

Weekly Economic Monitor

December 14, 2014

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Markets overview

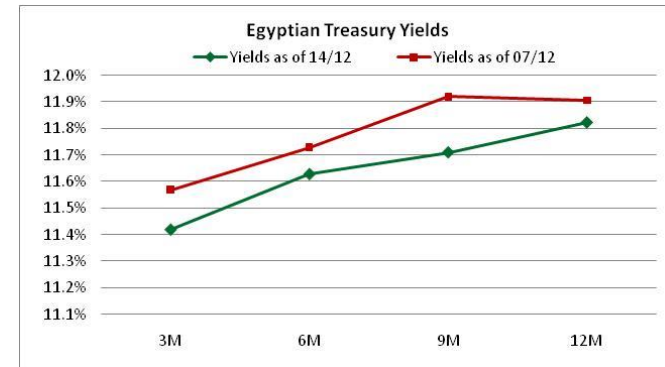
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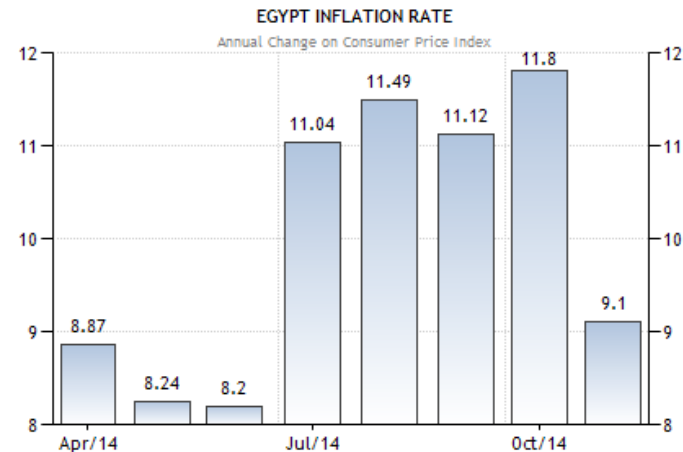
Regional

Egypt: Inflation drops to 9.1%, FX reserves drop to \$15.88 billion

- Egypt's T-bill yields dropped across the board over the past week, as inflation dropped significantly to 9.1% in November from 11.8% in October. The drop in yields comes despite a \$1.1 billion drop in FX reserves to reach \$15.88 in November, the first decline in six months.
- Annual consumer inflation and core inflation both slowed in November, boosting the government's efforts to balance economic growth with price stability.
- This also provides more room for the CBE to cut rates after it had raised rates by 100 basis points in July to dampen inflation as a result of subsidy cuts on energy and tax reforms.
- It seems that the 40% slump in global oil prices since June and slow growth in global food prices have helped drop inflation to 9.1%.
- On the other hand, foreign reserves dropped to \$15.88 billion at the end of November from \$16.91 billion in October, marking the first decline in six months. The drop comes as Egypt repaid \$2.5 billion central bank deposit back to Qatar.
- The drop in FX reserves is likely to place upward pressure on interest rates and hinder the CBE's ability to drop rates.



