Weekly Economic Monitor

September 28, 2014

بنك القاهرة عمان
CairoAmmanBank

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Regional

Egypt: Current account deficit shrinks 63% in 2013/14 fiscal year

- Egypt's 6M and 12M yields dropped marginally compared to last week as Egypt's current account deficit shrunk by 63% in the 2013/14 fiscal year. Egypt's current account deficit shrank to $2.4 billion in the 2013/14 fiscal year from $6.4 billion the previous year, boosted by billions of dollars in aid from Gulf Arab donors, the central bank said.

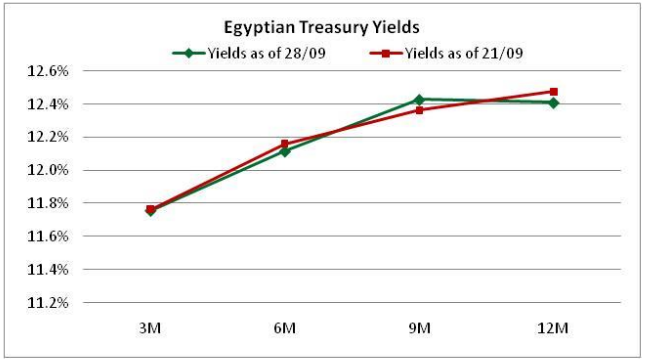
- The balance of payments registered a surplus of $1.5 billion from $237 million the previous year.

- One official said that Saudi Arabia has sent Egypt $3 billion worth of refined oil products from April up to the beginning of this month, while total aid amounted to around $5 billion.

- The Gulf aid was reflected in the current account deficit, as net official transfers rose form $835.6 million in the previous fiscal year to $11.9 billion in the 2013/14 fiscal year.

- However, the services account surplus dropped from $5.0 billion to $978.5 million over the same time period, mainly due to a 48% drop in tourism receipts from $9.8 billion to $5.1 billion. Moreover, the trade deficit increased by 9.8% to about $33.7 billion from $30.7 billion, due to a 3.7% rise in imports and a 3.2% drop in exports.

- Meanwhile, FDI rose to about $4.1 billion from $3.8 billion, which were reportedly oil sector investments.



Source: Bloomberg

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GCC Economic Highlights:
Saudi Arabia: GDP grows 3.8% in Q2 of 2014

- Saudi Arabia's economic growth slowed down to annual rate of 3.8% in Q2 of 2014, down from an upward revised 5.1% in Q1 of 2014, as the drop was attributed to a slowdown in the oil sector, official data showed.

- Saudi Arabia's economic growth is usually at its most robust early in the year, when the weather is favorable and few public holidays halt work.

- Growth in the oil sector slumped to 2.5% y-o-y in Q2, down from 6.1% in Q1. The slowdown was due to low export levels of oil because of weak global demand. Looking ahead, oil production might ease in the second half of this year since crude oil prices have decreased significantly.

- Meanwhile, growth of the non-oil private sector edged up to an annual 4.7% in Q2, from an upwardly revised 4.6% in Q1, a sign that the impact of the labor market reforms might be starting to subside.

- Around a million foreign workers left Saudi Arabia last year due to a crackdown on visa irregularities as a part of a labor, which led to dampening consumption and production in some sectors.

- Electricity, gas and water sector led growth in Q2 as it was up by 7.96%, followed by manufacturing which grew by 6.71%, while the transport, storage and communication sector grew 5.90%. The IMF expects Saudi's GDP to grow 4.1% in 2014.

Source: Trading Economics

GCC Economic Highlights:

Bahrain: GDP grows 5.6% in Q2 of 2014

- According to data released by the Central Informatics Organization of Bahrain, the country's GDP grew by an annual rate of 5.62% in Q2 of 2014 when compared to Q2 of 2013.

- Meanwhile, GDP grew by an impressive 2.3% when compared with the first quarter of 2014.

