Weekly Economic Monitor

February 8, 2015

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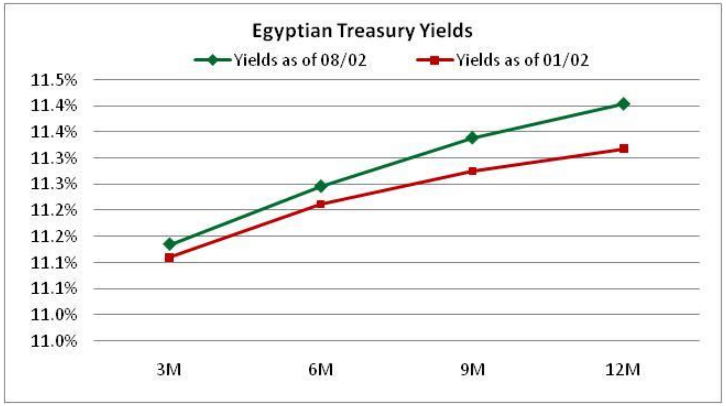
Regional

Egypt: CBE imposes cap on dollar deposits, FX reserves rise

- Egypt's T-bill yields rose progressively from last week, as 3M yields were up 3 basis points, while 12M yields were up 9 basis points.
- Meanwhile, the Egyptian pound continued to depreciate reaching 7.63 mid-week, as the CBE purposefully depreciated the currency and widened the band in which banks can trade dollars. EGP trades at 7.90 in the black market.
- However, the CBE introduced extra measures to eliminate the black market by placing cap on the amount of dollars that can be deposited in banks ($10,000 a day or $50,000 a month).
- This is done in an effort to help buffet Egypt's reserves to convey an investor-friendly image ahead of an investment summit in March.
- In other news, Egypt's FX reserves rose to $15.43 billion at the end of January from $15.33 billion at the end of December, though reserves remain at dangerously low levels.
- Meanwhile, according to Egypt's Tourism Ministry, Egypt's tourism revenues increased by 27% in 2014 to reach $7.5 billion from $5.9 billion in 2013.



Source: Bloomberg

Source: Trading Economics

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GCC Economic Highlights:
UAE: PMI up to 59.3 in January, from 58.4 in December

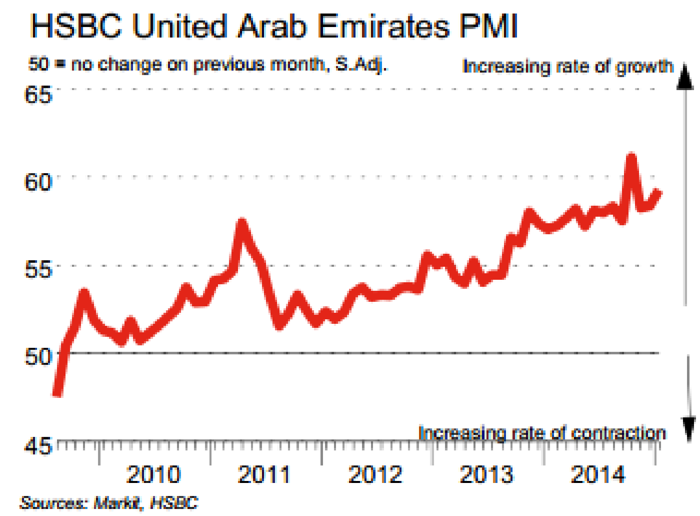
- According to HSBC's Purchasing Manager's Index, the UAE's non-oil private sector economy continued to register improving operating conditions at the start of 2015.

- The headline figure, which is a composite indicator designed to give a snapshot of operation conditions in the non-oil private sector economy rose to 59.3 in January from 58.4 in December, pointing to a strengthened improvement compared to December.

- The increase in the indicator comes as production remained strong in January, helped by a sharp expansion in new orders. Around 37% of panelists reported higher production in comparison the previous month, due to the start-up of new projects and stronger sales growth. Meanwhile, growth was driven by rises in new orders domestically and internationally.

- Meanwhile, payroll numbers increased, with the rate of growth largely unchanged from the previous month as companies pointed to higher production requirements and the launch of new products leading to the latest rise in employment.

