

Weekly Economic Monitor

December 7, 2014

Brief Overview

MENA Region



[Egypt: IMF comments on Egypt's economy](#)



[GCC News Highlights](#)



[GCC interbank rates](#)



[Comparative MENA Markets](#)

Jordan Economy



News and analysis

- [JD deposits at banks up by 280 million JD in October](#)
- [Weighted average interest rate on JD deposits continues to drop](#)
- [FX reserves at \\$14.2 billion in October](#)



Markets overview

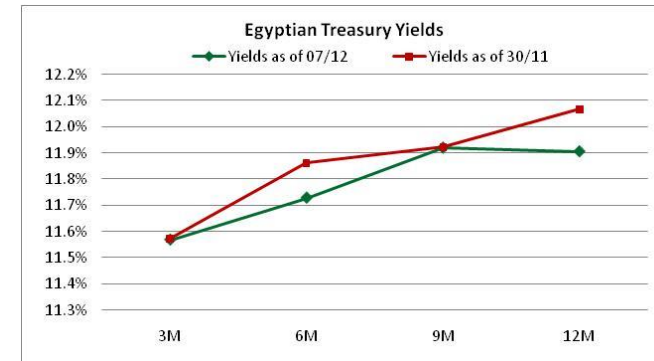
- [Amman Stock Exchange](#)
- [Jordan Debt Monitor](#)
- [Prime Lending Rates](#)



Regional

Egypt: IMF comments on Egypt's economy

- Egypt's 6M and 12M T-bill yields dropped last week for the second consecutive week, as the government is tackling fiscal and external positions to help provide a stable environment for growth and foreign investment.
- In other news, the IMF said it welcomed the reforms the Egyptian government has proposed, but urged for a more flexible exchange rate after it concluded its first mission to assess Egypt's financial and economic affairs since 2010.
- The IMF said the Egyptian economic reforms have begun to turn the economy around after years of turmoil but said that the government must allow greater exchange rate flexibility to boost more growth.
- The IMF praised Egypt's monetary and subsidy reforms in the form of taxes and regulations, and forecasted economic growth of 3.8% in the 2014/15 fiscal year, but noted that Egypt would continue to need external aid.
- Moreover, it noted that a more flexible exchange rate, which has been kept in tight range since June, "focused on achieving a market-clearing rate and avoiding real appreciation would improve the availability of foreign exchange, strengthen competitiveness, support exports and tourism, and attract foreign direct investment."

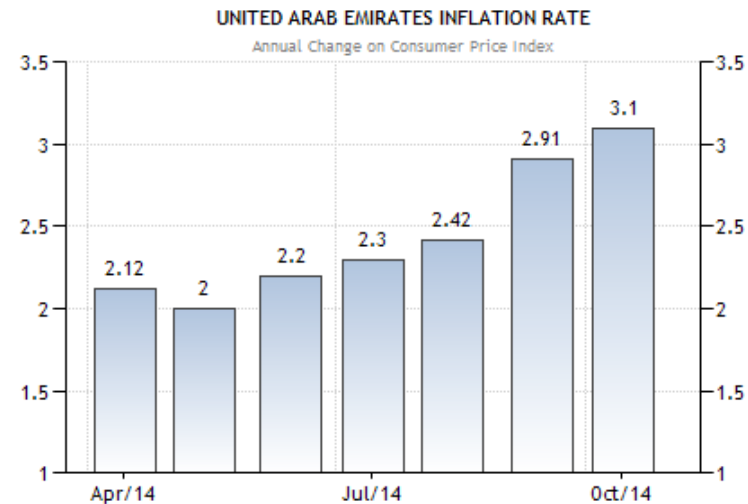


Source: Bloomberg

GCC Economic Highlights:

UAE: Inflation up by 3.1% in October 2014

- According to figures released by the UAE's National Bureau of Statistics, the inflation rate grew by 3.1% in October 2014 when compared to October 2013, up from 2.9% in September.
- The increase comes mainly as a result of an increase in prices of housing and prices of furniture and household goods which were up by 4.17% and 4.57% respectively.
- The increase in the following groups comes mainly as a result of an increase in accommodation costs, which has been on the rise since the beginning of the year.
- Meanwhile, the prices of foods and soft drinks rose by 3.72% and beverages and tobacco rose 3.69% when compared to October 2013, as some analysts attributed the increase in higher food costs to rising wage bills which is heating up the market.
- Education prices rose by 4.01% while the prices of miscellaneous goods and services rose by 4.60% over the same time period.
- Inflation grew by 0.1% when compared to September 2014
- The IMF forecasts that UAE inflation rate will grow 2.2% in 2014.

