

Weekly Economic Monitor

October 12, 2014

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Markets overview

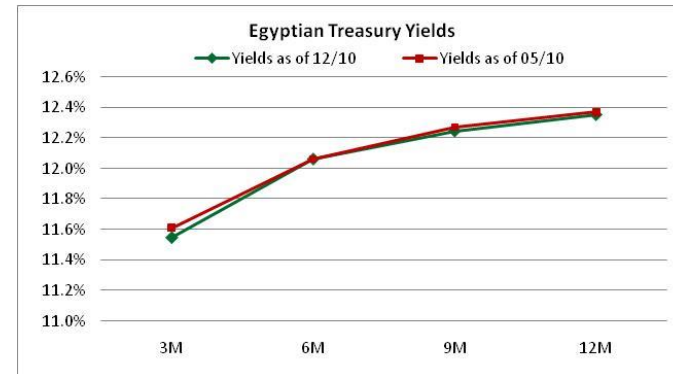
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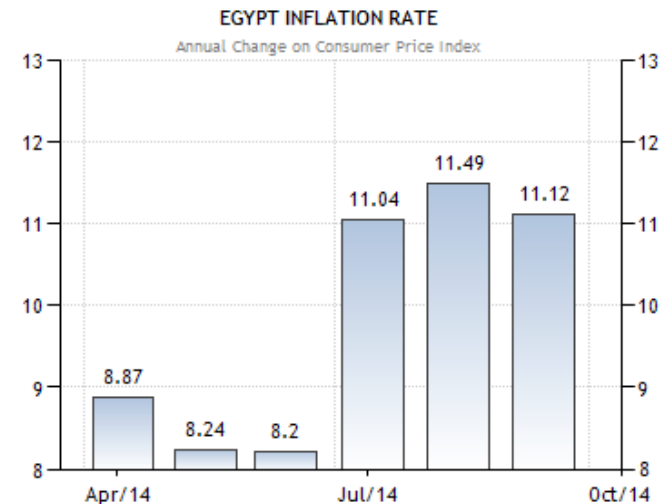
Regional

Egypt: Inflation drops to 11.1% in September, budget deficit drops compared to previous fiscal year, Egypt pays foreign parties

- Egypt's T-bill yields remained largely unchanged from last week as inflation dropped to 11.1% in September from 11.5% in August. Inflation has risen significantly since July of this year as the government introduced harsh austerity measures in the form of subsidy cuts on fuel in an effort to slowdown a fast growing budget deficit.
- According to the Egyptian Finance Minister Hany Kadry, the total budget deficit as a percentage of GDP dropped to around 12.5% of GDP in the 2013/14 fiscal year, compared to 13.8% of GDP in the previous year, though no official figures have been released. Egypt had targeted a deficit of 9% of GDP but failed to reach the target, while they are targeting a deficit of 11% of GDP this year.
- Meanwhile, according to the oil ministry, Egypt paid \$1.5 billion of its debt to foreign energy companies, after continuously delaying payments due to the unrest in the country. Egypt still owes energy firms \$4.9 billion after this latest payment, which was finance by a loan from Egyptian banks. Moreover, Egypt has also paid back \$500 million to Qatar and said will pay back the rest of the amount of \$2.5 billion at the beginning of November.
- Preliminary figures released by the Central Bank of Egypt show that FX reserves have remained largely unchanged until September at around \$16.8 billion, but could come under pressure due to large payments made by Egypt.



Source: Bloomberg



Source: Trading Economics

GCC Economic Highlights:

Qatar: GDP grows 5.7% in Q2 of 2014

- Data released show that Qatar's GDP picked up slightly to 5.7% in the second quarter of this year when compared to the same period last year, up from a downward revised 5.4% in Q1 of this year, as robust non-oil activity outweighed a decline in the oil sector. On a q-o-q basis, Qatar's GDP dropped 0.2% in Q2 when compared to Q1 of 2014.
- According to Qatar Statistics Authority, the growth was mainly due to a double-digit rise in electricity, construction, trading, hospitality and financial sectors, coupled with an over 11.3% rise in the country's population in the second quarter.
- Qatar's population has been rising as the country hires more foreign workers to build big infrastructure projects.
- The finance sector grew by 16.6%, followed by the construction sector which grew 14.5%, while electricity sector grew by 11.7% and the transport sector grew 11.8%.
- Meanwhile, the oil and gas sector, which accounts for half of the economy, dropped 2.2% on an annual basis and 2.5% from Q1, mainly due to receding crude oil production and major maintenance shutdowns on LNG plants.
- Non-oil growth is likely to stay strong due to big infrastructure projects, while Qatar revised its 2014 GDP growth forecast to 6.3% from 4.6%, citing robust domestic demand.

