

Weekly Economic Monitor

May 24, 2015

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MENA Region



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Markets overview

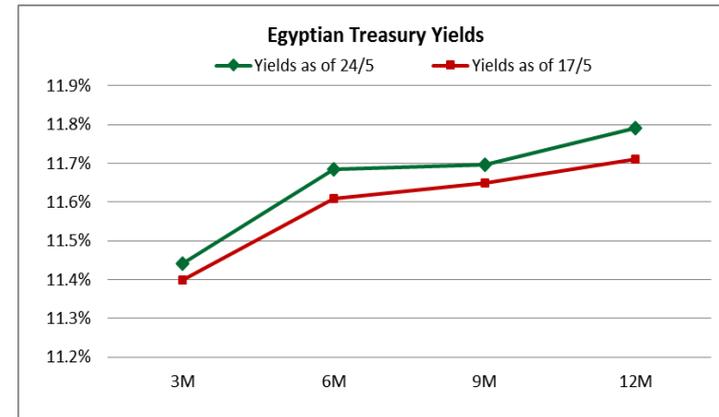
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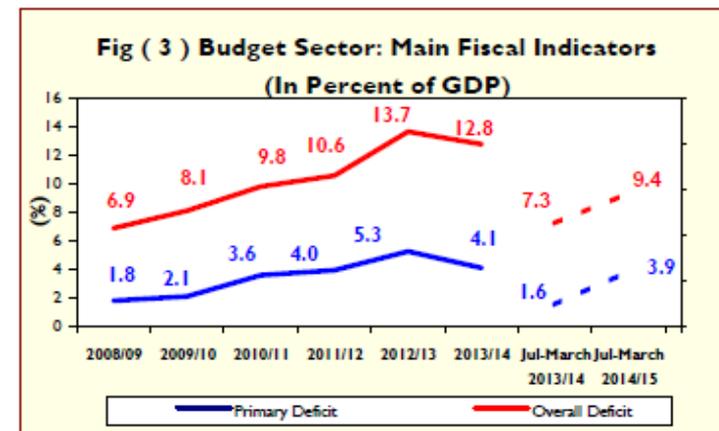
Regional

Egypt: Budget deficit increases by 50.5% up to March 2015

- Egypt's T-bill yields for 3 months, 6 months, 9 months and 12 months have edged up in comparison to last week.
- In other news, Egypt's budget deficit has increased by 50.5% in the first 9 months of the fiscal year (starting July) compared to the same period last year to amount 218.3 billion EGP, or 9.4% of GDP, compared to 145 billion EGP, or 7.3% of GDP.
- The increase in the deficit comes as revenues remained relatively stable compared to an increase in expenditures.
- Revenues registered 282 billion EGP up to March 2015, unchanged from the same time period last year, while expenditures have increased by 67.6 billion EGP to reach 491 billion EGP over the same time period.
- On the revenues side, tax revenues increased by 21.3% to reach 204.9 billion EGP over the same period, which balanced out the effect of a 32% decline in non-tax revenues due to a drop in grants to reach 77.2 billion EGP.
- On the expenditure side, the rise was mainly due to 17.6% increase in wages to 143.3 billion EGP, increase in interest payments by 13.3 billion EGP, and the increase in subsidies and grants by 15.2 billion EGP.



Source: Bloomberg

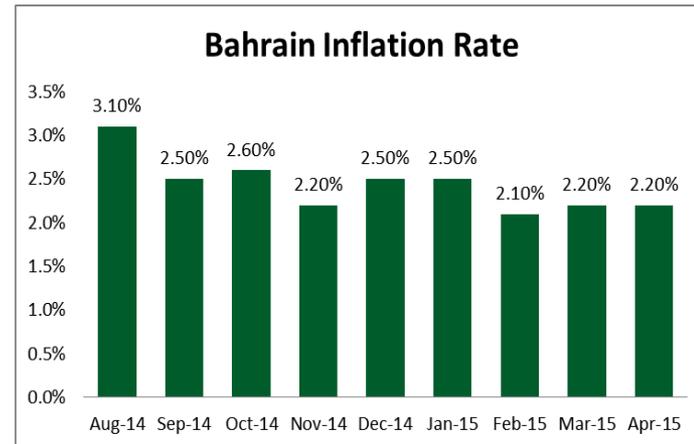


Source: Ministry of Finance.

