

Weekly Economic Monitor

November 30, 2014

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Markets overview

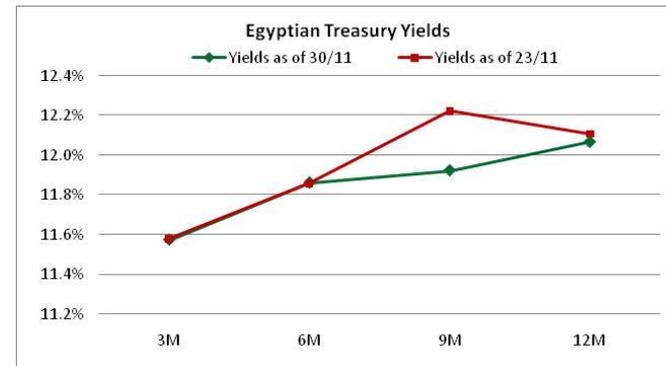
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Regional

Egypt: Central Bank keeps rates on hold

- Egypt's 6M and 12M T-bill yields dropped last week, as the Central Bank held its main interest rates steady at its policy meeting last week, but said that softening growth in emerging markets and growing concerns about the recovery of the global economy could pose a threat to the country's recovery.
- The Central Bank had raised interest rates in July to dampen inflation after the government introduced deep austerity measures to electricity and fuel subsidies.
- The Central Bank is looking to strike a balance between containing inflation and spurring growth. Inflationary pressures have eased while the economy shows signs of strengthening on the back of growth in manufacturing and real estate. However, growth in the tourism and oil sectors, which are a major source of foreign currency, have continued to be sluggish.
- In other news, Egypt has paid back \$2.5 billion deposit that Qatar deposited earlier in 2013. This brings total payments returned to Qatar to \$6 billion, leaving \$500 million outstanding, which will be paid in 2015.
- Meanwhile, banks have arranged a \$1.5 billion syndicated loan to Egypt's state oil company in order for the country to pay back foreign energy companies. Egypt hopes that this will encourage firms to boost exploration to help ease the country's worse energy crisis in decades.



Source: Bloomberg



Source: Trading Economics

GCC Economic Highlights:

Qatar: GDP grew 5.7% in Q2 of 2014

- According to figures released by Qatar's Ministry of Development Planning and Statistics, Qatar's GDP grew 5.7% in Q2 of 2014 when compared to the same time period of 2013. Meanwhile, GDP contracted by 0.2% when compared to Q1 of 2014.
- The mining and quarrying sector (oil-sector) showed a decline of 2.2% when compared to Q2 of 2013, while it also fell by 2.5% when compared to the first quarter of 2014.
- The drop in the oil sector was attributed to receding crude oil production and major maintenance shutdowns in gas and liquefied gases plants, which dropped production volumes. Moreover, reduction in international oil prices has led to a decline in nominal gross value added in this sector.
- On the other hand, the non-oil sector grew 11.3% when compared to Q2 of 2013, and 1.2% when compared to Q1 of 2014.
- When compared to Q2 of 2013, the growth is a result of a double digit rise seen mainly in financial sector (16.6%), construction (14.5%), transport and communication (11.8%), electricity and water (11.7%), and trade, restaurants & hotels (11.1%).
- The recent drop in oil prices might continue to hurt the oil-sector in Qatar. The IMF expects Qatar's GDP to grow 6.5% in 2014.

