

# Weekly Economic Monitor

April 26, 2015

# Brief Overview

## MENA Region



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## Jordan Economy



### News and analysis

- [Budget surplus narrowed in January 2015, public debt at 20,695 million JD](#)



### Markets overview

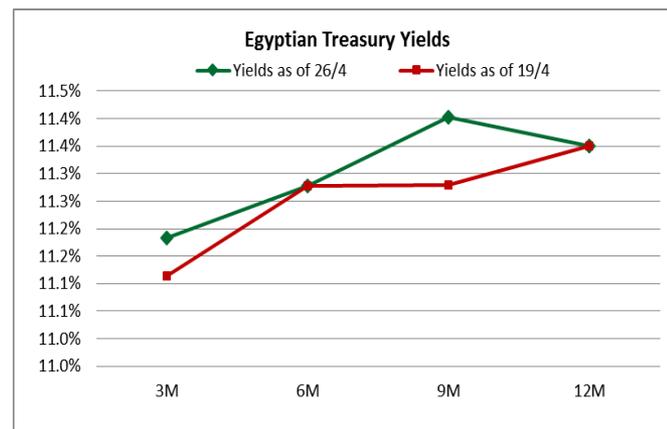
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**Regional**

# Egypt: CBE keeps interest rates unchanged, Egypt receives \$6 billion in deposits

- Egypt's T-bill yields for 3 months and 9 months have edged up in comparison to last week, despite Egypt's central bank decision to keep interest rates unchanged, and the inflow of \$6 billion in deposits with the CBE from Gulf countries.
- The Central Bank of Egypt has decided to keep interest rates unchanged, as inflation hit a five-month high in March of 11.51%.
- The Central Bank of Egypt kept the overnight rate at 8.75% and lending rate at 9.75%. The CBE wants to adopt an expansionary monetary policy to help spur growth, but is held back due to increasing inflation rates.
- In other news, Egypt's received \$6 billion from Saudi Arabia, UAE, Kuwait, as each placed \$2 billion. The maturities on the deposits range from three to five years.
- The deposits are expected to bolster FX reserves which will help place downward pressure on interest rates.
- On the other hand, Egypt's President Sisi approved a World Bank loan which amounts \$500 million in order to fund the Egypt Household Natural Gas Connection Project. This project is expected to result in US\$301.5 million budget savings annually in fuel subsidies.

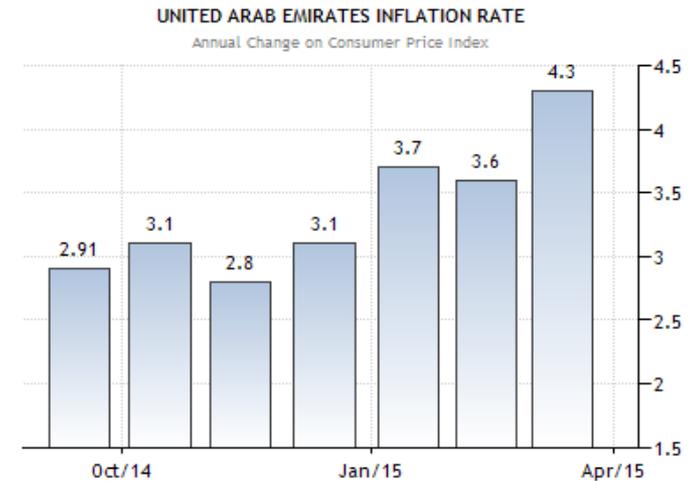


Source: Trading Economics

# GCC Economic Highlights:

## *UAE: Inflation grows by 4.31% in March*

- According to figures released by the UAE's National Bureau of Statistics, the inflation rate grew by 4.31% in March 2015 when compared to March 2014, the highest since February 2009.
- The increase in inflation was attributed to higher prices in all commodities and services except for the textiles, clothing and footwear group, which dropped by 1.68%.
- Meanwhile, of the most important commodities and services that faced increases in their prices were housing prices (up by 9.35%), beverages and tobacco (up by 2.91%), and food and soft drinks (up by 1.13%).
- Experts said that the removal of the rental cap in November 2013 pushed many residents 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 2.5% in 2015 in the UAE.