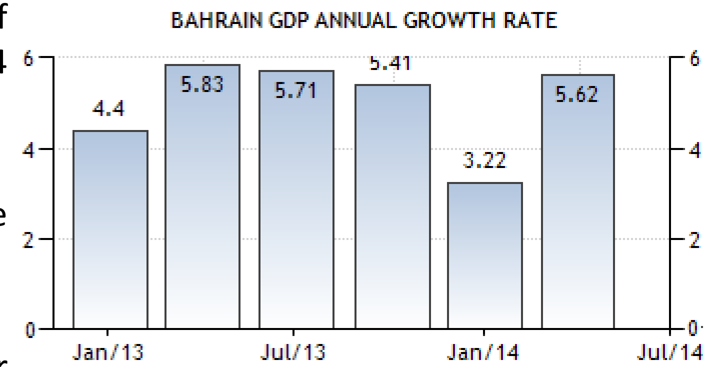
- The oil sector grew by 9.3%, while the non-oil sector grew at a slower pace of 4.7% when compared to Q2 of 2013.

- The quarrying sector grew by 19.2% when compared to Q2 of 2013, while the hotel and restaurants sector grew by 10.3% over the same time period.

- Meanwhile, agriculture rose by 3.5%, while the manufacturing sector grew by only 4.4%. The electricity & water sector grew by 5.7% and construction grew by 3.61%.

- Private non-profit institutions registered a growth rate of 25.9% while government services grew by 3.3%.

- The IMF expects Bahrain's GDP to grow by 4.7% in 2014.



Source: Trading Economics

GCC Economic Highlights:
UAE: Inflation up to 2.42% in August

- Data released by the UAE's National Bureau of Statistics show that inflation in the UAE reached 2.4% in August 2014 when compared to August 2013, up for the fourth consecutive month and a 5-year high.

- Meanwhile, inflation rose by 0.43% on a monthly basis.

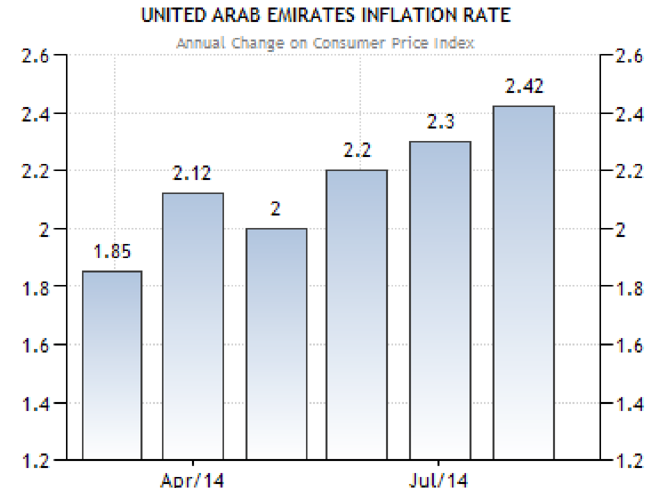
- Housing and utility costs, which make up more than 39% of consumer expenses were up by 2.87% when compared to August of 2013. Meanwhile, furniture and household goods price rose by 4.86%.

- At earlier reports, analysts had pointed out that rising housing costs are having a big effect on inflation, but reports released recently have showed that residential rents have began to moderate and inflationary pressures are slightly easing in some emirates when compared to previous months this year.

- Moreover, food prices went up by 2.06%, while beverages and tobacco prices went up 4.84% over the same time period.

- Miscellaneous goods and services prices rose the most as they grew by 5.09%, while education prices rose by 4.55% over the same time period.

- The IMF expects inflation to reach 2.2% in 2014 in the UAE.