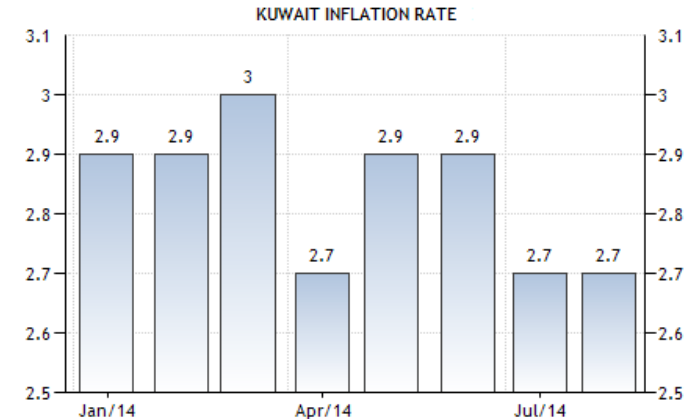


Source: Trading Economics

GCC Economic Highlights:

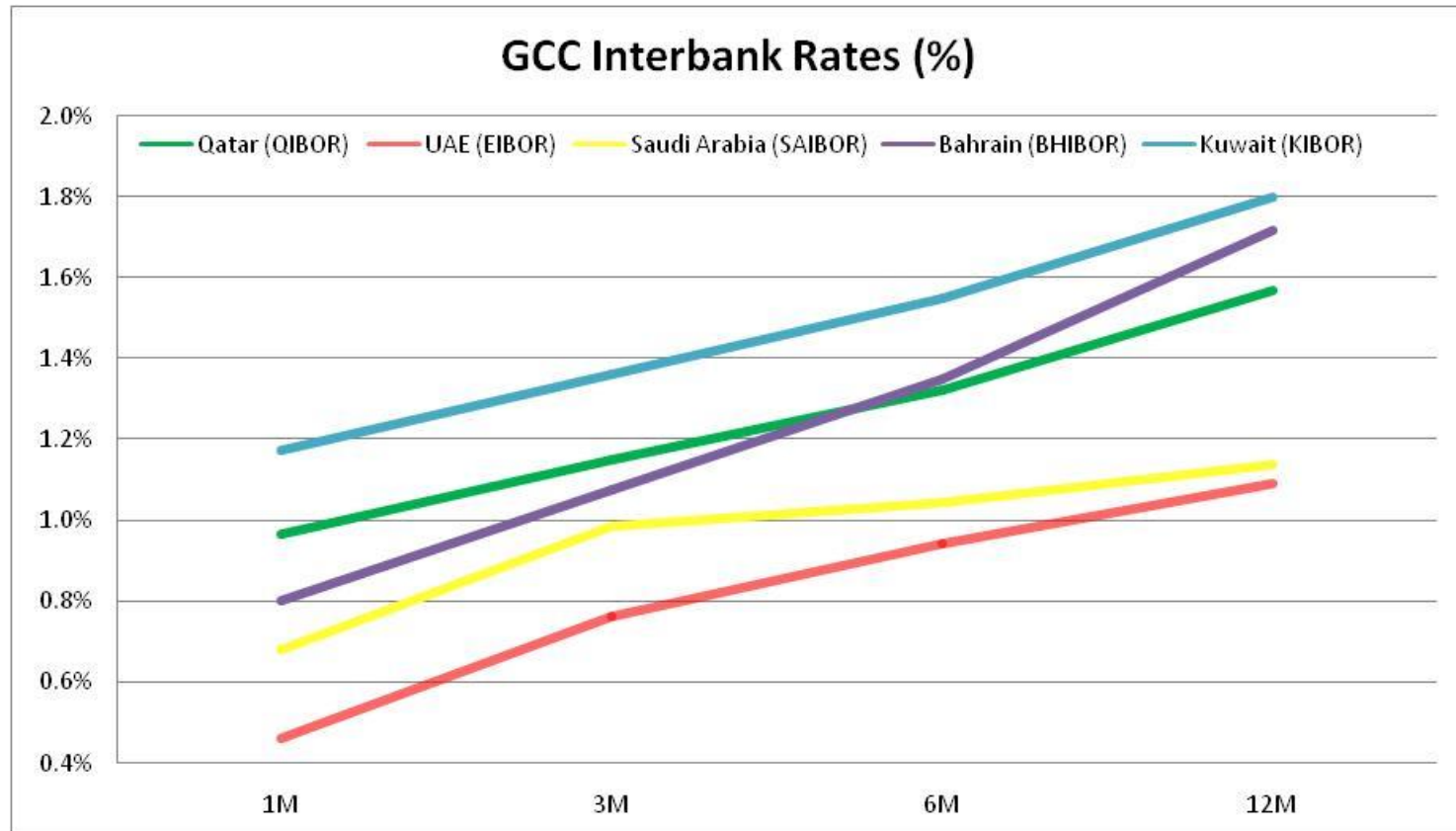
Kuwait: Inflation remains steady at 2.7% in August

