Issue: 38

Date : 4 December 2016

Our Economy & the World

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Key Global Developments

OPEC Agrees to Cut Oil Production by 1.2 Million Barrels a Day

CNN

The Oil Petroleum Exporting Countries (OPEC) has finalized an agreement on Wednesday November 30 to cut its overall production by 1.2 million barrels a day early 2017.

The agreement will set OPEC's new production ceiling at 32.5 million barrels a day starting in January, down from the 33.6 million barrels a day. Crude prices boomed by almost 9 percent to $49.20 per barrel as investors cheered the long-awaited deal.

Qatar's oil minister and OPEC Conference President, Mohammed bin Saleh al-Sada, said that the organization has reached an agreement that by all means will bring the markets into balance and alleviate burdens. He referred to the suspension of Indonesia's membership in OPEC due to its inability to agree to cut its oil production.

He added that the agreement is based on cooperation of major non-OPEC oil producers such as Russia, noting that the latter promised to cut its oil production by about 300,000 barrel per day. He also added there is a need that non-OPEC oil producers cut their production by about 600,000 barrels per day.

Fitch Expects Slower Growth in the Middle East and North Africa

Reuters

A Fitch Ratings report expects overall growth in the MENA region to slow to 2.2 percent in 2017, from 2.6 percent in 2016. Cheap oil, politics and slow reforms keep MENA outlook negative, said the report.

Fitch expects Brent crude oil prices to average USD45/bbl in 2017, broadly unchanged from USD44/bbl in 2016. The fiscal balances of oil importers stand to benefit from another year of low oil prices, but Egypt, Lebanon and Tunisia still face considerable fiscal challenges.

Saudi Arabia's Public Debt Amounts $86.5 billion

Al-Sharq Al-Awsat

The Saudi Ministry of Finance's public debt management office said that total domestic debt instruments issued by the ministry until the end of September 2016 amounted to about 97 billion riyals (25.8 billion dollars), in addition to arrangement of a $10 billion international loan in May (the equivalent of 37.5 billion riyals).

According to the Ministry of Finance, international bonds denominated in US dollars were issued in October amounting to $17.5 billion (65.6 billion riyals), thus bringing total domestic and international debt instruments issued in 2016 to about 200.1 billion riyals (53.3 billion dollars).

The Saudi Ministry of Finance said in a statement that total public debt had reached 342.4 billion riyals (86.5 billion dollars) until the date of releasing the statement. The Ministry's Public Debt Management Office said that the ministry would resume issuing domestic debt instruments during the next fiscal year (2017).

The Public Debt Management Office works on developing the primary debt market; diversifying domestic and international public debt instruments through the issuance of domestic and international instruments compliant with the Islamic law; and contributing to the development of the secondary market by registering and listing domestic debt instruments in the Saudi Stock Exchange (Tadawul). This comes as part of the Office's work on modernizing and developing the country's strategy and public debt plan.

Schaeuble Urges G20 to Tighten Cooperation

Reuters

German Finance Minister Wolfgang Schaeuble called on the G20 leading economies to counter economic crises with closer cooperation.

Speaking at an event to mark the beginning of Germany's presidency of the G20, Schaeuble added that nationalism and protectionism were not the right response to globalization and stressed the importance of open markets and global trade.

"We cannot reverse globalization, nor do we want to do so," Schaeuble said.

"We have to expect that we will experience financial and economic crises in the future," he said, adding that an appropriately timed normalization of monetary policy should go hand in hand with structural reforms to support economic growth.

China's (Not So) Great Wall of Debt: $28 Trillion and Counting

Agencies

For over three decades, China has experienced a staggering public investment boom. In 2014, China spent US$4.6 trillion on fixed assets, accounting for 24.8 per cent of total worldwide investments and more than double the entire GDP of India. But China's investment boom has coincided with a rapid build-up of debt. Between 2000 and 2014 China's total debt grew from US$2.1 trillion to US$28.2 trillion, an increase of US$26.1 trillion — greater than the GDP of the United States, Japan and Germany combined.

China's investment boom has heaped on a great wall of debt that now threatens the hard-fought prosperity of the country. Unless China shifts to fewer and higher-quality infrastructure investments, the country is headed for an infrastructure-led national financial and economic crisis, which is likely to spread to the international economy.