Source: Trading Economics

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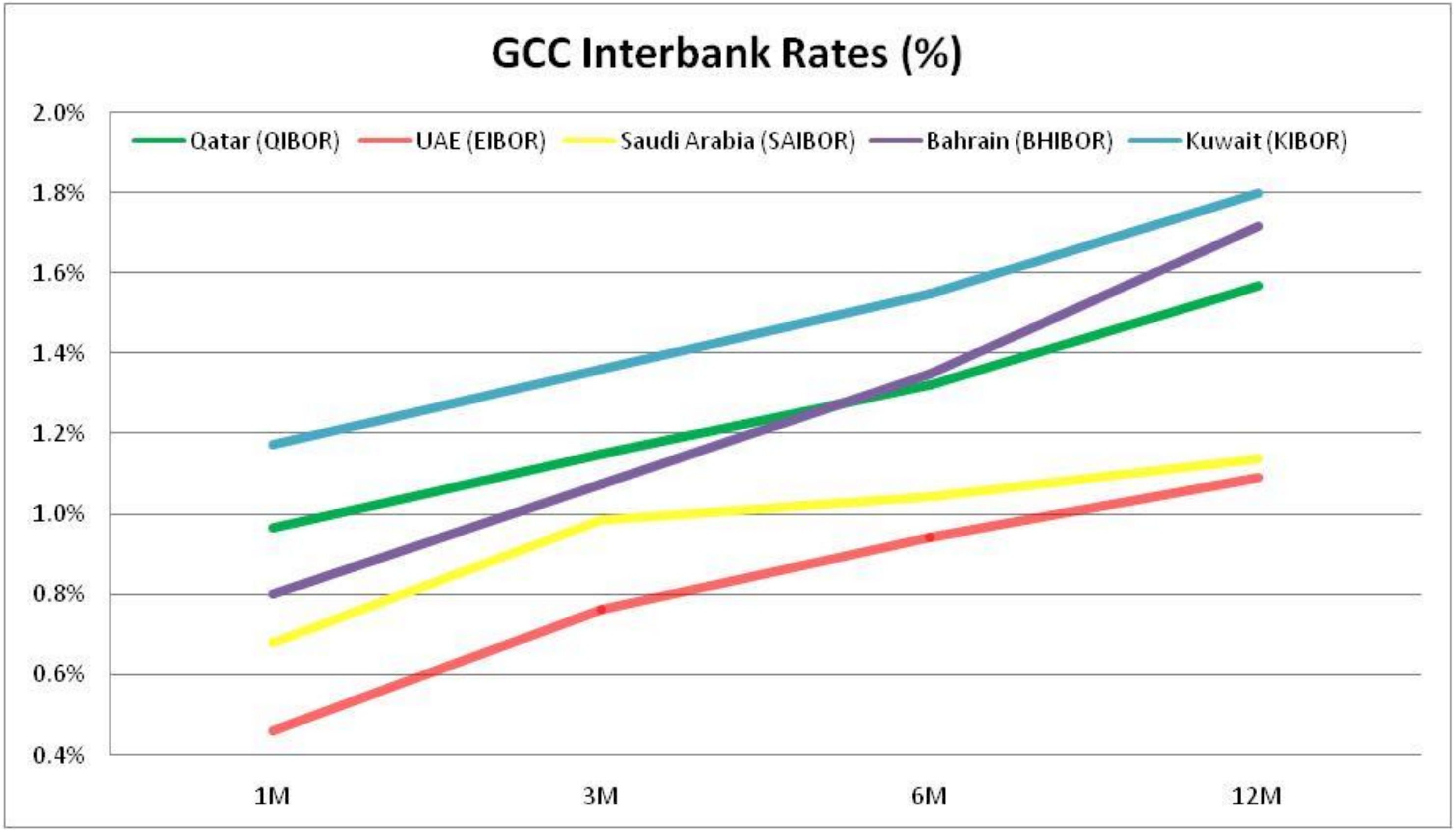
GCC interbank rates



