

# Multiples Insights

*Issue 11 · 25 July 2014*

## Multiples Insights on MENA region

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

- [Economic Outlook](#)
- [Political Events](#)
- [Stock Markets](#)
- [Major Companies Transactions](#)



## Economic Outlook

- Bahrain acquires a new visa policy whereby it allows nationals of more than 60 countries to take Bahrain Visa upon arrival starting 2015. This has brought the total number of countries allowed to obtain a visa on arrival to 100. Such policy was intended to attract more foreign investment as well as drive economic growth, create more jobs and boost tourism.
- The central bank of Egypt raises the interest rates in an attempt to control inflation expected to follow after the removal of government subsidies on fuel and electricity. The Central Bank increased overnight deposit rate by 100 basis points (from 9.25% to 10.25%).
- The President of Iraq issued an executive order for the establishment of a Trade and Industrial Zone in Southwest Ilam. The operation for the zone is going to begin at the earliest. The location is characterized security, cultural and religious diversity which are all unique advantages that make the location ideal.
- Kuwait's construction sector witnesses a steady growth as a result of the announcement of several future construction projects including the re-development of Kuwait International Airport in addition to the Kuwait National Road System and Kuwait Metro Project. Construction contracts in Kuwait are expected to reach 17.5 BN USD by the end of 2014 compared to 9.8 BN USD in 2011.
- Oman establishes a new "Anti-Monopoly Law" in an attempt to ensure free and competitive markets whereby companies do not acquire excessive market shares. This law is intended to ensure fair play in the market and prevent



unethical trading while controlling prices. It is expected that following this law many young entrepreneurs will capture the opportunity to enter the market in Oman.

- According to official data released by the Ministry of Development Planning and Statistics in Qatar, estimates of Gross National Income (GNI) for the first quarter of 2014 is 50.41 BN USD compared to the GNI estimate of 48.87 BN USD in the first quarter of 2013. Further, Qatar's inward Foreign Direct Investment (FDI) decreased to 29 BN USD from 30 BN USD while the outward FDI has increased by 14% reaching 8.02 BN USD.
- Saudi Arabia's inflation in the second quarter of 2014 is expected to increase compared to the first quarter. Food inflation is expected to be highly affected by USD exchange rates and international prices. Only a slight increase in the level of rent and housing services partially as a result of the strong demand on housing. Monetary authorities are not expected to implement any policies to stop inflation especially because of the evident stabilization in core inflation. Average inflation in 2014 is expected to be 3% year-on-year.
- As announced by the Central Bank of Bahrain, the Government Treasury Bills issue of 45 MM BD was oversubscribed by 207%. The Bills were issued on the 14<sup>th</sup> of July 2014 maturing on the 15<sup>th</sup> of October 2014. The average rate of interest has not changed since the previous issuance remaining at 0.66%.

## Political Events

- Gaza's health ministry announced that over 700 people had been killed in Al-Shuja'iah, Rafah, Al-Nusayrat, Al-Zaytoun and Al-Karama. And over 3,100 Gaza residents have been injured after two weeks of the beginning of Israel's military operation in the Gaza Strip. On the other hand, The Israel Defense Forces (IDF) announced that it lost 13 soldiers during military operations in Al-Shuja'iah neighborhood, which brings the total death toll on the Israeli side to 20, including 18 soldiers and two civilians.

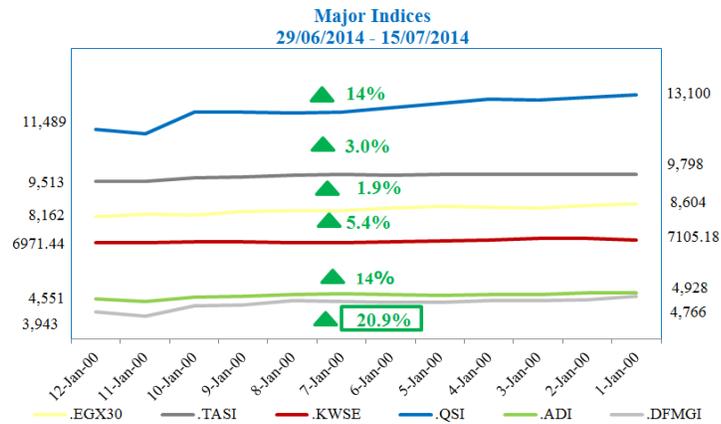


- The Coptic Orthodox Church has condemned the targeting of Iraqi Christians in the militant-held city of Mosul, which caused the displacement of thousands into the autonomous region of Iraqi Kurdistan. The Islamic State (IS), formerly known as the Islamic State of Iraq and the Levant (ISIS), moved into Mosul last month, causing many residents to flee. Christians living in the city were given choices either to convert to Islam, pay a religious levy or face death. Iraq's Prime Minister condemned the "extremist" actions by the Islamic State, arguing that such practices might endanger the "centuries-old heritage" of the Christian community.
- Federal National Council in the UAE has met on the 21<sup>st</sup> of July in order to draft a new "Anti-terrorism law." This law will replace the laws drafted in 2005 as members believe that it is outdated and therefore do not match the current forms of terrorism. The new law recognizes any illegal acts that will result in terror as terrorism. A terrorist would then be someone who provoked terror among a group of people, causing physical harm to people or property as well as kill people. It also includes those opposing the state or any international organization doing its work. Other definitions of terrorists is being drafted to

be sent to the UAE Cabinet for consideration and finally to the president for approval.

## Stock Markets

- Arabtec denies news about downsizing or



terminating any projects. Moreover, the chairman emphasized that Arabtec is not going through any financial problems and that the layoff of a number of staff in late June was only part of a restructuring process within the company.

- By the end of June 2014, a number of real estate transactions at the value of 3.9 BN QR took place throughout the seven municipalities in Qatar. 627 real estate transactions have been recorded at 6.9 MM QR on average per deal with most transactions occurring in Doha.

Country	Index Watchlist		15 Days % Change		YTD % Change
Egypt	.EGX30	▲	5.4%	▲	26.9%
	Construction & Materials	▲	4.0%	▲	34.2%
	Telecommunication	▲	2.4%	▲	12.2%
	Banking	▲	6.7%	▲	15.5%
KSA	.TASI	▲	3.0%	▲	14.8%
	Petrochemicals	▲	3.1%	▲	6.4%
	Banks & Financial Services	▲	2.2%	▲	11.8%
	Telecommunication & Information	▲	3.6%	▲	7.7%
Kuwait	.KWSE	▲	1.9%	▼	-5.9%
	Banking	▲	2.1%	▲	9.4%
	Telecommunication	▲	0.9%	▼	-0.3%
	Financial Services	▲	2.3%	▲	3.5%
	Real Estate	▲	1.3%	▼	-3.9%
	Industrials	▲	1.3%	▲	5.3%
Qatar	.QSI	▲	14.0%	▲	26.2%
	Banking & Financial Services	▲	14.4%	▲	29.8%
	Industrials	▲	8.6%	▲	24.7%
	Real Estate	▲	18.0%	▲	39.0%
	Telecommunication	▲	15.8%	▲	13.7%
UAE, Abu Dhabi	.ADI	▲	8.3%	▲	14.9%
	Banking	▲	6.7%	▲	18.7%
	Telecommunication	▲	3.1%	▼	-1.3%
	Real Estate	▲	24.5%	▲	32.4%
UAE, Dubai	.DFMGI	▲	20.9%	▲	41.5%
	Banking	▲	6.9%	▲	34.8%
	Real Estate & Construction	▲	23.8%	▲	60.5%
	Investments & Financial Services	▲	18.8%	▲	44.6%
	Telecommunication	▲	7.6%	▼	-12.9%

## Major Companies Transactions

- **Abraaj Investment Management**  
**Makes Bid Approach to Egypt's Bisco**



## **Misr**

Abraaj Investment Management, an affiliate of United Arab Emirates' Abraaj Capital has made an approach to buy at least a 51% stake of Bisco Misr. Bisco Misr is one of Egypt's main providers of baked goods and confectionary. Abraaj investment Egypt limited has requested to conduct technical and financial studies on the company with the intention of acquiring all its shares with a minimum of a 51% stake. The completion of the transaction would be subject to conducting due diligence that is satisfactory to Abraaj.

- **Dubai Holding will finance 50% of the construction of “Mall of the World” