

# Weekly Economic Monitor

January 4, 2015

# Brief Overview

## MENA Region



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## Jordan Economy



### News and analysis

- [GDP grew 3.1% in Q3 of 2014](#)
- [Budget deficit narrows in the first ten months of the year; Net public debt reached JD20.5 billion by end of October](#)



### Markets overview

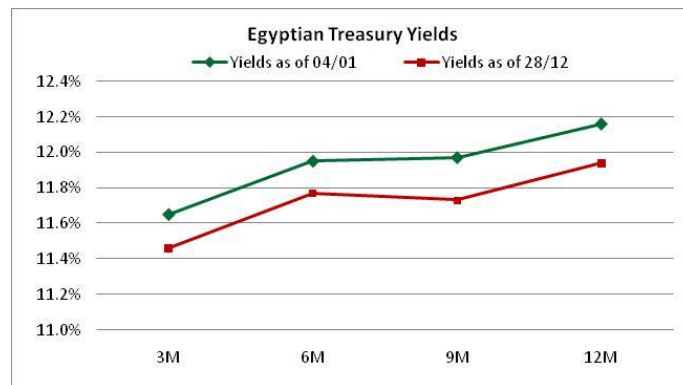
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**Regional**

# Egypt: FX reserves drop in November, current account deficit widens in Q1 of 2014/15 fiscal year

- Egypt's T-bill yields rose by 0.20% across all durations last week as FX reserves dropped significantly in November, while data showed that Egypt's current account deficit widened in the first quarter of the 2014/15 fiscal year.
- FX reserves dropped by around \$1 billion in November from October to reach \$15.9 billion, a level around the minimum 3 months of imports coverage recommended by the IMF, indicating higher pressure on foreign currency in the country.
- Meanwhile, Egypt's current account deficit widened in the Q1 of the 2014/15 fiscal year to \$1.4 billion, compared to a surplus of \$610 million for the same period last fiscal year as a result of Gulf aid.
- The growth in deficit was driven by a wider trade deficit (up 29.2%) and a contraction in net transfers (down 26.1%).
- On the other hand, that was partly offset by an increase in FDI inflows to about \$1.8 billion from \$745 million, driven by the rise in net inflows for oil sector investments to \$948 million from \$378 million.
- Meanwhile, tourism revenues more than doubled to reach \$2.1 billion, compared to \$931 million over the same time periods.



Source: Bloomberg



Source: Trading Economics

# GCC Economic Highlights:

## *Qatar: GDP grew 6% in Q3 of 2014*

- According to data released by Qatar's Ministry of Development Planning and Statistics, Qatar's real GDP grew by 6% in Q3 of 2014 compared to the same time period in 2013, up from 5.7% in Q2 of this year. Meanwhile, GDP grew by 3.9% from Q2 of 2014.
- The oil sector registered a contraction of 2.8% in Q3 of 2014 when compared to Q3 of 2013, while the non-oil sector registered 12% growth level over the same time period.
- The contraction in the oil sector was attributed to receding crude oil production and some maintenance shutdowns in gas plants, dropping the production volume. Meanwhile, the reduction in international oil price levels in the third quarter also led to a sharp decline in this sector.
- Meanwhile, the double digit growth rate seen in the non-oil sector was mainly due to growth in electricity (up 10.7%), construction (up 18.5%), trading (up 13.7%), transport & communication (up 10.5%), financial sectors (up 13.7%) and domestic services (up 10.5%).
- Moreover, the 7% growth in the country's population in Q3 also attributed to increased demand in the country.
- The IMF expects Qatar's GDP to grow 6.5% in 2014.

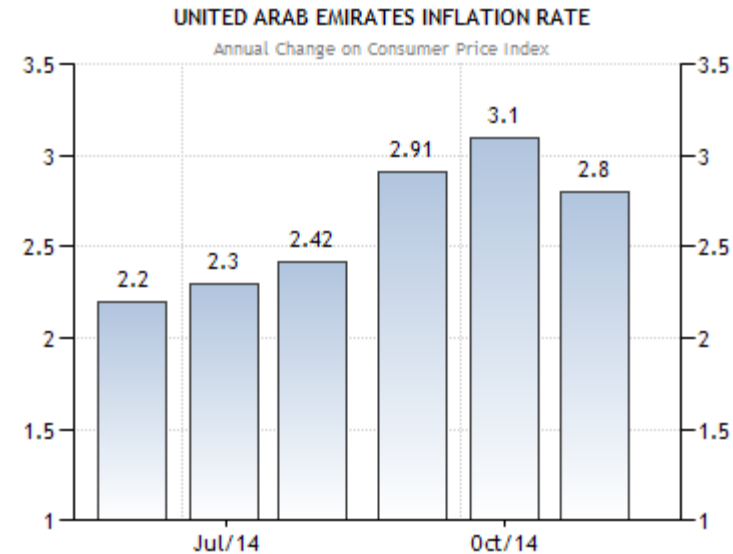


Source: Trading Economics

# GCC Economic Highlights:

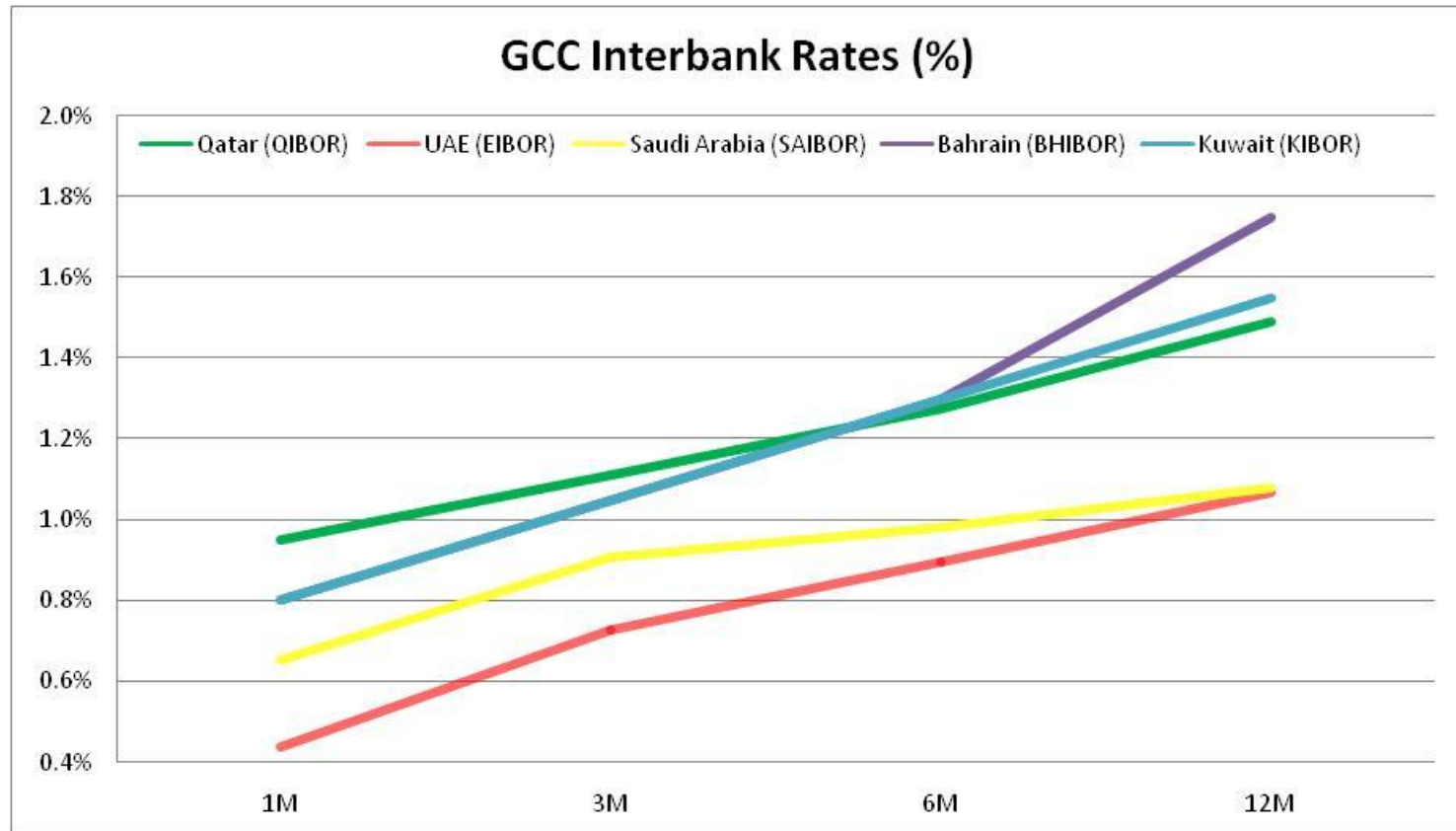
## *UAE: Inflation grew by 2.8% in November 2014*

- According to figures released by the UAE's National Bureau of Statistics, the inflation rate grew by 2.8% in November 2014 when compared to November 2013, down from 3.1% in October, and marking the first drop in six months.
- Inflation grew by 0.2% when compared to October 2014.
- The lower inflation comes due to a drop in food group costs, down by 1.43% from October, while clothing prices registered the biggest month-on-month decrease of 1.6% and 1.1% from November 2013.
- On the other hand, accommodation costs continued to place upward pressure on inflation rates.
- Housing prices rose by 4.35% when compared to November 2013, up from 4.17% in October, while furniture and household goods increase by 4.71% - up from 4.57% in October.
- Meanwhile, education prices rose 4%, while transports costs rose by 1.7%.
- The IMF forecasts that UAE inflation rate will grow 2.2% in 2014, while other forecasts expect inflation to register 2.5%.



Source: Trading Economics

# GCC interbank rates

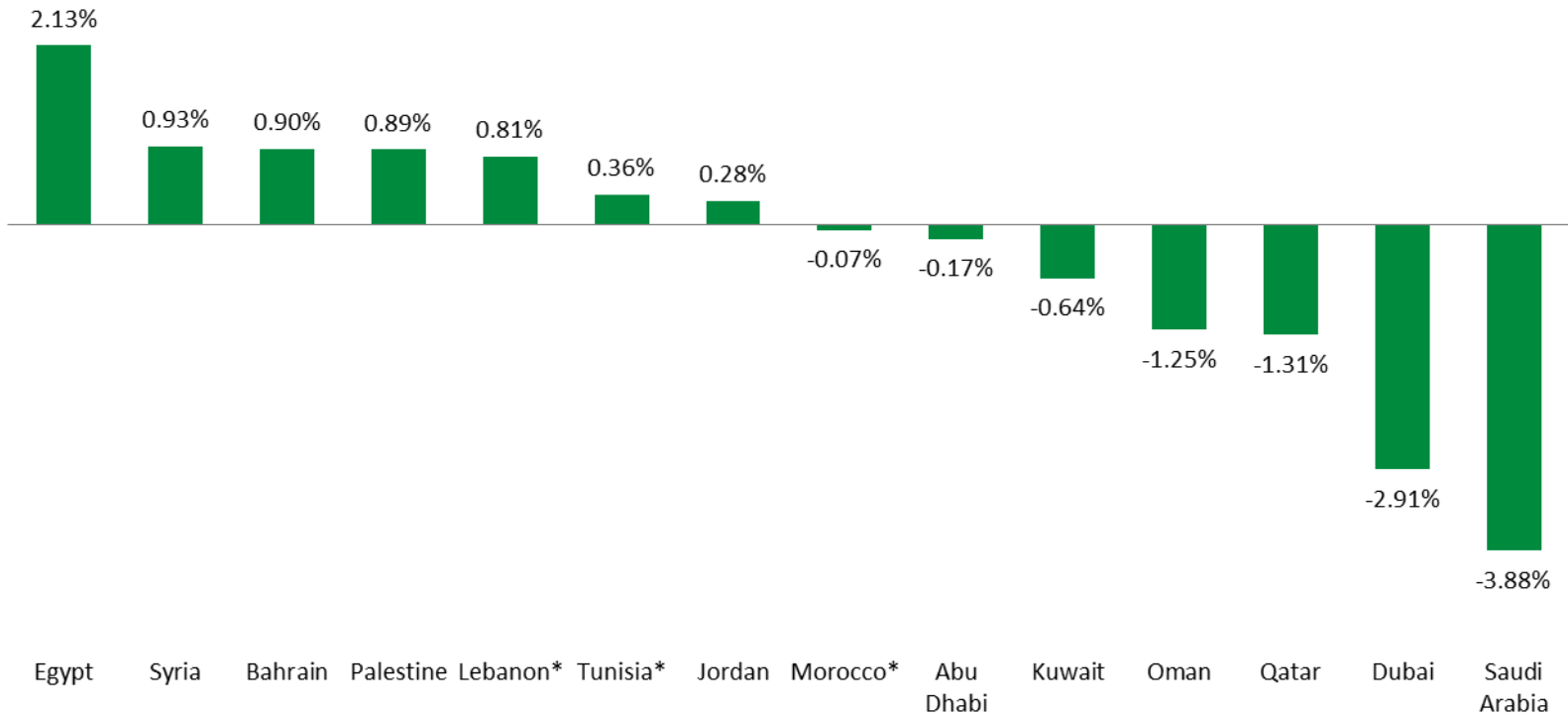


Source: Bloomberg

# Comparative MENA Markets

## Week starting December 28

Weekly Percentage Change



\* Traded through Monday to Friday

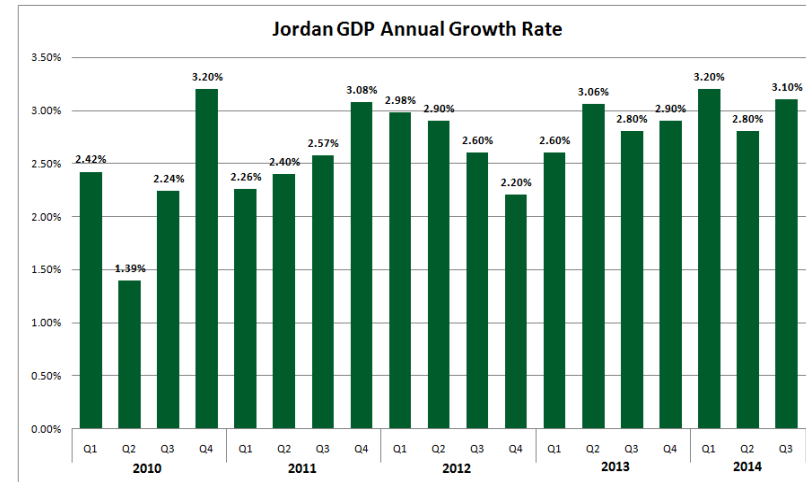




**Jordan**

# GDP grew 3.1% in Q3 of 2014

- According to figures released by the Department of Statistics, Jordan's GDP grew by 3.1% in Q3 of 2014 when compared to the same time period in 2013, up from 2.8% in Q2 of this year.