Source: Bloomberg

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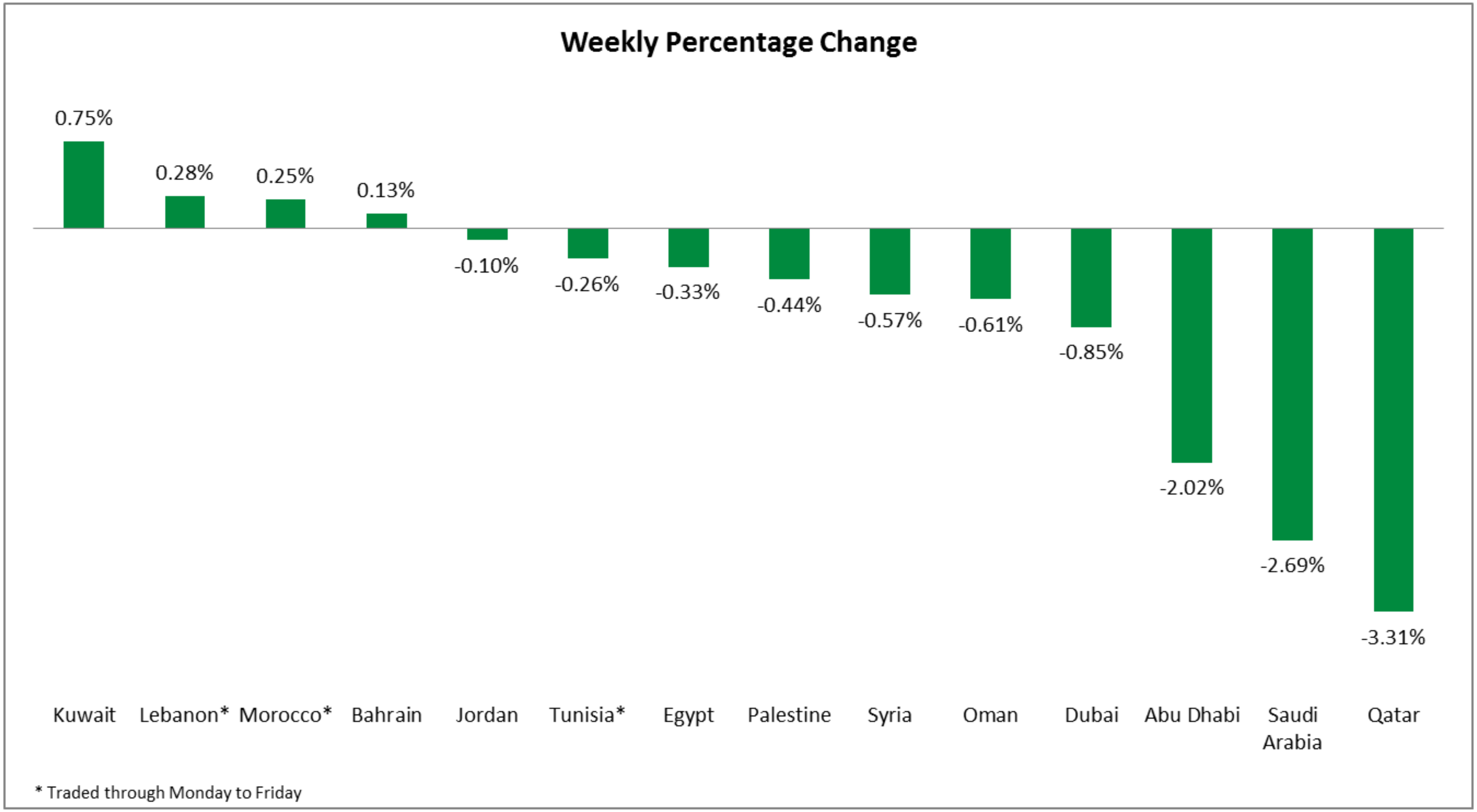
Comparative MENA Markets

For the period September 21 – September 26



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Jordan

Budget deficit widens in the first seven months of the year – sluggish foreign grants

- The budget balance slightly deteriorated in the first seven months of the year compared to the same period the previous year, with a deficit of JD 461.5 million compared to last year's deficit of JD 370.4 million.

- The JD 91 million increase in the budget deficit was a result of a JD 431 million increase in total expenditure which offset a JD 340 million increase in total revenues and grants. The deficit figure seems to be underperforming official forecasts for the 2014 budget, as the fiscal deficit including grants is expected to narrow compared to the previous year.

- The deficit could narrow in the second half of the year, as foreign grants are committed, though it is better to remain cautious seeing that it is the norm for the budget balance to do well in the first few month of the year, and then deteriorate further towards the end of the year.

- Total revenues and grants increased by around JD 340 million in the first seven months of the year, as a result of an increase of JD 482 million in domestic revenues (tax on goods and services) and a JD 142 million decrease in foreign grants for the same period..

- Total expenditures increased by around JD 431 million for the same period, due to a JD 362 million increase in current expenditures (mainly from increases in interest payments, social benefits, and military expenditures), and an increase of JD 69 million in capital expenditures.

