

Weekly Economic Monitor

June 7, 2015

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MENA Region



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Markets overview

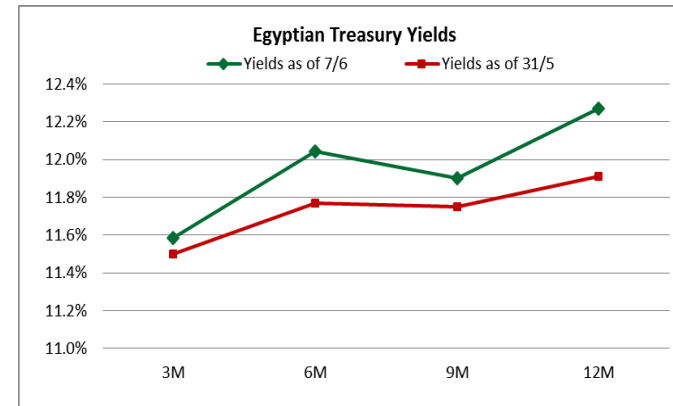
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Regional

Egypt: Government raises \$1.5 billion in first international bond sale in five years

- Egypt's T-bill yields for 3 months, 6 months, 9 months and 12 months have edged up in comparison to last week despite the issuance of a 10-year USD denominated bond in international markets by the Egyptian government.
- The Egyptian Government sold \$1.5 billion of 10 year bonds at a yield of 6%, underlining a return of economic and political stability to the country. This is Egypt's first international debt sale since the Arab Spring uprisings and the toppling of Egyptian president Hosni Mubarak.
- The international bond sale is expected to help boost FX reserves by \$1.5 billion. This will provide cheaper funding to the government compared to 11.625% for 1-year EGP local T-bill.
- Moreover, this will boost local liquidity levels at banks by the same amount, placing further downward pressure on local interest rates.
- Meanwhile, the sale of the international bond will reduce the government reliance on the local money market to finance its deficit, which has amounted \$8.38 billion in the first 9 months of its fiscal year 2014/15 (end of March), compared to a deficit of \$543.1 million in the same period the previous fiscal year.
- The Egyptian government has signaled it intends to narrow the deficit in this fiscal year compared to the previous year.



GCC Economic Highlights:

Saudi Arabia: IMF raises its outlook for Saudi Arabia's economic growth but predicts a bigger state budget deficit.

- The IMF is expecting Saudi's GDP to grow by 3.50% this year, despite low oil prices compared to last year. Further ahead, the IMF expects GDP growth to drop to 2.70% in 2016, as government spending begins to adjust to the lower oil price environment, indicating it expects government contribution to growth to slow.
- Given that low oil prices are expected to result in a substantial drop in exports and fiscal revenues, the IMF expected that the Saudi fiscal deficit to reach 20% of GDP in 2015, compared to a 14.2% gap in May's previous forecast, the biggest deficit since at least 1999.
- In other news, a senior IMF official noted that the Saudi Government may consider issuing bonds this year, as the pressure on the country's foreign reserves have increased due to low oil prices. Public debt fell to 44.3 billion SAR (\$11.8 billion) at the end of 2014, around 1.6% of GDP.
- The net foreign assets at the Saudi Central Bank, amounted \$679 billion in April compared to \$737 billion in August, indicating the effect on finances.
- Government bond issuance will also benefit Saudi Arabia building a benchmark yield curve that can be used to develop corporate debt markets and provide investors with new savings instruments.

