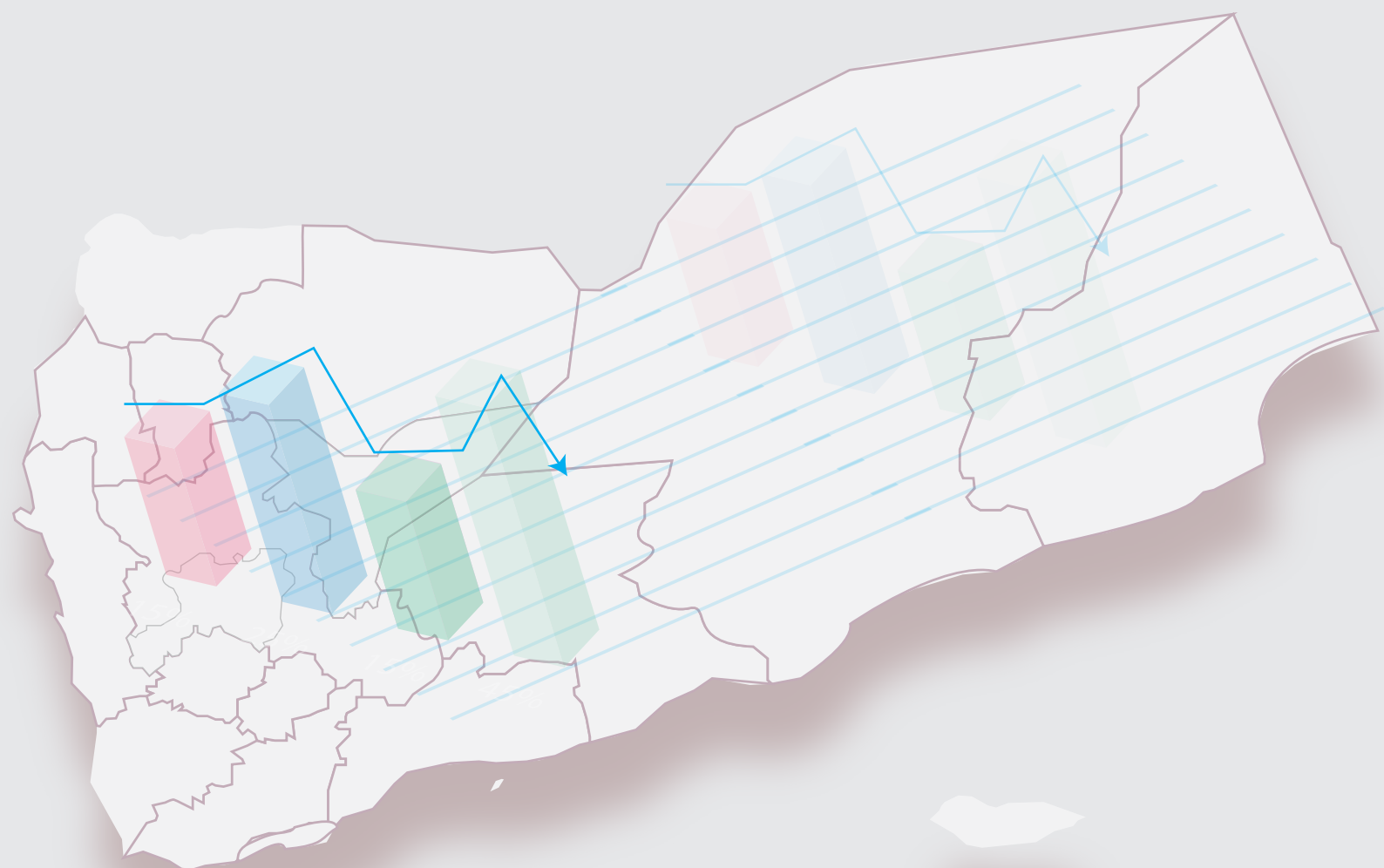


Yemen Economic Indicators

April 2019



SEMC

STUDIES & ECONOMIC MEDIA CENTER
مركز الدراسات والإعلام الاقتصادي

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Exchange rate of the Yemeni rial improved in April, whereas a slight increase in basic commodity prices was recorded in the governorates covered in Economic Indicators Report, April 2019.