JD Million	Jan - Jul 2014	Jan - Jul 2013
Total Revenues and Grants	**3,813.1**	**3,473.2**
Domestic Revenue	3,483.2	3,001.0
Foreign Grants	329.9	472.2
Total Expenditures	**4,274.6**	**3,843.6**
Current Expenditures	3,813.7	3,452.0
Capital Expenditures	460.9	391.6
Fiscal Deficit/Surplus Including Grants	**-461.5**	**-370.4**
Fiscal Deficit/Surplus Excluding Grants	**-791.4**	**-842.6**

Source: Ministry of Finance

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** (-4.3% of GDP)	**-1,306.5** (-5.4% of GDP)
Fiscal Deficit/Surplus Excluding Grants	**-2,265.4** (-8.7% of GDP)	**-1,945.8** (-8.1% of GDP)

Source: Ministry of Finance

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Net Public debt reaches 20.35 billion JD

- Meanwhile, the fiscal balance before grants resulted in a budget deficit of JD 791 million during the first seven months of 2014, compared to a budget deficit of JD 843 million during the same period of last year; a drop of around JD 51 million.

- The narrowing deficit in this case seems to signal that the fiscal balance so far is performing better then official forecasts for the 2014 budget.

- Furthermore, net public debt reached around JD 20.3 billion by the end of July of this year, around 79.5% of 2014 GDP according to the Ministry of Finance's calculations, increasing by around JD 1.251 million.

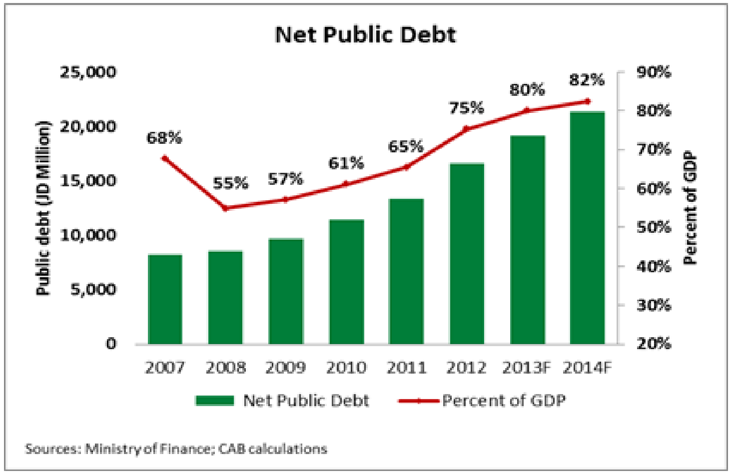
- External debt increased by around JD 1,173 million, while net domestic debt increased by around JD 78 million for the same period.

- External debt increase mainly due to $1 billion Eurobond issued in international markets at the end of this year.

- 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.

JD Million	Jul 2014	2013	2012
External Debt	**8,407.7**	**7,234.5**	**4,932.4**
Percent of GDP	32.9%	30.3%	22.5%
Internal Debt	**11,940.0**	**11,862.0**	**11,648.0**
Percent of GDP	46.7%	49.7%	53.0%
Public Debt	**20,347.7**	**19,096.5**	**16,581.0**
Percent of GDP	**79.5%**	**80.1%**	**75.5%**

Source: Ministry of Finance



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Trade deficit up 2.7% annualized during first seven months of 2014

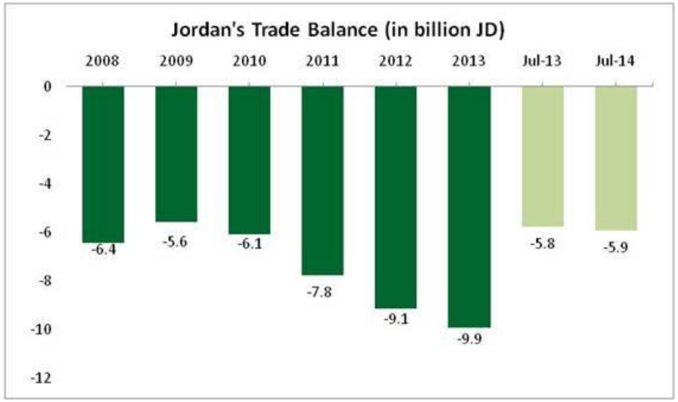
- Jordan's trade deficit increased by JD 157 million or 2.7% during the first seven months of 2014 to reach JD 5,907.2 million, compared to JD 5,750.0 million for the same time period in 2013.

