

The background of the slide is a light blue-tinted image of a financial chart. A silver pen is positioned in the lower-left foreground, pointing towards the chart. The chart features a jagged line representing price data and a smoother line representing a 50-day moving average. The text '50-Day Moving Average' is visible on the chart. The overall aesthetic is professional and analytical.

Multiples

Q1 2013 @ A Glance!
Quarterly Edition

Multiples

Multiples Group is an investment management firm that focuses on building real partnerships with investors under a long term investment perspective.

Investment channels include investments of short, medium and long terms under the channels: Private Equity & Venture Capital, Real Estate Investment and Trade Financing Activities.

Multiples Group also offers investment banking services covering feasibility studies, valuations and placement services for medium and large size projects across the region.

“Q1 2013 @ A Glance”:

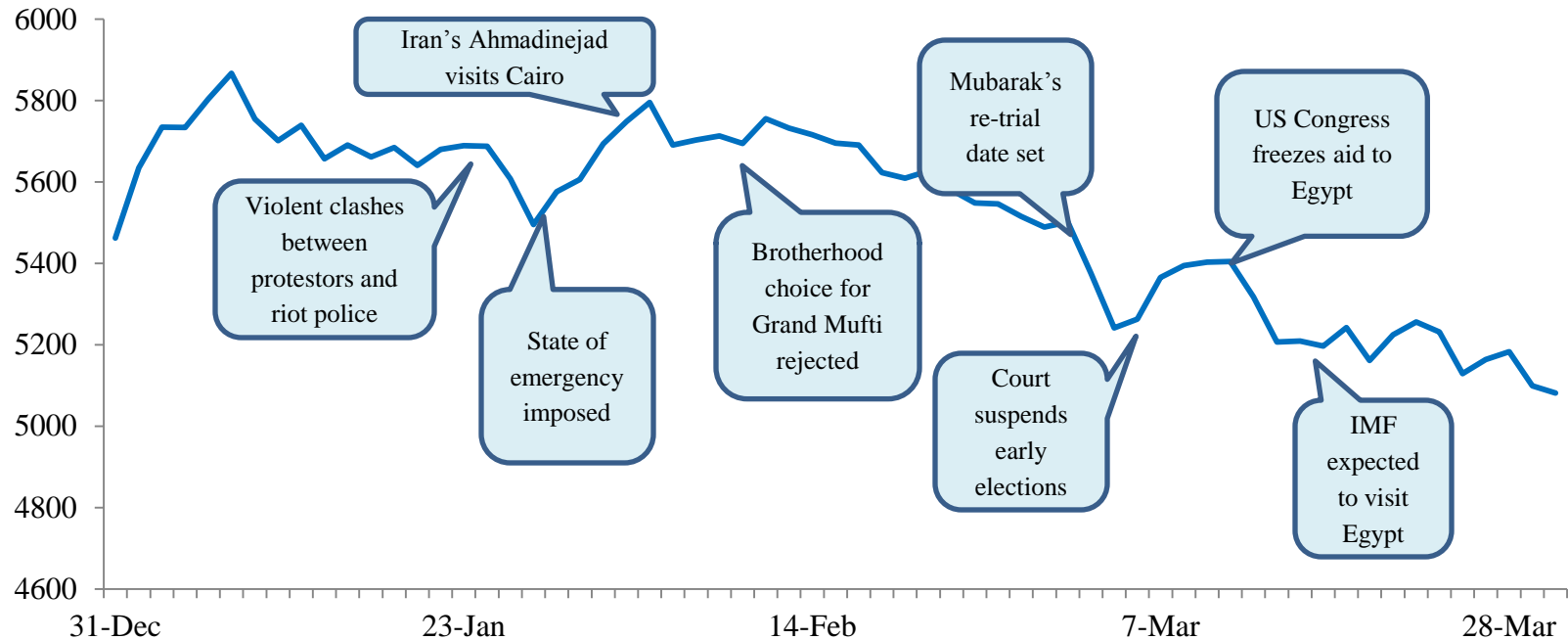
More than two years have passed since the self-immolation of Bouazizi in Tunisia set off a wave of protests and revolutions throughout the Arab World. The events that occurred in the last two years have transformed the political map of the MENA region as well as the economic one. While some countries in the region are setting up transitional governments and devising constitutional frameworks, others are in the midst of violent protests and fierce repression and others are not affected by the Arab Spring at all. This report is generated through aggregation and analysis of several economic indicators as well as political events; wrapped up with a strategic overview of the economy in the first quarter of 2013 for the main MENA Countries (EGYPT, QATAR, KSA & UAE).

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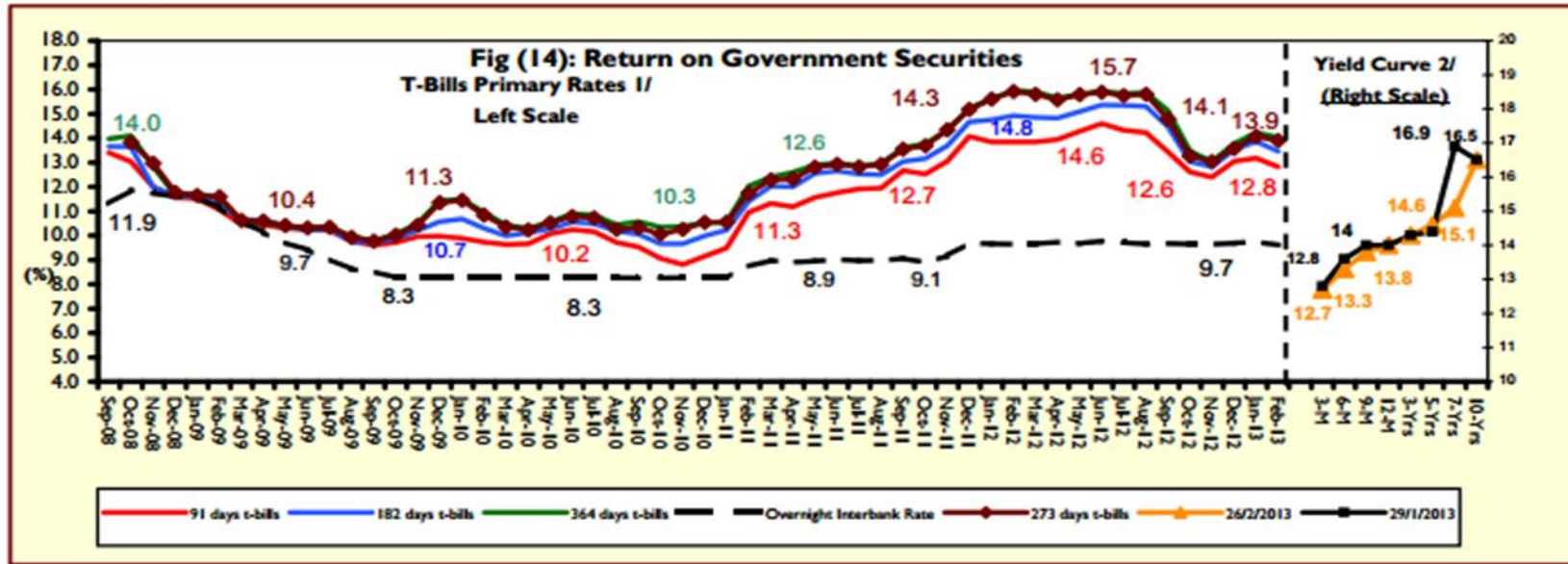
- I. EGYPT
- II. Kingdom of Saudi Arabia
- III. United Arab Emirates
- IV. QATAR

EGYPT

Egyptian Stock Exchange



The above graph illustrates the performance of EGX 30, an indicator for the Egyptian stock market, throughout the first quarter of 2013. Though the graph shows an overall negative trend, there are no extreme drops in comparison to the previous year. The highest significant boost recorded was of 2.6%. On the other hand, the highest drop recorded was of 1.74%.

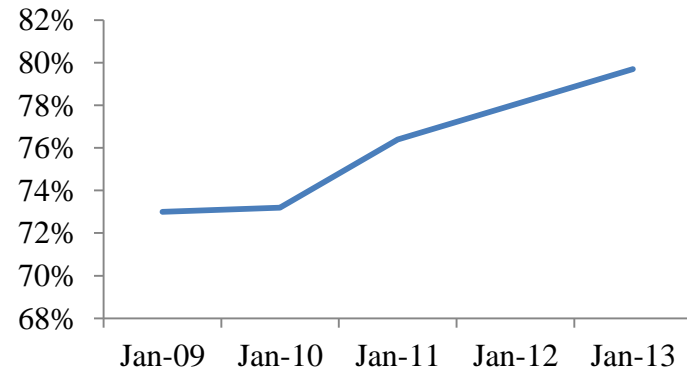


Source: Ministry of Finance and Central Bank of Egypt.

1/ Monthly averages in Primary Market.
2/ Secondary market rates.