- GDP grew by 2.80% in 2013, and the IMF forecasts GDP growth to reach 3.5% in 2014, which still remains below the 7.6% average growth rate Jordan witnessed in 2004-2009.
- Most sectors have shown positive growth during the second quarter of 2014 compared with the second quarter of 2013:
  - Quarrying sector **grew** the most by 43.7%
  - Construction sector **grew** by 12.5%
  - Agriculture sector **grew** by 7.8%
  - Non-profit household private services sector **grew** by 7.0%
  - Social and personal service **grew** by 4.6%
  - Wholesale, retail, hotels and restaurant sector **grew** by 4.4%
  - Finance, insurance, real estate & business services **grew** by 1.7%
  - Manufacturing sector **grew** by 1.5%



Source: Department of Statistics / Central Bank of Jordan

Contribution of the main economic sectors to the GDP for the third quarter of 2014:

Sector	Contribution to the GDP of (100%)	Contribution to the GDP of (3.10%)
Construction	5.6	0.65
Wholesale, Retail Trade, Restaurants & Hotels	11.6	0.51
Quarrying	1.2	0.39
Net Tax on products	17.1	0.37
Finance, Insurance & Real Estate	19.3	0.32
Manufacturing	17.1	0.26
Agriculture	2.8	0.21
Community & personal Services	4.3	0.2
Transport, Storage & Communications	13.7	0.14
Producers of Government Services	10	0.14
Electricity & Water	2.3	-0.03
Bank service charge	-5.9	-0.08
Construction	5.6	0.65
<b>Total</b>	<b>100%</b>	<b>3.10%</b>