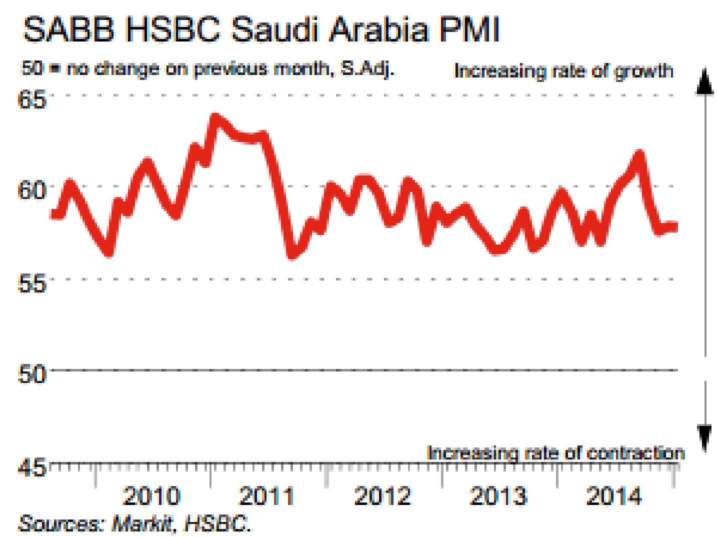
- On the other hand, input prices rose at a solid pace due to stronger demand on raw materials, though selling prices rose at a slower pace.



GCC Economic Highlights:

Saudi Arabia: PMI little moved to 57.8 in January from 57.9 in December

- According to HSBC's Purchasing Manager's Index, Saudi Arabia's non-oil private sector continued to register strong growth levels in January.
- The headline figure, which takes into account a number of variables including output, orders, prices, and employment remained largely unchanged in January at 57.8 compared to 57.9 in December. The headline index was supported by ongoing increase in output, new orders and employment.
- Data gathered show that new order volumes increase at the fastest pace in four months due to strong demand and good market conditions.
- Despite new orders, output prices showed broadly no change in the average prices charged by non-oil sector private companies, while input prices showed an increase, indicating increasing competition between non-oil private sector companies.
- Meanwhile, the survey indicated that output continued to rise in line with ongoing growth of new work. As a result, companies responded by adding to their payroll number for the tenth consecutive month as firms reported having to recruit staff in line with rising production requirements.



