Issue: 44

Date : 5 February 2017

ECES
The Egyptian Center for Economic Studies

Our Economy & the World

This week's issue of "Our Economy and the World" includes:

- Key Global Developments Over the Past Week
- From the International Press: IMF: Greek Debt is Intolerable
- Special Analysis: Beijing Anticipating Washington's Protectionism Risks
- An Analysis of Global Financial Market Performance and Changes in Prices of Goods and Raw Materials

Disclaimer

This report was prepared for distribution to members of the Egyptian Center for Economic Studies only and may not be published or distributed without the written consent of ECES management. The data, analyses or information contained in this report do not constitute any form of recommendation or assurance of the commercial feasibility of the activity subject of the report or its ability to achieve certain results.

The data and investment analyses contained in this report were prepared based on the viewpoint of ECES, and rely on information and data obtained from sources we believe in their validity and integrity. We believe the information and conclusions contained in this report are correct and fair at the time of their preparation, and should not be considered as a basis for taking any investment decision. ECES is not responsible for any legal or investment consequences as a result of using the information contained in this report. Any errors that may have occurred at the time of preparing these data are accidental and unintentional.

Key Global Developments

Global FDI fell 13 percent in 2016, facing bumpy 2017: the UN

Reuters

Global foreign direct investment (FDI) fell 13 percent in 2016 and a possible 10 percent rise in 2017 is beset by uncertainty, the United Nations trade and development agency UNCTAD said.
FDI, which largely comprises cross-border mergers and acquisitions (M&A) and investment in start-up projects abroad, is a bellwether of globalization and a potential sign of growth of corporate supply chains and future trade ties.

"FDI recovery continues along a bumpy road," said UNCTAD Secretary-General Mukhisa Kituyi. "Significant uncertainties about the shape of future economic policy developments could hamper FDI in the short-term."
Global FDI was an estimated $1.52 trillion in 2016. The United States was the top destination with $385 billion, an 11 percent rise from 2015. Britain was second with $179 billion, up almost six-fold because of three big M&A deals, and China third with $139 billion.
Inflows to India and Africa both slipped about 5 percent, and Latin America by 19 percent. Europe saw a 29 percent fall, partly because of a significant drop in investment channeled via low tax regimes in Switzerland, Ireland and the Netherlands.
The 2017 growth forecast is based on expected economic growth and rising commodity prices, but the outlook is clouded by uncertainty over the policies of U.S. President Donald Trump and the evolution of Britain's plan to leave the European Union.

Coal and oil demand to peak in three years: report

Argaam

Demand for oil and coal is set to peak potentially as early as 2020, before declining in favor of natural gas and clean energy sources amid efforts to reduce gas emissions, which cause global warming, according to a new report.
The findings by the Grantham Institute at Imperial College London and the Carbon Tracker Initiative are based on the rapid decline in costs for electric vehicles (EVs) and solar technology.
Demand for oil could be flat from 2020 until 2030 and then fall steadily to 2050, the study found.
Consumption of coal could peak in 2020 and could then fall to half of 2012 levels by mid-century.

The study assumes that electric vehicles undercut conventional cars on costs from 2020 and capture 20 per cent of the road transport market by 2030, rising to 69 percent by 2050.

Disclaimer

This report was prepared for distribution to members of the Egyptian Center for Economic Studies only and may not be published or distributed without the written consent of ECES management. The data, analyses or information contained in this report do not constitute any form of recommendation or assurance of the commercial feasibility of the activity subject of the report or its ability to achieve certain results.
The data and investment analyses contained in this report were prepared based on the viewpoint of ECES, and rely on information and data obtained from sources we believe in their validity and integrity. We believe the information and conclusions contained in this report are correct and fair at the time of their preparation, and should not be considered as a basis for taking any investment decision. ECES is not responsible for any legal or investment consequences as a result of using the information contained in this report. Any errors that may have occurred at the time of preparing these data are accidental and unintentional.

