

Yemen Economic Indicators

January 2019



semc

STUDIES & ECONOMIC MEDIA CENTER
مركز الدراسات والإعلام الاقتصادي

Introduction

The report includes monitoring the Yemen economic indicators , the prices of basic commodities ,oil derivatives and currency exchange rates as well as economic developments during the month of January 2019.

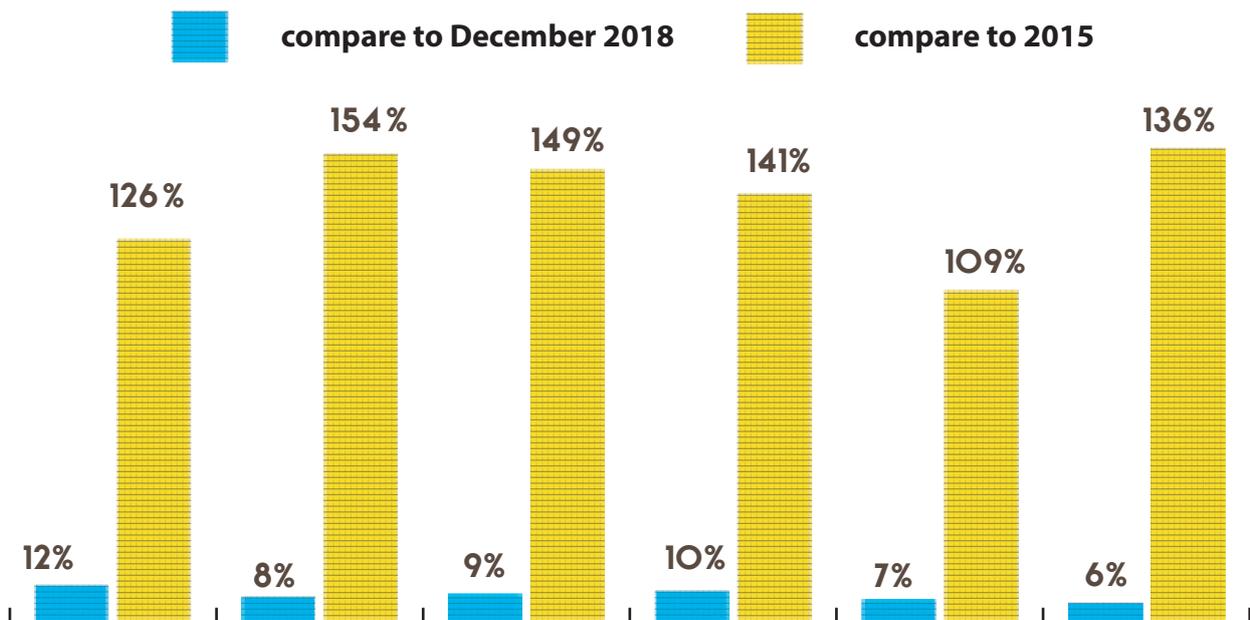
The report also includes the humanitarian situation and economic developments during January as well as the developments of the private sector

Basic Commodity Prices

Prices of basic commodities (flour, sugar, rice, cooking oil, milk powder, beans, tea, cheese, yogurt) increased by 9% in January 2019 in target governorates (Sana'a, Aden, Taiz, Marib, Hodeida, and Hadramout), compared to December 2018, and by 136% compared to January 2015.

According to data recorded by the Center, Sana'a recorded the highest increase in basic goods prices in January, with a rise of 12%, compared to December 2018. Hodeida comes next (10%), followed by Taiz, Aden, Marib and Hadramout, with an increase of 9%, 8%, 7%, and 6% respectively, compared to December 2018.

Increase in basic commodity prices in January 2019 compare to:



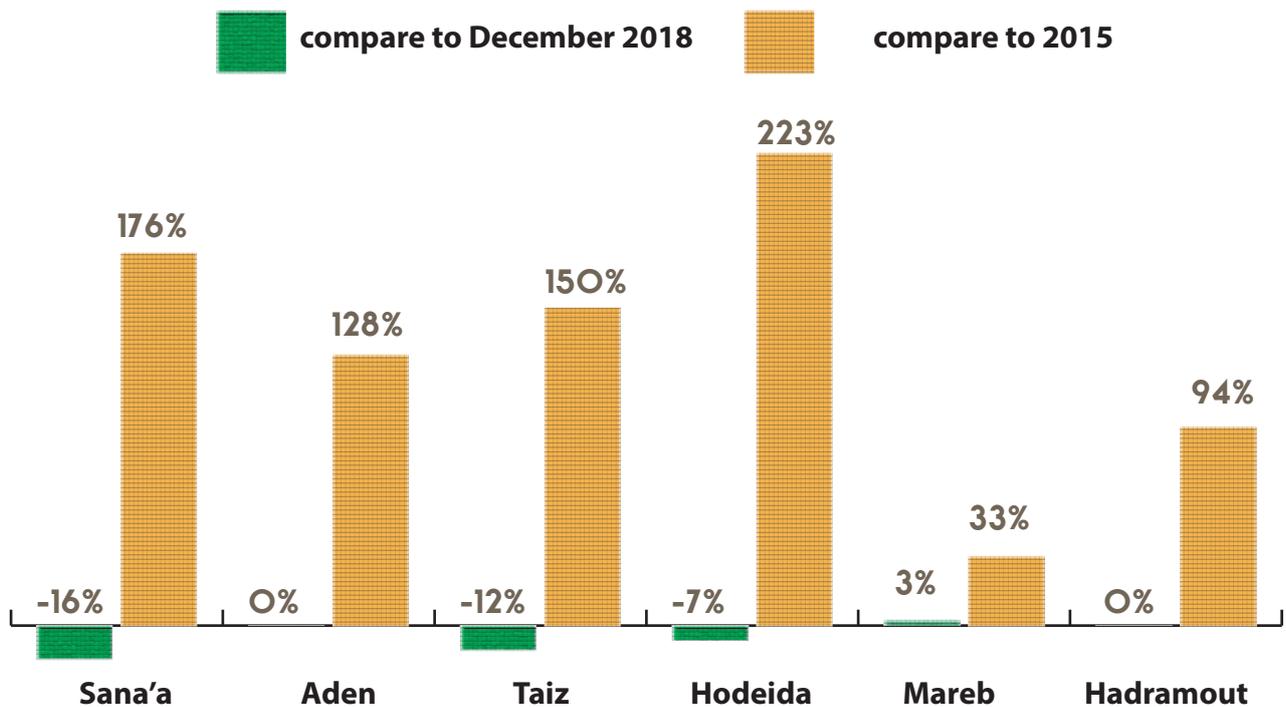
Fuel Prices

Prices of fuel (petroleum, diesel, cooking gas) fell in January in target governorates (by 5% compared to December 2018, and increased by 134% compared to January 2015).

According to data collected by the Center, Marib recorded an increase of 3% in fuel prices in January 2019, compared to December 2018.

Marib emerged as the only governorate recording an increase in fuel prices, while prices proved stable in Hadramout and Aden. Sana'a witnessed the highest decrease in fuel prices, recording an average fall of -16%, compared to December 2018, followed by Taiz (-12%) and Hodeida (-7%).

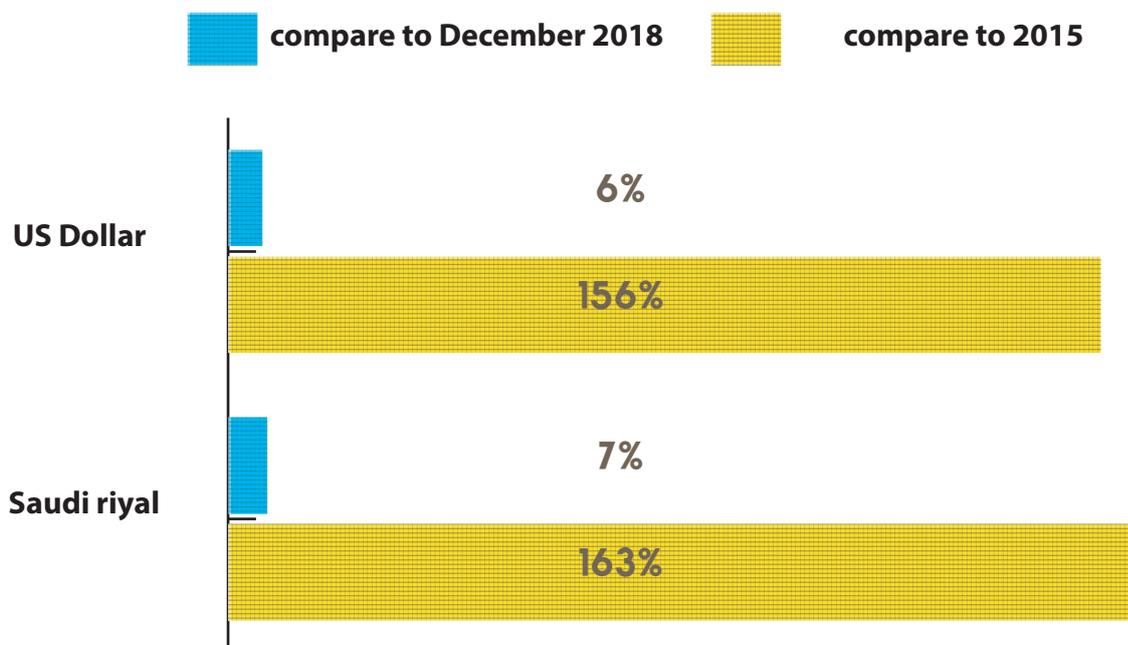
the percentage of increase in fuel prices during January 2019 compare to:



In January 2019, the Yemeni Rial had a downward trend, losing 6% against the US dollar, compared to December 2018, and recording a significant decline of 156% compared to January 2015.

According to data collected by the Center, YR also recorded a decline against the Saudi riyal in January 2019, losing an average of 7% of its value against the SAR, compared to December 2018, and 163%, compared to January 2015.

Depreciation of the YR against foreign currencies in Jan. 2019 compared to



Economic Developments in January 2019

CBY announces receiving approval to withdraw the sum of \$56 million from the Saudi deposit. This 13th payment is allocated to several basic commodity importers supplied through a number of Yemeni banks at fixed 2018 rates.

CBY announced that exchange rates are fixed at YR440 to US dollar, with regard to foodstuff imports, while black market exchange rates exceeded YR590 to US dollar.

CBY governor, M. Zemam, announced that the bank's reserves amounted to ~\$2.8 billion dollars, and that the bank was planning to issue a new "100 rials note" following government release of the 2019 budget to cover deficit from non-inflationary sources.

The Economic Committee disclosed a corruption scandal involving currency speculation, where exchange premium reached YR9 billion within 20 days. The committee demanded the Prime Minister to direct the Central Organization for Control and Auditing (COCA) and the Anti-Corruption Authority to investigate the issue.

-Prime Minister Dr. Mu'in Abdulmalik directs COCA to conduct a review and examination of CBY reports against the backdrop of a letter by Chairman of the Economic Committee accusing the CBY of involvement in speculative practices, garnering YR 9 billion in exchange premium in a short period of 20 days.

Production and pumping of crude oil in sector "S2", Uqla field, Shabwa stopped following a decision by the Austrian operator "OMV" due to conflict over providing services to the company. Clashes between the army and tribal militants supporting businessman Fares Khubaili had taken place with each party claiming the right of transporting crude oil. Clashes resulted in burning of a number of crude oil tankers.

CBY announced the transfer of funds to the accounts of foreign commercial banks.

The Minister of Trade and Industry stated that the Yemeni government had commenced the reconstruction and recovery phase, while 12 million Yemenis are starving and 60% have lost their jobs due to the Houthi coup d'état.

A high-level European delegation visits the CBY, Aden.

The UN declares delivering food to 9.5 million Yemenis.

CBY announces importation of basic goods in the sum of \$314 million from the Saudi deposit during 2018.

Governor of Hadramout, Faraj al-Bassani, ordered setting up a committee to assess residential rents and approve reasonable prices to alleviate suffering of citizens.

Minister of telecommunications and Information Technology, Lotfi Ba Sharif issued a decision to transfer the management center of Yemen Telecom Company "Teleyemen" to Aden.

The World Food Program (WFP) declared that humanitarian aid is seized and manipulated by the Houthis.

Forty four civil society organizations operating in Yemen issued a joint statement on reports of looting of aid in Houthi-controlled areas.

Taiz Tax Office announced receiving 3,200 million rials in total 2018 revenues, compared to 85 million in 2017.

Aden: inauguration of the workshop on tasks of compliance officers at banks operating in Yemen. The 10-day workshop was organized by the CBY Bank Monitoring Division.

The Yemeni government officially requested the Federal Republic of Germany to re-open CBY government accounts at some German banks.

Aden hosted the annual consultative meeting of the customs top officials and the celebration of the World Customs Day under the slogan (smart limits for smooth trade, travel and transport).

