

Weekly Economic Monitor

September 14, 2014

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Markets overview

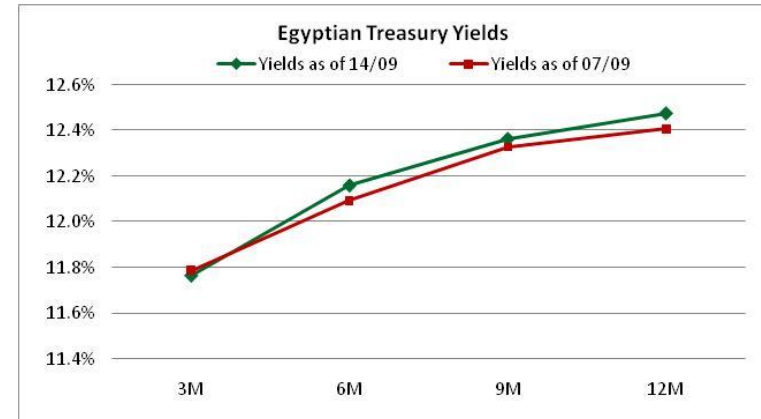
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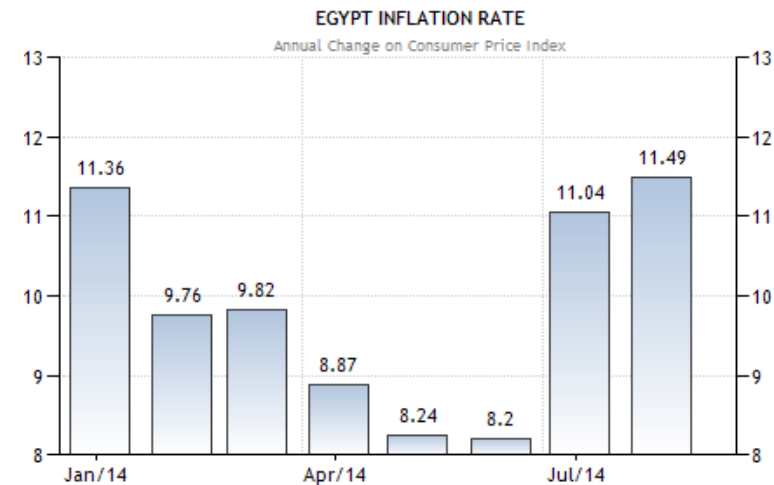
Regional

Egypt: Inflation up to 11.5% in August, FX reserves up to \$16.8 billion

- Egypt's T-bill yields rose marginally from last week as the inflation rate rose in August to 11.5% from 11% in July, keeping inflationary pressures high following the CBE's decision to keep interest rates unchanged last week.
- The inflation rate rose for the second consecutive month as the government moved to introduce severe austerity measures to reduce a swelling budget deficit. The measures include lifting subsidies on a number of energy prices which resulted in prices increasing by as much as 77%.
- The price of transport, which was the biggest contributor to inflation, rose by 28.1% y-o-y.
- Meanwhile, FX reserves rose in August to \$16.8 billion from \$16.7 billion in July. Though the increase is insignificant, it marks a reversal of downward trend in FX reserves that has threatened the strength of the Egyptian pound and possible economic recovery.
- However, Egypt is expecting an inflow of funds as the country recently signed a \$500 million loan with the World Bank, while it is expected that the government will ask the IMF for 'Article IV' consultation, which also usually includes aid if the IMF deems it's necessary.



Source: Bloomberg

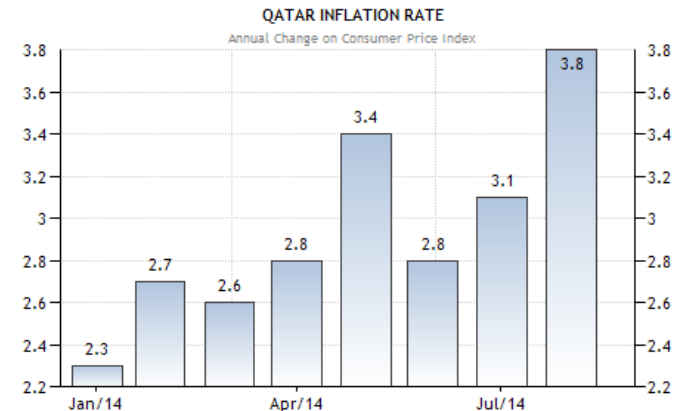


Source: Trading Economics

GCC Economic Highlights:

Qatar: Inflation rises to 3.8% in August

- Qatar's inflation rate rose 3.8% year-on-year in August of this year when compared to the same time period in 2013, up from an annual inflation rate of 3.1% in July, led by fast rising rents and costlier food.
- Prices of rentals, fuel and energy group which carries the maximum weight of 32.2% of the CPI basket were up by 7.9% over from August 2013, mainly due to rental hikes of residential buildings.
- Eliminating the effect of rent, the overall index showed an increase of 2.2% when compared to August 2013, highlighting the effect of the group on the overall index.
- Meanwhile, food, beverage and tobacco, which has a weight of 13.2% in the CPI basket, rose by 1.2% from August 2013, and 1.7% from last month's level.
- Meanwhile, the price of furniture, textiles & home appliances group rose by 5.1% over the same time period, while the transport and communication group grew at a much slower pace of 2.5% over the same time period.
- According to analysts, inflation is expected to rise to 3.8% in 2014 as higher infrastructure spending will result in a large inflow of workers, putting pressure on housing and prices. The IMF expects inflation to reach 3.6% in 2014.

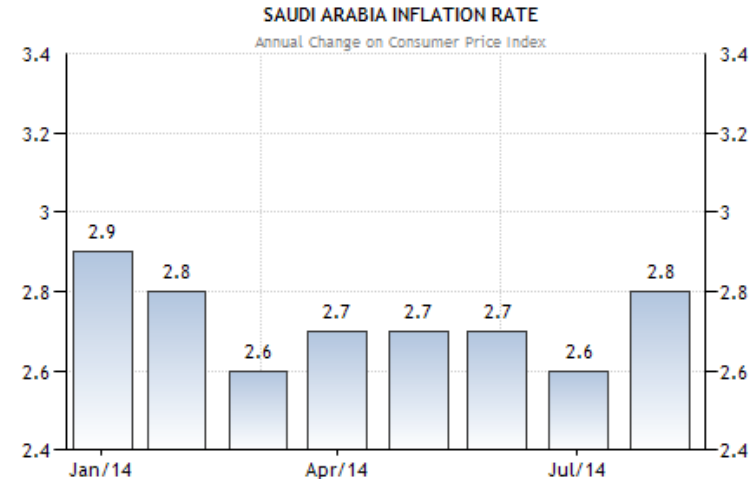


Source: Trading Economics

GCC Economic Highlights:

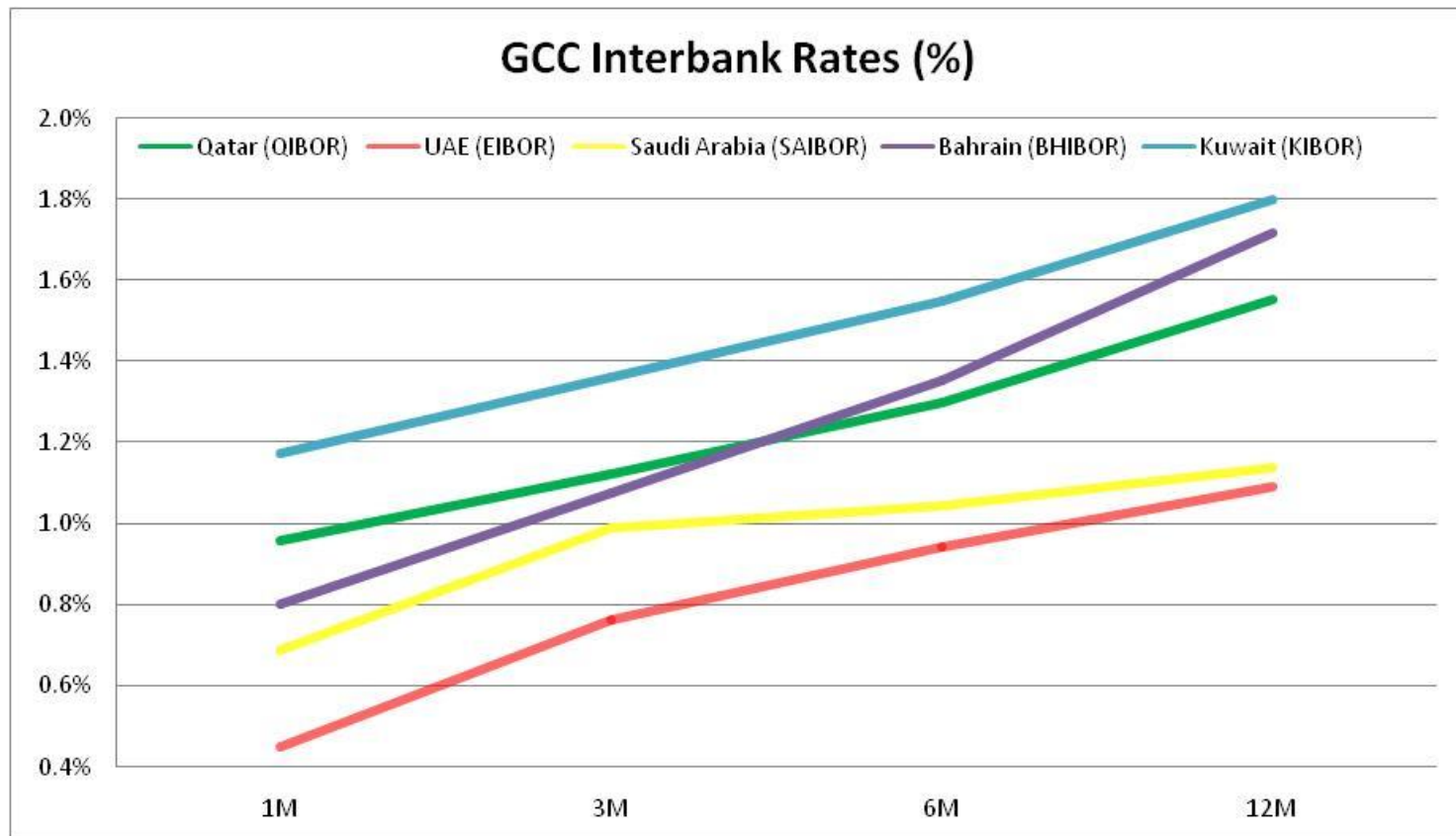
Saudi Arabia: Inflation up to 2.8% in August

- According to figures released by the Central Department of Statistics & Information, the inflation rate grew by 2.8% in August of this year when compared to July 2013, up from 2.6% in July of this year.
- In August, culture and entertainment group prices rose the most, up by 10.9% from August 2013.
- Culture and recreation price rises were closely followed by tobacco group prices which rose by 7.3% over the same time period.
- Household furniture and appliances group prices rose 4.4% from a year ago.
- Moreover, education group prices rose by 3.7% over the same time period, while health group prices rose by 3.3%.
- Meanwhile, inflation rose by 0.4% when compared to July of 2014.
- The IMF expects inflation to reach around 3.0% in 2014, while other analysts expecting inflation to rise due to the outflow of foreign workers and the resulting increase in wages to compensate for the drop in foreign workers reflecting on inflation, though the effect so far has been minimal.



