Weekly Economic Monitor

March 29, 2015

بنك القاهرة عمّان
CairoAmmanBank

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- JD deposits grew by 538 million JD in January
- Trade deficit down by 32% in January; Oil bill down 53.3%

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Regional

Egypt: FX reserves rise slightly, EEDC attracts $175 bn in investments

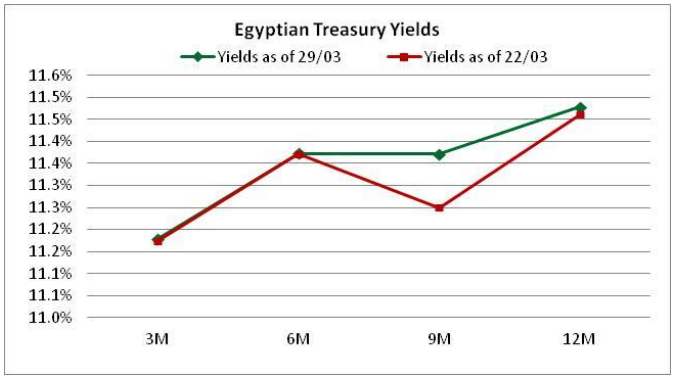
- Egypt's T-bill yields remained largely unchanged from last week, after they had dropped considerably the previous week, helped by the large amount of investments pledged to be invested in Egypt, in addition to deposits placed by GCC countries with the CBE.

- In other news, Egypt's FX reserves rose marginally in February from January to register $15.48 billion from $14.45 billion. Looking ahead, Egypt's Central Bank Governor said that amounts pledged by the Gulf countries to be placed with the CBE to help bolster FX reserves will arrive in the country within days.

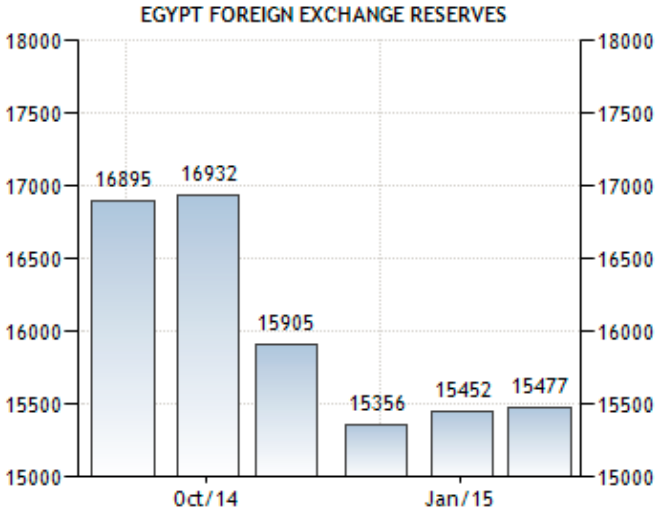
- Re-capping on the Egyptian Economic Development Conference held on March 15th, which drew delegates from more than 80 countries and 25 international organisations and companies, Egypt's Investment Minister announced that $175.2 billion in agreements, contracts and memoranda of understanding had been signed during the conference.

- Of the $175 billion, Egypt signed numerous large-scale energy contracts; $21.3 billion for natural gas and $16.3 billion for electricity generation.

- Moreover, Egypt attracted $18 billion in investments in construction, $5.2 billion in loans and guarantees from international financial institutions, and $92 billion in memoranda of understanding for new and existing projects.



Source: Bloomberg



Source: Trading Economics

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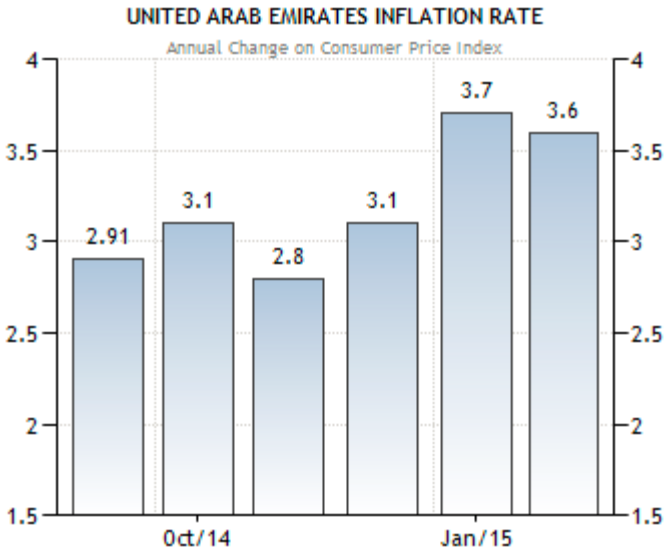
GCC Economic Highlights:

UAE: Inflation edges down to 3.6% in February

- According to figures released by the UAE's National Bureau of Statistics, the inflation rate grew by 3.6% in February 2015 when compared to February 2014, down slightly from a near six-year high of 3.7% in January 2015.
- Inflation grew by 0.09% when compared to January 2015.
- Inflation is still being driven by housing and utility costs, which account for 39% of consumer expenses, jumped by 7.4% from a year ago. Meanwhile, food and beverage prices, which account for 14% of the basket, rose by only 0.9% year-on-year.
- Moreover, furniture and household good prices rose by 5.1%, while education price rose by 4% compared to February 2014.
- Analysts said that inflationary pressures are dropping since housing prices rose by 0.2% from January 2015, compared to a 1.9% month-on-month rise in December 2014.
- Meanwhile, reports from real-estate companies predict house prices to remain static or fall in 2015.
- For 2015, the IMF expects inflation to register 2.5% in 2015 in the UAE.



Source: Trading Economics

GCC Economic Highlights:

Kuwait: Inflation rises to 2.9% in February 2015

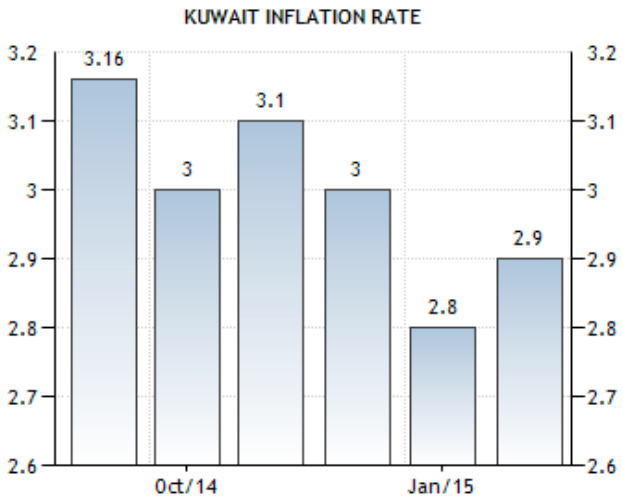
- According to Kuwait's Central Statistical Bureau, the inflation rate grew by 2.9% in February of 2015 compared to the same time period in 2014, up marginally from 2.8% in January 2015.

- Housing services, which account for around 29% of the consumer basket, rose by 5.03% when compared to February 2015, though this figure is only updated on a quarterly basis (next update March). Inflation in this category is expected to gradually edge higher on healthy demand levels.

- On the other hand, tobacco price rose by 11.64% in February 2015, mainly due to increased tariffs on tobacco products. Food & beverage prices, which account for 18% of the consumer basket, rose by 1.45% year-on-year.

- Food prices have been on a downward trend due to a drop in international food prices. Looking ahead, international food inflation is expected to remain weak in the medium-term, and therefore pressure on local food inflation will remain limited in the coming months. Moreover, food prices have been helped due a relatively stronger Kuwaiti dinar against most currencies.

- Analysts expect inflation to register around 3% to 3.5% in 2015, while the IMF expects inflation to register 3.5% in 2015.



Source: Trading Economics

GCC Economic Highlights:

Qatar: Trade surplus down 47.5% in February 2015

- Data released by the Qatar's Ministry of Development Planning and Statistics show Qatar's trade surplus dropped by 47.5% in February 2015 compared to February 2014, and up by 0.3% from January 2015.

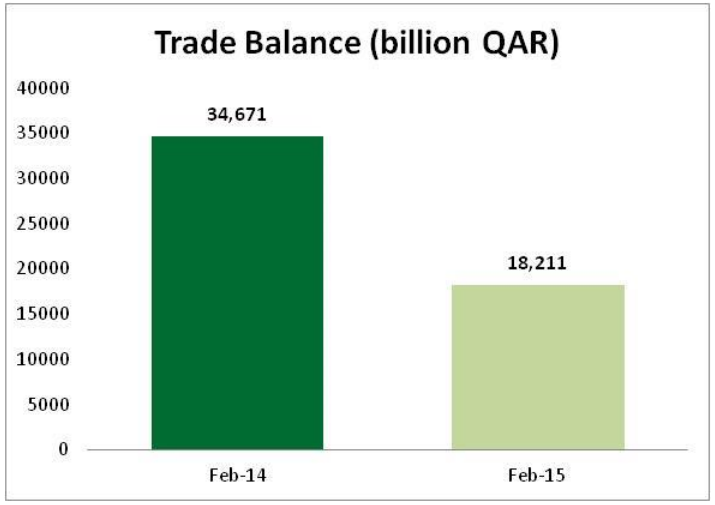
- The trade surplus dropped to 18.21 billion QAR in February 2015 compared to 34.67 billion QAR in February 2014.