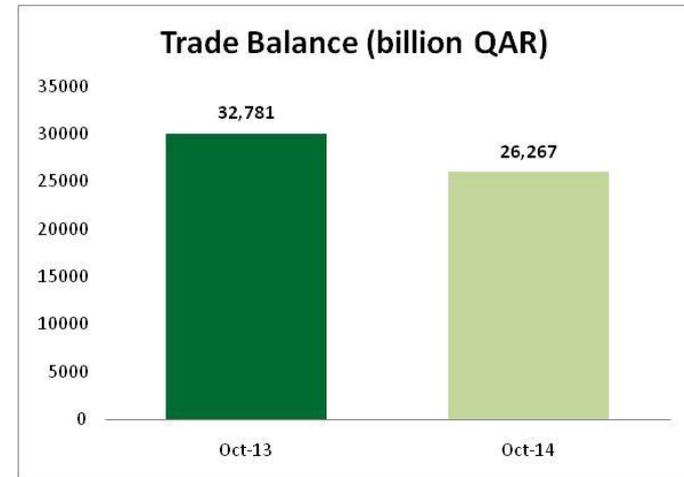


Source: Trading Economics

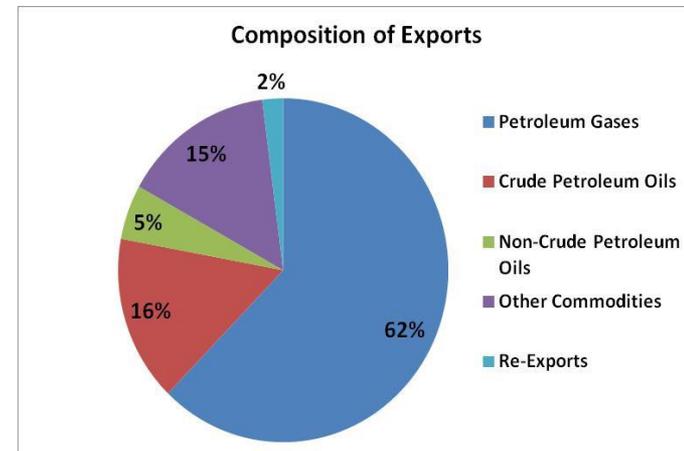
GCC Economic Highlights:

Qatar: Trade surplus down 13.7% in October 2014

- According to data released by the Qatar's Ministry of Development Planning and Statistics, Qatar's trade balance decreased by 13.7% in October of 2014 when compared to October of 2013.
- The trade surplus dropped to 25.96 billion QAR in October of 2014 compared to 30.06 billion QAR in October of 2013.
- The drop in the trade balance is due to 7.1% drop in exports when compared to October of 2013, while imports rose by 17.3% over the same time period.
- Total exports dropped to 35.51 billion QAR, as exports of petroleum gases, which make up 62% of exports, dropped by 5.7%, while crude oil exports dropped 25.1%.
- The drop is due to the double effect of a maintenance on gas and crude oil plants as well as a drop in international oil prices. Oil prices have continued to decline since October and will probably continue to reflect on a drop in Qatar's gas and crude-oil exports.
- On the other hand, imports dropped to 9.56 billion QAR from 8.15 billion QAR in October 2013. The rise came in optical fiber cable imports, which grew 179.9%, while other imports, which make up 82% of imports, rose by 24.9%.

