

# Weekly Economic Monitor

February 1, 2015

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### Markets overview

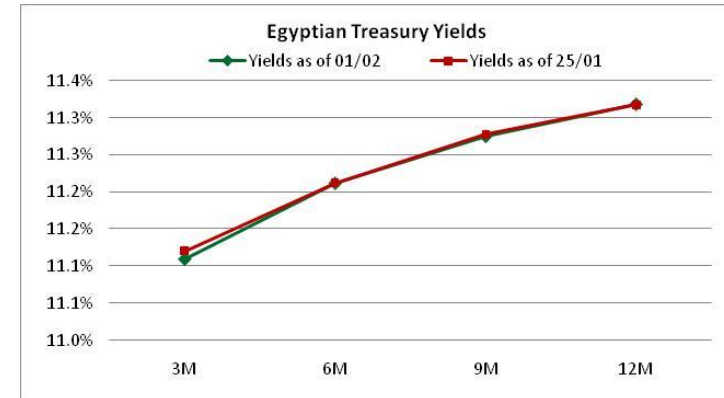
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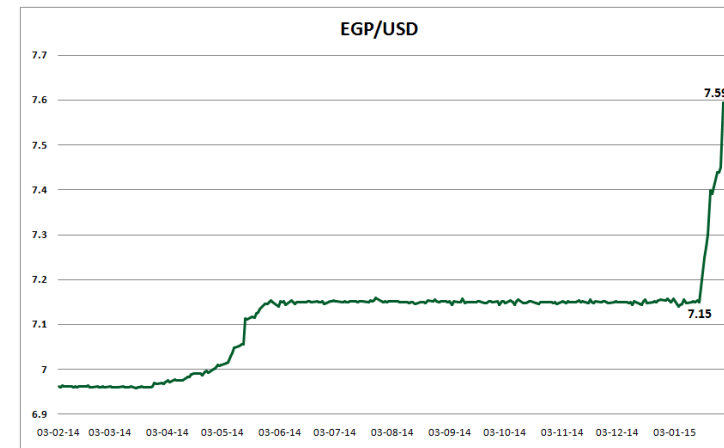
**Regional**

# Egypt: CBE continues to allow EGP to depreciate

- Egypt's T-bill yields were largely unchanged from last week, as few T-bill auctions were held during the week.
- Meanwhile, the Central Bank of Egypt continued to purposefully depreciate the Egyptian Pound against dollar, down to 7.59 from 7.39 per dollar a week ago, and 7.19 two weeks ago, the weakest level it had been allowed to reach since the CBE began USD FX auctions in December 2012.
- The CBE purposefully depreciated the EGP eight times over the past two weeks, given it effectively controls exchange rates at the USD FX auctions. Moreover, last week, the CBE introduced an extra measure by widening band in which banks can trade dollars, effectively allowing the EGP to depreciate further.
- The move by the CBE follows their surprise 50bps rate cut and is believed to be done in an effort to eliminate currency doubts and reducing the cost of borrowing.
- Meanwhile, this will help buffeting Egypt's reserves to convey an investor-friendly image ahead of an investment summit in March.
- Egypt FX reserves decline for two months, which economist see due to low investment and no further aid from Gulf countries.