- The drop in the trade balance is due to 36% drop in exports when compared to February 2014, while imports rose by 12.2% over the same time period.

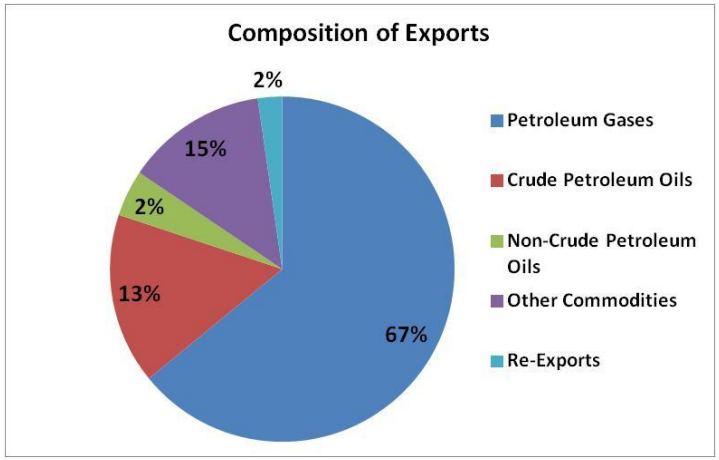
- Total exports dropped to 27.5 billion QAR, as exports of petroleum gases, which make up 67% of exports, dropped by 41.5%, while crude oil exports dropped 31.9% and non-crude oil exports dropped 34.6%. However, compared to January 2015, the abovementioned exports were up 9.3%, 48.1%, and 31.6%, respectively.

- The drop can be attributed to a significant drop in oil prices when compared to February 2014, which has reflected on Qatar's crude oil and gas exports.

- On the other hand, imports rose to 9.3 billion QAR from 8.3 billion QAR in February 2014. The rise is a result of a 33.6% rise in motor cars imports and 12.7% rise in other imports (which make up around 84% of imports).



Source: Qatar's Ministry of Statistics



Source: Qatar's Ministry of Statistics

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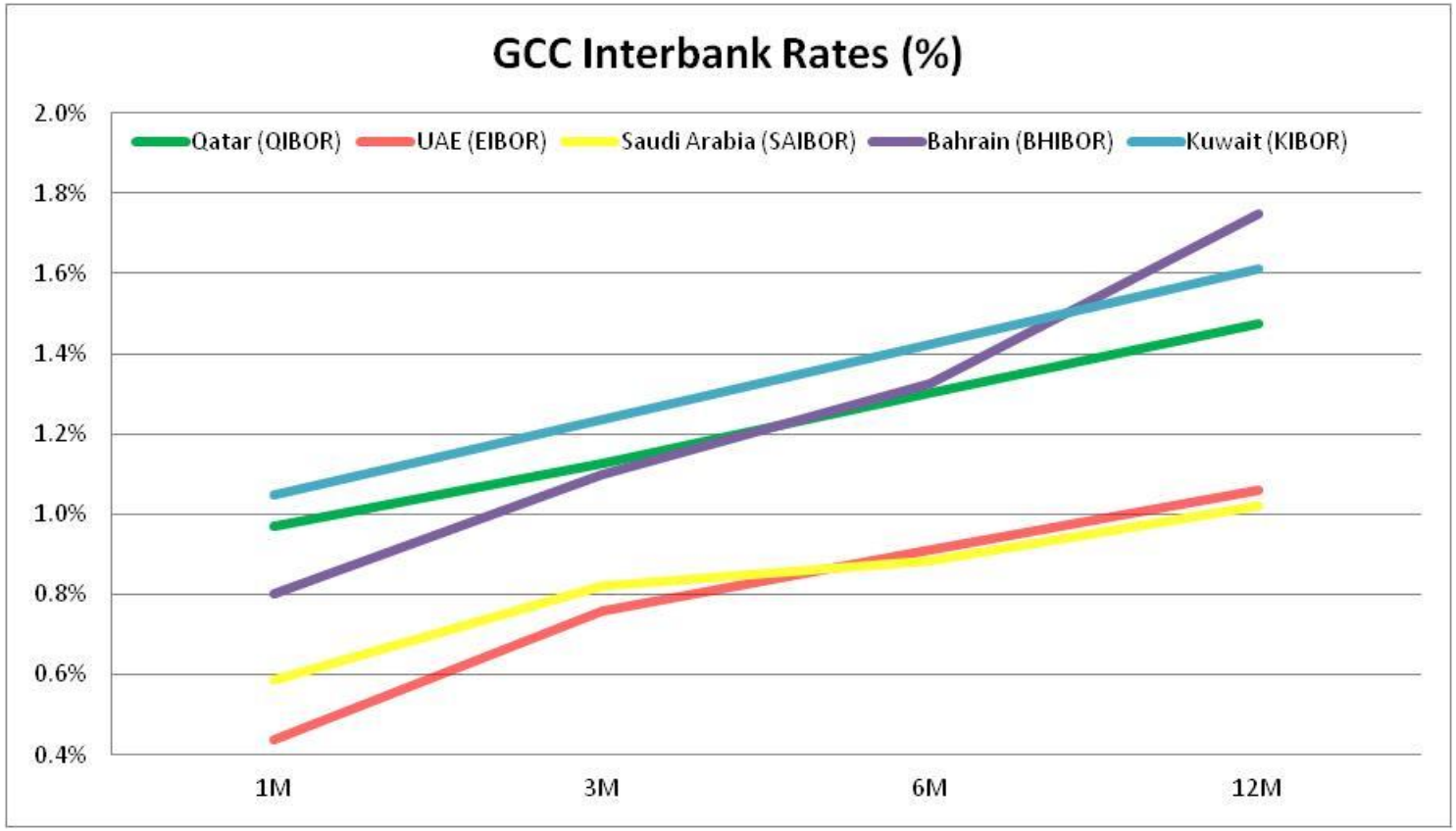
GCC interbank rates