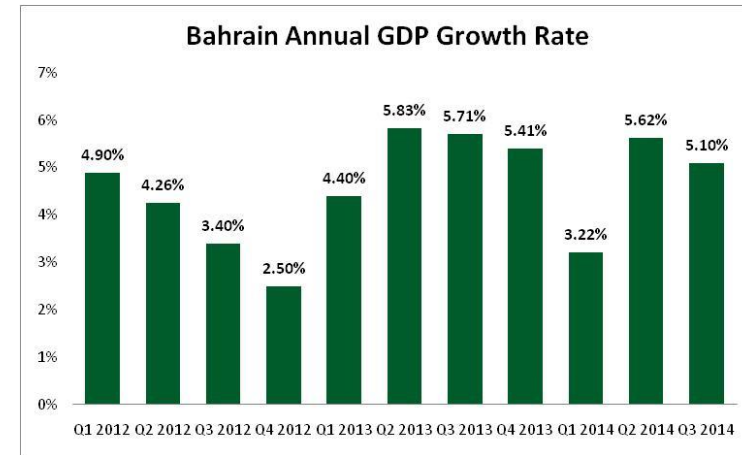


Source: Trading Economics

GCC Economic Highlights:

Bahrain: GDP grew by 5.1% in Q3 2014

- According to data released by Bahrain's Central Informatics Organization, Bahrain's GDP grew by 5.1% in Q3 of 2014 when compared to Q3 of 2013, down from 5.62% in Q2 of 2014.
- GDP grew by 1.7% when compared to Q2 of 2014 as the oil sector grew by 3.4%, while the non-oil sector grew 1.3%.
- Compared to Q3 of 2013, the oil sector grew by 4.7% while the non-oil sector grew at a much faster rate of 5.2% over the same time period.
- Of the non-oil sector, the quarrying sector registered the highest growth level when compared to Q3 of 2013, up by 65.6%. Meanwhile, the construction sector registered growth by 12.3% over the same time period.
- The financial sector grew by 3.5% over the same time period, while the manufacturing sector grew by 4.11%. The trade sector grew by 4.43%, and restaurants and hotels grew by 7.36%.
- Looking ahead, growth in the oil sector will probably subside in the fourth quarter, due to the significant decrease in international oil prices. The IMF expects Bahrain to grow by 3.9% in 2014.



