

# Multiples Insights

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## Multiples Insights on MENA region

This report is designed to give you a snapshot about the MENA region tackling multiple issues:

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## Economic Outlook

- The Central Bank of Egypt has announced earlier this month that foreign reserves have reached 17.3 BN USD by end of February, which almost half of the foreign reserves amount before the 25<sup>th</sup> of January revolution. It is, however, worth mentioning that the reserves have witnessed an increasing trend since the beginning of year 2014.
- Abu Dhabi's real estate market has paled next to its more dynamic, glamorous rival in neighboring Dubai. However, Abu Dhabi engineers a market recovery that could attract billions of dollars of fresh foreign investment. Actually, Real estate prices in Dubai jumped over 20% last year, analysts estimate, as the



emirate rebounded from a crash in 2008-2010 which slashed prices by more than 50 percent from their peaks. As per real estate advisory firms, prime residential sale prices in Abu Dhabi jumped 25% and rentals climbed 17% in 2013, in addition to the fact that apartment sales prices rose 29% in the fourth quarter of last year over the same period of 2012. It is worth mentioning that almost 33% of the companies located in UAE are planning to increase the housing allowances for their residential employees according to the latest market changes.

- Despite the governments' efforts to moderate price increases, inflation has picked up in Saudi Arabia, Qatar and the UAE, and it's expected to rise further in 2014 for all countries except Bahrain, Moody's Investor Service said in an update to its Sovereign Outlook report on the region. While the rise in inflation will absorb some of the benefits from government spending on per capita income, the report predicted that headline rates will stay at manageable, low single-digit levels throughout the region. Moody's predicted that GCC economies would grow 4.3% in 2014 and 4.2% in 2015, fueled by the non-hydrocarbon sector.
- Saudi Arabia, the United Arab Emirates (UAE) and Bahrain said on Wednesday they were withdrawing their ambassadors from Qatar because Doha had not implemented an agreement among Gulf Arab countries not to interfere in each other's internal affairs. This will definitely have impacts on Qatar's growth as it may slow if its trade and investment ties with the big Gulf Arab economies are scaled back. All the economies in the region could suffer in the long term if diplomatic tensions stall projects such as construction of a Gulf railway network and development of a free-trade area. That could also deprive foreign companies of billions of dollars' worth of construction projects.

## Political Events

- Qatar has said that it will not withdraw its ambassadors from Saudi Arabia, the UAE and Bahrain after the two countries announced that they were recalling their envoys from the country. The move, conveyed in a joint statement by the three countries, is unprecedented in the three-decade history of the Gulf Cooperation Council, an alliance of Saudi Arabia, Bahrain, Kuwait,

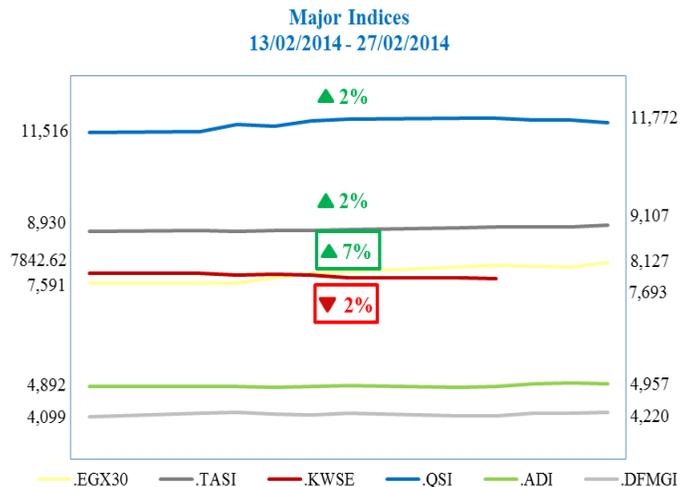


Qatar, UAE and Oman. Responding to the move, Qatar expressed disappointment and said that the differences between the group were on “matters external to the GCC”.

- Minister of Defense Abdel Fattah Al-Sisi has said that he will complete the necessary procedures in “the next few days” to enter the race to be Egypt’s next president. Al-Sisi stressed that he is “currently working within the framework of his job as the minister of defense and there are many procedures and commitments that he must complete under the current difficult circumstances and challenges that Egypt is going through.

## Stock Markets

- The recent decision by several GCC countries to withdraw their top diplomatic representatives from the Kingdom of Qatar has caused several GCC stock exchanges



to suffer severe losses; the insights below thus reflect main performance highlights of the region’s stock exchange up to 27<sup>th</sup> of February, 2014. The impact of the recent decision on the region’s main indices and sectors shall be highlighted in the next bi-weekly issue of Multiples Insights.