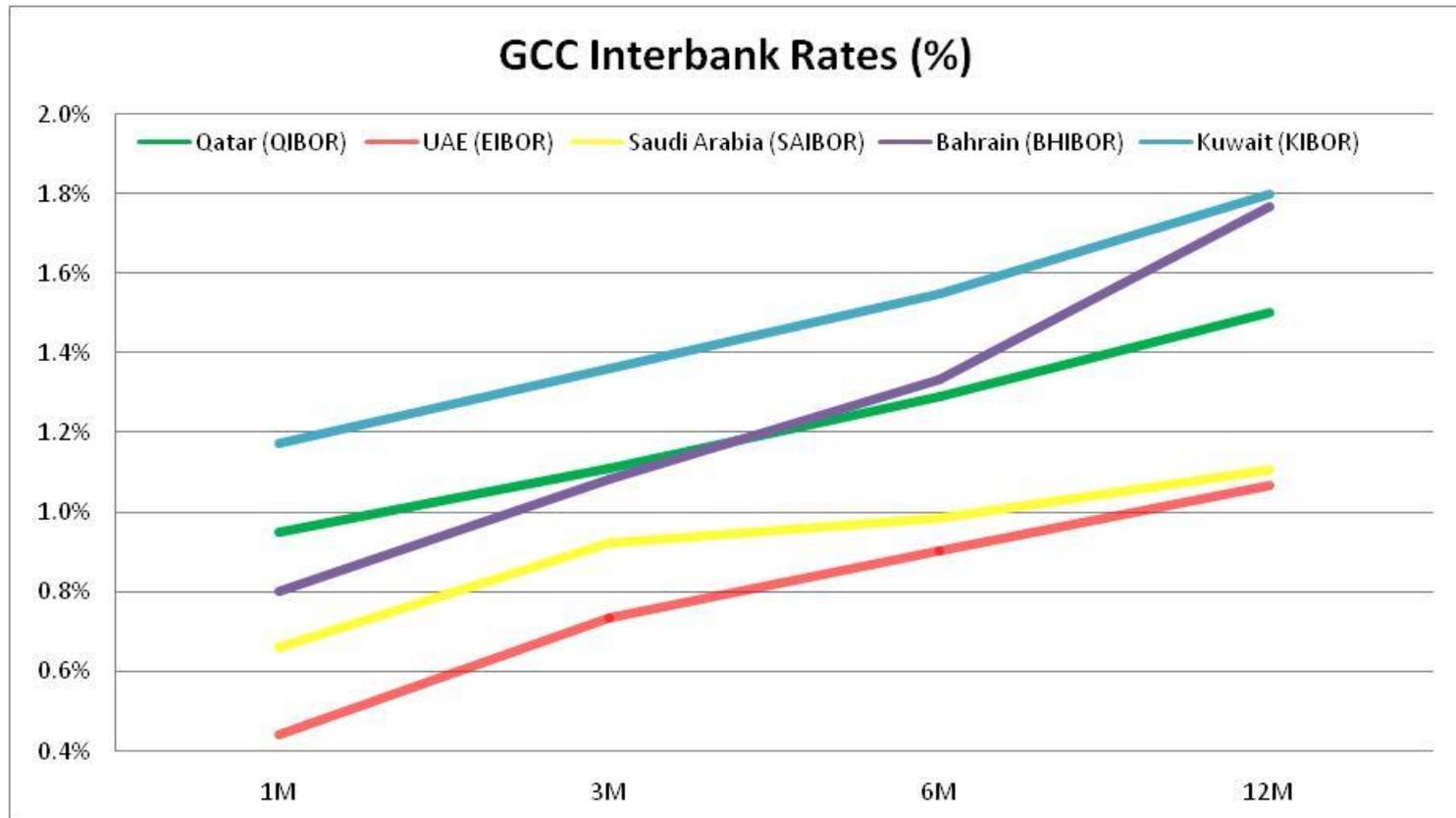


Source: Qatar's Ministry of Statistics



Source: Qatar's Ministry of Statistics

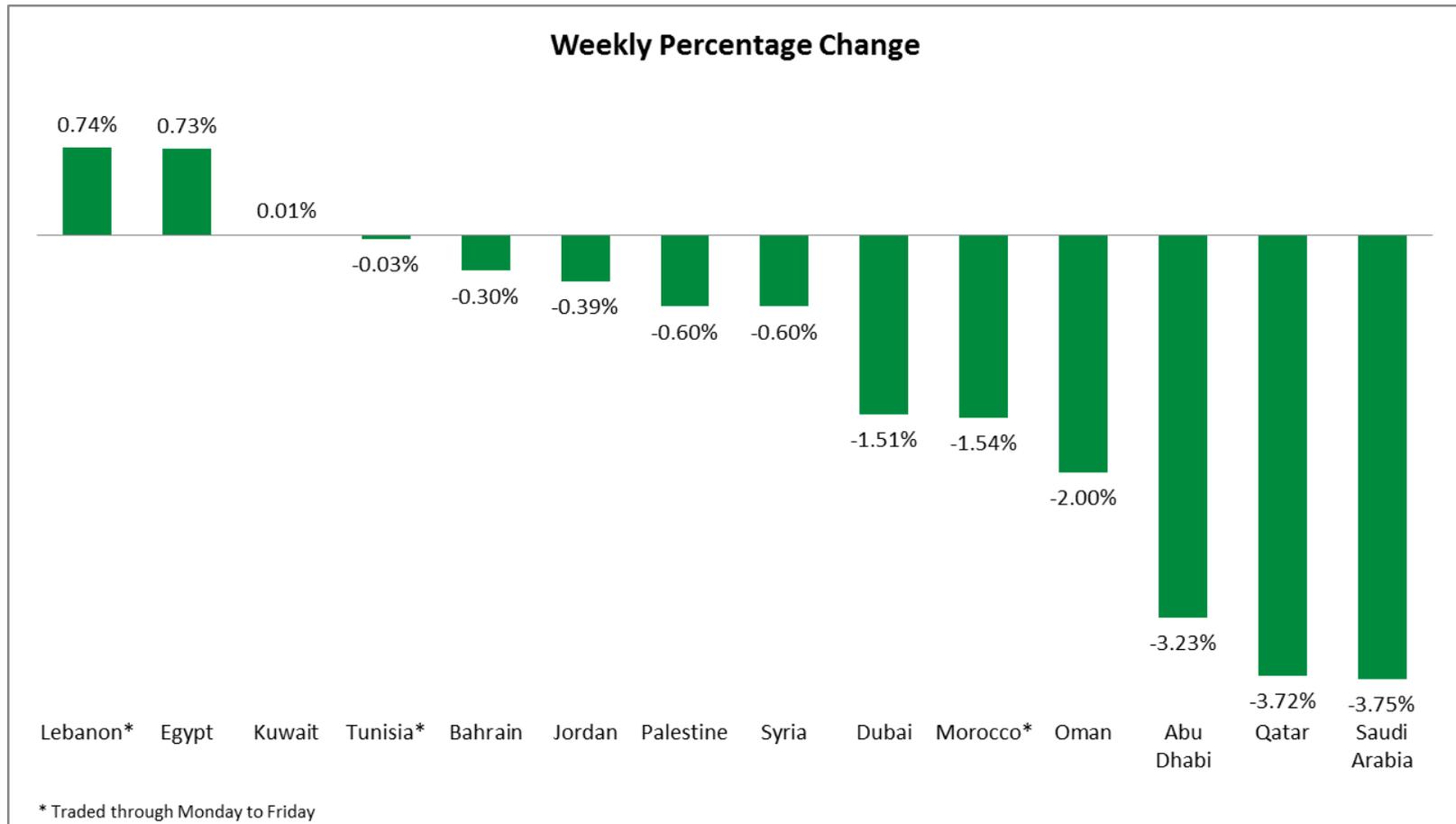
GCC interbank rates



Source: Bloomberg

Comparative MENA Markets

For the period November 23 – November 28

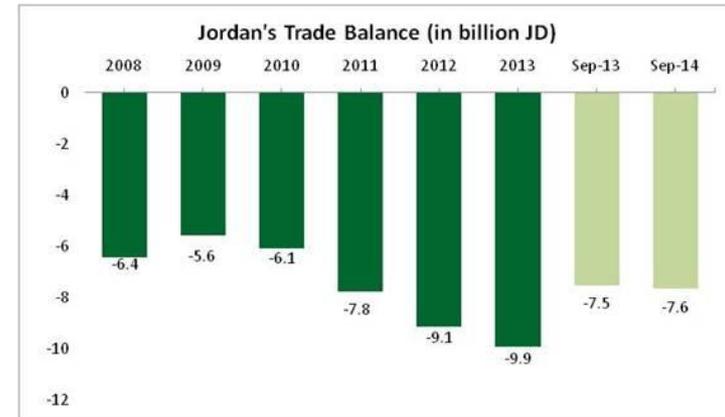




Jordan

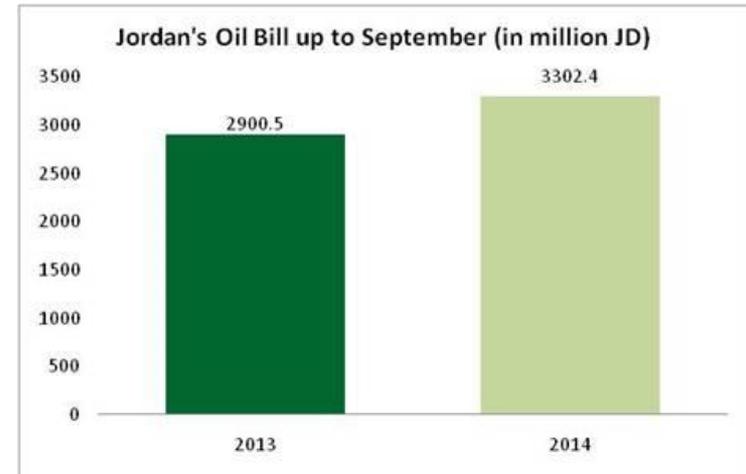
Trade deficit up 1.9% annualized during first 9 months of 2014

- Jordan's trade deficit increased by JD 141 million or 1.9% during the first nine months of 2014 to reach JD -7,649.8 million, compared to JD -7,508.8 million for the same time period in 2013.
- Both exports and imports grew over the same time period, as exports grew by 7.1% while imports grew at a slower pace of 3.7%. It is important to note that national exports actually grew by 8.6% over the same time period and re-exports dropped by 2.1%.
- Total exports grew to JD 4,478.6 million from JD 4,183.3 million for the time period, as fertilizer exports continued growing this year, up by 39.2% following sluggish export levels in 2013, fruit and vegetable exports grew 20.4%, pharmaceutical exports grew by 1.3%, and clothes exports grew 13.1%.
- Meanwhile, phosphate exports increased by 15.7% over the time period, after fluctuating during the beginning of the year. On the other hand, potash exports continued declining as they dropped by 10.1%, following already low levels of exports in 2013.
- Meanwhile, imports grew to reach JD 12,128.4 million from JD 11,692.1 million for the same time period. The increase is partially a result of an increase in machinery and machinery equipment imports by 10.3%, and vehicles and motorcycles imports grew by 19.2%.