Source: Trading Economics/ CIO Bahrain

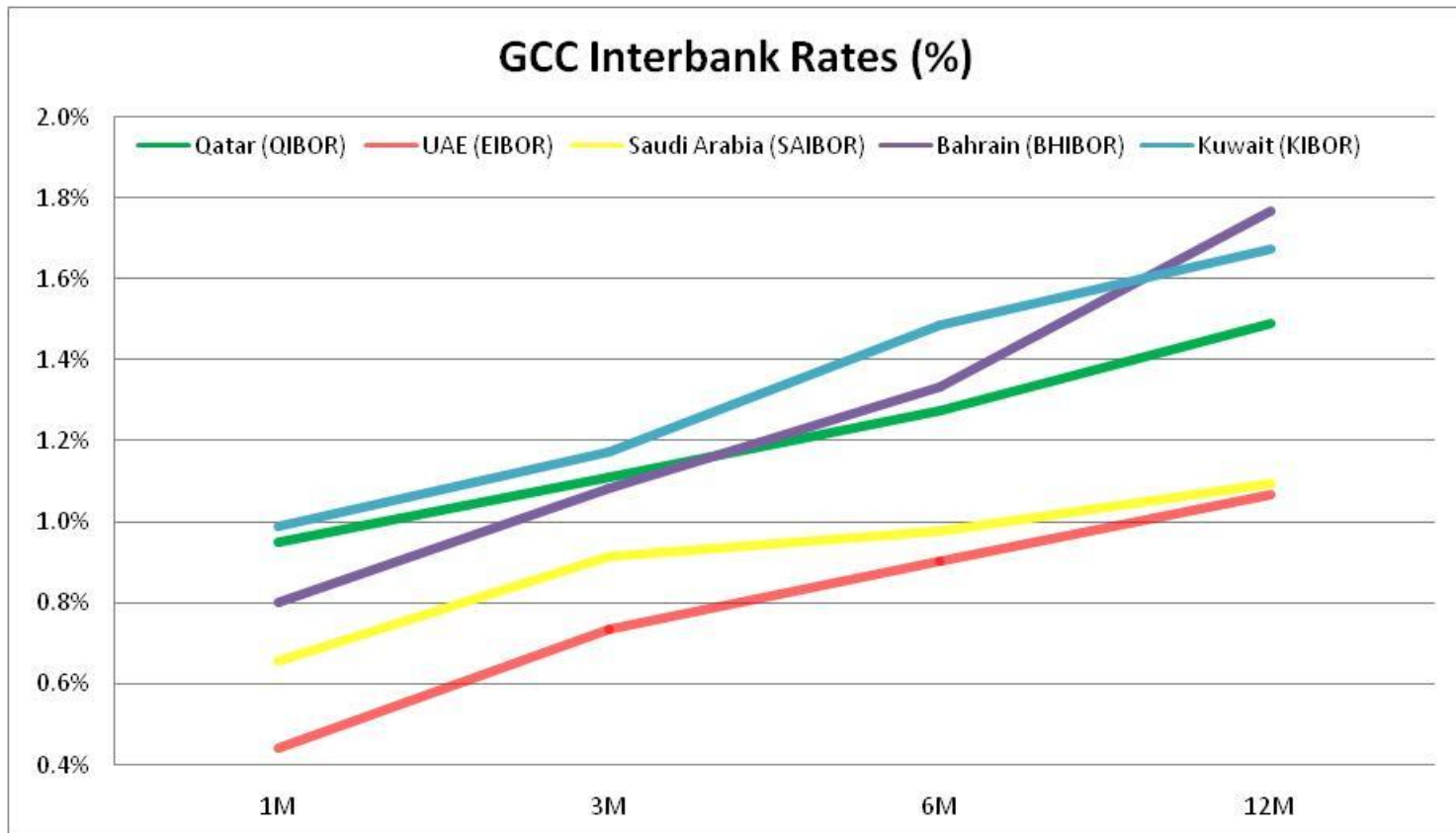
GCC Economic Highlights:

Saudi Arabia: S&P revises outlook to stable from positive

- S&P Has revised its outlook on the Saudi Arabia economy from positive to stable, while it kept its AA-/A-1+ long- and short-term foreign and local currency sovereign credit ratings unchanged.
- S&P had stated in earlier reports that they would revise the outlook to Saudi Arabia if it anticipated weaker economic growth or sustained lower oil prices that would hinder improvement in economic structure and growth prospects.
- Given the significant drop in international oil prices, S&P thinks Saudi Arabia would be unlikely to achieve sufficient levels of income to raise the ratings over the next two years.
- The drop in oil prices (down from \$115 in June to around \$70 now) will place pressure on Saudi Arabia, which derives 45% of its GDP from the oil sector.
- Meanwhile, the agency affirmed the ratings are supported by strong external and fiscal position the Kingdom has built up over many years.
- On the outlook, the agency noted that it reflects their view that Saudi Arabia will keep its very strong fiscal balance sheet and next external position, while monetary policy flexibility remains limited and dependence on income from oil remains high.