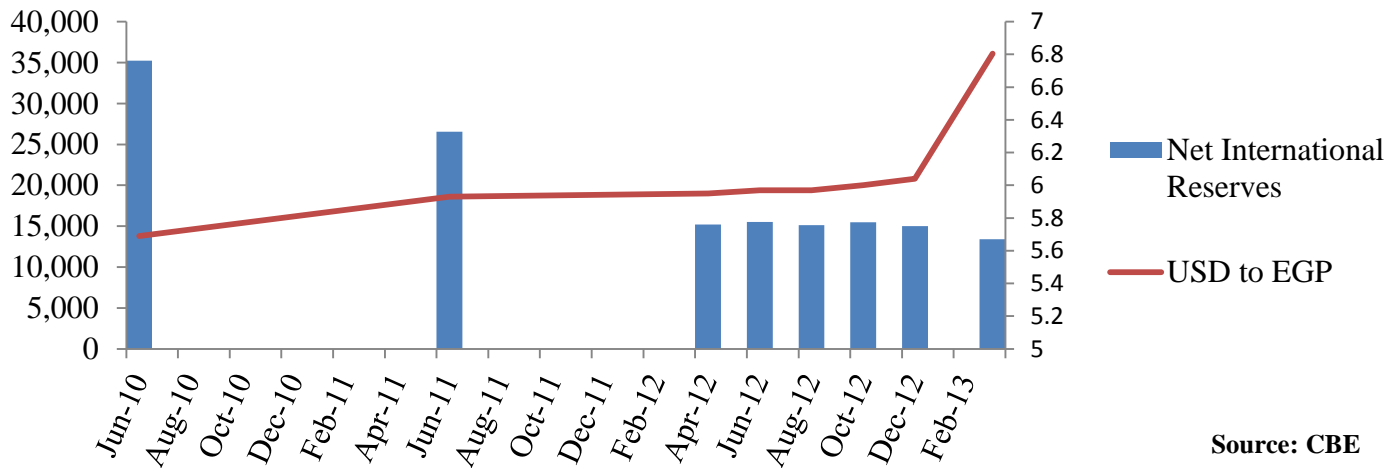
In the first quarter of 2013, interest rates are still rising due to the issuance of Treasury bills and bonds to help cover the country’s growing budget deficit, this leads to less money available for lending & causes stagnation. In addition, Government local debt to GDP continuous to increase since 2009 to reach around 80% at the beginning of 2013. Moreover, Egypt long-term rating was degraded by Standard and Poor’s from B to B- (S&P).

Gov. Debt to GDP



Source: Ministry of Finance

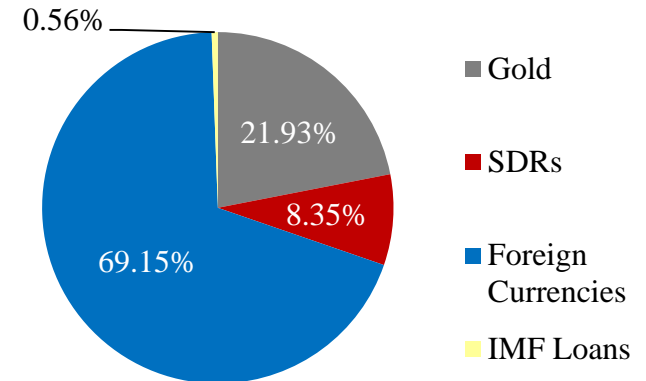
Regulating Dollar compared to Net International Reserves “MM USD”



Source: CBE

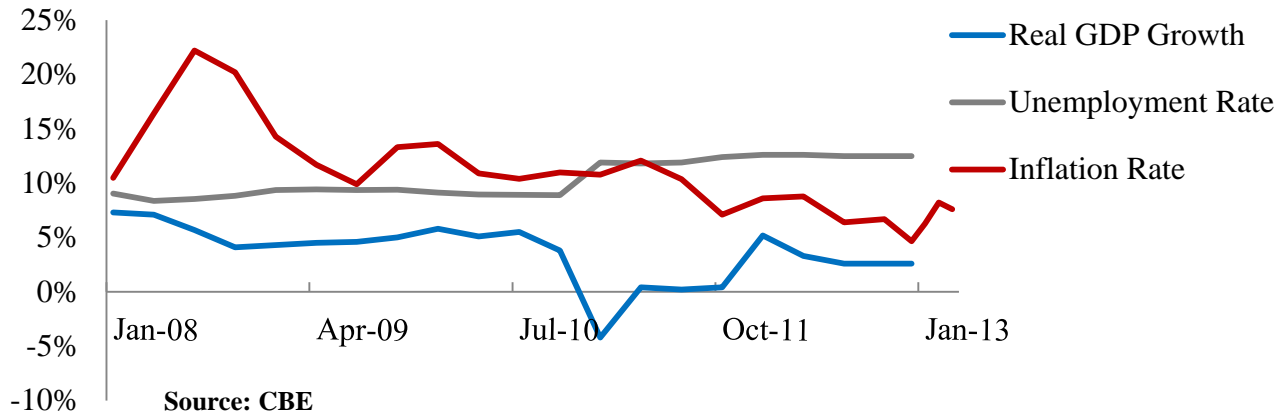
Egypt started its first quarter of 2013 with foreign reserves equivalent to 15 billion U.S. dollars. They continued to decline through out the quarter till they reached 13 billion U.S. dollars in March. Yet, the rate of decline in foreign reserves is much lower compared to the previous year. Moreover, a boost of 13% in the USD official exchange rate reaching 6.8 in March 2013 has been witnessed. Egypt’s Central Bank is continuing to limit the trading of the Egyptian pound to foreign currencies as to reduce the frequency of dollar auctions consequently limiting further depletion of the Egyptian pound. This boost in USD affected industries that import their raw materials significantly.

Gross Official Reserve

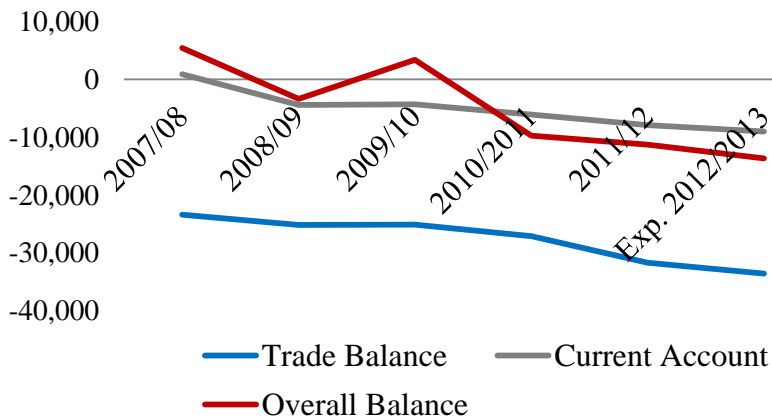


Source: CBE

Economic Indicators

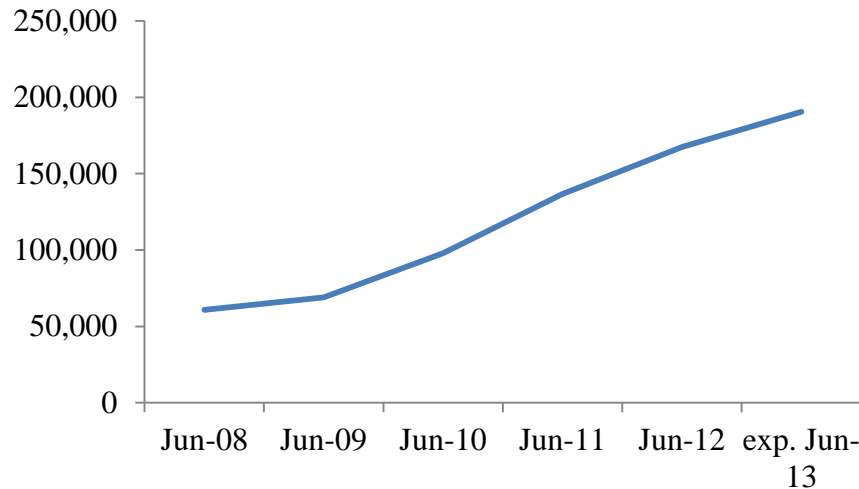


Balance of Payments (MM USD)



Being a net importer, Egypt has recorded high inflation rates in the first quarter as a result of USD boost as well as it's trade deficit continues to increase. The economy is of a reinter nature mainly dependent on oil exports, tourism, and the Suez Canal revenues, where these are the main sources of foreign income. These sources are still trying to recover from the political instability as well as deteriorated security in the country. On the other hand, Egypt is a net importer as some food items, commodities, and machineries. Currently, shortages of commodities such as fuel are being experienced due to the unavailability of sufficient funds to import them in addition to the presence of the black market.

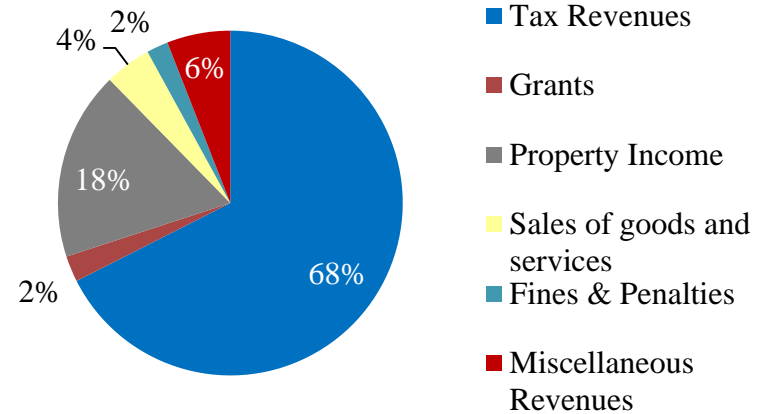
Gov. Budget Deficit “MM EGP”



Source: Ministry of Finance

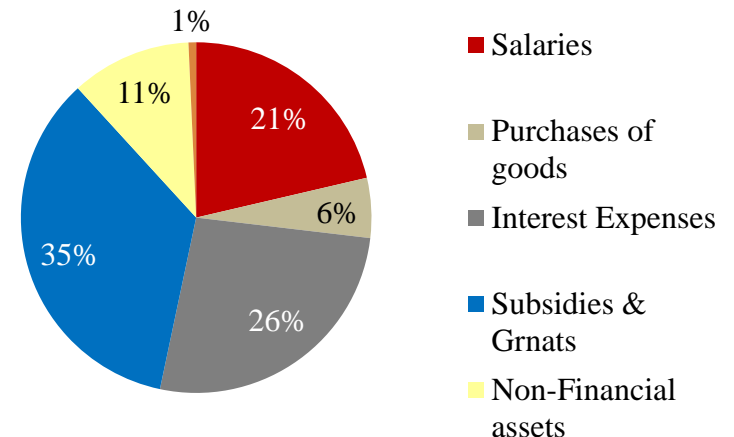
The budget deficit is continuing to increase, expected to reach around 200 BN EGP in 2012/2013. Moreover, taxes are continuing to generate the highest amount of income of around 68%. On the other hand, subsidies take up the most of the expenditure with 35%. The government is considering an economic reform program in its budget for the fiscal year 2013/2014 that should help cut down the budget deficit to 9%. This should be established through restructuring the current taxation system to help generate more income as well reducing granted subsidies to reduce expenditure.