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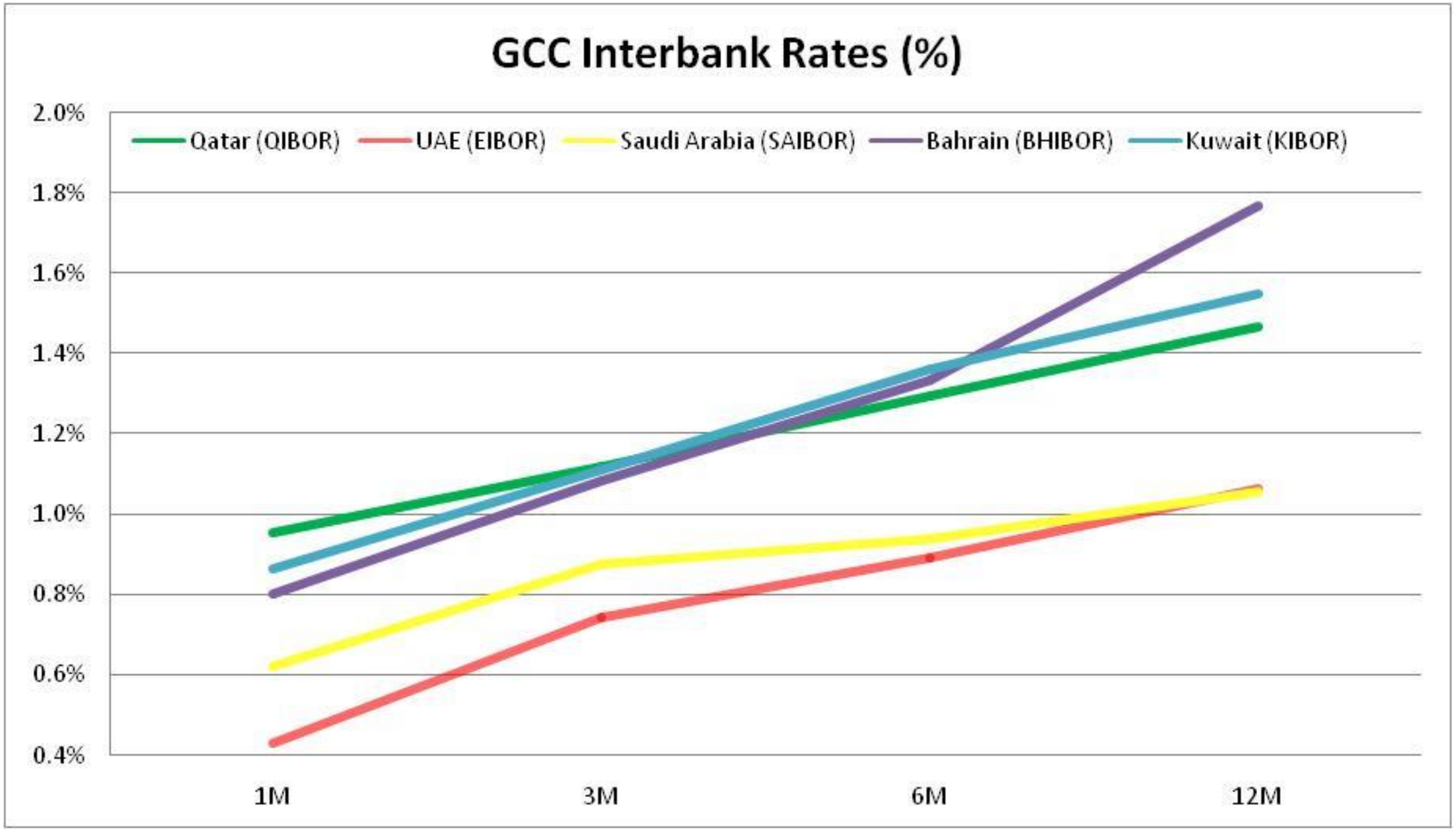
GCC interbank rates



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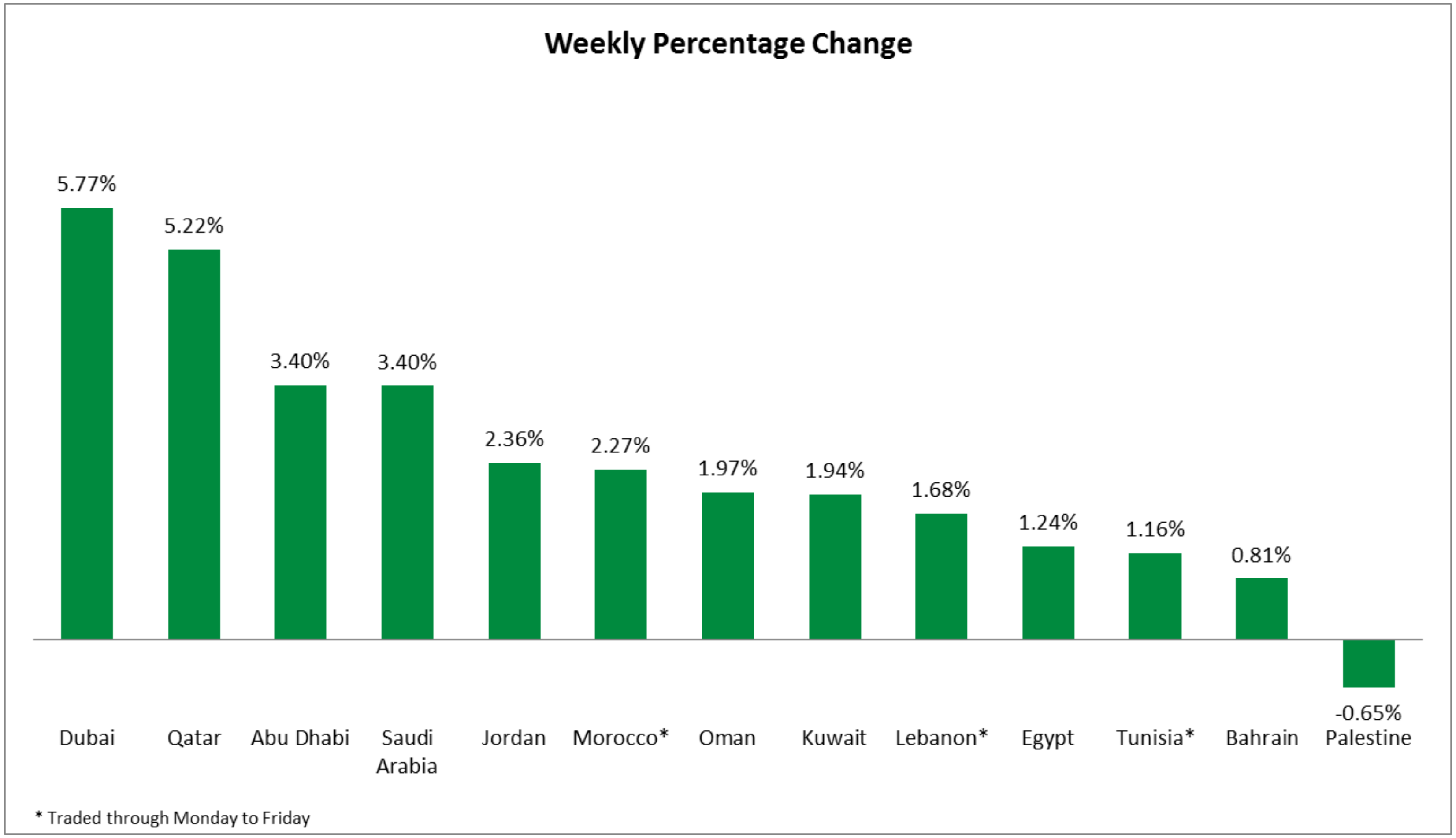
Comparative MENA Markets

