

Weekly Economic Monitor

October 19, 2014

Brief Overview

MENA Region



[Egypt: CBE leaves rates unchanged, GDP grows 2.2%](#)



[GCC News Highlights](#)



[GCC interbank rates](#)



[Comparative MENA Markets](#)

Jordan Economy



News and analysis

- [Inflation up 3.1% during first three quarter of 2014](#)
- [De-dollarization is reaching an end: JD deposits at banks up by 67 million JD in August 2014](#)



Markets overview

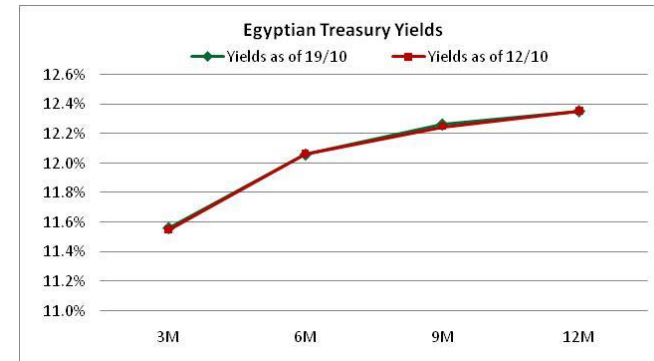
- [Amman Stock Exchange](#)
- [Jordan Debt Monitor](#)
- [Prime Lending Rates](#)



Regional

Egypt: CBE leaves rates unchanged, GDP grows 2.2% in 2013/14 FY

- Egypt's T-bill yields remained largely unchanged from last week as the Central Bank of Egypt kept its main interest rates unchanged at a policy meeting last week, but said it was keeping an eye on the risks to recovery posed by mounting concerns about the global economy and fears of a resurgence in European debt problems.
- The CBE acknowledged that although projects such as the Suez Canal are expected to contribute to economic growth, downside risks surrounding the global recovery could hinder recovery in the country. Meanwhile, inflationary pressures have begun easing after a spike following cuts to energy subsidies in July, while the economy is showing signs of strengthening recovery.
- In terms of growth, Egypt posted a growth of 2.2% for the full 2013/14 fiscal year, slightly up from 2.1% in the previous year. However, more importantly, the GDP growth rate rose 3.7% in the fourth quarter of the fiscal year (Q2 of 2014), the largest growth rate since Q1 of 2012, indicating a pick up in confidence and economic activity.
- A separate study showed business activity in Egypt expanded at a near-record pace in September, adding to the sentiment that confidence is being restored in the economy.
- As a result, economists have nudged up their growth forecasts for the current fiscal year, which ends in Q2 of 2015, to 3.3%.



Source: Bloomberg

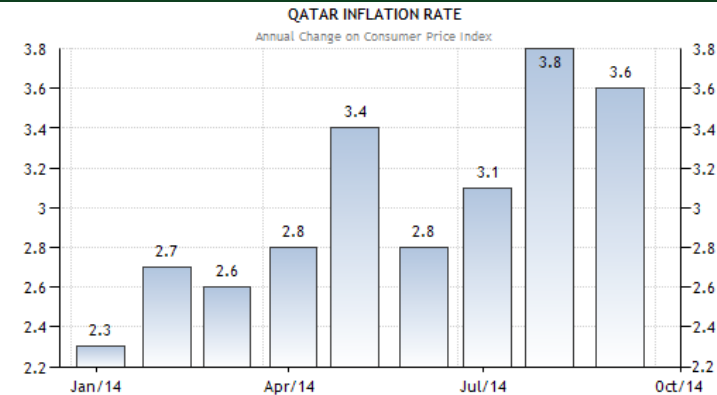


Source: Trading Economics

GCC Economic Highlights:

Qatar: Inflation drops to 3.6% in September

- Qatar's inflation rate rose 3.6% year-on-year in September of this year when compared to the same time period in 2013, down from an annual inflation rate of 3.8% in August, stabilizing from last month's rise.
- Prices of rentals, fuel & energy group which carries the maximum weight of 32.2% of the CPI basket were up by 8.1% over from September 2013, mainly due to rental hikes of residential buildings.
- Eliminating the effect of rent, the overall index showed an increase of 1.9% when compared to September 2013, highlighting the effect of the group on the overall index.
- Meanwhile, food, beverage and tobacco, which has a weight of 13.2% in the CPI basket, rose by 0.9% from September 2013, and 0.5% from last month's level.
- Meanwhile, the price of furniture, textiles & home appliances group rose by 5.2% over the same time period, while the transport and communication group grew at a much slower pace of 2.7% over the same time period.
- 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 (population up around 11% in Q2 of 2014), putting pressure on housing and prices. The IMF expects inflation to reach 3.6% in 2014.

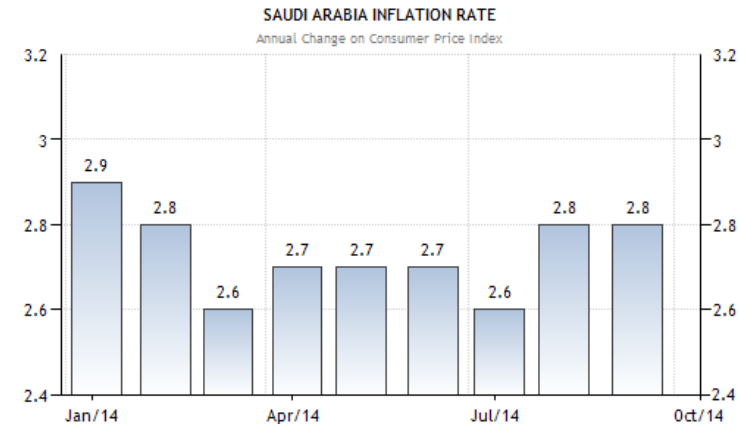


Source: Trading Economics

GCC Economic Highlights:

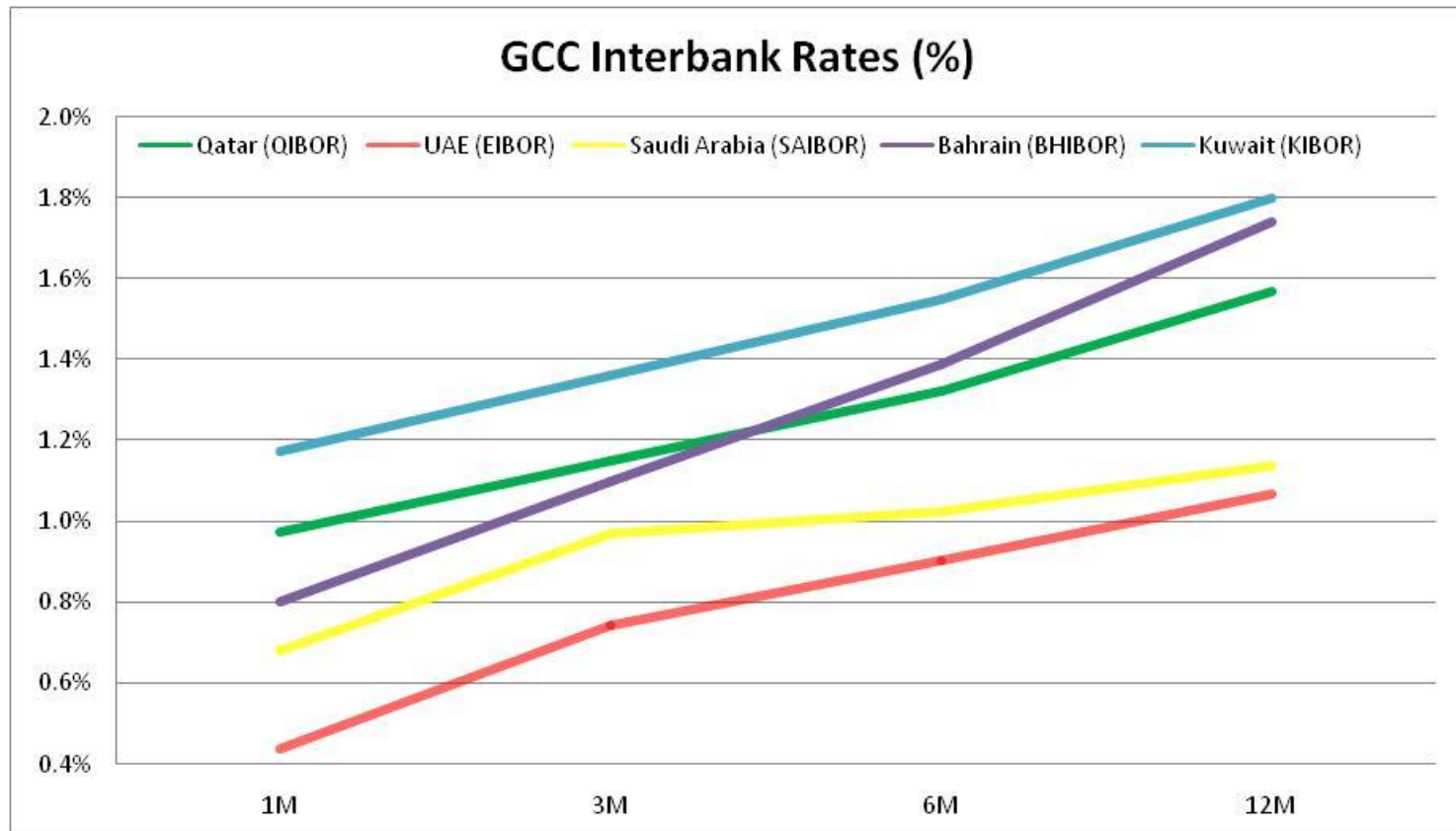
Saudi Arabia: Inflation steady at 2.8% in September