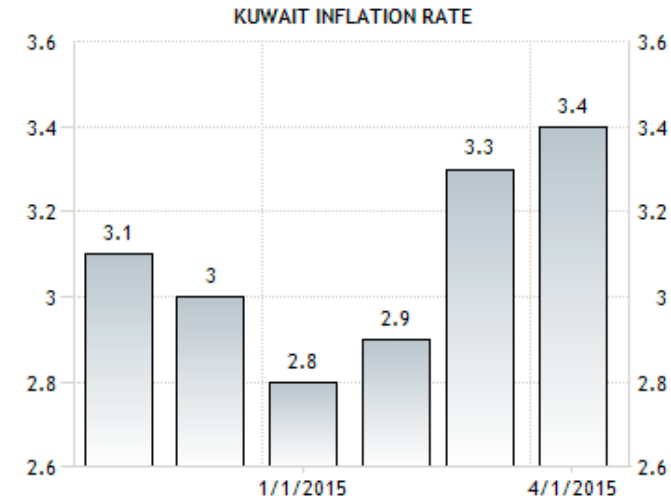


Source: Central Department of Statistics

GCC Economic Highlights:

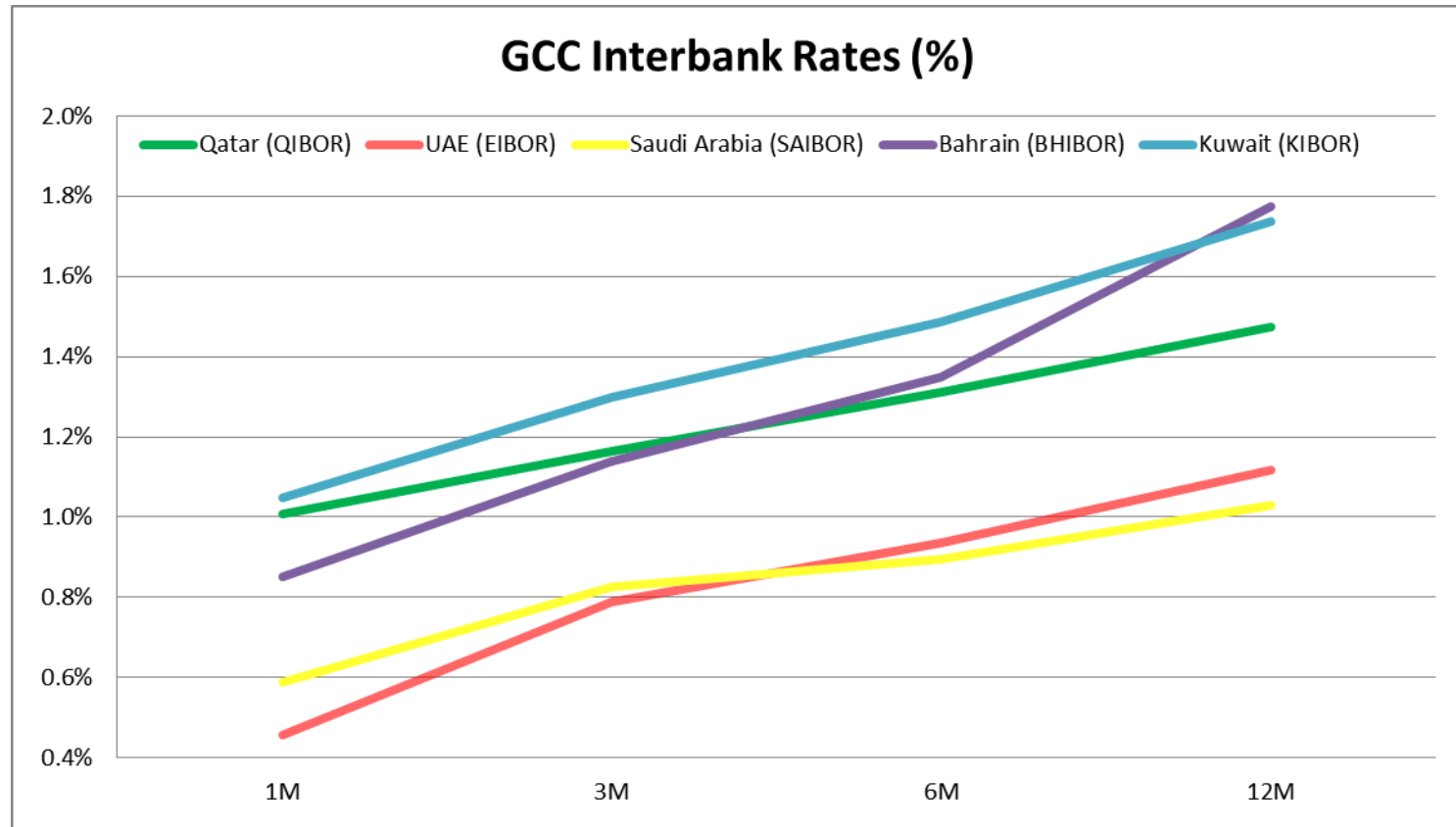
Kuwait: Inflation increased by 3.4% in April

