

# Weekly Economic Monitor

November 16, 2014

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### Markets overview

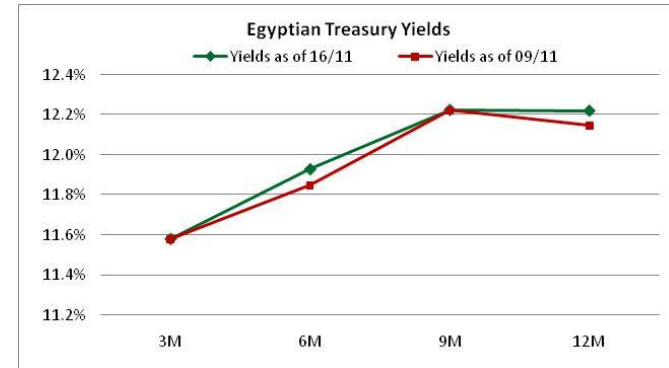
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**Regional**

# Egypt: Inflation rises to 11.8% in October

- Egypt's 6M and 12M T-bill yields rose last week, as inflation ticked upward to 11.8% in October from 11.1% in September, keeping upside pressure on interest rates as the Central Bank of Egypt struggles between containing inflation and stimulating growth.
- Inflation rose significantly in July as the government introduced harsh austerity measures of subsidy cuts and tax reforms. Inflation data for October show more encouraging signs, with inflation falling across all major CPI components.
- Food inflation registered 11.50% in October, down from 18.50% at the beginning of this year. However, education prices led the increase in inflation this month, though it only makes up 5% of the CPI basket.
- High inflation has kept the Central Bank of Egypt (CBE) reluctant to continue cutting benchmark rates, despite its desire to stimulate growth.
- In other news, Egypt said it plans to repay all of its \$4.9 billion of debt to foreign oil and gas companies with six months. The government says it plans to borrow \$2 billion to finance the debt, though it did not specify the source. The government paid around \$1.5 billion in October of this year.
- The accumulation of arrears has left gas production to decline as firms have been reluctant to increase investment in exploration and production. Natural gas exports dropped 81% in September y-o-y.



