

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 stock price 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

Q2 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.

“Q2 2013 @ A Glance”:

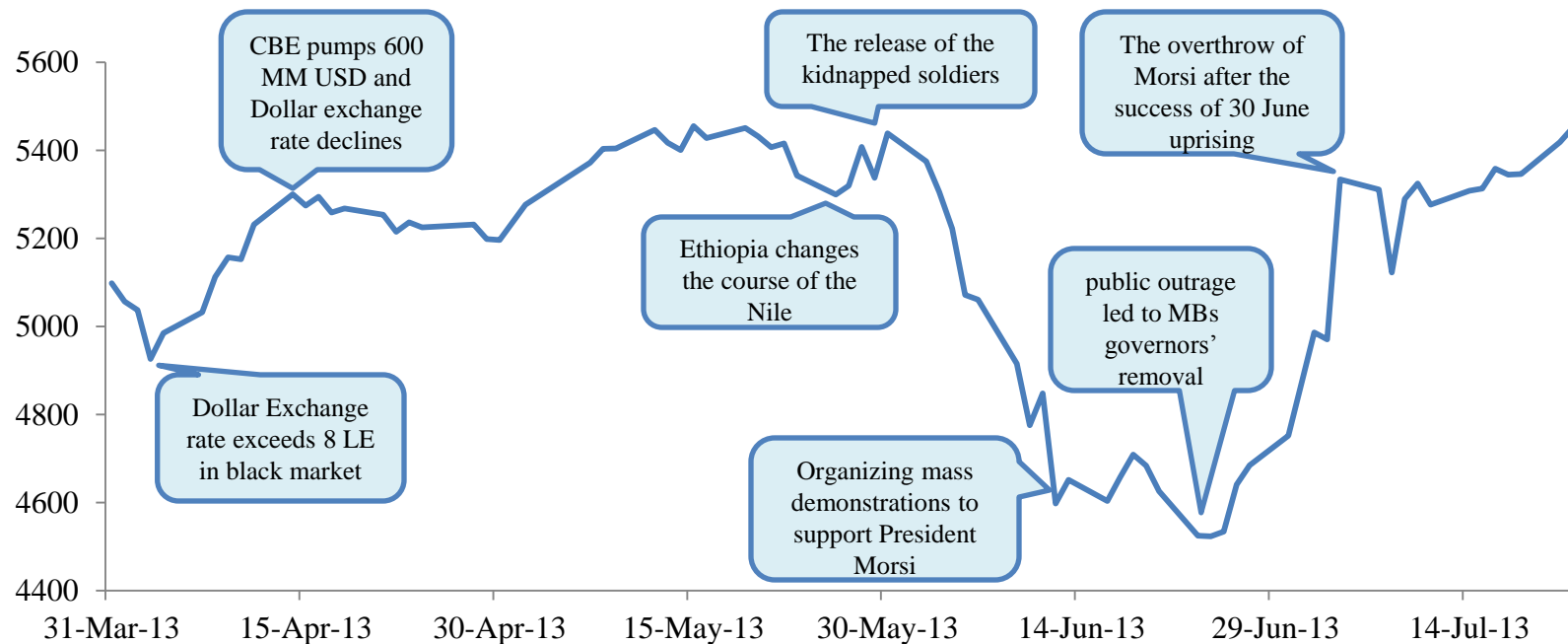
The political map of the MENA region is still undergoing severe changes that were reflected on the economic performance of some countries. @ A Glance elaborates more on the economic performance of four different major countries in the Middle East Region, which are Egypt, Kingdom of Saudi Arabia, United Arab Emirates and Qatar. The report includes the economic policies applied accompanied by the stock market performance in the last quarter of each country, in addition to macroeconomic indicators. Besides, the report is concluded by a strategic overview of the economy to help demonstrate an outlook for the future.

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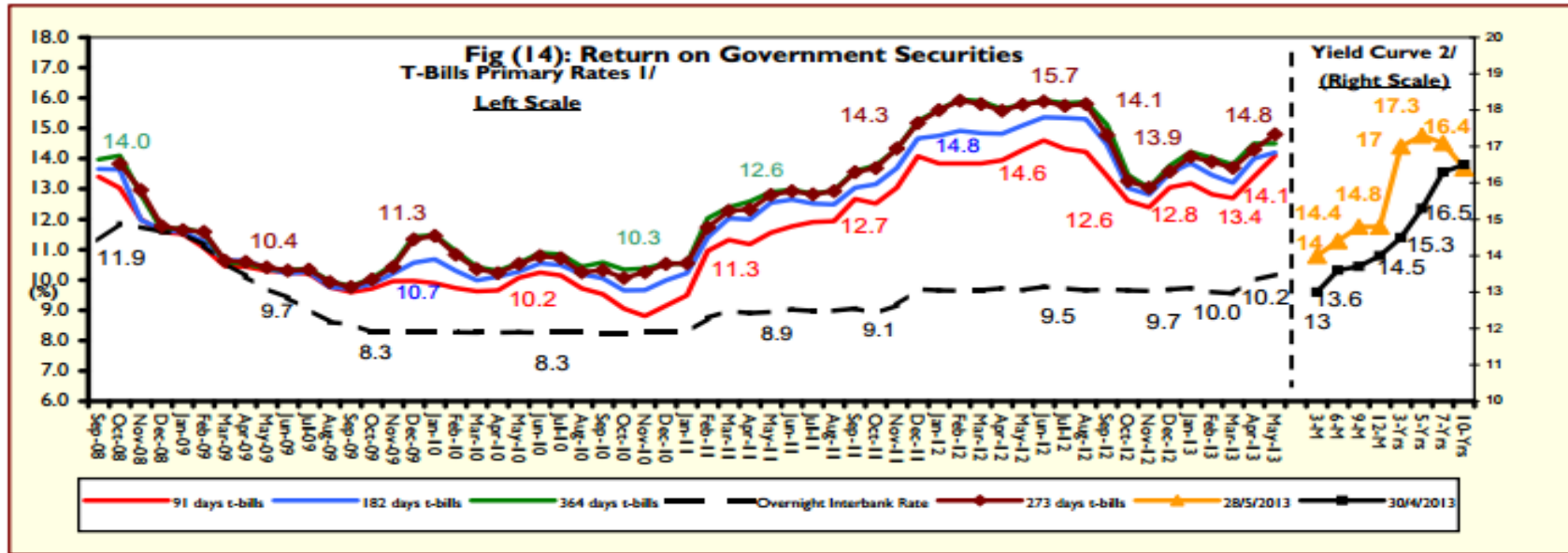
- I. Egypt
- II. Kingdom of Saudi Arabia
- III. United Arab Emirates
- IV. Qatar

EGYPT

Egyptian Stock Exchange



The above graph illustrates the performance of EGX 30, a main indicator for the Egyptian stock market, throughout the second quarter of year 2013. Though the graph shows a volatile trend, as there are extreme drops in comparison to the previous quarter. The highest significant boost recorded was of 7.31%. On the other hand, the highest drop recorded was of 3.55%. Most of the fluctuations were the result of the turbulent political events in that period.

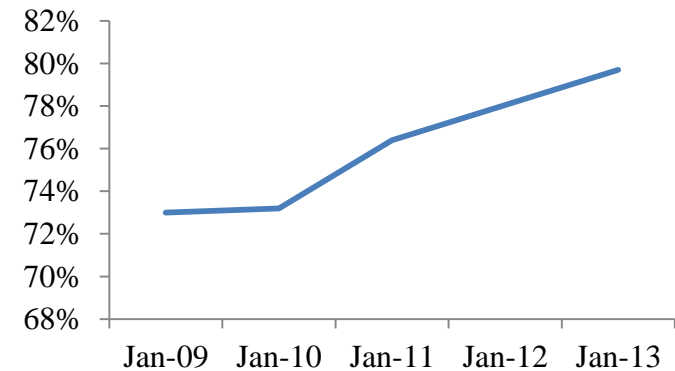


Source: Ministry of Finance and Central Bank of Egypt.

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

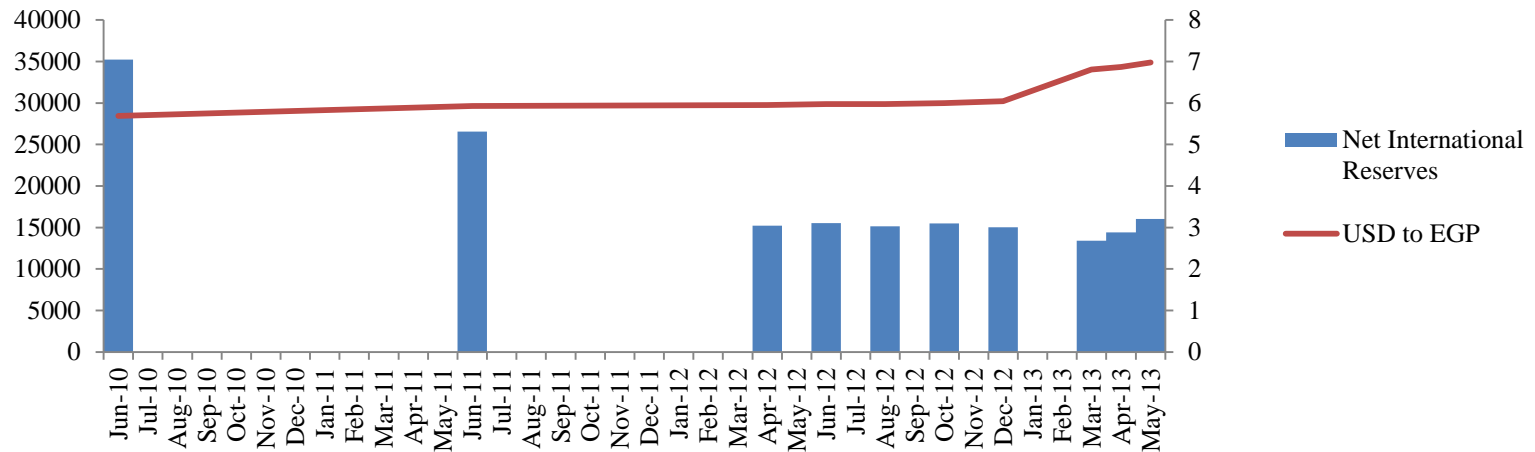
In the second quarter of 2013, interest rates were still rising due to the issuance of Treasury bills and bonds to help cover the country’s growing budget deficit, this led to less money available for lending and caused stagnation. In addition, Government local debt to GDP continued to increase since 2009 to reach around 80% at the beginning of 2013. Moreover, Egypt long-term rating was degraded by Standard and Poor’s from B- in the first quarter to CCC+/C in the second quarter.