GCC Economic Highlights:

Bahrain: Inflation increased by 2.2% in April

- According to figures released by the Central Informatix Organization, the inflation rate grew by 2.2% in April 2015 when compared to April 2014, and remained unchanged from March.
- The increase in inflation was attributed to higher prices in most commodities and services except for communication, recreation and culture, miscellaneous goods and services which dropped by 0.1%, 1.0%, and 0.1% respectively.
- Meanwhile, the most important commodities and services faced increases in their prices such as housing, water, electricity, gas, and other fuels by 7.7%, alcoholic beverages and tobacco by 5.8%, health care services by 4.8%, and education by 3.2%.
- On the other hand, when compared to March, inflation has decreased by 0.6% in April as a result to a decrease in Food and non-alcoholic beverages by 3.8%, while other commodities' prices remained the same.
- Throughout the GCC, it seems that a stronger U.S. dollar is helping place downward pressure on inflation. This along with the drop in oil prices should give room to government to introduce energy reforms.
- The IMF expects inflation to drop to 2.1% in 2015 in Bahrain.

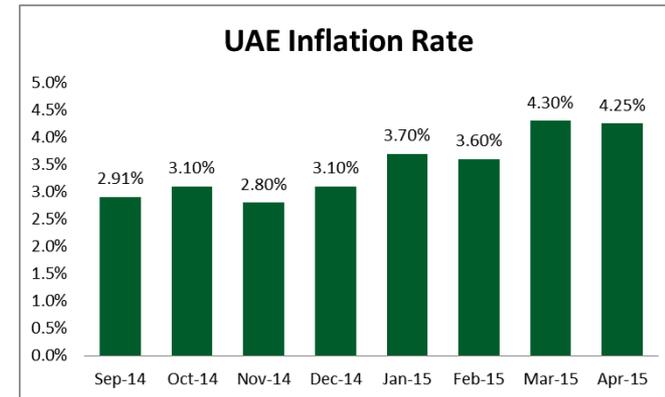


Source: Trading Economics

GCC Economic Highlights:

UAE: Inflation grows by 4.25% in April

- According to figures released by the UAE's National Bureau of Statistics, the inflation rate grew by 4.25% in April 2015 when compared to April 2014.
- The increase in inflation was attributed to higher prices in all commodities and services except for communication and clothing and footwear which dropped by 0.02% , and 1.13% respectively.
- Meanwhile, the most important commodities and services faced increases in their prices such as housing, utilities and gas by 9.19%, education by 3.93%, and alcoholic drinks and tobacco by 3.31%.
- On the other hand, inflation has increased by 0.18% in April 2015 compared to March 2015.
- Experts said that the removal of the rental cap in November 2013 pushed many resident to start purchasing property rather than renting, therefore, boosting the sales segment. This has helped cancel out the recent impact of falling oil prices on inflation.
- Meanwhile, the expectations regarding the real-estate sector is that the overall volume of business is going to grow by 10% - 20% compared to last year, which will likely place further upward pressure on inflation.
- For 2015, the IMF expects inflation to register 2.1% in the UAE.



Source: Trading Economics

GCC Economic Highlights:

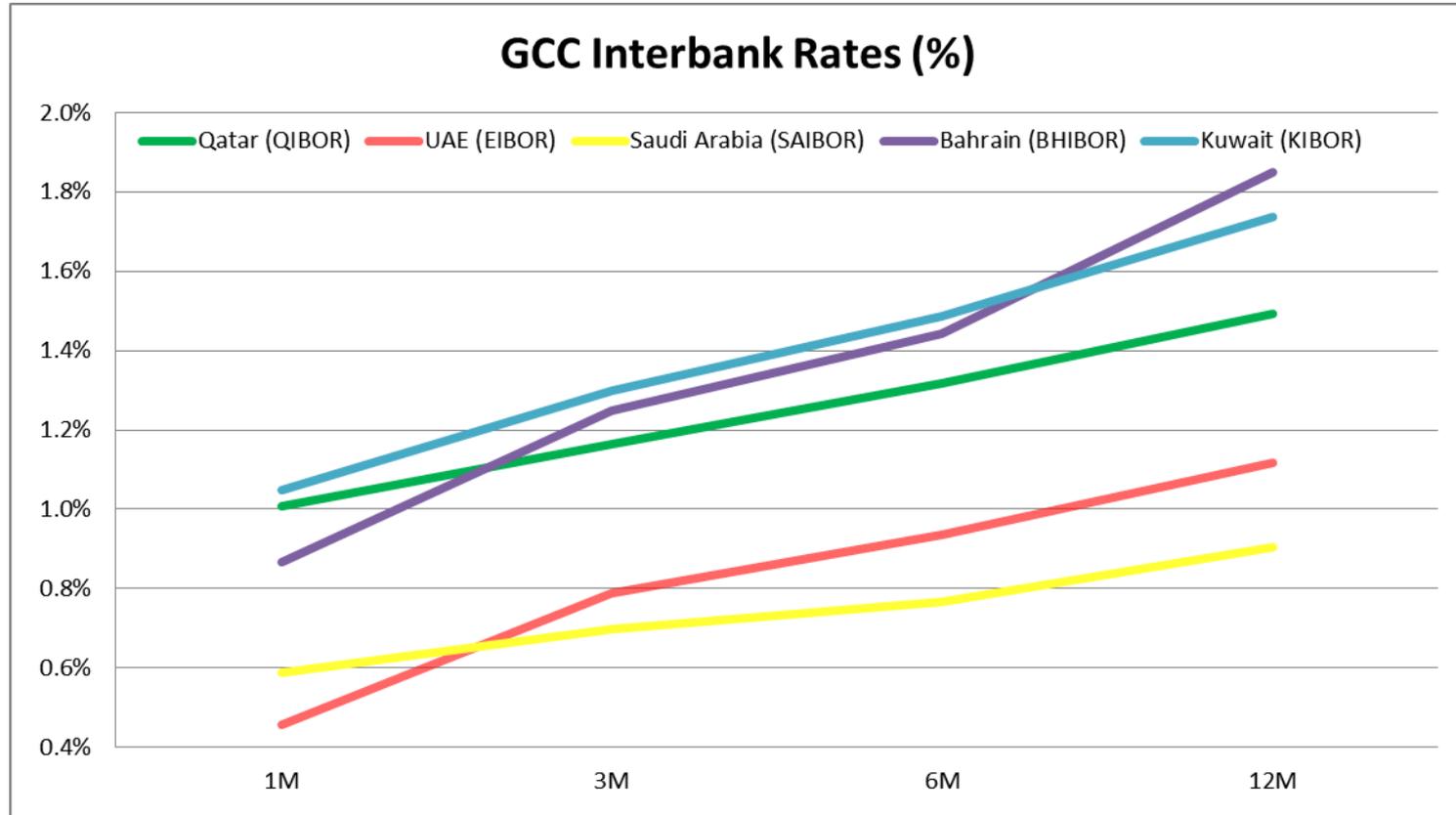
Qatar: Inflation fall to 0.9% in April 2015

- According to figures released by Ministry of Development Planning and Statistics, the inflation rate fell to 0.9% in April 2015 when compared to April 2014, and dropped from 1.4% in March of the same year.
- The key driver for the decrease in inflation was attributed to a slowdown in foreign inflation mainly due to lower food prices. Meanwhile, transportation costs has increased by 6.0% and rents by 3.0%.
- Moreover, as Qatar introduced a new base year for 2015, the weight of the housing, water, electricity and gas, has been reduced to 21.9% in comparison to 32.1% previously, which has dropped the effect of the group on inflation.
- Looking ahead, analysts expect that inflation may average 2.5% this year as Qatar's population grows due to high infrastructural projects and rising rent inflation.
- For 2015, the IMF expects inflation in Qatar to register 1.8%.