Source: Trading Economics

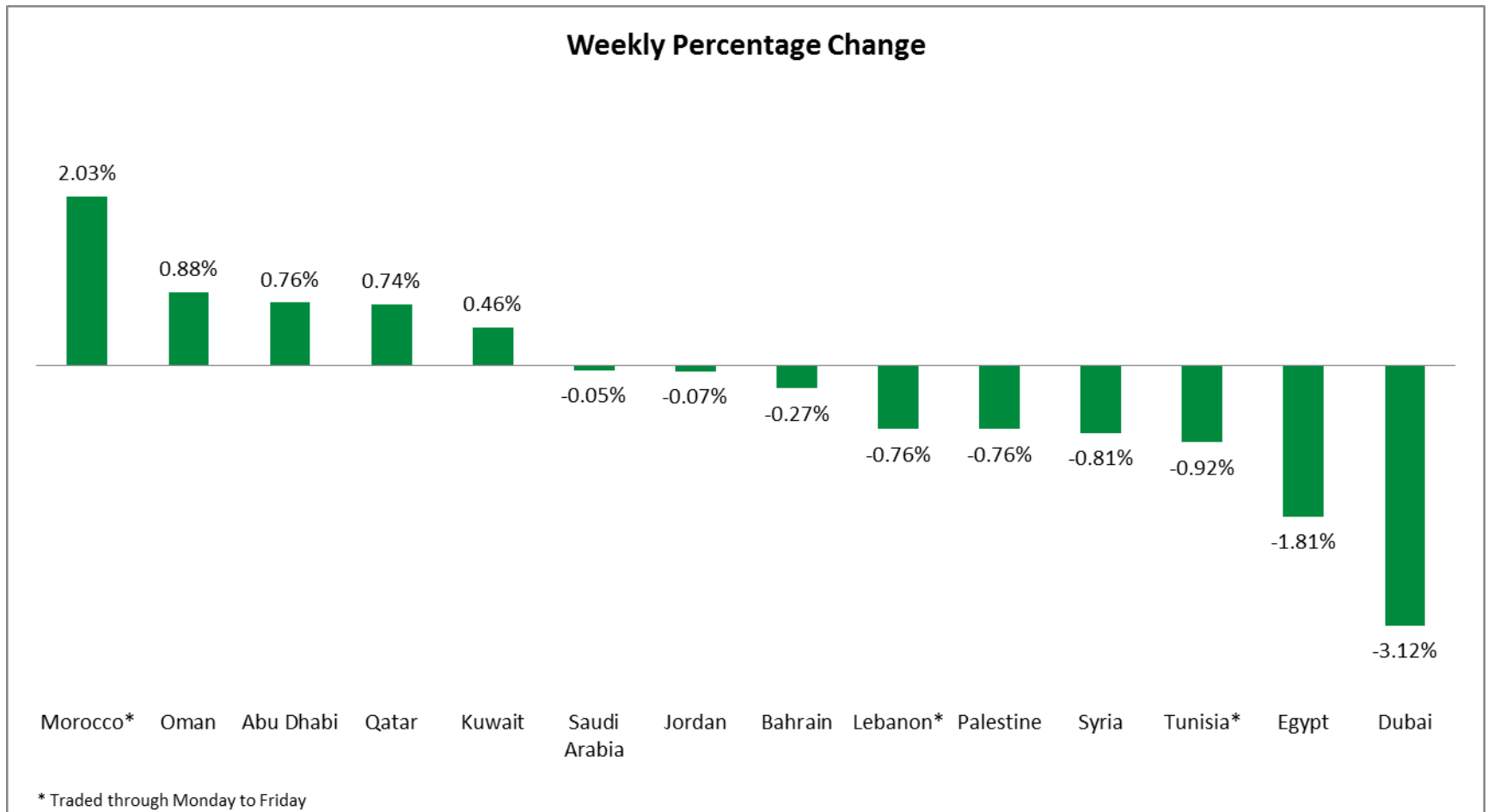
GCC interbank rates



Source: Bloomberg

Comparative MENA Markets

For the period September 7 – September 12

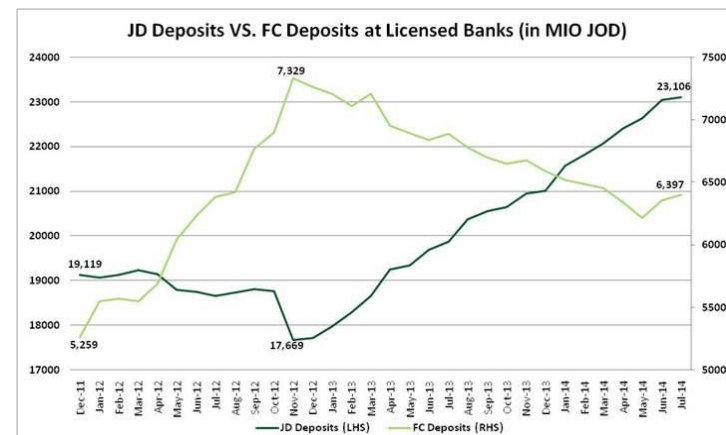




Jordan

JD deposits at banks up 73 million JD in July

- In July of this year, JD deposits increased by 73 million JD to reach 23.11 billion JD at licensed banks. The increase in July is significantly lower than the monthly average increase of 340 million JD registered during the first half of the year.
- The slowdown in the growth of JD deposits could indicate that the Jordanian government has finished utilizing proceedings from the Eurobonds to meet expenditures and that de-dollarization effect has slowed down. However, the continued increases still indicate better stability in the Jordanian economy.
- So far, deposits have grown 2.10 billion JD in 2014, growing at a slightly slower pace than the same time period in 2013. Deposits grew by 3.3 billion JD in 2013.
- Meanwhile, foreign currency deposits grew for the second consecutive month, up by approximately \$59 million in July of this year, reversing a downward trend that was evident since the beginning of year.
- Foreign currency deposits are currently around \$9.02 billion (6.40 billion JD). The reversal in the USD trend could supports the IMF argument that the de-dollarization process is reaching to an end in 2014.



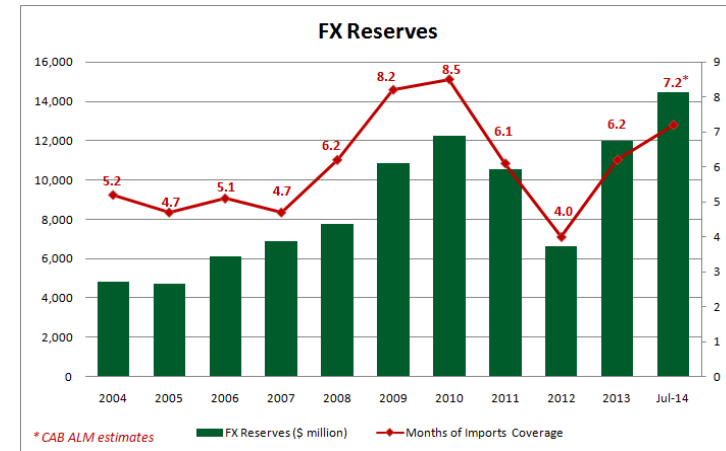
Monthly Change in deposits (million JD)

Month	JD deposits	Foreign currency deposits
Dec-12	41.90	-70.80