February 1, 2015 – February 6, 2015



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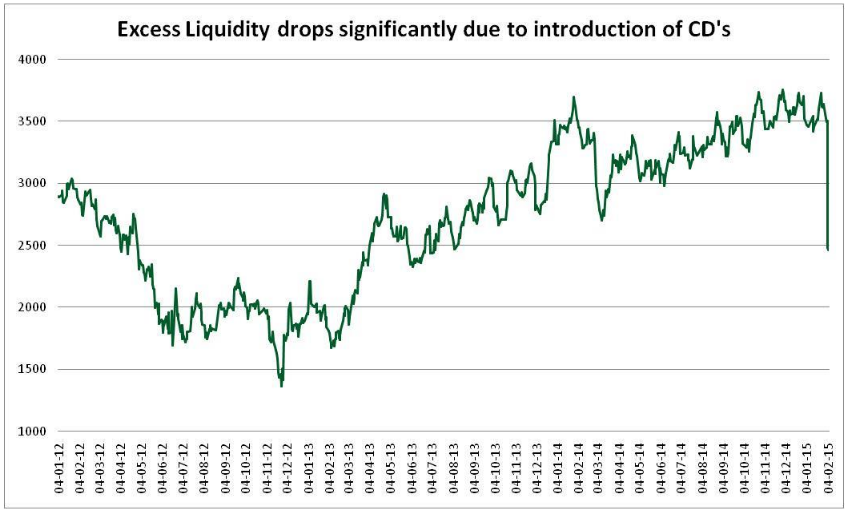
Jordan

CBJ changes main policy rate, introduces CDs

- The CBJ changed its main rate that it uses to indicate its monetary policy stance to become the “CBJ Main Rate” which it will represent through the price of weekly repos it currently holds for banks.
- Moreover, the CBJ has introduced CDs in JOD for durations of 1 week or more, aiming to absorb part of the excess liquidity in the market.
- Based on the changes made by the CBJ to the interest rates structure and the introduction of CDs, it seems that the CBJ is indicating that banks should become more active in lending to the private sector and allocate liquidity more efficiently.
- Last week, the CBJ held its first CDs auction in the amount of 1 billion JD for 1 week at rates of 2.50% to 2.75%.
- It is important to note that overnight excess liquidity levels dropped from 3.5 billion JD to 2.5 billion JD accordingly.