Source: Bloomberg

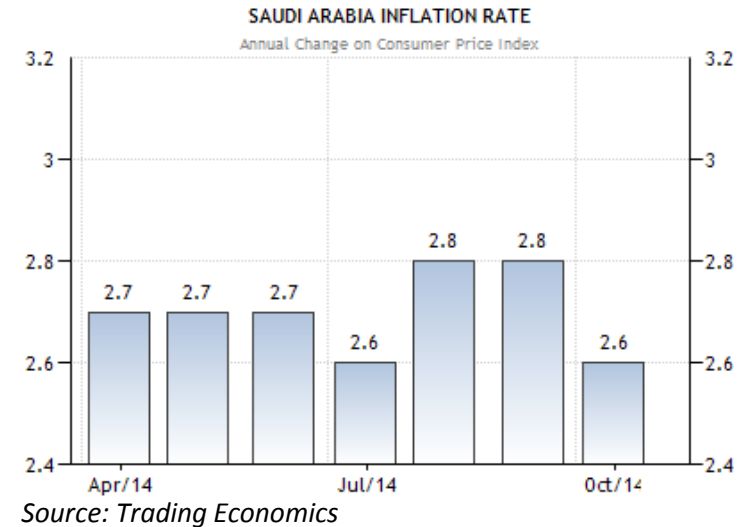


Source: Trading Economics

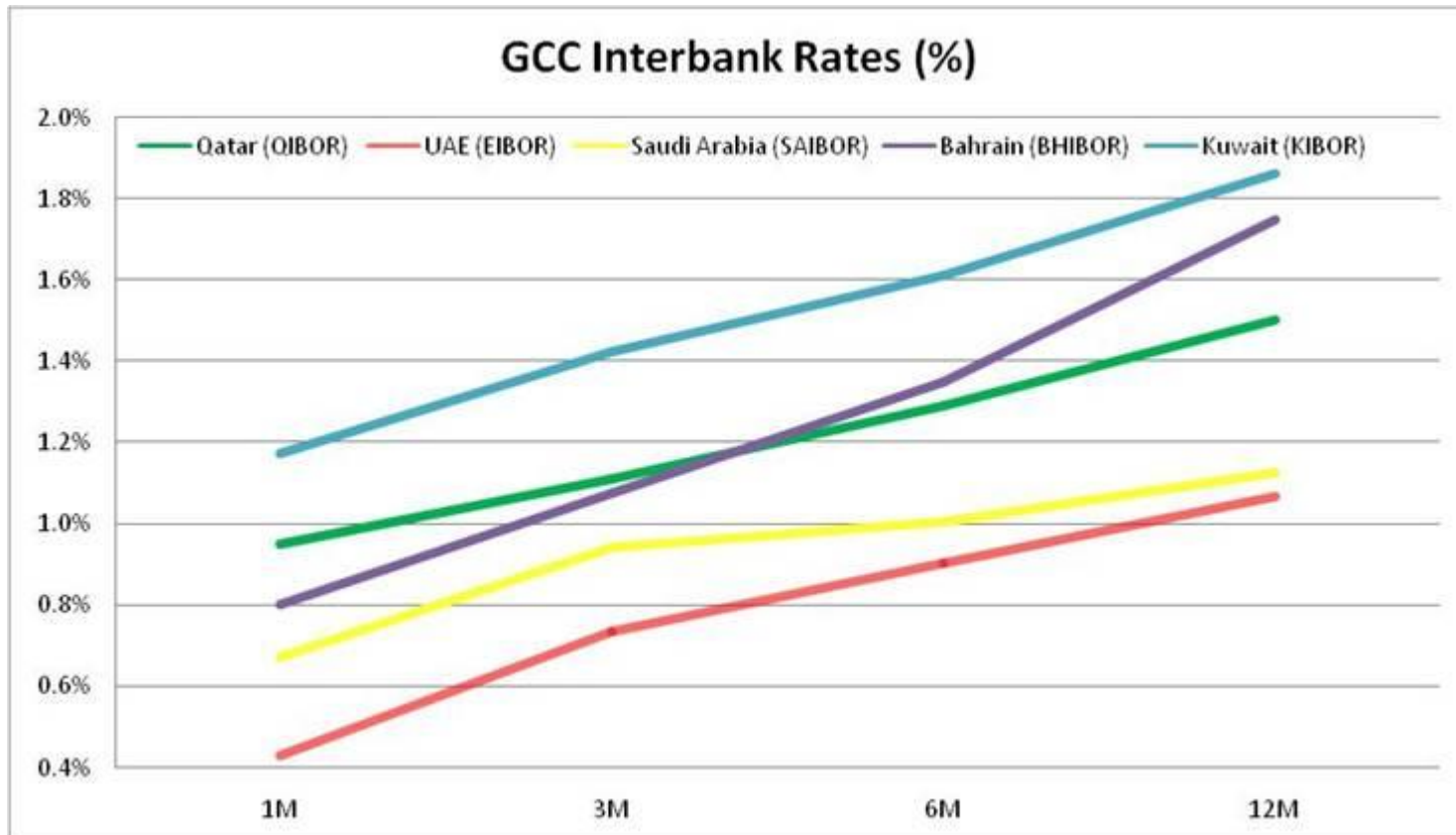
# GCC Economic Highlights:

## *Saudi Arabia: Inflation drops to 2.6% in October*

- According to figures released by the Central Department of Statistics & Information, the inflation rate grew by 2.6% in October of 2014 when compared to October 2013, down from 2.8% in September.
- In October, culture and entertainment group prices rose the most, up by 8.2% from September 2013.
- Culture and recreation prices rises were closely followed by tobacco group prices which rose by 7.7% over the same time period. Meanwhile, food and beverages group and health group prices rose by 3.5% over the same time period.
- Moreover, inflation rose by 0.2% when compared to September of 2014, indicating low inflationary pressure for the time being.
- The IMF expects inflation to reach around 3.0% in 2014, while other analysts expecting 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.
- Last week, the Saudi Arabia Monetary Agency, Saudi's central bank, 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.