Oil bill up 13.9% in first 9 months of 2014

- On the other hand, electronics imports plummeted by 31.9% after they witnessed huge import levels in 2013, while metal and its products imports dropped 21.9%.
- Most significantly, crude oil imports, which make up more than one quarter of total imports, increased by 13.9% to reach JD 3,302.4 million from JD 2,900.5 million over the time periods.
- A more detailed look at Jordan's monthly oil bill reveals that oil imports in September 2014 were down by 21.2% when compared to September 2013, while international oil prices were down by around 11.4% over the same time period, which could indicate that part of the drop is due to lower oil prices.
- The oil bill fell by around JD 545 million in 2013, mostly due to strong Egyptian gas supply in the first half of the year, but since gas supply remains inconsistent through 2014, it is anticipated that the oil bill will reverse the 2013 trend and instead grow in 2014.
- In addition, and with the continuous influx of Syrian refugees, it is expected that the trade deficit will remain at high levels witnessed in 2013. However, the recent significant decrease in oil prices could help alleviate pressure on Jordan's trade balance in the last few months of 2014.

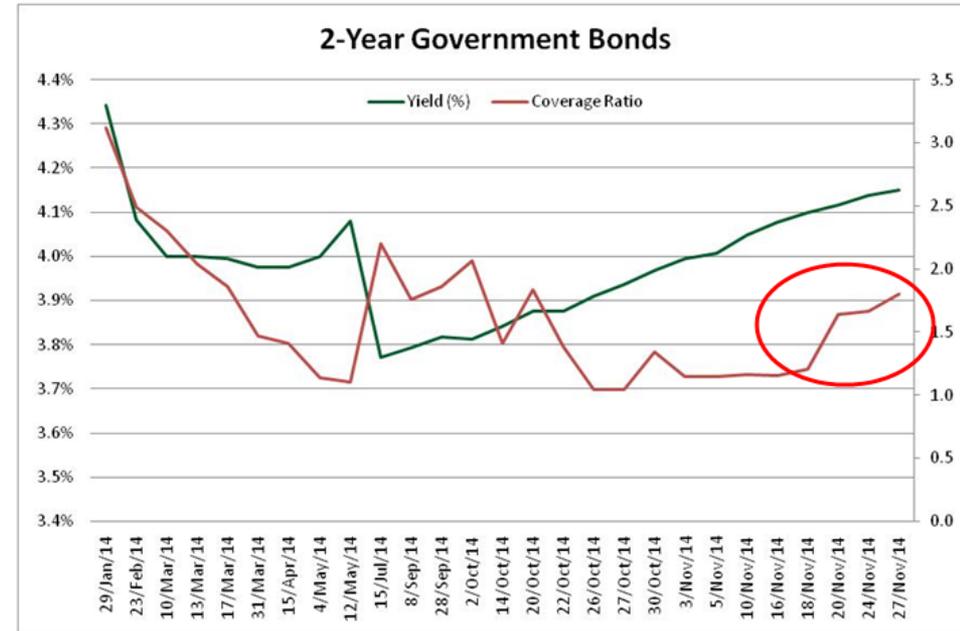


A breakdown of Jordan's monthly oil bill in million JD

Month	2013	2014	Nominal Change
January	262.8	404.6	+141.8
February	416.9	264.4	-152.5
March	359.5	319.1	-40.4
April	238.9	478.6	+239.7
May	250.1	370.6	+120.5
June	251.4	427.5	+176.1
July	424.0	365.3	-58.7
August	342.3	392.7	+50.4
September	354.6	279.6	-75.0
Total	2,900.5	3,302.4	+401.9

Coverage ratio for 2-year bonds rising

- Since the beginning of October, the government has been relying heavily on 2-year government bonds to meet financing needs.
- As a result, 2-year government bond yields have been rising gradually, reaching 4.15% at the latest auction.
- Meanwhile, at the last few auctions coverage ratios have risen considerably and registered 180% at the latest auction.
- The increase in coverage ratios indicates that banks are finding the current rate of 4.15% acceptable, while it also indicates that banks have few alternative options to invest their excess funds in JD.
- The effect of both these factors will probably reflect on yields rising gradually, or at the very least stabilizing.