Dijsselbloem, London Will not Remain the Financial Center of the EU, if it Does not Abide by the Rules

Agencies, Argaam

The EU cannot allow London to maintain its position as the dominant financial center in Europe after Brexit unless the UK remains bound to all of the EU's rules, said Jeroen Dijsselbloem, the president of the Eurogroup.

Mr. Dijsselbloem told members of the European Parliament "We can't allow the financial services centre for Europe and the eurozone to be outside Europe and the eurozone and to go its own way in terms of rules, regulations and requirements," he said. "We have to take a firm stand on this, there is no alternative," he added.

The British's vote for Brexit had a stunning impact on London's financial center, which fears the loss of its position as a major global hub along with New York.

The concerns include the European passport, which allows the sale of any financial product in all EU countries after the approval of legislators in one of its countries. This could make some companies leave or move part of their activities to Europe, as Frankfurt, Paris, Amsterdam or Luxembourg are aspiring to receive these activities.

Mr. Dijsselbloem said that the best choice is that the British adhere to the current regulations and requirements, noting that with respect to certain issues, they are allowed to not apply the Union banking standards.

"We cannot allow a third country to have access, full passporting rights to the financial services market in Europe, if at the same time we allow them to deviate on capital requirements, consumer protection standards, whatever," he added.

The Prime Minister of Luxembourg Xavier Bettel responded to a so-called "secret memo," telling AFP: "They [the British government] want to have their cake, eat it, and get a smile from the baker, but not the other things. There are European values, which cannot be separated. No cherry picking."

This comes while European leaders warn Britain that it cannot maintain access to the common market while reducing immigration of Europeans to it after exiting the EU.

The British government refuses to disclose its vision for the future relationship with the EU, except for saying it wants to start Brexit negotiations before the end of March.

Implications for Egypt:

We reaffirm that recent global economic volatility points to escalating pressures on global economic growth opportunities. This requires Egypt to enhance measures taken to increase economic growth, such as the promotion of domestic production, especially among SMEs, in light of the expected recession in Britain and shifts in movement of global investment flows worldwide as well as the emergence of an escalating trade war between the US and China amid slow global economic growth. Against this backdrop, Egypt has to move more quickly to encourage domestic consumption while supporting its presence in the Arab and African regional markets in order to capture larger market shares in the medium term and to benefit from trade agreements with these countries.

Therefore, Egypt has to take more robust actions through economic reform packages that focus on reducing government expenditure and rationalizing consumption, encouraging certain productive sectors, and revitalizing marginalized investment economic sectors. These actions could help reduce the deficit and improve the economy.

Attention should be also be given to the Gulf-Egyptian economic and commercial relations, which are strategic. This requires developing the concept of integration and going beyond the status quo. The establishment of joint economic zones, expanding the scope of bilateral trade agreements and the introduction of new sectors therein such as services, and the establishment of joint industries that are directed to import substitution and dependent on Gulf-Egyptian raw materials will be a basis for developing trade and economic relations over the coming period.

From the International Press

Three Scenarios for Oil Demand and Supply until 2040

Reuters

The International Energy Agency expects global oil consumption to peak no sooner than 2040, leaving its long-term forecasts for supply and demand unchanged despite the 2015 Paris Climate Change Agreement entering into force.

The Paris accord to cut harmful emissions seeks to wean the world economy off fossil fuels in the second half of the century in an effort to limit the rise in average world temperatures to "well below" 2 degrees Celsius (3.6 Fahrenheit) above pre-industrial times.

But while demand for oil to power passenger cars, for example, may drop, other sectors may offset this fall.

"The difficulty of finding alternatives to oil in road freight, aviation and petrochemicals means that, up to 2040, the growth in these three sectors alone is greater than the growth in global oil demand," the IEA said in its annual World Energy Outlook.

From 2020, the European Union will impose much tougher legislation to control vehicle emissions, which many expect to quickly erode use of traditional fuels such as gasoline and diesel, a major source of oil demand.

In the report, the IEA looks at three scenarios for oil supply and demand. Its central, or "New Policies," scenario assumes signatory countries will attempt to meet the requirements set by Paris, as well as existing environmental legislation, while its "450 scenario" assumes signatories will adhere to the agreement and oil demand will fall off sharply and the "current policies" scenario does not factor in the Paris deal.

The IEA's central scenario assumes demand will reach 103.5 million barrels per day by 2040 from 92.5 million bpd in 2015, for which India will be the leading source of demand growth and China will overtake the United States to become the single largest oil-consuming nation.

Overall, under the New Policies scenario, the IEA said it sees non-OECD oil demand growth running at the slowest pace for more than 20 years, but this would still be enough to offset a continued fall in OECD country demand, which will be tempered by policies aimed at improving vehicle fuel efficiency.

"In the New Policies Scenario, balancing supply and demand requires an oil price approaching $80 a barrel in 2020 and further gradual increases thereafter," the IEA said, leaving its price forecast under this scenario unchanged from last year's World Energy Outlook.

DROP-OFF IN DEMAND

The IEA's "450 scenario" forecasts rising use of electric vehicles and consumption of biofuels that will cut oil demand.

"In the 450 Scenario, global oil demand peaks by 2020, at just over 93 million bpd. The subsequent decline in demand accelerates year-on-year, so that by the late 2020s global demand is falling by over 1 million bpd every year," the IEA said.

"Oil use in passenger vehicles in the 450 Scenario falls from just under 24 million bpd to 15 million bpd in 2040, nearly 10 million bpd lower than the 2040 level in the New Policies Scenario," the agency said.

Without factoring in implementation of the Paris Agreement and only assuming the measures adopted by mid-2016 will apply, the IEA's "current policies" scenario forecasts a rise in demand to 117 million bpd by 2040.

On the supply side, in both the New Policies and 450 scenarios, the IEA expects the Organization of the Petroleum Exporting Countries (OPEC) to maintain its strategy of controlling output in order to support prices.
It sees a gradual decline in OPEC production out to 2040, when it expects the group's output to be around 10 percent lower than its current level of 33.8 million bpd, but says this drop will be much slower than the decline in non-OPEC production, which it expects to fall by nearly a third in this time.
In the New Policies scenario, global oil output is expected to rise to around 100.5 million bpd by 2040, from 2015's 92.5 million bpd, while under the 450 scenario, supply is expected to fall to around 71 million bpd.
In its Current Policies outlook, the IEA estimates global supply will rise to 113.6 million bpd by 2040.
"OPEC provides an increasing share, approaching 50 percent of global production by 2040 – a level not seen since the 1970s – while unconventional production more than doubles between 2015 and 2040," the agency said.

Implications for Egypt

Although Egypt is not a major oil producer but rather one of the major consumers of oil in the Middle East, the extent of being affected by oil developments is linked to its economic relations with the Gulf States. In spite of the relative improvement in oil prices over the last period against fragile hopes to reduce oil supply, oil prices are still low. Therefore, Egypt is still benefiting from the decrease in oil prices due to the reduced cost of imports of oil and derivatives, which are mainly used as production inputs. Thus, the government has an opportunity to reduce its budget deficit, and alleviate inflationary pressures. In addition, the recent drop in oil prices is in favor of the government in its pursuit to reduce the deficit in the public budget and the trade balance.

Despite this benefit, there are other concerns, including pressure from foreign companies operating in Egypt in the energy sector, after the decline of their profits recently, which may drive them to exercise pressure on the Egyptian government, claiming their arrears. Add to this the position of foreign investment inflows from the Gulf States, the status of Egyptian workers, and their remittances.

The decline of oil prices over the past two years led to a decline of oil and gas revenues in total revenues of countries in the region, particularly in the Gulf, albeit oil continues to be the highest source of budget revenues. This also led to a reduction in government spending in the GCC and the emergence of a deficit after years of equilibrium or surplus. GCC countries that peg their currencies to the US dollar have to develop independent monetary policies that are at arms' length from the US monetary policy. They should not follow in the footsteps of the US monetary policy, as it does not favor economic diversification a policy pursued vigorously by the Gulf States.

In a nutshell, oil markets are currently more concerned about the oil glut, expansion of production at deeper levels in the oceans, and the shale oil boom in the US, which makes it a future export competitor. Add to this increased production from countries such as Canada, Brazil, Iraq, Kenya, Uganda, and the decline of consumption by European countries due to improved vehicle fuel efficiency, especially the development of environmentally friendly technologies.

In light of these variables, the Egyptian government needs to reconsider the basis on which it relied in setting the average price of oil at $40 per barrel in the new 2016/2017 budget, as this figure may be exceeded if an agreement is reached among oil producers.