- Both exports and imports grew over the same time period, as exports grew by 5.2% while imports grew at a slower pace of 3.6%. It is important to note that national exports actually grew by 6.7% over the same time period and re-exports dropped by 3.5%.

- Total exports grew to JD 2,951.9 million from JD 2,766.2 million for the time period, as fertilizer exports continued growing this year, up by 43.4% following sluggish export levels in 2013, fruit and vegetable exports grew 15.8%, pharmaceutical exports grew by 0.9%, and clothes exports grew 12.4%.

- Meanwhile, phosphate exports decreased by 0.8% over the time period, after showing positive growth levels during the first few months of the year. On the other hand, potash exports continued declining as they dropped by 15.6%, following already low levels of exports in 2013.

- Meanwhile, imports grew to reach JD 9,324.7 million from JD 8,998.8 million for the same time period. The increase is a result of an increase in machinery and machinery equipment imports by 11.5%, and vehicles and motorcycles imports grew by 21.6%. On the other hand, electronics imports plummeted by 36.4% after they witnessed huge import levels in 2013, while metal and its products imports dropped 23.2%.



Source: Department of Statistics/Central Bank of Jordan

Oil bill reverses upward trend and drops in July

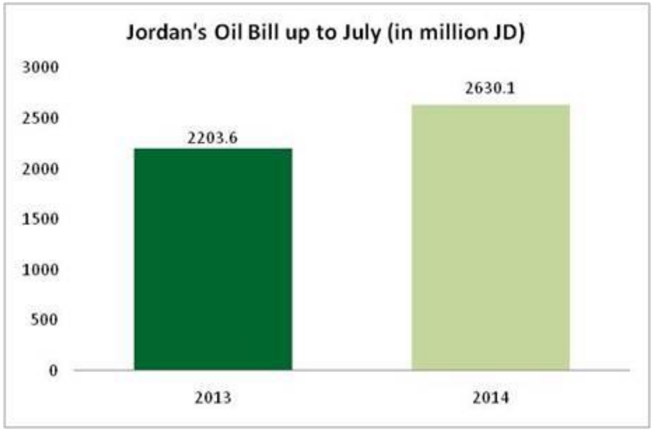
- Most significantly, crude oil imports, which make up more than one quarter of total imports, increased by 19.4% to reach JD 2,630.1 million from JD 2,203.6 million over the time periods.

- A more detailed look at Jordan's monthly oil bill reveals that oil imports in July 2014 were down by almost 14% when compared to July 2013, while international oil prices were up by around 1% over the same time period, which could indicate higher levels of Egyptian gas inflows from Egypt for the month of July, or other volatilities in reserves and supplies. This follows June's oil bill which witnessed a 70% increase in oil imports.

- Jordan's oil bill had decreased significantly during the first half of 2013 as a result of the increased inflow of Egyptian gas, but Egyptian gas supply has since returned to inconsistent inflows due to the political instability in Egypt. Jordan relies on the gas to generate electricity, and if supply is cut off, the Jordanian government resorts to oil to generate electricity, pushing the oil bill up.

- The oil bill fell by around JD 545 million in 2013, mostly due to strong Egyptian gas supply in the first half of the year, but if the Egyptian gas supply remains inconsistent, it is anticipated that the oil bill will reverse the 2013 trend and instead grow in 2014.

- In addition, and with the continuous influx of Syrian refugees, it is expected that the trade deficit will remain at high levels witnessed in 2013.