- According to figures released by the Central Department of Statistics & Information, the inflation rate grew by 2.8% in September of 2014 when compared to September 2013, unchanged from August.
- In September, culture and entertainment group prices rose the most, up by 10.6% from September 2013.
- Culture and recreation prices were closely followed by tobacco group prices which rose by 7.3% over the same time period.
- Household furniture and appliances group prices rose 3.8% from a year ago.
- Moreover, education group prices rose by 3.7% over the same time period, while health group prices rose by 3.3%.
- Meanwhile, inflation rose by 0.2% when compared to August of 2014.
- 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.



Source: Trading Economics

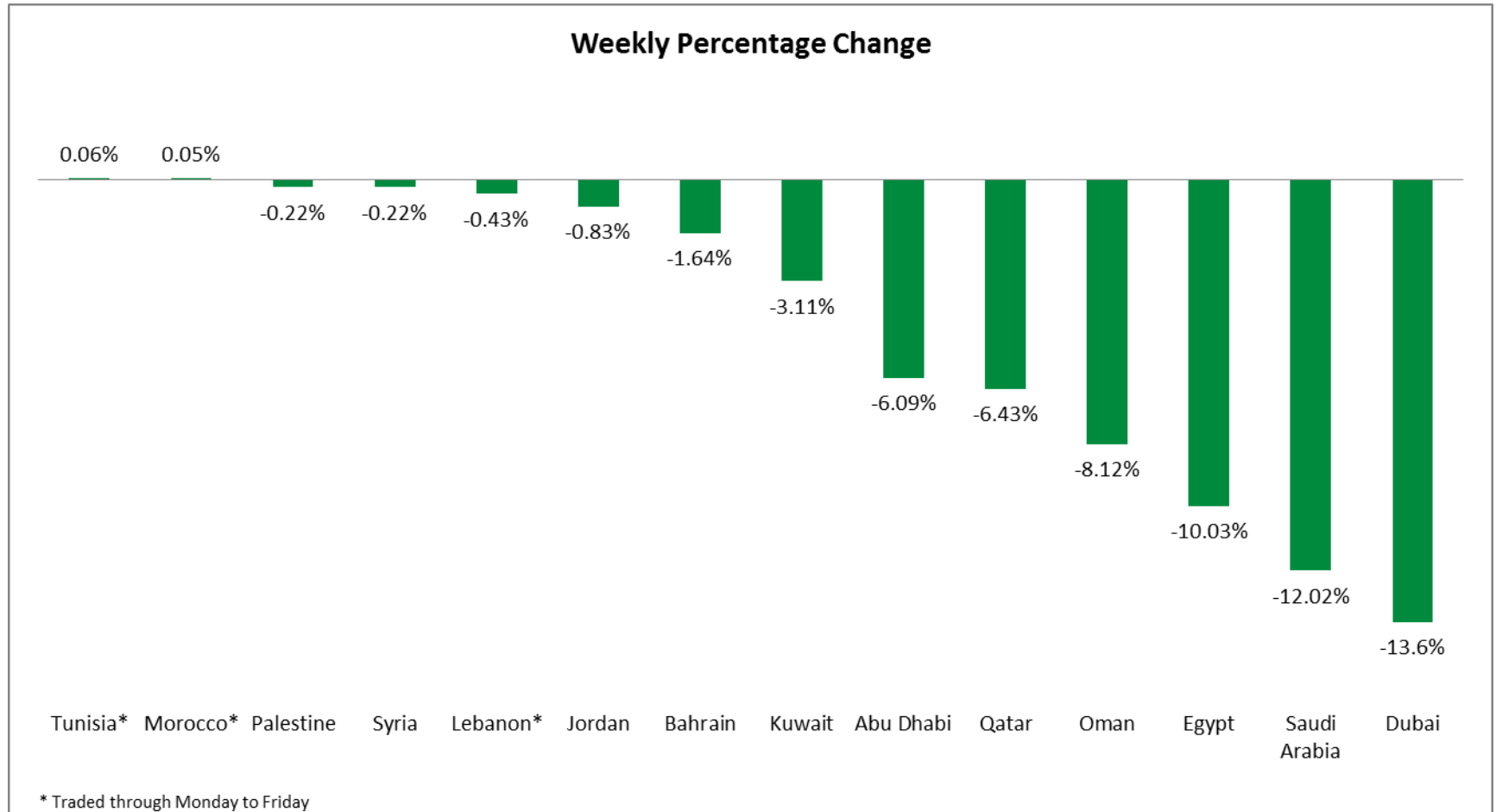
GCC interbank rates



Source: Bloomberg

Comparative MENA Markets

For the period October 12 – October 17

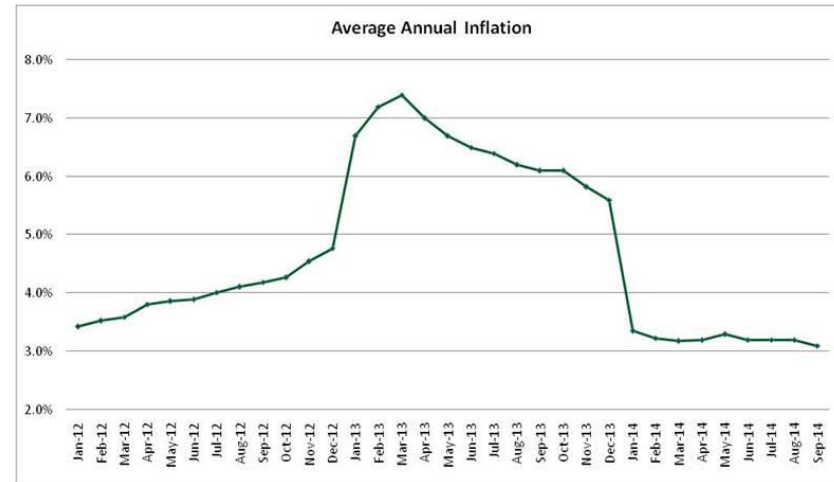




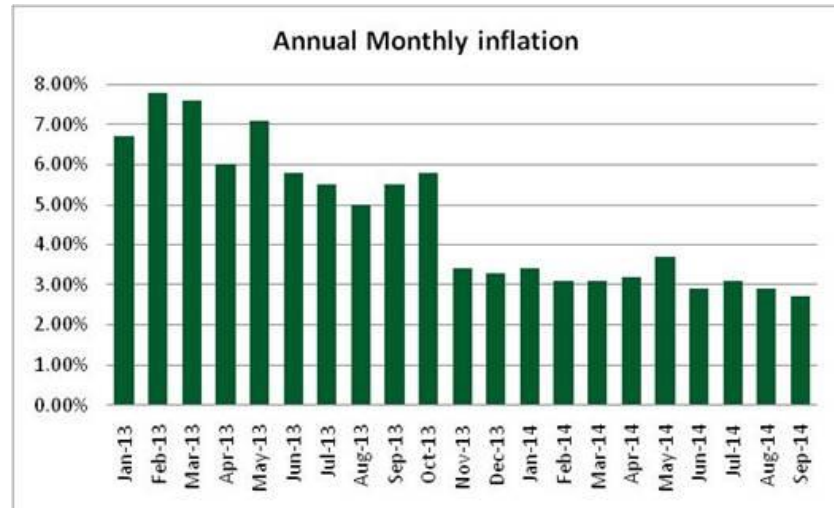
Jordan

Inflation up 3.1% during first three quarter of 2014

- According to figures released by the Department of Statistics, the inflation rate grew by 3.1% during the first nine months of this year compared to the same period last year, down from 3.2% for the first eight months of the year.
- It is expected that inflation will ease this year to around 3% from 5.6% in 2013, as the effect of removing fuel subsidies in November 2012 seems to have faded.