Revenues Breakdowns



Source: Ministry of Finance

Expenditure Breakdowns



Source: Ministry of Finance

Q1 2013 Top News

Egypt

- Egyptian revolution second Anniversary
- On going trial for Mubarak and his regime
- IMF negotiations continue
- Iran's Ahmadinejad visits Cairo
- Court foils early elections
- A planned restructure in the current tax system
- Planned cuts and targeting in the current subsidy system
- Potential aid to be received from different countries such U.S.A, U.A.E, and Qatar

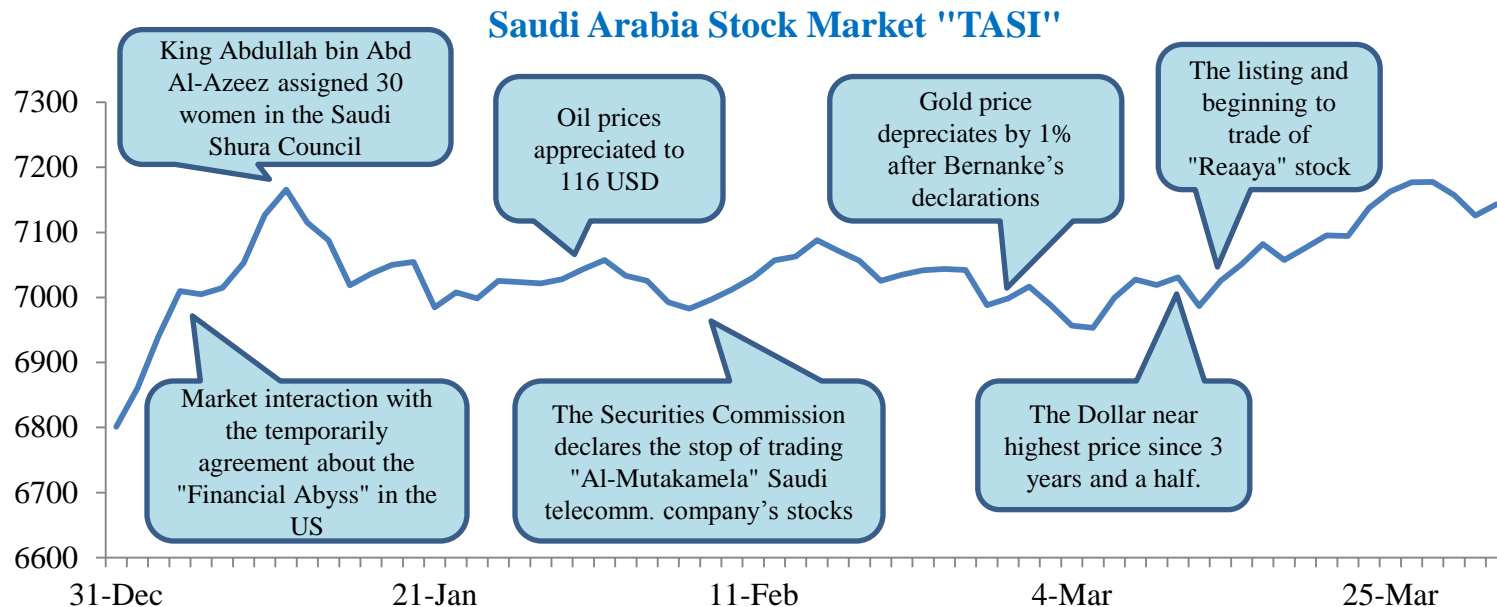
Strategic Review (1)

- With 3 quarters of the finance year over, it is clear that the budget deficit this year will definitely cross the 220 BN EGP and will probably be in the range of 220-230 BN EGP.
- Along the same lines, the projected deficit for the next financial year (2013/2014) is around 197 BN EGP, which is being viewed as overly optimistic and the actual deficit next year is expected to be in the range of 230-250 BN EGP.
- With such unheard of deficit, the government will have to finance this deficit through borrowing which big part of it has to take place locally from local banks and financial institutions, resulting into sustained high interest rates as well as squeezed liquidity position at the banks, which will have to keep their conservative lending position to the private sector.
- With the fundamental imbalance between the sources and uses of foreign currency, the foreign reserves at the central bank are in a bleeding position with bilateral loans as the only source for keep the reserves from reaching the rock bottom.

Strategic Review (2)

- Yet because of this fundamental imbalance, the currency will have to devalue further over the coming few months given the limited capability of the central bank to defend the currency further.
- Besides, the currency parallel market will stay to be there yet the premium in the parallel market is expected to stay within 5-7% of the official rates, after the severe fluctuation that happened in the parallel market in the last few weeks.
- The government seems determined to borrow abroad as much as possible whether from the international financial institutions or from other countries. Yet with the IMF loan getting delayed for a long period of time, there are serious questions about this loan facility, whether it will come or not at the end, and whether its size is impactful now or Egypt in reality needs much more than this.
- At the same time, Egypt is borrowing a lot from neighbor countries such as Libya and Qatar. Yet without an effective reform program in place, such loans shall pave the way to a classical debt trap in the near future.

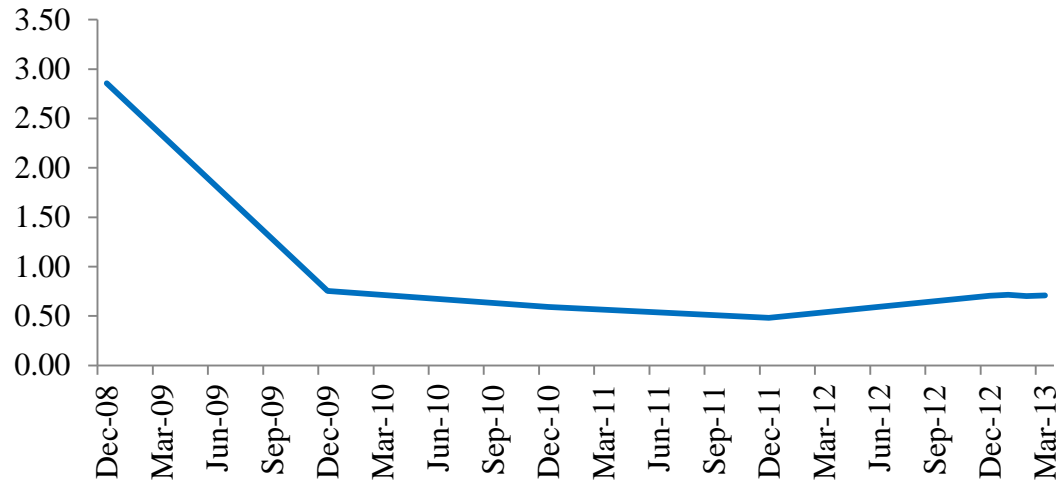
Kingdom of Saudi Arabia



Source: Investing.com

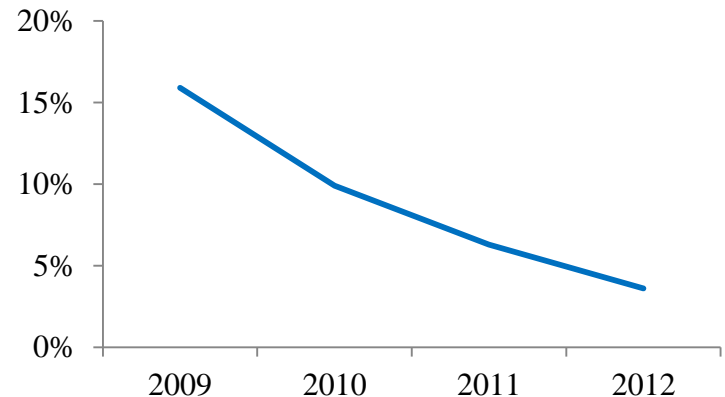
The above graph illustrates the performance of TASI as an indicator for the Saudi stock market throughout the first quarter of 2013. The boost caused when Market interacted with the temporarily agreement about the "Financial Abyss" in the US, gaining around 4.5% while the highest drop caused when King Abdullah bin Abd Al-Azeez assigned 30 women in the Saudi Shura Council for the first time ever, losing around 2.1%. Overall the main key player affecting TASI is the Oil price.