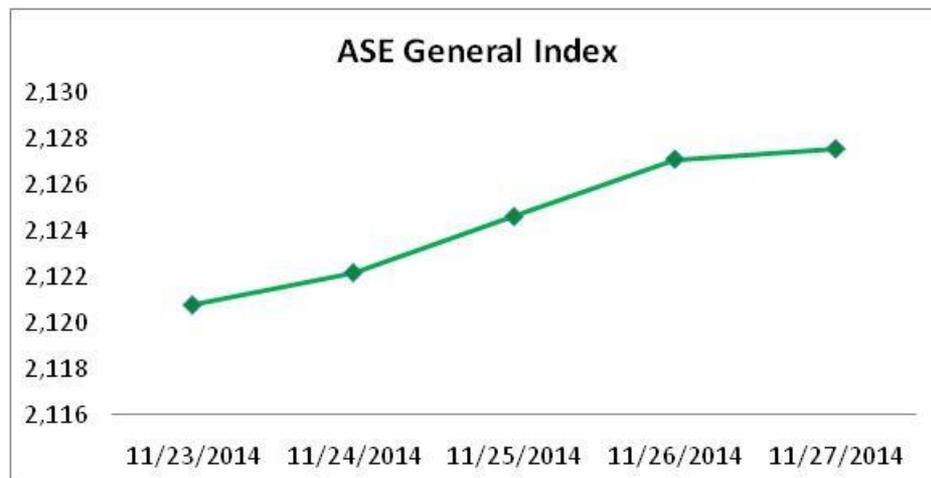


Amman Stock Exchange

For the period 23/11– 27/11

ASE free float shares' price index ended the week at (2,127.5) points, compared to (2,135.9) points for the last week, posting a decrease of 0.39%. The total trading volume during the week reached JD(53.6) million compared to JD(28.8) million during the last week, trading a total of (61.3) million shares through (17,942) transactions.

The shares of (164) companies were traded, the shares prices of (61) companies rose, and the shares prices of (64) declined.



Top 5 gainers for the last week

Stock	% chg
Al-Manara Insurance Plc. Co.	213.33%
Al-Rou'ya for Investments	19.64%
Philadelphia Pharmaceuticals	15.33%
Ad-Dulayl Industrial Park & Real Estate Company P.l.c	10.64%
Shira Real Estate Development & Investments	10.45%

Top 5 losers for the last week

	% chg
Jordan Poultry Processing & Marketing	(9.68%)
Alentkaeya for Investment & Real-estate Development Co. Plc.	(8.51%)
Taameer Jordan Holdings Public Shareholding Company	(7.14%)
United Iron & Steel Manufacturing Co. Plc.	(6.73%)
Enjaz for Development and Multi Projects Company Plc.	(6.35%)

Jordan Debt Monitor

Latest T-Bills

- As of November 30, the volume of excess reserves, including the overnight window deposits held at the CBJ JD(3,756) million.