Issue: 44

Date : 5 February 2017

ECES
The Egyptian Center for Economic Studies

World Bank Expects Metal Prices to Surge by 11 Percent in 2017 and Oil Prices to Stabilize

Al-Ahram Newspaper

The World Bank is forecasting strong gains for commodities in 2017, due to tightening supply and strengthening demand. Metal prices are expected to rise by up to 11 percent, while oil prices are expected to remain at $55 a barrel, after a price jump up to 39 percent in 2016.
The Bank is raising its commodities' and metal price forecast due to further tightening of supply and strong demand from China and advanced economies.

Study: Germany is the top destination for Investors after Brexit

Argaam

Global investors with operations in the U.K. looking to relocate have identified Germany as the top destination following Britain's decision to leave the European Union, according to a recent study.
According to findings of an EY study that surveyed 254 foreign investors, Germany was identified as the preferred destination for those investors moving out of the U.K. (54 percent), followed by the Netherlands (33 percent) and France (8 percent).
Already, seven in ten foreign investors say they have been impacted by Brexit, particularly with regards to operating margins.
The financial services industry has been one of the hardest hit by the vote and remains the least optimistic about the outlook ahead. Just 12 percent say they anticipate strong growth while 6 percent are expecting to "slightly reduce" their existing presence in the region.

Booz and Company: GCC states can save $165bn in capital expenditures by 2021

WAM

If GCC states increase private sector involvement in their economies, they could avoid $165 billion in capital expenditures by 2021, says a recent study by management consultancy Strategy& (formerly Booz & Company) issued by the Ideation Center, the leading think-thank for Strategy& in the Middle East. They could also generate up to $287 billion in revenues from sales of shares of publicly listed companies.
They could also generate $114 billion in revenues from sales of utility and airport assets, and up to $287 billion from sales of shares in publicly listed companies. GCC states could also narrow the innovation gap with other countries, enhance the delivery of and access to government services, and improve their infrastructure.
With more Private Sector Participation (PSP), these countries can achieve operational efficiencies of 10 to 20 percent, reducing government budget deficits. Greater PSP could also help them close their innovation gap with other countries. Increased private sector participation through private-public partnerships (PPP) and privatization of governmental assets is the optimum solution for these challenges.
The study proposed three main elements to ensure successful PPP, namely: developing a public policy regulating private sector participation, the legal framework, which encompasses the new laws or modifications to existing laws to

Disclaimer

This report was prepared for distribution to members of the Egyptian Center for Economic Studies only and may not be published or distributed without the written consent of ECES management. The data, analyses or information contained in this report do not constitute any form of recommendation or assurance of the commercial feasibility of the activity subject of the report or its ability to achieve certain results.
The data and investment analyses contained in this report were prepared based on the viewpoint of ECES, and rely on information and data obtained from sources we believe in their validity and integrity. We believe the information and conclusions contained in this report are correct and fair at the time of their preparation, and should not be considered as a basis for taking any investment decision. ECES is not responsible for any legal or investment consequences as a result of using the information contained in this report. Any errors that may have occurred at the time of preparing these data are accidental and unintentional.

facilitate private sector participation activities, and developing an institutional infrastructure to lead private sector participation in the countries.

Former official: Britain may have to pay 50 billion pounds

Argaam

Sir Ivan Rogers, the UK's former ambassador to the EU has suggested that the EU could try and get Britain to cough up as much as £50billion as a Brexit bill.

Appearing before the House of Commons' European Scrutiny Committee, the ex-civil servant said that the costs to be imposed by the EU on the UK will likely range between 40 to 60 billion euros.
Sir Ivan's warnings come following a statement of the European Commission's chief Brexit negotiator Michel Barnier that Britain should continue paying tens of billions yearly to the EU budget until 2020.
Sir Ivan Rogers, who last month dramatically quit as Britain's top diplomat in Brussels, added that senior EU officials realize very well the negative implications of prolonged negotiations for the UK economy, therefore, they believe that the UK government will not be able to refuse paying the Brexit bill.