Jan-13	262.60	-52.90
Feb-13	315.20	-95.00
Mar-13	363.50	95.70
Apr-13	600.70	-253.10
May-13	80.90	-62.40
Jun-13	354.50	-54.00
Jul-13	174.40	51.00
Aug-13	510.40	-110.20
Sep-13	180.30	-81.50
Oct-13	90.50	-49.90
Nov-13	296.10	27.30
Dec-13	62.90	-83.40
Jan-14	567.20	-69.70
Feb-14	240.20	-36.30
Mar-14	259.40	-29.60
Apr-14	326.90	-116.20
May-14	233.00	-125.20
Jun-14	403.70	141.40
Jul-14	72.50	41.90

Source: Central Bank of Jordan

FX Reserves at \$14.5 billion in July

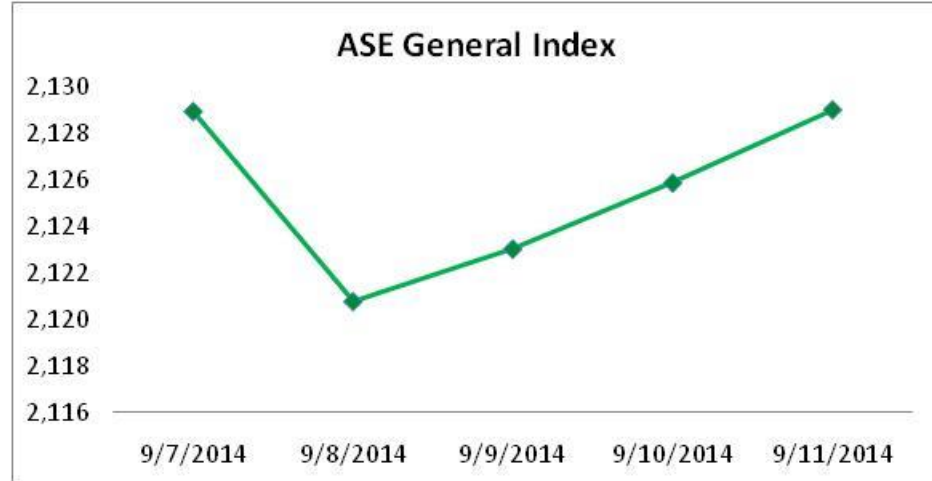
- FX reserves have increased to \$14.5 billion at the end of July of this year from \$14.3 billion at the end of June.
- FX Reserves are currently at comfortable levels; covering above 7 months of imports according to estimates.
- FX reserves are expected to continue growing in the following months as Jordan is expecting external funding from international sources.
- FX reserves had dropped significantly in 2012 to uncomfortable low levels, but the Central Bank of Jordan took unconventional steps in 2013, including two domestic USD government bonds and USD/JOD swaps with local banks to rebuild buffers.
- The increase in foreign reserves in 2014, is a result of higher confidence in the local currency, and major external funding through loans and grants.
- In late June 2014, the Jordanian Government issued a Eurobond under the US government guarantee with the amount of USD 1 billion.
- The high level of FX reserves is in line with Central Bank of Jordan monetary goals of decreasing interest rates and stimulating growth.