- The annual inflation rate in Kuwait remained unchanged in August at 2.7% from July of this year, amid a slowdown across most group prices.
- Food prices maintained its downward trend in August as prices rose by 1.80% when compared with August 2013 levels which registered an inflation level of 5.2%. Food prices have trended downwards since May 2013, when the inflation rate was at 6.3%.
- The relatively low international food prices has helped in keeping local food inflation subdued this year, especially as Kuwait imports around 90% of its food items.
- Most significantly, tobacco and narcotics prices increased by 12.4% from a year ago as the government is considering proposals to further increase tax on tobacco products.
- Furthermore, prices of furnishing equipment & household maintenance continued to increase, up 4.9% since August 2013. Meanwhile, education prices were stable at 4.2% in August of 2014, unchanged from the previous month.
- The IMF expects inflation in Kuwait to reach 3.4% in 2014.



Source: Trading Economics

GCC interbank rates

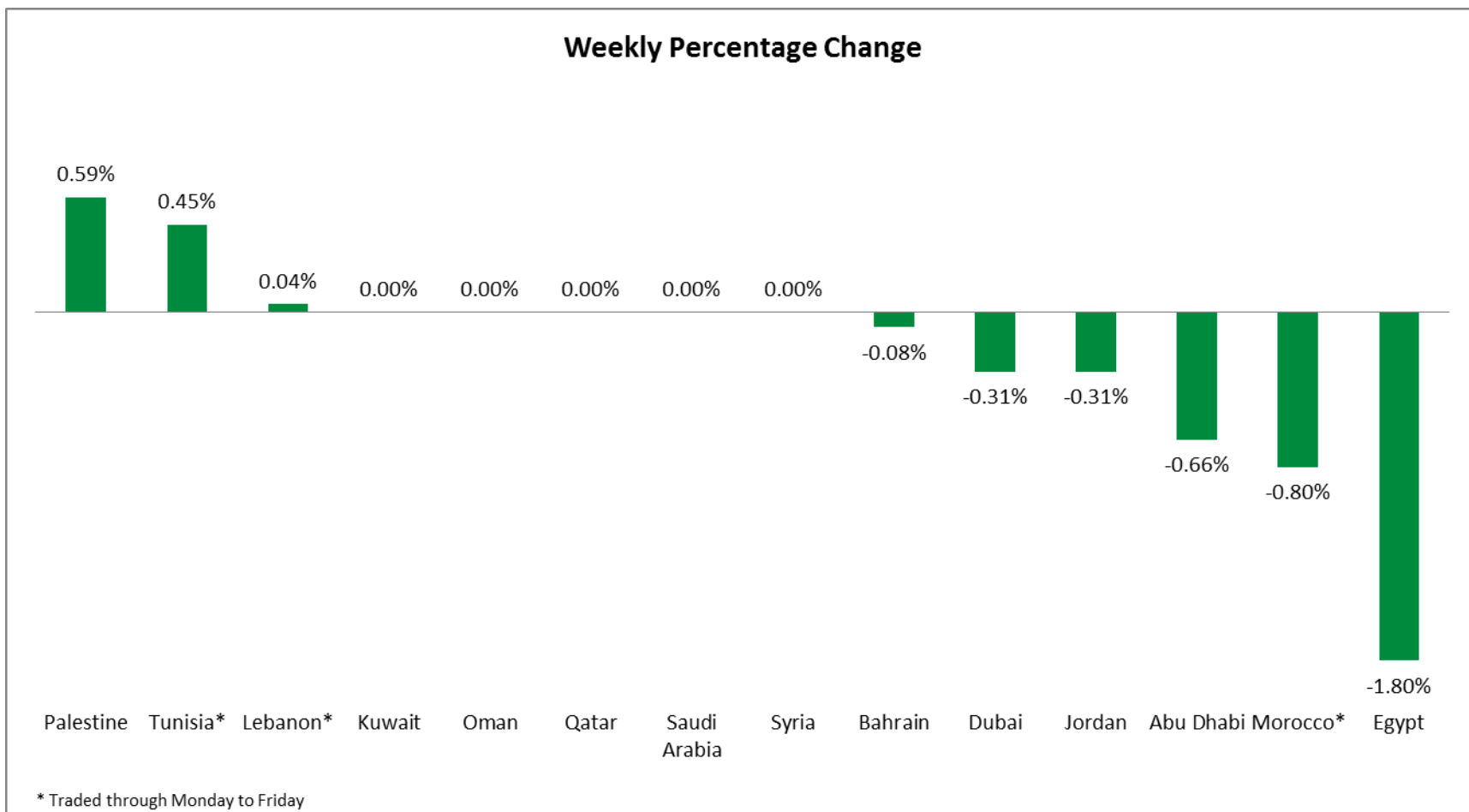


Source: Bloomberg

Comparative MENA Markets

For the period October 5 – October 10

Stock markets were closed for most of the week due to Eid Holiday

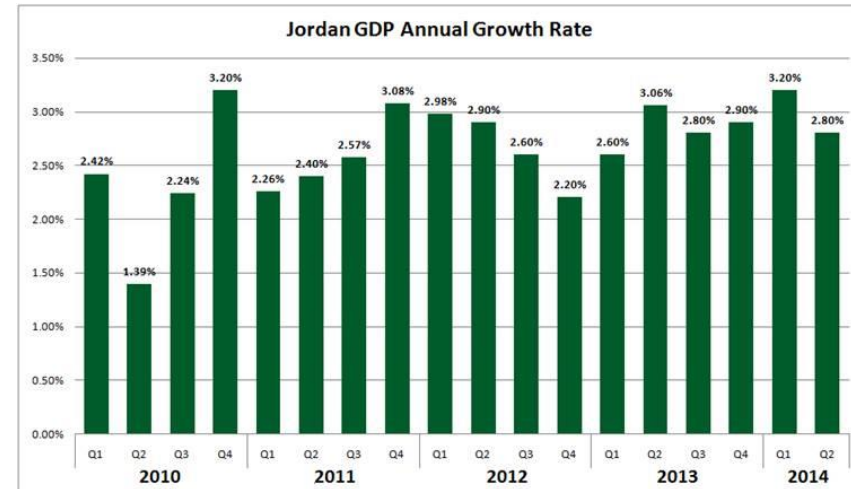




Jordan

GDP grew 2.8% in Q2 of 2014

- According to figures released by the Department of Statistics, Jordan's GDP grew by 2.8% in Q2 of 2014 when compared to the same time period in 2013, down from 3.20% in Q1 of this year.
