

# Weekly Economic Monitor

February 22, 2015

# Brief Overview

## MENA Region



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### Markets overview

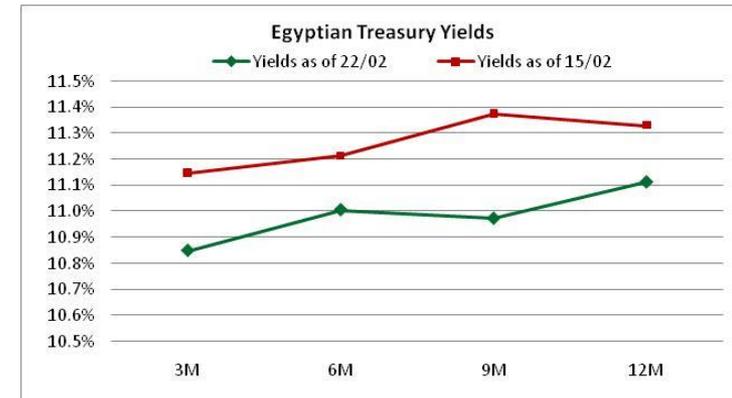
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**Regional**

# Egypt: CBE issues \$1.12 billion USD denominated T-bill

- Egypt's T-bill yields dropped by as much as 40 basis points from last week, as the Central Bank of Egypt issued a 1-year, dollar denominated Treasury bill in the local market.
- Egypt's Central Bank sold \$1.12 billion in one-year, dollar denominated Treasury bills last week at an average yield of 2.23%.
- The government has been steadily relying on the local money market to finance its deficit since 2011, however, it plans to tap international investors for \$1.5 billion in bonds this year.
- The domestic dollar-denominated bond should help boost FX reserves by the same amount. Meanwhile, it will also provide cheaper funding to the government compared to 11.33% for 1-year local T-bill.
- Moreover, it will also help boost excess liquidity levels by the same amount, which should help place downward pressure on interest rates.
- In other news, Egypt has agreed for preliminary deals with Kuwaiti companies to establish petrochemical projects worth \$6.8 billion, which indicates to better confidence ahead of investment summit in March where Egypt hopes to attract further foreign investments.



Source: Bloomberg



Source: Trading Economics

# GCC Economic Highlights:

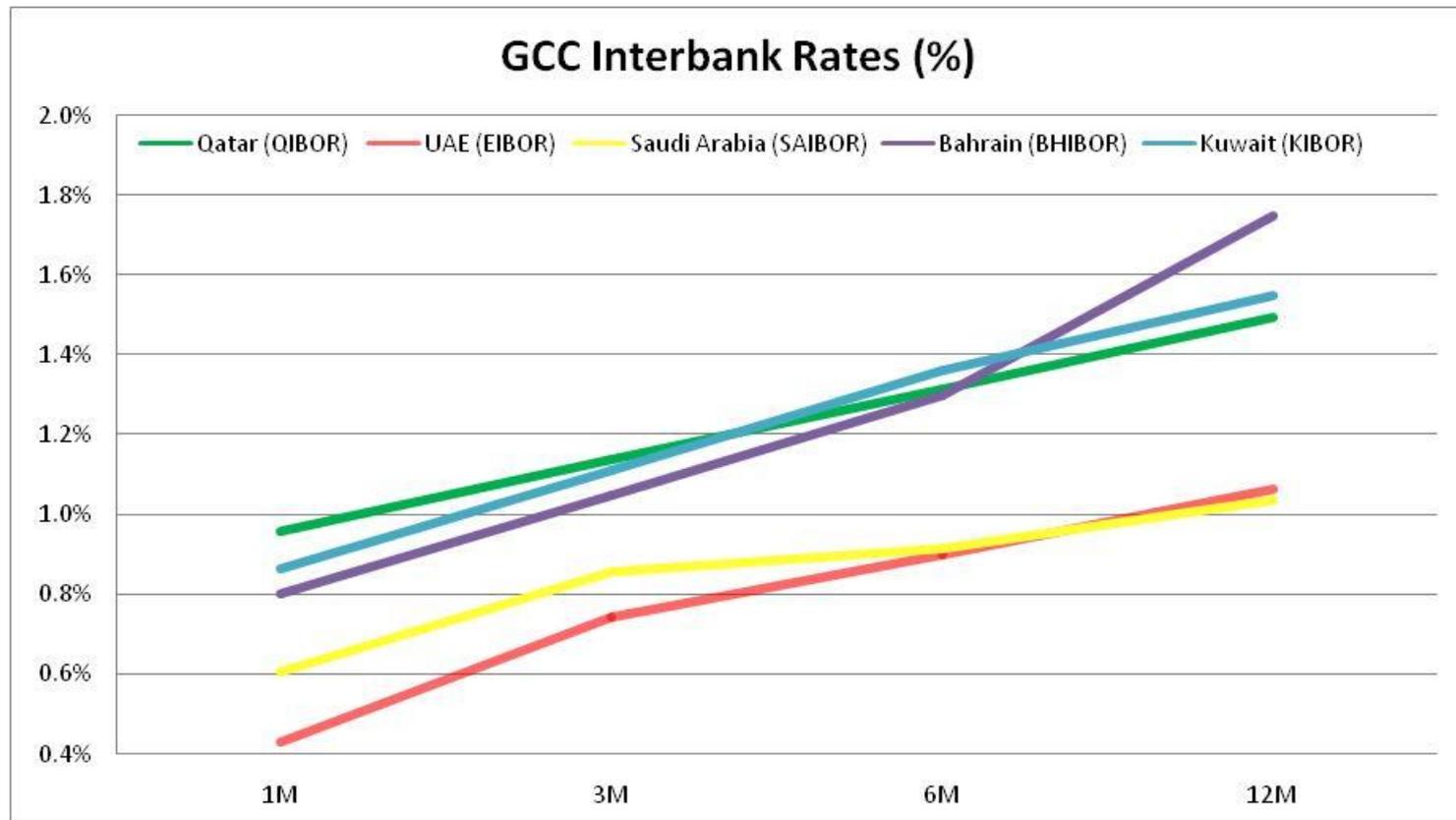
## *Qatar: Inflation grew 3.4% in January*