- According to figures released by Central Statistical Bureau, Kuwait's inflation grew by 3.4% in April 2015 when compared to April 2014, up from 3.3% in March 2015.
- The increase in inflation was attributed to higher prices in most commodities and services except for clothing and footwear prices where dropped by 0.31% when compared to April 2014.
- Meanwhile, the most important commodities and services faced increases in their prices when compared to April 2014 such as food and beverages by 2.34%, cigarettes and tobacco by 12.02%, home furnishings and equipment maintenance by 3.72%, education by 5.23%, and restaurants and hotels by 5.12%.
- The pickup was mainly due to a rise in local food inflation, though looking ahead it is expected food inflation will remain low given the continued drop in international food prices.
- Meanwhile, the stronger Kuwaiti dinar should also help fend off any significant imported upward inflationary pressures.
- The IMF expects inflation to register 3.3% in 2015.



Source: Trading Economics

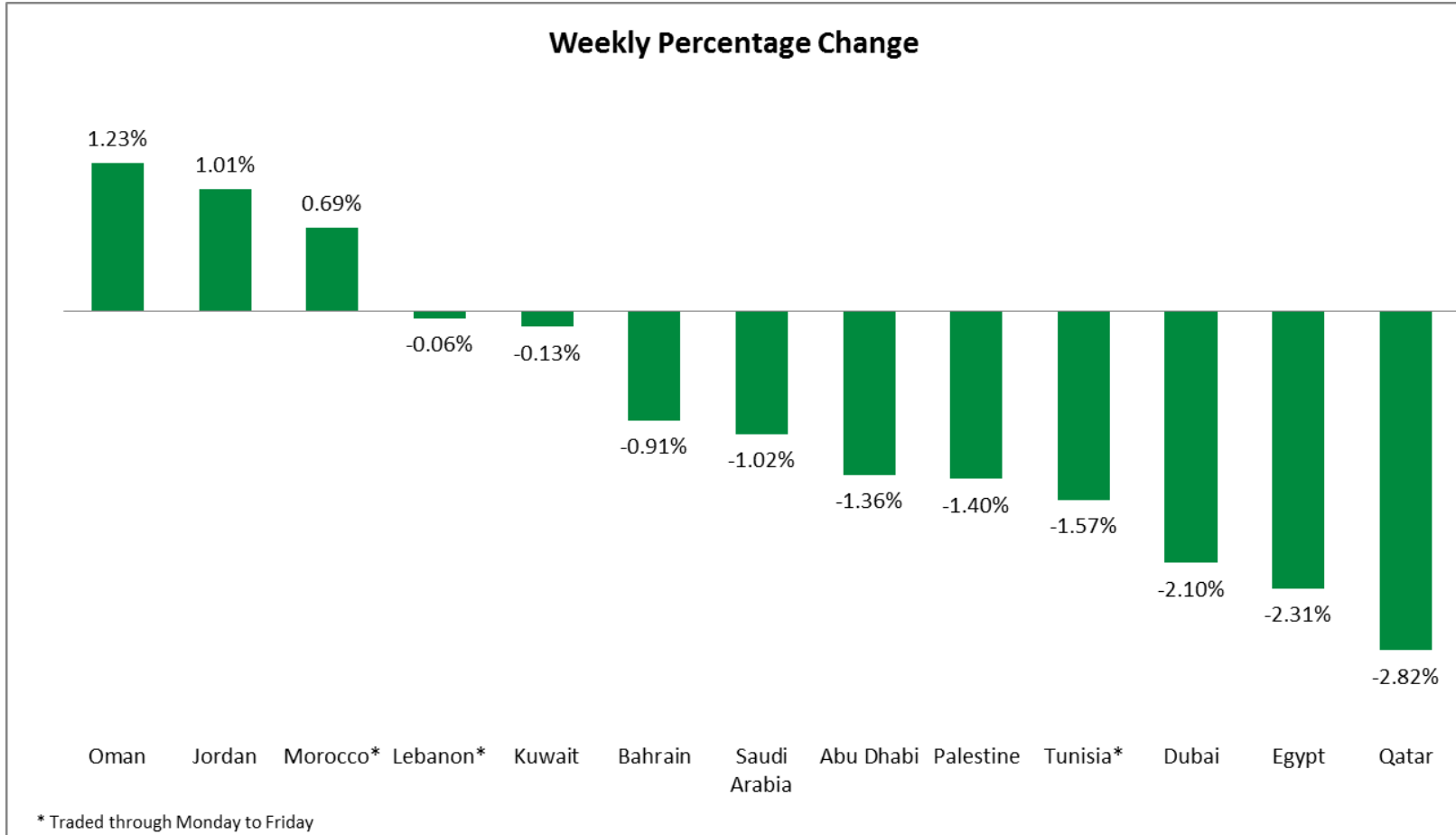
GCC interbank rates