Amman Stock Exchange

For the period 07/09– 11/09

ASE free float shares' price index ended the week at (2,129.0) points, compared to (2,130.6) points for the last week, posting a decrease of 0.07%. The total trading volume during the week reached JD(33.9) million compared to JD(33.6) million during the last week, trading a total of (37.6) million shares through (16,227) transactions. The shares of (177) companies were traded, the shares prices of (69) companies rose, and the shares prices of (63) declined.



Top 5 gainers for the last week

Stock	% chg
National Poultry	15.45%
Arab Investors Union Co. for Real Estate Developing	12.24%
Arab Jordanian Insurance Group	11.76%
Jordan French Insurance	11.76%
Alentkaeya for Investment & Real Estate Development Company	11.36%

Top 5 losers for the last week

	% chg
Offtec Holding Group Plc.	(6.98%)
Alia – The Royal Jordanian Airlines Plc.	(6.82%)
Jordan Ceramic Industries	(6.72%)
Jordan Company for Electricity and Oil Shale	(6.17%)
Shira Real Estate Development & Investments	(6.17%)

Jordan Debt Monitor

Latest T-Bills

- As of September 14, the volume of excess reserves, including the overnight window deposits held at the CBI JD(3,458) million.

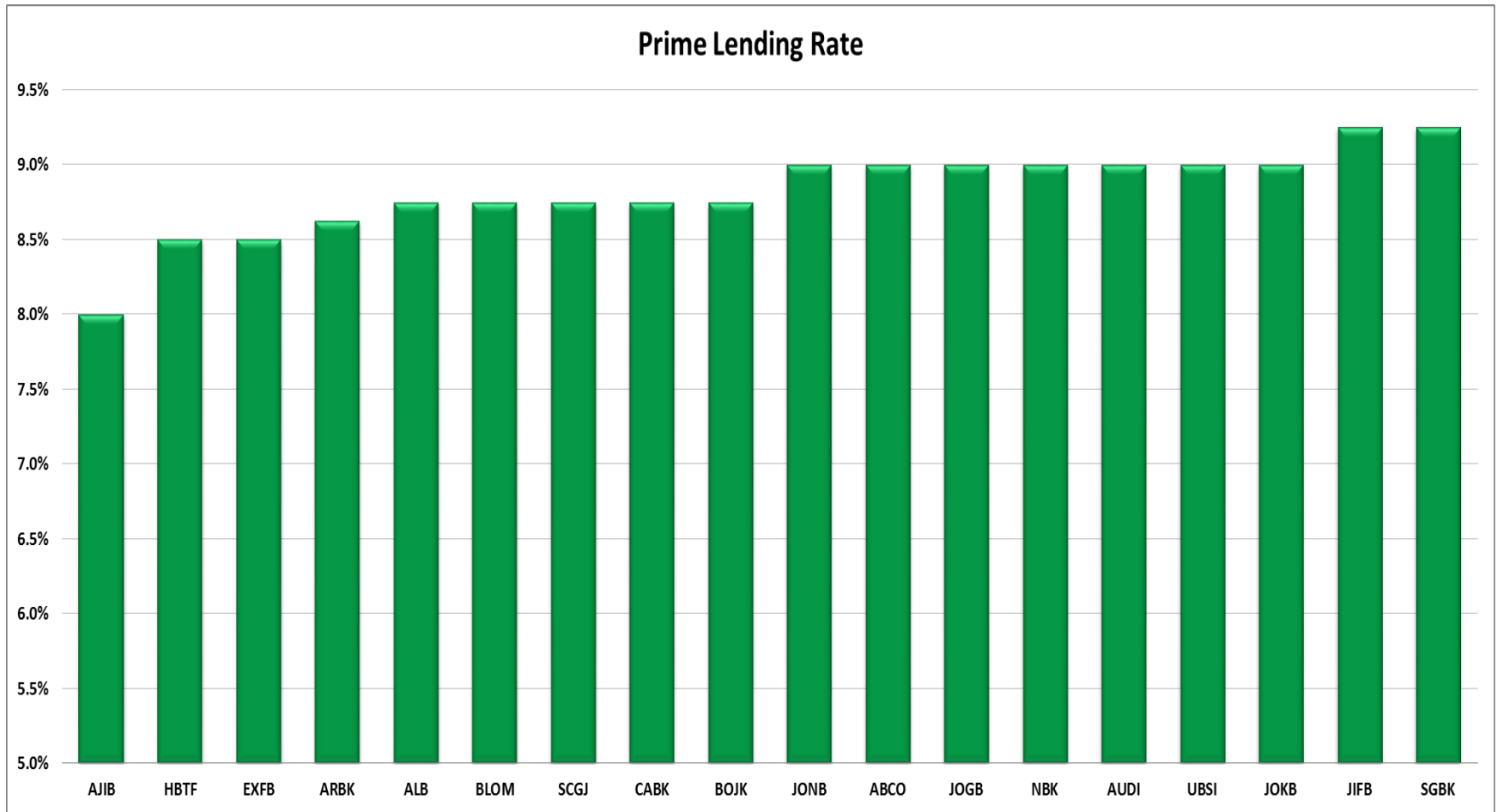
3 months T-Bills (no new issuance)	Issue Date	Maturity Date	Size - million	Yield (%)
29/2011	14/12/2011	14/03/2012	50	2.898%
28/2011	12/12/2011	12/03/2012	50	2.844%