Moody's		S&P		Fitch				
Long-term	Short-term	Long-term	Short-term	Long-term	Short-term			
Aaa	P-1	AAA	A-1+	AAA	F1+	Prime		
Aa1		AA+		AA+		High grade		
Aa2		AA		AA				
Aa3		AA-		AA-				
A1		A+		A+				
A2		A		A				
A3	P-2	A-	A-2	A-	F1	Upper medium grade		
Baa1		BBB+		BBB+		F2		
Baa2		BBB		BBB				
Baa3	P-3	BBB-	A-3	BBB-	F3	Lower medium grade		
Ba1		BB+		BB+				
Ba2		BB		BB				
Ba3	Not prime	BB-	B	BB-	B	Non-investment grade speculative		
B1		B+		B+		Highly speculative		
B2		B		B				
B3		B-		B-				
Caa1		CCC+		C		CCC	C	Substantial risks
Caa2		CCC						Extremely speculative
Caa3	CCC-	Default imminent with little prospect for recovery						
Ca	CC							
C	C	DD						
/	/	D	/	DD	/	In default		
/		/	D	/	D	/		

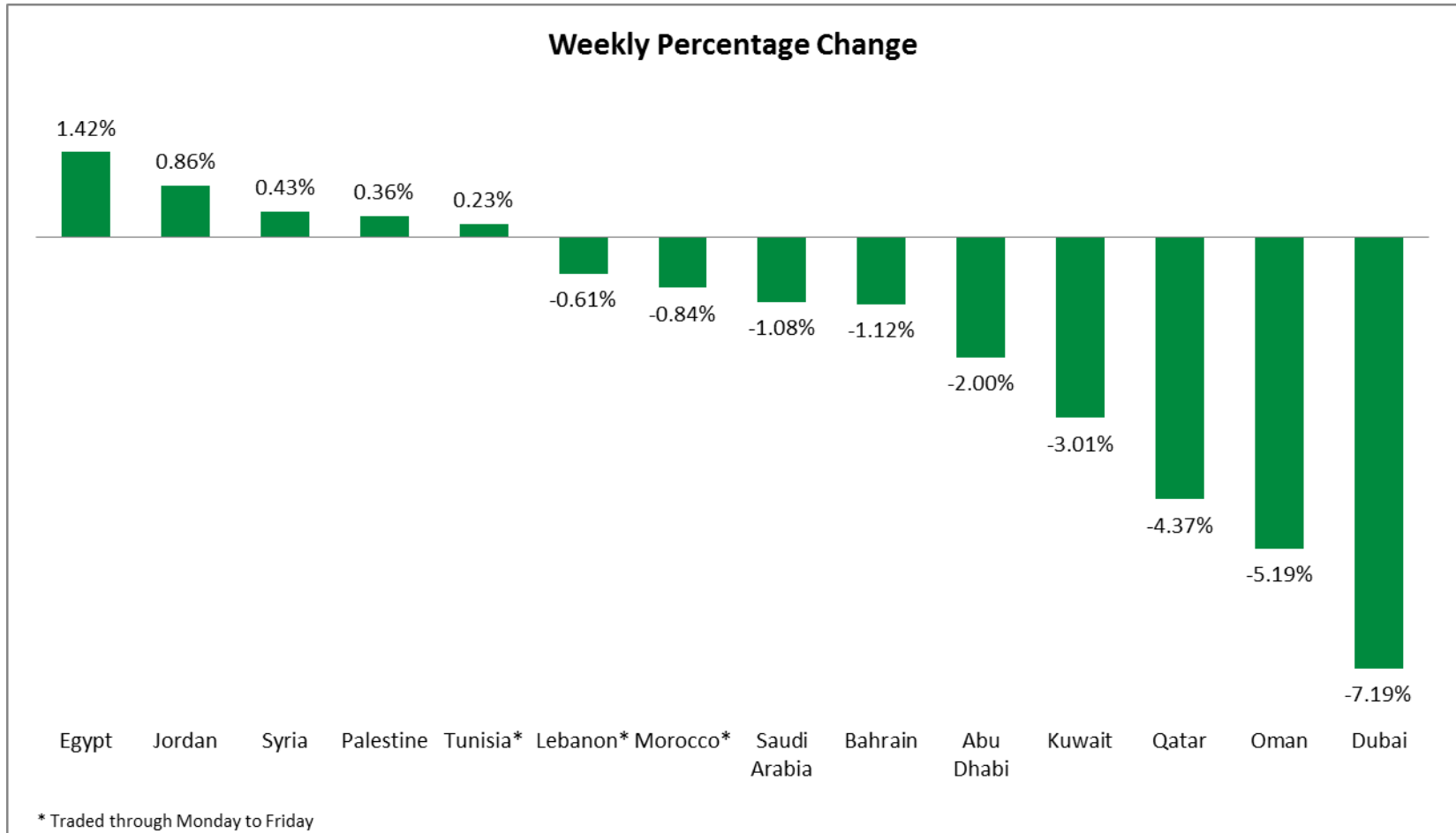
GCC interbank rates



Source: Bloomberg

Comparative MENA Markets

For the period November 30 – December 5

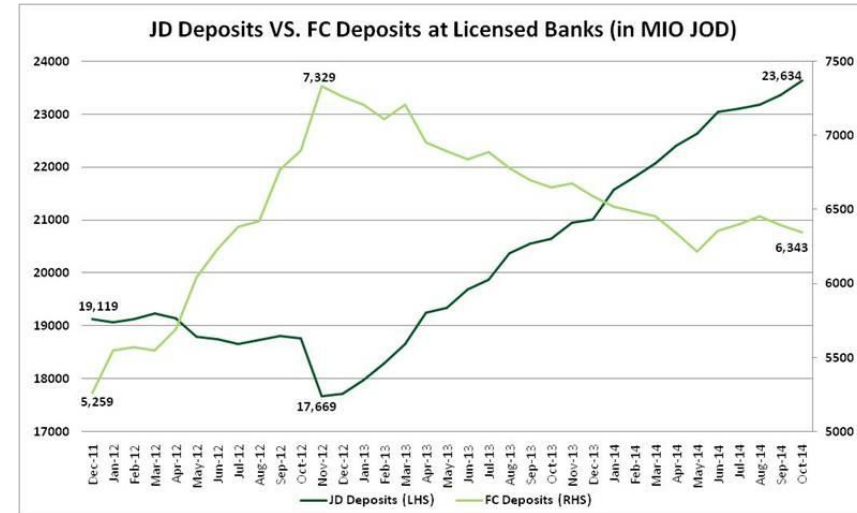




Jordan

JD deposits at banks up by 280 million JD in October 2014