- According to figures released by Qatar's Ministry of Development Planning and Statistics, the inflation rate grew by 3.4% in January of 2015 when compared to January 2014, up from 2.7% in December.
- The inflation figures are now calculated on the base year of 2013, which have reallocated the weights of the consumer basket. Of the major changes, the weight of housing and utility prices dropped from 32.2% to 21.9%, while recreation and culture price weights rose from 4.1% to 12.7%.
- Key drivers of inflation in January were tobacco, education, and housing and utility costs.
- Prices of tobacco were up 14%, followed by education prices which were up by 11.4%, while housing and utility costs rose 8.2% from January 2014. Excluding the effect of housing and utility costs, inflation only rose by 2.0% in January of 2015.
- Analysts also attribute the rise in rents to a significant increase in the population, which is estimated to have grown 10.1% in 2014.
- Analysts expect inflation to register 3.5% in 2015 and 4.4% in 2016 on rising rent inflation. Meanwhile, the IMF expects inflation to register 3.4% in 2015.



Source: Trading Economics

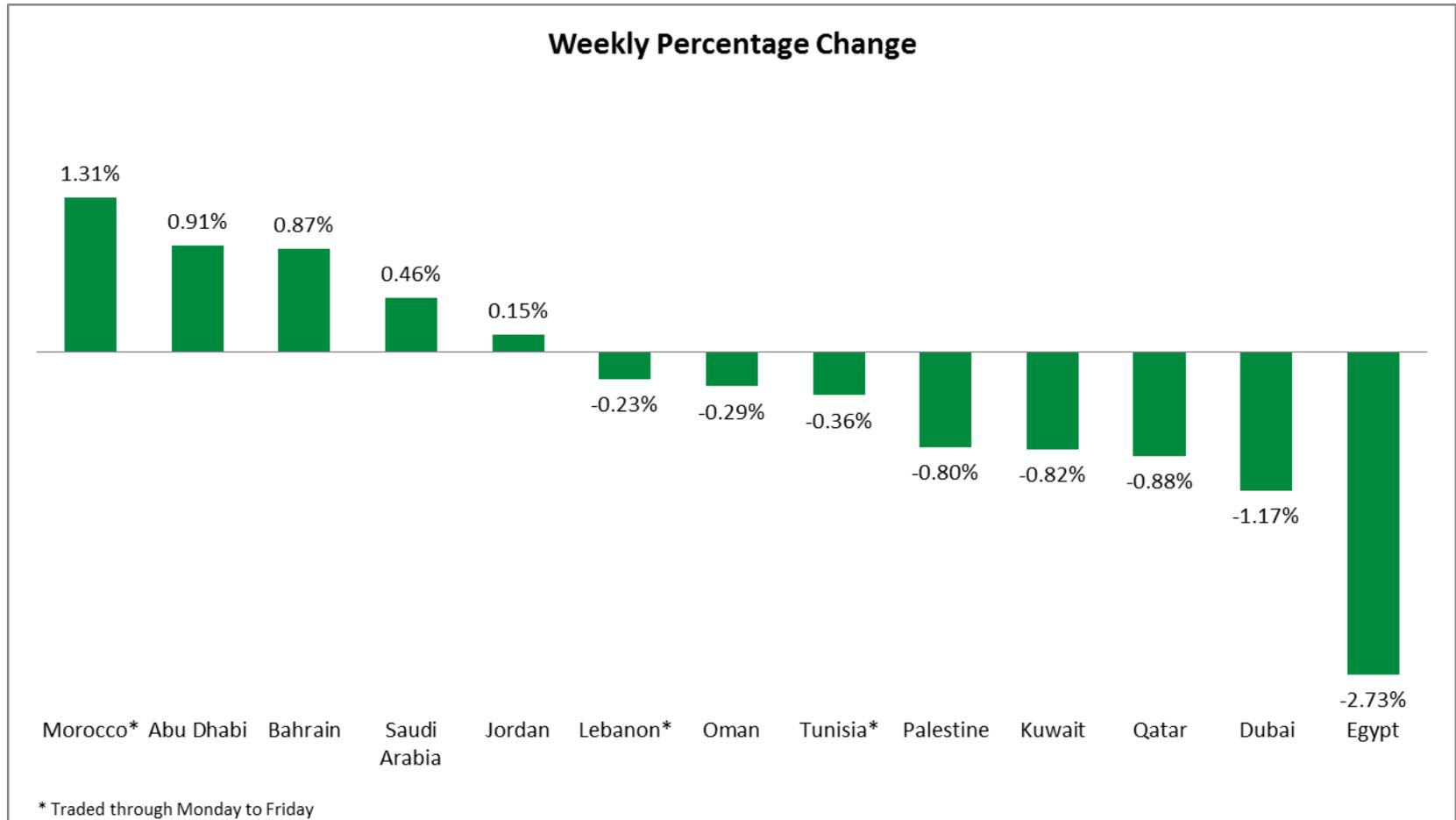
# GCC interbank rates



Source: Bloomberg

# Comparative MENA Markets

## February 15, 2015 – February 20, 2015



Source: Bloomberg



**Jordan**

# CDs coverage ratios up – indicating higher competition between banks

- Coverage ratios for weekly CDs auctions by the Central Bank of Jordan (CBJ) have increased steadily from 154% at the first auction to 190% at the latest auction, with a constant yield of 2.50%.
- The increase in the coverage ratio has led to a drop in the allocation ratio from 65% to 53%, indicating higher competition between banks in Jordan.
- The auctioning of weekly CDs comes under the new monetary policy framework, which also included a 100 basis point rate cut to the window rate to become 1.75% from 2.75%, and a 25bp rate cut to the main benchmark rate.
- The aim behind the central bank's new monetary policy, is to stimulate lending to the private sector and fuel growth.

CDs	Issue Date	Size JD million	Yield	Coverage ratio	Allocation ratio
1/15	3-Feb-15	1,000	2.50%	1.54	64.94%
2/15	10-Feb-15	1,000	2.50%	1.69	59.35%
3/15	17-Feb-15	1,000	2.50%	1.90	52.69%

# Jordan Debt Monitor

## Latest T-Bills

- As of February 22, the volume of excess reserves, including the overnight window deposits held at the CBJ JD(2,800) million.