Implications for Egypt:

International conditions still point out continued pressure on the economies of the Gulf region and China in light of slowing global economic climate and the emergence of developments that may lead to the escalation of risk to a number of economies, especially China. Excessive lending by China has increased risks to the Chinese economy, which is one of Egypt's main economic partners at present.

Egypt should focus in the coming period on improving its internal economic infrastructure and rely strongly on developing its industrial bases, and encouraging feeding industries through promoting small and medium enterprises. In light of continued volatility at the international level, the likelihood of a recession and a slowdown in global growth rates is high, which requires Egypt to stimulate sustainable growth drivers that are less affected by global developments, which would support local economic growth.

It is also important to note that the conditions in the Gulf region may affect the demand on Egyptian workers. This requires proceeding with the economic reform programs at faster rates to promote job creation and absorb the expected slowdown in Egyptian remittances. However, the authorities should be cautious about growth of public debt, especially that the aggravation of the sovereign debt crisis worldwide coupled with shortage of sources of funding would represent a growing risk to the global economy.

Disclaimer

This report was prepared for distribution to members of the Egyptian Center for Economic Studies only and may not be published or distributed without the written consent of ECES management. The data, analyses or information contained in this report do not constitute any form of recommendation or assurance of the commercial feasibility of the activity subject of the report or its ability to achieve certain results.
The data and investment analyses contained in this report were prepared based on the viewpoint of ECES, and rely on information and data obtained from sources we believe in their validity and integrity. We believe the information and conclusions contained in this report are correct and fair at the time of their preparation, and should not be considered as a basis for taking any investment decision. ECES is not responsible for any legal or investment consequences as a result of using the information contained in this report. Any errors that may have occurred at the time of preparing these data are accidental and unintentional.

From the International Press IMF: Greek debt is intolerable

Asharq Al-Awsat

Greece's public debt is unsustainable to the extent that the IMF warns it is intolerable and "explosive" in decades to come unless Europe overhauls its bailout program to ease the load on Athens.

The IMF and the Eurozone are struggling to choose a way to ease the debt loads on Greece, while Europe is emphasizing the need for commitment with the austerity measures.

In its annual report on the Greek economy, the IMF is proposing that Europe extends grace periods and maturity dates on loans. The document also calls for further deferral of interest payments and to lock in interest rates.

The IMF believes that the Greek debt is intolerable even with full application of the reforms under the Financial Aid Program. According to the report, public debt and financial needs will prove explosive in the long run, and Greece's government will have to provide official financing to support the market, but at higher interest rates. If Athens doesn't benefit from the easing of debt burden, debt will reach 275 percent of its gross domestic product. The current Greek Burden amounts to about 177 percent of GDP, while total outstanding loans amount to $119 billion, representing 45 percent of loans in the country. The unemployment rate is still as high as 23 percent.

The IMF board is set to discuss Greece's ability to service its debt on Feb. 6. The investigation results will be announced at the IMF board. The report could prevent the IMF from contributing to any financial support plan for Athens, which could undermine the whole plan because many European countries, headed by Germany, consider IMF participation in any plans to support Greece essential.

Debates between donors and the Greek government delayed Greece's bailout program of 86 billion-euro ($92 billion) that was agreed upon in 2015. Officials are increasingly worried that the elections in the Netherlands, France and Germany may increase the risks.

The IMF contributed to two bailout programs to financially support Athens in 2010 and 2012, but its internal rules prohibit it from contributing to any loan to any country, unless this country has great potentials for paying off its debts.

According to the IMF report, adding more credibility to the strategy of Greece's debt requires more decisiveness regarding the type and scope of debt relief by the European countries. The strategy should include ambitious extensions for grace periods and maturities, full postponement of interest rates on European loans, and securing the interest rate on a large amount of European loans in order to put debts on a continuous downward path.