Gov. Debt to GDP



Source: Ministry of Finance

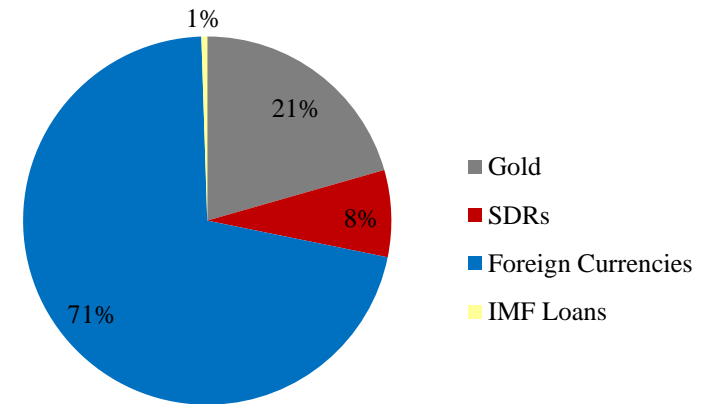
Regulating Dollar compared to Net Internatiol Reserves



Source: Investing.com

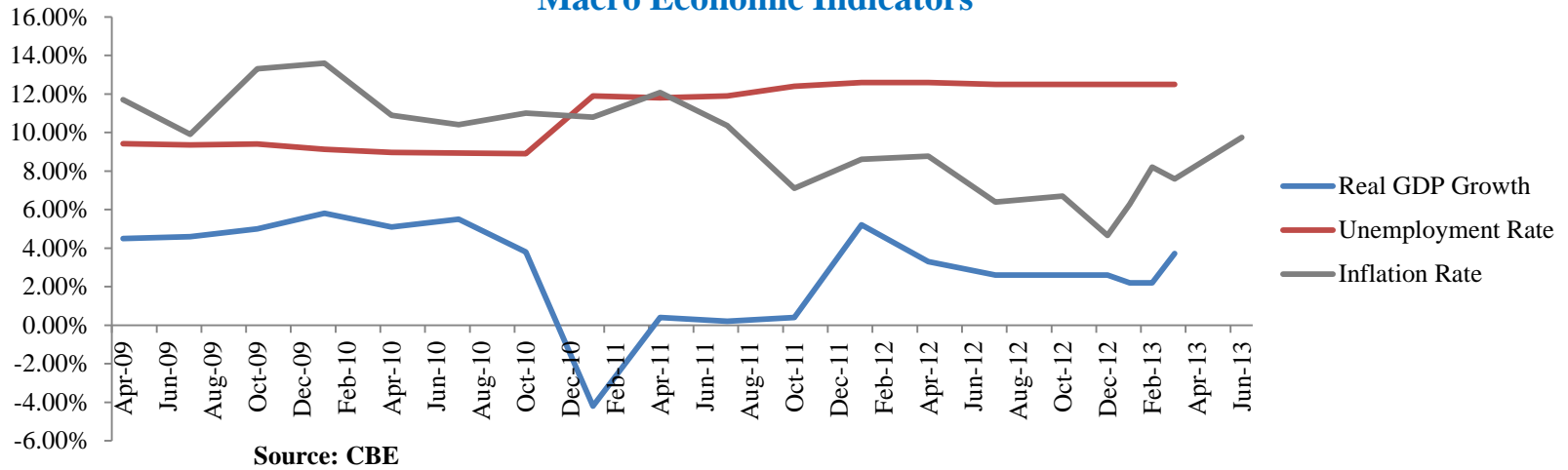
Egypt started its second quarter of 2013 with foreign reserves equivalent to 14.4 billion U.S. dollars. They continued to increase throughout the quarter till they reached 16 billion USD in May because of international grants and loans. Moreover, a boost of 2% in the USD official exchange rate during this quarter compared with the previous quarter reaching 6.97 in May 2013 has been witnessed. Egypt’s Central Bank is continuing to regulate 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.

Gross Official Reserve



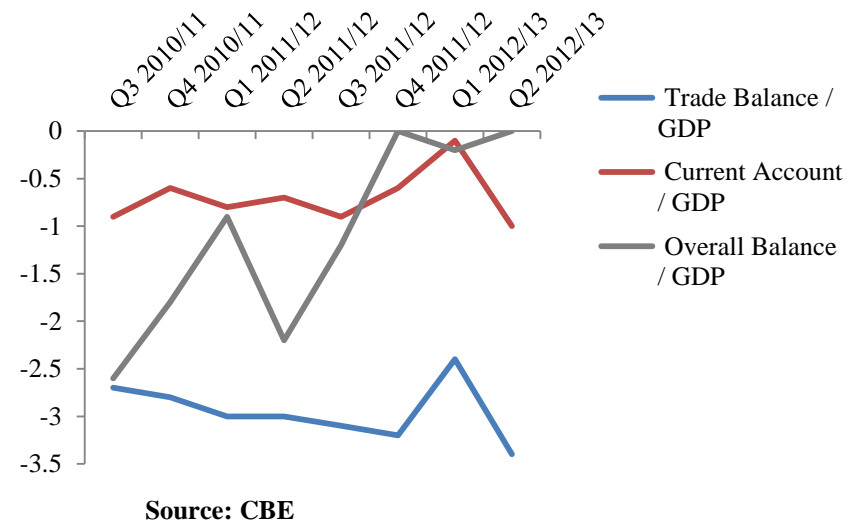
Source: CBE

Macro Economic Indicators

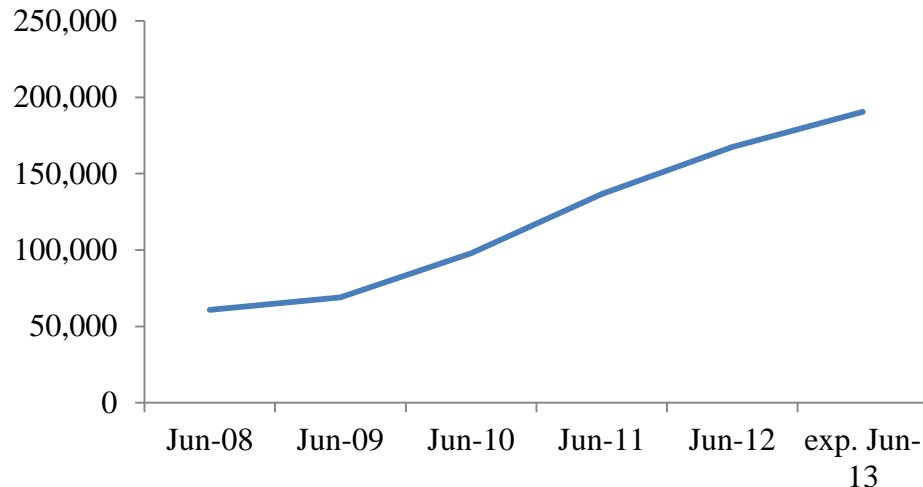


Being a net importer, Egypt has recorded high inflation rates in the second quarter that reached 9.75% as a result of USD boost as well as its trade deficit continues to increase. The economy is mainly dependent on oil exports, tourism, and the Suez Canal revenues, where these are the main sources of foreign income. These sources are still trying to recover from the political instability as well as deteriorated security in the country, especially tourism that faces different obstacles.

Balance of payment (MM USD)

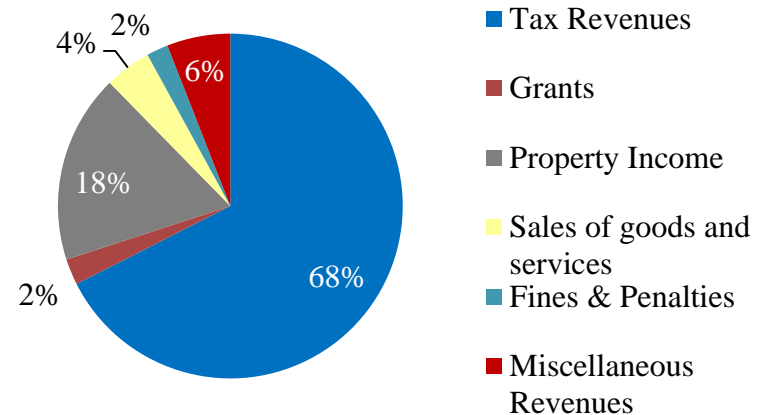


Gov. Budget Deficit “MM EGP”



Source: Ministry of Finance

Revenues Breakdown



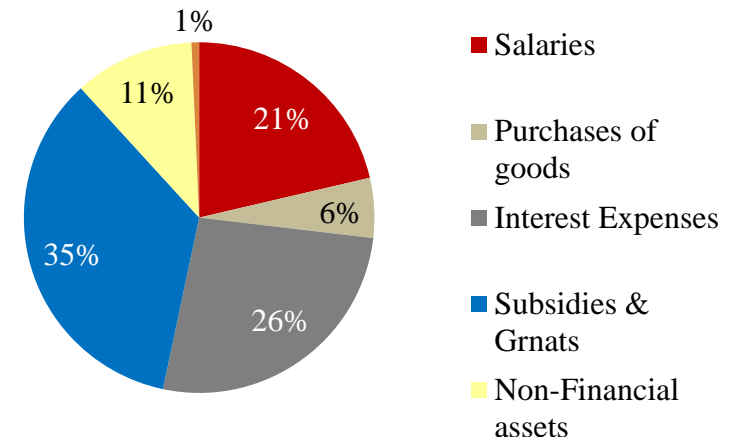
Source: Ministry of Finance

The budget deficit for the fiscal year 2013/14 is estimated to swell up to 197,493 billion EGP, as compared to a deficit of 134,996 billion EGP in the previous year.