Source: Trading Economics

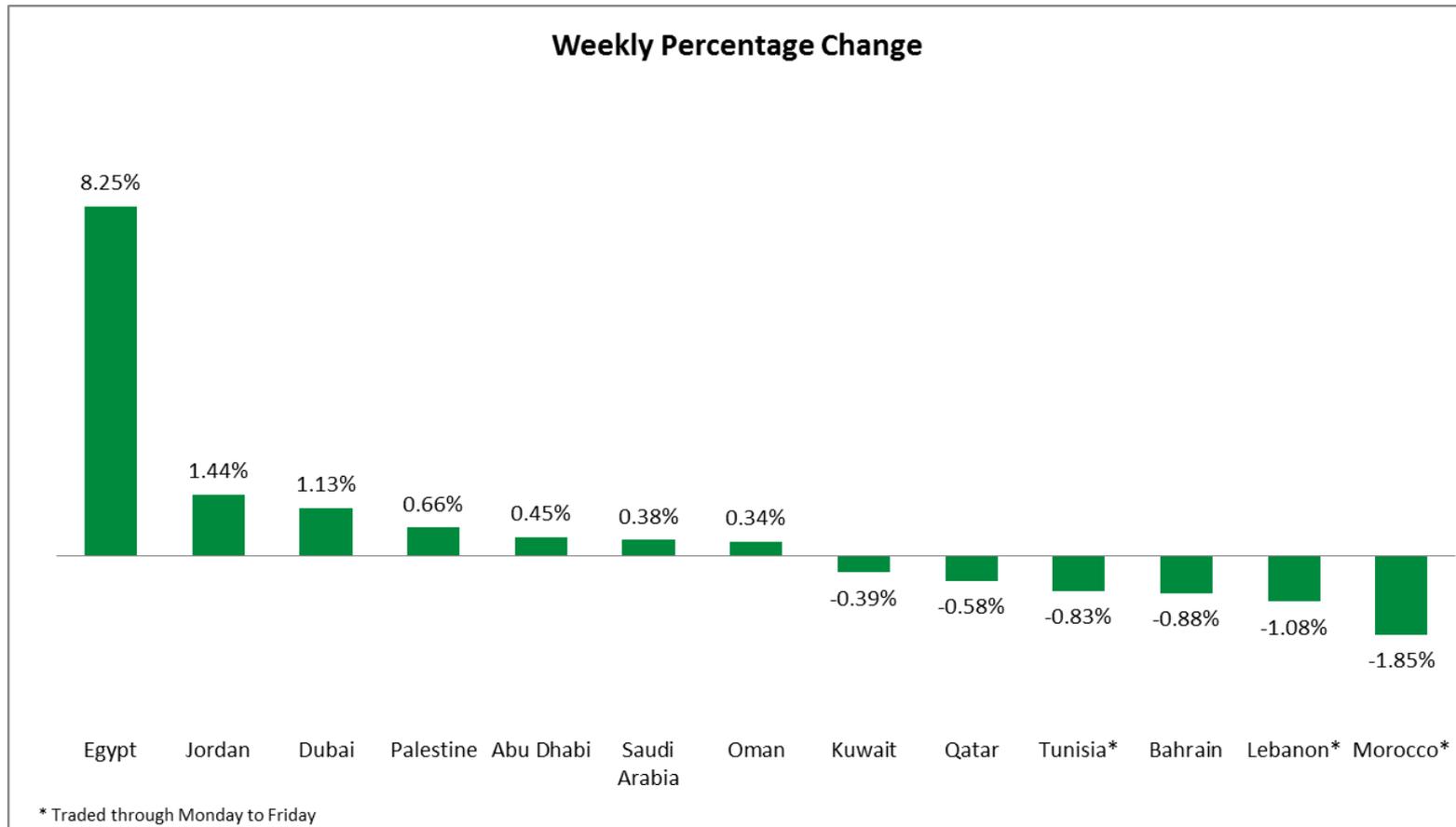
GCC interbank rates



Source: Bloomberg

Comparative MENA Markets

May 17, 2015 – May 22, 2015



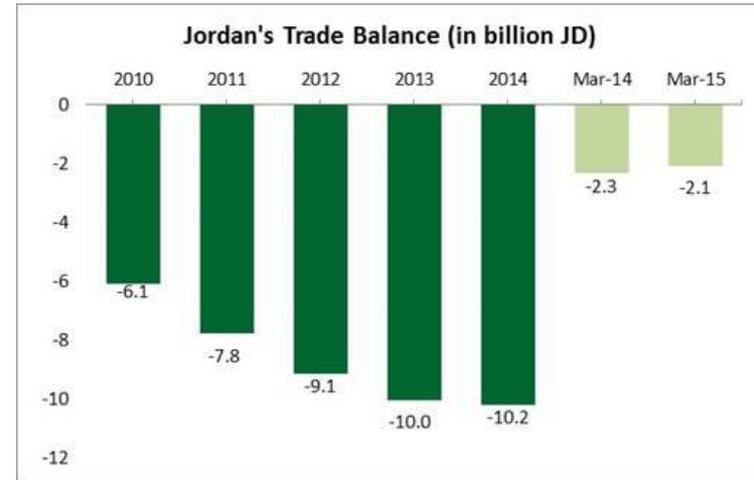
Source: Bloomberg



Jordan

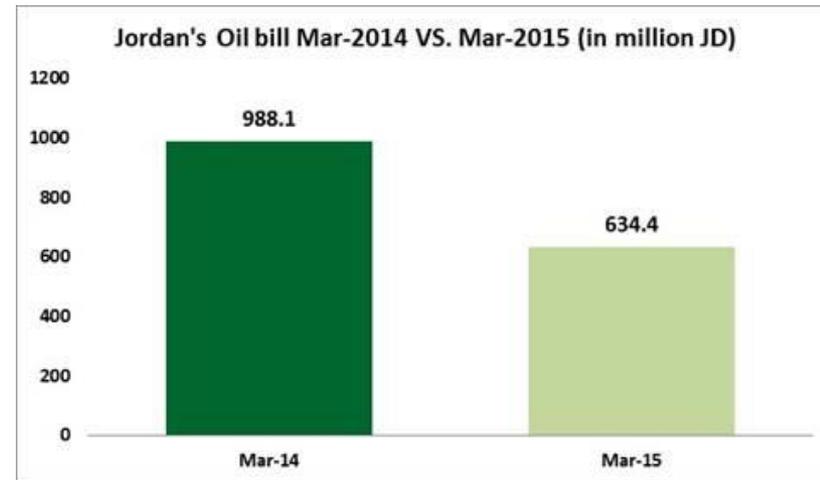
Trade deficit narrowed by 9.8% in the first quarter of 2015

- The Department of Statistics released figures showing that Jordan's trade deficit narrowed by JD 227 million or 9.8% during the first quarter of 2015 compared to the same period in 2014.
- The trade balance stood at JD -2,100.4 million in the first quarter of 2015, compared to JD -2,327.5 million over the same period in 2014.
- Both exports and imports decreased over the same time period, as national exports decreased by 13.3% and imports decreased by 10.1%, while re-exports grew by 6.0%.
- Total exports decreased to JD 1,093.8 million in the first quarter of 2015 from JD 1,261.5 million for the same period in 2014, as intensifying political instability in the region weighs further on Jordan's main exports.
- Fertilizer exports decreased sharply by 45.6%, fruit and vegetable exports decreased by 34.0%, potash exports decreased by 8.2%, and phosphate exports decreased by 9.3%. Meanwhile, clothes exports increased by 9.3%.