The IMF calls for extension of payment grace periods until 2040, when there will be no need to make any Greece debt payments. It also calls for extending loan periods to 30 years, in some cases, to 2070, longer than what was approved by the European countries in 2012.

Disclaimer

This report was prepared for distribution to members of the Egyptian Center for Economic Studies only and may not be published or distributed without the written consent of ECES management. The data, analyses or information contained in this report do not constitute any form of recommendation or assurance of the commercial feasibility of the activity subject of the report or its ability to achieve certain results.

The data and investment analyses contained in this report were prepared based on the viewpoint of ECES, and rely on information and data obtained from sources we believe in their validity and integrity. We believe the information and conclusions contained in this report are correct and fair at the time of their preparation, and should not be considered as a basis for taking any investment decision. ECES is not responsible for any legal or investment consequences as a result of using the information contained in this report. Any errors that may have occurred at the time of preparing these data are accidental and unintentional.

European Commissioner for Economic and Financial Affairs Pierre Moscovici told AFP that he would wait for the release of the official report before commenting. He conveyed his confidence in the agreement, and added that the IMF has a firm stance regarding reducing Greece's debts.

The Greek government announced at the beginning of January the imposition of many of tax increases on its citizens with the beginning of the new year. With the imposition of these taxes, prices of many products and commodities such as coffee, cigarettes and fuel will hike.

The Greek government intends to collect most of the desired revenues by imposing more taxes on farmers, homeowners, retirees and entrepreneurs. Greece is also seeking to collect about 1.5 billion euros by reducing pensions.

It is worth mentioning that in 2009, former Greek Prime Minister George Papandreou, was forced to accept the requirements of the international bailout package, which was worth 250 billion euros. Since then Creditors began requesting Greece to reduce spending policies and increase taxes, which contributed to increasing unemployment and the falling of living standards. For 7 years, Greece has been facing two choices: either the bailout plan and bear the pain of austerity, or refuse the bailout plan terms, which will lead to bankruptcy and perhaps complete withdrawal from the Eurozone.

Since the outbreak of the Greek debt crisis and Athens' turning to the *Troika* (the European Union, the European Commission and the IMF) for help, aid to Greece to date has been accompanied by unpopular reforms in the Greek street. For nearly seven years, Athens has committed to the implementation of 13 austerity packages, and three bailouts (at a total value of $366 billion). Yet, the Greek economy is still struggling to survive without a bankruptcy or exiting the Eurozone.

Despite successive austerity plans adopted by the Greek government, donors are not satisfied with the reform efforts undertaken by the Greek government. According to the German newspaper, Handelsblatt, in October 2016, sources from donors said that there were many unresolved issues, after examining the aid program and its associated reform requirements in Greece.

IMF Managing Director Christine Lagarde refuses to continue lending Greece without making significant changes in response to the demands of the Eurozone, and the IMF rules prevent it from more lending unless debt is at sustainable levels.

Disclaimer

This report was prepared for distribution to members of the Egyptian Center for Economic Studies only and may not be published or distributed without the written consent of ECES management. The data, analyses or information contained in this report do not constitute any form of recommendation or assurance of the commercial feasibility of the activity subject of the report or its ability to achieve certain results.

The data and investment analyses contained in this report were prepared based on the viewpoint of ECES, and rely on information and data obtained from sources we believe in their validity and integrity. We believe the information and conclusions contained in this report are correct and fair at the time of their preparation, and should not be considered as a basis for taking any investment decision. ECES is not responsible for any legal or investment consequences as a result of using the information contained in this report. Any errors that may have occurred at the time of preparing these data are accidental and unintentional.