Revenues mainly generated by taxes, property income and grants, whereas expenditures will balloon to 692,421 billion EGP, up from 533.784 billion EGP last year.

Most of the state’s money is spent on subsidies, grants and social benefits, with 205,540 billion EGP devoted to public expenditures, while the least would be spent on purchasing goods and services, which is estimated at 30.704 billion EGP.

Expenditures Breakdown



Source: Ministry of Finance

Q2-2013 Top News

Egypt

- Dollar Exchange rate temporarily exceeded 8 EGP in the black market
- CBE pumps 600 MM USD and Dollar exchange rate declines
- Ethiopia has plans to change the course of the Nile
- The release of the kidnapped soldiers
- Organizing mass demonstrations to support President Morsi
- Public outrage led to MBs governors' removal
- Severe shortage in petroleum products
- The overthrow of Morsi after the success of 30 June uprising

Strategic Review (1)

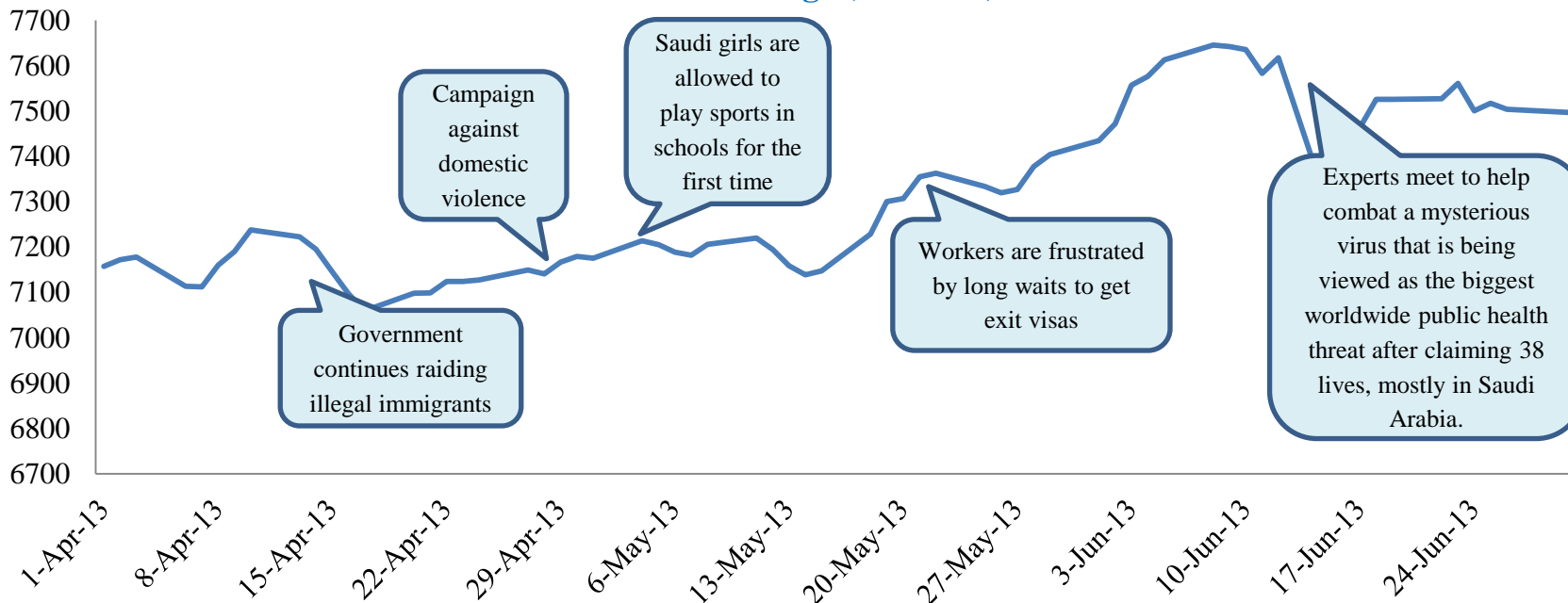
- Headline CPI declined by 0.16% in May compared to an increase of 1.47% in April, which lies below the average monthly pace of 1.57% recorded in the first four months of 2013.
- Real GDP grew by 2.4% in 2012/2013 H1, following a similarly growth rate of 2.2% in 2011/2012. This promising recovery in the economic activity came on the back of uncertain signs of recovery in the construction and tourism sectors accompanied by a level of political instability during the quarter.
- In April 2013, Egypt hosted 1.1 million tourist, 5.2% more than the 1 million it hosted in the same period last year, according to data previously released by CAPMAS, which still reflects uncertainty in the sector.
- The change of the regime will sure have its impact on the economic plans for the coming period all along with the fiscal and monetary policy.
- No doubt, the Stock Exchange market will also be affected by expected massive sell from the foreign investors and a 'wait and see' mood for Egyptian investors.

Strategic Review (2)

- In May, the official exchange rate reached 7 EGP to the dollar at commercial banks in Egypt, a rate unseen since 2003 – despite recent financial lifelines that Egypt has received from friendly nations like Qatar and Libya.
- Although Egypt spends around a fifth of its budget on fuel subsidies, the country has faced a severe shortage in fuel supply all over Egypt in June.
- Egypt has entered a period of renewed and intensifying instability and polarization since the ousting of the president. The country is facing the prospect of a prolonged political crisis, economic difficulty.
- This polarization will significantly inhibit Egypt's economic recovery for the foreseeable future.
- The economy, in general, seems to further go into unfavorable position full of speculations. Major downsizing in several economic activities as a result of the political instability that does not encourage further investments.

Kingdom of Saudi Arabia

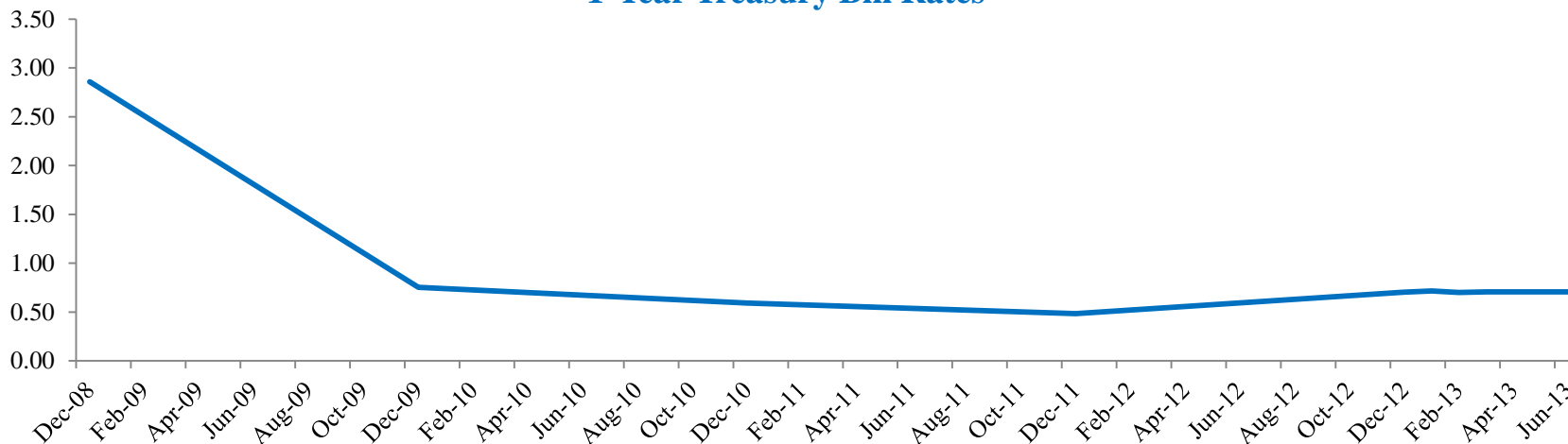
Saudi Arabia's Stock Exchange (Tadawul)



Source: www.investing.com

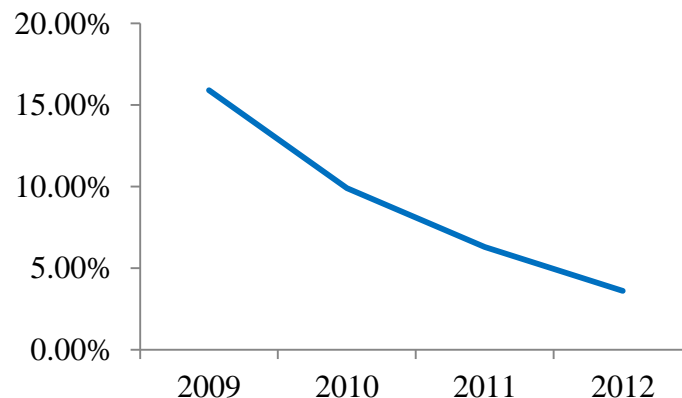
The graph above displays the performance of Saudi Arabia’s Stock Exchange, Tadawul, throughout the second quarter of 2013. Tadawul has shown an overall positive trend. The General Index increased by 4.73% to 7496.6 points at the end of this quarter compared to 7016.6 points at the first quarter. Moreover, plans to open the market gradually for foreign investors within the upcoming year are being made.