- In October of this year, JD deposits at licensed banks increased by 280 million JD to reach 23.63 billion JD.
- The increase in deposits had slowed down significantly during the months of July and August, but has picked up again in September and October and is probably due to bulk deposits.
- The average growth still remains below the 340 million JD monthly increases 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.
- Meanwhile, the continued increases still indicate better stability in the Jordanian economy.
- So far, deposits have grown 2.63 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.

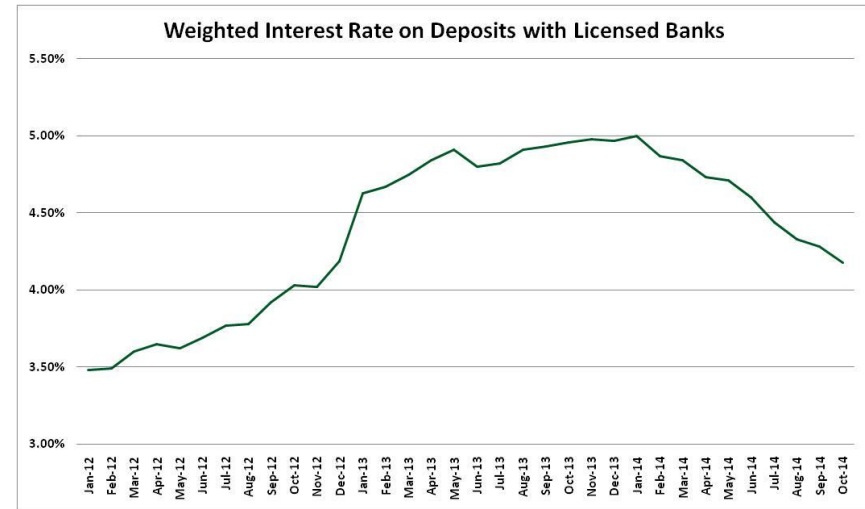


Month	Change in JD deposits (million JD)	Change in foreign currency deposits (million JD)
Dec-13	62.9	-83.4
Jan-14	567.2	-69.7
Feb-14	240.2	-36.3
Mar-14	259.4	-29.6
Apr-14	326.9	-116.2
May-14	233.0	-125.2
Jun-14	403.7	141.4
Jul-14	72.5	41.9
Aug-14	67.2	54.9
Sep-14	181.2	-59.4
Oct-14	280.0	-40.1