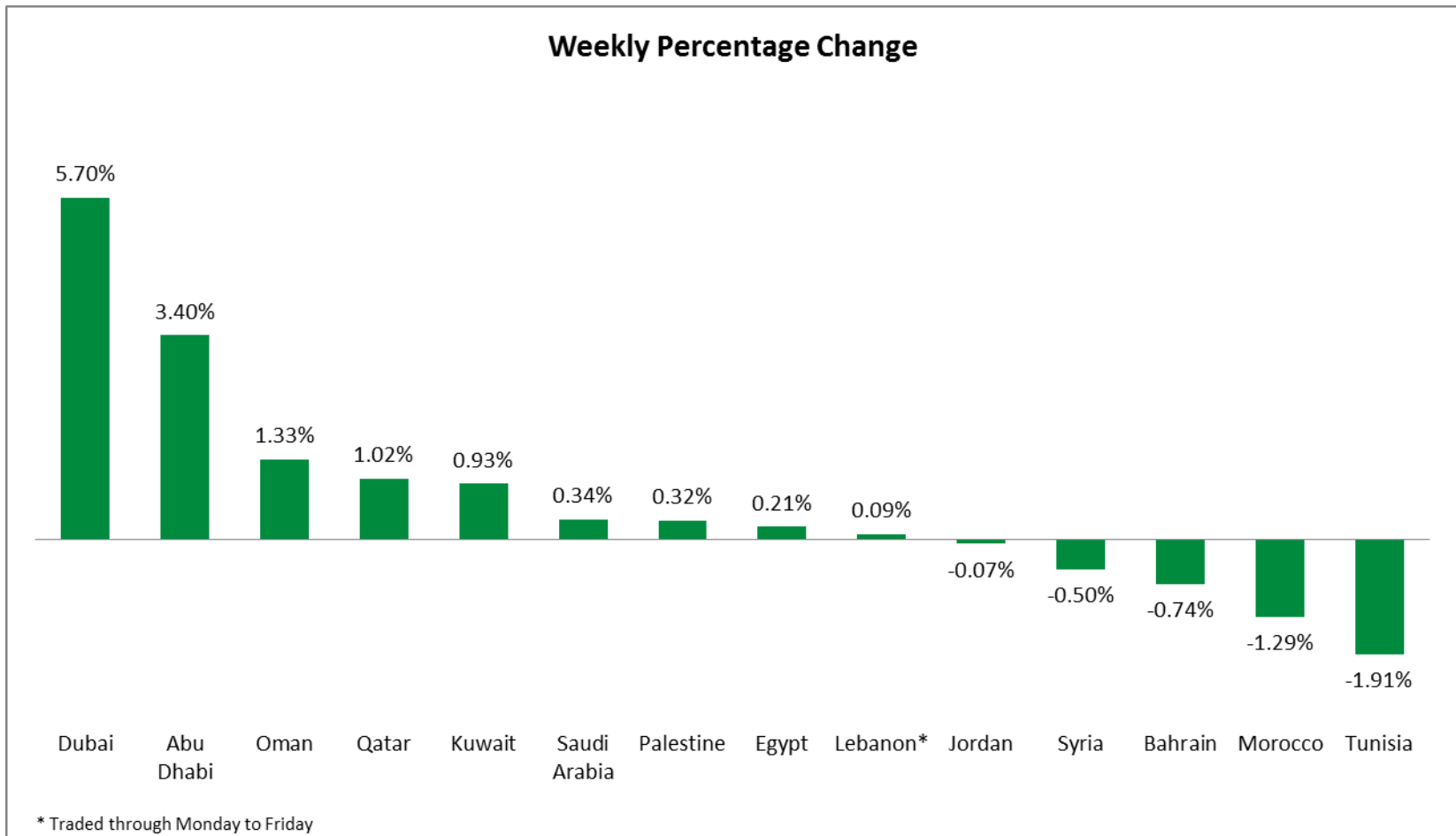
# GCC interbank rates



Source: Bloomberg

# Comparative MENA Markets

For the period November 9 – November 14



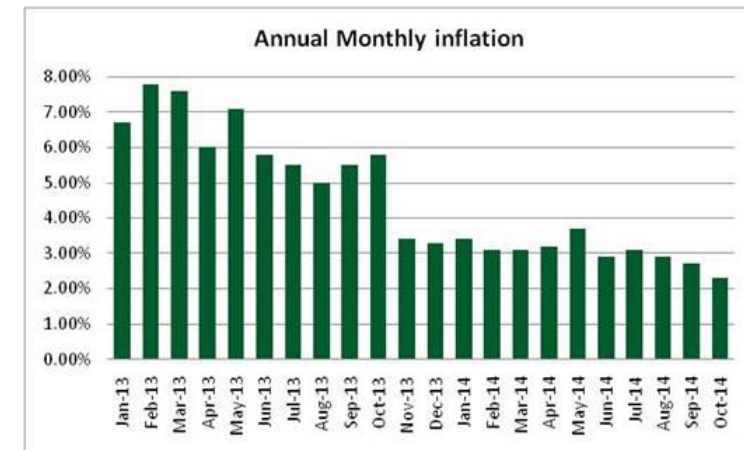
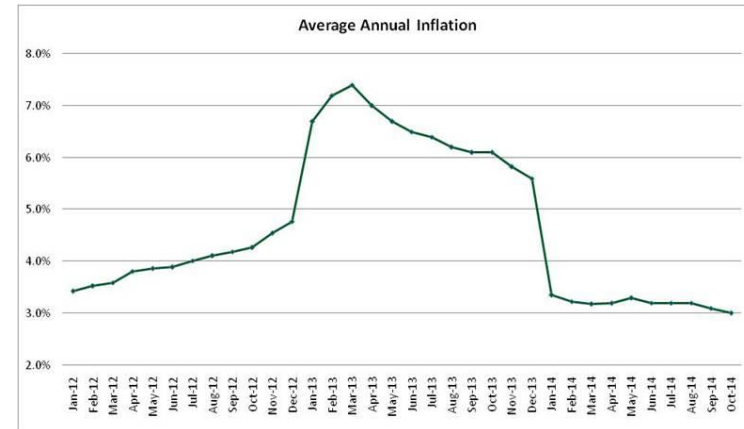


**Jordan**



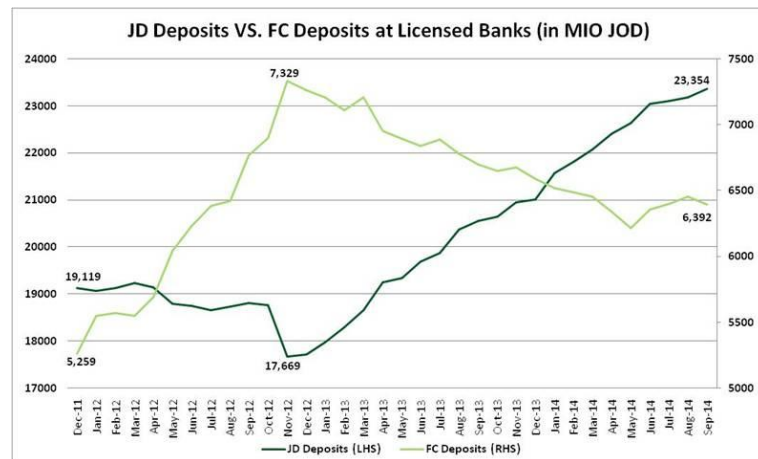
# Inflation up by 3% during first ten months of 2014

- The inflation rate grew by 3% during the first ten months of this year compared to the same period last year, down from 3.1% for the first nine 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 rise in inflation was attributed mainly to higher prices in the following main commodities and services: rents (up 7.1%), transportation (up 2.6%), education (up 4.9%), tobacco (up 13.8%), and clothes (up 10.1%) .
- On the other hand, prices of other commodity groups dropped for the same time period: personal care (down 0.6%); vegetables (down 2.2%); telecommunications (down 0.2%); oils and fats (down 0.6%).
- Comparing October of this year to October of 2013, inflation was up by 2.3%, down from 2.7% in September. The inflation was attributed mainly to higher prices in the following main commodities and services: rents (up 6.4%), medical care (up 9.5%), fruits (up 11.4%), tobacco (up 14.6%), and clothes (up 8.2%).
- Meanwhile, prices of other commodity groups dropped for the same time period: fuel and electricity (down 2.1%); vegetables (down 8.0%); transportation (down 1.0%); dairy products (down 0.9%).