1-Year Treasury Bill Rates



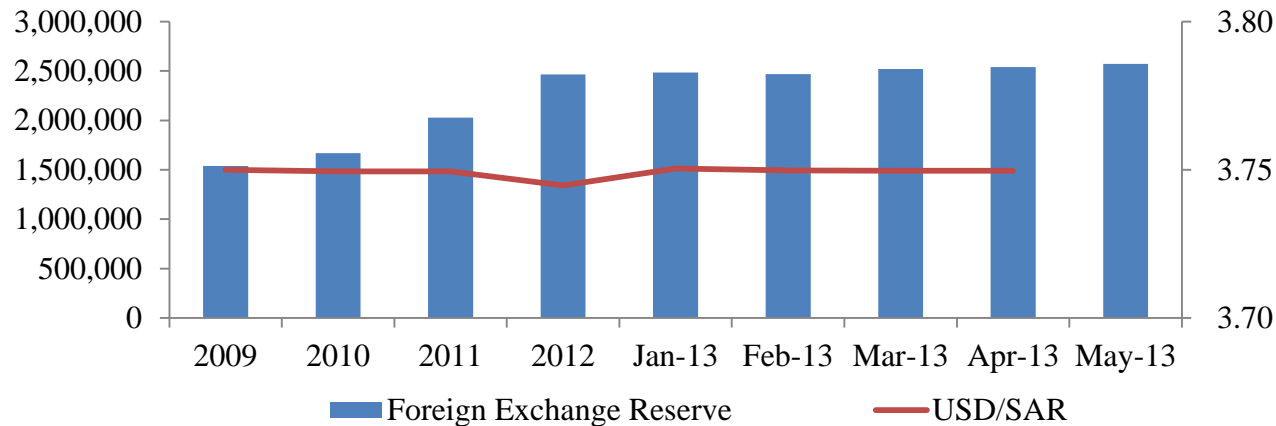
Government 1-year treasury bill rates have begun to decline since 2009. Public debt also continued to decline. The government is now following a more efficient spending plan. Moreover, the public debt extinguishing plan has contributed to more investments in T-bills. Consequently, the public debt to GDP ratio was recorded to be less than 4% in 2012 with a debt size less than SAR 100 Bn. This has helped KSA’s high credit ratings of AA- to remain.

Debt to GDP



Source: Ministry of Finance

International Reserves "M SAR"

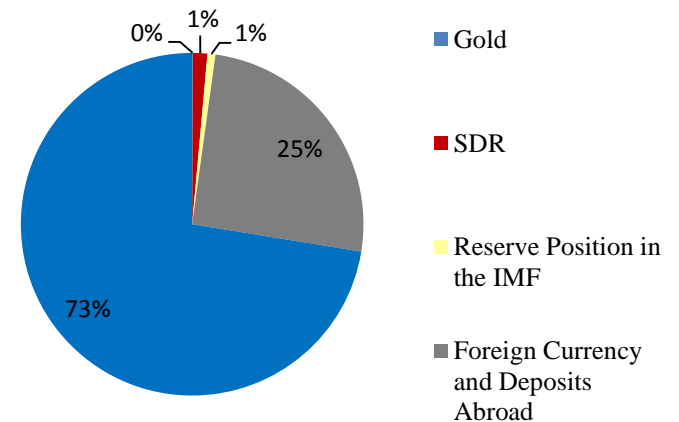


Source: Saudi Arabia Central Bank

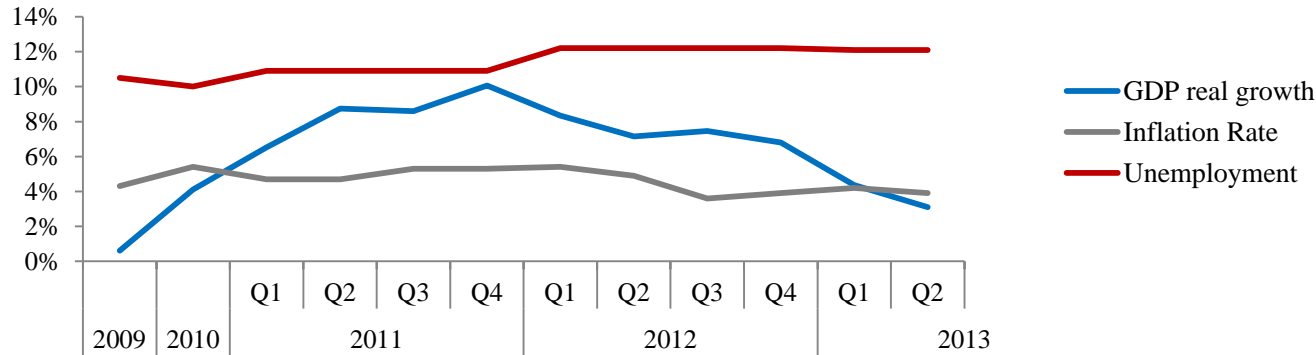
Saudi Arabia’s international reserves continue to be stable throughout the second quarter of 2013 with no massive growth or depletion recorded. Moreover, Gold, and foreign currency and deposits abroad uptake the largest shares of international reserves of around 73% and 25% respectively.

In addition, the fixed exchange rate system set by the monetary policy has managed to keep the USD/SAR stable at around 3.75 with no record of appreciation or depreciation through the last period.

International Reserve



Economic Indicators

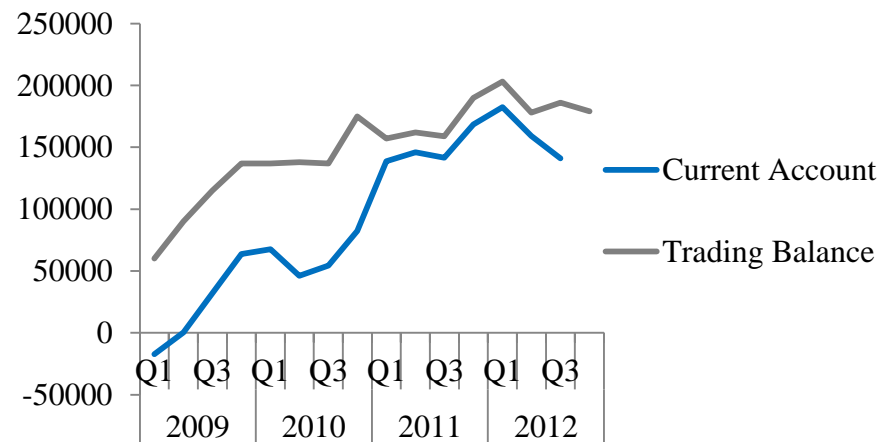


Source: Saudi Central Department of Statistics and Information

Inflation rate is relatively stable and low. Unemployment, however, is at a double digit of around 12%, mainly affecting the youth bulge, and is expected to increase causing some political disturbances. Government reform efforts of increasing spending on projects and education, and increasing Saudis hiring are practiced. Moreover, GDP growth rates are expected to slowdown to 3.1% due to lower oil production.

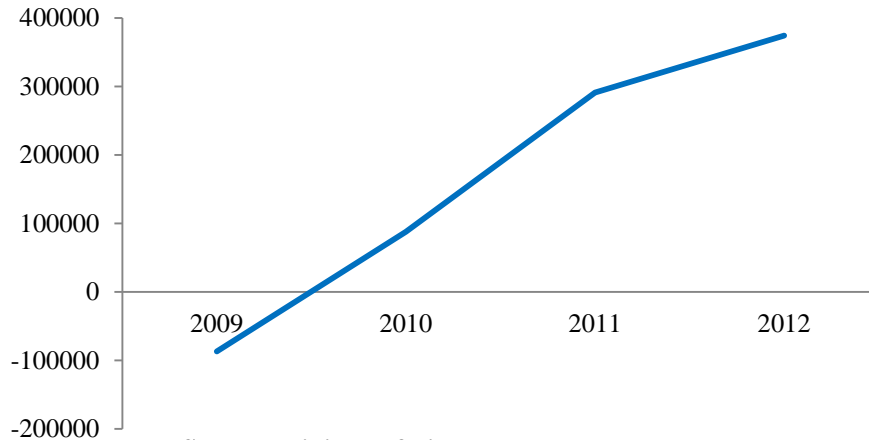
Saudi Arabia managed to maintain a positive current account and trading balance. Foreign trade continued to display an increasing trend due to the increase in exports. However, oil occupies 80% of the total exports.

Balance of Payments "MM SAR"



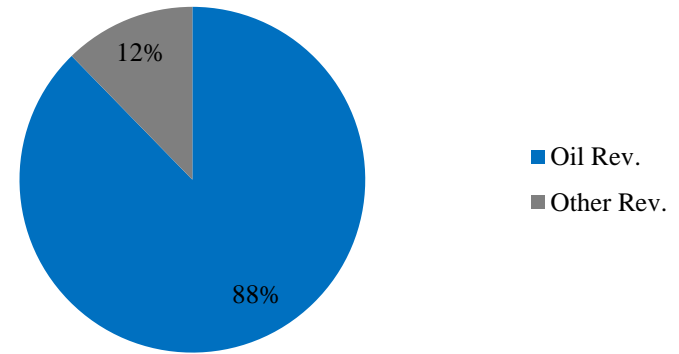
Source: Saudi Central Department of Statistics and Information

Deficit/Surplus



Source: Ministry of Finance

Revenues Breakdown



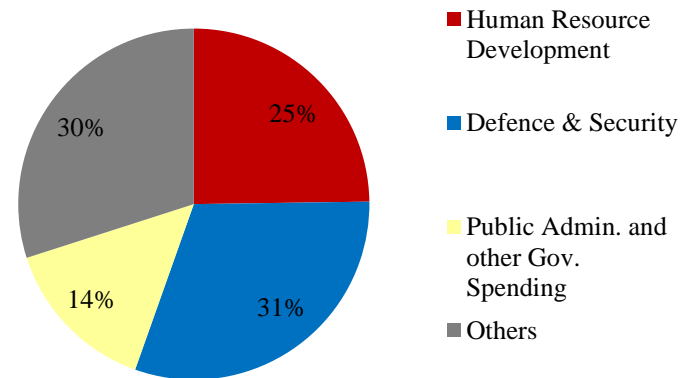
Source: Ministry of Finance

KSA has managed to achieve a strong surplus among the recent years, which is boosted mainly by 88% due to its revenues from oil.