Source: Department of Statistics

# Budget deficit narrows in the first ten months of the year

- The budget balance improved in the first ten months of the year compared to the same period the previous year, with a deficit of JD 696 million compared to last year's deficit of JD 898 million.
- The JD 202 million decrease in the budget deficit was a result of a JD 915 million increase in total revenues and grants which offset a JD 714 million increase in total expenditure. The deficit figure seems to be in line with official forecasts for the 2014 budget, as the fiscal deficit including grants is expected to narrow compared to the previous year.
- Total revenues and grants increased by around JD 915 million in the first ten months of the year, as a result of an increase of JD 744 million in domestic revenues and a JD 171 million increase in foreign grants for the same period. The rise in domestic revenue was mainly a result of an increase in non-tax revenue and an increase in tax on goods and services.
- Foreign grants increased by JD 171 million compared to the previous year, indicating that grants are now being committed after sluggish growth in the first half of the year.
- Total expenditures increased by around JD 714 million for the same period, due to a JD 557 million increase in current expenditures (mainly from increases in interest payments, social benefits, and military expenditures), and an increase of JD 156 million in capital expenditures.

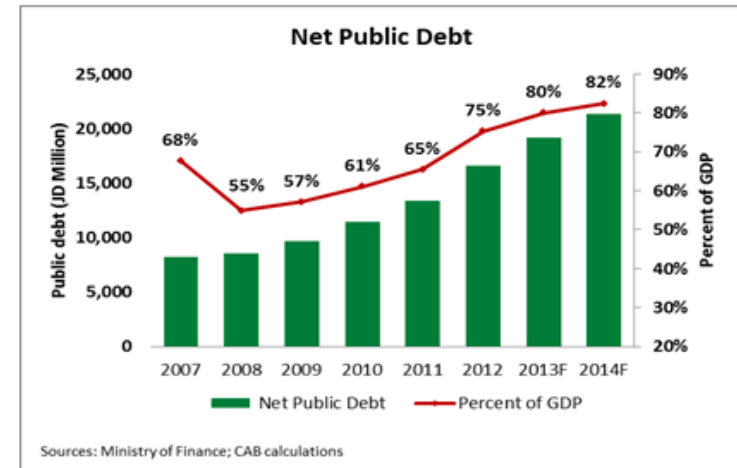
JD Million	Jan - Oct 2014	Jan - Oct 2013
<b>Total Revenues and Grants</b>	<b>5,599.6</b>	<b>4,684.7</b>
Domestic Revenue	4,878.2	4,134.4
Foreign Grants	721.4	550.3
<b>Total Expenditures</b>	<b>6,295.6</b>	<b>5,582.2</b>
Current Expenditures	5,533.7	4,976.5
Capital Expenditures	761.9	605.7
<b>Fiscal Deficit/Surplus Including Grants</b>	<b>-696.0</b>	<b>-897.5</b>
<b>Fiscal Deficit/Surplus Excluding Grants</b>	<b>-1,417.4</b>	<b>-1,447.8</b>

JD Million	2014 Budget	2013
<b>Total Revenues and Grants</b>	<b>6,982.0</b>	<b>5,758.3</b>
Domestic Revenue	5,831.0	5,118.9
Foreign Grants	1,151.0	639.3
<b>Total Expenditures</b>	<b>8,096.4</b>	<b>7,065.0</b>
Current Expenditures	6,827.8	6,045.8
Capital Expenditures	1,268.6	1,019.0
<b>Fiscal Deficit/Surplus Including Grants</b>	<b>-1,114.4</b>	<b>-1,306.5</b>
	(-4.3% of GDP)	(-5.4% of GDP)
<b>Fiscal Deficit/Surplus Excluding Grants</b>	<b>-2,265.4</b>	<b>-1,945.8</b>
	(-8.7% of GDP)	(-8.1% of GDP)

# Net public debt reached JD 20,471 million by end of October

- Meanwhile, the fiscal balance before grants resulted in a budget deficit of JD 1,418 million during the first ten months of 2014, compared to a budget deficit of JD 1,448 million during the same period of last year; a decrease of around JD 30 million.
- This decrease indicates that the deficit before grants is back on the narrowing deficit trend witnessed over the past few months.
- Furthermore, net public debt reached around JD 20,471 million by the end of October, around 80% of 2014 GDP according to the Ministry of Finance's calculations, increasing by around JD 1,375 million.
- External debt increased by around JD 653 million, while net domestic debt increased by around JD 722 million for the same period.
- 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.
- It is noteworthy that gross public debt reached around JD 22,563 million by the end of October, around 88.18% of GDP, increasing by JD 1,889 million in the first ten months of the year.

