

Weekly Economic Monitor

November 23, 2014

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MENA Region



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- [Budget deficit narrows in the first nine months of the year, while public debt continues to grow](#)



Markets overview

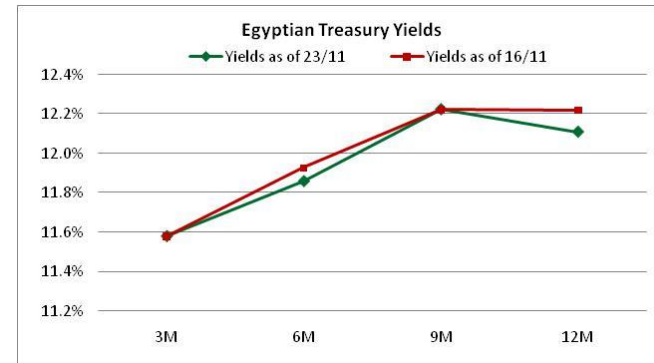
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Regional

Egypt: GDP grew 6.8% in Q1 of 2014/15 fiscal year

- Egypt's 6M and 12M T-bill yields dropped marginally last week, as preliminary estimates announced by the Planning Minister showed that GDP grew 6.8% during the first quarter of the 2014/15 fiscal year (July-Sep) when compared to the same time period a year ago.
- However, the Minister pointed out that the abnormal growth rate is probably due to base effect after comparing it with same period of the previous fiscal year, at the time of high political turmoil.
- Meanwhile, GDP grew 1.1% from the previous quarter, and the Minister noted that the economy is expected to grow 3.8% in the current fiscal year, up from 2.2% in the previous fiscal year.
- The uptick in growth levels should give some breathing room for the Central Bank of Egypt, as the monetary policy committee struggles between containing inflation which is at elevated levels of 11.8% and revitalizing growth economy levels.
- In other news, Egypt spend 22 billion EGP on fuel subsidies over the first quarter of the 2014/15 fiscal year, down 29% when compared to the same time period a year ago.
- This comes as Egypt's government introduced a series of reforms including deep subsidy cuts on energy, which raised fuel prices up to 78%. The budget foresees savings of more than 40 billion EGP on energy subsidies as whole.



Source: Bloomberg

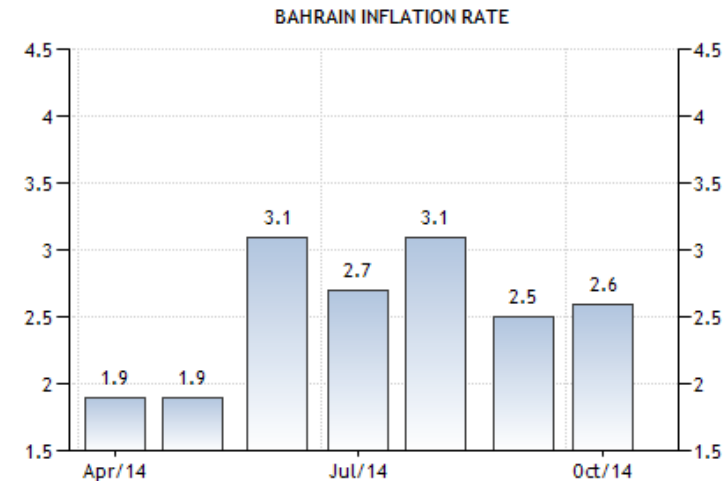


Source: Trading Economics

GCC Economic Highlights:

Bahrain: Inflation rises to 2.6% in October

- According to figures released by Bahrain's Central Informatics Organization, the inflation rate grew by 2.6% in October of 2014 when compared to October 2013, up from 2.5% in September.
- All groups registered an increase in prices, except for furnishing, household equipment group prices, whose prices dropped 0.9% from October 2013.
- Meanwhile, given their weights of the CPI basket, the housing, water, electricity, gas, and other fuels group and health care services group led the increase in inflation.
- Housing, water, electricity, gas, and other fuels group prices rose by 5.2% from October 2013. Meanwhile, health care services group prices rose by 6.6% over the same time period.
- Alcoholic beverages and tobacco group prices rose by 9.9%. Moreover, education prices rose by 3.2% from October 2013, while transport prices rose by 2.1% from October 2013.
- Inflation remained nearly unchanged from September 2014, indicating minimal inflationary pressures for the time being.
- The IMF expects inflation to remain close to current levels, finishing 2014 at an inflation rate of 2.5%.