Source: Bloomberg

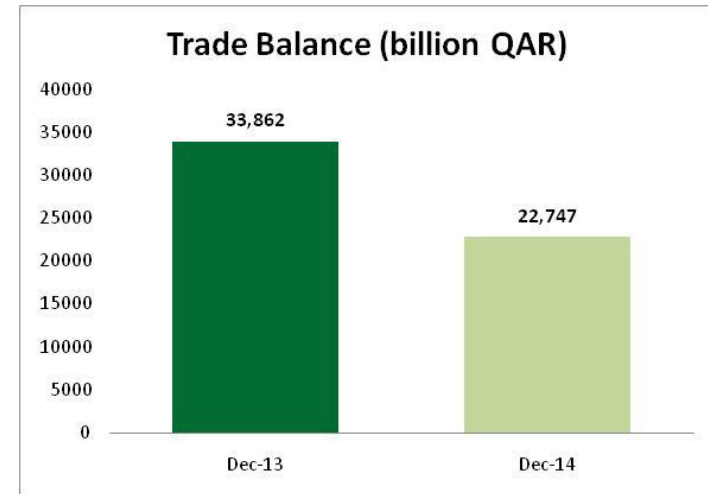


Source: Bloomberg

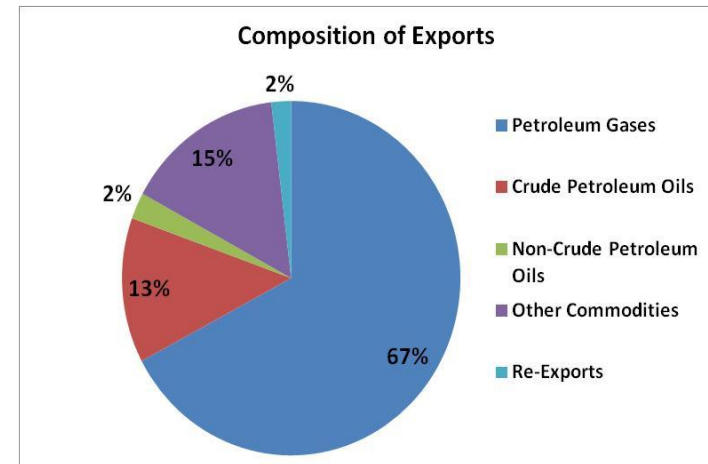
# GCC Economic Highlights:

## *Qatar: Trade surplus down 32.8% from December 2013*

- According to data released by the Qatar's Ministry of Development Planning and Statistics, Qatar's trade surplus dropped by 32.8% in December of 2014 compared to December of 2013.
- The trade surplus dropped to 22.75 billion QAR in December of 2014 compared to 33.86 billion QAR in December of 2013.
- The drop in the trade balance is due to 21.7% drop in exports when compared to December of 2013, while imports rose by 18.3% over the same time period.
- Total exports dropped to 33.84 billion QAR, as exports of petroleum gases, which make up 67% of exports, dropped by 17.7%, while crude oil exports dropped 41.8% and non-crude oil exports dropped 66.6%.
- The drop can be attributed to a significant drop in oil prices when compared to December 2013, which has reflected on Qatar's crude oil and gas exports.
- On the other hand, imports rose to 11.1 billion QAR from 9.38 billion QAR in December 2013. The rise is a result of 24% increase in motor care & other motor vehicle imports, and aircraft spare parts imports, while other imports rose 22.9%.



