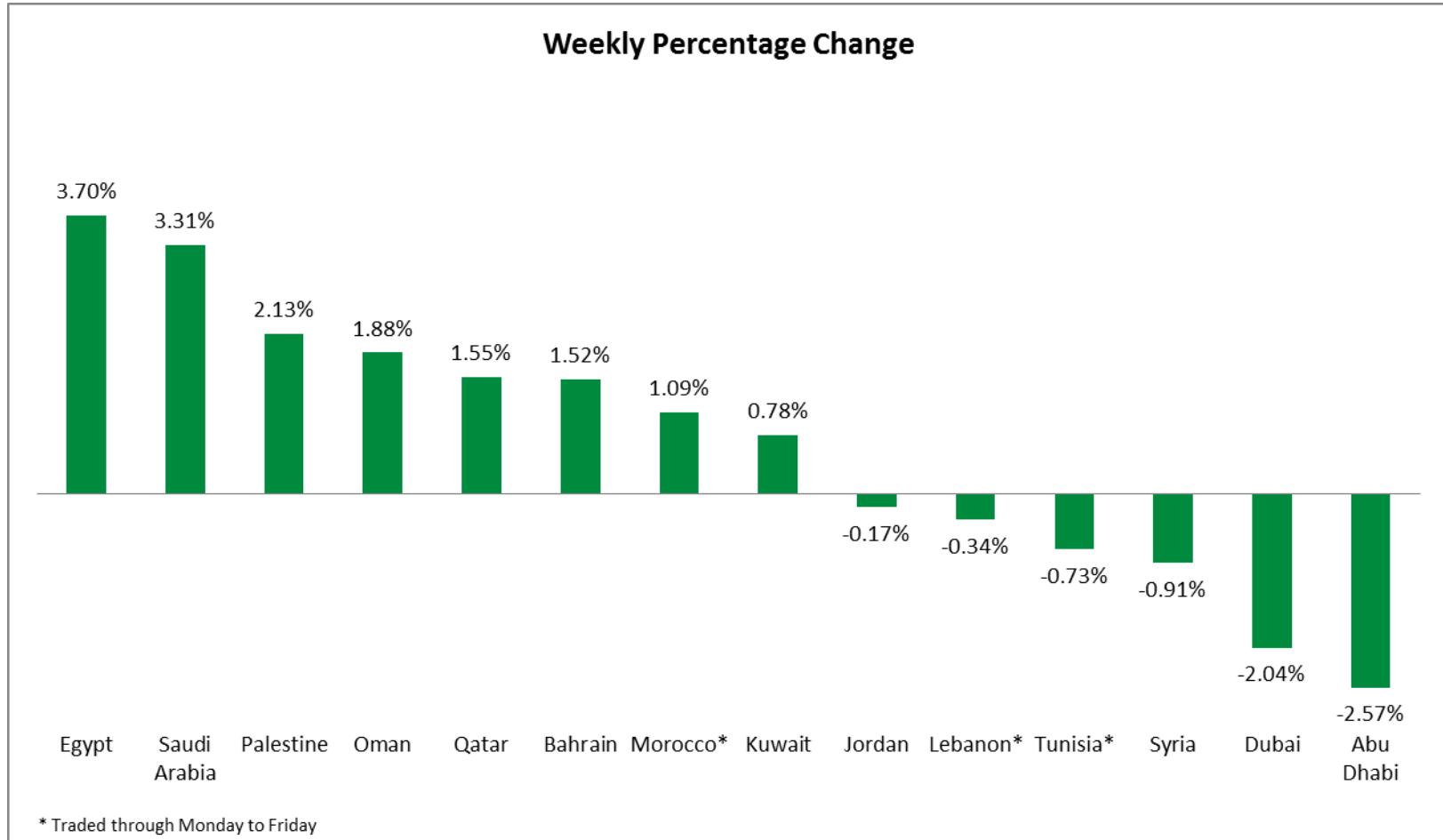
GCC interbank rates



Source: Bloomberg

Comparative MENA Markets

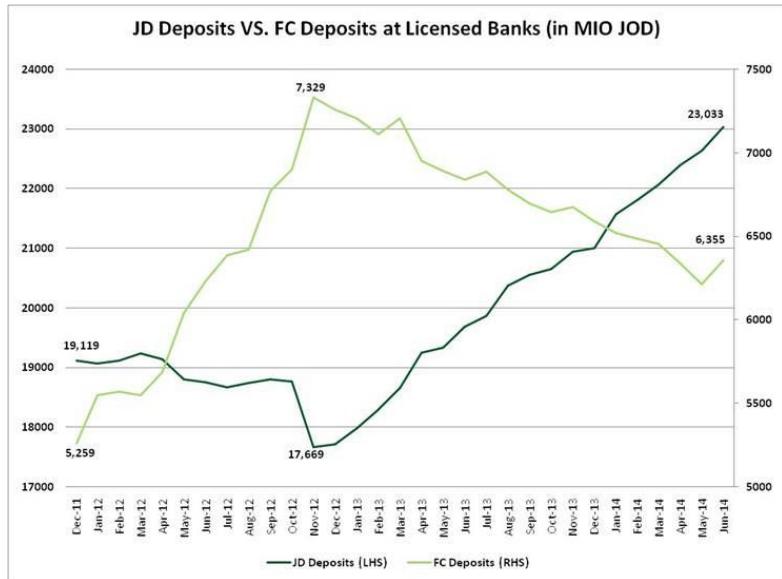
For the period August 3 – August 8



Jordan Economy

JD Deposits at banks up by 404 million JD in Jun 2014

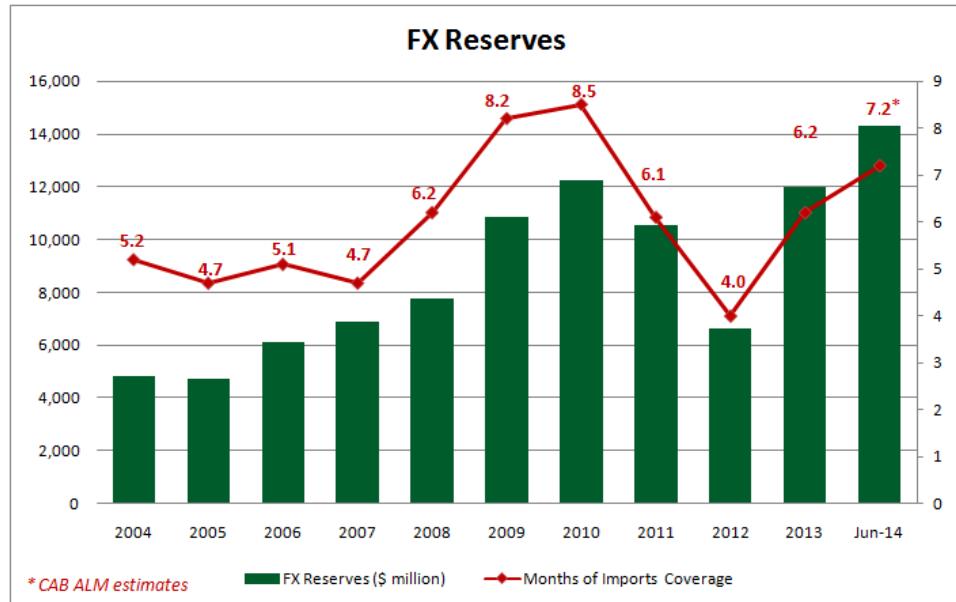
- In June of this year, JD deposits increased by 404 million JD to reach 23.03 billion JD at licensed banks.
- So far, deposits have grown 2.03 billion JD in 2014, growing at a slightly faster pace than the same time period in 2013. Deposits grew by 3.3 billion JD in 2013.
- Meanwhile, foreign currency deposits grew by approximately \$199 million in June of this year, reversing a downward trend that was evident since the beginning of year. Foreign currency deposits are currently around \$8.96 billion (6.35 billion JD).
- The reversal in the USD trend could supports the IMF argument that the de-dollarization process is reaching to an end in 2014.
- For 2014, the continued rise in JOD deposits for the sixth consecutive month could also be due to the Jordanian government utilizing the proceedings from the Eurobond to meet expenditures and due to better stability in the Jordanian economy.



Month	Change in JD deposits (million JD)	Change in foreign currency deposits (million JD)
Dec-12	41.9	-70.8
Jan-13	262.6	-52.9
Feb-13	315.2	-95.0
Mar-13	363.5	95.7
Apr-13	600.7	-253.1
May-13	80.9	-62.4
Jun-13	354.5	-54.0
Jul-13	174.4	51.0
Aug-13	510.4	-110.2
Sep-13	180.3	-81.5
Oct-13	90.5	-49.9
Nov-13	296.1	27.3
Dec-13	62.9	-83.4
Jan-14	567.2	-69.7
Feb-14	240.2	-36.3
Mar-14	259.4	-29.6
Apr-14	326.9	-116.2
May-14	233.0	-125.2
Jun-14	403.7	141.4

FX reserves at \$14.3 billion in June

- FX reserves have increased to \$14.3 billion at the end of June of this year from \$13.3 billion at the end of May.
- The increase of \$1 billion is mainly due to the Eurobond that was issued in late June in international markets in the same amount.
- FX reserves are expected to continue increasing in the following months as Jordan is expecting external funding from international sources such as the World Bank which will further help boost FX reserves.
- FX reserves are currently at comfortable levels; covering above 7 months of imports.