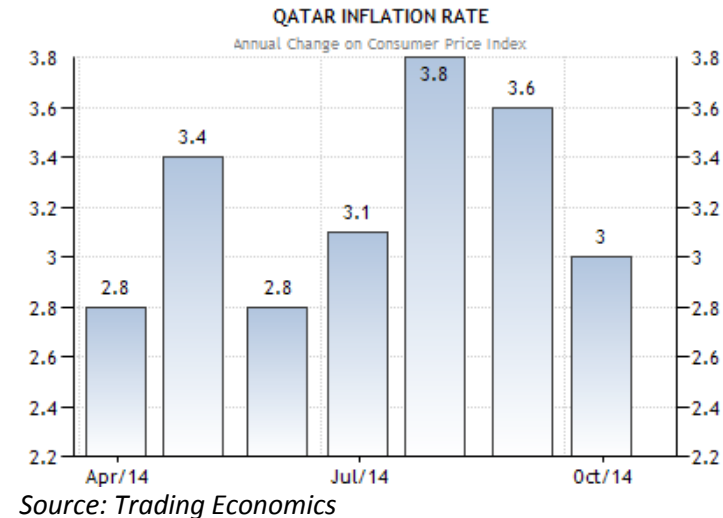


Source: Trading Economics

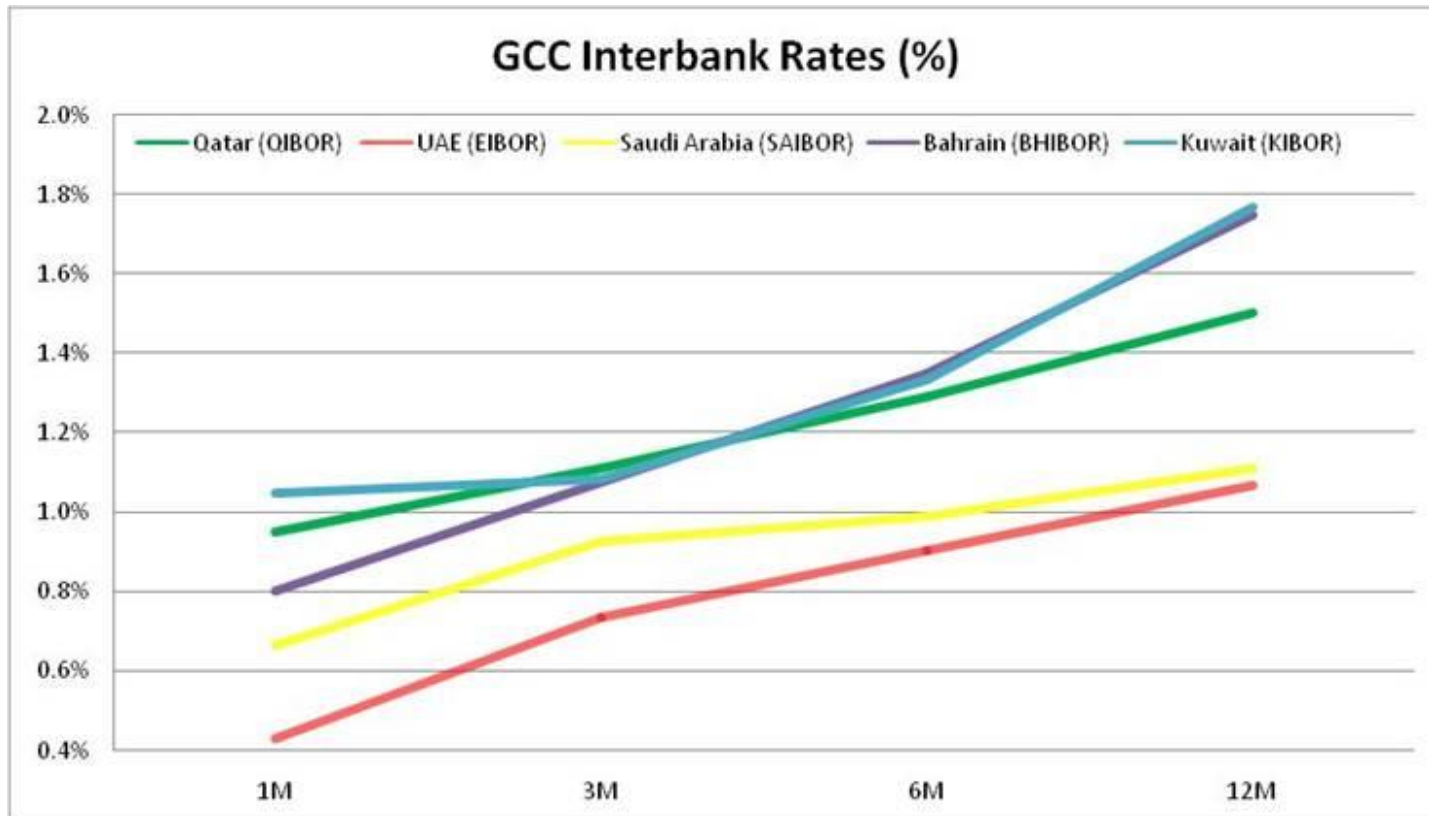
GCC Economic Highlights:

Qatar: Inflation drops to 3% in October

- According to figures released by Qatar's Ministry of Development Planning and Statistics, the inflation rate grew by 3% in October of 2014 when compared to October 2013, down from 3.6% in September.
- Prices of rentals, fuel & energy group which carries the maximum weight of 32.2% of the CPI basket were up by 8.2% over from October 2013, mainly due to rental hikes of residential buildings.
- Given that fuel & energy prices are decreasing, it is evident the increase in prices is driven by rents. Analysts attributed the rise in rents to a significant increase in the population, which is up 8.4% during the first 10 months of 2014.
- Eliminating the effect of rents, the overall inflation drops to 1.2% in October, highlighting the effect of rents on overall inflation.
- Meanwhile, food, beverage and tobacco, which has a weight of 13.2% in the CPI basket, dropped by 0.6% over the same time period, and is the likely reason for the overall drop in the inflation rate.
- According to analysts, inflation is expected to rise to 3.8% in 2014 as higher infrastructure spending will result in a large inflow of workers, putting pressure on housing and prices. The IMF expects inflation to reach 3.6% in 2014.



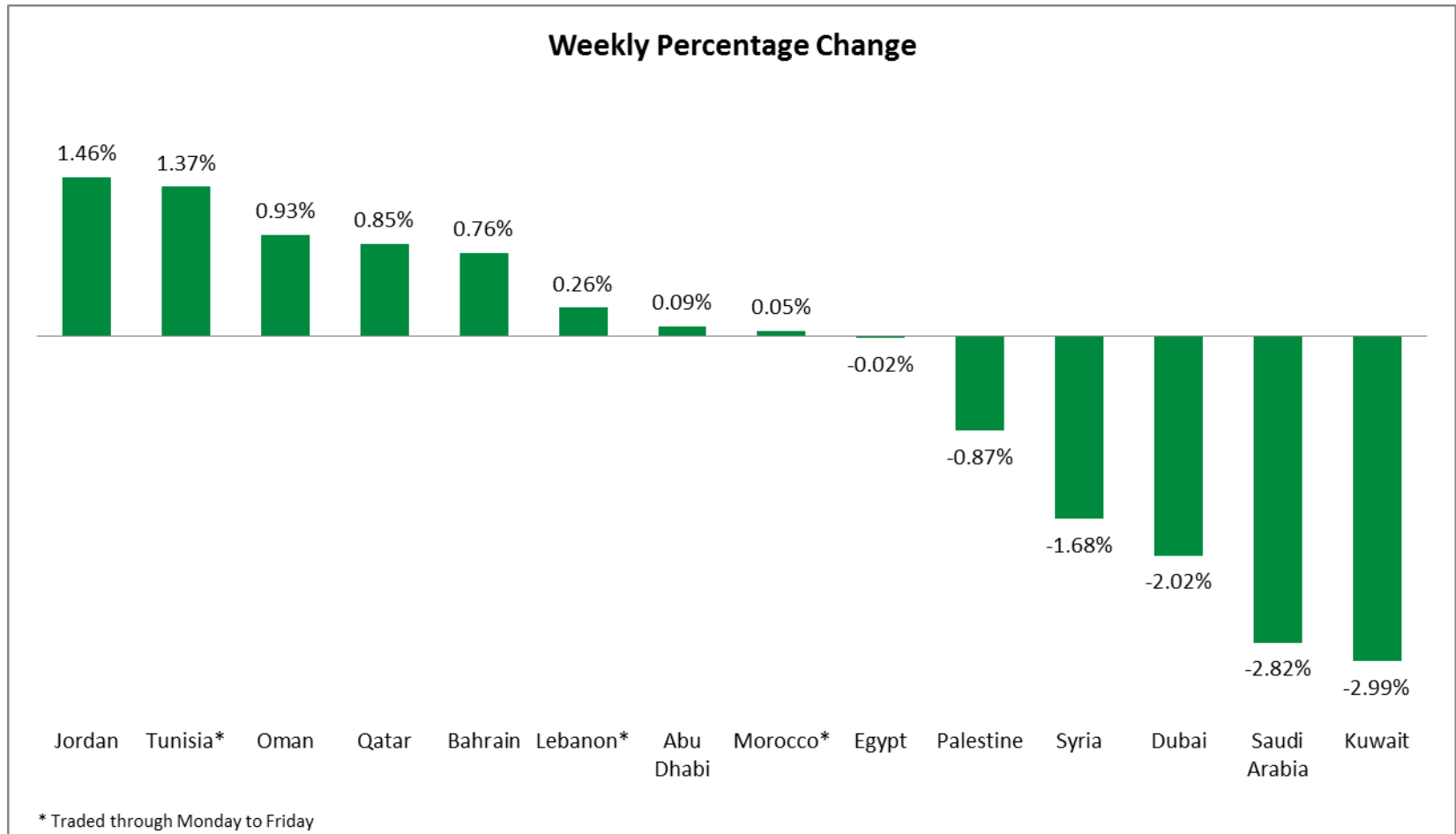
GCC interbank rates



Source: Bloomberg

Comparative MENA Markets

For the period November 16 – November 21





Jordan

Budget deficit narrows in the first nine months of the year

- The budget balance improved in the first nine months of the year compared to the same period the previous year, with a deficit of JD 561 million compared to last year's deficit of JD 742 million.
- The JD 181 million decrease in the budget deficit was a result of a JD 818 million increase in total revenues and grants which offset a JD 637 million increase in total expenditure. The deficit figure seems to be in line with official forecasts for the 2014 budget, as the fiscal deficit including grants is expected to narrow compared to the previous year.