As the CBY-Aden package of monetary policies and regulations curtailed black market currency speculations, other factors contributed to the increase rather than decrease of commodity prices.

These factors include government divisions which resulted in conflicting management of economic affairs. A prominent example is failure to enforce CBY monetary policy decisions in Houthi-controlled northern and western governorates which constitute the hub of Yemeni economy, especially after CBY-Sana'a banned commercial banks' opening of documentary credits or transferring funds to CBY-Aden for purposes of importing basic commodities. This explains the drop in commodity prices in Hadramout and the rise of the same commodities in Sana'a. Other reasons include high fuel prices and high freight rates due to armed conflict in Hodeidah and al-Dali', which are transit points of goods coming from the ports of Hodeidah and Aden.

As some governorates controlled by the internationally recognized government witnessed improvement in the public power supply, other governorates continue to suffer due to the 4-year-long outage of power supply and water services. This discrepancy creates a situation of disparity in provision of services to citizens in different parts of the country.

In this report, we present a set of basic indicators of basic goods and fuel prices, and YR exchange rate developments, in addition to key economic and private sector developments in April 2019.

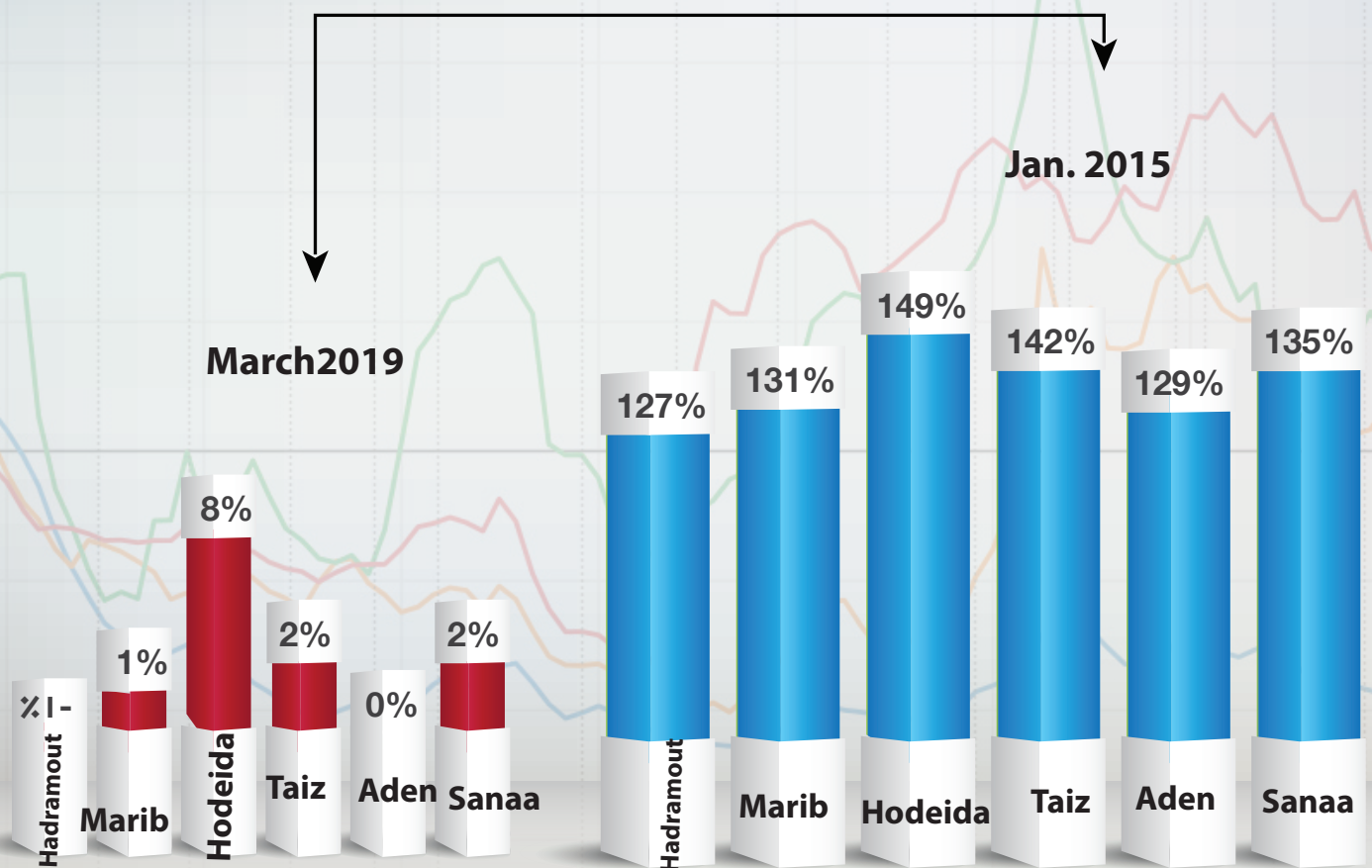
Basic Commodity Prices

Prices of basic commodities (flour, sugar, rice, cooking oil, milk powder, beans, tea, cheese, and yogurt) increased by 2% in April 2019, compared to March 2019, and by 136% compared to January 2015 in target governorates (Sana'a, Aden, Taiz, Marib, Hodeidah, and Hadramout).

According to SEMC data, Hodeidah recorded the highest increase in basic goods prices in April 2019, with a rise of 8%, compared to March 2019. Sana'a and Taiz came next, each recording an increase of 2%. In Marib a slight increase of 1%, whereas in Hadramout a slight decrease of -1%, were recorded. In Aden, prices of basic commodities proved stable in April.

Infographic showing rise of prices of basic commodities in target governorates in April 2019, compared to March 2019 and January 2015