Source: Central Bank of Jordan

Weighted average interest rate on JD deposits continues to drop

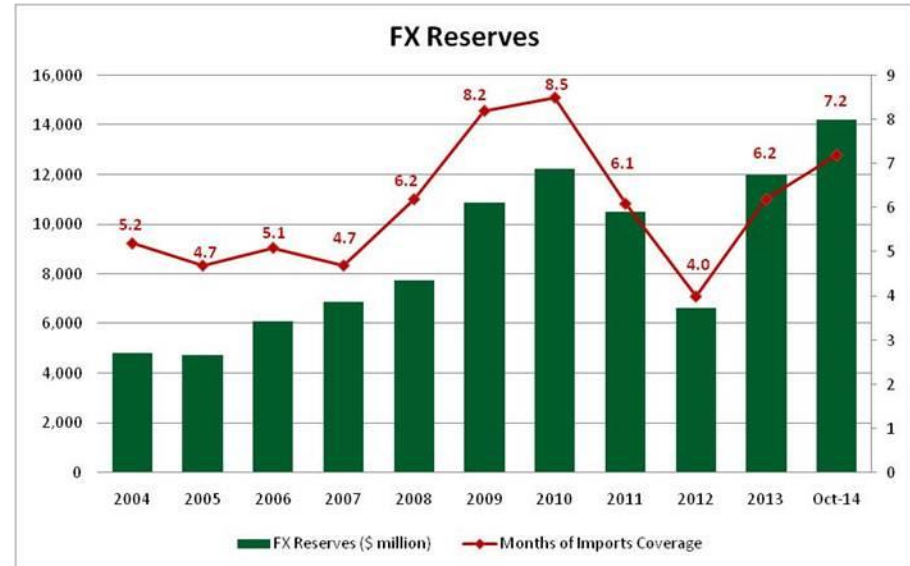
- Meanwhile, foreign currency deposits dropped in October by approximately \$69 million, making the total drop in foreign currency deposits around \$349 million in 2014.
- Foreign currency deposits had been dropping since the beginning of the year, but started growing in June for three consecutive months, which had suggested that de-dollarization is ending.
- However, the drop in September and October suggests that de-dollarization might still be going on, though at a much slower pace.
- Foreign currency deposits are currently around \$8.95 billion (6.34 billion JD).
- Meanwhile, the weighted average interest rate on JD deposits with banks continued to drop, down 10 basis points from September to October to register 4.18%.
- So far in 2014, the rate on time deposits have dropped 79 basis points. The weighted average interest rate had started to increase in late 2012 and through 2013 due to pressure on JD liquidity at that time.



Source: Central Bank of Jordan

FX reserves at \$14.2 billion in October

- FX reserves have dropped slightly in October to reach \$14.2 billion compared to \$14.3 billion in September.
- Despite the drop, 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.
- Meanwhile, other entities such as the European Union are expected to be transferring funds for certain projects in the Kingdom.
- FX reserves remain at comfortable levels; covering above 7 months of imports.
- Pressure on FX reserves are expected to ease as international oil prices dropped significantly.



