

Weekly Economic Monitor

April 19, 2015

Brief Overview

MENA Region



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News and analysis

- [Inflation dropped by -0.9% in the first quarter of 2015](#)



Markets overview

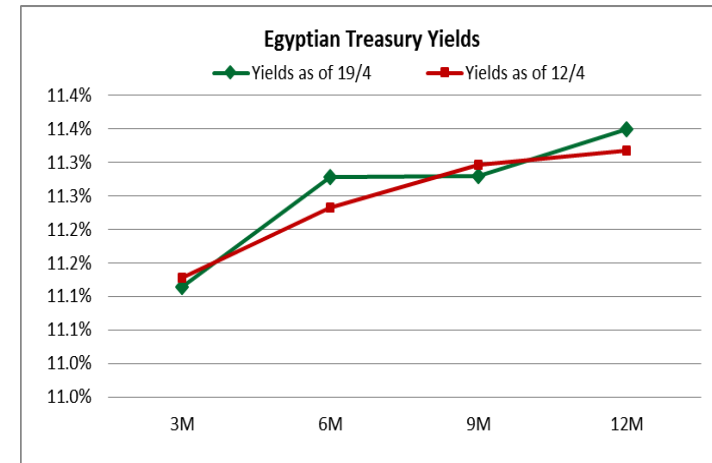
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Regional

Egypt: Egypt receives \$2 billion from Kuwait, IMF upgrades outlooks growth to 4%

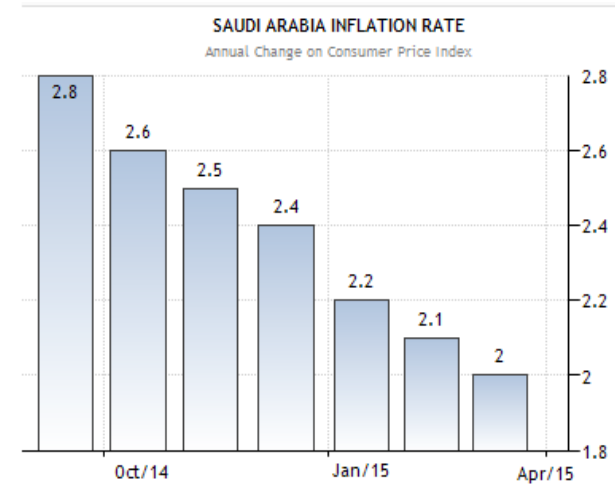
- Egypt's 6M and 12M yields rose compared to last week, despite a \$2 billion deposit from the Kuwaiti Government with Central Bank of Egypt.
- The Kuwaiti Government along with four Gulf countries promised a total of \$12.5 billion in fresh support for the Egyptian economy, which will come in the forms of aid, investments and central bank deposits.
- The \$2 billion deposit is expected to bolster FX reserves which are currently at \$15,29 billion.
- The Kuwaiti government is also announced plans to invest an additional \$2 billion in Egypt through state-run Kuwait Investment Authority.
- Meanwhile, the World Bank secures \$400 million in order to support 1.5 million poor Egyptian families.
- The World Bank finances projects in key sectors in Egypt, such as energy, transport, water and sanitation, agriculture and irrigation, social protection, as well as health and education.
- Moreover, the IMF now says it expects that Egypt's economy will grow by 4.0% in 2015, up from its October projection of 3.5%.



GCC Economic Highlights:

Saudi Arabia: Inflation drops to 2.0% in March

- According to figures released by the Central Department of Statistics & Information, the inflation rate registered 2% in March 2015 when compared to March 2014, down from 2.1% in February.
- Prices of housing and utilities increased 2.2% percent from March 2014, while food and beverages rose 1.7% percent for the same period of time.
- Meanwhile, recreation prices were up the most by 9.2%, followed by health prices which were up 3.1% over the same time period.
- According to analysts, the drop inflation is attributed to a strengthening US dollar which played a part in adding to downward pressure on import costs and ultimately increasing the purchasing power of the Saudi Riyal.
- On the other hand, rising house prices and subsidy reforms could push prices higher later in the year. Meanwhile, The Food and Agriculture Organization's food price index indicate that global food inflation is at its lowest level since July 2010.
- From a different perspective, the low levels of inflation could be the right time for the government to make heavy cuts to generous government subsidies on fuel and electricity.
- The IMF expects inflation to register 3.2% in 2015.