- Total revenues and grants increased by around JD 818 million in the first nine months of the year, as a result of an increase of JD 721 million in domestic revenues and a JD 97 million increase in foreign grants for the same period. The rise in domestic revenue was mainly a result of an increase in non-tax revenue, which almost tripled from the same period last year, and an increase in tax on goods and services.
- Foreign grants increased by JD 97 million compared to the previous year, indicating that grants are now being committed after sluggish growth in the first half of the year.
- Total expenditures increased by around JD 637 million for the same period, due to a JD 486 million increase in current expenditures (mainly from increases in interest payments, social benefits, and military expenditures), and an increase of JD 151 million in capital expenditures.

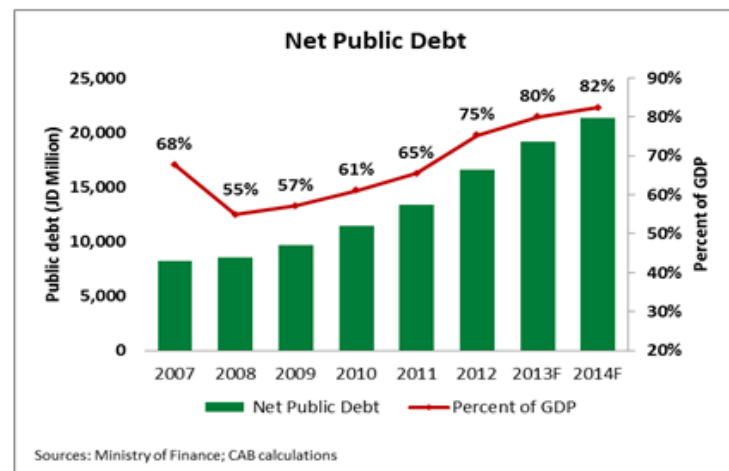
JD Million	Jan - Sep 2014	Jan - Sep 2013
Total Revenues and Grants	5,116.4	4,298.6
Domestic Revenue	4,482.3	3,761.5
Foreign Grants	634.1	537.1
Total Expenditures	5,677.5	5,040.3
Current Expenditures	4,993.1	4,506.7
Capital Expenditures	684.4	533.6
Fiscal Deficit/Surplus Including Grants	-561.1	-741.7
Fiscal Deficit/Surplus Excluding Grants	-1,195.2	-1,278.8

JD Million	2014 Budget	2013
Total Revenues and Grants	6,982.0	5,758.3
Domestic Revenue	5,831.0	5,118.9
Foreign Grants	1,151.0	639.3
Total Expenditures	8,096.4	7,065.0
Current Expenditures	6,827.8	6,045.8
Capital Expenditures	1,268.6	1,019.0
Fiscal Deficit/Surplus Including Grants	-1,114.4	-1,306.5
	(-4.3% of GDP)	(-5.4% of GDP)
Fiscal Deficit/Surplus Excluding Grants	-2,265.4	-1,945.8
	(-8.7% of GDP)	(-8.1% of GDP)