Implications for Egypt:

Egypt has to pay attention that the success of any international financing agreement is directly related to the implementation of a comprehensive economic reform program that contributes to enhancing economic growth, easing pressure on the budget and increasing development, while working on reducing unemployment rates, curbing inflation, maintaining the stability of the exchange rate market and stimulating investments to return to Egypt.

Moreover, these agreements underline the need to address short-term challenges facing the economy and promote reforms that can help achieve higher and more inclusive growth in the coming period. The aim is to promote stability and restore confidence to encourage investors to invest, create jobs and reduce the financial burden associated with higher funding conditions. Egypt should also provide an enabling environment for investment to attract more capital inflows.

It is notable that Egypt's recent expansion in external debt is to fill in the increasing financial gap, thus increasing the external debt by about $7.7 billion in FY2015/2016.

We believe that in the case of external borrowing, whose cost is relatively lower than domestic borrowing, and in order to diversify the financing sources of the budget, borrowing should be on medium- and long-term bases, as is the case in the current external debt structure from international institutions and at rates close to current average borrowing, taking into account the extent to which it is appropriate to the Egyptian economic reform program, the terms of such loans and the extent of their agreement with it. This must be part of an integrated plan that includes enhancing foreign exchange reserves, providing foreign currency and activating exports to finance the payments and premiums of the external debt without the need for re-borrowing.

Disclaimer

This report was prepared for distribution to members of the Egyptian Center for Economic Studies only and may not be published or distributed without the written consent of ECES management. The data, analyses or information contained in this report do not constitute any form of recommendation or assurance of the commercial feasibility of the activity subject of the report or its ability to achieve certain results.
The data and investment analyses contained in this report were prepared based on the viewpoint of ECES, and rely on information and data obtained from sources we believe in their validity and integrity. We believe the information and conclusions contained in this report are correct and fair at the time of their preparation, and should not be considered as a basis for taking any investment decision. ECES is not responsible for any legal or investment consequences as a result of using the information contained in this report. Any errors that may have occurred at the time of preparing these data are accidental and unintentional.

Issue: 44

Date : 5 February 2017

ECES
The Egyptian Center for Economic Studies

Our Economy & the World

Special Analysis

Beijing Anticipating Washington's Protectionism Risks

Asharq Al-Awsat

Official financial data showed that China's fiscal deficit was much larger than the target in 2016, amid increased government spending to control slow growth rates. This comes at a time when the government completely turned to the imposition of value added tax to replace all business taxes.

According to preliminary data, released by the Ministry of Finance, the initial deficit amounted to 2.83 trillion yuan ($413 billion), representing 3.8 percent of gross domestic product in China. Beijing was targeting a budget deficit of about 2.18 trillion yuan for last year, equivalent to 3 percent of GDP.

In 2016, Beijing relied on government spending to stabilize the economic growth, but concerns about the debt burden in the country are increasing. The ministry said that expenses in the past year increased by 6.4 percent compared to 2015, while revenues increased by 4.5 percent only.

It is worth noting that in early 2016, preliminary figures for the deficit in 2015 showed that it reached about 2.355 trillion yuan, but the final figures showed a deficit of only 1.62 trillion yuan, equivalent to 2.3 percent of GDP.

The VAT revenues jumped by about 30.9 percent in 2016 compared to the previous year, while business tax revenues fell 40.4 percent, and revenues of the value-added tax and business tax combined rose 5.4 percent in 2016.

China had replaced all business taxes by the VAT after the expansion of this policy to cover the construction, real estate, finance and consumer services sectors. These sectors are the last four sectors that are still taxable on the basis of their revenues. The Value Added Tax (VAT) is levied based on the difference between a commodity's price before taxes and the cost of production. The government expected expansion in the implementation of the VAT law to ease corporate tax burdens by more than 500 billion yuan in 2016.

China is expected to suffer commercially during 2017, with the new American president, Donald Trump, who believes that China's economic growth is at the expense of his country that suffers from a trade deficit with Beijing. He believes that the transfer of many US industries to China is at the expense of the American citizen, who lost millions of jobs for cheap Chinese labor.