Source: Bloomberg

Comparative MENA Markets

May 31, 2015 – June 5, 2015



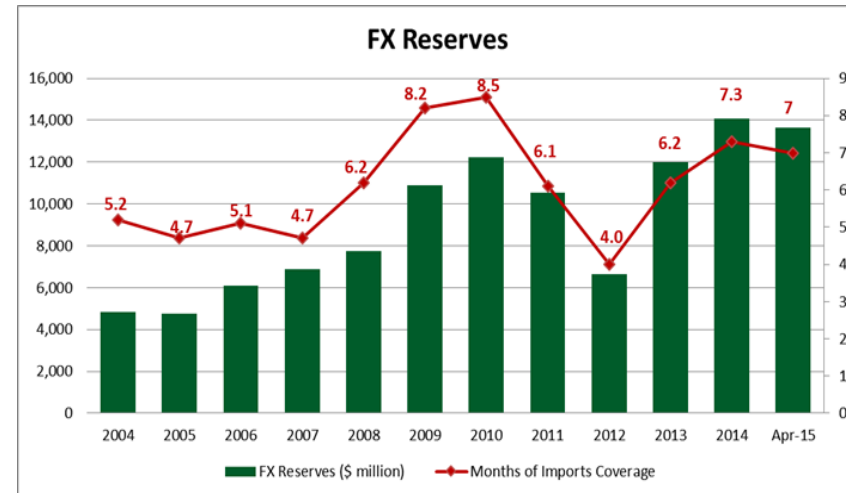
Source: Bloomberg



Jordan

FX reserves at \$13.63 billion in April 2015

- FX reserves grew in April by \$53.2 million compared to March to reach \$13.65 billion; enough to cover around 7 months of imports. FX reserves had grown by \$2.1 billion in 2014.
- FX reserves are expected to remain at high levels in 2015, as the IMF expects the government to receive \$3.6 billion in external funding during the year.
- This includes around \$1.2 billion in GCC capital grants, and a \$1.5 billion Eurobond, for which the agreement with the U.S was signed at the beginning of this month.
- Moreover, recent news show that the government is planning on issuing a \$500 million bond in international market not guaranteed by the U.S. government.
- On the other hand, the government has a \$750 million Eurobond that will mature in November of this year.
- Meanwhile, the drop in oil prices is likely to reduce pressure on foreign reserves demand, helping to keep FX reserves stable.