The main problem here is that oil prices are going a bit down this year, so that it could lead to a lower surplus but definitely not a deficit, at least for the upcoming years.

The two main sectors that Saudi Arabia is spending on with huge rates are Defence and Security 31% and Human resources development 25%.

Expenditure Breakdown



Source: Ministry of Finance

Q2 2013 Top News (1)

KSA

- Saudi Arabia exported 1.27 Bn Barrel in the 1st half of 2013.
- Saudi Arabia deported nearly 200,000 Yemeni workers within two months.
- Saudi authorities announced the construction of the largest plant of butanol in the world at Jubail Industrial City, with an estimated investment value of \$ 517 million.
- Royal Order required the weekly holiday on Friday and Saturday.
- Saudi banks plan to launch 'prepaid' cards.
- The creation of an alliance between all contractors of Jizan refinery project and "Aramco", employing thousands of people in the region in all phases of the project.

Q2 2013 Top News (2)

KSA

- Increased death cases resulting from Corona virus reaching 32 cases.
- 600 Saudi possessed property in Turkey within 3 months.
- 10.5 Bn SR spent on domestic tourism in 2013.
- Increasing investment in green buildings in Saudi Arabia, reaching 100 BN SR.
- S&P raised the sovereign rating for Saudi Arabia to "positive" from "stable" to reach (- AA).
- America is the largest investor in Saudi Arabia with an investment of 44 billion USA.
- Saudi Arabia will not allow places of worshipping for other religions.

Strategic Review (1)

KSA

- With both global oil prices and domestic hydrocarbon production expected to trend downward, it is projected the 2013 fiscal surplus to be lower than previous years.
- Saudi Arabia's non-hydrocarbon sector will continue to drive overall economic growth over the next few quarters, helping to balance an ongoing decline in oil production.
- Business activity in the private sector remains supported by the government's loose fiscal policy stance, easy credit conditions, and robust consumer confidence.

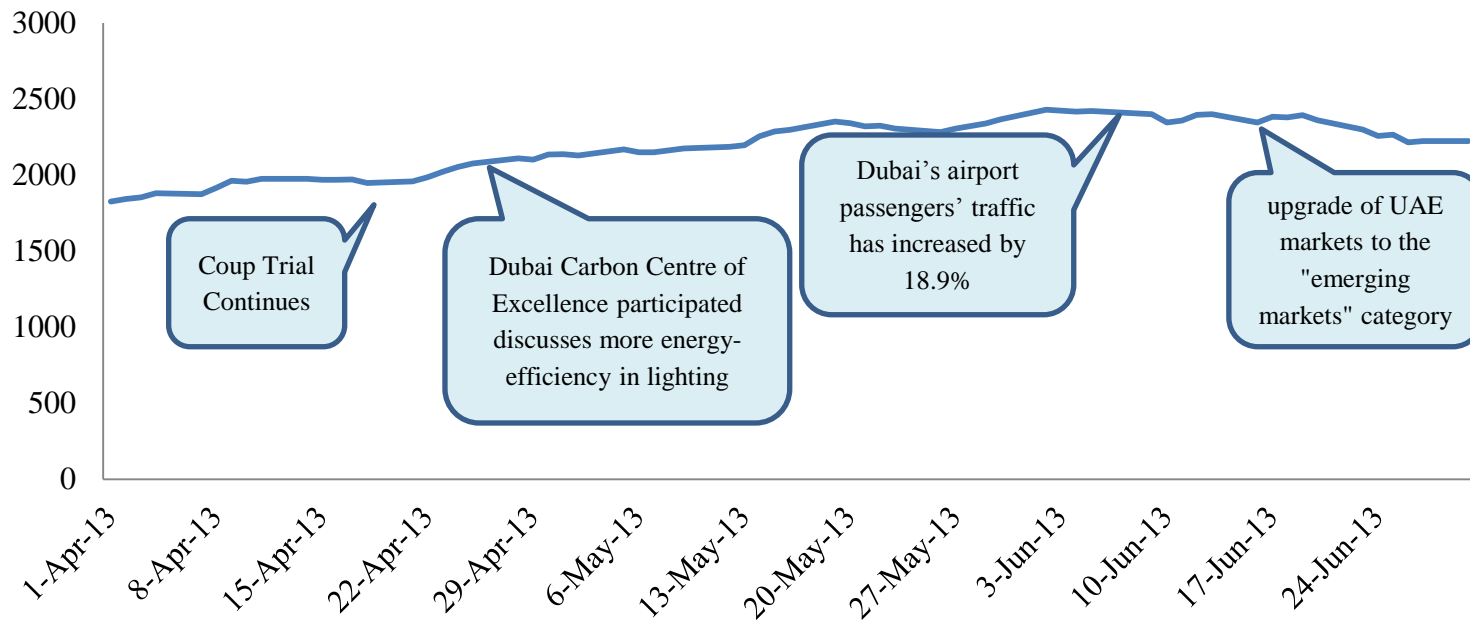
Strategic Review (2)

KSA

- 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 order to decrease the unemployment rate.
- As for Defence & Security as a part of expenditure structure it seems like 31% is an over estimated budget which could be reduced and shifted towards more developmental sectors, like Education and Health.

United Arab Emirates

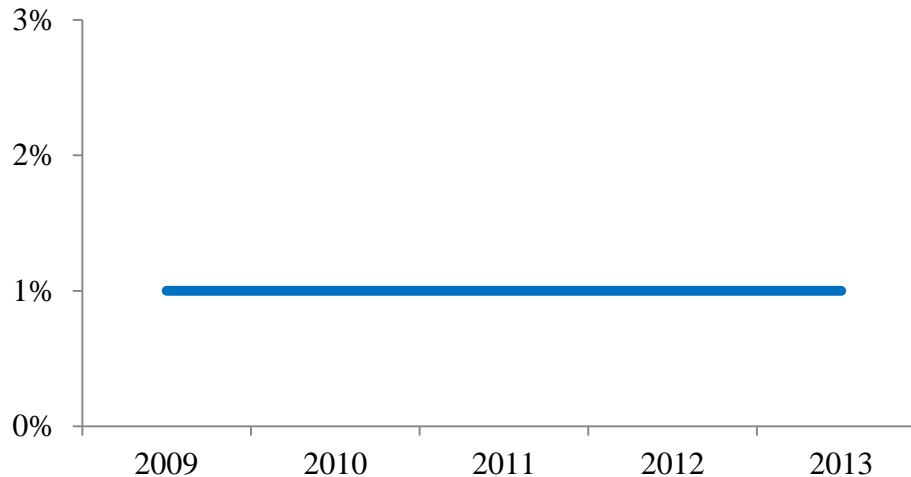
Dubai's Financial Market Stock Exchange (DFM)



Source: www.investing.com

The graphs above illustrate the performance of Dubai's Financial Market (DFM) throughout the second quarter of 2013 as Dubai is one of the most dominant players in UAE's economy. In contrast to the first quarter of 2013, DFM's performance in Q2 has shown an overall positive trend. The General Index increased by 21.5% to 2222.6 points at the end of this quarter compared to 1829.2 points at the end of first quarter. Moreover, trading volumes more than tripled in the second quarter compared to the same period last year.

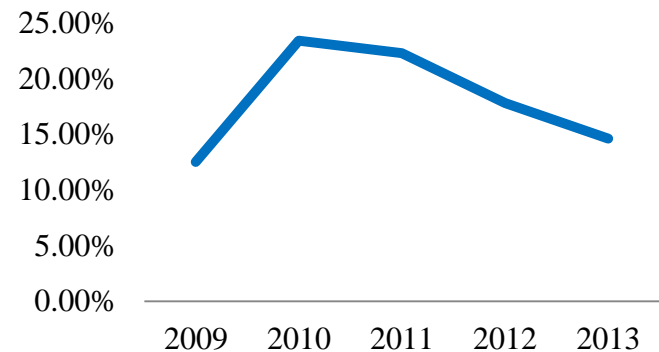
Interest Rates



Source: Central Bank of the United Arab Emirates

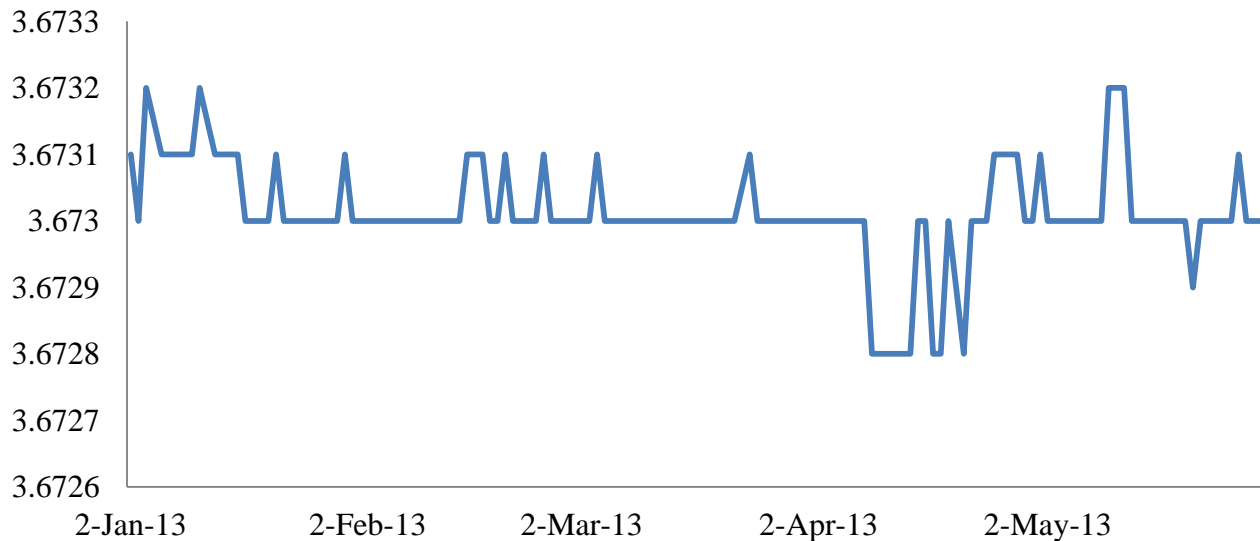
Interest rates for deposits in banks were recorded to be around 1% for the second quarter. This stable rate has been ongoing for the past years signaling that the economy is encouraging investments rather than savings. Moreover, the government debt as a percentage of GDP is decreasing as off the 2009/2010 financial crisis and are estimated to reach 14.6% this year as the government is also now more cautious with lending and borrowing. Moody's rating for UAE is Aaa which reflects relatively high investors' confidence.