Source: Bloomberg

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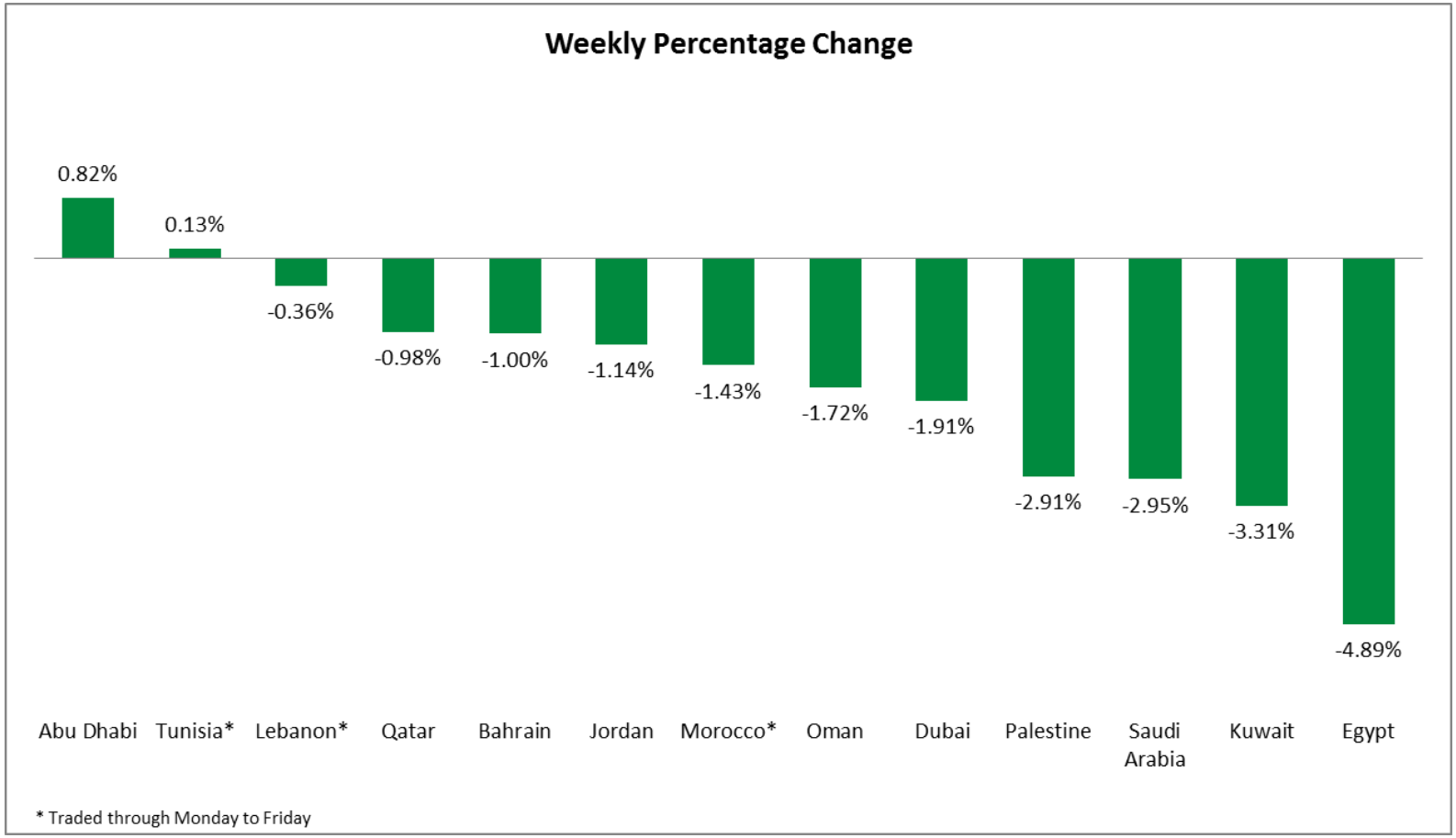
Comparative MENA Markets