- The DoS report said that the rise in inflation was attributed mainly to higher prices in the following main commodities and services: rents (up 7.1%), transportation (up 3.0%), education (up 5.2%), tobacco (up 13.7%), and clothes (up 10.3%).
- On the other hand, prices of other commodity groups dropped for the same time period: personal care (down 0.8%); vegetables (down 1.4%); telecommunications (down 0.2%); oils and fats (down 0.7%).
- Comparing September of this year to September of 2013, inflation was up by 2.7%, down from 2.9% in August, driven largely by the same groups mentioned above. Meanwhile, on a monthly basis, inflation rose by 0.5% in September compared to August.



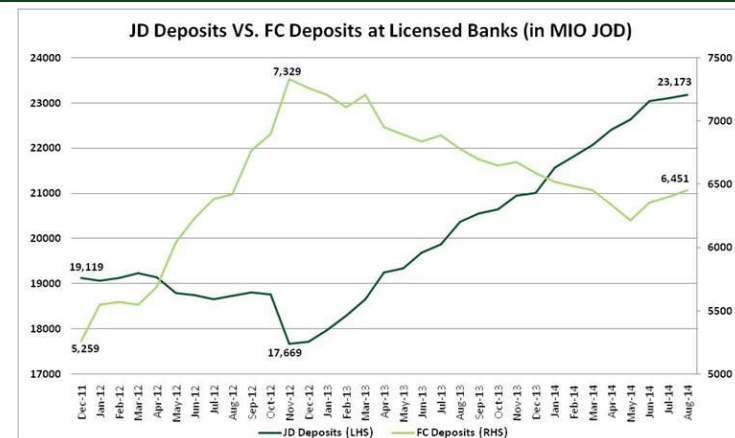
Source: Department of Statistics



Source: Department of Statistics

JD deposits at banks up by 67 million JD in August 2014 – De-dollarization is reaching an end

- In August of this year, JD deposits increased by 67 million JD to reach 23.17 billion JD at licensed banks. The increase in July and August is significantly lower than 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.
- So far, deposits have grown 2.17 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.
- Meanwhile, foreign currency deposits grew for the third consecutive month, up by approximately \$77 million in August of this year, reversing a downward trend that was evident since the beginning of year.
- Foreign currency deposits are currently around \$9.10 billion (6.45 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.