Government Debt to GDP



Source: tradingeconomics.com

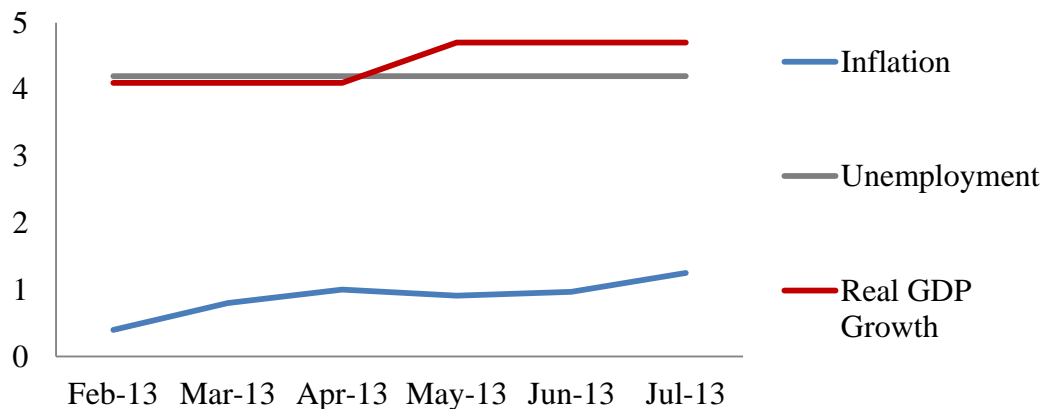
USD/AED Exchange Rate



Source: Central Bank of the United Arab Emirates

UAE has managed to keep a stable exchange rate of 3.67 over the past years which has also persisted in the second quarter of 2013. Moreover, its international reserves are very stable around 47 BN USD with neither recorded nor estimated depletion in 2011, 2012 and 2013.

Economic Indicators

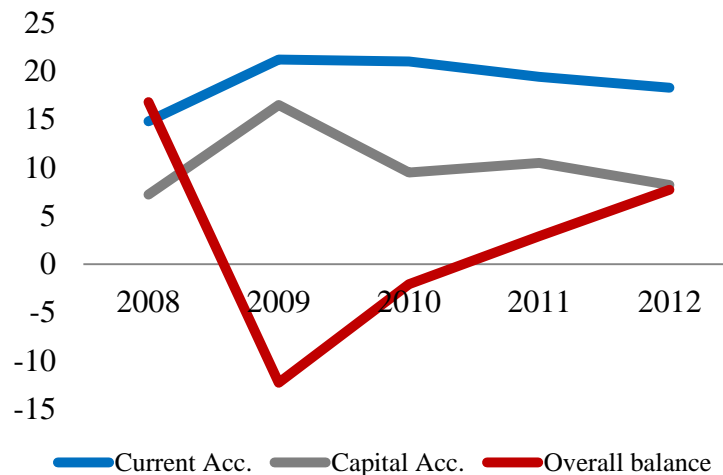


Source: Ministry of Economy

UAE continues to show a relatively low and stable unemployment rate. Inflation has displayed an increasing trend; however, the rate is relatively low. Moreover, real GDP growth has shown an increase from 4.1% in Q1 to 4.7% in Q2. Aims to become less dependent on natural resources are expected to slowdown GDP growth to 3.6% by the end of the year. Yet, expansion of real estate and other sectors are expected to help counterbalance the decrease.

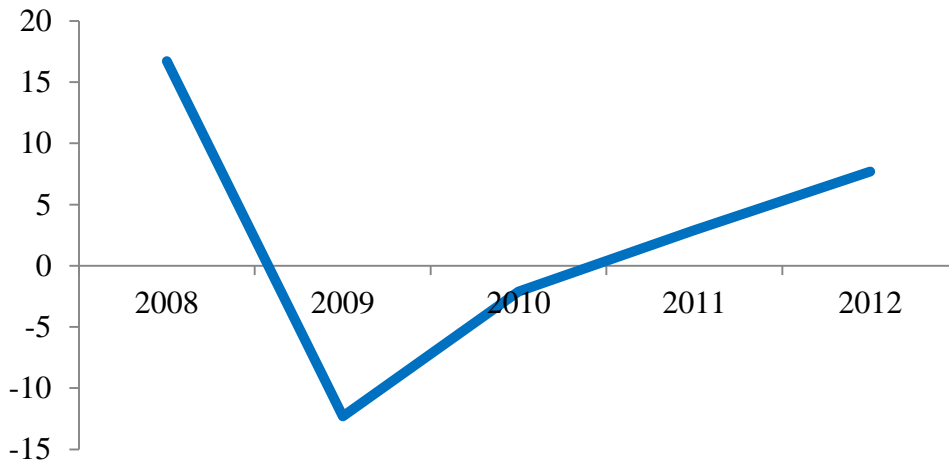
U.A.E. has a positive current account, capital account and overall balance. U.A.E. also continues to import manufactured goods, machinery, and transportation equipment.

Balance of Payments (MM USD)



Source: tradingeconomics.com

Government Budget Surplus/Deficit (MM USD)

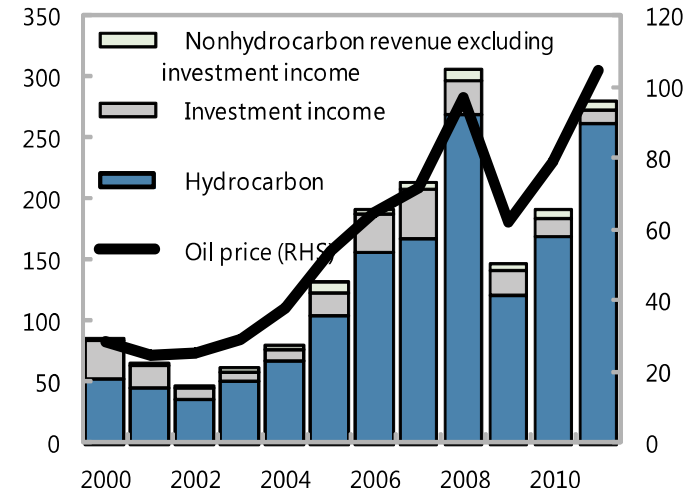


Source: Ministry of Finance

UAE 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 UAE accounting for more than 70% of its income. On the other hand, the highest expenditure comes from spending on goods and services.

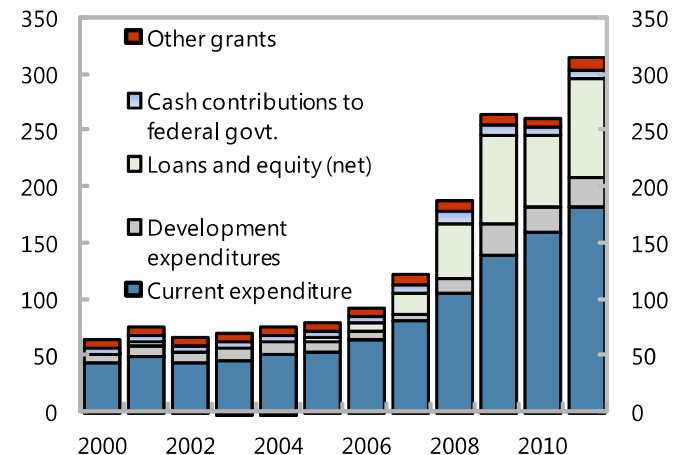
Abu Dhabi Revenues and the Oil Price

(Billions of Dirhams)



Abu Dhabi Expenditures

(Billions of Dirhams)



Q2 2013 Top News

UAE

- Seven members of terrorist cell affiliated with Al Qa'eda have been arrested and accused of plotting attacks.
- 94 members of Islah Islamist group have been charged with conspiring to overthrow government. 69 suspects accused of plotting Islamist coup and have received up to 15 years of sentence in a mass trial.
- U.S. Defense Department is expected to finalize 10 billion USD arms deal with UAE and 2 other countries to provide missiles, warplanes and troop transports to help them counter any future threat from Iran.
- Upgrade of UAE markets to the "emerging markets" category.

