

Weekly Economic Monitor

August 3, 2015

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MENA Region



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Markets overview

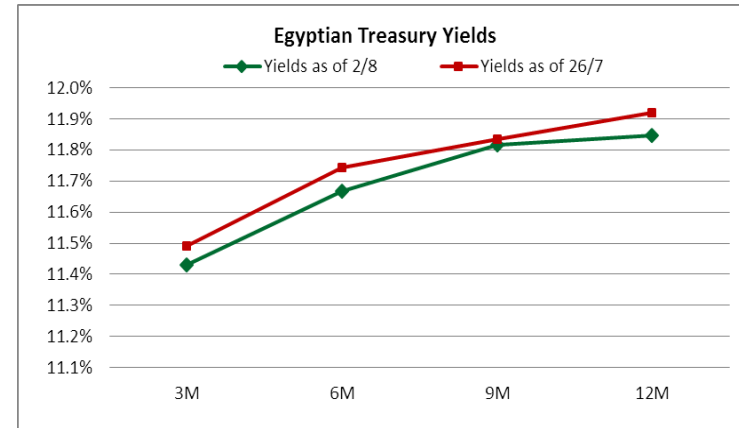
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Regional

Egypt: Central Bank holds rates despite drop in inflation, government partially removes subsidies on electricity

- Egypt's T-bill yields rose across all durations this week when compared to the week before, as the Central Bank of Egypt (CBE) held benchmark rates at their current level at their meeting last week.
- The CBE's decision comes despite Egypt's core inflation and urban inflation dropping last month from 8.14% and 13.1% to 8.07% and 11.4% respectively.
- The Central Bank of Egypt has decided to hold its benchmark rate of overnight deposit at 8.75% and overnight lending at 9.75%.
- The CBE has been grappling with fighting high inflation levels which are keeping upward pressure on rates and low economic growth, which requires the CBE to cut rates.
- The CBE's decision likely comes in anticipation of a hike in inflation rates, as the Egyptian government has raised electricity prices for mid-to-high household usage by 19% as part of its five-year plan to reduce subsidies.
- The likely increase in inflation will further place pressure on the CBE being able to cut rates in the coming months, which will likely hinder economic growth.



Source: Bloomberg

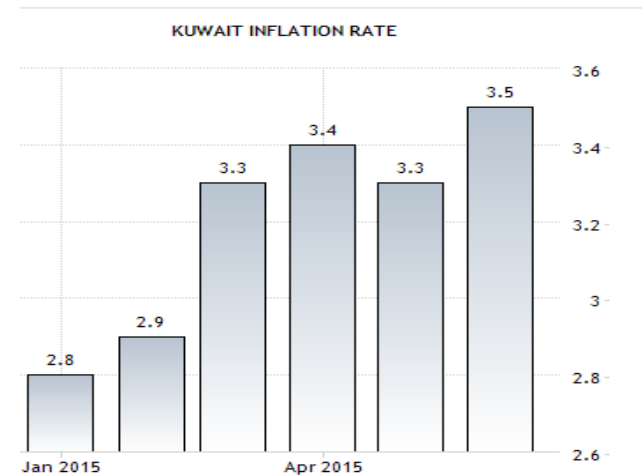


Source: Bloomberg

GCC Economic Highlights:

Kuwait: Inflation rises to 3.5% in June.

- According to figures released by Kuwait's Central Statistical Bureau, inflation has increased by 3.54% in June when compared to the same period last year.
- The change in inflation is attributed to a higher prices in some groups, mainly; Food and beverages by 3.65%, Tobacco & Narcotic by 6.03%, Home Furnishings and Equipment Maintenance by 4.22%, health by 2.07%, transport by 0.64%, communication by 0.3%, Education by 4.41%, and Restaurants and Hotels by 6.88%.
- On the other hand, some commodities prices have dropped, such as clothing and footwear by 1.53% and Recreation & culture by 0.54%.
- Meanwhile, inflation has increased by 0.44% in June when Compared to May 2015. This increase is due to higher prices in all groups except for clothing and footwear which have dropped by 0.39% and Recreation & culture which dropped by 0.16%.
- The IMF expects inflation to register 3.34% in Kuwait in 2015.