Source: Bloomberg

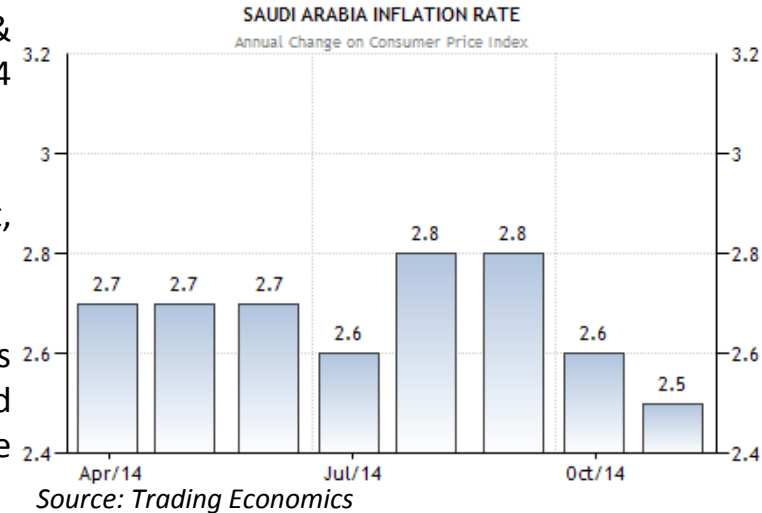


Source: Trading Economics

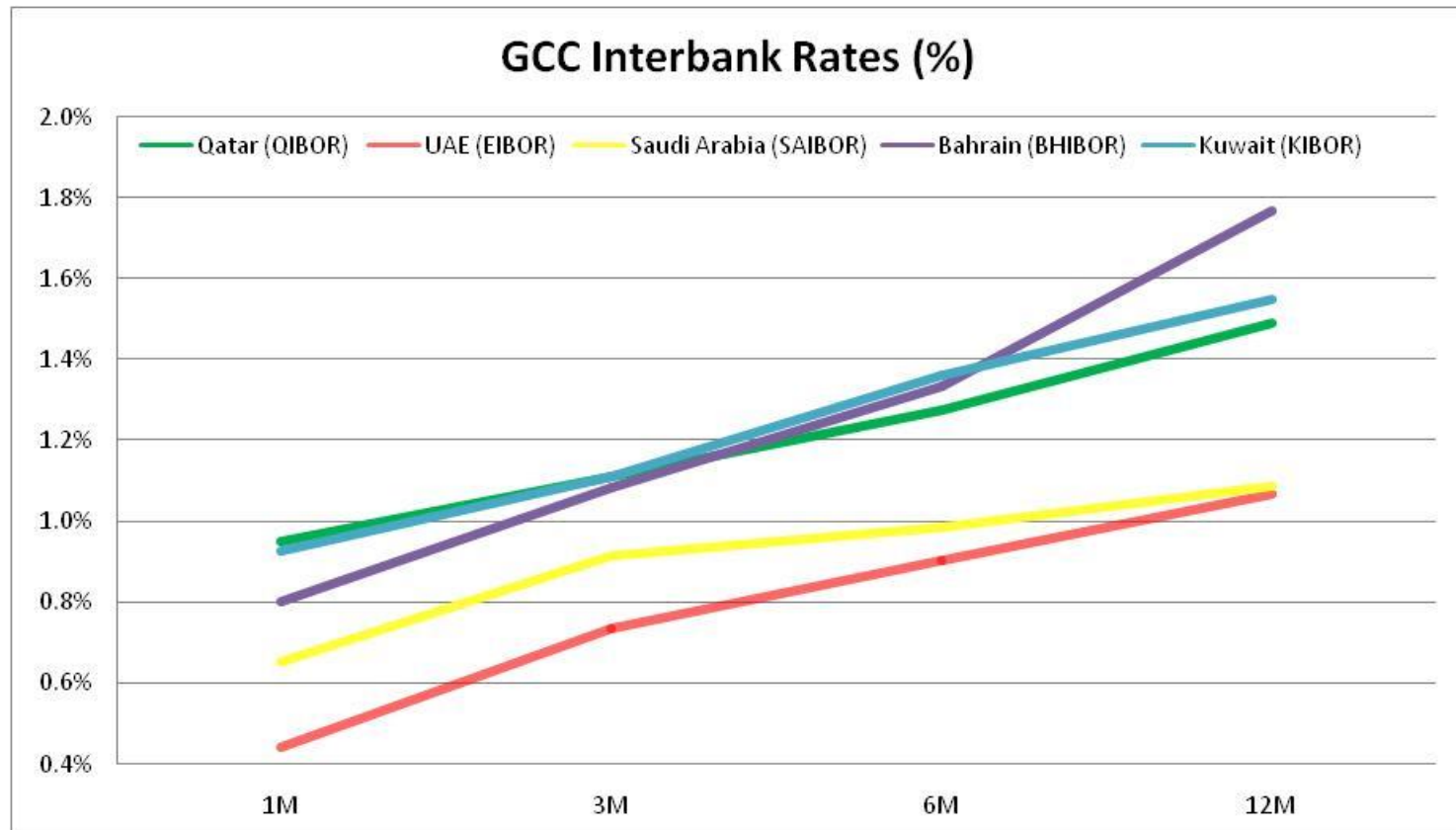
GCC Economic Highlights:

Saudi Arabia: Inflation up by 2.5% in November 2014

- According to figures released by the Central Department of Statistics & Information, the inflation rate grew by 2.5% in November of 2014 when compared to November 2013, down from 2.6% in October.
- In November, culture and entertainment group prices rose the most, up by 8.6% from November 2013.
- This was followed by housing furniture and maintenance group prices which rose by 3.5% over the same time period. Meanwhile, food and beverages group and health group prices rose by 3.1% over the same time period, while rents grew by 2.7%.
- Moreover, inflation rose by 0.2% when compared to October of 2014, indicating low inflationary pressure for the time being.
- Latest IMF forecasts expect inflation to reach around 2.9% in 2014, while other analysts had expected inflation to rise due to the outflow of foreign workers and the resulting increase in wages to compensate for the drop in foreign workers reflecting on inflation, though the effect so far has been minimal.
- On the other hand, the Saudi Arabia Monetary Agency, Saudi's central bank, recently released a report showing it expects inflation to stabilize in the fourth quarter of this year, due to a stabilization in food and beverage prices.



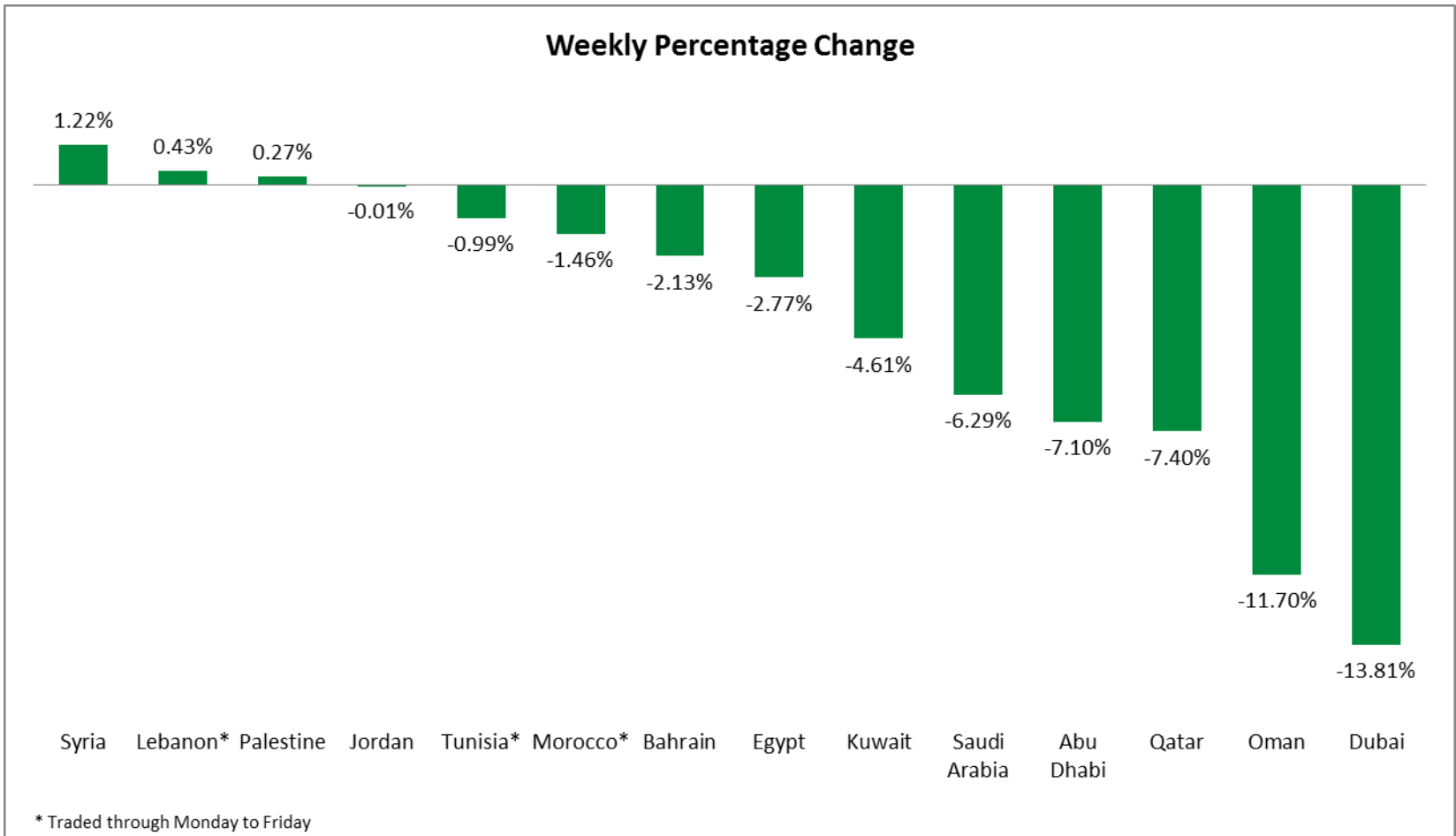
GCC interbank rates



Source: Bloomberg

Comparative MENA Markets

For the period December 7 – December 12

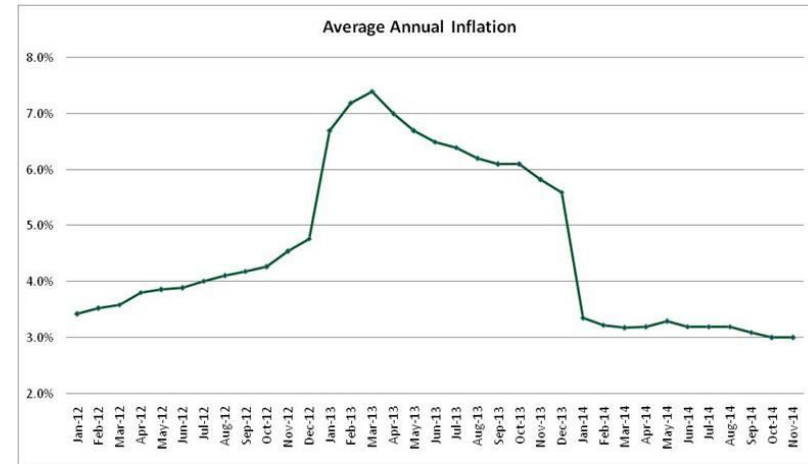




Jordan

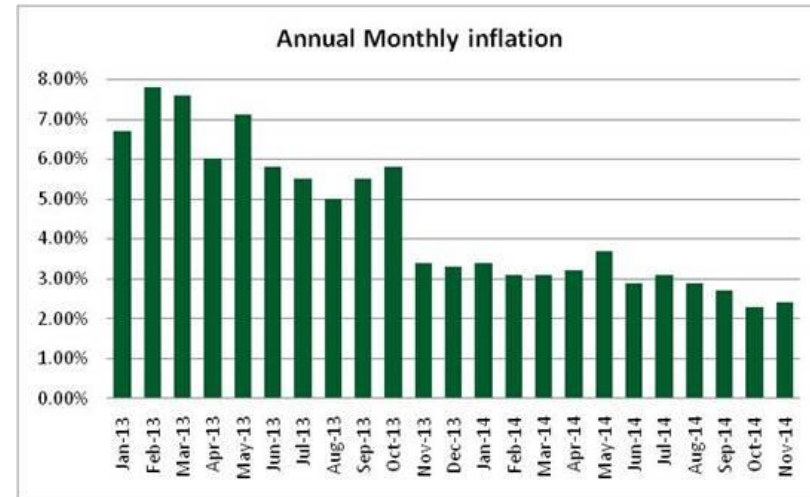
Inflation up by 3% during first 11 months of 2014

- The inflation rate grew by 3% during the first eleven months of this year compared to the same period last year, unchanged from 3% for the first ten months of the year.
- It is expected that inflation will finish the year at around 3%, down from 5.6% in 2013, as the effect of removing fuel subsidies in November 2012 seems to have faded.
- The report said that the rise in inflation was attributed mainly to higher prices in the following main commodities and services:
 - Rents (up 7.0%)
 - Transportation (up 2.1%)
 - Education (up 4.7%)
 - Tobacco (up 13.9%)
 - Clothes (up 10.9%)
- On the other hand, prices of other commodity groups dropped for the same time period:
 - Personal care (down 0.4%)
 - Vegetables (down 1.5%)
 - Telecommunications (down 3.2%)
 - Fuel and electricity (down 0.3%)