Public debt reached 20,486 million by end of September

- Meanwhile, the fiscal balance before grants resulted in a budget deficit of JD 1,195 million during the first nine months of 2014, compared to a budget deficit of JD 1,279 million during the same period of last year; a decrease of around JD 84 million.
- This decrease indicates that the deficit before grants is back on the narrowing deficit trend witnessed over the past few months.
- Furthermore, net public debt reached around JD 20,486 million by the end of September, around 80% of 2014 GDP according to the Ministry of Finance's calculations, increasing by around JD 1,398 million.
- External debt increased by around JD 735 million, while net domestic debt increased by around JD 654 million for the same period.
- Net public debt hit the 80% of GDP ceiling at the end of 2013, with projections that it will reach around 83% by end of 2014.
- It is noteworthy that gross public debt reached around JD 22,356 million by the end of September, around 87.5% of GDP, increasing by JD 1,721 million in the first nine months of the year.

JD Million	Sep 2014	2013	2012
External Debt	7,969.6	7,234.5	4,932.4
Percent of GDP	31.1%	30.3%	22.5%
Internal Debt	12,516.0	11,862.0	11,648.0
Percent of GDP	48.9%	49.7%	53.0%
Public Debt	20,485.6	19,096.5	16,581.0
Percent of GDP	80.0%	80.1%	75.5%

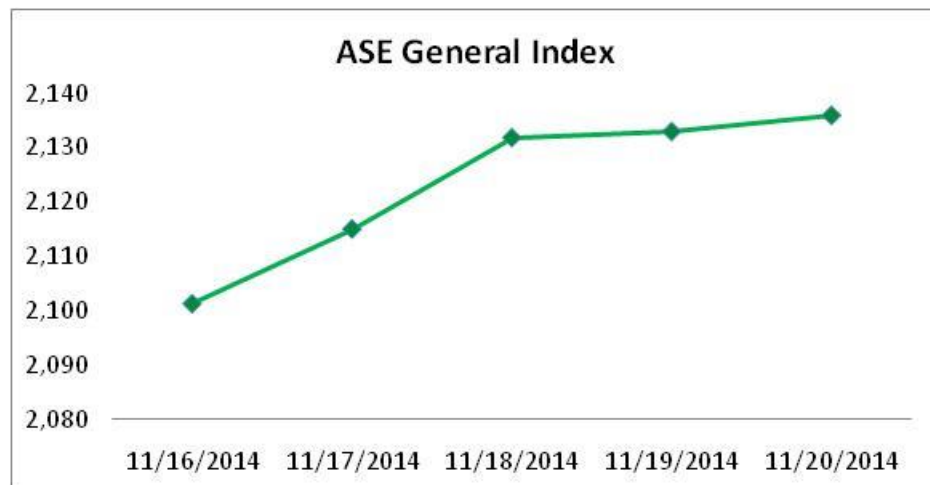


Amman Stock Exchange

For the period 16/11– 20/11

ASE free float shares' price index ended the week at (2,135.9) points, compared to (2,105.2) points for the last week, posting an increase of 1.46%. The total trading volume during the week reached JD(28.8) million compared to JD(41.9) million during the last week, trading a total of (29.8) million shares through (15,680) transactions.

The shares of (172) companies were traded, the shares prices of (68) companies rose, and the shares prices of (75) declined.



Top 5 gainers for the last week

Stock	% chg
Jordan Emirates Insurance Company P.s.c	22.58%
The Jordan Cement Factories	15.00%
Jordan Petroleum Refinery	10.28%
Jordan Phosphate Mines	9.57%
Northern Cement Co.	9.03%

Top 5 losers for the last week

	% chg
Alia – The Royal Jordanian Airlines Plc.	(14.06%)
Middle East Specialized Cable Company Plc	(13.64%)
Arab Jordanian Insurance Group	(12.00%)
Ihdathia Co-ordiantes	(9.52%)
Zahrat Alurdon Real Estate and Hotels Investment	(9.40%)

Jordan Debt Monitor

Latest T-Bills

- As of November 23, the volume of excess reserves, including the overnight window deposits held at the CBJ JD(3,602) million.