Basic Services

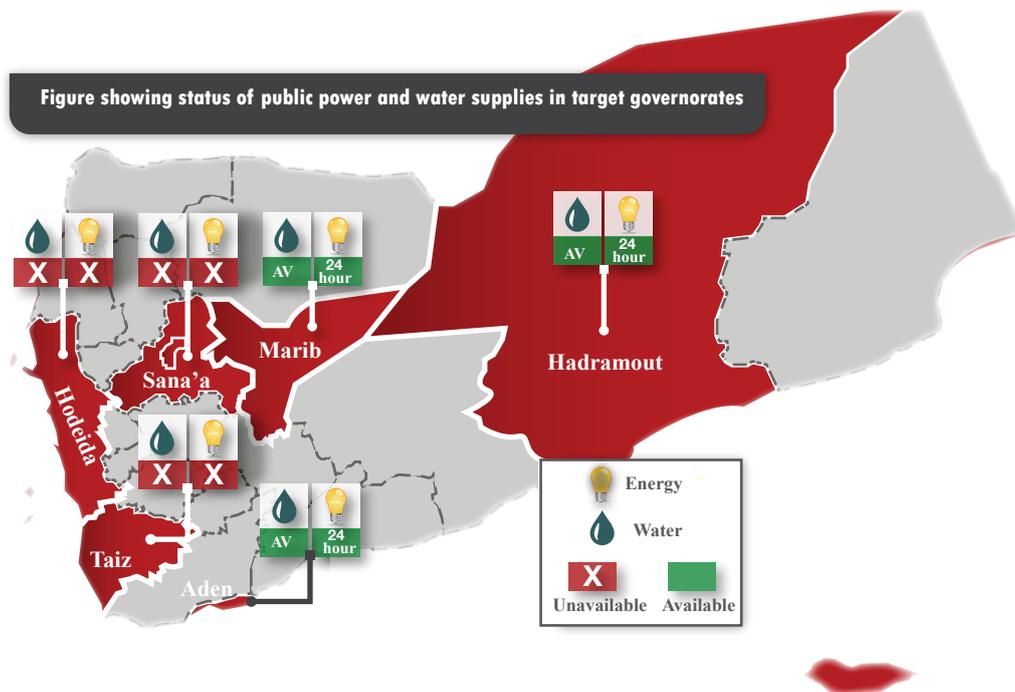
Power and Water Services

Since the outbreak of the war in 2015, most Yemeni governorates have experienced an extended outage of power supply. Around 90% of the total population have no access to public power supply. There have been no improvements in providing this service, especially in the Houthi-controlled areas, where this service is completely interrupted. High-cost private power supply is provided at YR270 compared to YR6 per kilo before the war; 4400% higher than pre-war rate. In addition, a weekly subscription fee of YR300 is paid by each subscriber regardless of usage, an instance of blackmailing citizens' need of power.

Most Yemenis buy solar power systems as an alternative to the public power service. Although solar energy covers 60% of household energy needs, it does not meet the needs of businesses which require more power to operate refrigerators and big machinery. The cost of a solar system of 100 amp capacity is about \$1,000.

Governorates under the control of the internationally recognized government such as Hadramout, Aden, and Marib are better off than Houthi-controlled areas in terms of availability of the power service.