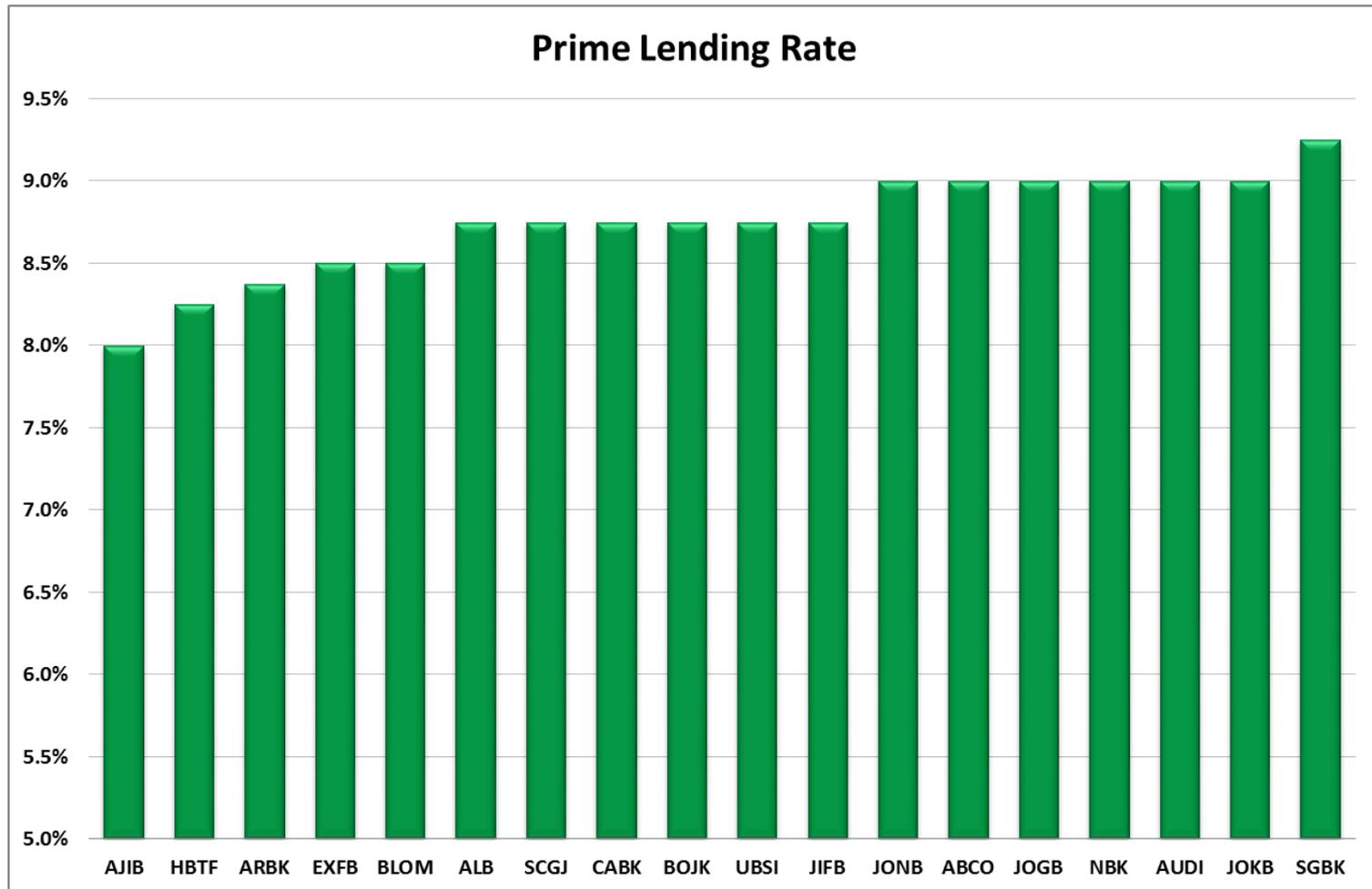
<b>1-week CDs</b>	<b>Issue Date</b>	<b>Maturity Date</b>	<b>Size - million</b>	<b>Yield (%)</b>
<b>03/2015</b>	<b>17/02/2015</b>	<b>24/02/2015</b>	<b>1,000</b>	<b>2.500%</b>
02/2015	10/02/2015	17/02/2015	1,000	2.500%
01/2015	03/02/2015	10/02/2015	1,000	2.500%
<b>3-month T-Bills</b>	<b>Issue Date</b>	<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-month 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-month 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>
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

<b>2-year T-Bonds</b>	<b>Issue Date</b>	<b>Maturity Date</b>	<b>Size - million</b>	<b>Coupon (%)</b>
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%
<b>3-year T-Bonds</b>	<b>Issue Date</b>	<b>Maturity Date</b>	<b>Size - million</b>	<b>Coupon (%)</b>
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%
<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-year T-Bonds</b>	<b>Issue Date</b>	<b>Maturity Date</b>	<b>Size - million</b>	<b>Coupon (%)</b>
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%
<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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