%age of Increase in Basic Goods prices in April 2019, compared to

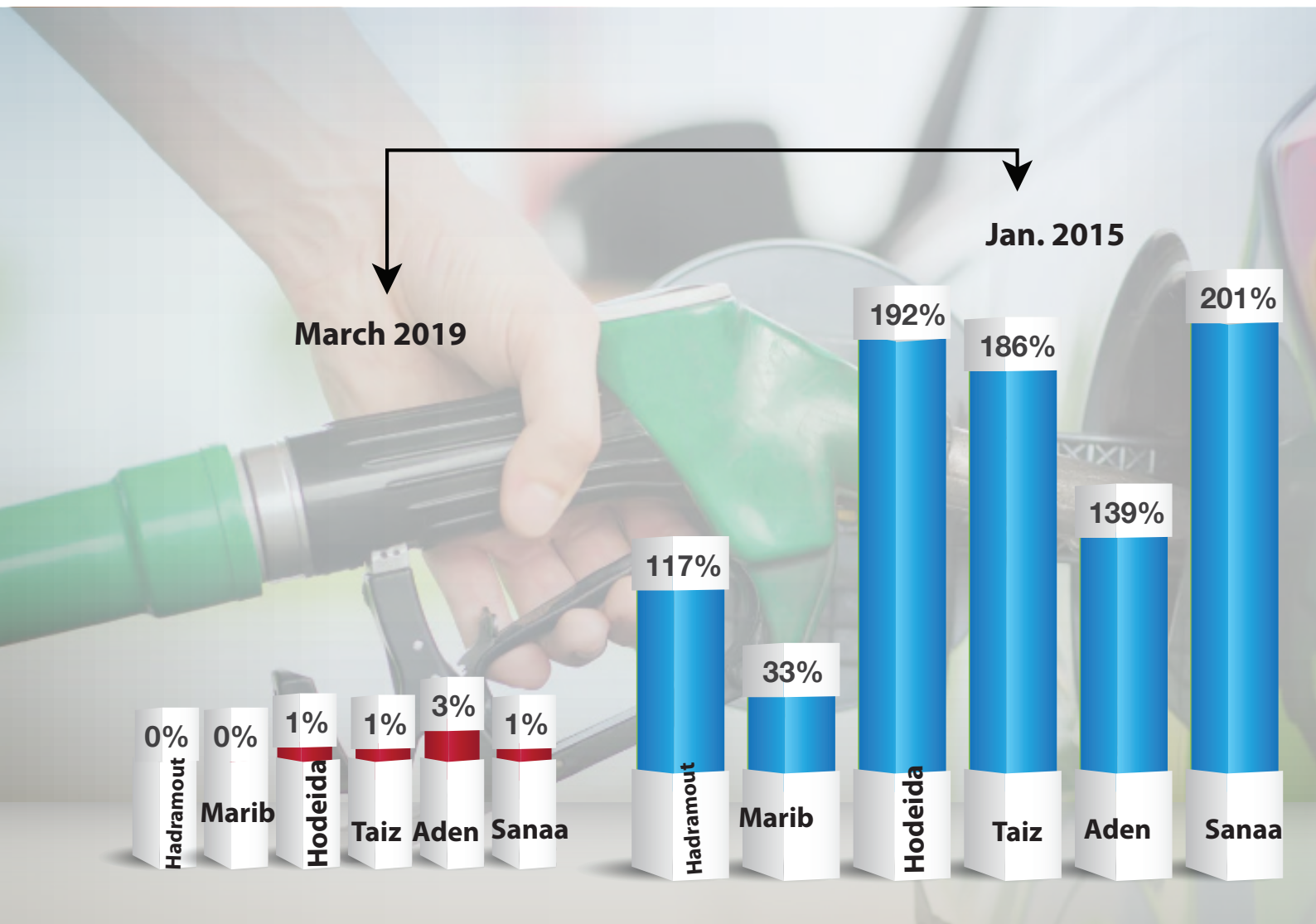


Fuel Prices

Prices of fuel (petrol, diesel, and cooking gas) increased in target governorates in April 2019, recording an increase of 1%, compared to March 2019, and 145% compared to January 2015.

According to data collected by the Center, Aden recorded the highest increase (3%) in April 2019 compared to preceding month, followed by Sana'a, Taiz and Hodeidah recording an average increase of 1% each. In Marib and Hadramout governorates, fuel prices proved stable in April 2019.

The following Figure showing the percentage of fuel prices rise in target governorates in April 2019, compared to March 2019 and Jan. 2015