1 Year Treasury Bill Rates



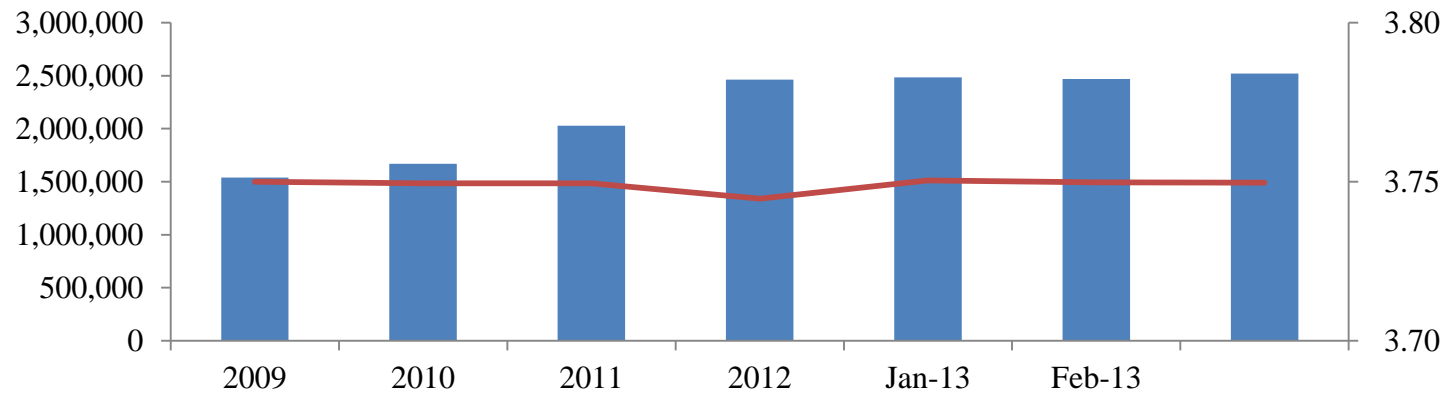
Since 2009 the government began to decrease T-bills rates, accompanied by increased governmental expenditure and increased demand on loans on companies, which eventually turned banks from T-bills towards more profitable lending. Followed by a public debt extinguishing plan which led to more investments in T-bills versus less investments in Government bonds. This decreased the "Public Debt to GDP" ratio to less than 4% in 2012 with a debt size less than 100 Bn Saudi Riyal, which made it possible for KSA to remain its high credit rating (AA-).

Debt to GDP



Source: Ministry of Finance

International Reserves "MM SAR"



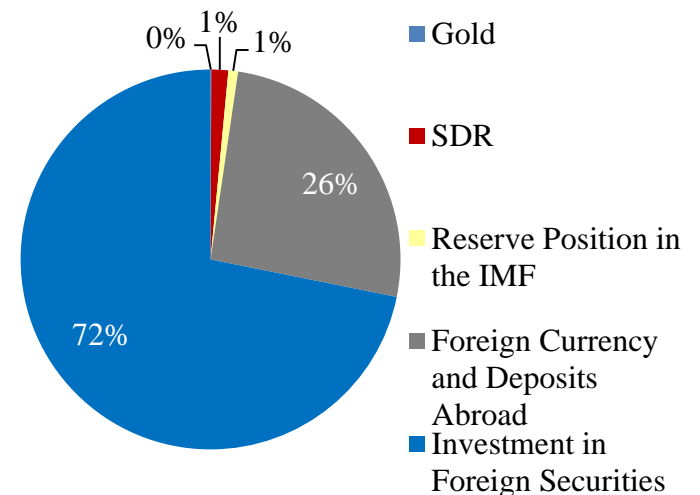
Source: Saudi Arabia Central Bank

Foreign Exchange Reserve Exchange Rate "SAR"

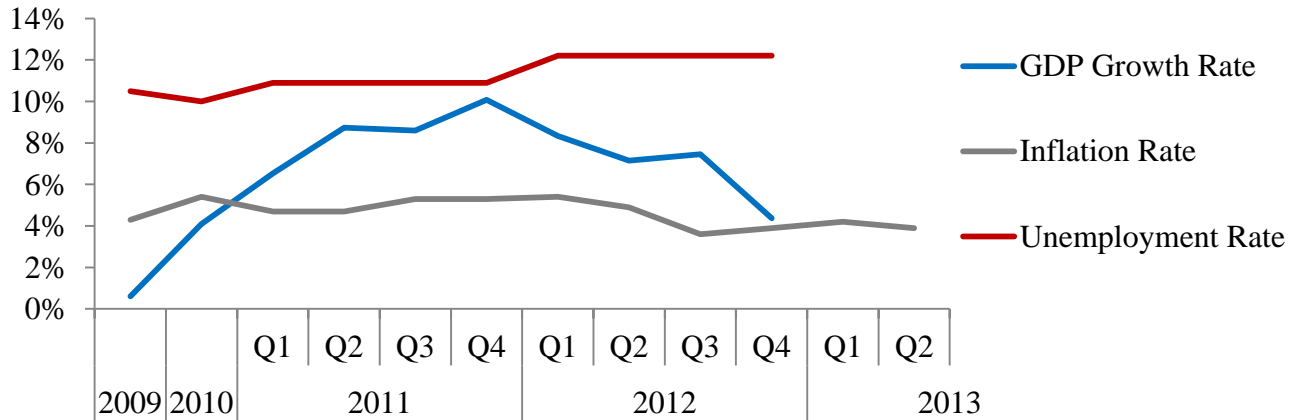
As one of the main goals for the monetary policy in Saudi Arabia, a fixed exchange rate system against the USD since 1986 has been maintained.

The International reserves for SAMA have recorded its highest levels ever through Mar/2013, arriving 2.52 Tr SAR, so that its 18% higher compared to 2.14 Tr SAR in the same period last year. The main item that caused this boost was the investment in Foreign securities, which has contributed with a share of 72% of the boost in the Reserves, after it reached 1.8 TR SAR in Mar/2013. As for Gold it remained at its levels since 5 years (Feb 2008), amounting to 1.56 BN SAR.

International Reserve



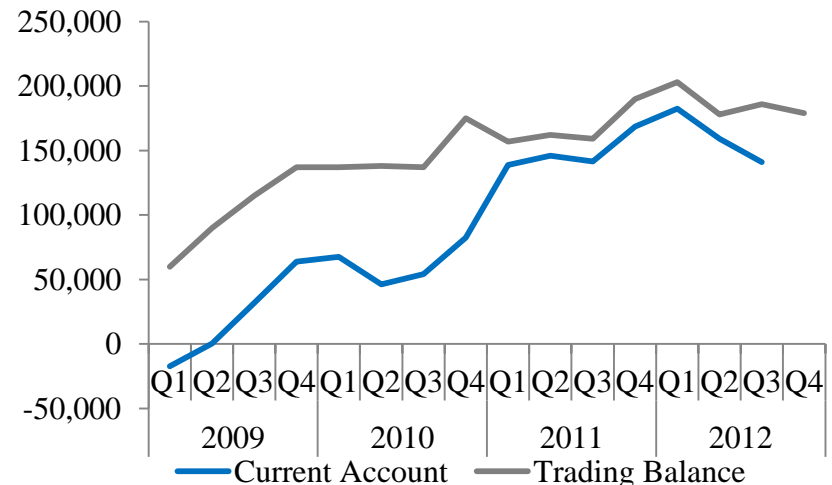
Economic Indicators



Source: Saudi Central Department of Statistics and Information

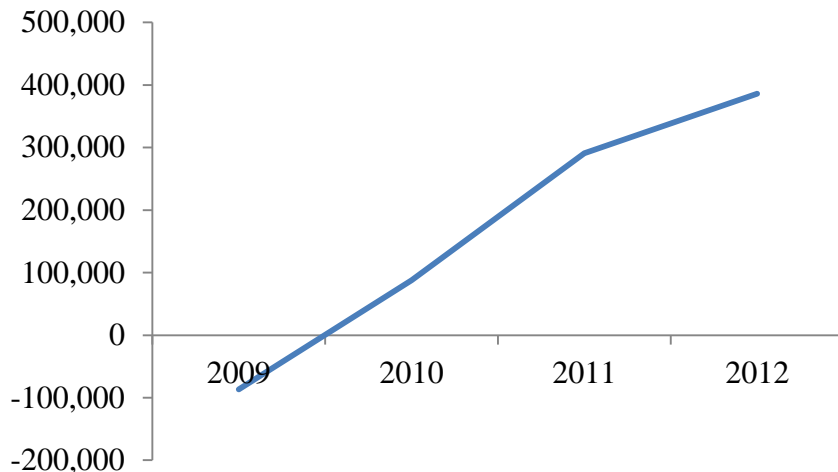
In 2011 GDP growth rate reached 8.5%, pushed by increased production of Oil to make up for the stop of Libyan and Iranian Oil production. And since 2011 KSA managed huge plans for the financial expansion, which included the build of many infrastructure projects. In the 4th quarter of 2012 KSA decreased its production of Oil in response to weaker demand and to maintain Oil prices high as possible. Still, KSA managed to achieve a growth ratio in 2013 beyond expectations, reaching 6.8%. Foreign trade has been developed and exports increased since 2009, but still 80% of KSA’s exports are from Oil, which prices are still appreciating.

Balance of Payments "MM SAR"



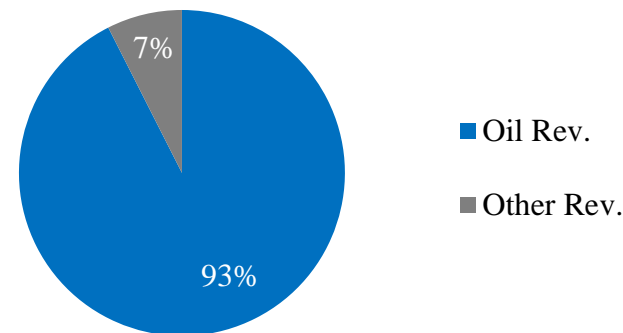
Source: Saudi Central Department of Statistics and Information

Deficit/Surplus "MM SAR"



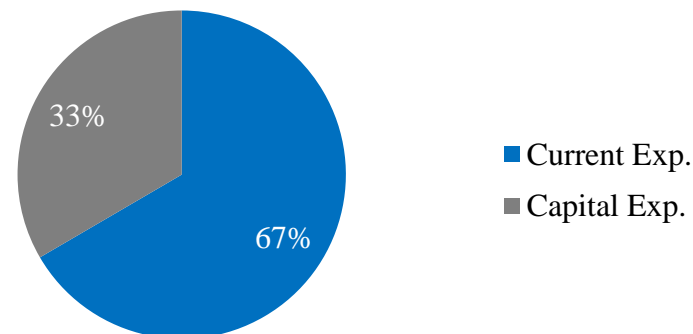
Source: Ministry of Finance

Revenues Structure



Source: Ministry of Finance

Expenditure Structure



Source: Ministry of Finance

Since 2009 KSA began to pay its debts, leading the local abilities to grow and the income from foreign investments to increase. The upward trend of Oil prices gave KSA big financial surpluses along the following years.