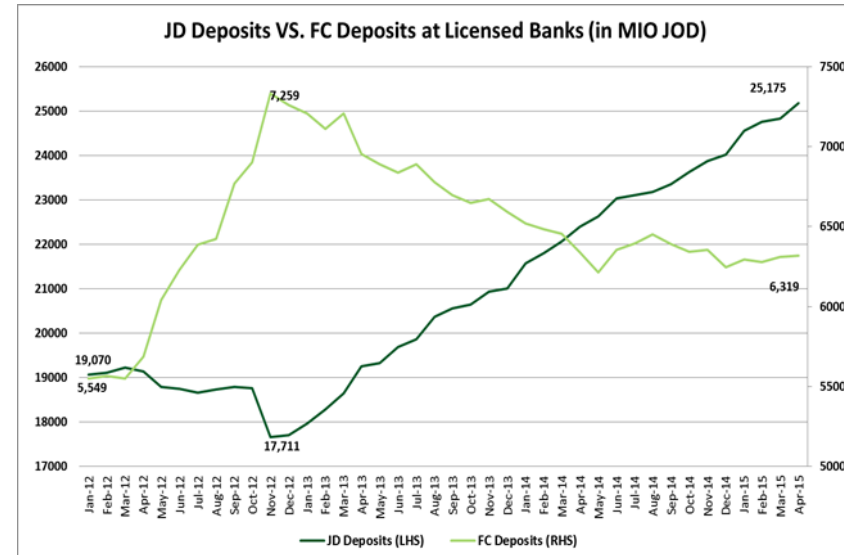
JD deposits grew by 342 million JD in April 2015

JD Deposits:

- In April of 2015, JD deposits at banks increased by 341.5 million JD to reach 25.17 billion JD, an all-time high. Deposits have grown by 1,161 million JD so far in 2015.
- The continued increase indicates stability in the Jordanian economy.
- Deposits grew by 3.0 billion JD in 2014, after they grew by 3.3 billion JD in 2013.

FC Deposits:

- Meanwhile, foreign currency deposits have increased slightly by around 7 million JD in April from March.
- Foreign currency deposits are currently around \$8.91 billion (6.32 billion JD).
- In 2014, foreign currency deposits dropped by \$482 million, compared to a drop of \$943 million in 2013.



Month	Change in JD deposits (million JD)	Change in FC deposits (million JD)
14-Jan	567.2	-69.7
14-Feb	240.2	-36.3
14-Mar	259.4	-29.6
14-Apr	326.9	-116.2
14-May	233	-125.2
14-Jun	403.7	141.4
14-Jul	72.5	41.9
14-Aug	67.2	54.9
14-Sep	181.2	-59.4
14-Oct	280	-40.1
14-Nov	245.7	11
14-Dec	133.1	-106
15-Jan	537.8	47.2
15-Feb	209.2	-17.2
15-Mar	73.1	34.3
15-Apr	341.5	7.0

Jordan Debt Monitor

Latest T-Bills

- As of June 7, the volume of excess reserves, including the overnight window deposits held at the CBJ JD (2,832) million.