Source: Qatar's Ministry of Statistics

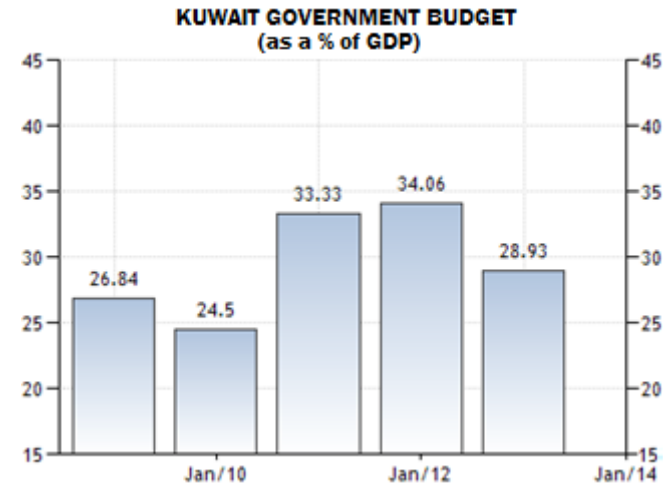


Source: Qatar's Ministry of Statistics

# GCC Economic Highlights:

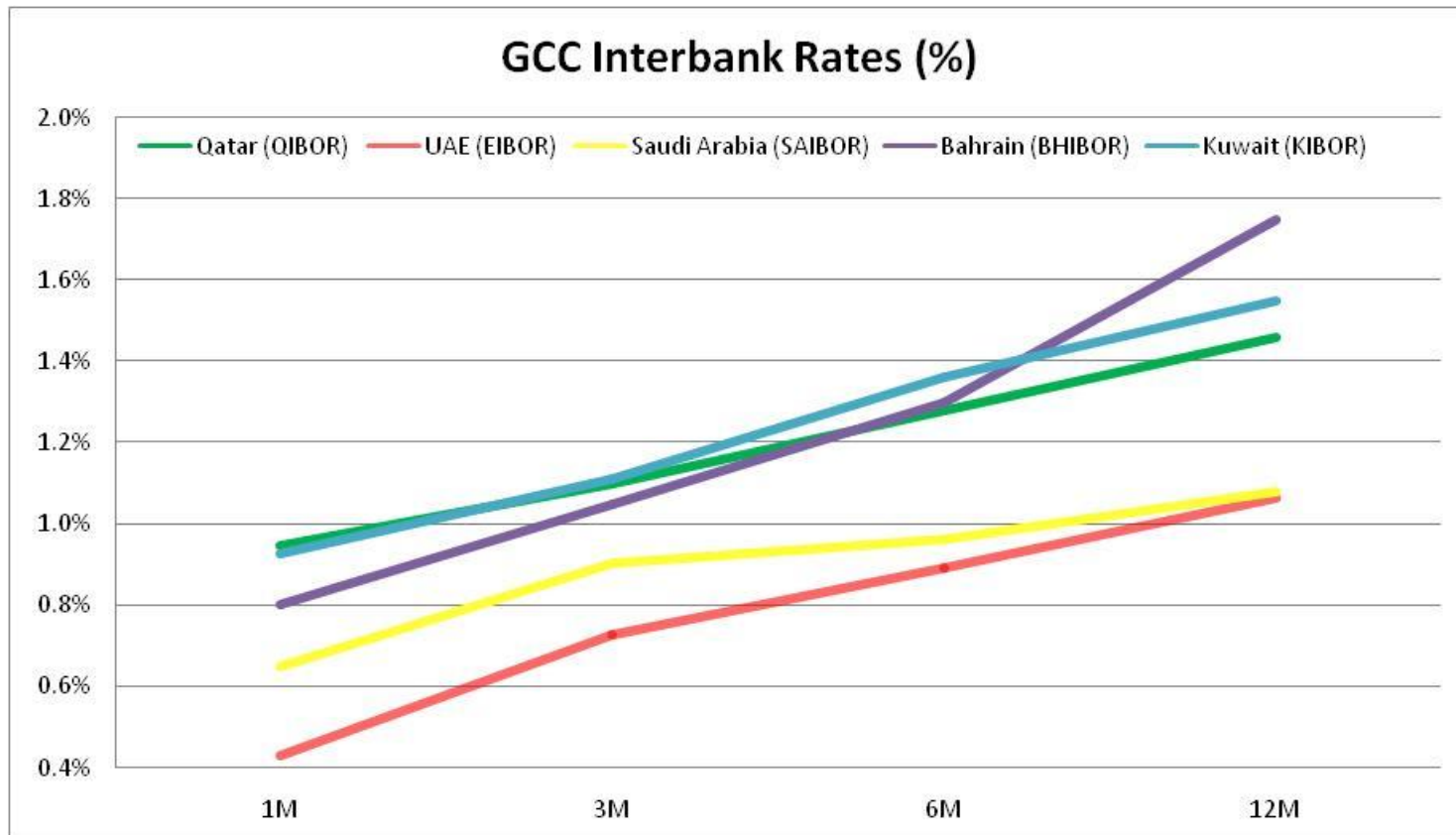
## *Kuwait: Slashes spending, big deficit in 2015/16 budget*

- Kuwait's Finance Ministry has slashed spending and projected a big deficit in the draft budget for the next fiscal year (starting April 2015), as a significant drop in oil prices have hit exports revenues. The Ministry said the draft was based on an average oil price of \$45.
- The draft budget for the 2015/16 fiscal year starting April expects spending of 19.07 billion KWD, down by 17.8% from planned spending in the current 2014/15 fiscal year, or 4.14 billion KWD.
- The drop in expenditures is due to cutting waste expenses, placing caps on spending in all areas of governments and reducing non-essential expenditure.
- It is important to note that planned spending is usually an over-estimate of actual spending, as during the first half of this fiscal year, actual spending was 6.12 billion KWD, compared to a planned 11.61 billion KWD.
- On the other hand, revenues for the fiscal year are projected at 12.05 billion KWD, down by 40% from this fiscal year's revenues or 20.07 billion KWD, mainly due a to drop in oil revenues which accounts for 88% of revenue.
- According to the Ministry of Finance, the resulting deficit will be covered through borrowing from its general reserves or from local and foreign capital markets.