Oil revenues represent around 93% of total revenues. And as for Expenditures, KSA continues its expansion on development and service projects.

Q1 2013 Top News

KSA

- Saudi Arabia announces 2013 budget, which is considered the highest in history of Saudi Arabia with more than 1.2 trillion riyals.
- The discovery of a new gas field in Tabuk, in addition to other oil and mineral wealth.
- King Abdullah bin Abd Al-Azeez assigned 30 women in the Saudi Shura Council, for the first time in KSA's history.
- Saudi Arabia joined (IRENA) to become the 161'th country.
- Death of prince of 'Riyadh' "Sutam bin Abd-Alazeez.

Strategic Review (1)

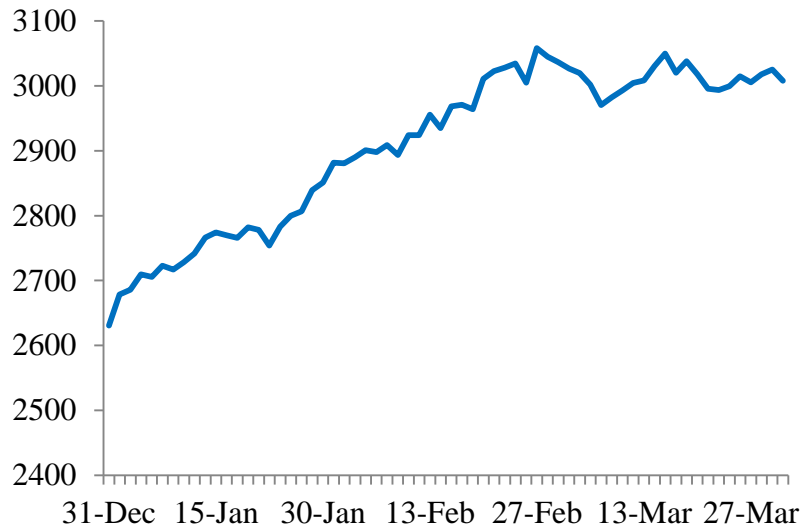
- Saudi Arabia has managed to keep its unemployment rate constant in 2012 at 12.2%, but with a surplus from increased oil prices the government now has the capability of creating new jobs and funding small businesses for sustainable job market.
- The Saudi government passed a new law stating that the employment of Saudi nationals in private sectors had to be more than foreigners. This new law implemented in 2012 is one of the government's efforts to fight unemployment.
- KSA decreased its debt to less than 100 BN SAR by the end of 2012, and lowered its Debt-to-GDP ratio from 6.3% in 2011 to 3.6%. This records the least debt for KSA in over a decade.
- The recent oil production boom in the US puts Saudi Arabia at risk of losing one of its major importers and allies. The US is aiming at increasing its oil production to rely less on foreign oil and meet its own needs.

Strategic Review (2)

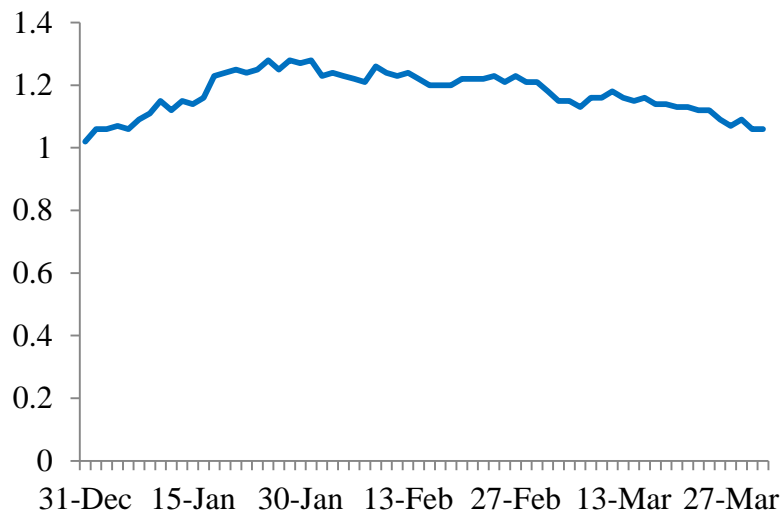
- Saudi Arabia has produced 9.8 M barrels per day throughout 2012, which was more than what was forecasted. However this number is expected to decrease to 9m bpd in 2013 with oil production booming in other countries and regions.
- Saudi Arabia has embarked in a very aggressive economic growth plan with major economic cities under way, promising to create significant number of jobs and steer economic growth in the kingdom.
- In its effort to improve the quality of living to Saudi nationals, the Saudi government has been expanding aggressively into enabling educational and healthcare services as well as homes to nationals, not only in the main cities but across the whole country, leading to a significant boom in the economy.

United Arab Emirates

Abu Dhabi Stock Market "ADX"

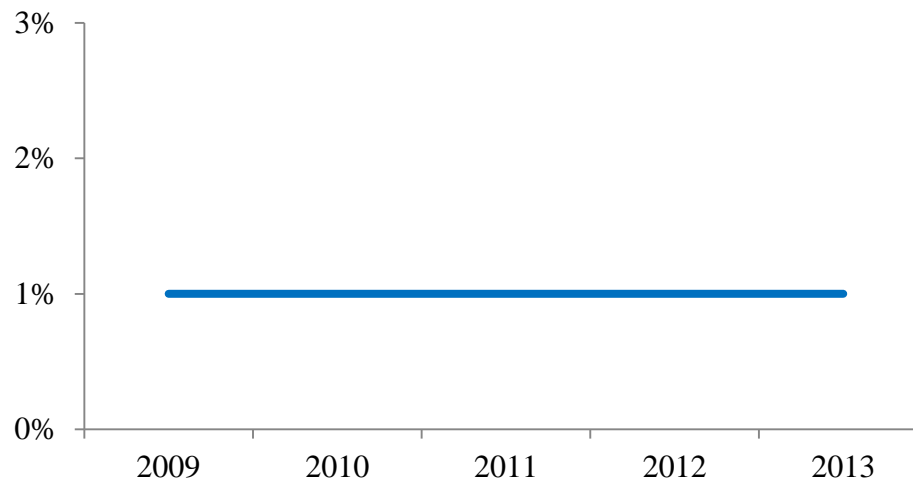


Dubai Stock Market "DFM"



The graphs above illustrate the performance of ADX, an indicator for Abu Dhabi's market, as well as the performance of DFM, an indicator for Dubai's stock market, throughout the first quarter of 2013 as Abu Dhabi and Dubai are the most dominant players in U.A.E.'s economy. Not only does ADX show an overall positive trend, but also ADX's general index increased by 14.99% in the first quarter of 2013 which is the highest increase in MENA's stock market. On the other hand, DFM started deteriorating by February as some shares have not generated enough dividends as expected to.

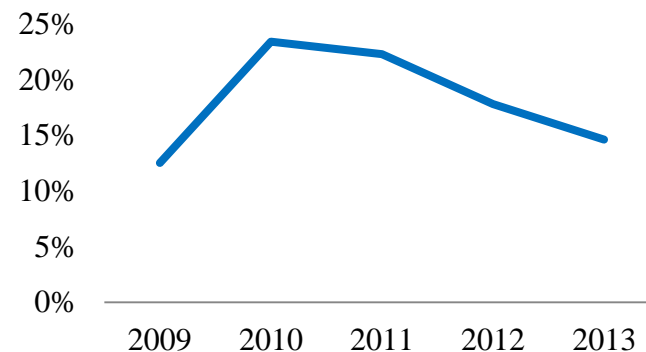
Interest Rates



Source: Central Bank of the United Arab Emirates

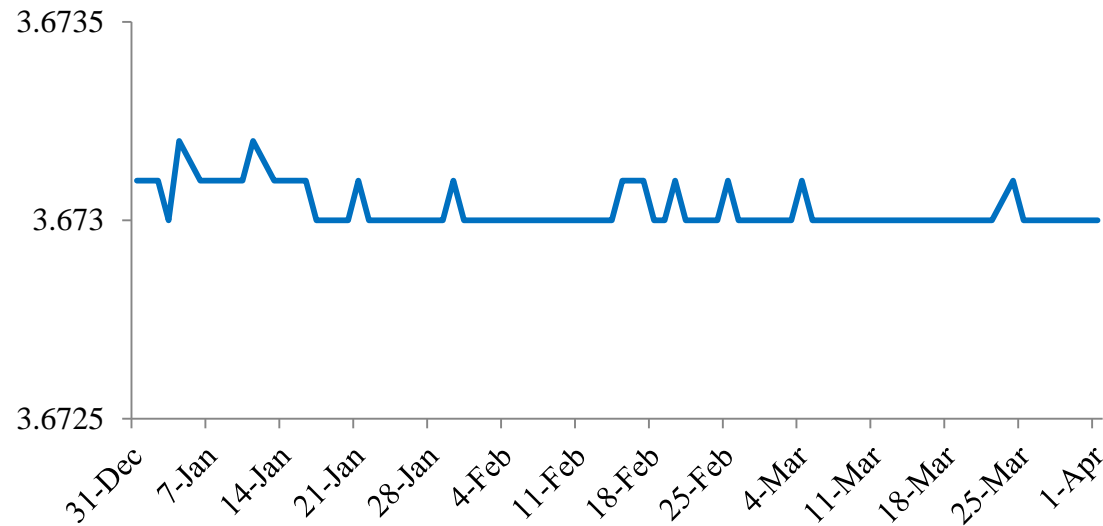
In the first quarter of 2013, interest rates for deposits in banks were recorded to be around 1%. This stable rate has been ongoing for the past years signaling that the economy is continuing to encourage investments rather than savings. Moreover, the government debt as a percentage of GDP is continuing to decrease as off the 2009/2010 financial crisis and are estimated to reach 14.6% this year. Moody's rating for U.A.E. is Aaa which reflects relatively high investors' confidence.