Source: Department of Statistics

A breakdown of Jordan's monthly oil bill in million JD

Month	2013	2014	Nominal Change
January	262.8	404.6	+141.8
February	416.9	264.4	-152.5
March	359.5	319.1	-40.4
April	238.9	478.6	+239.7
May	250.1	370.6	+120.5
June	251.4	427.5	+176.1
July	424.0	365.3	-58.7
Total	2,203.6	2,630.1	+426.5

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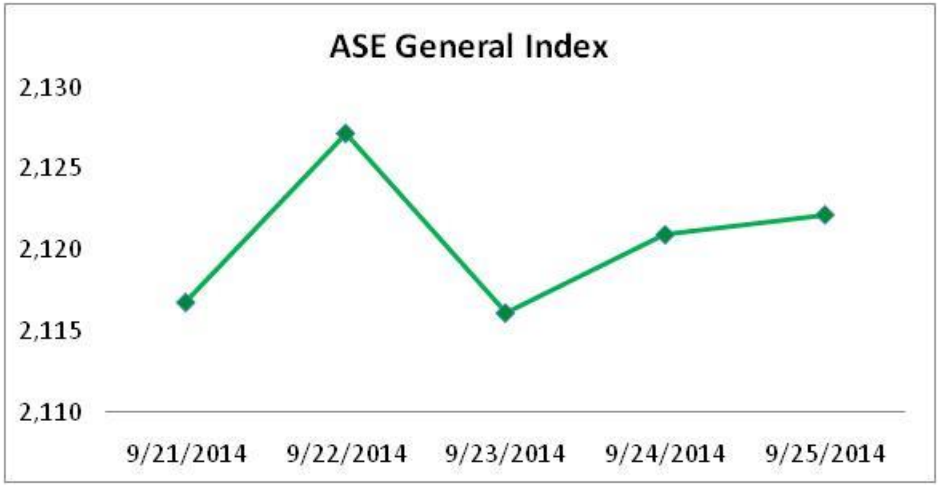
Amman Stock Exchange

For the period 21/09– 25/09

ASE free float shares' price index ended the week at (2,122.1) points, compared to (2,124.2) points for the last week, posting a decrease of 0.1%. The total trading volume during the week reached JD(51.1) million compared to JD(29.5) million during the last week, trading a total of (43.4) million shares through (19,249) transactions

The shares of (174) companies were traded, the shares prices of (51) companies rose, and the shares prices of (86) declined.



Top 5 gainers for the last week

Stock	% chg
International Cards Company	37.04%
Middle East Specialized Cable Company Plc	23.53%
Sura Development & Investment Plc	15.79%
Jordan Express Tourist Transport	15.20%
Al-Sanabel International for Islamic Investments (holding) Plc. Co.	14.93%

Top 5 losers for the last week

	% chg
Babelon Investment Co. P.l.c	(21.97%)
Nopar for Trading and Investment	(18.10%)
Ibn Alhaytham Hospital Company	(17.29%)
Al-Rakaez Investment Co.	(12.50%)
The Arab Assurers Insurance Company	(9.09%)

Jordan Debt Monitor

Latest T-Bills

- As of September 28, the volume of excess reserves, including the overnight window deposits held at the CBJ JD(3,497) million.

3 months T-Bills (no new issuance)	Issue Date	Maturity Date	Size - million	Yield (%)
29/2011	14/12/2011	14/03/2012	50	2.898%
28/2011	12/12/2011	12/03/2012	50	2.844%
6 months T-Bills (no new issuance)	**Issue Date**	**Maturity Date**	**Size - million**	**Yield (%)**
02/2012	14/02/2012	14/08/2012	50	3.788%
01/2012	23/01/2012	23/07/2012	50	3.433%
9 months T-Bills (no new issuance)	**Issue Date**	**Maturity Date**	**Size - million**	**Yield (%)**
05/2012	04/03/2012	04/12/2012	75	4.285%
04/2012	29/02/2012	29/11/2012	75	4.229%
1 year T-Bills	**Issue Date**	**Maturity Date**	**Size - Million**	**Coupon (%)**
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%
05/2014	09/06/2014	09/06/2015	50	3.797%

Jordan Debt Monitor

Latest T-Bonds Issues

2 years T-Bonds	Issue Date	Maturity Date	Size - million	Coupon (%)
T6914	**28/09/2014**	**28/09/2016**	**50**	**3.819%**
T6314	08/09/2014	08/09/2016	75	3.793%
T4814	15/07/2014	15/07/2016	50	3.772%
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 (%)**
T0312	15/01/2012	15/01/2016	37.5	7.246%
5 years T-Bonds	**Issue Date**	**Maturity Date**	**Size - million**	**Coupon (%)**
T6714	18/09/2014	18/09/2019	100	5.498%
T6414	10/09/2014	10/09/2019	100	5.476%
T5914	27/08/2014	27/08/2019	100	5.454%
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%
PB62 (Water Authority)	10/11/2013	10/11/2016	43	5.715%