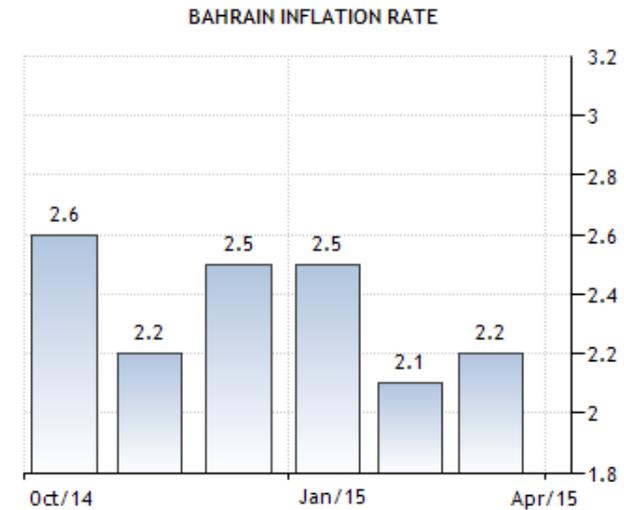


Source: Trading Economics

# GCC Economic Highlights:

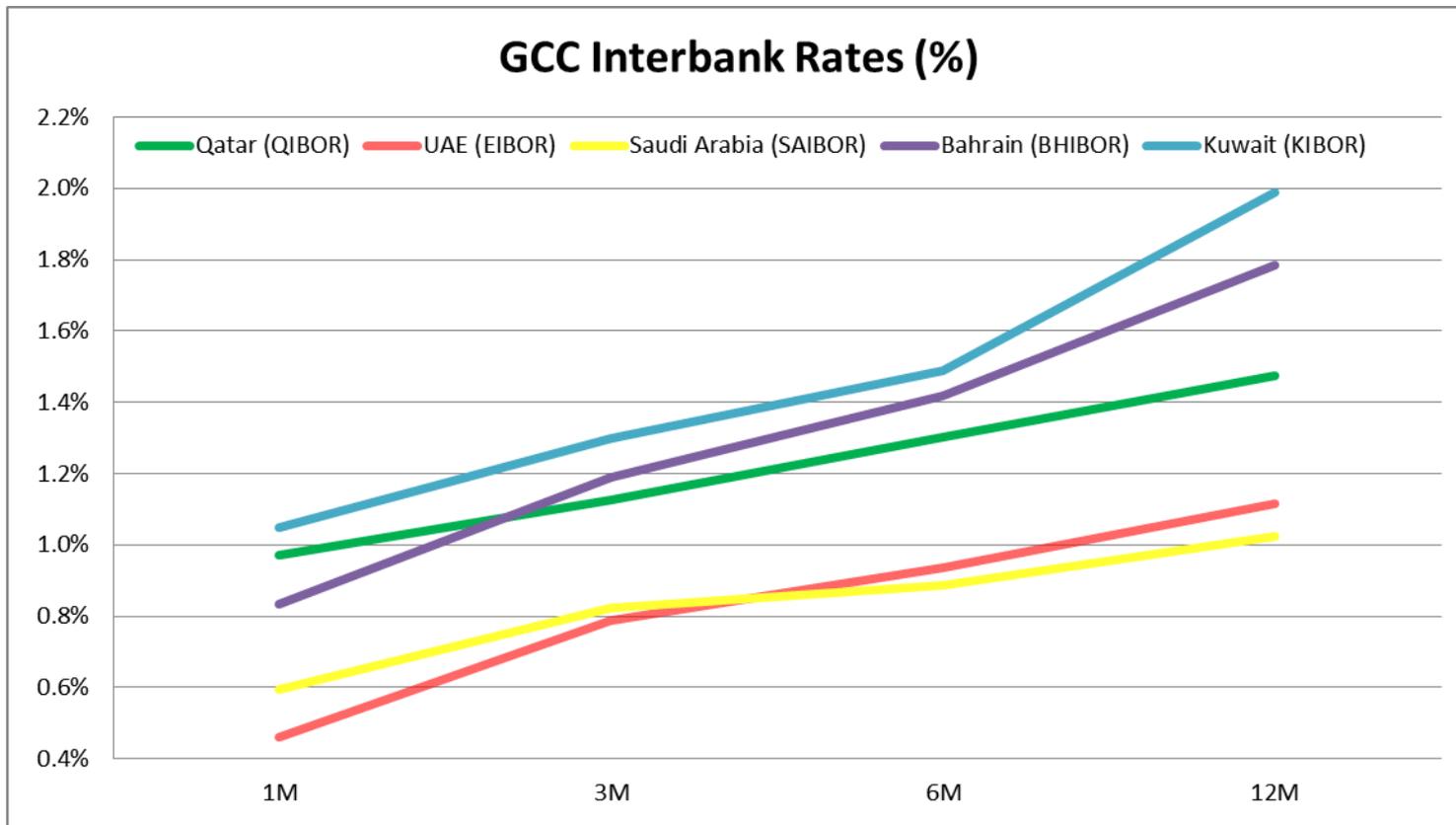
## *Bahrain: Inflation up by 2.2% in March 2015*