Government Debt to GDP



Source: trading economics.com

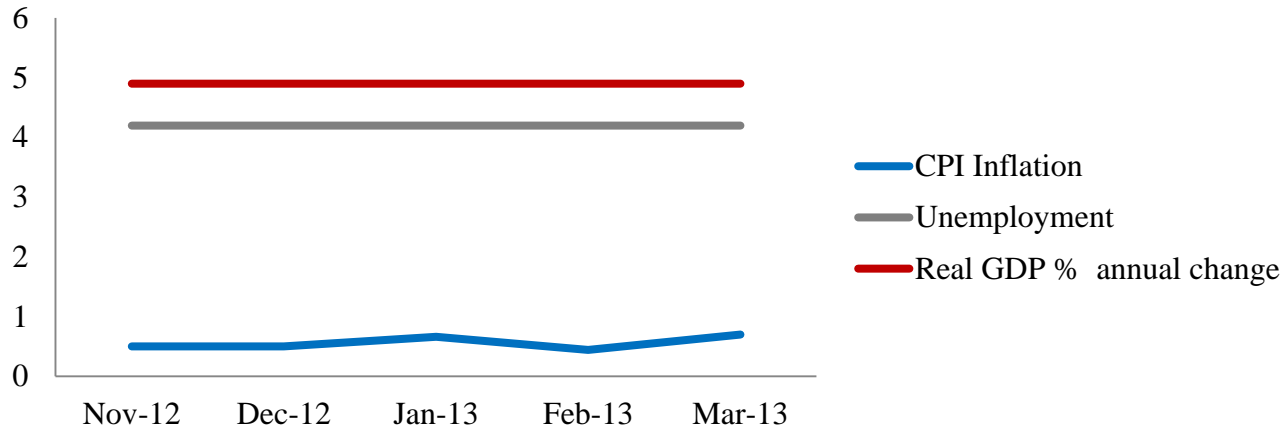
Regulating the Dollar



Source: Central Bank of the United Arab Emirates

U.A.E. has managed to keep a stable exchange rate of 3.67 over the past years which has also persisted in the first quarter of 2013. Moreover, its international reserves are very stable with no recorded nor estimated depletion in 2011, 2012 and 2013.

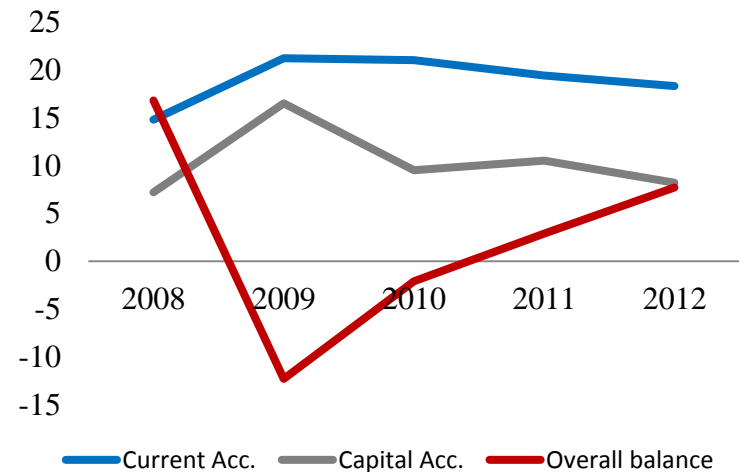
Economic Indicators



Source: Central Bank of the United Arab Emirates

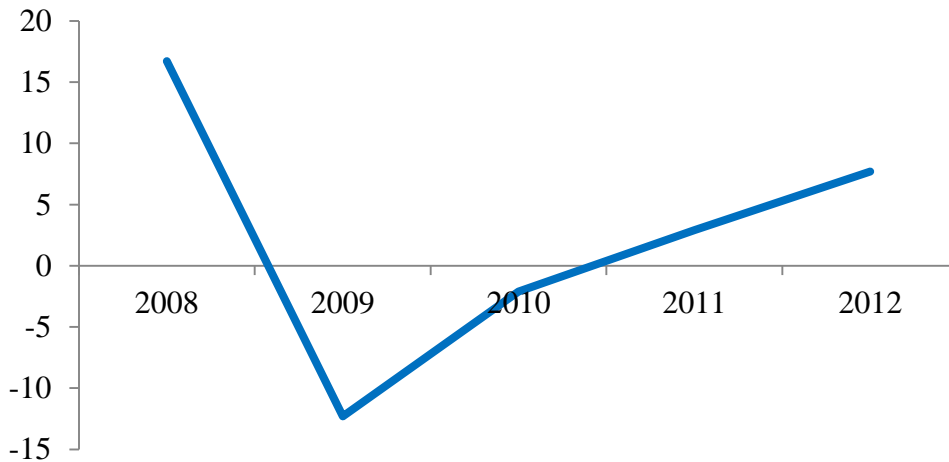
U.A.E's inflation and unemployment rates are relatively stable and low. Moreover, the real GDP growth is increasing. U.A.E. has a positive current account, capital account and overall balance. It is trying to diversify its economy with aims to become less dependent on its natural resources. It started expanding its construction and services activities. On the other hand, U.A.E. continues to import manufactured goods, machinery, and transportation equipment.

Balance of Payments (MM USD)



Source: trading economics.com

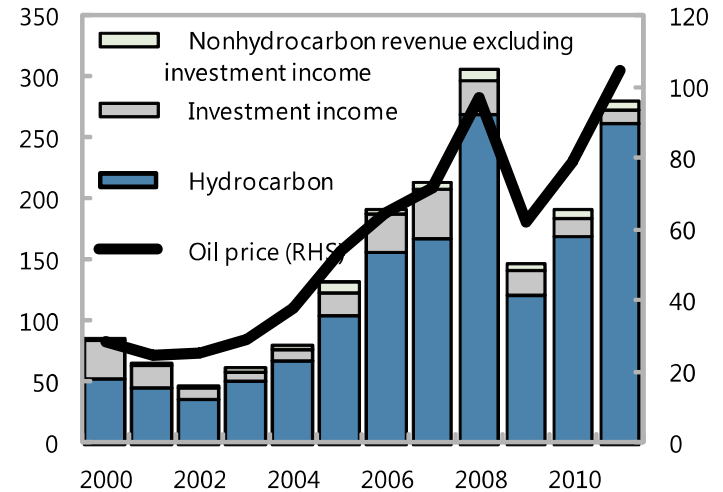
Government Budget Surplus/Deficit (MM USD)



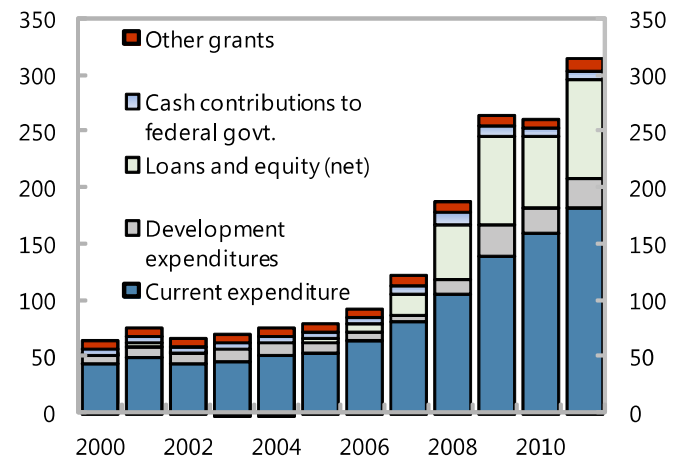
Source: Ministry of Finance

U.A.E. has a positive fiscal surplus that is continuing to increase mainly due to the increase in oil prices and its revenues in addition to the improved infrastructure and services provided. Non-tax revenues such as oil and gas and fees and charges are the most prominent source of revenues to U.A.E. accounting for more than 70% of its income. On the other hand, the highest expenditure comes from spending on goods and services.