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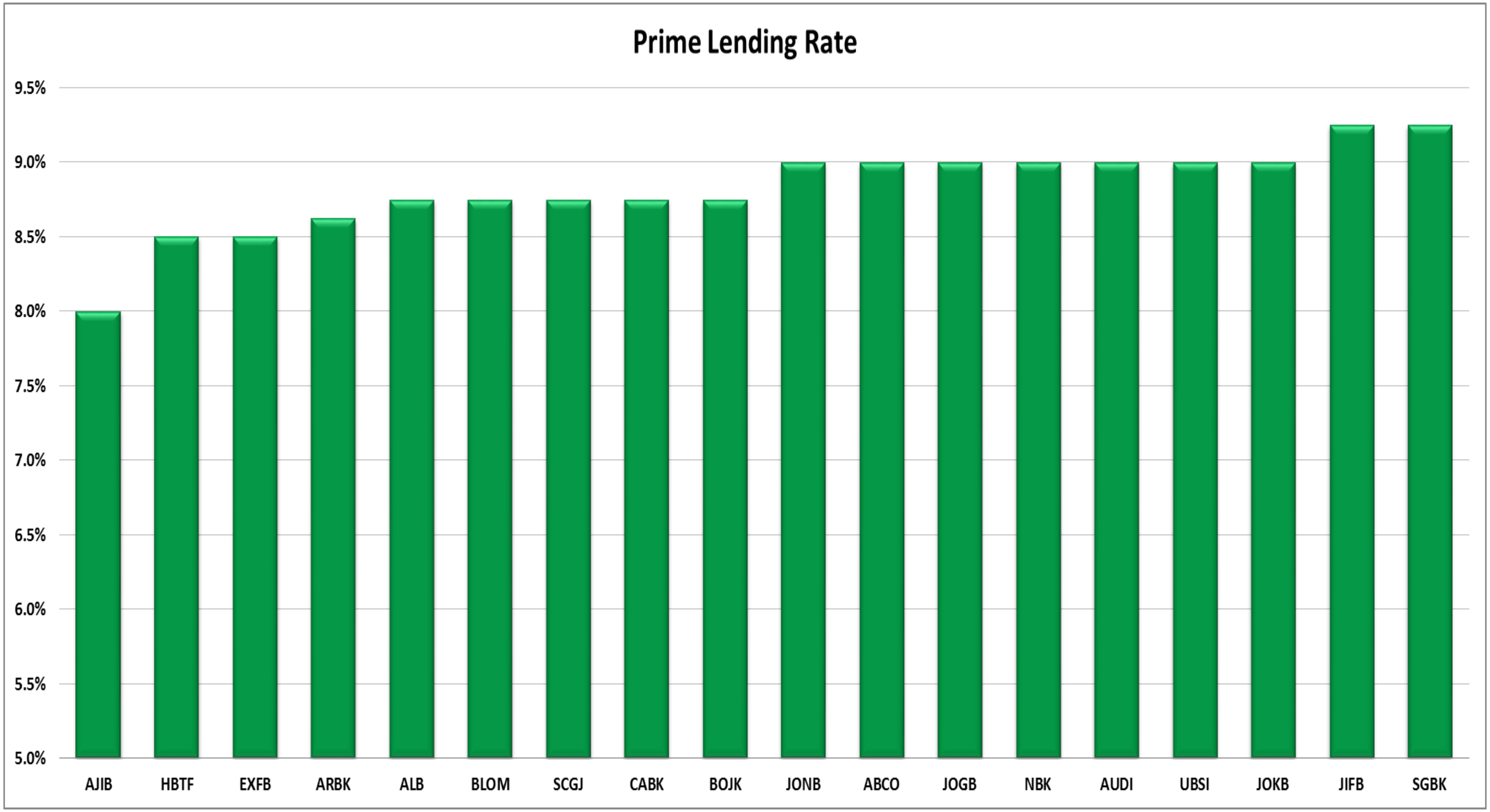
Prime Lending Rates



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