Strategic Review (1)

UAE

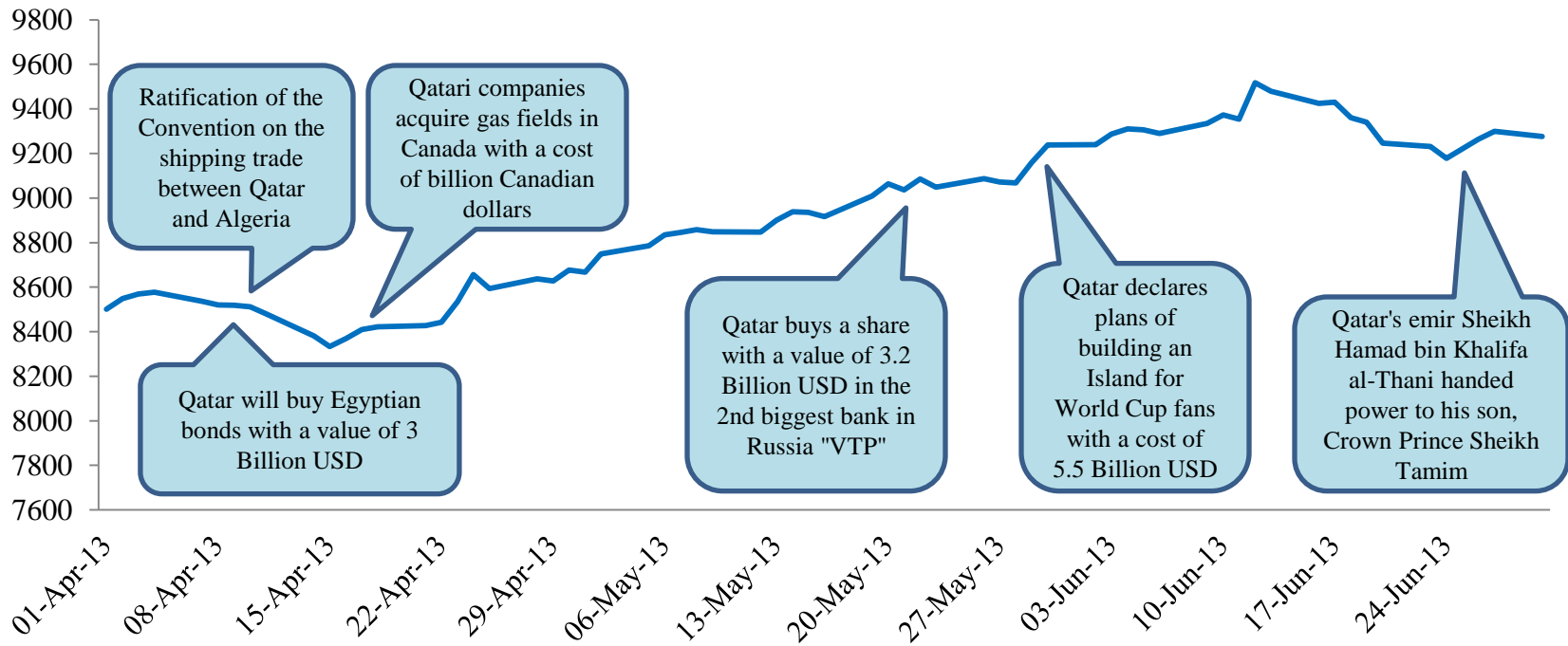
- UAE's economic performance in the second quarter seems to aid it in providing a favorable year.
- Economic performance especially Dubai's has been positively impacted by the political turbulence in other countries, as UAE is being viewed as safe heaven by investors.
- UAE's monetary policy continues to benefit from the high stability encouraging further increase in capital inflows and foreign business, and high tourist inflow rates.
- Fiscal policy should also benefit from the large net foreign assets that help counterbalance reduction in oil prices that are expected to slowdown GDP growth.

Strategic Review (2)

- UAE has managed to grow from 4.1% in the first quarter to 4.7% in the second quarter where trade, tourism and real estate were the main drivers for this growth.
- However, forecasts show that UAE will not be able to reach estimated GDP growth of 4.4% and that it is expected to drop to 3.6% due to the reduced oil prices.
- The role of Dubai as a regional hub has been greatly reinforced.
- It is worth noting that various events across Dubai attract millions of tourists helping boost tourism and other sectors.
- In fact, 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

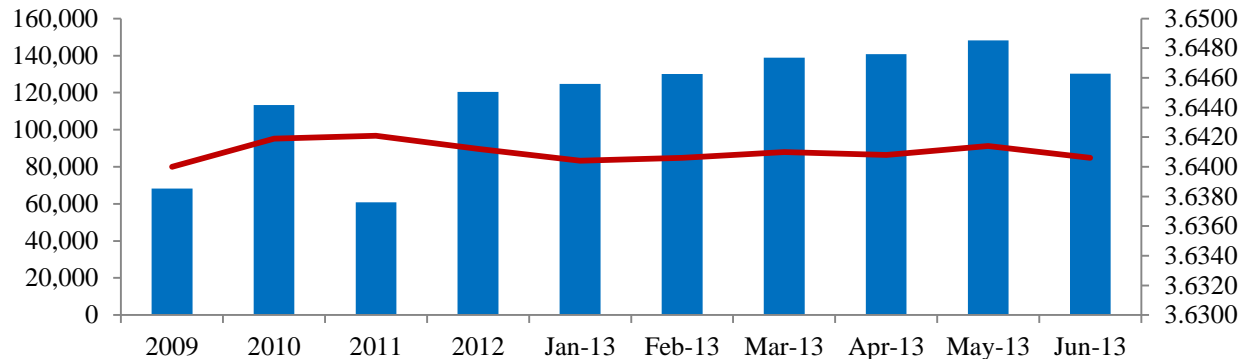
Qatar Stock Exchange "QE"



Source: Investing.com

The above graph illustrates the performance of QE as an indicator for the Qatari stock market throughout the second quarter of 2013. The indicator appears to be constantly appreciating from a value of 8333 to 9517 with a percentage of 14.22% with a light drop down in the beginning of June as a normal result of indicator's movement.

International Reserves "M QR"



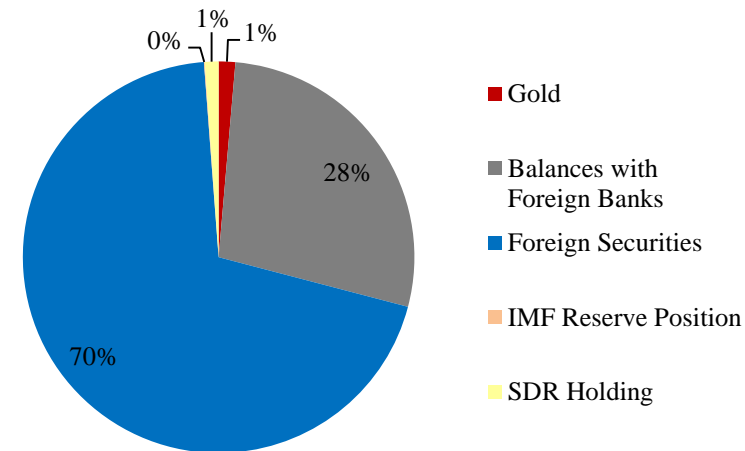
Source: Qatar Central Bank

The International reserves for QCB have recorded a big increase in the second quarter with approximately 18,021 Million QR more than the first quarter. Followed by a big decrease around 17,864 by the end of June.

The increase is due to the continuing deflation system Qatar has been following, which also can be seen in the increasing rate of buying foreign bonds and T-bills, in addition to increasing balances in foreign banks. Both of the above mentioned operations occupy more than 97% of QCB international reserves.

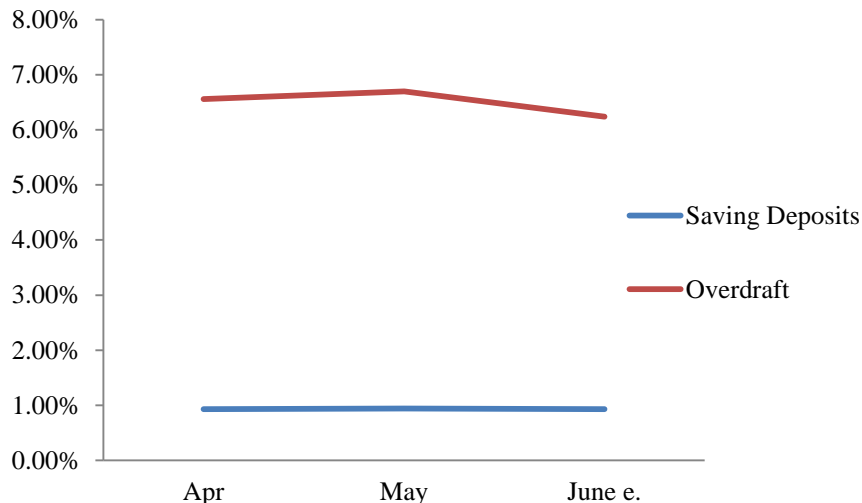
As for Riyal exchange rate with the USD, Qatar has managed to achieve stabilization with an average rate of (3.61).