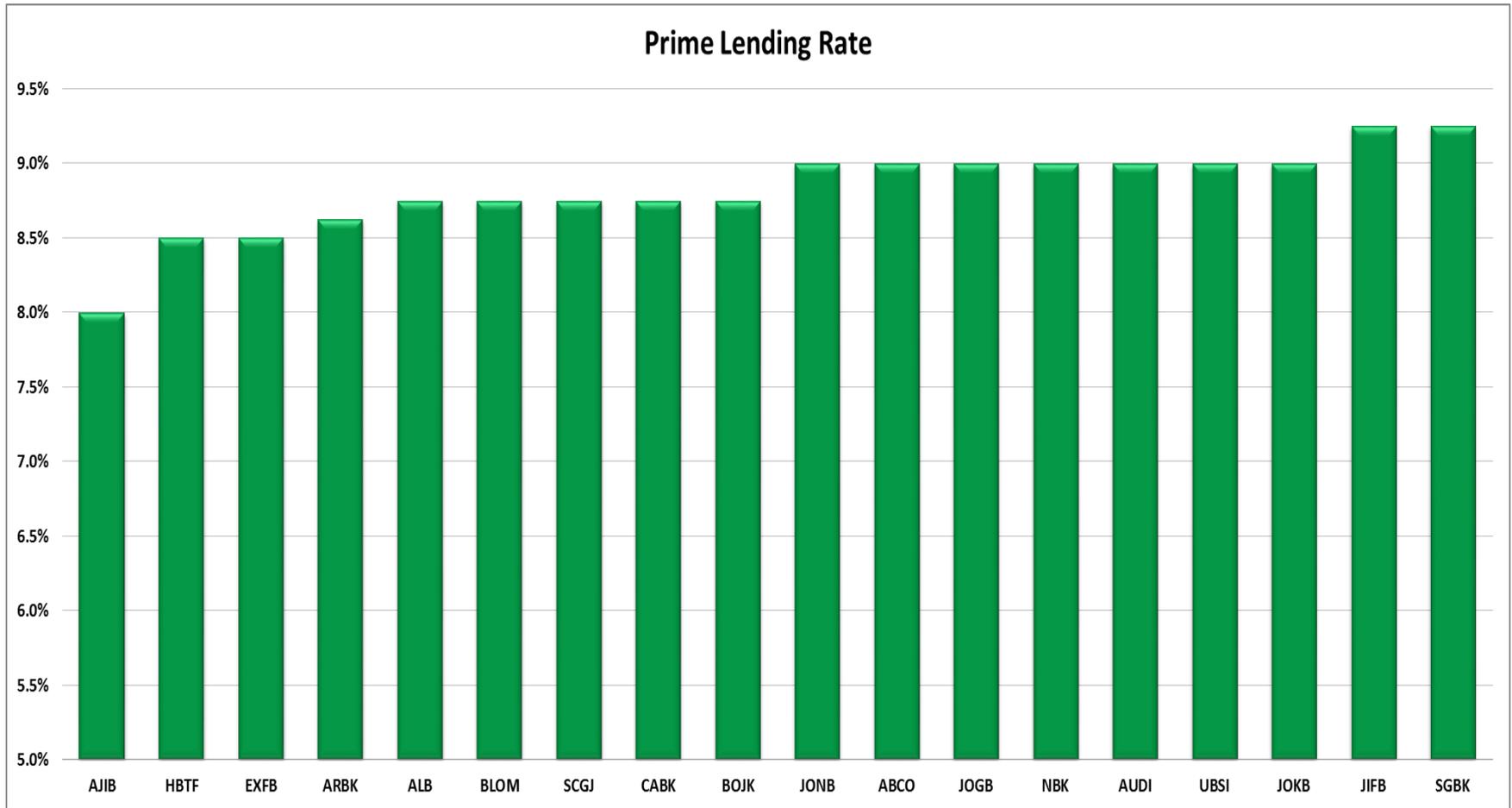
3 months T-Bills	Issue Date	Maturity Date	Size - million	Yield (%)
Last issued in December 2011	14/12/2011	14/03/2012	50	2.898%
6 months T-Bills	Issue Date	Maturity Date	Size - million	Yield (%)
Last issued in February 2012	14/02/2012	14/08/2012	50	3.788%
9 months T-Bills	Issue Date	Maturity Date	Size - 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 (%)
09/2014	12/10/2014	12/10/2015	100	3.270%
08/2014	24/09/2014	24/09/2015	75	3.279%
07/2014	25/08/2014	25/08/2015	75	3.257%
06/2014	03/07/2014	03/07/2015	50	3.297%

Jordan Debt Monitor

Latest T-Bonds Issues

2 years T-Bonds	Issue Date	Maturity Date	Size - million	Coupon (%)
T8714	27/11/2014	27/11/2016	50	4.150%
T8614	24/11/2014	24/11/2016	50	4.138%
T8514	20/11/2014	20/11/2016	50	4.117%
3 years T-Bonds	Issue Date	Maturity Date	Size - million	Coupon (%)
T6814	22/09/2014	22/09/2017	50	4.366%
T6614	16/09/2014	16/09/2017	50	4.339%
T6514	14/09/2014	14/09/2017	50	4.313%
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 years T-Bonds	Issue Date	Maturity Date	Size - million	Coupon (%)
T8214	12/11/2014	12/11/2019	50	5.581%
T7314	16/10/2014	16/10/2019	75	5.533%
T7014	30/09/2014	30/09/2019	50	5.507%
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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