- According to figures released by the Central Informatics Organization, the inflation rate grew by 2.2% in March 2015 when compared to March 2014, down from 2.1% in February 2015.
- Inflation was driven by an increase in the prices of housing and utility, health, education, and alcoholic beverages and tobacco.
- Housing, water, electricity, gas, and other fuels group prices rose by 7.7% from March 2014, while alcoholic beverages and tobacco prices rose by 5.4%. Meanwhile, education prices rose by 3.2% over the same time period.
- Other groups which witnessed increases in prices were furnishing, household equipment and routine household maintenance (up by 1.4%), and transport (up by 1.4%).
- On the other hand, only the prices of food and non-alcoholic beverage have dropped, down by 0.5%.
- Throughout the GCC, it seems that a stronger U.S. dollar is helping placing downward pressure inflation, especially as most of the GCC currencies are pegged to the dollar. This, along with the drop in oil prices should give room to governments to introduce needed energy reforms.
- The IMF expects inflation to drop to 2.4% in 2015, compared to 2.6% in 2014.



Source: Trading Economics

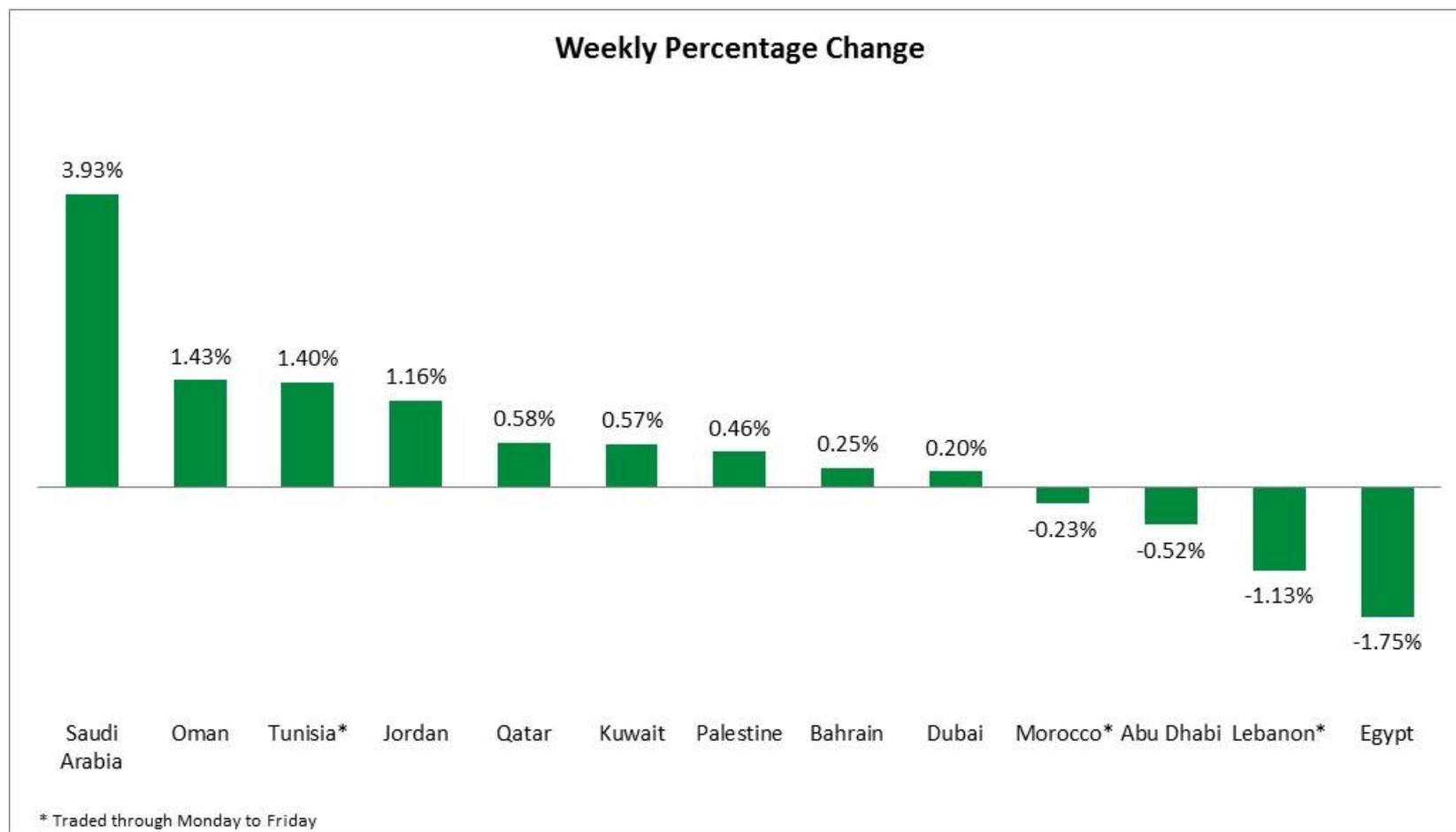
# GCC interbank rates



Source: Bloomberg

# Comparative MENA Markets

April 19, 2015 – April 23, 2015



Source: Bloomberg



**Jordan**

# Budget surplus narrows in January 2015

- Figures released by the Ministry of Finance show that the budget balance deteriorated in the first month of 2015 compared to the first month of 2014, with a surplus of JD 8.0 million compared to last year's surplus of JD 156 million.
- The JD 148 million decrease in the budget surplus was a result of a JD 106 million decrease in total revenues and grants coupled with a 42 million JD increase in expenditures.
- Total revenues and grants decreased by around JD 106 million in the first month in 2015, as a result of a decrease of JD 20 million in domestic revenues and a JD 86 million decrease in foreign grants for the same period. The drop in domestic revenue was mainly a result of a decrease of other revenues and a slight drop in tax revenue.
- Foreign grants decreased by JD 86 million compared to the same time period in the previous year, though grants are usually committed towards the latter part of the year.
- Total expenditures increased by around JD 42 million for the same period, due to a 32 JD million increase in current expenditures and an increase of 10 JD million in capital expenditures.