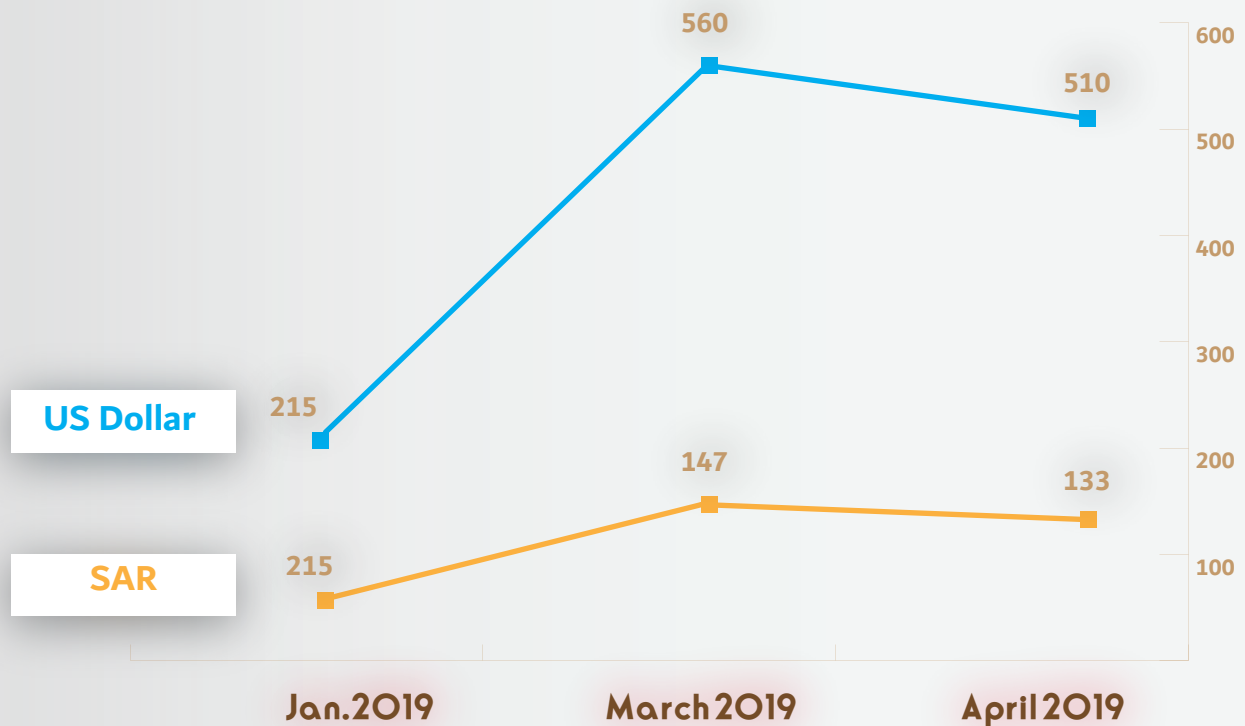
Exchange Rates: YR on an Upward Trend

In April 2019, the YR recorded an upward trend in the exchange market, recording an average rise of 9% against the US dollar in March. Exchange rates stood at YR 510 to US dollar in April 2019, compared to YR 560 to US dollar in March 2019.

According to SEMC data, the rate of the Yemeni Rial also improved by 10% against the Saudi riyal, compared to March 2019 rates. Average exchange rate stood at YR 133 to SAR1 in April, compared to YR147 to SAR1 in March 2019.

Infographic: Figure showing average exchange rates in April 2019, compared to March 2019 and Jan. 2015

Average YR Rate against US dollar and SAR in April 2019 compared to March 2019 and Jan. 2015



CBY suspends oil import licenses and bans anchor of fuel shipments at Yemeni ports, demanding that all transactions must conform to the import mechanism approved by the bank to cover the country's fuel needs in cooperation with local banks and fuel importers.

CBY signs salary transfers and budget support agreement with the Ministry of Finance, the Saudi Arabian Monetary Agency, the Saudi National Bank and the Joint Forces Command. The agreement provided for transferring those funds to CBY in Saudi Arabian Riyals.

CBY endorses US dollar 2006 issue at the same market price at banks that recently opened exchange windows to the public to prevent manipulation of exchange rates with regard to US dollar 2006 and earlier issues.

CBY announces receiving approval of withdrawal transaction no. 20 from the Saudi Deposit. The installment of \$56 million is dedicated to covering applications for opening basic commodity import credit accounts in the various governorates.

The Economic Committee invites approved oil importers and dealers in Houthi-controlled areas to continue to apply the mechanism of control and regulation of trading in fuel in all Yemeni regions and ports.

CBY announces to importers, businesses and institutions readiness to supply all their foreign currency needs for import purposes at the lowest market price through their accounts at approved banks. CBY will also feed approved and joint balances of commercial banks' at their correspondent banks abroad as soon as exchange transactions in customer accounts and CBY accounts are executed.