Oil import bill down 35.8% up to Q1 of 2015

- On the other hand, imports decreased to reach JD 3,400.6 million in the first quarter of 2015 from JD 3,783.8 million for the same time period in 2014.
- The decrease is a result of a decrease in metal and its products imports by 8.4%, a decrease in plastic imports by 9.1%, while machinery and machinery equipment imports rose 19.3% and vehicle imports rose 7.7%.
- Most significantly, crude oil imports have decreased by 35.8% to reach JD 634.4 during the same period from JD 988.1 million over the same time period in the previous year, likely due to a drop in international oil prices over the same time period.
- A more detailed look at Jordan's monthly oil bill reveals that oil imports in March 2015 were down by 38% when compared to March 2014.
- Looking ahead, the sustained drop in oil prices is expected to reflect positively on the trade balance in 2015, which will help offset the significant drop in exports.



in million JD

Month	2014	2015	Nominal Change	% Change
January	404.6	188.9	-215.7	-53.3%
February	264.4	247.5	-16.9	-6.4%
March	319.1	198	-121.1	-38.0%
Total	988.1	634.4	-353.7	-35.8%

Jordan Debt Monitor

Latest T-Bills

- As of May 24, the volume of excess reserves, including the overnight window deposits held at the CBJ JD(3,046) million.