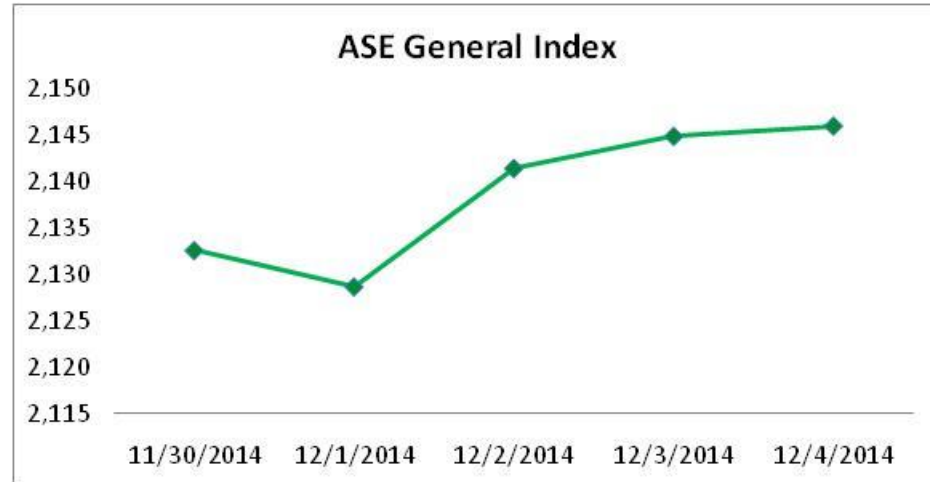
Source: Central Bank of Jordan

Amman Stock Exchange

For the period 30/11– 04/12

ASE free float shares' price index ended the week at (2,145.9) points, compared to (2,127.5) points for the last week, posting an increase of 0.86%. The total trading volume during the week reached JD(38.8) million compared to JD(53.6) million during the last week, trading a total of (43.6) million shares through (19,376) transactions.

The shares of (173) companies were traded, the shares prices of (84) companies rose, and the shares prices of (58) declined.



Top 5 gainers for the last week

Stock	% chg
Jordan Masaken for Land & Industrial Development Projects	18.33%
Al-Tajamouat for Catering and Housing Co. Plc	18.26%
Rum Group for Transportation & Tourism Investment	16.50%
Jordan Emirates Insurance Company P.s.c	15.85%
Al-Ekbal Printing and Packaging	15.00%

Top 5 losers for the last week

	% chg
Emmar Investments & Real-estate Development	(16.67%)
Arab Jordanian Insurance Group	(12.70%)
Al-Rou'ya for Investments	(8.96%)
Al-Tajamouat for Touristic Projects Co. Plc.	(6.35%)
Arab Electrical Industries	(5.77%)

Jordan Debt Monitor

Latest T-Bills

- As of December 7, the volume of excess reserves, including the overnight window deposits held at the CBJ JD(3,582) million.

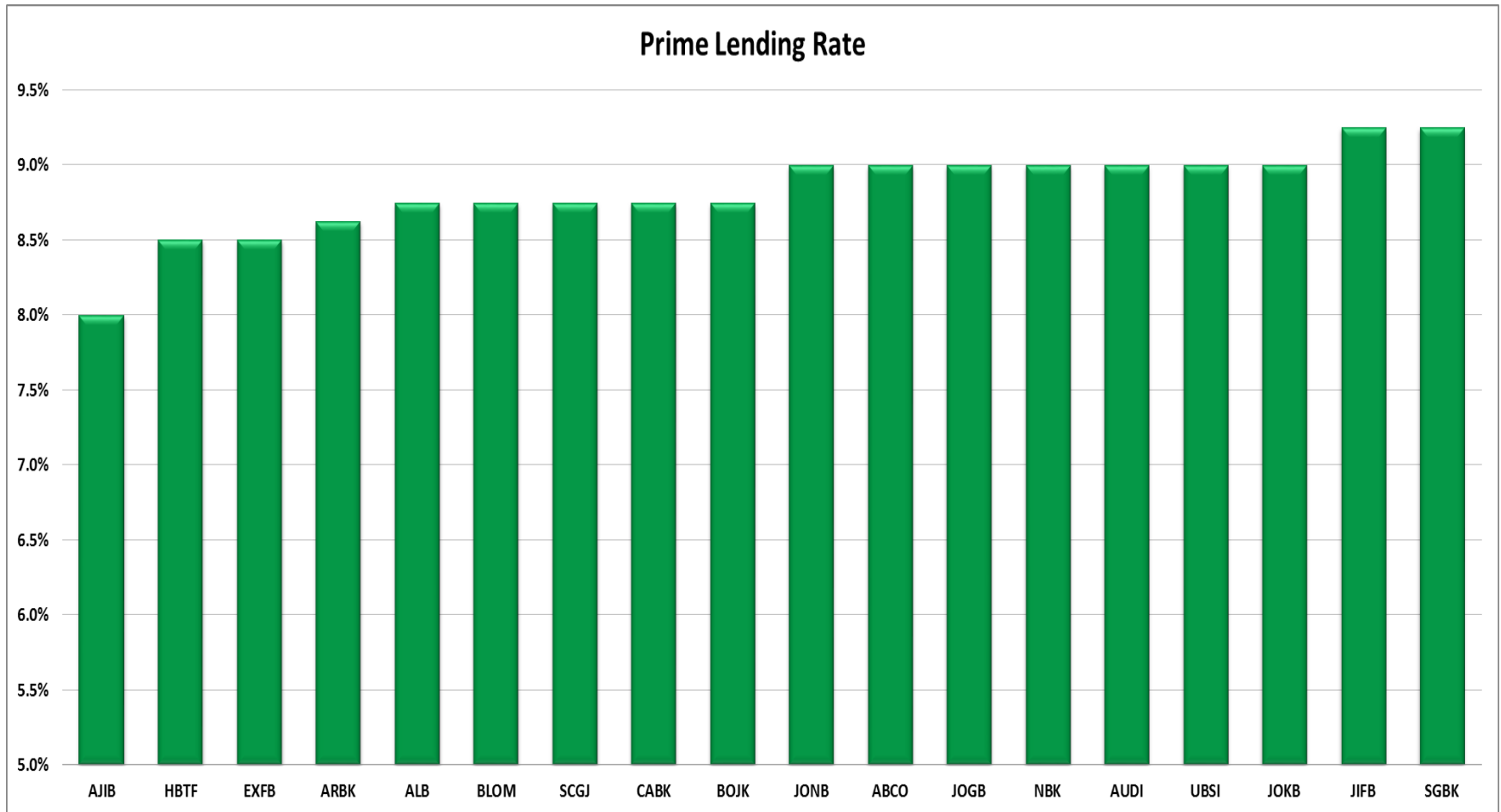
3 months T-Bills	Issue Date	Maturity Date	Size - million	Yield (%)
Last issued in December 2011	14/12/2011	14/03/2012	50	2.898%
6 months T-Bills	Issue Date	Maturity Date	Size - million	Yield (%)
Last issued in February 2012	14/02/2012	14/08/2012	50	3.788%
9 months T-Bills	Issue Date	Maturity Date	Size - 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 (%)
T8914	04/12/2014	04/12/2016	50	4.210%
T8814	02/12/2014	02/12/2016	50	4.178%
T8714	27/11/2014	27/11/2016	50	4.150%
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