Inflation up by 2.4% in November 2014 compared to November 2013

- Comparing November of this year to November of 2013, inflation was up by 2.4%, up from 2.3% in October.
- The inflation was attributed mainly to higher prices in the following main commodities and services:
 - Rents (up 6.4%)
 - Vegetables (up 4.7%)
 - Education (up 2.5%)
 - Tobacco (up 14.6%)
 - Clothes (up 9.2%)
- Meanwhile, prices of other commodity groups dropped for the same time period:
 - Fuel and electricity (down 4.4%)
 - Transportation (down 3.3%)
 - Dairy products (down 2.4%)
- On a monthly basis, inflation dropped by 0.4% in November compared to October, mainly due to a drop in transport and fuel and electricity prices, indicating low inflationary pressures for the time being.

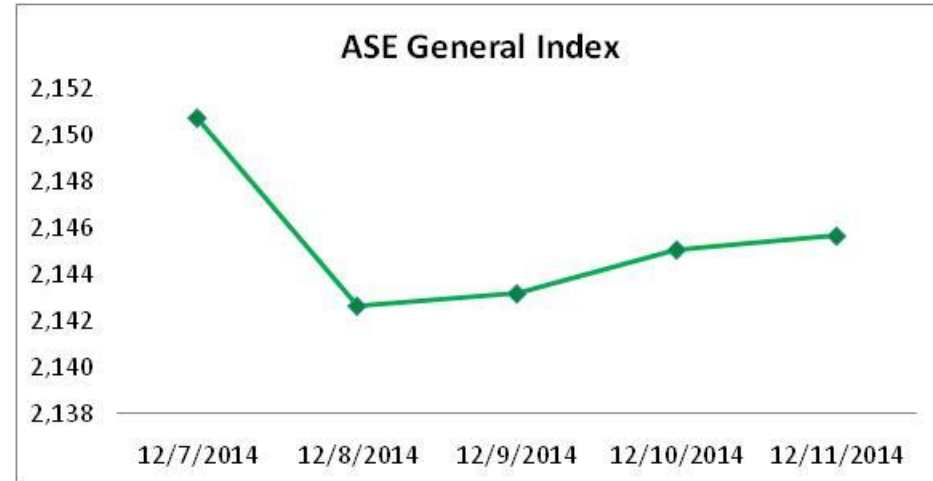


Amman Stock Exchange

For the period 07/12– 11/12

ASE free float shares' price index ended the week at (2,145.6) points, compared to (2,145.9) points for the last week, posting a decrease of 0.01%. The total trading volume during the week reached JD(54.2) million compared to JD(38.8) million during the last week, trading a total of (65.9) million shares through (25,600) transactions.

The shares of (187) companies were traded, the shares prices of (90) companies rose, and the shares prices of (66) declined.



Top 5 gainers for the last week

Stock	% chg
Sura Development & investment Plc	23.26%
National Cable & Wire Manufacturing	22.73%
Jordan Poultry Processing & Marketing	21.82%
Transport & Investment Barter Company	21.74%
Arab Electrical Industries	20.41%

Top 5 losers for the last week

	% chg
Arab Jordanian Insurance Group	(21.82%)
Al-Safweh For Financial Investments Co.	(9.45%)
Kafa'a for Financial & Economic Investments P.l.c	(8.47%)
Jordan Masaken for Land & Industrial Development Projects	(7.04%)
Shira Real Estate Development & Investments	(6.33%)

Jordan Debt Monitor

Latest T-Bills

- As of December 14, the volume of excess reserves, including the overnight window deposits held at the CBJ JD(3,562) million.