- GDP grew by 2.80% in 2013, and the IMF forecasts GDP growth to reach 3.5% in 2014, which still remains below the 7.6% average growth rate Jordan witnessed in 2004-2009.
- Most sectors have shown positive growth during the second quarter of 2014 compared with the second quarter of 2013:
 - Electricity and water sector **grew** the most by 11.2%
 - Wholesale, retail, hotels and restaurant sector **grew** by 7.1%
 - Non-profit household private services sector **grew** by 6.5%
 - Social and personal service **grew** by 4.7%
 - Net taxes on products **grew** by 3.6%
 - Construction sector **grew** by 3.2%
 - Finance, insurance, real estate & business services **grew** by 2.9%
 - Quarrying sector **grew** by 1.6%
 - Manufacturing sector **grew** by 1.3%
 - Net tax on products **grew** by 2.70%
 - Agriculture sector **contracted** by 1.6%



Source: Department of Statistics / Central Bank of Jordan

Contribution of the main economic sectors to the GDP for the second quarter of 2014:

Sector	Contribution to the GDP of (100%)	Contribution to the GDP of (2.80%)
Wholesale, Retail Trade, Restaurants & Hotels	9.5	0.65
Net Tax on products	17.9	0.64
Finance, Insurance & Business services	19.6	0.57
Electricity & Water	2.2	0.23
Manufacturing	16.3	0.21
Community & personal Services	4.5	0.21
Transport, Storage & Communications	14.4	0.17
Construction	4.7	0.15
Producers of Government Services	10.8	0.06
Non-profit household private services	0.7	0.04
Quarrying	1.4	0.02
Agriculture	2.9	-0.05
Bank service charge	-5.3	-0.10
Total	100%	2.80%