Source: Central Bank of Jordan

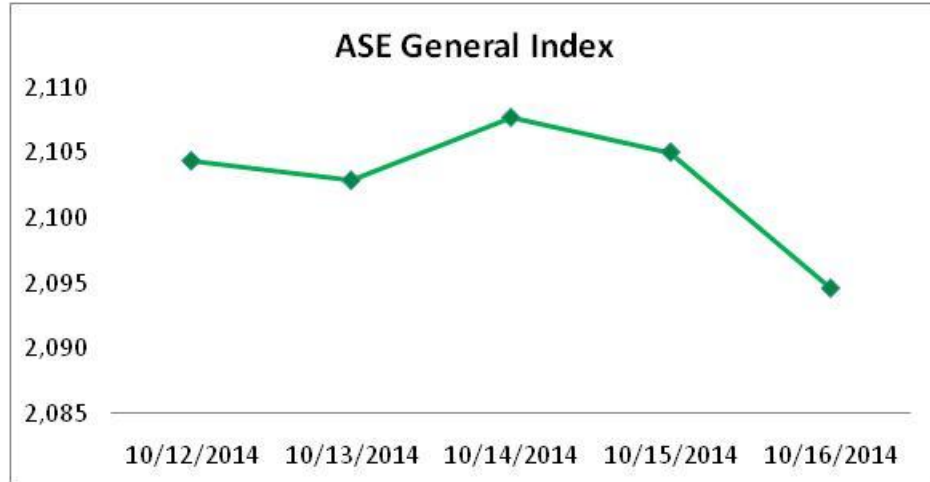
Month	Change in JD deposits (million JD)	Change in foreign currency deposits (million JD)
Dec-12	41.9	-70.8
Jan-13	262.6	-52.9
Feb-13	315.2	-95.0
Mar-13	363.5	95.7
Apr-13	600.7	-253.1
May-13	80.9	-62.4
Jun-13	354.5	-54.0
Jul-13	174.4	51.0
Aug-13	510.4	-110.2
Sep-13	180.3	-81.5
Oct-13	90.5	-49.9
Nov-13	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

Source: Central Bank of Jordan

Amman Stock Exchange

For the period 12/10– 16/10

ASE free float shares' price index ended the week at (2,094.7) points, compared to (2,112.2) points for the last week, posting a decrease of 0.83%. The total trading volume during the week reached JD(43.1) million compared to JD(14) million during the last week, trading a total of (46.2) million shares through (17,588) transactions. The shares of (163) companies were traded, the shares prices of (42) companies rose, and the shares prices of (82) declined.



Top 5 gainers for the last week

Stock	% chg
Al-Rou'ya for Investments	22.73%
Shira Real Estate Development & Investments	19.67%
Jordan Emirates Insurance Company P.s.c	17.39%
Jordan Poultry Processing & Marketing	14.29%
Comprehensive Land Development and Investment	12.67%

Top 5 losers for the last week

	% chg
Middle East Specialized Cable Company Plc	(16.67%)
South Electronics	(14.29%)
Akary for Industries and Real Estate Investments	(13.86%)
Taameer Jordan Holdings Public Shareholding Company	(12.50%)
The Arab Assurers Insurance Company	(12.20%)

Jordan Debt Monitor

Latest T-Bills

- As of October 19, the volume of excess reserves, including the overnight window deposits held at the CBJ JD(3,565) million.