Abu Dhabi Revenues and the Oil Price
(Billions of Dirhams)



Abu Dhabi Expenditures
(Billions of Dirhams)



Q1 2013 Top News

UAE

- Government trials 94 people with charges of trying to seize power
- Abu Dhabi is holding the International Water Summit
- Abu Dhabi holding the World's Future Energy Summit
- UAE's Sheikh Ahmed Bin Saeed listed as the second most powerful Arab in Gulf Business
- Mohammed bin Rashid issues a decree to establish Emirates Literature Foundation
- Minister of Environment issues resolution on hazardous waste transport

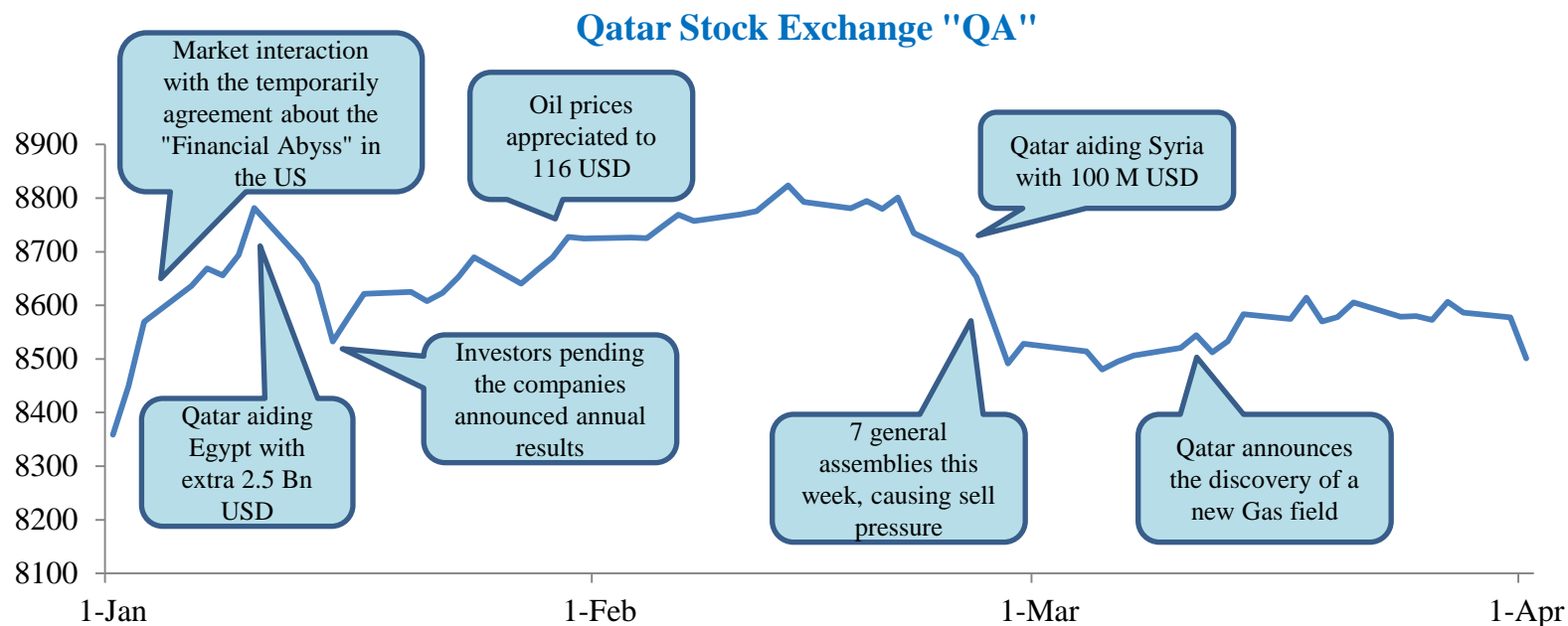
Strategic Review (1)

- With 3 quarters of the financial year over, UAE's near economic outlook and recovery from past crisis seems favorable.
- Not only will UAE's monetary policy enjoy the benefits of the high stable and secure country, increase in capital inflows and foreign businesses, and high rates of tourist inflows, but also the fiscal policy will benefit from the large net foreign assets of UAE that help mitigate reduction in oil prices. Moreover, the government has currently managed to increase the production of oil barrels per day by 8% to help sustain growth.
- The real estate and financial sectors have managed to show positive signs of recovery from the past financial crisis. Moreover, the economy is expected to witness continuous increase in trade activity, logistics, tourism and services.
- UAE's economic performance especially Dubai's has been positively impacted by the political turbulence resulting from the Arab Spring, as Dubai is being viewed as safe heaven.

Strategic Review (2)

- The latest financial turbulence in Europe especially Cyprus has positively impacted Dubai, helping it gain more traction as a safe haven for international investors.
- In addition, the high political stability, and the high reserve of the hydrocarbon resources should help serve UAE favorable growth and development conditions in 2013.
- In conclusion, current government efforts to sustain growth and diversify the economy in addition to maintaining macro economic and financial stability shall help UAE enjoy a stable favorable year.

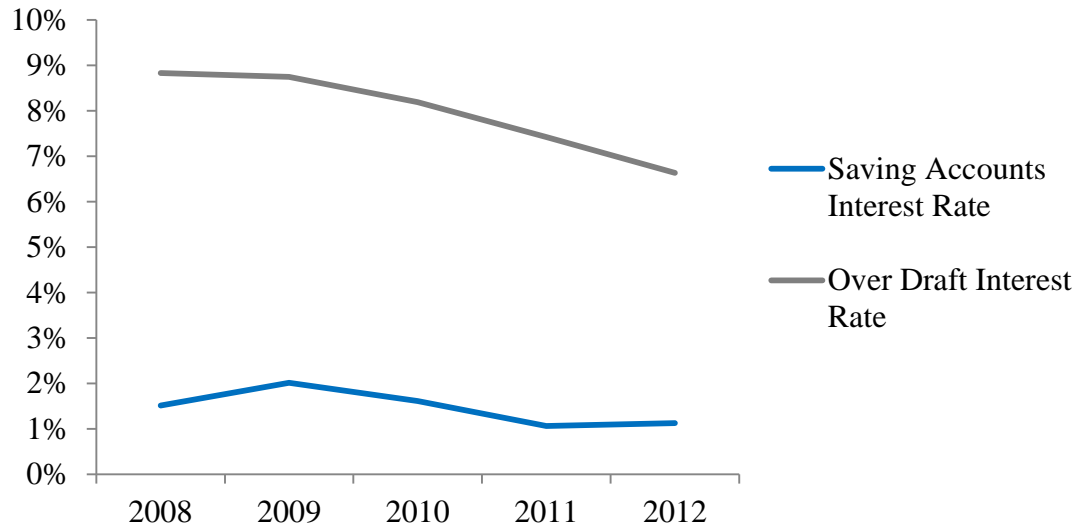
QATAR



Source: Investing.com

The above graph illustrates the performance of QE as an indicator for the Qatari stock market throughout the first quarter of 2013. The boost caused when Market interacted with the temporarily agreement about the "Financial Abyss" in the US, gaining around 3.7% while the highest drop caused when 7 general assemblies were meant to take place at the same week, which caused sell pressure and pressed on QE, making it lose around 3.5%.

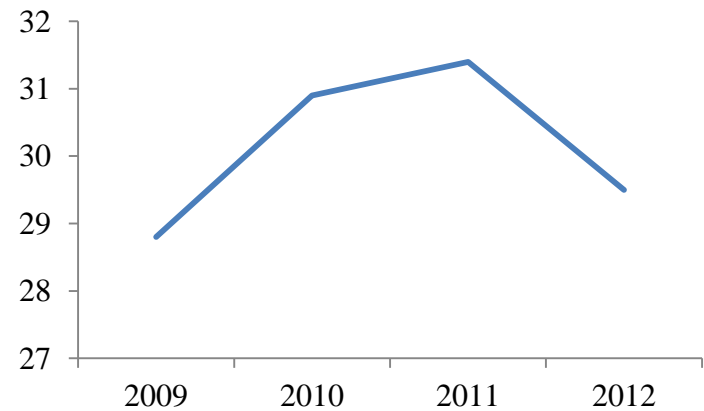
Interest Rates



Since 2009, Qatar began to decrease its interest rates according to the global situation and the accredited prices of the FDR especially that the Qatari Riyal is fully pegged to the USD.

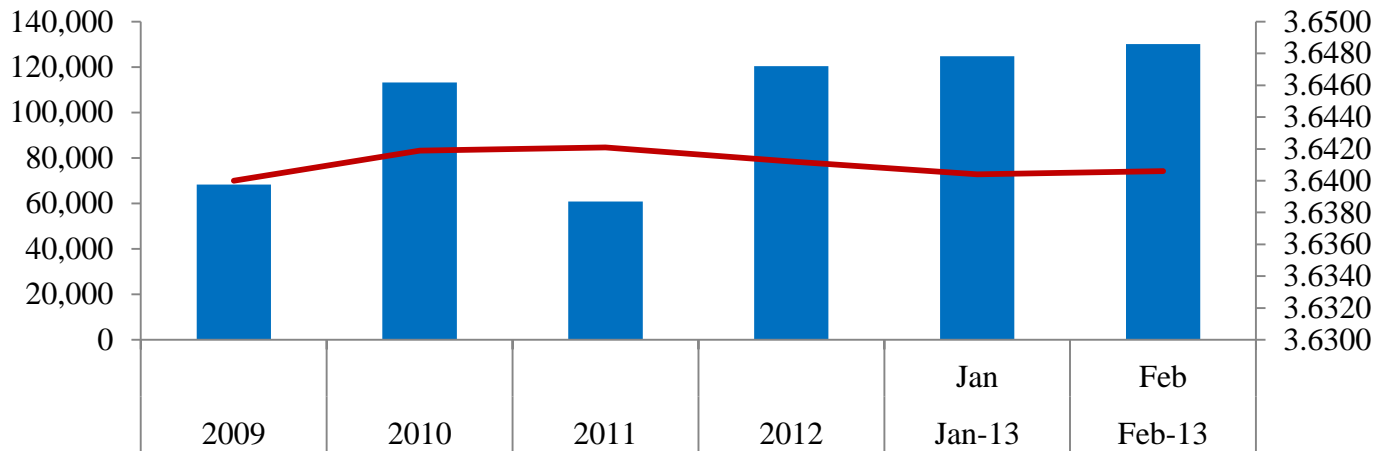
Debt to GDP increased due to the huge financial expansion plans since 2009, which helped the economy to grow faster. After that, Debt to GDP decrease in 2012 reaching only 29%.