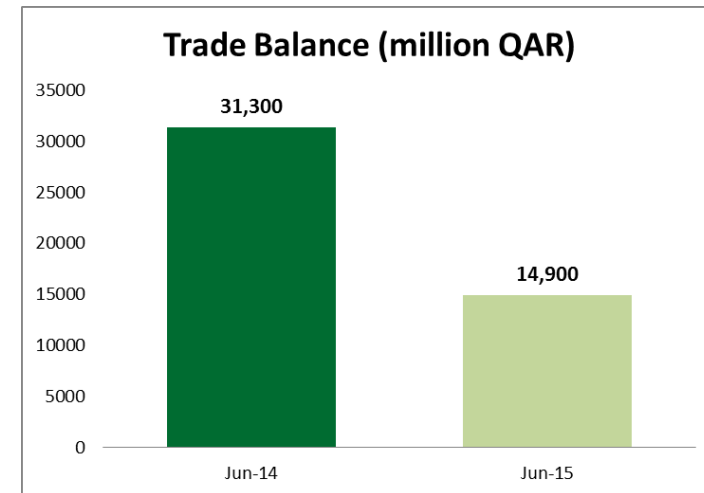


Source: Trading Economics

GCC Economic Highlights:

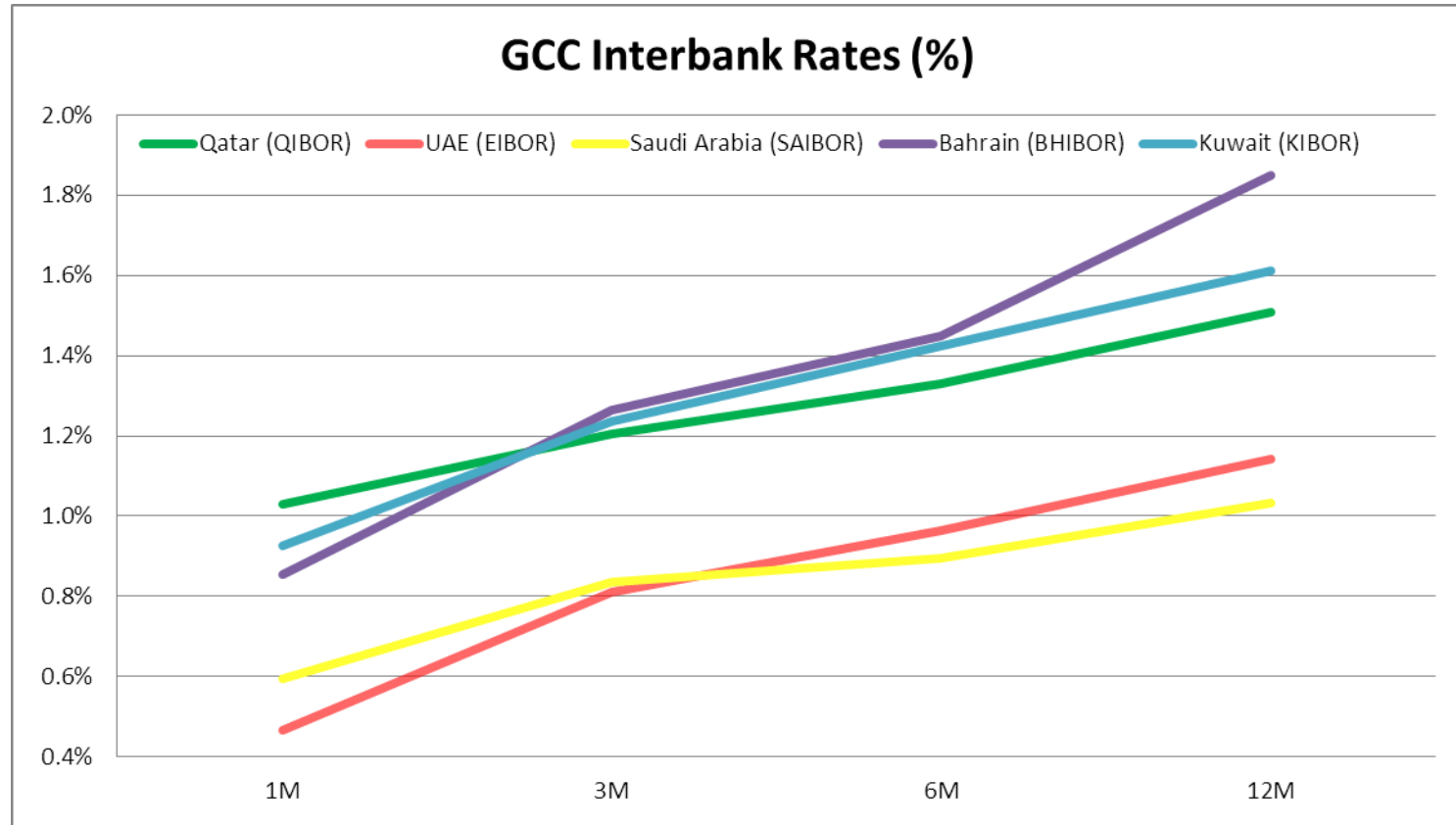
Qatar: Trade Surplus down by 52.5% in June.