International Reserves



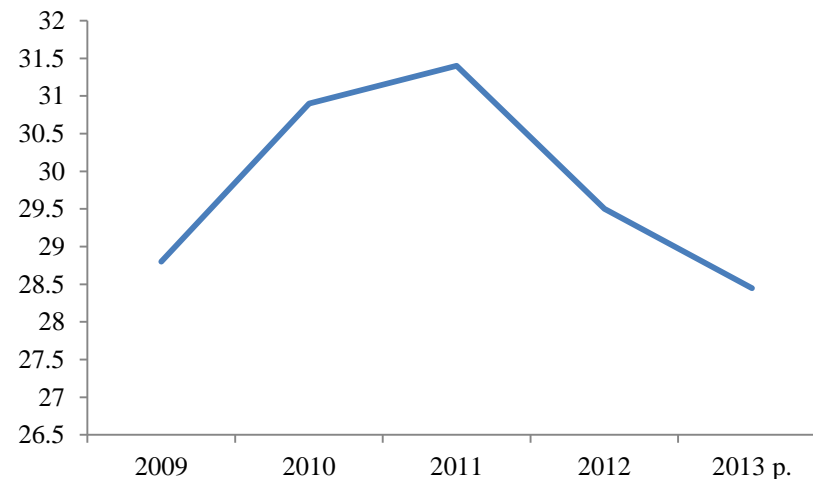
Source: Qatar Central Bank, Investing.com

Interest Rates



Source: Qatar Central Bank

Debt to GDP

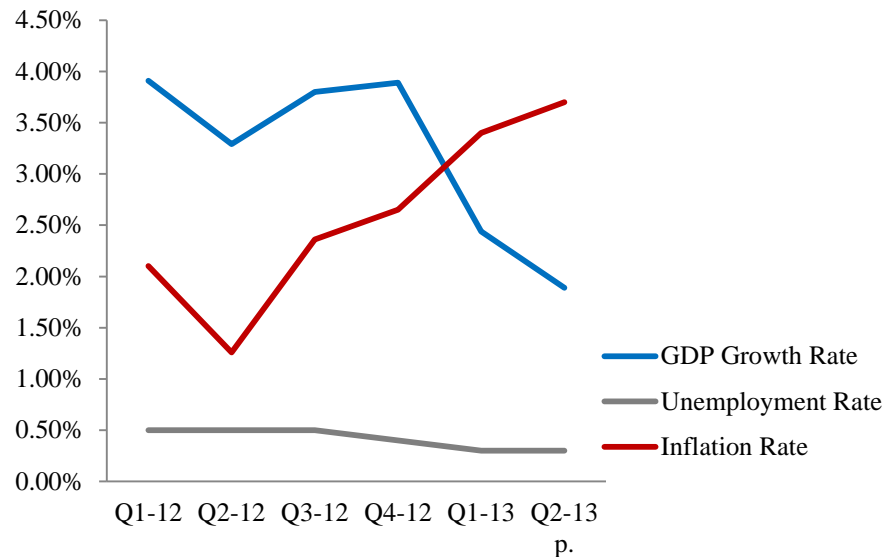


Source: tradingeconomics.com

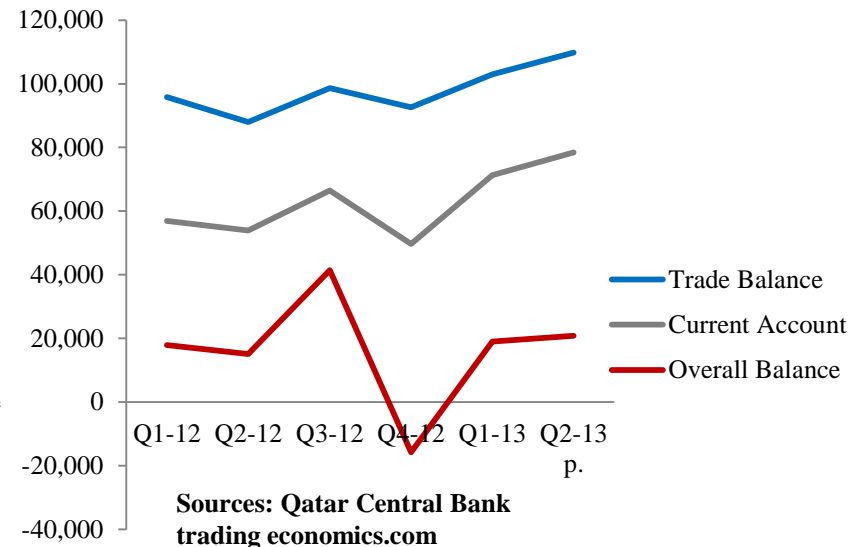
Qatar is continuing with its decreasing interest rates strategy. Achieving a low interest rate of 0.93% is encouraging for investing rather than saving.

Due to the decrease in FDI's abroad, Debt to GDP ratio is still decreasing along the recent last months. Debt to GDP is projected to decline even more by the end of year 2013 with a rate around 28.45%.

Economic Indicators



Balance of Payments

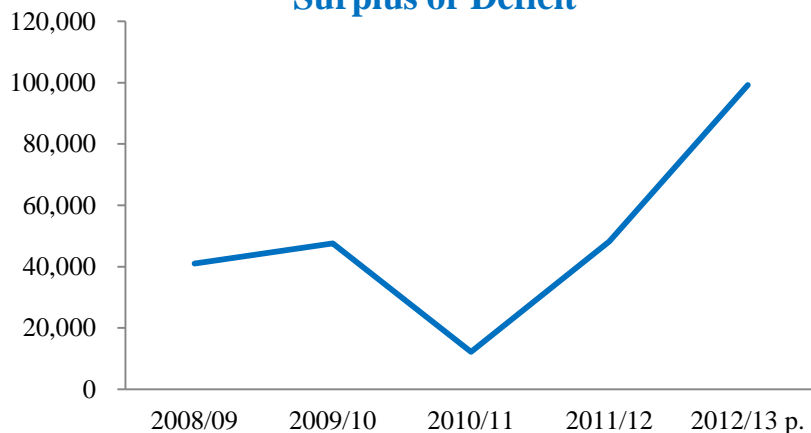


Due to the huge Liquefied Natural Gas projects in the last years that Qatar established, a continuing appreciating GDP value is achieved, which is depreciated in this year 2013, due to the tail off of a large investment programme to enhance LNG production capacity to 77mn tons per year, showing the influence of the gas sector in the country.

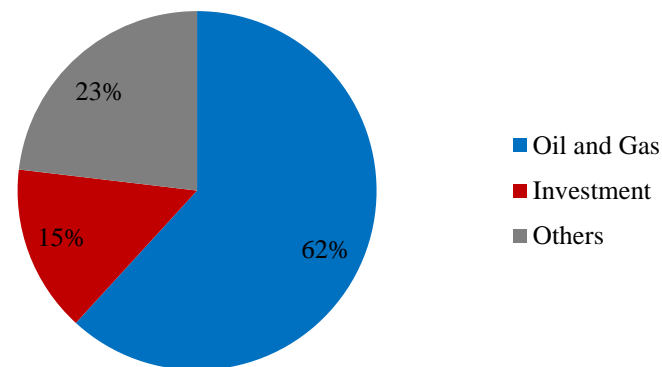
As for Inflation rate, which is still increasing due to government big expenditure plans and also two main factors, rents and salaries. E.g. Rents take more than 30% of the Consumer Price Index.

Unemployment is still recognized as the lowest rate in the world and trends showing that it will continue to decrease by the end of 2013.

Surplus or Deficit

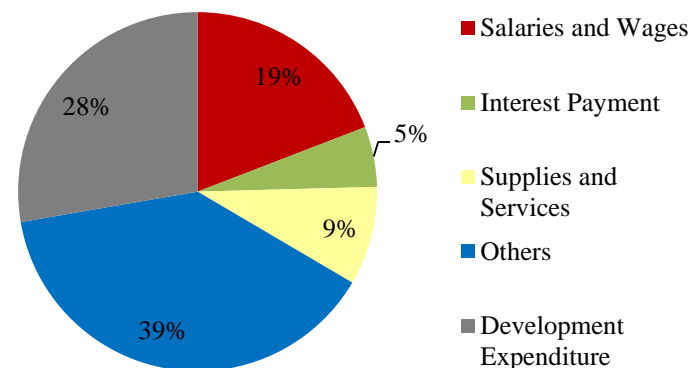


Revenues Breakdown



Source: Qatar Central Bank

Expenditure Breakdown



After the huge LNG projects that Qatar has established in the recent past years, the result is showing a big boost in its financial situation. A continuing surplus that has reached 99,240 Million QR this year, and its projected to go on even higher in the coming years.

Oil and Gas sector as always has been the biggest contributor to Qatar's Revenues.

As for Expenditure, the key player here is the Development Expenditure with 28%, which is the biggest part of Qatar's vision for a better future depending on other resources than Hydrocarbon investments.

Q2 2013 Top News

Qatar

- Ratification of the Convention on the shipping trade between Qatar and Algeria.
- Qatar bought Egyptian bonds with a value of 3 Bn USD.
- Qatari companies acquired gas fields in Canada with a cost of billion Canadian dollars.
- Qatar bought a share with a value of 3.2 Billion USD in the 2nd biggest bank in Russia "VTP".
- Qatar declared plans of building an Island for World Cup fans with a cost of 5.5 Billion USD.
- Qatar's Amir Sheikh Hamad bin Khalifa al-Thani handed over power to his son, Crown Prince Sheikh Tamim.

Strategic Review (1)

Qatar

- Qatar's approved budget for the current fiscal year (1 April 2013–31 March 2014) authorizes record expenditure, 17% above the budget for the previous fiscal year (FY2012/13). The bulk of the increase is in current spending, with wages and salaries growing by 20%, although budgeted capital expenditure also rises by 17%.
- The acceleration in economic activity is expected to be driven by large infrastructure projects that are being implemented in Qatar including the 35bn USD metro and railway project for which contracts have recently been awarded.
- The Financial services benefited from the booming economy, growing at an annual rate of 10.5%.

Strategic Review (2)

Qatar

- Declining oil production is likely to continue over the short term. Qatar's offshore fields have produced for over 17 years. As they age their yields are expected to decline, likewise with the onshore fields, in production for over 30 years. However the Government is giving active consideration to investments in enhanced and incremental oil recovery programmes, which would slow the rate of decline.
- A reduction in hydrocarbon export revenue coupled with strong demand for imports, driven by investment and a rising population, will likely narrow the surplus.
- Although there is a strong momentum in Qatari economy, it is dependent on Oil and LNG productions despite the progress made by the country in diversification.

Strategic Review (3)

Qatar

- GDP will increase as we forecasted. However, growth in the future could be constrained if inflation were to rise significantly, which could occur because of a sharp rise in rental inflation (already 6.8%) or if the authorities failed to control credit, liquidity and fiscal policy.
- June's decision by Morgan Stanley Capital International (MSCI) to upgrade Qatar's equity market to "emerging" from "pioneer" status is considered a great push to the economy, but as this reclassification does not come into effect until May 2014, the possibility for additional foreign inflows into the market is still limited.

Thanks... End

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