6 months T-Bills (no new issuance)	Issue Date	Maturity Date	Size - million	Yield (%)
02/2012	14/02/2012	14/08/2012	50	3.788%
01/2012	23/01/2012	23/07/2012	50	3.433%
9 months T-Bills (no new issuance)	Issue Date	Maturity Date	Size - million	Yield (%)
05/2012	04/03/2012	04/12/2012	75	4.285%
04/2012	29/02/2012	29/11/2012	75	4.229%
1 year T-Bills	Issue Date	Maturity Date	Size - Million	Coupon (%)
07/2014	25/08/2014	25/08/2015	75	3.257%
06/2014	03/07/2014	03/07/2015	50	3.297%
05/2014	09/06/2014	09/06/2015	50	3.797%
04/2014	03/04/2014	03/04/2015	50	3.652%

Jordan Debt Monitor

Latest T-Bonds Issues

2 years T-Bonds	Issue Date	Maturity Date	Size - million	Coupon (%)
T6314	08/09/2014	08/09/2016	75	3.793%
T4814	15/07/2014	15/07/2016	50	3.772%
T3514	12/05/2014	12/05/2016	50	4.076%
3 years T-Bonds	Issue Date	Maturity Date	Size - million	Coupon (%)
T6514	14/09/2014	14/09/2017	50	4.313%
T6214	04/09/2014	04/09/2017	50	4.293%
T6114	02/09/2014	02/09/2017	75	4.275%
4 year T-Bonds	Issue Date	Maturity Date	Size - million	Coupon (%)
T0312	15/01/2012	15/01/2016	37.5	7.246%
5 years T-Bonds	Issue Date	Maturity Date	Size - million	Coupon (%)
T6414	10/09/2014	10/09/2019	100	5.476%
T5914	27/08/2014	27/08/2019	100	5.454%
T5514	11/08/2014	11/08/2019	75	5.438%
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%
PB62 (Water Authority)	10/11/2013	10/11/2016	43	5.715%

Prime Lending Rates



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