JD Million	Oct 2014	2013	2012
<b>External Debt</b>	<b>7,887.4</b>	<b>7,234.5</b>	<b>4,932.4</b>
Percent of GDP	30.8%	30.3%	22.5%
<b>Internal Debt</b>	<b>12,584.0</b>	<b>11,862.0</b>	<b>11,648.0</b>
Percent of GDP	49.2%	49.7%	53.0%
<b>Public Debt</b>	<b>20,471.4</b>	<b>19,096.5</b>	<b>16,581.0</b>
Percent of GDP	80.0%	80.1%	75.5%

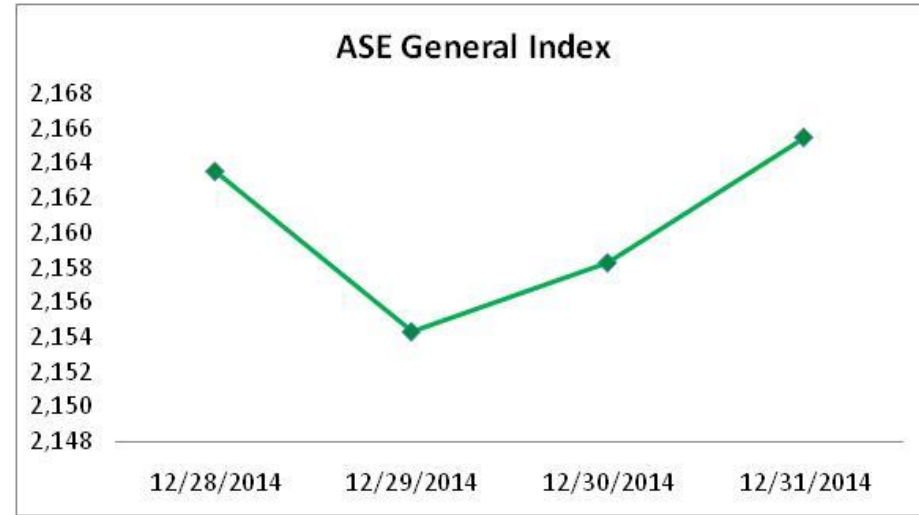


# Amman Stock Exchange

For the period 28/12– 31/12

ASE free float shares' price index ended the week at (2,165.5) points, compared to (2,159.4) points for the last week, posting an increase of 0.28%. The total trading volume during the week reached JD(68.6) million compared to JD(51.3) million during the last week, trading a total of (68) million shares through (20,524) transactions.

The shares of (189) companies were traded, the shares prices of (75) companies rose, and the shares prices of (67) declined.



## Top 5 gainers for the last week

Stock	% chg
High Performance Real Estate Investments	16.95%
Mediterranean Tourism Investment	16.23%
South Electronics	15.79%
Specialized Trading & Investment	14.12%
Kafa'a for Financial & Economical Investments (p.l.c)	13.79%

## Top 5 losers for the last week

	% chg
The Arab Assurers Insurance Company	(11.43%)
Jordan Press & Publishing (Ad-Dustour)	(11.43%)
Sura Development & Investment Plc.	(8.51%)
The Jordan Worsted Mills	(8.26%)
Arabian Steel Pipes Manufacturing	(6.00%)

# Jordan Debt Monitor

## Latest T-Bills

- As of January 4, the volume of excess reserves, including the overnight window deposits held at the CBJ JD(3,474) million.