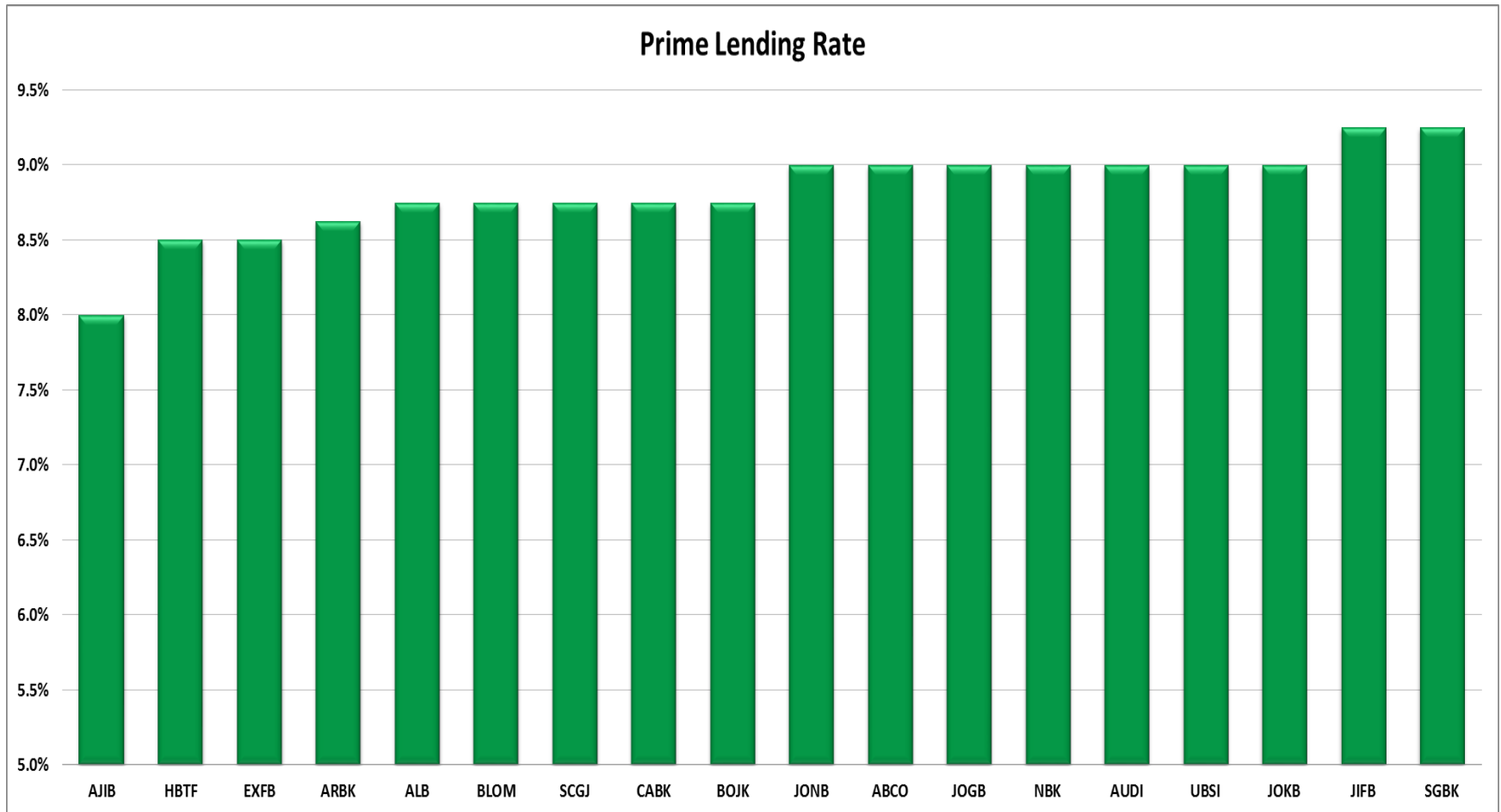
3 months T-Bills	Issue Date	Maturity Date	Size - million	Yield (%)
Last issued in December 2011	14/12/2011	14/03/2012	50	2.898%
6 months T-Bills	Issue Date	Maturity Date	Size - million	Yield (%)
Last issued in February 2012	14/02/2012	14/08/2012	50	3.788%
9 months T-Bills	Issue Date	Maturity Date	Size - 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 (%)
T8514	20/11/2014	20/11/2016	50	4.117%
T8414	18/11/2014	18/11/2016	50	4.099%
T8314	16/11/2014	16/11/2016	75	4.076%
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 (%)
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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