Source: Department of Statistics / Central Bank of Jordan

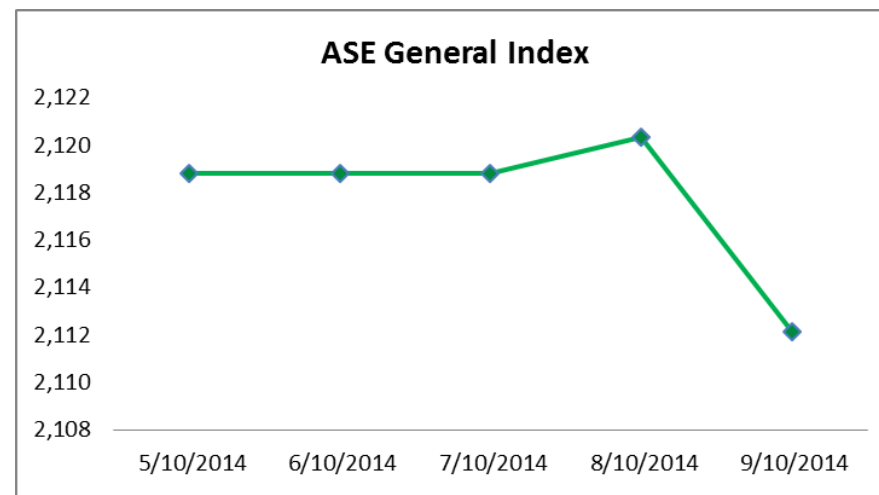
Amman Stock Exchange

For the period 08/10– 09/10

Markets were closed Oct 5 through Oct 7 for Eid Holiday

ASE free float shares' price index ended the week at (2,112.2) points, compared to (2,118.8) points for the last week, posting a decrease of 0.31%. The total trading volume during the week reached JD(14) million compared to JD(35.6) million during the last week, trading a total of (19.0) million shares through (8,148) transactions

The shares of (149) companies were traded, the shares prices of (56) companies rose, and the shares prices of (53) declined.



Top 5 gainers for the last week

Stock	% chg
South Electronics	16.67%
Al Rou'ya for Investments	15.79%
Resrouces Company for Development and Investment Plc.	12.50%
Babelon Investments Co. P.l.c	9.90%
Jordan Emirates Insurance Company P.s.c	9.52%

Top 5 losers for the last week

	% chg
Al-Safweh for Financial Investments Co.	(9.36%)
Comprehensive Multiple Project Company	(7.52%)
Invest Bank	(5.19%)
Offtec Holding Group Plc.	(5.00%)
Travertine Company Ltd.	(4.94%)

Jordan Debt Monitor

Latest T-Bills

- As of October 12, the volume of excess reserves, including the overnight window deposits held at the CBJ JD(3,258) million.