# JD deposits at banks up by 181 million JD in September 2014

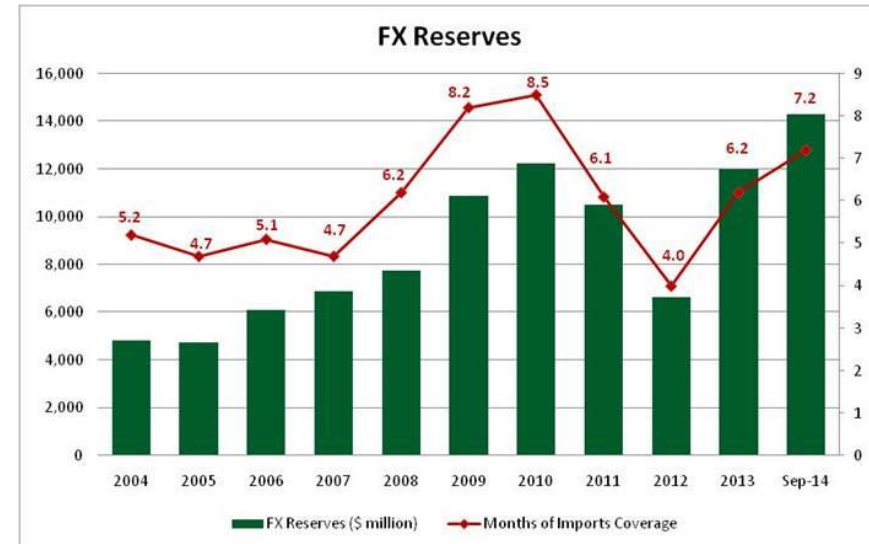
- In September of this year, JD deposits increased by 181 million JD to reach 23.35 billion JD at licensed banks. So far, deposits have grown 2.35 billion JD in 2014, growing at a slower pace than the same time period in 2013. Deposits grew by 3.3 billion JD in 2013.
- The increase in deposits in September is higher than the monthly increases registered in July and August of around 70 million JD, but still remains below the monthly average increase of 340 million JD registered during the first half of the year.
- The slowdown in the growth of JD deposits could indicate that the Jordanian government has finished utilizing proceedings from the Eurobonds to meet expenditures and that de-dollarization effect has slowed down. However, the continued increases still indicate better stability in the Jordanian economy.
- Meanwhile, foreign currency deposits dropped in September by approximately \$84 million, making the total drop in foreign currency deposits around \$280 million in 2014 to reach \$9.02 billion (6.39 billion JD).
- Foreign currency deposits had been dropping since the beginning of the year, but started growing in June for three consecutive months, which had suggested that de-dollarization is ending. However, the drop in September suggests that de-dollarization might still be going on, though at a much slower pace.



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
Jul-14	72.5	41.9
Aug-14	67.2	54.9
Sep-14	181.2	-59.4

# FX reserves at \$14.3 billion in September

- FX reserves have dropped slightly in September to reach \$14.3 billion compared to \$14.5 billion in August.
- However, the country is still expecting funding from foreign sources of funds, as the IMF only recently approved the fifth tranche of \$125 million following their assessment of the economic recovery progress, while other entities such as the European Union are expected to be transferring funds for certain projects to the Kingdom.
- FX reserves remain at comfortable levels; covering above 7 months of imports.
- FX reserves had dropped significantly in 2012 due to high dollarization levels and low inflow of foreign funds.
- Consequently, reserves were rebuilt with the help of grants, de-dollarization wave, issuing local bonds denominated in USD amounting for \$1.15 billion, two international Eurobonds in the amount of \$2 billion, and other measures.