Disclaimer

- ❑ The materials of this report may contain inaccuracies and typographical errors. Cairo Amman Bank does not warrant the accuracy or completeness of the materials or the reliability of any advice, opinion, statement or other information displayed or distributed through this report. You acknowledge that any reliance on any such opinion, advice, statement, memorandum, or information shall be at your sole risk. Cairo Amman Bank reserves the right, in its sole discretion, to correct any error or omission in any portion of the report without notice. Cairo Amman Bank may make any other changes to the report, its materials described in the report at any time without notice.
- ❑ The information and opinions contained in this report have been obtained from public sources believed to be reliable, but no representation or warranty, express or implied, is made that such information is accurate or complete and are provided "As Is" without any representation or warranty and it should not be relied upon as such. This report does not constitute a prospectus or other offering document or an offer or solicitation to buy any securities or other investment and/or to be relied on for any act whatsoever.
- ❑ Information and opinions contained in the report are published for the assistance of recipients "As Is", but are not to be relied upon as authoritative or taken in substitution for the exercise of judgment by any recipient; they are subject to change without notice and not intended to provide the sole basis of any evaluation of the instruments discussed herein. Any reference to past performance should not be taken as an indication of future performance. Cairo Amman Bank does not accept any liability whatsoever for any direct, indirect, or consequential loss arising from any use of material contained in this report.
- ❑ All estimates, opinions, analysis and/or any content for whatsoever nature included in this report constitute Cairo Amman Bank's sole judgments and opinions without any liability and/or representation as of the date of this report and it should not be relied upon as such.
- ❑ Cairo Amman Bank reserves the right to change any part of this report or this legal Disclaimer at any time without notice. Any changes to this legal Disclaimer shall take effect immediately. Notwithstanding the above, Cairo Amman Bank shall not be obliged to keep this report up to date.
- ❑ The Recipient agree to defend, indemnify and hold harmless Cairo Amman Bank and its subsidiaries & affiliate companies and their respective officers, directors, employees, agents and representatives from any and all claims arising directly or indirectly out of and in connection of the recipient activities conducted in connection with this report.