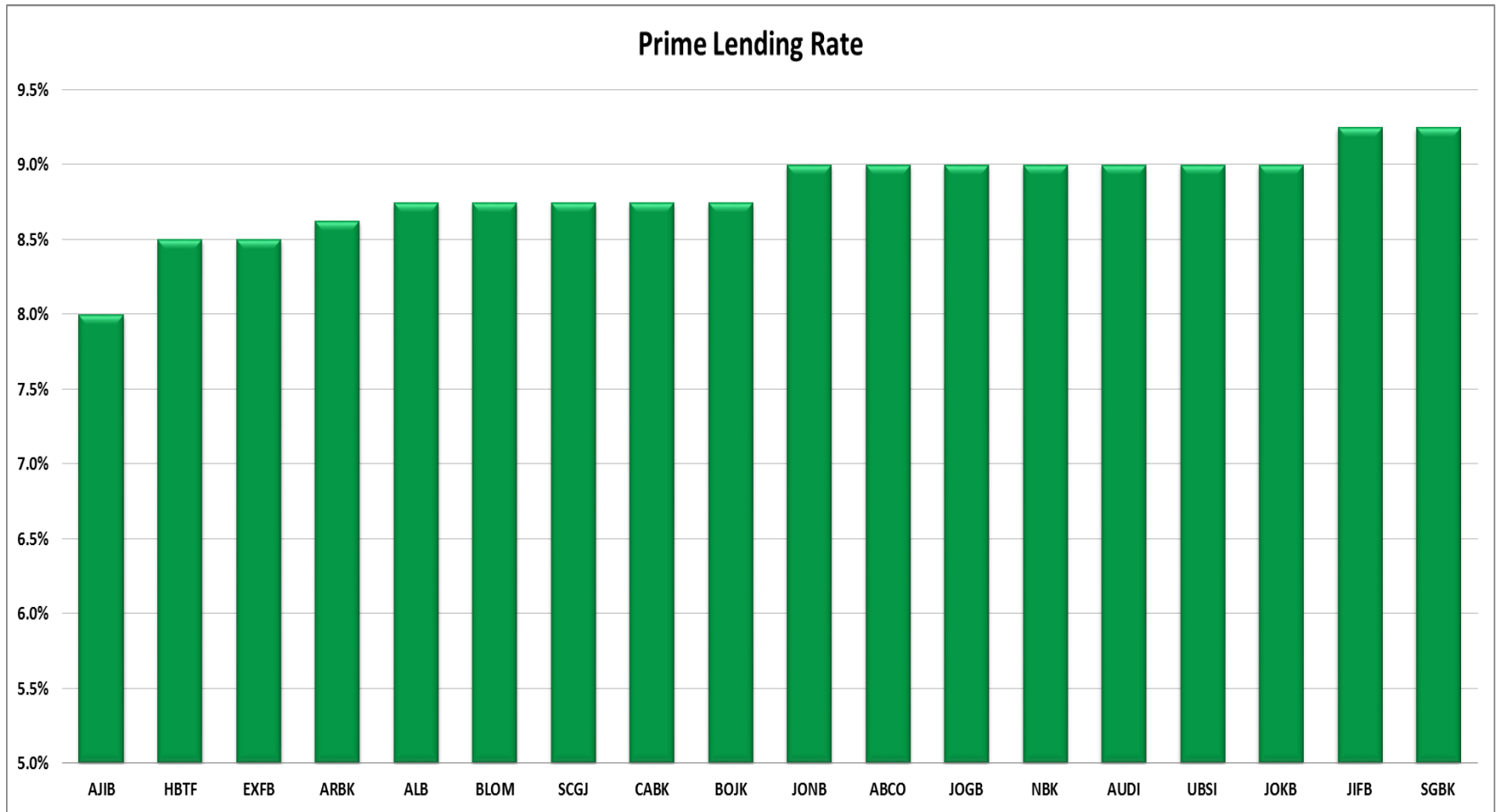
3 months T-Bills	Issue Date	Maturity Date	Size - million	Yield (%)
Last issued in December 2011	14/12/2011	14/03/2012	50	2.898%
6 months T-Bills	Issue Date	Maturity Date	Size - million	Yield (%)
Last issued in February 2012	14/02/2012	14/08/2012	50	3.788%
9 months T-Bills	Issue Date	Maturity Date	Size - 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 (%)
T9014	09/12/2014	09/12/2016	75	4.227%
T8914	04/12/2014	04/12/2016	50	4.210%
T8814	02/12/2014	02/12/2016	50	4.178%
3 years T-Bonds	Issue Date	Maturity Date	Size - million	Coupon (%)
T9114	11/12/2014	11/12/2017	50	4.735%
T6814	22/09/2014	22/09/2017	50	4.366%
T6614	16/09/2014	16/09/2017	50	4.339%
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 (%)
T8214	12/11/2014	12/11/2019	50	5.581%
T7314	16/10/2014	16/10/2019	75	5.533%
T7014	30/09/2014	30/09/2019	50	5.507%
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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