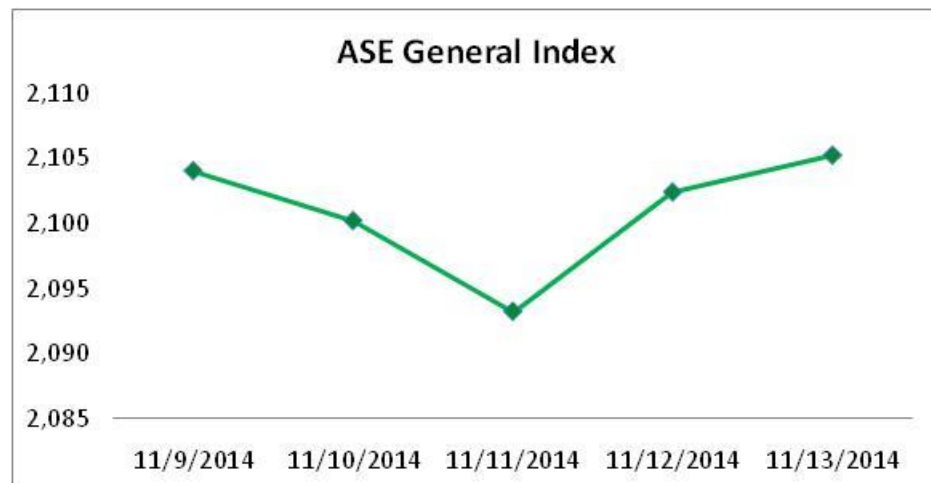


# Amman Stock Exchange

For the period 09/11– 13/11

ASE free float shares' price index ended the week at (2,105.2) points, compared to (2,106.7) points for the last week, posting a decrease of 0.07%. The total trading volume during the week reached JD(41.9) million compared to JD(22.1) million during the last week, trading a total of (45.3) million shares through (19,020) transactions.

The shares of (181) companies were traded, the shares prices of (67) companies rose, and the shares prices of (71) declined.



## Top 5 gainers for the last week

Stock	% chg
Alia – The Royal Jordanian Airlines Plc.	20.75%
Jordan Poultry Processing & Marketing	20.00%
Jordan Vegetable Oil Industries	12.24%
Industrial Industries & Match/JIMCO	9.97%
Comprehensive Land Development and Investment	9.94%

## Top 5 losers for the last week

	% chg
Arab Center for Pharm. & Chemicals	(15.32%)
Societe Generale de Banque – Jordanie	(11.48%)
Alentkaeya for Investment & Realestate Development Co. Plc.	(10.20%)
Jordan Emirates Insurance Company P.s.c	(10.14%)
The Arab Potash	(9.92%)

# Jordan Debt Monitor

## Latest T-Bills

- As of November 16, the volume of excess reserves, including the overnight window deposits held at the CBJ JD(3,456) million.