- According to figures released by the Ministry of Development Planning and Statistics, Qatar's trade surplus declined to QR14.9bn in June, registering a decline of QR16.4bn, or 52.5%, compared to June 2014.
- The total exports of goods in June amounted to QR24.1 bn, showing a decrease of 40.4% compared to June 2014. The Decrease in exports was mainly due to lower exports of Petroleum gases and other gaseous hydrocarbons (LNG, condensates, propane, butane, etc.)
- The drop in exports comes due to maintenance on LNG factories as well as a drop in international oil prices, which has dropped incoming remittances.
- Meanwhile, the imports of goods in June amounted to QR9.2bn, showing an increase of 1.6% over June 2014. Parts of aircraft and helicopters were at the top of the imported group of commodities, with an increase of 97.3% compared to June 2014.



Source: Trading Economics

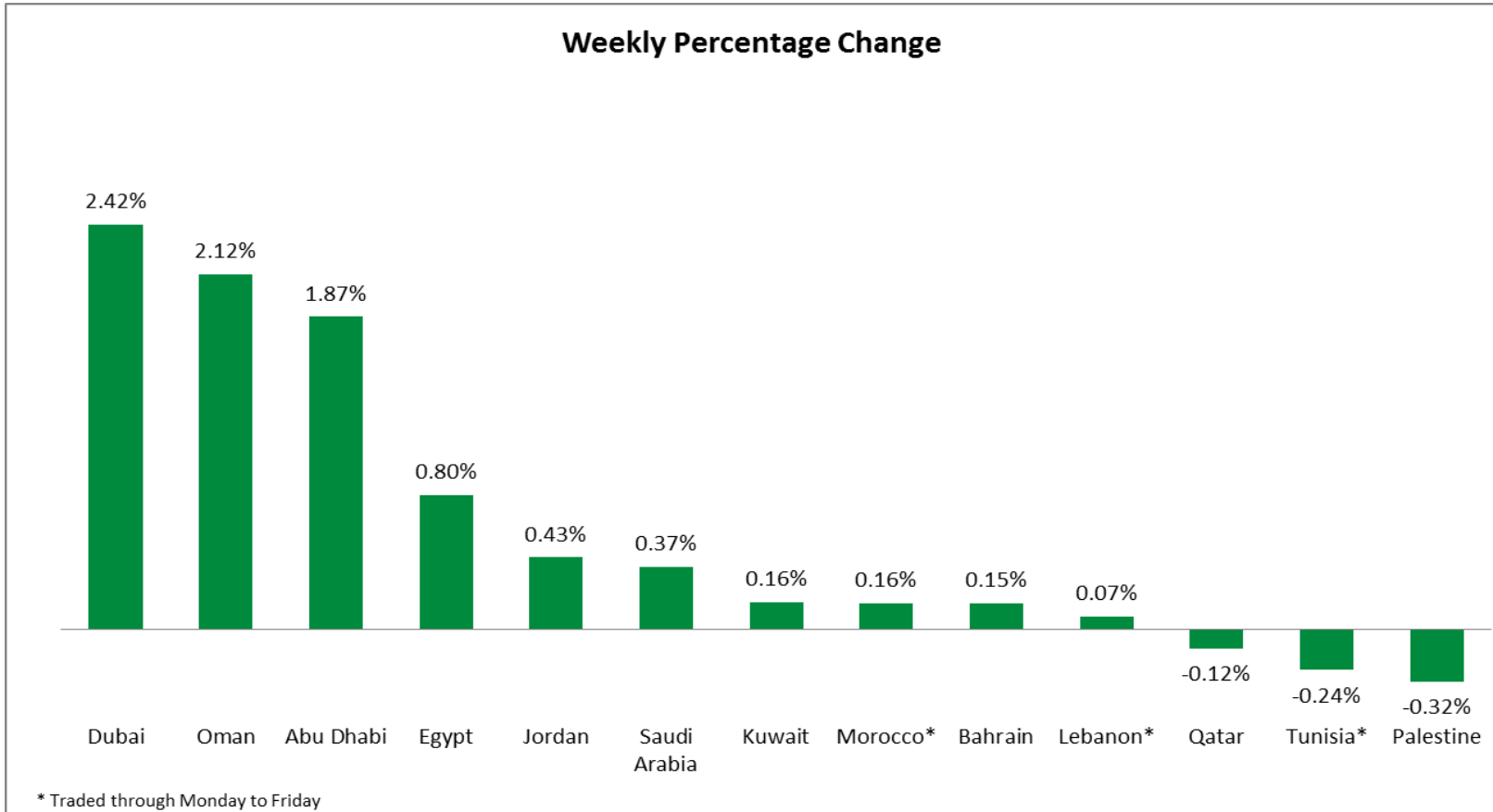
GCC interbank rates



Source: Bloomberg

Comparative MENA Markets

July 26, 2015 – July 31, 2015



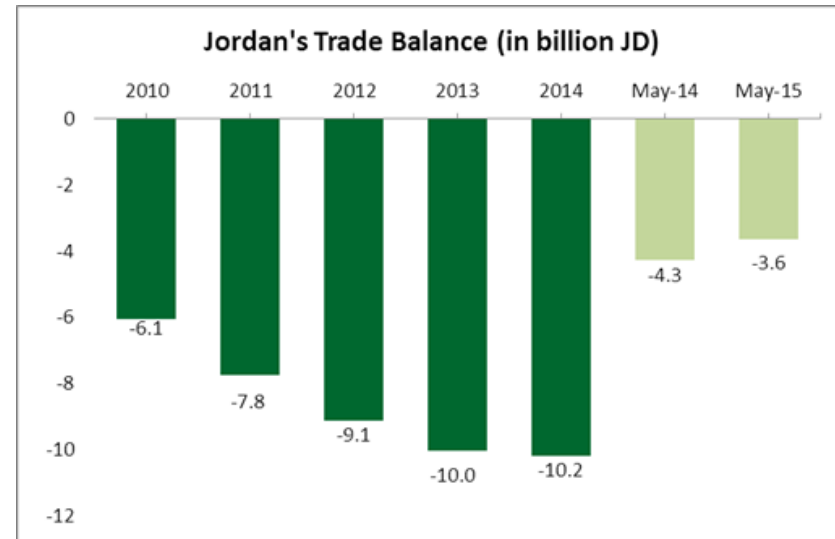
Source: Bloomberg



Jordan

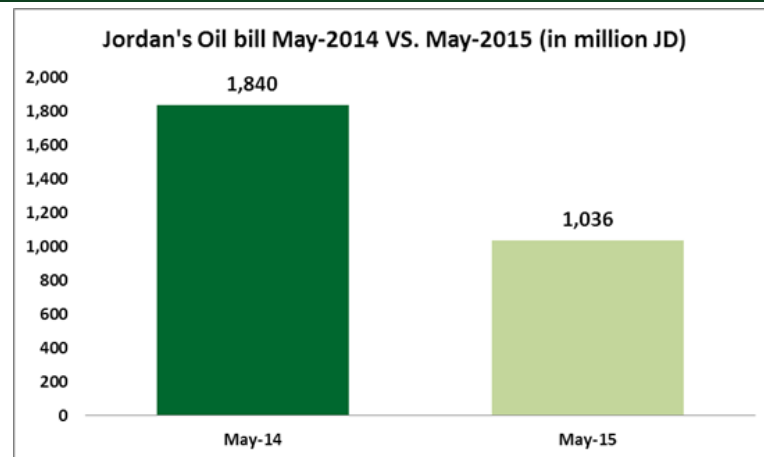
Trade deficit narrowed by 14.8% in the first five months of 2015