Despite the development of trade relations between the two countries over the years - in light of the political and geopolitical differences - where US imports from China have grown at a cumulative rate of 383 percent between 2000 and 2015, while its exports to China increased by about 614.2 percent over the same period, Trump's trade conviction includes facing China strongly in the field of trade through a set of measures, including the imposition of new duties on imported goods.

Trump calls for the imposition of a 45 percent tariff on Chinese goods, in addition to a number of tariffs against the so-called currency manipulators, which may include Japan, South Korea and even the European Union. China is facing the threat of an isolationism action this year, if Trump goes ahead with his campaign pledges, and imposes large tariffs on imports of Chinese products.

Disclaimer

This report was prepared for distribution to members of the Egyptian Center for Economic Studies only and may not be published or distributed without the written consent of ECES management. The data, analyses or information contained in this report do not constitute any form of recommendation or assurance of the commercial feasibility of the activity subject of the report or its ability to achieve certain results.

The data and investment analyses contained in this report were prepared based on the viewpoint of ECES, and rely on information and data obtained from sources we believe in their validity and integrity. We believe the information and conclusions contained in this report are correct and fair at the time of their preparation, and should not be considered as a basis for taking any investment decision. ECES is not responsible for any legal or investment consequences as a result of using the information contained in this report. Any errors that may have occurred at the time of preparing these data are accidental and unintentional.

The US believes that Beijing through its support for national manufacturers provides them with an unfair competitive advantage, which reflects adversely on US manufacturers. This policy leads to dumping in the aluminum and steel market. Washington regularly accuses Beijing of adopting unfair trade measures, such as devaluing the yuan, and providing loans without interests to manufacturers.

China, the world's largest exporter of goods, is highly dependent on free trade and will be strongly affected by the new trade protection measures, and the increased anti-globalization trend. Trade tensions between the US and China would cause concern about global economic growth. Beijing almost shares the leading position with the US, as the world's largest importer of oil. Any slowdown in the Chinese economy would be particularly damaging to global demand, since Beijing has been the driver of global oil consumption growth over the past ten years.

For his part, WTO Director-General Roberto Azevêdo said that escalated protectionist measures is worrying to the global economy. He added that allowing anti-trade to spread means antagonizing development, growth and job creation, pointing to the need to rely on facts to show the fallacies of free trade enemies.

IMF Managing Director Christine Lagarde had previously urged heads of international companies to pressure governments to ensure freedom of trade. She pointed out that the outlook for global economic growth in 2017 is discouraging. She warned that the escalation of protectionism by politicians and public opinion leaders prevents the flow of international trade, and reduces across the border investments, goods, services and labor between the countries.

A recent WTO report also warned against crawling towards more protectionism, which strangled the already weak global economic recovery. However, it seems that the United States does not care. US president Donald Trump went as far as threatening to terminate existing trade agreements, and imposing high tariffs on Mexico and China.

Disclaimer

This report was prepared for distribution to members of the Egyptian Center for Economic Studies only and may not be published or distributed without the written consent of ECES management. The data, analyses or information contained in this report do not constitute any form of recommendation or assurance of the commercial feasibility of the activity subject of the report or its ability to achieve certain results.

The data and investment analyses contained in this report were prepared based on the viewpoint of ECES, and rely on information and data obtained from sources we believe in their validity and integrity. We believe the information and conclusions contained in this report are correct and fair at the time of their preparation, and should not be considered as a basis for taking any investment decision. ECES is not responsible for any legal or investment consequences as a result of using the information contained in this report. Any errors that may have occurred at the time of preparing these data are accidental and unintentional.