JD Million	January 2015	January 2014
<b>Total Revenues and Grants</b>	<b>490.6</b>	<b>596.9</b>
Domestic Revenue	442.9	463.2
Foreign Grants	47.7	133.7
<b>Total Expenditures</b>	<b>482.6</b>	<b>440.8</b>
Current Expenditures	467.3	435.6
Capital Expenditures	15.3	5.2
<b>Fiscal Deficit/Surplus Including Grants</b>	<b>8.0</b>	<b>156.1</b>
<b>Fiscal Deficit/Surplus Excluding Grants</b>	<b>-39.7</b>	<b>22.4</b>

JD Million	2015 Budget	2014 Preliminary
<b>Total Revenues and Grants</b>	<b>7,408.0</b>	<b>7,267.6</b>
Domestic Revenue	6,280.0	6,031.1
Foreign Grants	1,128.0	1,236.5
<b>Total Expenditures</b>	<b>7,876.4</b>	<b>7,852.9</b>
Current Expenditures	6,701.5	6,716.6
Capital Expenditures	1,174.9	1,136.3
<b>Fiscal Deficit/Surplus Including Grants</b>	<b>-468.4</b>	<b>-585.3</b>
	<b>(-1.7% of GDP)</b>	<b>(-2.3% of GDP)</b>
<b>Fiscal Deficit/Surplus Excluding Grants</b>	<b>-1,596.4</b>	<b>-1,821.8</b>
	<b>(-5.9% of GDP)</b>	<b>(-7.2 % of GDP)</b>

# Public debt at 20,695 million JD at the end of January 2015

- Meanwhile, the fiscal balance before grants resulted in a budget deficit of JD 40 million during January 2015, compared to a budget surplus of JD 22 million during the same period of last year; a drop of around JD 62 million.
- Furthermore, net public debt reached around JD 20,695 million in January 2015, around 76.3% of 2015 estimated GDP according to the Ministry of Finance's calculations.
- External debt decreased by around 64 JD from JD 8,030 million at the end of 2014 to 7,966 in January 2015.
- Meanwhile, net domestic debt increased by 204 JD million to amount JD 12,729 million in January 2015, in comparison to 12,525.0 JD million in 2014.

JD Million	January 2015	2014	2013
<b>External Debt</b>	<b>7,966.1</b>	<b>8,030.1</b>	<b>7,234.5</b>
Percent of GDP	29.4%	31.4%	30.3%
<b>Internal Debt</b>	<b>12,729.0</b>	<b>12,525.0</b>	<b>11,862.0</b>
Percent of GDP	46.9%	48.9%	49.7%
<b>Public Debt</b>	<b>20,695.2</b>	<b>20,555.5</b>	<b>19,096.5</b>
Percent of GDP	<b>76.3%</b>	<b>80.3%</b>	<b>80.1%</b>

# Jordan Debt Monitor

## Latest T-Bills

- As of April 26, the volume of excess reserves, including the overnight window deposits held at the CBJ JD(3,147) million.