Instrument	Old Rate	New Rate
Rediscount Rate	4.25%	4.00%
O/N Repo	4.00%	3.75%
Weekly Repo (“CBJ Main Rate”)	3.00%	2.75%
CD’s	-	2.50% - 2.75%
Window Rate	2.75%	1.75%



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Budget deficit narrows in the first eleven months of the year

- According to figures released by the Ministry of Finance, The budget balance improved in the first eleven months of the year compared to the same period the previous year, with a deficit of JD 900 million compared to last year's deficit of JD 1,101 million.

- The JD 201 million decrease in the budget deficit was a result of a JD 943 million increase in total revenues and grants which offset a JD 743 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 943 million in the first eleven months of the year, as a result of an increase of JD 767 million in domestic revenues and a JD 176 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 176 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 743 million for the same period, due to a JD 576 million increase in current expenditures (mainly from increases in interest payments, social benefits, and military expenditures), and an increase of JD 167 million in capital expenditures.

JD Million	Jan - Nov 2014	Jan - Nov 2013
Total Revenues and Grants	**6,055.0**	**5,111.6**
Domestic Revenue	5,299.4	4,532.2
Foreign Grants	755.6	579.4
Total Expenditures	**6,954.9**	**6,212.4**
Current Expenditures	6,076.4	5,500.5
Capital Expenditures	878.5	711.9
Fiscal Deficit/Surplus Including Grants	**-899.9**	**-1,100.8**
Fiscal Deficit/Surplus Excluding Grants	**-1,655.5**	**-1,680.2**

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

Public debt grew to reach 20.7 billion JD at the end of November

- Meanwhile, the fiscal balance before grants resulted in a budget deficit of JD 1,656 million during the first eleven months of 2014, compared to a budget deficit of JD 1,680 million during the same period of last year; a decrease of around JD 25 million.

- This decrease indicates that the deficit before grants seems to outperform official forecasts for 2014.

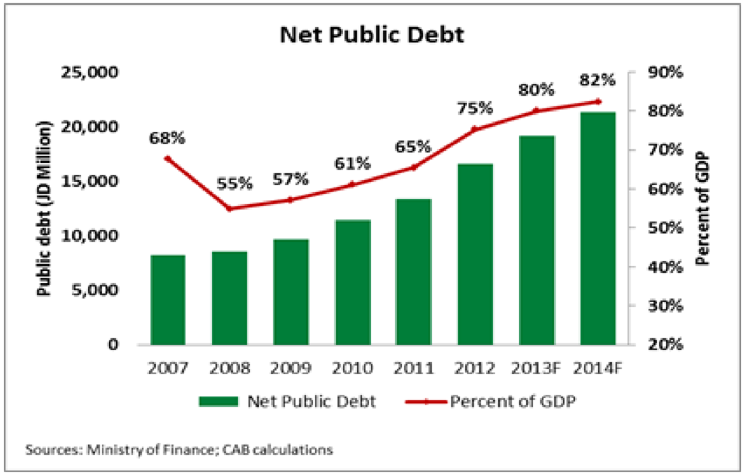
- Furthermore, net public debt reached around JD 20,705 million by the end of November, around 81% of 2014 GDP according to the Ministry of Finance's calculations, increasing by around JD 1,608 million.

- External debt increased by around JD 806 million, while net domestic debt increased by around JD 802 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 22,782 million by the end of November, around 89.0% of GDP, increasing by JD 2,107 million in the first eleven months of the year.

JD Million	Nov 2014	2013	2012
External Debt	**8,040.9**	**7,234.5**	**4,932.4**
Percent of GDP	31.4%	30.3%	22.5%
Internal Debt	**12,664.0**	**11,862.0**	**11,648.0**
Percent of GDP	49.5%	49.7%	53.0%
Public Debt	**20,704.7**	**19,096.5**	**16,581.0**
Percent of GDP	**80.9%**	**80.1%**	**75.5%**



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Jordan Debt Monitor

Latest T-Bills

- As of February 8, the volume of excess reserves, including the overnight window deposits held at the CBJ JD(2,417) million.