Source: Trading Economics

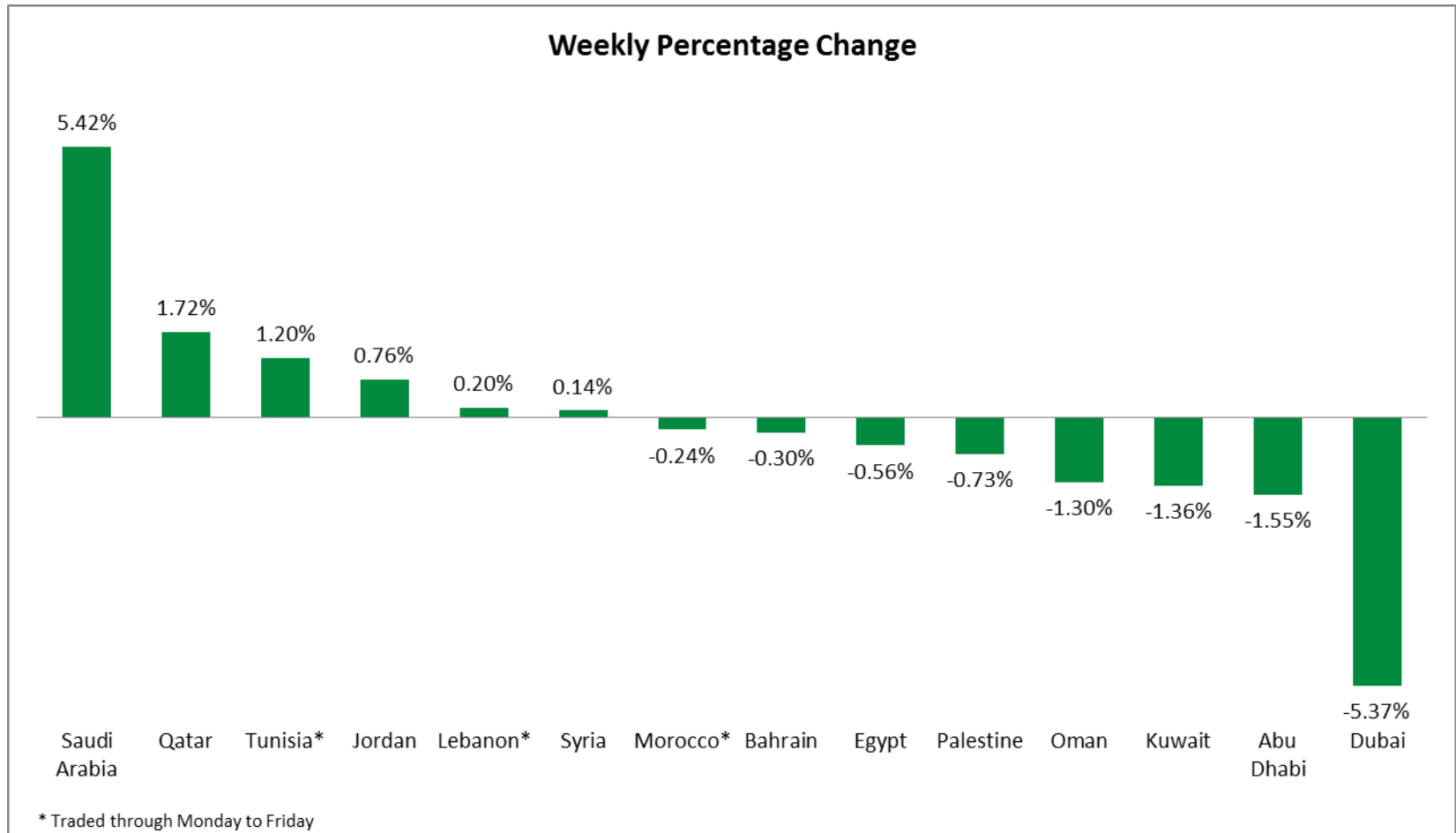
# GCC interbank rates



Source: Bloomberg

# Comparative MENA Markets

## Week starting January 18



Source: Bloomberg

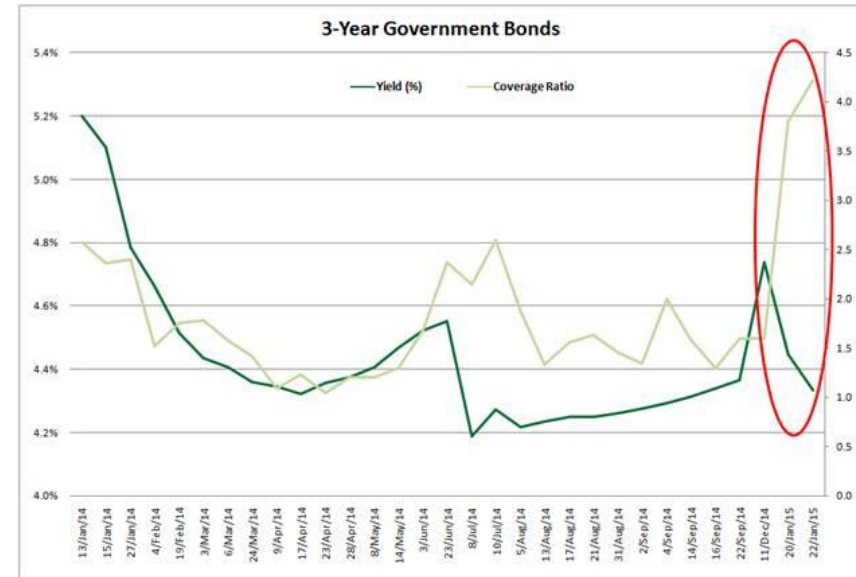




**Jordan**

# Government bond yields drop dramatically

- Since the beginning of the year, government bond yields have dropped dramatically while coverage ratios jumped to high levels, mainly due to the positive effect lower oil prices may have on government balances and external accounts.
- 3-year government bond yields dropped by 41 basis points since the start of the year, while coverage ratios jumped to exceed 400%, in a clear indication that the market sees interest rates on a downward trend.
- 2-year bond yields dropped marginally, down by 4 basis points through 2 auctions in 2015 to register 4.20%
- Meanwhile 5-year bond yields dropped 45 basis points through its only auction in 2015 to reach 5.13%.



	End of 2014	Latest rate	Change
<b>2-year</b>	4.24%	<b>4.20%</b>	-4bps
<b>3-year</b>	4.74%	<b>4.33%</b>	-41bps
<b>5-year</b>	5.58%	<b>5.13%</b>	-45bps

# Jordan Debt Monitor

## Latest T-Bills

- As of February 1, the volume of excess reserves, including the overnight window deposits held at the CBJ JD(3,524) million.