Special Analysis

Fears of a European "Dumping Race" after Britain's Announcement of "Lowest Tax"

Al-Sharq Al-Awsat

After several months of causing a massive global storm about the future of the economy, following the vote for Brexit at the end of last June, Britain threw another stone in the pond that was almost quiet, raising new concerns this time resulting from the government's desire to overcome the risks involved in activating Brexit procedures next spring. However, some see this move as potentially problematic.

British Prime Minister Theresa May announced her intention to ease the burden on companies operating in the UK, due to the economic uncertainty caused by Brexit. She stressed her aim to cut corporate taxes in the UK to the lowest level in major industrialized countries.

Following news that the tax cuts may be up to 15 percent, competing with pledges of US President-elect Donald Trump, and making neighboring Ireland lose its major competitive advantage as the country with the lowest corporate tax on major global companies in Europe, a spokeswoman for Theresa May told reporters that the government had already set the broad lines for reducing the corporate tax to 17 percent by 2020, describing any talk about further cuts as speculation.

The announcement immediately raised concerns, especially in European countries. German Minister of Finance Wolfgang Schäuble warned Britain of making significant cuts in the corporate tax that may result, under uncontrolled competition, in a European dumping race. He added that Britain should abide by the rules whether as a member of the EU, or even after leaving it, "if the British have wisdom," since Britain will remain bound by the G20 agreements. The G20 had agreed at the summit held in the Turkish city of Antalya not to resort to such a method.

Germany is the largest economy in the EU, and has showed the strongest stance in the face of Britain following the latter's vote for Brexit in June. Since then, Germany has led the calls for a serious Brexit and a quick activation of the Brexit procedures.

The global economy cannot afford a new war

Following the British referendum on Brexit early last summer, fears about the future of the global economy increased, especially in light of the negative effects and the recession that started to emerge earlier this year. Add to this the slowdown in trade and the drop in oil prices. But the long-term impact of Brexit seemed limited, both on the global or local economy in Britain, after an initial wave of negative effects that markets absorbed successfully. Experts say that many exaggerated their fears.

However, many economists agree with Schäuble's concerns about what may result from the UK's corporate tax cuts. This may result in the outbreak of a competitive battle within the European bloc that may result in a split of the EU, which is extremely fragile now, especially in light of the economic problems faced by

countries such as Greece, Portugal and Spain, in addition to the banking sector problem in Italy, and Germany's preoccupation with the refugee crisis.
With the election of Trump, and uncertainty in the markets about his economic intentions due to fears over his statements made his election campaign that portend protectionist measures that could significantly threaten global trade, the world cannot bear any further economic conflicts, especially in Europe.

Is it a pressure card?

At the same time, some observers say in their analyses that by brandishing cut taxes, Britain is seeking to pressure Europe to get softer negotiations, and more effective agreements in its favor after Brexit, especially in light of pressures exerted by Berlin and Brussels against London.
According to a statement by the British Chancellor of the Exchequer Philip Hammond, Britain's economy could face a slowdown because of the uncertainty caused by the decision to leave the European Union. He said: "We're going to have an unprecedented level of uncertainty, and that's one of the factors causing many commentators to predict that there will be a slowing of economic growth." "We just have to plan to accommodate it," he noted.
Hammond's statements are in line with the view that Britain is looking for winning cards during negotiations; especially that it is also in line with what the government of Prime Minister Theresa May said that it would begin the official Brexit talks with the EU by March 31, but will not give up its negotiating stance in advance.
Hammond believes that Britain should be able to make a smooth transition, when leaving the EU, and that this will be an important part of the negotiations. He also said that future arrangements may take a long time to negotiate. So the way we manage Brexit and enter into a new long-term partnership will be an important part of the overall discussions, he added.
In the framework of the government's plans to counter the negative effects of Brexit, which some experts say is a move that could push many major companies away from Britain, especially if the UK loses its appeal as an international economic hub, the government is intensifying its moves to find new attraction points to maintain its international position.
May said earlier that she was aware of the concerns of business leaders about the possibility of Britain's fall into the brink of uncertain commercial conditions, when formal Brexit talks, which may take up to two years, end.
May's spokeswoman commented that Britain is considering a full range of options before starting formal Brexit talks, pointing out that there is a whole range of issues that are being worked on in preparation for the negotiations, with a focus on how to capture the best deal for the UK.

