

(Regional) Weekly Economic Commentary – Aug 3, 2014

Regional Developments

- **Saudi Arabia's Cabinet approved to open the Saudi stock market for direct foreign investments** after issuance of guidelines from the Capital Market Authority. Once the CMA formalizes the timing and guidelines, with the issuance of the latter within 30 days, followed by a consultation period of 90 days, it is possible that the opening of the market could happen as early as H1 2015. Tadawul rose to a six-year high soon after the announcement was made public.
- **Egypt** plans to auction off debt instruments totalling EGP 64.5bn this August (Jul: EGP 79.5bn), stated its Finance Ministry. An official further revealed that the state debt plans for the current quarter include borrowing EGP 224.5bn to plug the state budget deficit.
- The government of **Egypt** has reached **an agreement with the foreign oil firms** to pay off all of its arrears by 2017 instead of its previous plan to pay EGP 21bn out of a total of EGP 42bn by that time.
- **Visitors from GCC to Jordan** grew by almost 20% to 354,943 during the first five months of the year, according to the Minister of Tourism and Antiquities. It was also revealed that visitors from Gulf states, mainly Saudi Arabia, represent about 17% of the total tourists coming to Jordan.
- Though Jordan's youth unemployment rate is twice that of the global average (12.4%), an ILO report found that **over 60% of young Jordanians were inactive in the labour market**. The percentage of unemployed youths who had been looking for work for at least six months was 72.4%.
- Total **net profit of 35 listed firms on Qatar bourse** grew

an estimated 13% yoy to QAR 17.6bn in H1 2014 – eight firms are yet to publish H1 results.

- **Qatar's local banks'** not only enjoy “support from the government”, but also have a high risk-weighted capital-adequacy ratio that stands at around 20% (above the 10% required by the QCB) hence limiting risk to the banking sector, according to a recent EIU report.
- **Sales of the listed retail companies in Saudi Arabia** grew by 11.46% yoy to SAR 7.65bn in Q2 while net profits were up 13% to SAR 1.41bn.
- **SAMA's net foreign assets fell** to SAR 2.737 trillion in June from a record high of SAR 2.744 trillion in May. Additionally, M3 money supply growth edged up to 12.3% yoy in June from a five-month low of 12.1% in the previous month.
- **IPOs in the MENA region** were up 14% to USD 2.4bn during H1 this year from a total of 16 deals, according to EY. Q2 witnessed 11 deals raising USD 1.1bn – reflecting a 129% qoq and 22% yoy rise by deal numbers.

UAE Focus

- **UAE** may issue **federal government bonds** by 2018, stated the undersecretary at the federal Ministry of Finance, though feasibility studies in this regard are still ongoing. If implemented, this will allow the UAE banks to buy AED-denominated government debt to help meet Basel III liquidity requirements.
- **Dubai World** is seeking to revise its USD 25bn debt deal, negotiating with creditors that it would make its first big repayment early, in exchange for more time before a second and much larger obligation needs to be repaid. Under the original plan, it was scheduled to repay USD 4.4bn of debt in May 2015 and an additional USD 10.3bn in 2018.
- August 8 seems to be the magic date that has been fixed for signing the deal between **Etihad and Italian airline**

Alitalia – after 7 months of talks, according to Italy's Transport Minister. In this regard, Alitalia's board approved a capital hike of up to EUR 300mn last Friday, with shareholders voting on this on Aug 8 as well.

- **Tourists from Saudi Arabia** are proving to be one of the largest visitors to Dubai during the Eid break, with them accounting for almost 35% of room occupancy; this further reinforces previous data released by Dubai tourism authorities that 2mn Saudis visited the city in H1.
- In June, about 5.06mn **passengers** travelled through **Dubai** International, bringing the total number of passengers travelling through the airport in H1 to 34.67mn. However, this was not sufficient to topple Heathrow's total of 35.06mn passengers in H1.
- **Dubai** Land Department recorded 8,092 land sales and mortgage transactions worth AED 78bn in the first half of this year; in addition, the authority recorded 21,227 units sales and mortgage transactions worth AED 32bn.
- Colliers' Capital Flows Quarterly Report reported that **Middle East investment in Europe** rose by 25% yoy to EUR 5.9bn in H1 2014, while the total cross border investment in Europe rose by about 32% to top EUR 44bn.