Implications for Egypt:

These developments affect the opportunities to increase the volume of fair trade around the world, which calls on Egypt to pay strong attention to what is happening globally and take serious action in this regard. However, it must be taken into account that a lot of measures that increase the cost of foreign trade transactions to Egypt, especially in export, are still in effect. It is necessary to address these measures to stimulate export growth rates, by facilitating licensing, customs clearance procedures and taxation in addition to the cost of financing transactions and reducing the number of procedural and approvals requirements.

In light of recent actions, whether taken by the government or by the Central Bank of Egypt, it became necessary to carry out a thorough sensitivity analysis of the effect of changes in exchange rates on export indicators and the cost of imports, which did not fully appear so far, especially that it is likely that the recent changes in the exchange rate will improve the commercial competitiveness of Egypt. A sensitivity analysis of the detailed impact of changes in the dollar on exports and imports from the different sectors should also be conducted, making it easier to develop policies to increase exports and reduce imports.

It is necessary to finalize a Strategy for Industrial Development and begin its implementation. The focus of the exports development strategy has been so far on market access and granting incentives for exports development through the exports refund program or changing the exchange rate without dealing with the larger challenge of obstacles to productivity.

Disclaimer

This report was prepared for distribution to members of the Egyptian Center for Economic Studies only and may not be published or distributed without the written consent of ECES management. The data, analyses or information contained in this report do not constitute any form of recommendation or assurance of the commercial feasibility of the activity subject of the report or its ability to achieve certain results.

The data and investment analyses contained in this report were prepared based on the viewpoint of ECES, and rely on information and data obtained from sources we believe in their validity and integrity. We believe the information and conclusions contained in this report are correct and fair at the time of their preparation, and should not be considered as a basis for taking any investment decision. ECES is not responsible for any legal or investment consequences as a result of using the information contained in this report. Any errors that may have occurred at the time of preparing these data are accidental and unintentional.

ECES
The Egyptian Center for Economic Studies

Global Financial Market Performance

Reuters/ Argaam

Chinese stock indexes fell at the close of trading after returning from lunar year holiday, which began last Friday and lasted until Thursday, with higher interest rates in the open market operations as well as growing concerns about the US administration's policies.

At the end of the session, the "Shanghai" composite index fell by 0.60 percent to 3140 points. The People's Bank of China raised the costs of certain repurchase agreements in the short term for the first time since 2013, having worked on tightening the money supply starting from last August to reduce leverage and support the exchange rate.

According to a statement released by the central bank through its website, it lifted its reverse repurchase rate for 7 days and 14 days and 28 days by 10 basis points to 2.35 percent and 2.50 percent and 2.65 percent respectively.

The Japanese stock indices ended flat but recorded a weekly loss, despite the yen depreciation against the dollar, to coincide with the central bank moves to assert control on the high bond yields.

At the end of the session, the Japanese "Nikki" index rose by less than 4 points to 18918 points, but scored a weekly loss of 2.8 percent, while the "TOPIX" Index rose 0.30 percent to 1514 points.

The Bank of Japan offered to buy an unlimited amount of bonds, according to a fixed price in an operation that was not planned in the first place, which formed pressure on the local currency and government bond yields.

US stocks rose during Friday trading after release of the monthly employment situation report and president "Donald Trump's" direction towards easing the financial constraints on the "Wall Street". The majority of key indicators posted weekly gains.

The "Dow Jones' industrial average rose 186.5 points to 20,071.5 points, the biggest daily gain in 2017, the broader S & P 500 index rose (16.5 points) to 2297 points, while the Nasdaq index rose (+ 30 points) to 5666 points, the highest close ever.

On the weekly level, the "Dow Jones" industrial recorded losses by 0.1 percent, while "NASDAQ" and "S & P 500" gained 0.1 percent each.

In the European markets, "Stoxx Europe 600" benchmark rose 0.6 percent, or two points to 364 points, thus recording the highest daily gain since January 27, but this increase was not enough to reverse weekly losses amounting to 0.6 percent.

The German "DAX" index rose (+23 points) to 11,651 points, the French "CAC" index rose (+31 points) to 4825 points, while the British "FTSE 100" index rose (+47 points) to 7188 points.