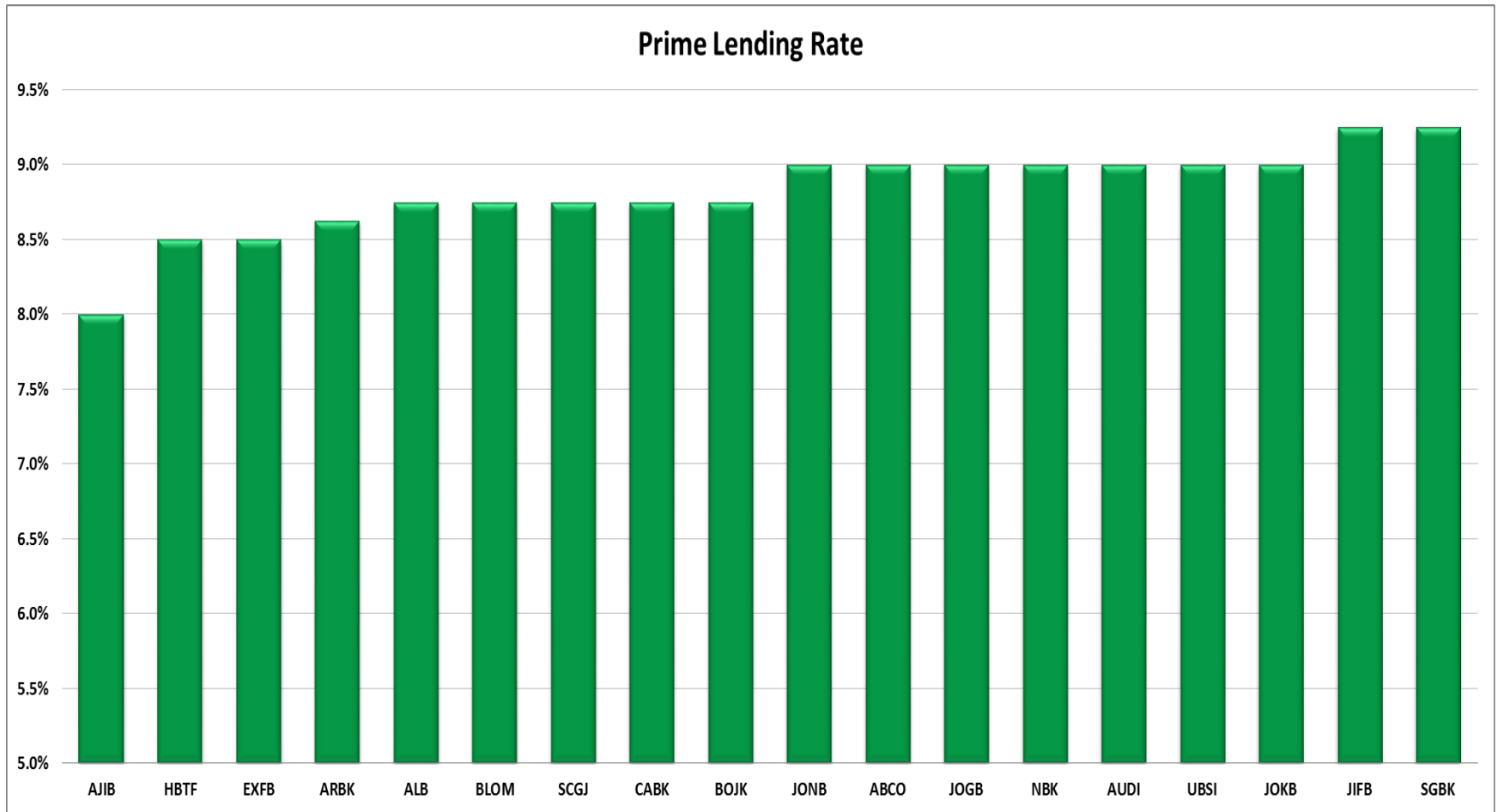
<b>3 months T-Bills</b>	<b>Issue Date</b>	<b>Maturity Date</b>	<b>Size - million</b>	<b>Yield (%)</b>
Last issued in December 2011	14/12/2011	14/03/2012	50	2.898%
<b>6 months T-Bills)</b>	<b>Issue Date</b>	<b>Maturity Date</b>	<b>Size - million</b>	<b>Yield (%)</b>
Last issued in February 2012	14/02/2012	14/08/2012	50	3.788%
<b>9 months T-Bills</b>	<b>Issue Date</b>	<b>Maturity Date</b>	<b>Size - million</b>	<b>Yield (%)</b>
Last issued in March 2012	04/03/2012	04/12/2012	75	4.285%
<b>1 year T-Bills</b>	<b>Issue Date</b>	<b>Maturity Date</b>	<b>Size - Million</b>	<b>Coupon (%)</b>
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

<b>2 years T-Bonds</b>	<b>Issue Date</b>	<b>Maturity Date</b>	<b>Size - million</b>	<b>Coupon (%)</b>
<b>T8314</b>	<b>16/11/2014</b>	<b>16/11/2016</b>	<b>75</b>	<b>4.076%</b>
<b>T8114</b>	<b>10/11/2014</b>	<b>10/11/2016</b>	<b>50</b>	<b>4.049%</b>
T8014	05/11/2014	05/11/2016	50	4.008%
<b>3 years T-Bonds</b>	<b>Issue Date</b>	<b>Maturity Date</b>	<b>Size - million</b>	<b>Coupon (%)</b>
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%
<b>4 year T-Bonds</b>	<b>Issue Date</b>	<b>Maturity Date</b>	<b>Size - million</b>	<b>Coupon (%)</b>
Last issued in January 2012	15/01/2012	15/01/2016	37.5	7.246%
<b>5 years T-Bonds</b>	<b>Issue Date</b>	<b>Maturity Date</b>	<b>Size - million</b>	<b>Coupon (%)</b>
<b>T8214</b>	<b>12/11/2014</b>	<b>12/11/2019</b>	<b>50</b>	<b>5.581%</b>
T7314	16/10/2014	16/10/2019	75	5.533%
T7014	30/09/2014	30/09/2019	50	5.507%
<b>Public Utility Bonds</b>	<b>Issue Date</b>	<b>Maturity Date</b>	<b>Size - million</b>	<b>Coupon (%)</b>
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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