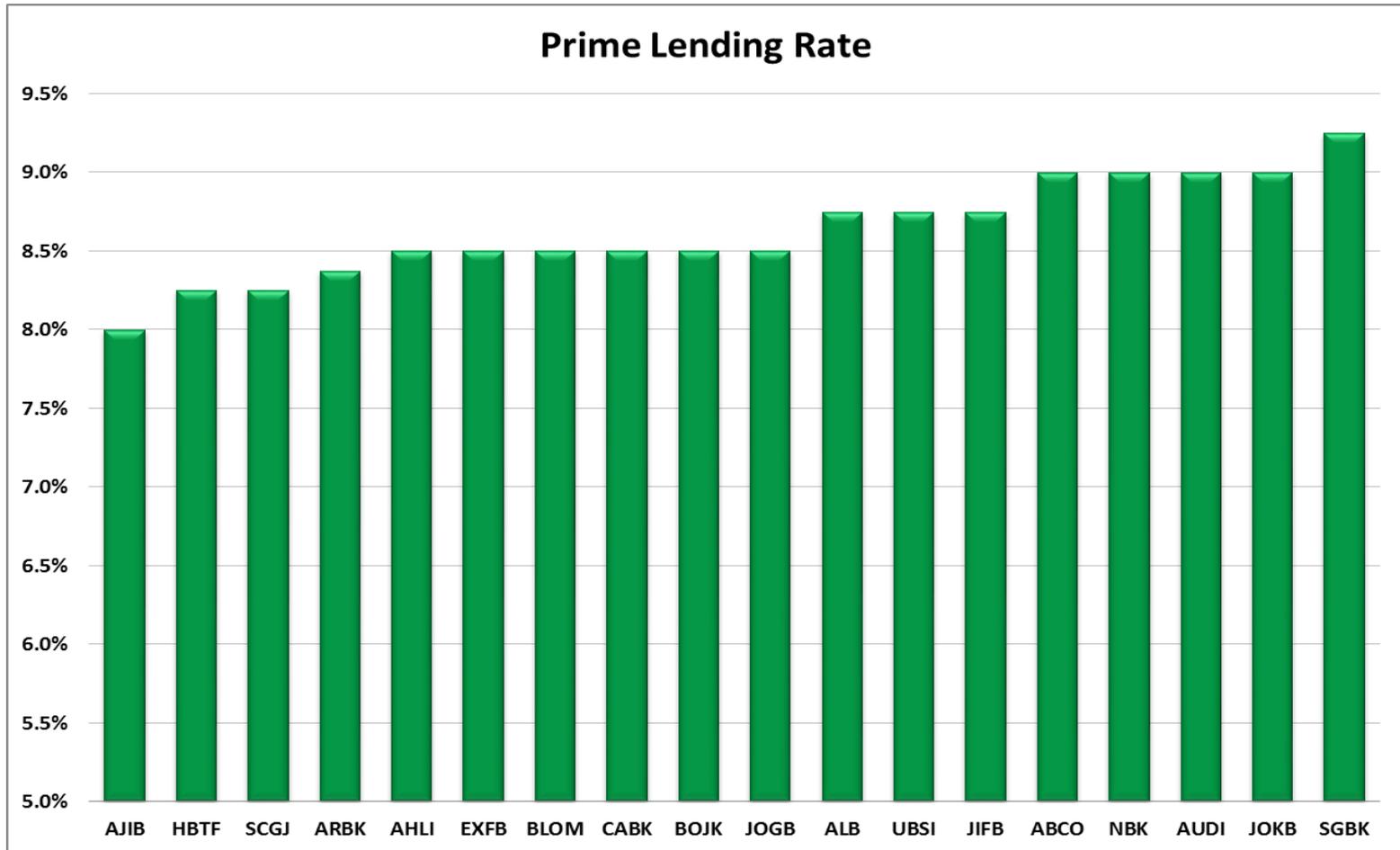
1-week CDs	Issue Date	Maturity Date	Size - million	Yield (%)
16/2015	19/05/2015	26/05/2015	1,000	2.500%
15/2015	12/05/2015	19/05/2015	1,000	2.500%
14/2015	05/05/2015	12/05/2015	1,000	2.500%
13/2015	28/04/2015	05/05/2015	1,000	2.500%
3-month T-Bills	Issue Date	Maturity Date	Size - million	Yield (%)
Last 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 (%)
T1315	21/05/2015	21/05/2020	50	4.456%
T1215	07/05/2015	07/05/2020	50	4.518%
T0915	02/04/2015	02/04/2020	75	4.689%
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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