On the other hand, Gold futures for April delivery settled up by 0.1 percent or $1.40 to $1220.80 an ounce. The yellow metal achieved a weekly gain of 2.5 percent, the largest since last June.

Disclaimer

This report was prepared for distribution to members of the Egyptian Center for Economic Studies only and may not be published or distributed without the written consent of ECES management. The data, analyses or information contained in this report do not constitute any form of recommendation or assurance of the commercial feasibility of the activity subject of the report or its ability to achieve certain results.

The data and investment analyses contained in this report were prepared based on the viewpoint of ECES, and rely on information and data obtained from sources we believe in their validity and integrity. We believe the information and conclusions contained in this report are correct and fair at the time of their preparation, and should not be considered as a basis for taking any investment decision. ECES is not responsible for any legal or investment consequences as a result of using the information contained in this report. Any errors that may have occurred at the time of preparing these data are accidental and unintentional.

In the oil markets, the US "NYMEX" rose 0.5 percent or 29 cents to close at $53.83 a barrel, posting a weekly gain of 1.2 percent. Crude "Brent" index also rose 0.4 percent or 25 cents to close at $56.81 a barrel to score a weekly gain of 2 percent.
The monthly employment situation report showed that the US economy added 227 thousand jobs last month, surpassing expectations of 197 thousand jobs, while the unemployment rate rose to 4.8 percent.

US Monthly Employment Situation

	Forecasts	Previous	Current	Change
No. of jobs (thousands)	197.00	157.00	227.00	+70
Unemployment Rate (%)	4.7	4.7	4.8	0.1 %
Average wage/hour ($)	--	26	26.0	0.0
No. of weekly working hours	--	34.4	34.4	--

Implications for Egypt:

Global financial markets saw a slight tendency to rise with the continuation of the state of global uncertainty in light of Trump's assuming the presidency of the United States and the presence of fears of changes in US economic and monetary policy.
Global markets are closely watching policy developments and expected decisions from the administration of US President "Donald Trump" after the official inauguration, Brexit developments and concerns about the beginning of a new currency war between China and the United States.
The Egyptian Stock Exchange lost about LE 6.1 billion pounds during this week's trading, to reach about LE 622.3 billion compared to LE 628.4 in the previous week at a decline rate of 1 percent. The weekly report of the Egyptian Stock Exchange indicated diverse performance of major market indicators. EGX 30 declined by about 2.18 percent to 12,806 points, while the secondary market indices tended to rise, as «EGX 70» index for small and medium-sized stocks rose by about 3.18 percent to close at 494 points. The broader «EGX 100 index rose» by about 1.88 percent to reach the level of 1203 points, while «EGX 20» multi weights recorded a decline of about 4.99 percent to 11,988 points.
This decline in the Egyptian Stock Exchange is attributed to corrective factors after the strong gains made during floatation of the Egyptian pound. However, the catalyst for this decline is basically associated with the IMF's announcement of recommendations to impose a tax on the capital gains of the stock market, despite denials from the Ministry of Finance but the fears of investors pushed the stock market into a strong corrective wave at the end of the trading week.

Disclaimer

This report was prepared for distribution to members of the Egyptian Center for Economic Studies only and may not be published or distributed without the written consent of ECES management. The data, analyses or information contained in this report do not constitute any form of recommendation or assurance of the commercial feasibility of the activity subject of the report or its ability to achieve certain results.
The data and investment analyses contained in this report were prepared based on the viewpoint of ECES, and rely on information and data obtained from sources we believe in their validity and integrity. We believe the information and conclusions contained in this report are correct and fair at the time of their preparation, and should not be considered as a basis for taking any investment decision. ECES is not responsible for any legal or investment consequences as a result of using the information contained in this report. Any errors that may have occurred at the time of preparing these data are accidental and unintentional.