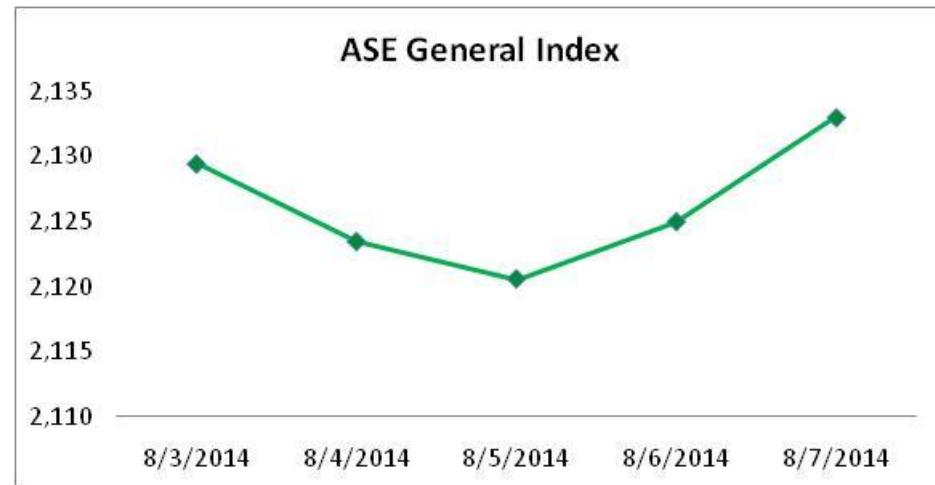
Source: Central Bank of Jordan

Amman Stock Exchange

For the period 03/08– 07/08

ASE free float shares' price index ended the week at (2,133.0) points, compared to (2,136.6) points for the last week, posting a decrease of 0.17%. The total trading volume during the week reached JD(24.5) million compared to JD(9.6) million during the last week, trading a total of (24.3) million shares through (14,606) transactions

The shares of (175) companies were traded, the shares prices of (58) companies rose, and the shares prices of (78) declined.



Top 5 gainers for the last week

Stock	% chg		% chg
Arabia Insurance Company – Jordan	20.00%	Jordan Emirates Insurance Company P.s.c	(15.38%)
Industrial Industries & Match/JIMCO	15.92%	Taameer Jordan Holdings Public Shareholding Company	(15.38%)
International Cards Company	15.00%	Travertine Company Ltd.	(14.63%)
Jordan Decapolis Properties	14.75%	Jordan Ceramic Industries	(14.40%)
Philadelphia Pharmaceuticals	13.27%	Comprehensive Multiple Project Company	(12.96%)

Jordan Debt Monitor

Latest T-Bills

- As of August 10, the volume of excess reserves, including the overnight window deposits held at the CBJ JD(3,291) million.