CBY garners YR390 billion in revenues from Saudi deposit sales in 7 months.

CBY signs an agreement with the US Treasury, according to which the latter will provide training to Yemeni banks. The agreement also provides for punishment of violators of anti-money laundering and financing of terrorism laws.

Industry and Commerce office in Al-Mahra carries out a large price-control campaign in Al-Ghaida markets, and monitors market infringements of prices in light of recovery of the Yemeni rial.

- CBY governor, Hafez Mi'yad, calls on the IMF to help reopen accounts of Yemeni banks in the US and Europe.
- The Economic Committee declares readiness to cooperate with approved fuel dealers in Houthi-controlled areas to ship their goods to government-controlled ports and to transport fuel to those areas under international supervision at lower prices. This comes after the Houthis forced all dealers to ignore the mechanism for control of and dealing in oil derivatives which was released by the CBY-Aden.
- A crisis of oil derivatives emerged in Houthi-controlled areas causing a price upsurge; a gallon of gasoline is sold at YR20,000.
- The Economic Committee states that the port of Hodeidah received 58% of inbound oil derivatives during the first quarter of 2019.
- A US dollar exchange rate fell to YR530 as the rial recovered, with the exchange rate falling to as low as YR500 to US dollar early in April.
- The parliament votes on the 2019 general state budget and puts forth a number of recommendations related to revenues and public expenditures. This is the first time the parliament approved the state budget since the outbreak of the war in 2015.
- CBY issues a circular restricting dealing with unlicensed exchange businesses.
- Kamran for Industry and Investment suspends the company's cigarette plant in Hodeidah governorate due to raw material shortages.
- The External Relations Sector at CBY transfers the first carryover of foreign exchange transaction to accredited correspondents of banks abroad.