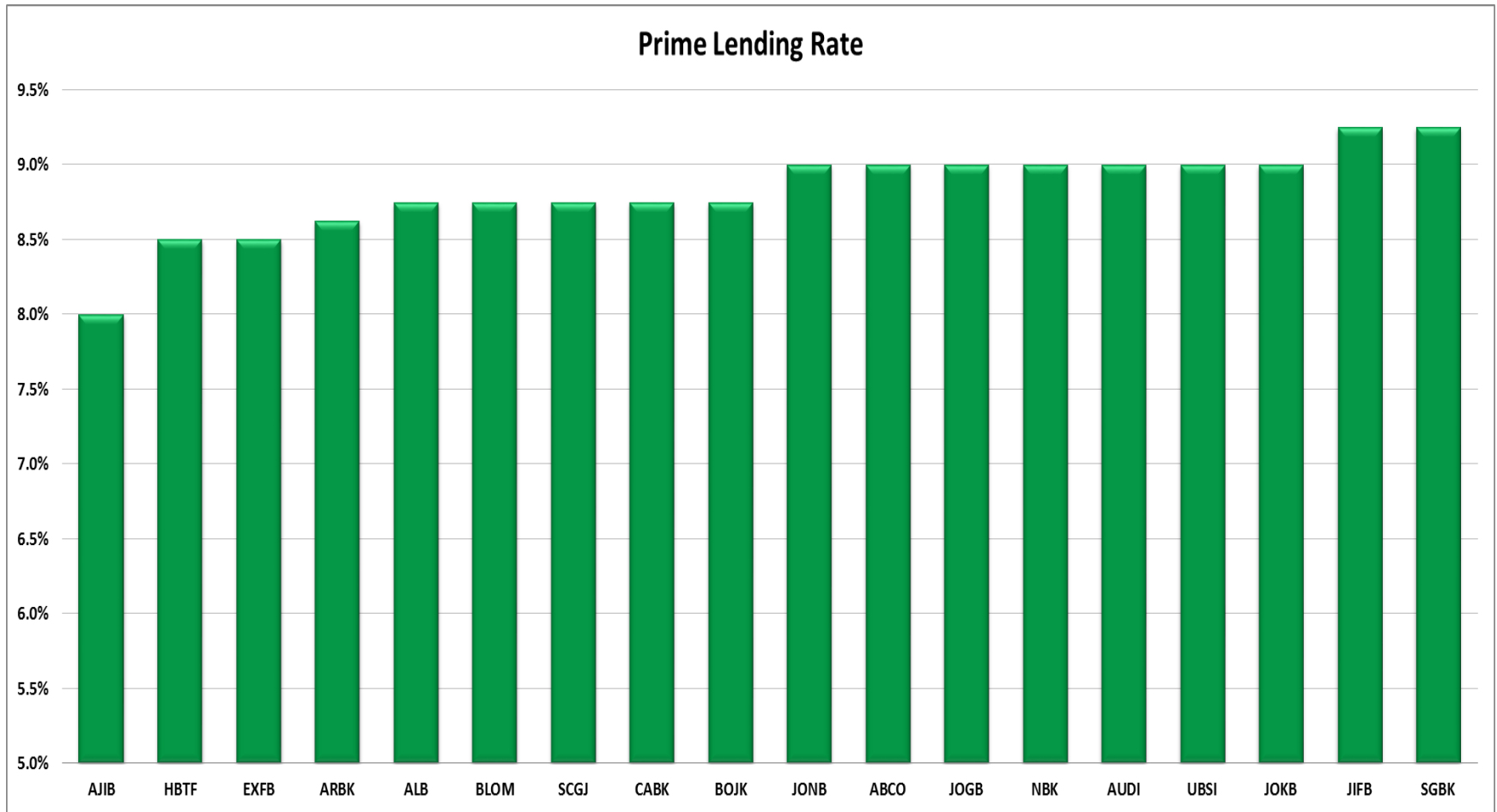
<b>3 months T-Bills</b>	<b>Issue Date</b>	<b>Maturity Date</b>	<b>Size - million</b>	<b>Yield (%)</b>
Last issued in December 2011	14/12/2011	14/03/2012	50	2.898%
<b>6 months T-Bills</b>	<b>Issue Date</b>	<b>Maturity Date</b>	<b>Size - million</b>	<b>Yield (%)</b>
Last issued in February 2012	14/02/2012	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>
10/2014	18/11/2014	18/11/2015	50	3.450%
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%

# 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>
T0215	18/01/2015	18/01/2017	50	4.202%
T0115	14/01/2015	14/01/2017	100	4.238%
T9214	16/12/2014	16/12/2016	50	4.239%
<b>3 years T-Bonds</b>	<b>Issue Date</b>	<b>Maturity Date</b>	<b>Size - million</b>	<b>Coupon (%)</b>
T0415	22/01/2015	22/01/2018	50	4.333%
T0315	20/01/2015	20/01/2018	50	4.446%
T9114	11/12/2014	11/12/2017	50	4.735%
<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>T0515</b>	<b>16/01/2015</b>	<b>16/01/2020</b>	<b>100</b>	<b>5.132%</b>
T8214	12/11/2014	12/11/2019	50	5.581%
T7314	16/10/2014	16/10/2019	75	5.533%
<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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