CDs	**Issue Date**	**Maturity Date**	**Size - million**	**Yield (%)**
01/2015	**03/02/2015**	**10/02/2015**	**1,000**	**2.500%**
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 (%)**
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 years T-Bonds	Issue Date	Maturity Date	Size - million	Coupon (%)
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%
3 years T-Bonds	**Issue Date**	**Maturity Date**	**Size - million**	**Coupon (%)**
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%
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 (%)**
T0515	16/01/2015	16/01/2020	100	5.132%
T8214	12/11/2014	12/11/2019	50	5.581%
T7314	16/10/2014	16/10/2019	75	5.533%
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%

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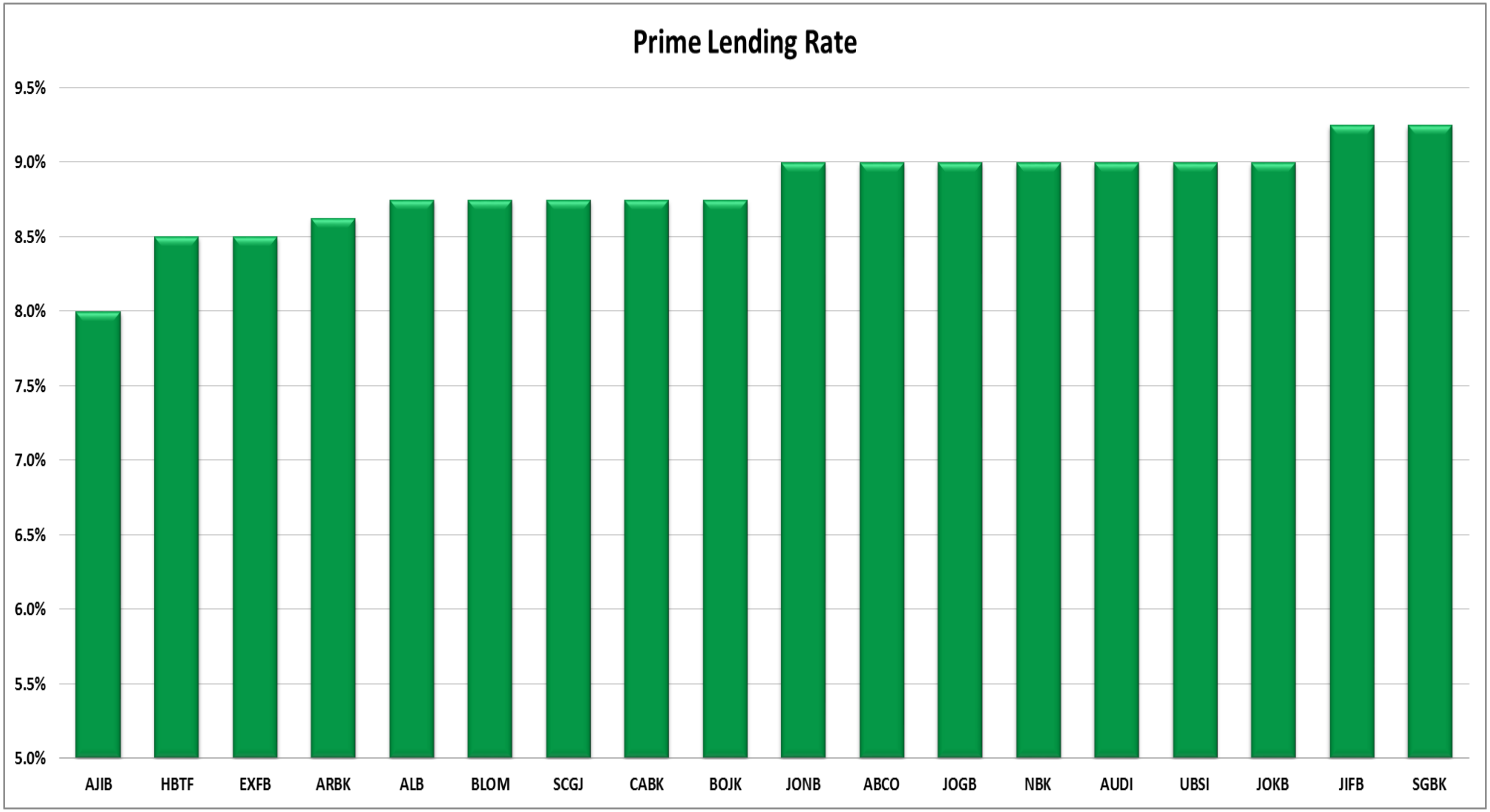
Prime Lending Rates



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