Facebook defies the mainstream:

This coincides with the bold step taken by technology giant Facebook. The US social network announced during the annual conference of the Confederation of British Industry (CBI) that it will open new headquarters in London next year, and that it intends to increase the number of its employees in Britain by 50 percent by creating 500 jobs. This is contrary to the cautious steps taken by many giant companies to get out of Britain or reduce their presence after the activation of Brexit. This constitutes additional good news to the UK after a similar decision taken by Google, in spite of uncertainties associated with Brexit.

“The U.K. remains one of the best places to be a tech company and is an important part of Facebook’s story,” Europe, Middle East and Africa vice-president Nicola Mendelsohn said at a conference run by the CBI, an employers group. “We came to London in 2007 with just a handful of people, by the end of next year we will have opened a new HQ and plan to employ 1,500 people,” she said.

According to available information, the new Facebook headquarters in London will be in central London’s upper class district Fitzrovia, which is currently undergoing re-development. The majority of new employees will be in the new headquarters.

May understands concerns and urges to stimulate economy

On a related note, British Prime Minister Theresa May called on businesses to invest in innovative companies to spur an economy that is struggling with low levels of productivity and to deliver the change demanded by Britain's Brexit vote.

In a speech to the CBI, a leading business organization in Britain, which represents about 190 thousand businesses, May revealed more details of her plan to improve corporate governance. She expressed her understanding of business sector concerns over a collapse following the formal Brexit negotiations, adding that she would address these concerns during negotiations.

She promised to introduce a new industrial strategy to strengthen the British economy after Brexit, and to distribute wealth to poorer families. She said: “Our modern Industrial Strategy will be ambitious for business and ambitious for Britain.” “It is a new way of thinking for government – a new approach. It is about government stepping up, not stepping back, building on our strengths, and helping Britain overcome the long-standing challenges in our economy that have held us back for too long.”

May said she would like to create jobs and economic growth for every community and corner of the country, announcing an increase of about two billion sterling pounds (the equivalent of about $2.47 billion) a year in government investments in research and development in order to ensure that British business activities remain at the forefront of scientific and technological discoveries.

Meanwhile, Hammond said that he aimed at helping the families facing difficulties, and promoting economic growth opportunities in the long run when announcing his plans for the first budget after the vote for Brexit. But at the same time he pointed out that public debt levels are extremely high, and that he would not announce a significant increase in public spending. He said that it was important to ensure distribution of the fruits of prosperity resulting from seizing opportunities in the future across the country and various income segments. He repeated May’s pledges to work in favor of the “just about managing” families. He said that the government keeps its choices with respect to Brexit open, playing down the remarks of Foreign Secretary Boris Johnson that Britain has to withdraw from the European Customs Union.

Implications for Egypt:

Egypt has to realize that tax cuts here are mainly taken by investment-attractive countries wishing to boost competitiveness at present. The Egyptian situation is significantly different, as attracting foreign investments needs special incentives and guarantees. This is attributed to the fact that global investments are now looking for a climate with stable legislations, predictable government policies, available financing, speedy and just judiciary, efficient exchange market, balanced business relations, advanced infrastructure and political and social stability. Countries that lack these requirements are those that seek to compensate through the granting of tax exemptions, free lands, and hence sacrifice future resources in favor of posting temporary gains.

It is important to stress here that the investment law cannot solely improve the investment environment in the absence of a genuine desire to create a new investment climate through a radical and urgent change in a set of economic legislations. Most importantly, the companies law, the labor law, the tax law, and their regulations. Funding and land allocation mechanisms in the Egyptian market should also be made clear.

Moreover, the legislative system related to the investment climate in Egypt needs a comprehensive review. It is important to establish a system of electronic incorporation of firms and lower the incorporation time spent and its procedures. Legislations should also be amended concerning company incorporation and its procedures, governance, contracting, land allocation mechanism, utility connections, the tax system, the market exit system, and bankruptcy. In addition, an effective mechanism for settling investment disputes should be put in place.

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Global Financial Market Performance

Reuters, Argaam

Chinese stock indices fell at the close of Friday trading, posting weekly losses, with the central bank's moves to reduce liquidity in the financial system of the country as it seeks to curb rising borrowing operations.

The People's Bank of China withdrew 130 billion yuan ($18.85 billion) in liquidity from the Chinese financial markets this week, to coincide with rising interbank borrowing rate to 3.49 percent, its highest level in 19 months, according to "Wall Street Journal."