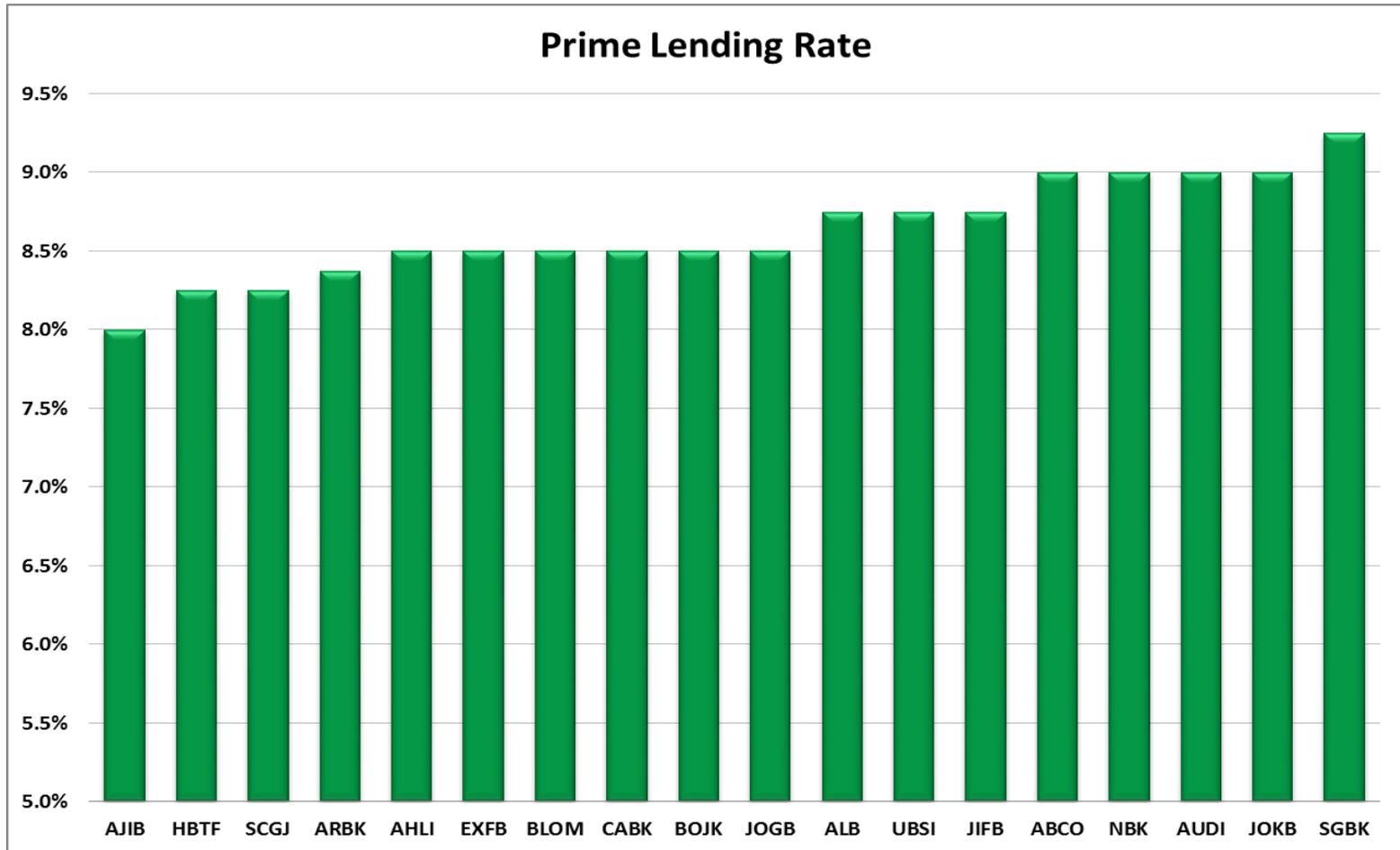
<b>1-week CDs</b>	<b>Issue Date</b>	<b>Maturity Date</b>	<b>Size - million</b>	<b>Yield (%)</b>
<b>12/2015</b>	<b>21/04/2015</b>	<b>28/04/2015</b>	<b>1,000</b>	<b>2.500%</b>
11/2015	14/04/2015	21/04/2015	1,000	2.500%
10/2015	07/04/2015	14/04/2015	1,000	2.500%
09/2015	31/03/2015	07/04/2015	1,000	2.500%
<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>
<b>T1115</b>	<b>22/04/2015</b>	<b>22/04/2017</b>	<b>50</b>	<b>3.000%</b>
T1015	16/04/2015	16/04/2017	50	3.170%
T0815	26/03/2015	26/03/2017	50	3.362%
<b>3-year T-Bonds</b>	<b>Issue Date</b>	<b>Maturity Date</b>	<b>Size - million</b>	<b>Coupon (%)</b>
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%
<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>
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%
<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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