Source: Trading Economics

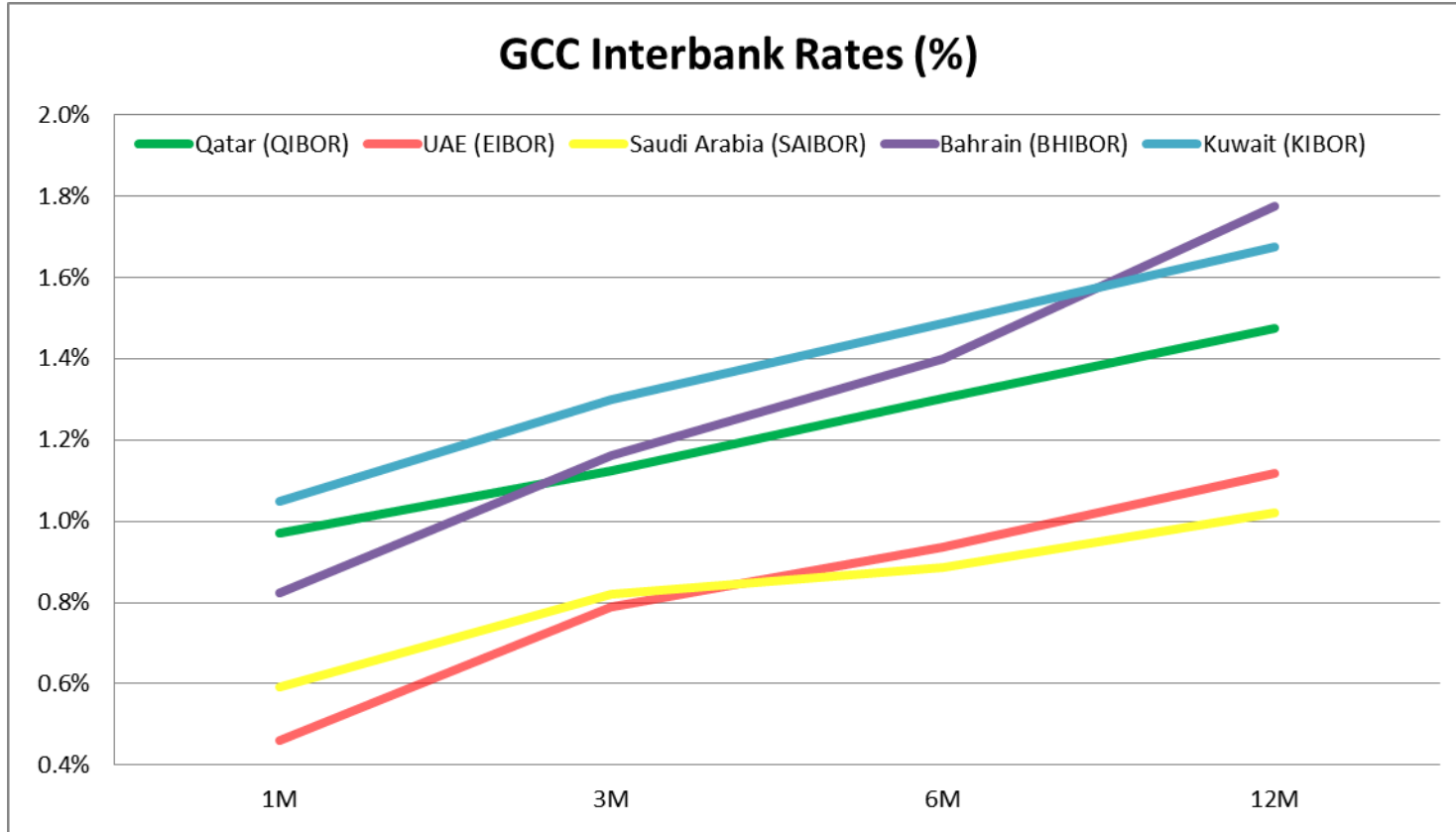
GCC Economic Highlights:

Bahrain: Moody's downgrades government issuer rating

- Moody's have downgraded Bahrain's long-term government issuer rating to Baa3 from Baa2 due to expected deterioration in the government's finances as a result of the oil price shock.
- Moody's maintained the negative rating outlook as it reflects the uncertainty accompanied with the government's response to the fiscal challenges posed by an extended period of lower oil prices.
- The rating agency expects Bahrain's government finances to worsen further as a result of the low oil price environment, as the Bahraini government is seen as very dependent on hydrocarbon revenues.
- Oil and gas related revenues account for almost 90% of the total government revenues.
- However, the short-term foreign currency bond ceiling was maintained at Prime-2 (P-2), whereas the short-term foreign-currency deposit ceiling was lowered to P-3 from P-2. The local-currency country risk ceilings were maintained at A3.

| Major Rating Agencies Rating Guide for Long and Short Term Debt | | | | | | |
|---|------------|-----------|--|-----------|------------|----------------------------------|
| Moody's | | S&P | | Fitch | | Risk |
| Long Term | Short Term | Long Term | Short Term | Long Term | Short Term | Characteristic |
| Aaa | P-1 | AAA | A-1+ | AAA | F1+ | Prime |
| Aa1 | | AA+ | | AA+ | | High Grade |
| Aa2 | | AA | | AA | | |
| Aa3 | | AA- | | AA- | | |
| A1 | | A+ | | A+ | | Upper Medium Grade |
| A2 | A | A | F1 | | | |
| A3 | A- | A- | Lower Medium Grade | | | |
| Baa1 | P-2 | BBB+ | | BBB+ | F2 | |
| Baa2 | P-3 | BBB | | BBB | F3 | Lower Medium Grade |
| Baa3 | | BBB- | BBB- | | | |
| Ba1 | Not Prime | BB+ | B | BB+ | B | Non-investment grade speculative |
| Ba2 | | BB | | BB | | |
| Ba3 | | BB- | | BB- | | |
| B1 | | B+ | | B+ | | Highly Speculative |
| B2 | | B | B | | | |
| B3 | | B- | B- | | | |
| Caa1 | | | CCC+ | C | CCC | C |
| Caa2 | CCC | | Extremely Speculative | | | |
| Caa3 | CCC- | | In default with little prospect for recovery | | | |
| Ca | CC | | | | | |
| C | C | | | | | |
| / | D | | / | DDD | / | In default |
| / | | | | DD | | |
| / | | | | D | | |