March 22, 2015 – March 27, 2015



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Jordan

Budget deficit narrows in 2014, outperforms budget

- Figures released by Ministry of Finance show the budget balance improved in the 2014 compared to 2013, with a deficit of JD 585 million compared to last year's deficit of JD 1,318 million. The JD 733 million decrease in the budget deficit was a result of a JD 1,509 million increase in total revenues and grants which offset a JD 776 million increase in total expenditure.

- The deficit figure significantly outperformed the 2014 budget, as the budget had showed an expected deficit of 1,114 million JD.

- Total revenues and grants increased by around JD 1,509 million in 2014, as a result of an increase of JD 911 million in domestic revenues and a JD 597 million increase in foreign grants for the same period. The rise in domestic revenue was mainly a result of an increase in non-tax revenue and an increase in tax on goods and services.

- Foreign grants increased by JD 597 million compared to the previous year, indicating that significant grants were committed in 2014 and played a vital role in bringing down the deficit.

- Total expenditures increased by around JD 776 million for the same period, due to a JD 661 million increase in current expenditures (mainly from increases in interest payments, social benefits, and military expenditures), and an increase of JD 115 million in capital expenditures.

JD Million	Jan - Dec 2014	Jan - Dec 2013
Total Revenues and Grants	**7,267.6**	**5,758.9**
Domestic Revenue	6,031.1	5,119.8
Foreign Grants	1,236.5	639.1
Total Expenditures	**7,852.9**	**7,077.1**
Current Expenditures	6,716.6	6,056.1
Capital Expenditures	1,136.3	1,021.0
Fiscal Deficit/Surplus Including Grants	**-585.3**	**-1,318.2**
Fiscal Deficit/Surplus Excluding Grants	**-1,821.8**	**-1,957.3**

JD Million	2014 Budget	2013
Total Revenues and Grants	**6,982.0**	**5,758.9**
Domestic Revenue	5,831.0	5,119.8
Foreign Grants	1,151.0	639.1
Total Expenditures	**8,096.4**	**7,077.1**
Current Expenditures	6,827.8	6,056.1
Capital Expenditures	1,268.6	1,021.0
Fiscal Deficit/Surplus Including Grants	**-1,114.4** (-4.3% of GDP)	**-1,318.2** (-5.4% of GDP)
Fiscal Deficit/Surplus Excluding Grants	**-2,265.4** (-8.7% of GDP)	**-1,957.3** (-8.1% of GDP)

Public debt finishes 2014 at 20.56 billion JD, 80.3% of GDP

- Meanwhile, the fiscal balance before grants resulted in a budget deficit of JD 1,822 million during 2014, compared to a budget deficit of JD 1,957 million during the same period of last year; a decrease of around JD 135 million.

- This decrease means that the deficit before grants also outperformed the budget by JD 444 million.

- Furthermore, net public debt reached around JD 20,556 million by the end of 2014, around 80.3% of 2014 GDP according to the Ministry of Finance's calculations, increasing by around JD 1,459 million.

- External debt increased by around JD 796 million, while net domestic debt increased by around JD 663 million for the same period.

- It is noteworthy that gross public debt reached around JD 22,987 million by the end of 2014, around 89.8% of GDP, increasing by JD 2,313 million during the year.

JD Million	2014	2013	2012
External Debt	**8,030.1**	**7,234.5**	**4,932.4**
Percent of GDP	31.4%	30.3%	22.5%
Internal Debt	**12,525.0**	**11,862.0**	**11,648.0**
Percent of GDP	48.9%	49.7%	53.0%
Public Debt	**20,555.5**	**19,096.5**	**16,581.0**
Percent of GDP	**80.3%**	**80.1%**	**75.5%**

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FX reserves drop $0.4 billion in January 2015