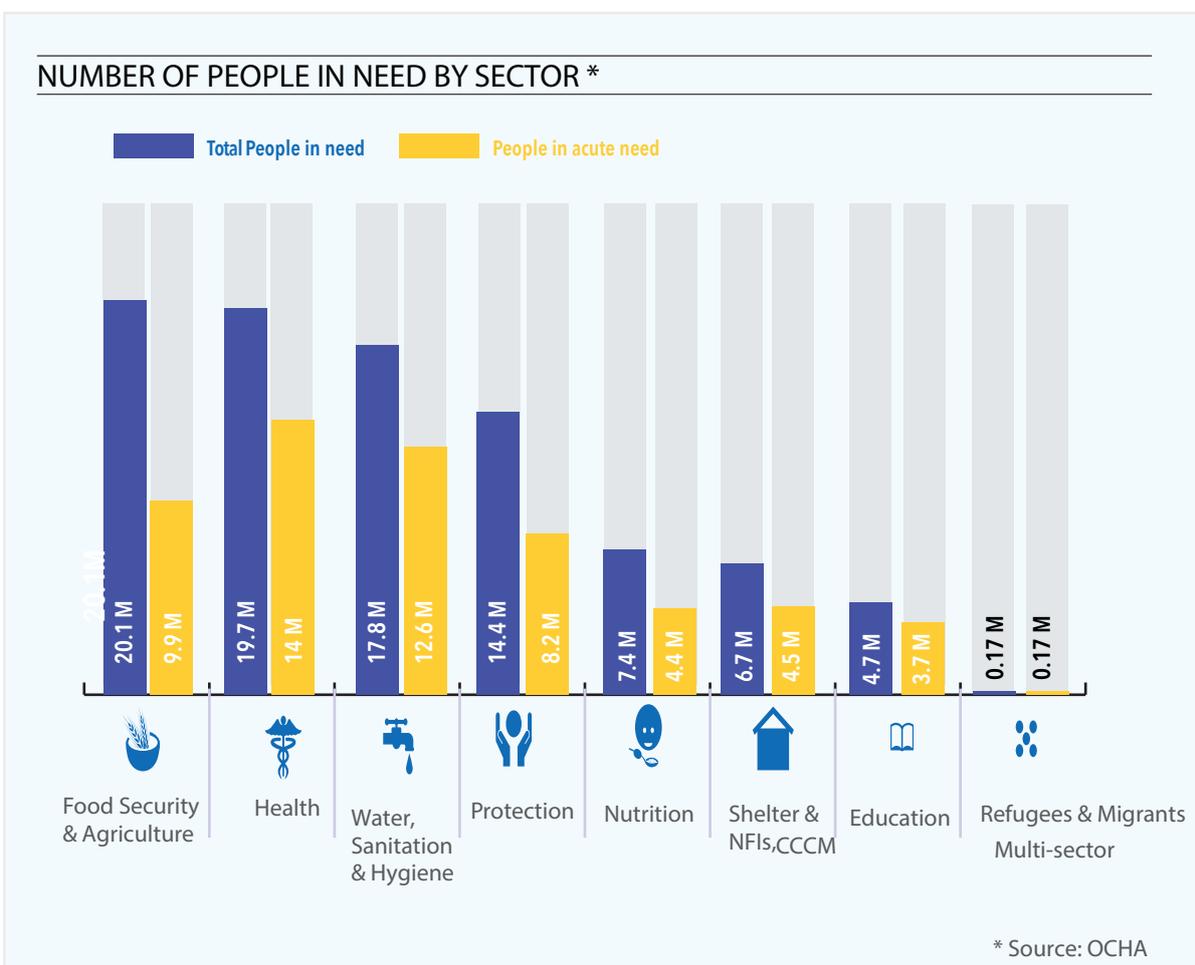
Public water service is no different from electricity. This service is cut off in Houthi-controlled areas, and 16 million people need WASH assistance.



The Humanitarian Situation

As the war continues, the humanitarian costs rise. According to recent OCHA report, the number of citizens in dire need of humanitarian assistance increased by 27%, compared to December 2017. The number of people in need of humanitarian assistance reached 24.1 million, nearly 80% of the total population, of whom 14.3 million are in dire need of humanitarian assistance. About 17.8 million Yemenis lack access to safe drinking water and sanitation, while 3.3 million have been displaced.

The humanitarian situation in Yemen worsens due to the spread of epidemics such as cholera and swine flu, which has recently claimed the lives of dozens of citizens, especially in Houthi-controlled areas, while medical supplies required to fight the epidemic are lacking. It is reported that 51% of health facilities are fully functioning, while 14% have been stopped, and 35% are partially functioning. This is reflected in the poor provision of health care to citizens. According to the OCHA report, 19.7 million people are in need of health care.



Private Sector Developments

- Announcing the establishment of a Yemeni private sector conglomerate under the auspices of the World Bank in Amman with the aim of unifying private sector entities within a single entity.
- A huge fire broke out in the Tihama Company in Hodeida, due to being directly targeted by missiles.
- Overcoming difficulties facing the business activity dominates businessmen meeting with Hadramout governor.
- Four Nana factory workers in Kilo 16 area were hit in a missile attack on a factory production unit.
- Laying the foundations of the \$20 million National Fish Packaging Plant in Shahr, Hadramout.
- Inaugurating the Istanbul Tourist Hotel in Marib at a cost of YR1 billion.
- The Oil Company in Hadramout threatened to stop supplying aircrafts with fuel, and required the Yemeni Aviation Administration to pay its debts within 48 hours notice.
- A court in Sana'a ordered the seizure of Sabafon's assets and property at the request of the Sana'a Tax Authority.
- A fire broke out in a shampoo factory in Sana'a due to gas leakage inside the factory.
- Chamber of Commerce and Industry in Taiz invites senior taxpayers to submit tax returns.



The Studies and Economic Media Center (SEMC) is one of the most prominent Yemeni NGOs that works on , and spreads awareness of economic issues, in addition to buttressing good governance and public engagement in decision making, and working towards the creation of professional media.

The Center has contributed tremendously to debating and rectifying economic policies, divulging the loopholes inherent in the country's economic performance, and influencing decision makers in such a way that serves the think-tank 's vision- a transparent and flourishing Yemeni economy. Further, it has assumed a vital role in presenting economic information to society in a plain and simple manner. The Center seeks to forge ahead with its scholarly mission despite the harsh conditions Yemen is experiencing.

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