On the other hand, according to "Bloomberg" quoting informed sources, the Chinese authorities plan to allow the creation of new stock exchanges for small businesses, to coincide with the government's moves to provide financial support to these businesses, which have suffered significantly from slower growth.

At the end of trading, the "Shanghai" composite index fell 0.9 percent to 3,243 points, registering a weekly loss of 0.6 percent.

The Japanese stock indices also fell at the close of Friday trading, following the US market, amid concerns over the effectiveness of Trump's policies, along with the appreciation of the yen against the dollar, which put pressure on the performance of exporting companies.

Equity markets lost the momentum gained from the outlook of the economic policy of US President-elect Donald Trump and its ability to stimulate companies and boost growth rates. Fears grew among investors that any increase in stimulus measures would be temporary and unsustainable.

The technology sector saw a broad selloff in the Tokyo Stock Exchange, which added to stock losses.

On the other hand, stocks of the financial sector maintained their gains in light of rising government bond yields, coinciding with strong investments by banks and insurance companies in assets.

At the end of trading, the Nikkei index fell by 0.45 percent to 18,426 points, and the "Topix" index declined by 0.35 percent to 1,477 points.

The majority of US stocks stabilized during Friday trading amid a recovery in energy, real estate and utilities sectors, after the monthly employment situation report, which recorded strong data that raised speculations about the impending decision of the Federal Reserve to raise the interest rate.

The Dow Jones industrial average dropped 21.5 points to 19,170.4 points, while the Nasdaq index rose 4.5 points to 5255.6 points, and the S&P 500 index increased 0.8 points to 2,192 points.

On a weekly level, the Dow Jones index was up 0.1 percent, while the Nasdaq recorded losses of 2.7 percent, and the broader S&P 500 posted a weekly loss of 1 percent.

In Europe, the "Stoxx Europe 600" benchmark index fell by 0.4 percent or 1.5 points to 339.3 points, its lowest close in about two weeks, and recorded a weekly loss of 0.9 percent.

The British FTSE 100 index also declined 22 points to 6,730.7 points, the German DAX index fell 20.7 points to 10,513 points, and the French CAC index fell 31.8 points to 4,529 points.

On the other hand, gold futures for February delivery settled higher by 0.7 percent or $8.40 to $1177.80 an ounce, but the yellow metal recorded a weekly loss of about 0.1 percent.

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In oil markets, the US NYMEX rose by 1.2 percent or 62 cents to close at $51.68 a barrel, recording weekly gains of 12.2 percent that are the biggest since the beginning of January 2009. The Brent index rose by 0.9 percent or 52 cents to close at 54.46 dollars a barrel, posting a weekly gain of 12.9 percent.
About economic data, the US Department of Labor announced that the economy added 178,000 jobs in November and that the unemployment rate declined from 4.9 percent to 4.6 percent, the lowest level since August 2007.

US Monthly Employment Situation Report

	Expectations	Previous	Current	Change
Number of jobs (000)	**200**	**142**	**178**	**36+**
Unemployment (%)	**4.9**	**4.9**	**4.6**	**0.3**
Average hourly wage ($)	**--**	**25.92**	**25.89**	**0.3**
Number of weekly working hours	**--**	**34.3**	**34.4**	**--**

Implications for Egypt:

Despite volatility in most global stock markets with an upward tendency against the backdrop of structural moves in various sectors, especially oil and world debt markets, investment in stock markets took a new turn that impacted most global stock markets, causing a relative recovery in oil markets throughout the week. Meanwhile, the Egyptian Stock Exchange continued its exceptional activity, recording the highest rise worldwide during November, backed by exceptional activity from foreign investors, to post the highest net purchase rate for a long time, stimulating trading volumes to register the highest levels since January 2005. We reaffirm that the stock market has become desperately in need of diversifying/introducing new products and securities, to support its ability to enhance stability, and attract liquidity and new investors. However, it is important to choose the right time for such offerings, which should preferably take place after the stock market stabilizes to ensure greater success. This would send a message of reassurance to investors and foreign institutions. All in all, the stock market faces a number of challenges to reach stability amid sound economic and financial fundamentals, as the stock market has yet to reach a point of harmony with these fundamentals in the absence of institutional investment based on development and financial objectives.