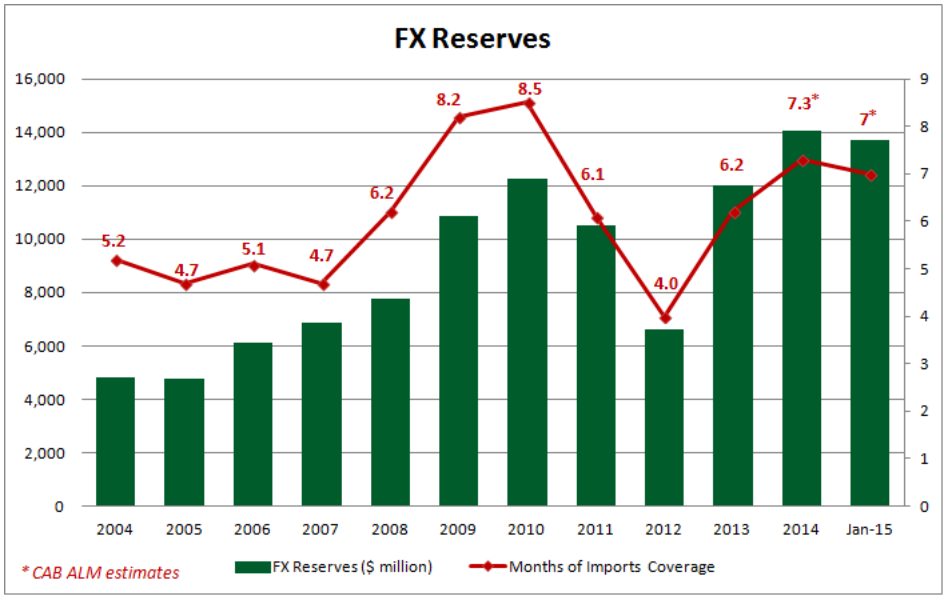
- FX reserves dropped in January by $0.4 billion compared to December to reach $13.7 billion; enough to cover around 7 months of imports. FX reserves had grown by $2.1 billion in 2014.

- FX reserves are expected to remain at high levels in 2015, as the IMF expects the government to receive $3.5 billion in external funding during the year.

- This includes a $1.75 billion Eurobond to be issued during 2015, and around $1.4 billion in GCC capital grants.

- On the other hand, the government has a $750 million Eurobond that will mature in November of this year.

- Meanwhile, the drop in oil prices is likely to reduce pressure on foreign reserves demand, helping to keep FX reserves stable.



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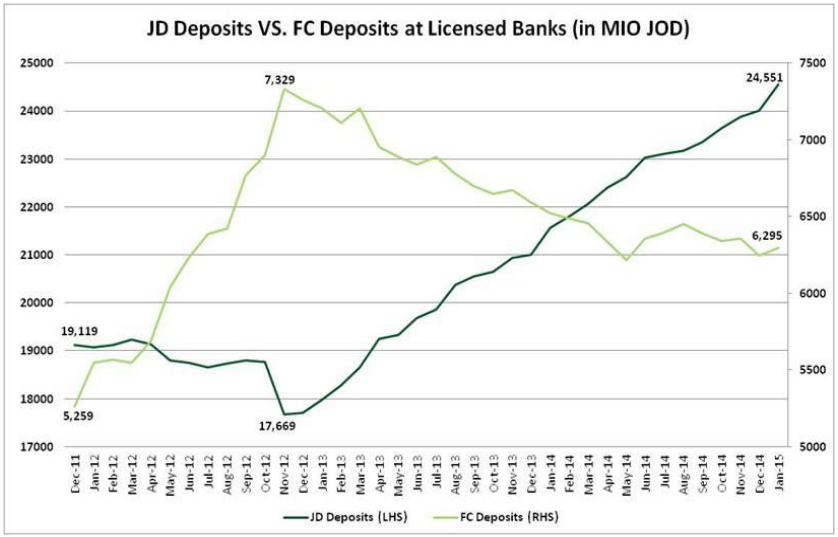
JD deposits grew by 538 million JD in January 2015

JD Deposits:

- In January of 2015, JD deposits at banks increased by 538 million JD to reach 24.55 billion JD.
- The increase in deposits had slowed down significantly during the middle of last year, but picked up again towards the end of the year.
- The continued increases indicate better stability in the Jordanian economy.
- Deposits grew by 3.0 billion JD in 2014, after they grew by 3.3 billion JD in 2013.

FC Deposits:

- Meanwhile, foreign currency deposits increased by approximately $67 million in January from December, again indicating that de-dollarization is mostly coming to an end.
- In 2014, foreign currency deposits dropped by $482 million, compared to a drop of $943 million in 2013.
- Foreign currency deposits are currently around $8.88 billion (6.30 billion JD).