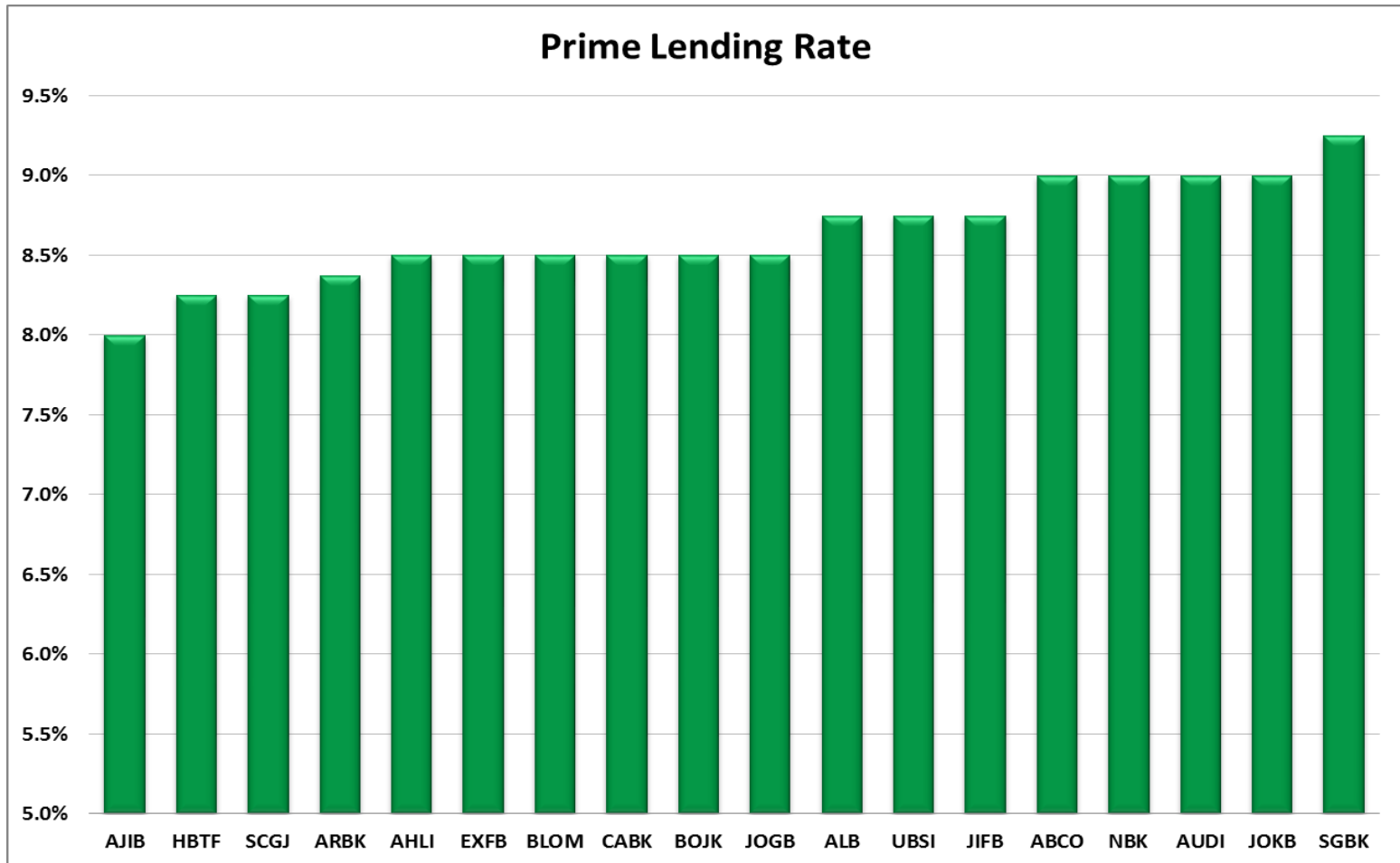
1-week CDs	Issue Date	Maturity Date	Size - million	Yield (%)
18/2015	02/06/2015	09/06/2015	1,000	2.500%
17/2015	26/05/2015	02/06/2015	1,000	2.500%
16/2015	19/05/2015	26/05/2015	1,000	2.500%
15/2015	12/05/2015	19/05/2015	1,000	2.500%
3-month T-Bills	Issue Date	Maturity Date	Size - million	Yield (%)
Last 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 (%)
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%
08/2014	24/09/2014	24/09/2015	75	3.279%

Jordan Debt Monitor

Latest T-Bonds Issues

2-year T-Bonds	Issue Date	Maturity Date	Size - million	Coupon (%)
T1115	22/04/2015	22/04/2017	50	3.000%
T1015	16/04/2015	16/04/2017	50	3.170%
T0815	26/03/2015	26/03/2017	50	3.362%
3-year T-Bonds	Issue Date	Maturity Date	Size - million	Coupon (%)
T0715	19/03/2015	19/03/2018	75	3.856%
T0415	22/01/2015	22/01/2018	50	4.333%
T0315	20/01/2015	20/01/2018	50	4.446%
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 (%)
T1415	04/06/2015	04/06/2020	50	4.434%
T1315	21/05/2015	21/05/2020	50	4.456%
T1215	07/05/2015	07/05/2020	50	4.518%
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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