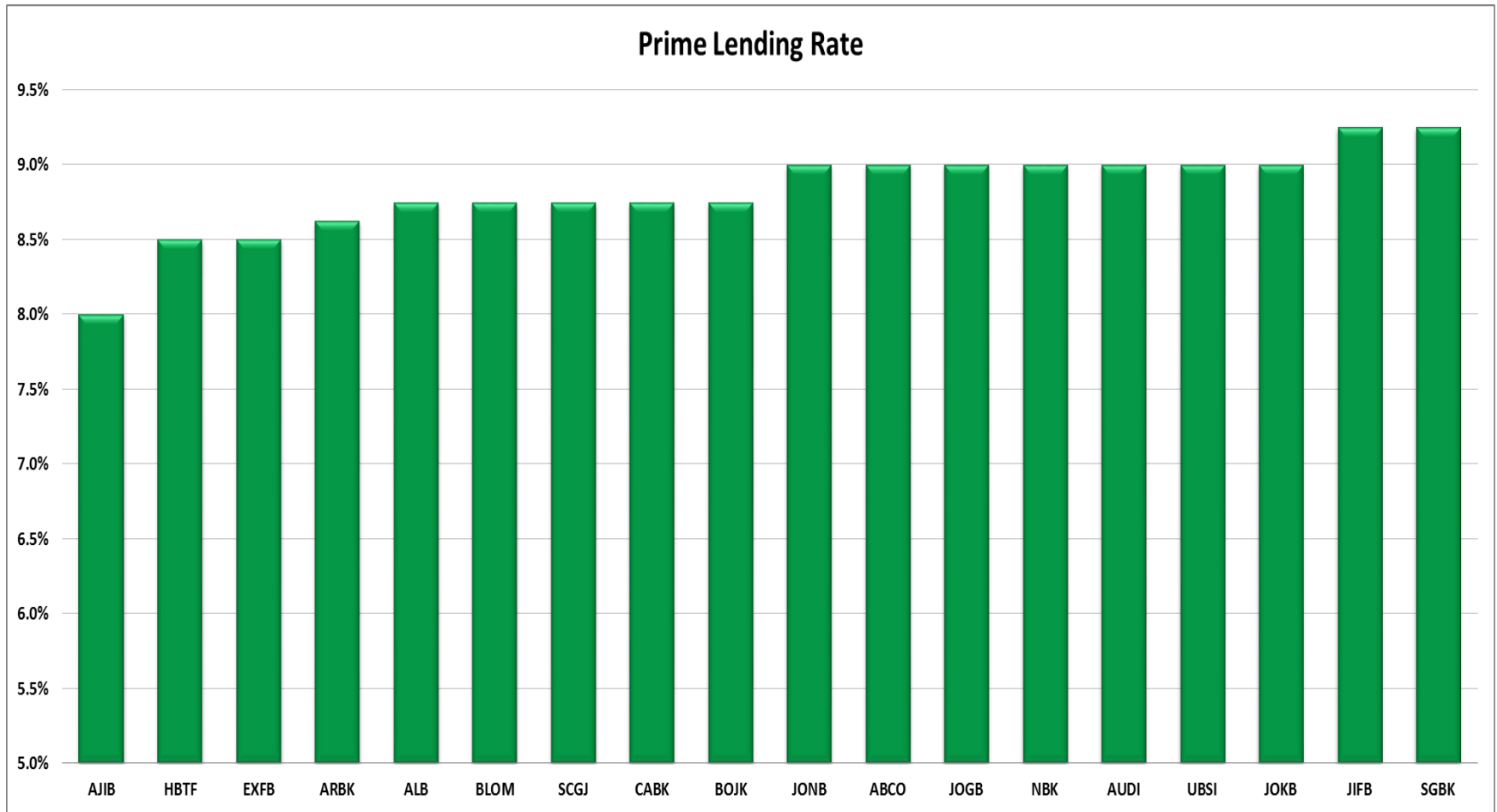
<b>3 months T-Bills</b>	<b>Issue Date</b>	<b>Maturity Date</b>	<b>Size - million</b>	<b>Yield (%)</b>
Last issued in December 2011	14/12/2011	14/03/2012	50	2.898%
<b>6 months T-Bills</b>	<b>Issue Date</b>	<b>Maturity Date</b>	<b>Size - million</b>	<b>Yield (%)</b>
Last issued in February 2012	14/02/2012	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>
T9214	16/12/2014	16/12/2016	50	4.239%
T9014	09/12/2014	09/12/2016	75	4.227%
T8914	04/12/2014	04/12/2016	50	4.210%
<b>3 years T-Bonds</b>	<b>Issue Date</b>	<b>Maturity Date</b>	<b>Size - million</b>	<b>Coupon (%)</b>
T9114	11/12/2014	11/12/2017	50	4.735%
T6814	22/09/2014	22/09/2017	50	4.366%
T6614	16/09/2014	16/09/2017	50	4.339%
<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>
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%
<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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