Month	Change in JD deposits (million JD)	Change in FC deposits (million JD)
Jan-14	+567.2	-69.7
Feb-14	+240.2	-36.3
Mar-14	+259.4	-29.6
Apr-14	+326.9	-116.2
May-14	+233.0	-125.2
Jun-14	+403.7	+141.4
Jul-14	+72.5	+41.9
Aug-14	+67.2	+54.9
Sep-14	+181.2	-59.4
Oct-14	+280.0	-40.1
Nov-14	+245.7	+11.0
Dec-14	+133.1	-106.0
Jan-14	+537.8	+47.2

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Trade deficit down by 32% in January 2015

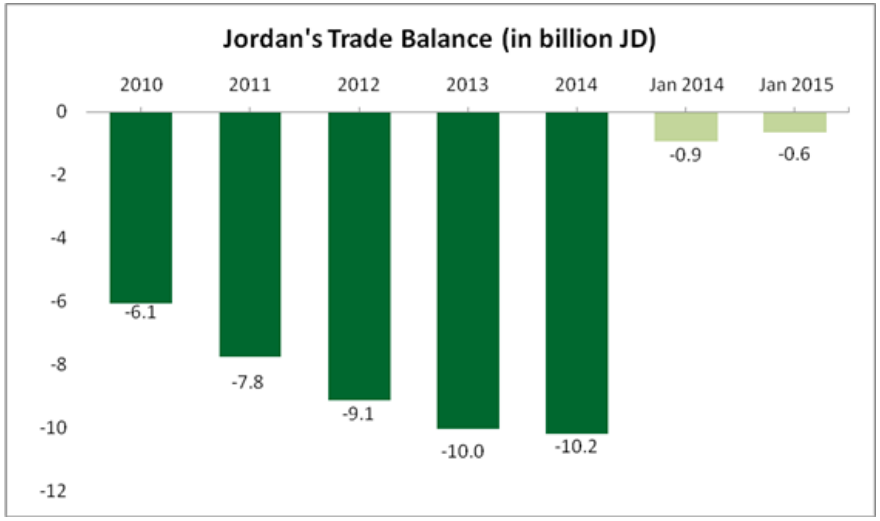
- The Department of Statistics released figures showing that Jordan's trade deficit decreased by JD 286.1 million or 32% during January 2015 compared to January 2014.

- The trade balance stood at JD -607.1 million in the first month of 2015, compared to JD -893.2 million over the same period in 2014.

- Both exports and imports decreased over the same time period, as exports decreased by 14.1 % and imports decreased by 24%, while re-exports grew by 22.6%.

- Total exports decreased to JD 434.4 million in January 2015 from JD 476.3 million in January 2014, as fertilizer exports decreased sharply by 41.6%, fruit and vegetable exports decreased by 29.1%, pharmaceutical exports decreased by 9.8%, and phosphate exports decreased by 5.6%.

- Meanwhile, potash exports increased by 6.4% and clothes exports increased by 8.9%.



Oil bill down 53.3% in January 2015 compared to 2014

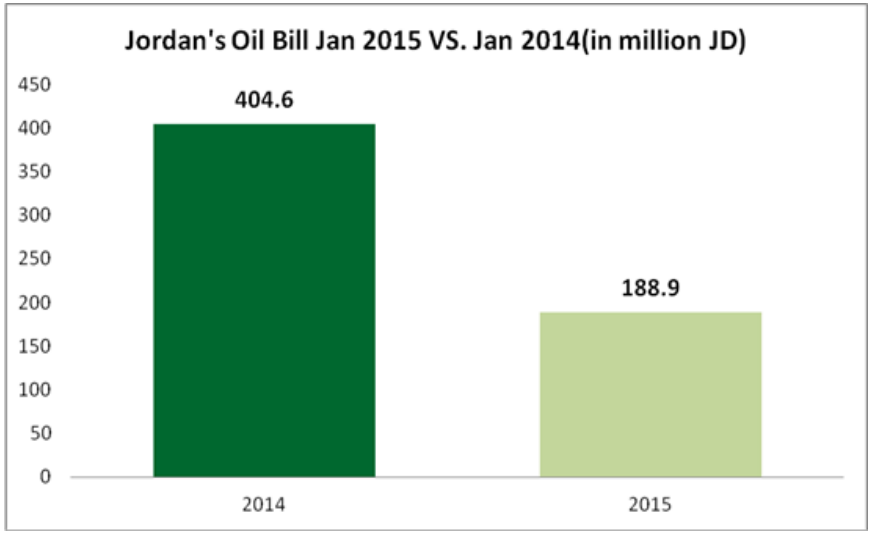
- Meanwhile, imports decreased to reach JD 1,041.5 million in January 2015 from JD 1,369.5 million for the same time period in 2014.

- The decrease is a result of a decrease in machinery and machinery equipment imports by 24.4%, decrease in metal and its products imports by 24%, decrease in electronics imports by 25.6%.

- While on the other hand, grains witnessed a significant increase in imports by 3.2 times.

- Most significantly, crude oil imports have decreased by 53.3%, to reach JD 188.9 million in January 2015 from JD 404.6 million over the same time period in the previous year, likely due to a drop in international oil prices which fell 53.5% over the same time period.

- Looking ahead, the drop in oil prices is expected to reflect positively on the trade balance in 2015.