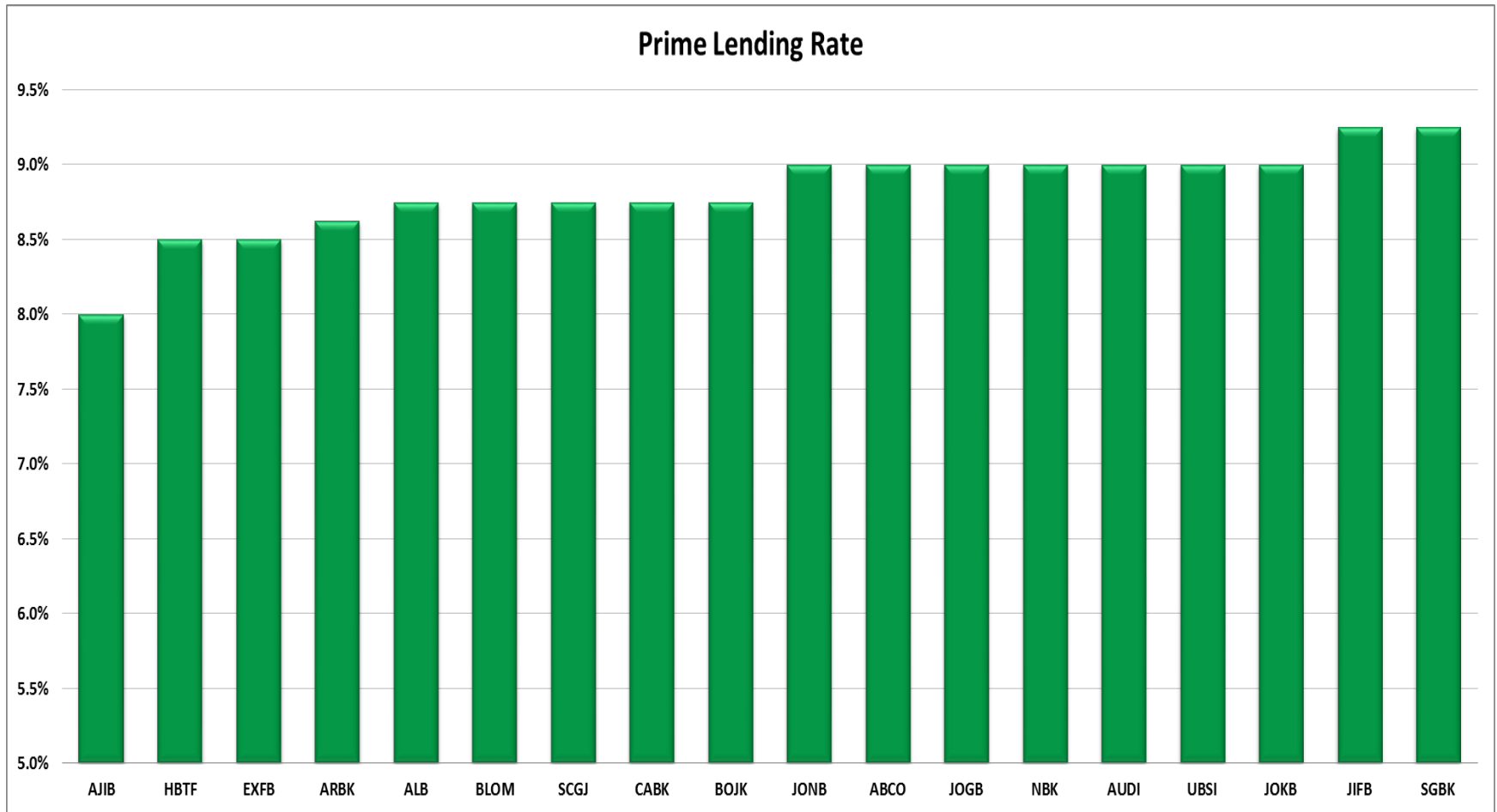
3 months T-Bills	Issue Date	Maturity Date	Size - million	Yield (%)
Last issued in December 2011	14/12/2011	14/03/2012	50	2.898%
6 months T-Bills)	Issue Date	Maturity Date	Size - million	Yield (%)
Last issued in February 2012	14/02/2012	14/08/2012	50	3.788%
9 months T-Bills	Issue Date	Maturity Date	Size - 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 (%)
T7214	14/10/2014	14/10/2016	75	3.843%
T7114	02/10/2014	02/10/2016	50	3.813%
T6914	28/09/2014	28/09/2016	50	3.819%
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 (%)
T7314	16/10/2014	16/10/2019	75	5.533%
T7014	30/09/2014	30/09/2019	50	5.507%
T6714	18/09/2014	18/09/2019	100	5.498%
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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