Office of Industry and Commerce in Marib Governorate issues a list of prices of goods at all direct sale points, while keeping pace with remarkable improvement of the Yemeni rial in the exchange market.

CBY announces receiving approval of withdrawal transaction # 21 from the Saudi Depository. This installment of \$39.4 million is dedicated to covering applications for opening basic commodity import credit accounts in the various governorates.

CBY's external banking transactions sector announces arrival of the first installment of Joint Forces salaries.

Yemen and China sign the memorandum of Yemen's joining of the Silk Road.

The #Where're_the_monies? campaign was launched by activists on social networks. The campaign calls on all national and international organizations receiving funding for carrying out humanitarian relief activities in Yemen, including UN agencies to disclose financial reports and provide the public with information about spending the money allocated by donors to the Yemeni people.

CBY announces reaching an agreement with the IMF and the World Bank to approve the CBY as the only channel of transferring aid funds to Yemen.

Rise of customs revenues, from the Wadi'ah land border, and Sayoun International Airport to YR11 billion during the first quarter of 2019, with a five billion increase from last year's revenues.

CBY declares readiness to provide exchange and international transfer services to oil importers, in coordination with the Economic Committee, through commercial banks at lower rates than market rates.

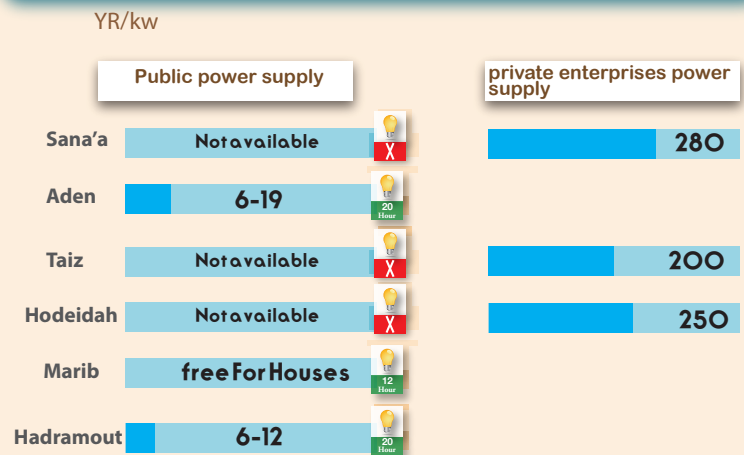
Power and Water Services

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 YR280 compared to YR6 per kilo before the war; 4400% higher than pre-war rates. In addition, a weekly subscription fee of YR300 is paid by each subscriber regardless of usage, an instance of blackmailing citizens' need of power.

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 provision of and access to the power service.

Most Yemenis buy solar power systems as an alternative to the public power service. Although solar energy covers 60% of household energy needs.

Power Supply Prices in Target Governorates



Public water service is no different from electricity. This service has been cut off in Houthi-controlled areas since the outbreak of the war in 2015. Water prices have increased considerably. The price of a water tank has doubled in some areas, while in cities such as Taiz it has increased by 100-300%. Taiz, which suffers scarce water resources and high population, is currently experiencing a water crisis.

Infographic Showing Prices of the 6000 liter water tanks



The Humanitarian Situation

Yemen experiences a very critical humanitarian crisis which is classified as the worst in the world. According to international agency reports, more than 80% of the population rely on humanitarian aid as 24.1 million Yemenis are in need of humanitarian assistance, of whom 14.3 million are in dire need of humanitarian assistance. Around 69% of Yemenis are threatened by famine, and 17.8 million have no access to safe drinking water and sanitation, while 3.34 million are IDPs living in harsh conditions.