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Jordan Debt Monitor

Latest T-Bills

- As of March 29, the volume of excess reserves, including the overnight window deposits held at the CBJ JD(2,886) million.

1-week CDs	**Issue Date**	**Maturity Date**	**Size - million**	**Yield (%)**
08/2015	**24/03/2015**	**31/03/2015**	**1,000**	**2.500%**
07/2015	17/03/2015	24/03/2015	1,000	2.500%
06/2015	10/03/2015	17/03/2015	1,000	2.500%
05/2015	03/03/2015	10/03/2015	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 (%)
T0815	**26/03/2015**	**26/03/2017**	**50**	**3.362%**
T0215	18/01/2015	18/01/2017	50	4.202%
T0115	14/01/2015	14/01/2017	100	4.238%
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%

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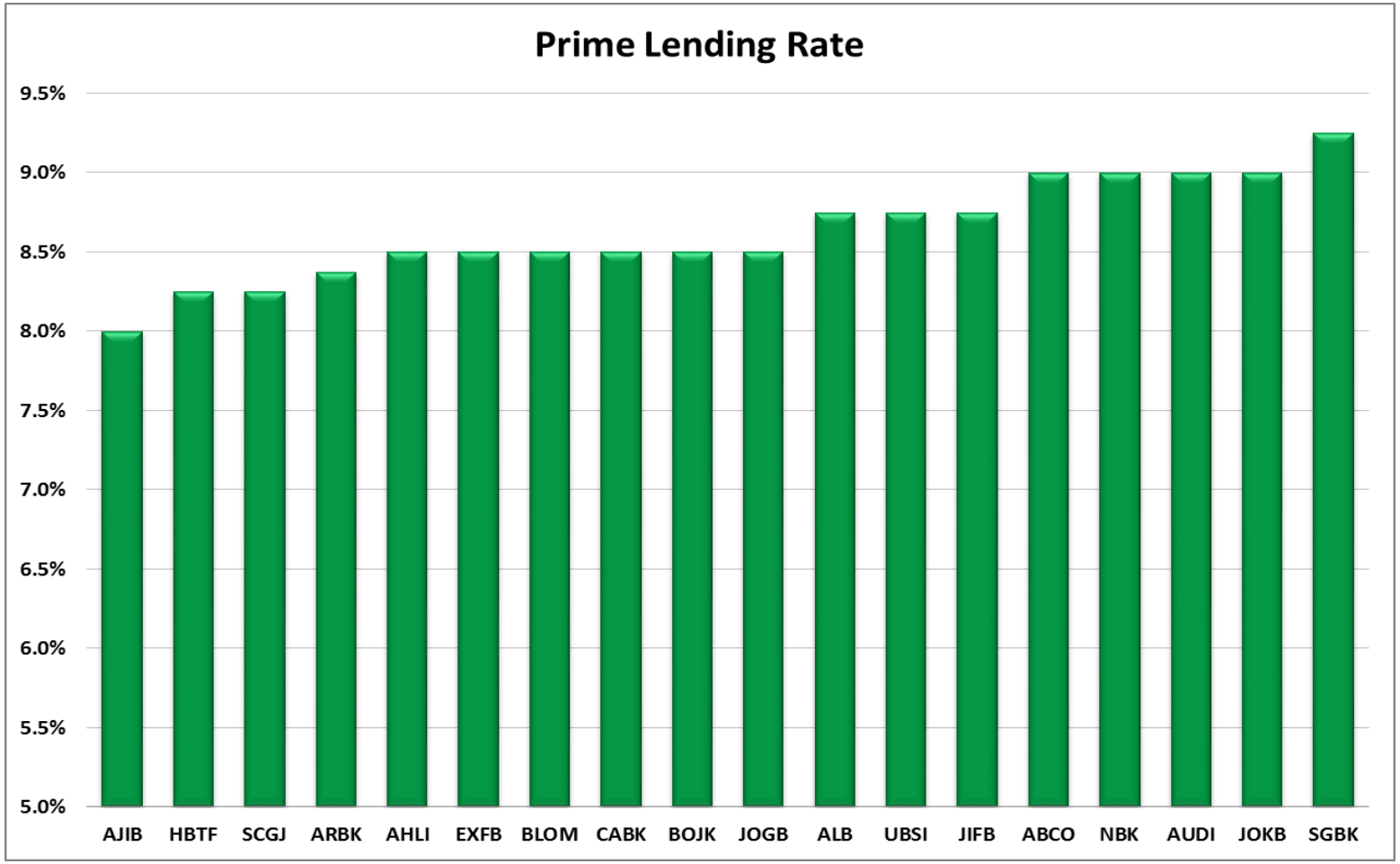
Prime Lending Rates



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