Debt to GDP



Source: Ministry of Finance

International Reserves "MM QR"



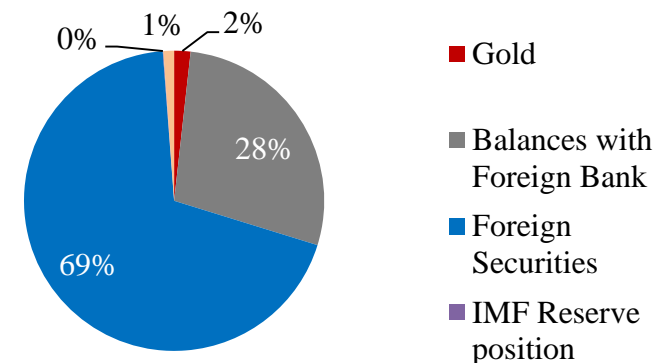
Source: Qatar Central Bank

Due to the Oil and Gas pricing in USD, a fixed exchange rate system against the USD is maintained.

The International reserves for QCB had increased to 130 Bn QAR till last February comparing to 60 BN QAR in October 2011, with an increase of 70 BN QAR higher. This represents the biggest increase for QCB ever achieved in one year (12 months).

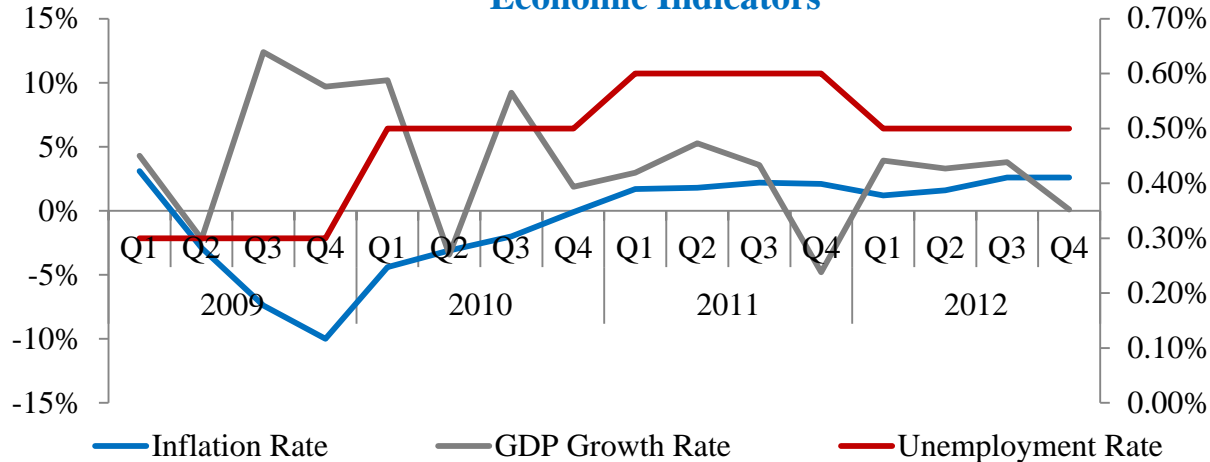
The increase is due to the change in its deflation system since 2nd half of 2012. QCB began to buy foreign bonds and T-bills, in addition to increasing balances in foreign banks, these operations were adopted since 2010 after the global financial crisis.

International Reserve Structure



Source: Qatar Central Bank

Economic Indicators

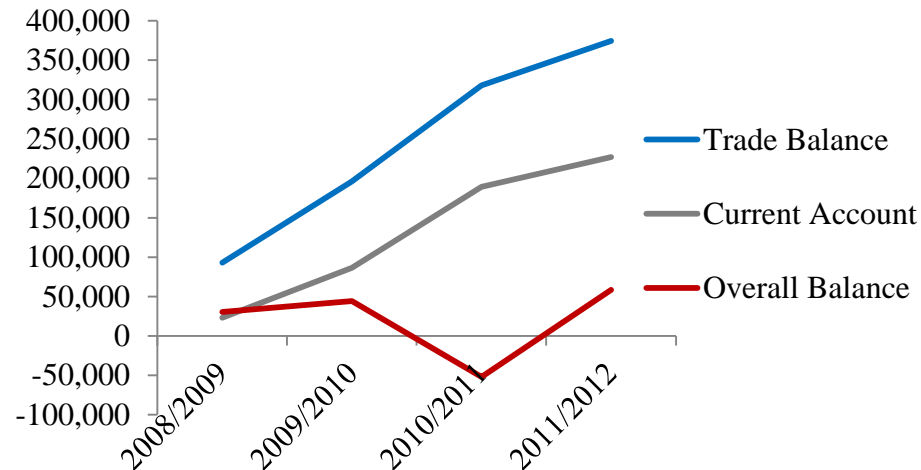


Source: Qatar Central Bank

Qatar entered many Liquefied Natural Gas projects in the last years, which boosted its GDP & TB across the years even with the large increase in supply of LNG globally. After the financial crisis, inflation rate depreciated fast along with the rents, which represent third of consumers expenditure, but in the last few months rents went up again, and the inflation rate went back up to 3.6 in Mar/2013.

As for Unemployment, Qatar has a rate of 0.5%, which is one of the least rates in the world.

Balance of Payments "MM QR"



Source: Ministry of Finance

Surplus (Deficit) "MM QR"

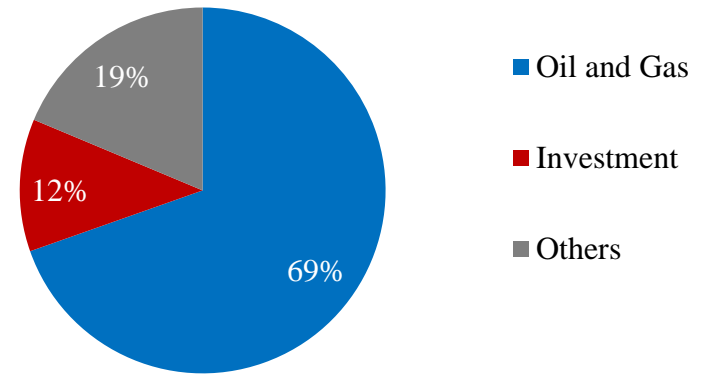


Source: Ministry of Finance

Due to the increased Oil and Gas exports with the local investment projects, especially in the structural and services fields, Qatar hadn't experienced a deficit after the financial crisis, while in one year it could restore its surplus, and even get higher than its old values.

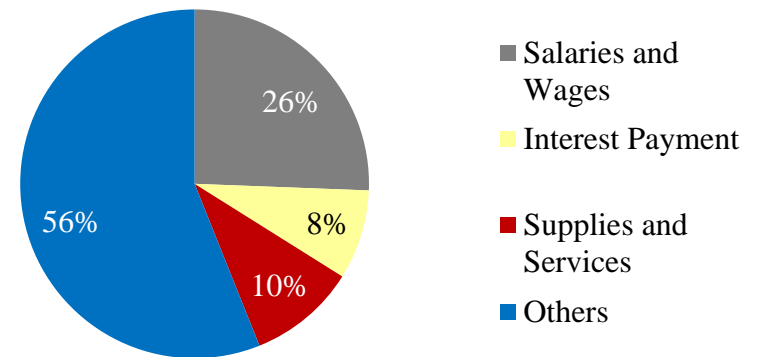
Oil and Gas revenues represent around 69%. And as for Expenditures, Salaries has the biggest share with 26% of total budget.

Revenues Breakdowns



Source: Ministry of Finance

Expenditure Breakdowns



Source: Ministry of Finance

Q1 2013 Top News

Qatar

- Qatar aiding Egypt with extra 3 Bn USD.
- Qatar announces the discovery of a new Gas field.
- Qatar gives the Syrians revolutionary the Syrian embassy in Doha.
- "Taliban" opens an office in Doha.
- The launch of the first Islamic indicator in the bourse.
- QNB opens an office in China.

Strategic Review (1)

- Qatar has prospered in the last years with continued high real GDP growth. Throughout the financial crisis, the Qatari authorities sought to protect the local banking sector with direct investments into domestic banks to increase its capital base.
- With very high dependence on the oil & gas sector, it is worth mentioning that the GDP had rebounded in 2010 largely due to the increase in oil prices beside 2011's growth that was supported by Qatar's investment in expanding its gas sector. However, GDP slowed to 6.3% in 2012 as Qatar's gas sector expansion moved towards completion.
- Economic policy is focused on developing Qatar's non-associated natural gas reserves and increasing private and foreign investment in non-energy sectors, but oil and gas still account for more than 50% of GDP, roughly 85% of export earnings, and 70% of government revenues.
- Oil and gas have made Qatar the world's highest per-capita income country and the country with the lowest unemployment.

Strategic Review (2)

- Proved oil reserves in excess of 25 billion barrels should enable continued output at current levels for 57 years, which highlights expected stability of the economy for the coming years at least, holding unfavorable circumstances constant.
- Qatar's successful 2022 world cup bid will likely accelerate large-scale infrastructure projects such as Qatar's metro system and the Qatar-Bahrain causeway, in addition it will assist in accelerating the GDP beside the energy sector.
- Qatar's government policies are geared towards diversifying the economy by expanding revenues from other non gas sources by supporting different sectors such as education, tourism, banking and others.
- In its efforts to build a real economy, the government is providing support to local businesses especially SMEs to increase job vacancies in the country and ensure sustainable economic growth, yet the government efforts didn't yield the expected results yet.

Thanks... End

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