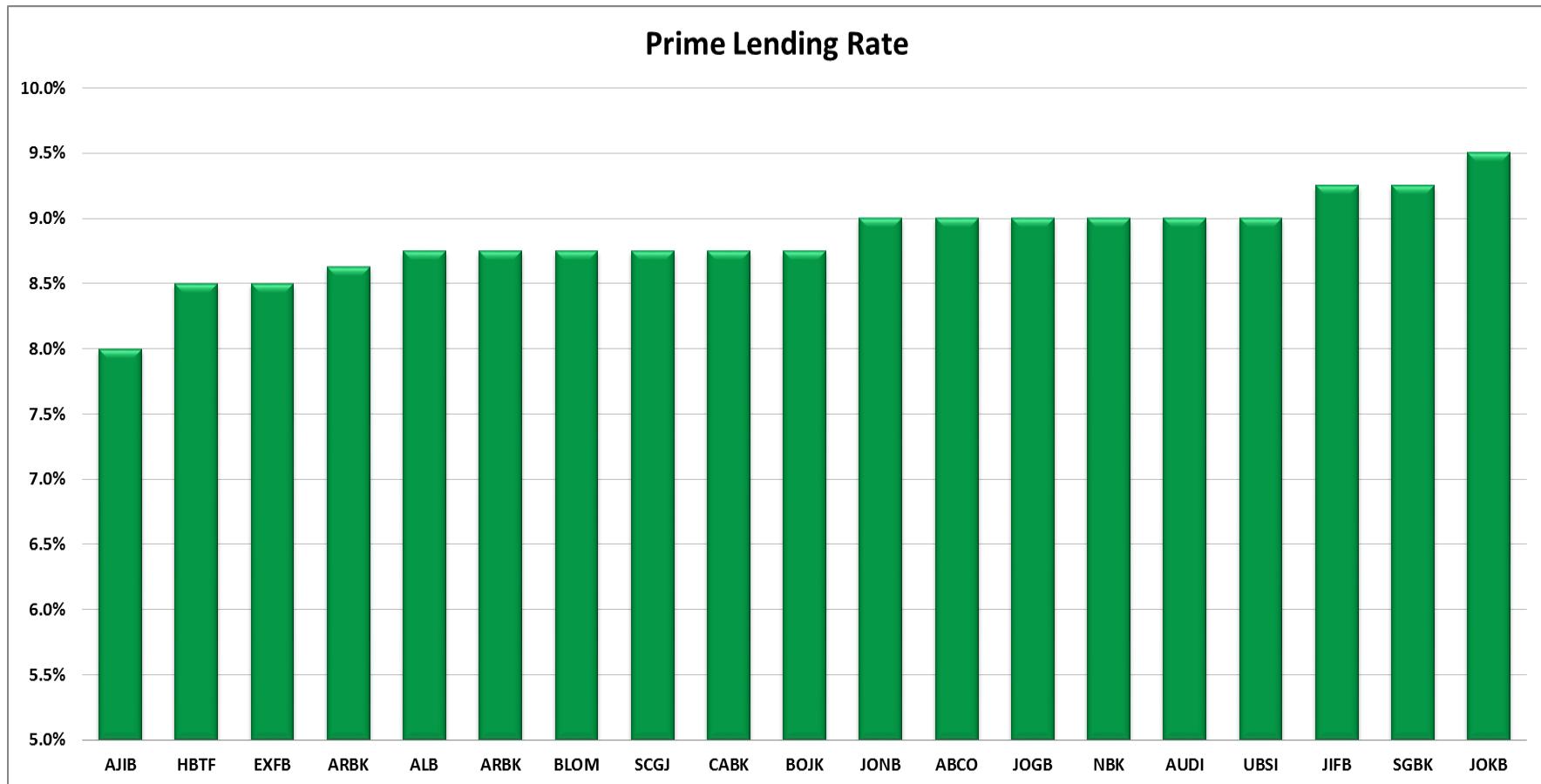
3 months T-Bills (no new issuance)	Issue Date	Maturity Date	Size - million	Yield (%)
29/2011	14/12/2011	14/03/2012	50	2.898%
28/2011	12/12/2011	12/03/2012	50	2.844%
6 months T-Bills (no new issuance)	Issue Date	Maturity Date	Size - million	Yield (%)
02/2012	14/02/2012	14/08/2012	50	3.788%
01/2012	23/01/2012	23/07/2012	50	3.433%
9 months T-Bills (no new issuance)	Issue Date	Maturity Date	Size - million	Yield (%)
05/2012	04/03/2012	04/12/2012	75	4.285%
04/2012	29/02/2012	29/11/2012	75	4.229%
1 year T-Bills	Issue Date	Maturity Date	Size - Million	Coupon (%)
06/2014	03/07/2014	03/07/2015	50	3.297%
05/2014	09/06/2014	09/06/2015	50	3.797%
04/2014	03/04/2014	03/04/2015	50	3.652%
03/2014	20/03/2014	20/03/2015	50	3.612%

Jordan Debt Monitor

Latest T-Bonds Issues

2 years T-Bonds	Issue Date	Maturity Date	Size - million	Coupon (%)
T4814	15/07/2014	15/07/2016	50	3.772%
T3514	12/05/2014	12/05/2016	50	4.076%
T3214	04/05/2014	04/05/2016	75	3.999%
3 years T-Bonds	Issue Date	Maturity Date	Size - million	Coupon (%)
T5314	05/08/2014	05/08/2017	50	4.216%
T4714	10/07/2014	10/07/2017	50	4.271%
T4614	08/07/2014	08/07/2017	50	4.187%
4 year T-Bonds	Issue Date	Maturity Date	Size - million	Coupon (%)
T0312	15/01/2012	15/01/2016	37.5	7.246%
5 years T-Bonds	Issue Date	Maturity Date	Size - million	Coupon (%)
T5414	07/08/2014	07/08/2019	50	5.420%
T5214	27/07/2014	27/07/2019	50	5.438%
T5114	23/07/2014	23/07/2019	50	5.450%
Public Utility Bonds	Issue Date	Maturity Date	Size - million	Coupon (%)
PB64 (Water Authority)	01/07/2014	01/07/2019	32.5	5.583%
PB63 (Water Authority)	30/01/2014	30/01/2019	22	5.850%
PB62 (Water Authority)	10/11/2013	10/11/2016	43	5.715%
PB61 (Water Authority)	31/10/2013	31/10/2016	40	5.892%

Prime Lending Rates



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