The humanitarian situation in Yemen worsens due to the spread of epidemics such as cholera which has claimed the lives of large numbers of citizens. According to OCHA reports, there are some 1.5 million suspected cholera cases, with 2,843 associated deaths. Children under five represented 20% of suspected cases. Epidemic outbreak covered 21 of Yemen's 22 governorates, and 310 districts of the country's 333 districts. Reports show that 51% of health facilities are fully functioning, while 14% have stopped working, 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.

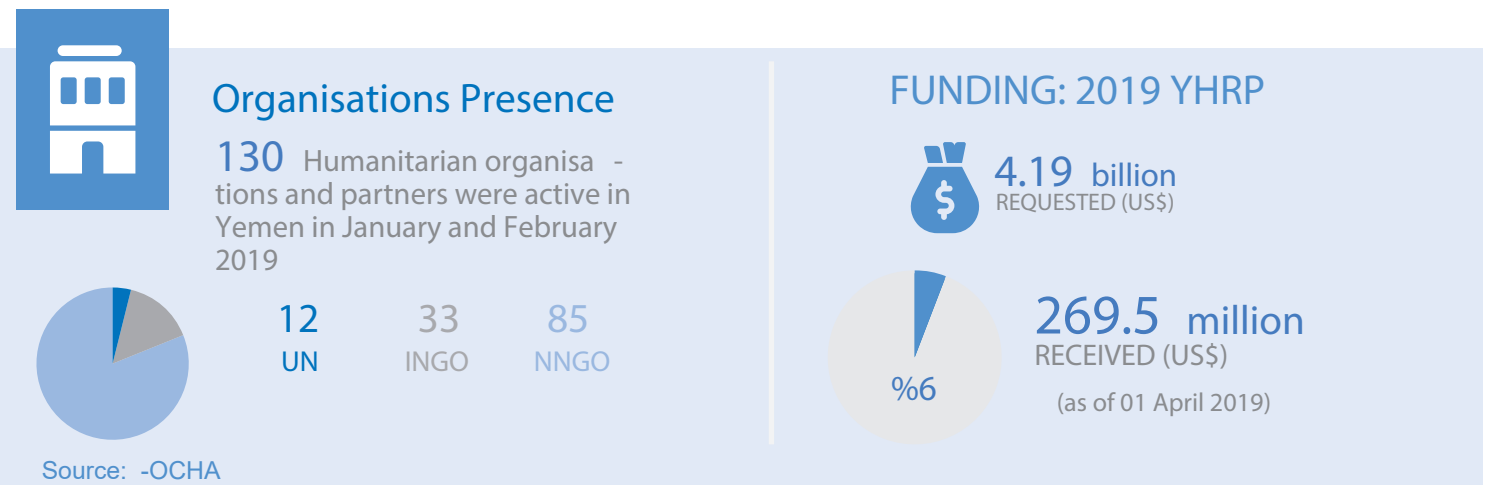


Humanitarian Organizations and Popular Demands of Transparency

According to OCHA reports, 130 humanitarian assistance organizations were working in Yemen as of February 2019, including 12 UN agencies, 33 INGOs and 85 national NGOs.

In the first quarter January 1st-March 31st, 2019, humanitarian relief organizations secured \$269.5 million, which accounts for 6% of the total amount of \$4.19 billion required for financing the 2019 humanitarian response plan.

A popular social media campaign demanding disclosure of 2018 relief organizations expenditure reports was launched. It demanded the organizations to disclose to the public calling on organizations working in the humanitarian field to provide the public with information about the funds supposedly delivered as relief to Yemenis, but do not reach the people in need according to the #where're_the_monies campaign? Observers suspect that organizations working in the humanitarian field are acting as black holes swallowing the amounts donated to Yemenis as such huge sums have not made any difference in reducing the growing humanitarian crisis in Yemen.



Private Sector Developments

Economic Leaders Forum was held to discuss Yemen's reconstruction efforts in Cairo, The private sector was represented by a number of businessmen.

Yemeni Development Entrepreneurs Forum was held on April 27-29 in Amman. Representatives of the private sector attended the meetings. Several economic issues related to Yemen were discussed, focusing on status of the private sector, obstacles to post-war return of Yemeni capital, and restructuring state finances.



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 but-tressing 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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