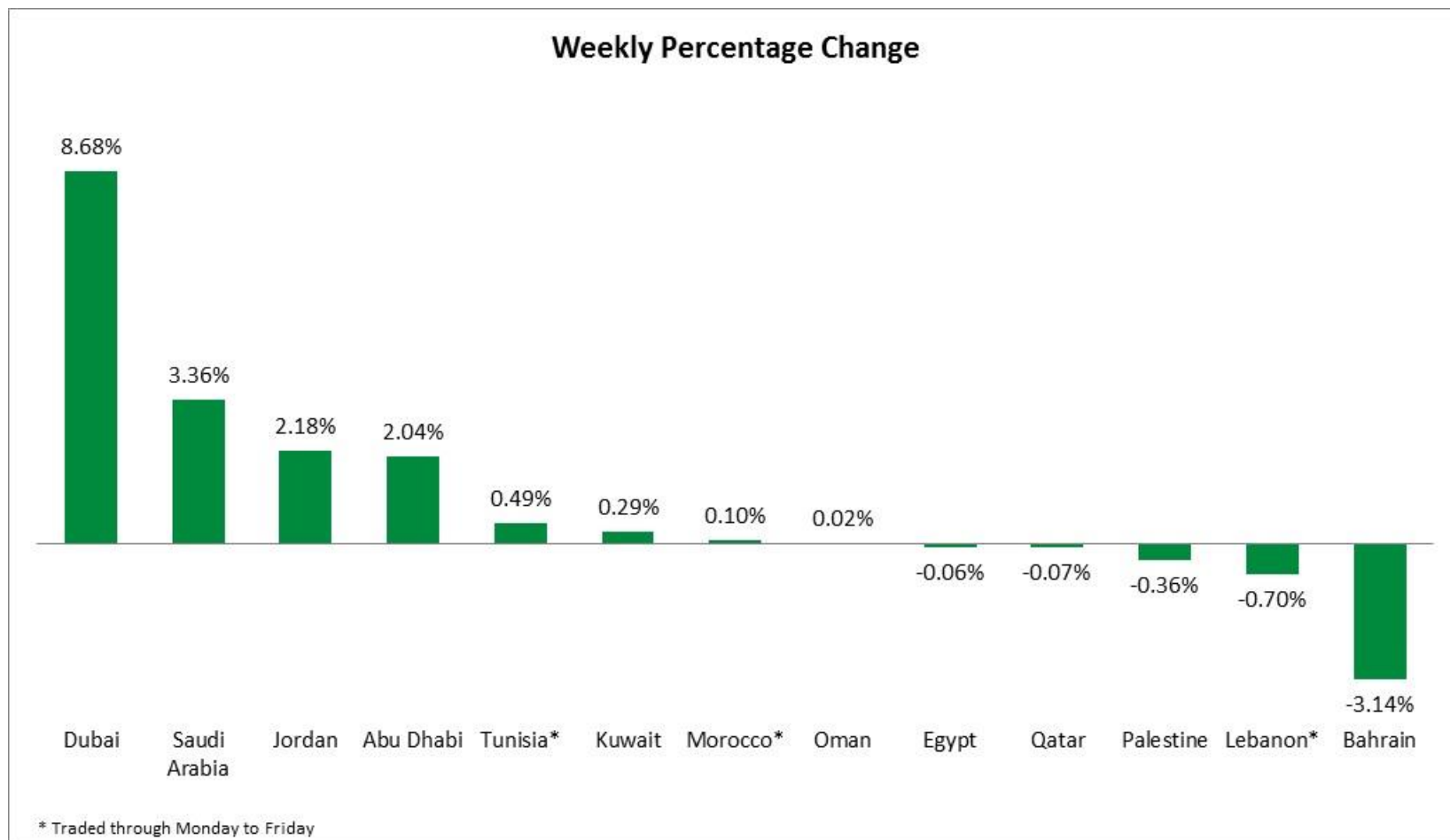
GCC interbank rates



Source: Bloomberg

Comparative MENA Markets

April 12, 2015 – April 16, 2015



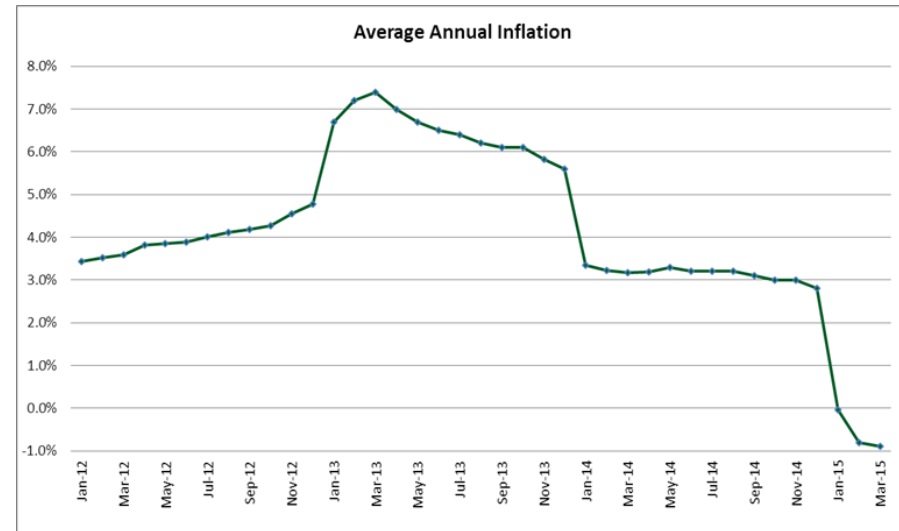
Source: Bloomberg



Jordan

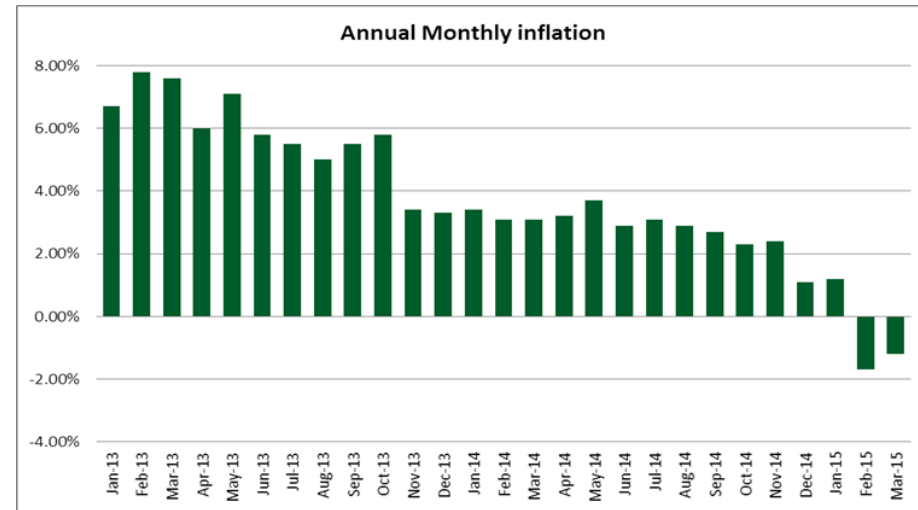
Inflation has dropped by 0.9% in first quarter in 2015

- According to figures released by the Department of Statistics, the inflation rate has dropped by 0.9% during the first quarter in 2015 in comparison with the first quarter last year, indicating that inflation is falling further into negative territory.
- Nevertheless, despite the drop in oil prices, the IMF forecasts inflation to grow 2.6% in 2015, as the government introduced electricity tariff hikes in the beginning of the year.
- The DoS report said that the drop in inflation was attributed mainly to lower prices in the following main commodities and services: transport (down 16.3%), fuel and electricity (down 11.6%), vegetables (down 8.0%), drinks and beverages (down 1.2%), and meat and poultry (down 0.5%).
- On the other hand, prices of other commodity groups increased for the same time period: rents (up 5.8%); tobacco (up 6.2%); fruits and nuts (up 11.3%); education (up 3.7%).



Inflation down by 1.2% compared to March 2014

- Comparing March of this year to March 2014, inflation has dropped by 1.2%. The inflation was attributed mainly to lower prices in the following main commodities and services:
 - Transport (down 15.8%)
 - Fuel and Electricity (down 12.2%)
 - Meat and Poultry (down 0.3%)
 - Dairy products (down by 1.3)
 - Vegetables (down 8.1%)
- Meanwhile, prices of other commodity groups increased for the same time period: rents (up 5.8%); fruits (up 8.8%); education (up 3.7%); clothes (up 5.8%).
- On a monthly basis, inflation has increased by 0.9% in March compared to February, mainly due to an increase in transport, fuel, vegetables, fruits, dairy products, and sugar; indicating some inflationary pressures.



Jordan Debt Monitor

Latest T-Bills

- As of April 19, the volume of excess reserves, including the overnight window deposits held at the CBJ JD(3,108) million.