- Bullish sentiment continues to drive Egypt’s stock market up 7%, the largest gainer over the past 2 weeks.
- Qatar’s stock exchange adds Mesaieed Petrochemical Holding; no new listings took place since Mazaya Qatar was listed on October 2010, reaching a total of 43 listed stocks.
- Industries Qatar soars 10% with announcements of higher dividend payouts, leading the rise in the Industrial sector.

| Country           | Index Watchlist                  |   | 15 Days %<br>Change |   | YTD %<br>Change |
|-------------------|----------------------------------|---|---------------------|---|-----------------|
| Egypt             | .EGX30                           | ▲ | 7.1%                | ▲ | 19.8%           |
|                   | Construction & Materials         | ▲ | 9.4%                | ▲ | 22.9%           |
|                   | Telecommunication                | ▼ | -0.4%               | ▲ | 10.4%           |
|                   | Banking                          | ▲ | 5.8%                | ▲ | 11.8%           |
| KSA               | .TASI                            | ▲ | 2.0%                | ▲ | 6.7%            |
|                   | Petrochemicals                   | ▲ | 1.4%                | ▲ | 2.5%            |
|                   | Banks & Financial Services       | ▲ | 2.7%                | ▲ | 8.2%            |
|                   | Telecommunication & Information  | ▲ | 0.3%                | ▲ | 8.6%            |
| Kuwait            | .KWSE                            | ▼ | -1.9%               | ▲ | 1.9%            |
|                   | Banking                          | ▲ | 0.3%                | ▲ | 3.9%            |
|                   | Telecommunication                | ▲ | 1.9%                | ▲ | 1.3%            |
|                   | Financial Services               | ▼ | -0.2%               | ▲ | 3.9%            |
|                   | Real Estate                      | ▼ | -1.5%               | ▲ | 2.6%            |
|                   | Industrials                      | ▲ | 1.3%                | ▲ | 0.2%            |
| Qatar             | .QSI                             | ▲ | 2.2%                | ▲ | 13.4%           |
|                   | Banking & Financial Services     | ▲ | 1.9%                | ▲ | 17.3%           |
|                   | Industrials                      | ▲ | 6.6%                | ▲ | 13.3%           |
|                   | Real Estate                      | ▲ | 1.6%                | ▲ | 0.8%            |
|                   | Telecommunication                | ▲ | 0.6%                | ▲ | 10.2%           |
| UAE, Abu<br>Dhabi | .ADI                             | ▲ | 1.3%                | ▲ | 15.6%           |
|                   | Banking                          | ▲ | 0.4%                | ▲ | 17.5%           |
|                   | Telecommunication                | ▲ | 3.8%                | ▲ | 5.1%            |
|                   | Real Estate                      | ▼ | -0.4%               | ▲ | 20.7%           |
| UAE,<br>Dubai     | .DFMGI                           | ▲ | 3.0%                | ▲ | 25.3%           |
|                   | Banking                          | ▲ | 5.7%                | ▲ | 23.1%           |
|                   | Real Estate & Construction       | ▲ | 4.1%                | ▲ | 36.2%           |
|                   | Investments & Financial Services | ▲ | 3.9%                | ▲ | 40.0%           |
|                   | Telecommunication                | ▼ | -6.5%               | ▼ | -8.3%           |

## Major Companies Transactions



- **UAE/KSA: Emaar, Abdul Latif Jameel Create JV to develop projects in Saudi Arabia**

The new entity, called Emaar Jameel, will focus on developing integrated real estate projects in the Kingdom. Dubai-based Emaar Properties has signed a Memorandum of Understanding (MoU) with Saudi-based Abdul Latif Jameel (ALJ) group, to develop integrated property projects in Saudi Arabia.

- **UAE: UAE-Led Group to buy two India power plants in a deal worth 1.6 BN USD**

A consortium led by Abu Dhabi National Energy Co (TAQA) has agreed to buy two Indian hydroelectric power plants from Jaiprakash Power Ventures in a deal worth about 1.6 BN USD. Abu Dhabi's TAQA will control the operations and management of both plants under the deal.

- **Egypt: EFG-Hermes sells Damas stake to Mannai for 150 MM USD**

Mannai and EFG-Hermes took control of the jeweler in April 2012, with Mannai holding 66% of Damas and the Egyptian company owning 19%. Egyptian investment bank EFG-Hermes has agreed to sell its 19% stake in United Arab Emirates jeweler Damas to Qatar's Mannai Corp for 150 MM USD

- **Oman: Al Maha wins Oman Air fuel supply deal, Shell loses**

The Omani marketing company of Al Maha petroleum products has won a contract earlier this month to supply half of Oman Air's aviation fuel needs at Muscat airport until 2016.

- **Kuwait: Shell sells Italian retail business to Kuwait petroleum**

Anglo-Dutch oil and gas major Shell has agreed to sell its Italian retail and aviation business to Kuwait Petroleum International. Shell's Italian retail network will be rebranded Q8 as part of the agreement.

- **Egypt: Coca Cola pledges 500 MM USD investment in Egypt**

Coca-Cola pledges to invest 500 MM USD in Egypt over the next three years in

the form of capital expenditures and other commercial and community programs.

- **UAE: Dubai's Arabtec in talks to buy Kuwaiti firm**

The deal, if completed, would be worth about 2 BN Dhs (545 MM USD). Arabtec Holding, Dubai's largest listed construction firm, is in the advanced stages of talks to fully acquire a construction company in Kuwait's Kharafi Group.

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