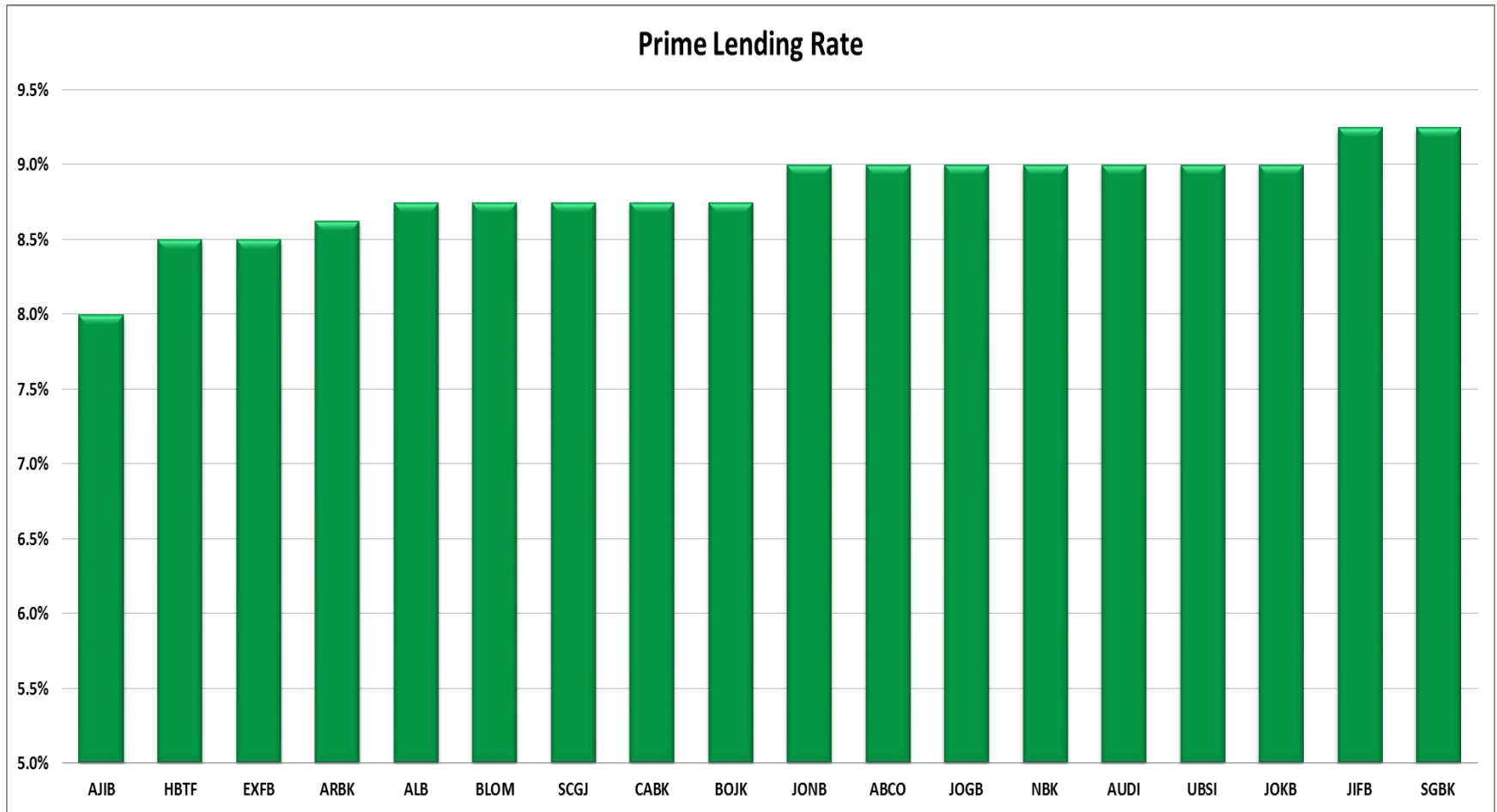
3 months T-Bills	Issue Date	Maturity Date	Size - million	Yield (%)
Last issued in December 2011	14/12/2011	14/03/2012	50	2.898%
6 months T-Bills)	Issue Date	Maturity Date	Size - million	Yield (%)
Last issued in February 2012	14/02/2012	14/08/2012	50	3.788%
9 months T-Bills	Issue Date	Maturity Date	Size - million	Yield (%)
Last issued in March 2012	04/03/2012	04/12/2012	75	4.285%
1 year T-Bills	Issue Date	Maturity Date	Size - Million	Coupon (%)
09/2014	12/10/2014	12/10/2015	100	3.270%
08/2014	24/09/2014	24/09/2015	75	3.279%
07/2014	25/08/2014	25/08/2015	75	3.257%
06/2014	03/07/2014	03/07/2015	50	3.297%

Jordan Debt Monitor

Latest T-Bonds Issues

2 years T-Bonds	Issue Date	Maturity Date	Size - million	Coupon (%)
T7114	02/10/2014	02/10/2016	50	3.813%
T6914	28/09/2014	28/09/2016	50	3.819%
T6314	08/09/2014	08/09/2016	75	3.793%
3 years T-Bonds	Issue Date	Maturity Date	Size - million	Coupon (%)
T6814	22/09/2014	22/09/2017	50	4.366%
T6614	16/09/2014	16/09/2017	50	4.339%
T6514	14/09/2014	14/09/2017	50	4.313%
4 year T-Bonds	Issue Date	Maturity Date	Size - million	Coupon (%)
Last issued in January 2012	15/01/2012	15/01/2016	37.5	7.246%
5 years T-Bonds	Issue Date	Maturity Date	Size - million	Coupon (%)
T7014	30/09/2014	30/09/2019	50	5.507%
T6714	18/09/2014	18/09/2019	100	5.498%
T6414	10/09/2014	10/09/2019	100	5.476%
Public Utility Bonds	Issue Date	Maturity Date	Size - million	Coupon (%)
PB65 (Water Authority)	19/08/2014	19/08/2017	30	4.263%
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%

Prime Lending Rates



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