- The Department of Statistics released figures showing that Jordan's trade deficit narrowed by JD 633.6 million or 14.8% during the first 5 months of 2015 to drop to JD -3,644.6 million compared to JD -4,278.2 million over the same period in 2014.
- This drop comes as exports, imports, and re-exports have decreased over the same time period.
- National exports have decreased by 12.2% in the first 5 months, whereas imports have decreased by 13.4%. Meanwhile, re-exports have decreased by 2.4%.
- Total exports have decreased to JD 2,172.4 million in the first five months of 2015 from JD 2,437.5 million for the same period in 2014, as intensifying political instability in the region weighs further on Jordan's main exports.
- Fertilizer exports decreased sharply by 38.1%, fruits and vegetable exports decreased by 27.2%, pharmaceutical exports decreased by 19.7%, potash exports decreased by 12.1%, and phosphate exports decreased by 5.2%. Meanwhile, clothes exports increased by 11.5%.



Oil imports down 43.7% during first 5 months of 2015

- On the other hand, imports decreased to reach JD 5,817 million in the first five months of 2015 from JD 6,715.7 million for the same time period in 2014.
- In May of 2015, JD deposits at banks increased by 75.5 million JD to reach 25.25 billion JD, an all-time high. Deposits have grown by 1.2 billion JD so far in 2015.
- The decrease is attributed to a drop in imports of metal and its products by 15.8% and a drop in plastic imports by 5.9%. On the other hand, machinery and machinery equipment imports rose by 16.9%, vehicles imports rose by 12.9%, and electrical machinery and their parts rose by 5.8% .
- Most significantly, crude oil imports have decreased by 43.7 % to reach JD 1,035.5 during the first five months from JD 1,839.7 million over the same time period in the previous year, likely due to a drop in international oil prices over the same time period.
- Looking ahead, the sustained drop in oil prices is expected to continue to reflect positively on the trade balance in 2015, which will help offset the significant drop in exports.



A more detailed look at Jordan's monthly oil bill reveals that oil imports in May 2015 were down by 42% when compared to May 2015:

in million JD

Month	2014	2015	Nominal Change	% Change
January	404.6	188.9	-215.7	-53.3%
February	264.4	247.5	-16.9	-6.4%
March	319.1	198.0	-121.1	-38.0%
April	478.6	185.0	-293.6	-61.3%
May	373.0	216.1	-156.9	-42.1%
Total	1,839.7	1,035.5	-804.2	-43.71%

Jordan Debt Monitor

Latest T-Bills

- As of August 2, the volume of excess reserves, including the overnight window deposits held at the CBJ JD (3,056) million.