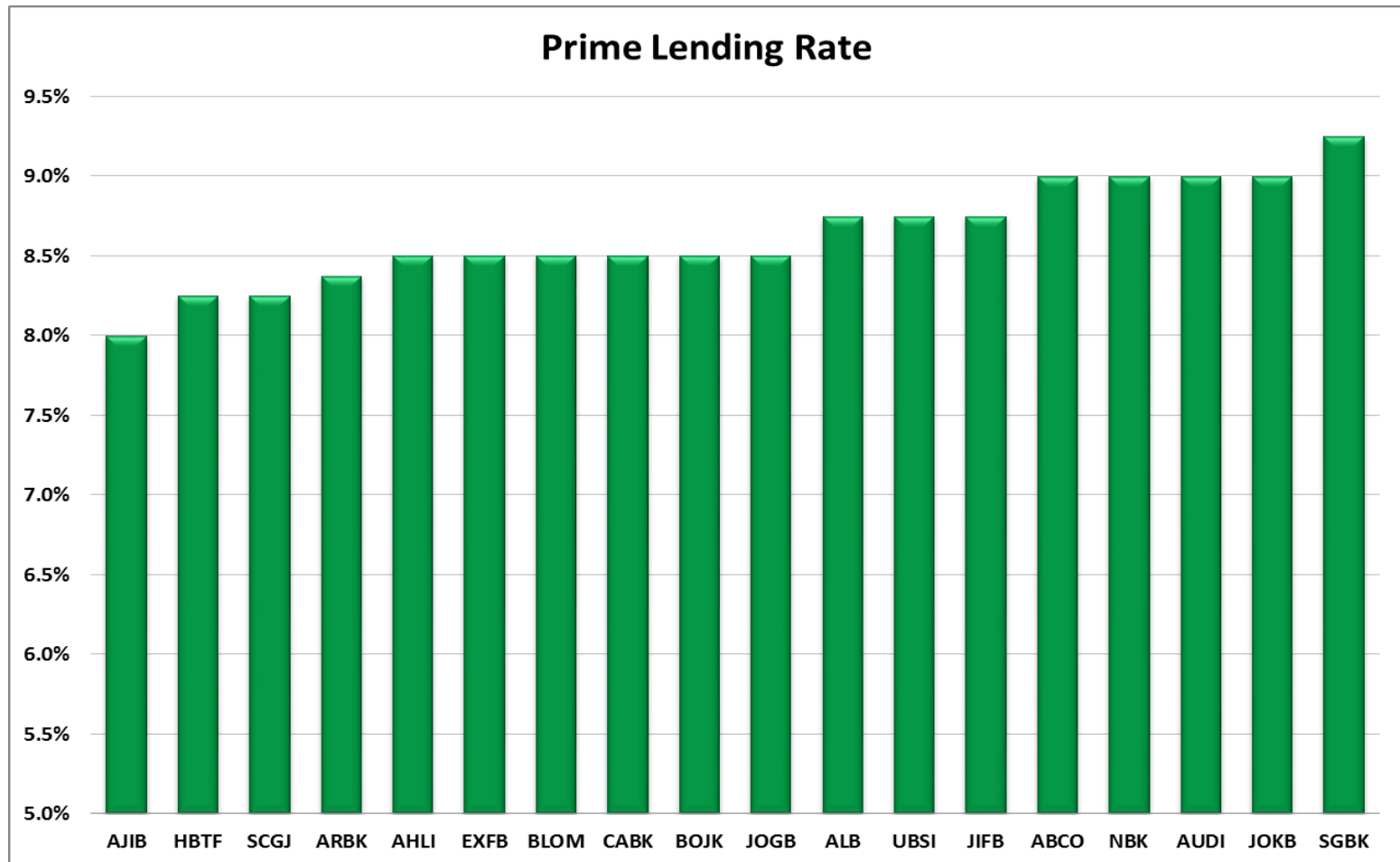
| 1-week CDs | Issue Date | Maturity Date | Size - million | Yield (%) |
|------------------------------|-------------------|-------------------|----------------|---------------|
| 11/2015 | 14/04/2015 | 21/04/2015 | 1,000 | 2.500% |
| 10/2015 | 07/04/2015 | 14/04/2015 | 1,000 | 2.500% |
| 09/2015 | 31/03/2015 | 07/04/2015 | 1,000 | 2.500% |
| 08/2015 | 24/03/2015 | 31/03/2015 | 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 (%) |
|-----------------------------|-------------------|-------------------|----------------|---------------|
| T1015 | 16/04/2015 | 16/04/2017 | 50 | 3.170% |
| T0815 | 26/03/2015 | 26/03/2017 | 50 | 3.362% |
| T0215 | 18/01/2015 | 18/01/2017 | 50 | 4.202% |
| 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 (%) |
| T0615 | 26/02/2015 | 26/02/2020 | 75 | 4.725% |
| T0515 | 16/01/2015 | 16/01/2020 | 100 | 5.132% |
| T8214 | 12/11/2014 | 12/11/2019 | 50 | 5.581% |
| 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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