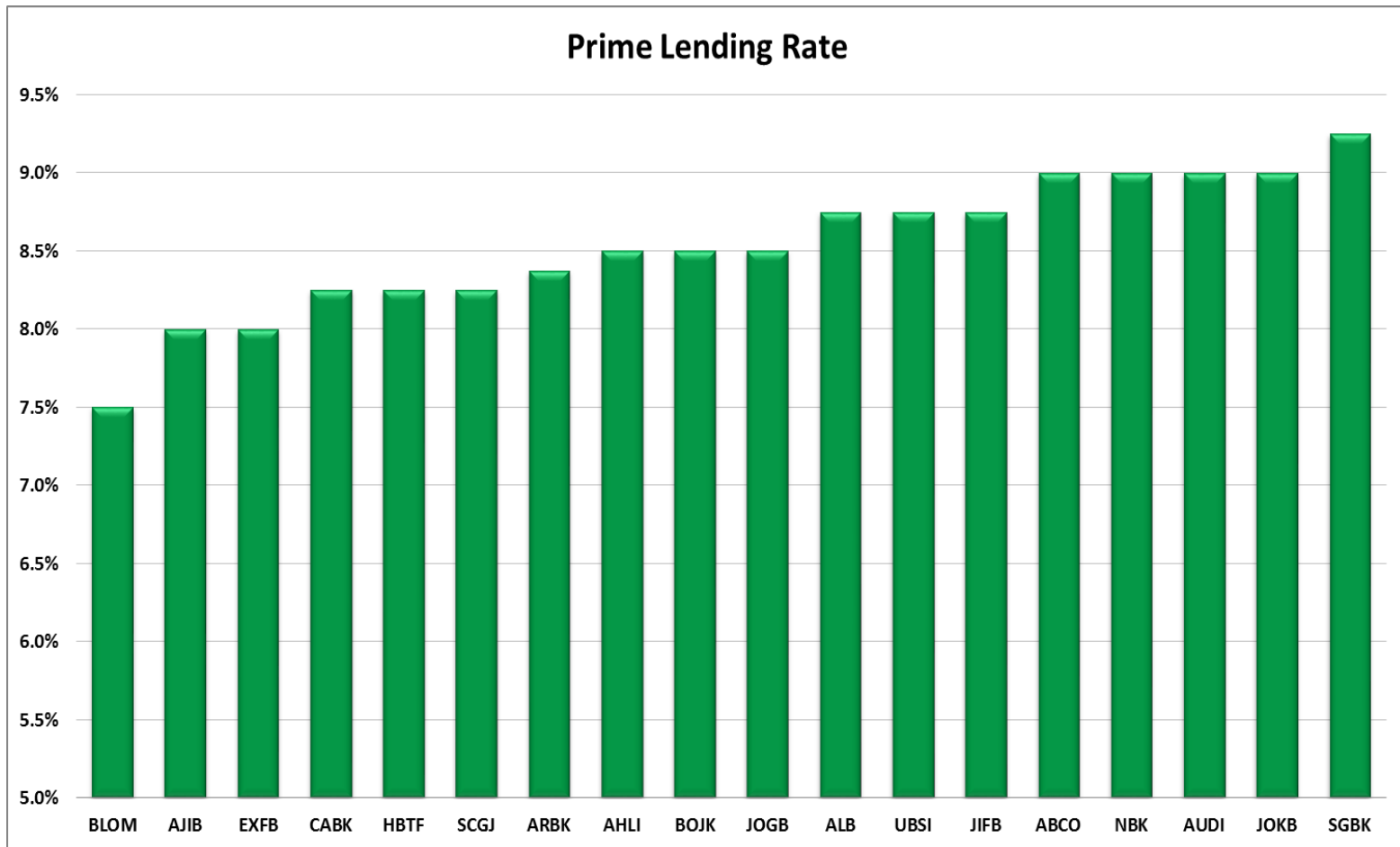
1-week CDs	Issue Date	Maturity Date	Size - million	Yield (%)
26/2015	28/07/2015	04/08/2015	1,000	2.250%
25/2015	21/07/2015	28/07/2015	1,000	2.250%
24/2015	14/07/2015	21/07/2015	1,000	2.250%
23/2015	07/07/2015	14/07/2015	1,000	2.500%
3-month T-Bills	Issue Date	Maturity Date	Size - million	Yield (%)
Last issued in December 2011	14/12/2011	14/03/2012	50	2.898%
6-month T-Bills	Issue Date	Maturity Date	Size - million	Yield (%)
Last issued in February 2012	14/02/2012	14/08/2012	50	3.788%
9-month 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 (%)
02/2015	13/07/2015	13/07/2016	50	2.213%
01/2015	05/02/2015	05/02/2016	75	2.750%
10/2014	18/11/2014	18/11/2015	50	3.450%
09/2014	12/10/2014	12/10/2015	100	3.270%

Jordan Debt Monitor

Latest T-Bonds Issues

2-year T-Bonds	Issue Date	Maturity Date	Size - million	Coupon (%)
T1715	18/06/2015	18/06/2017	75	2.750%
T1615	16/06/2015	16/06/2017	75	2.750%
T1515	14/06/2015	14/06/2017	75	2.860%
3-year T-Bonds	Issue Date	Maturity Date	Size - million	Coupon (%)
T2115	26/07/2015	26/07/2018	50	3.049%
T1815	23/06/2015	23/06/2018	75	3.197%
T0715	19/03/2015	19/03/2018	75	3.856%
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-year T-Bonds	Issue Date	Maturity Date	Size - million	Coupon (%)
T1915	25/06/2015	25/06/2020	50	4.014%
T1415	04/06/2015	04/06/2020	50	4.434%
T1315	21/05/2015	21/05/2020	50	4.456%
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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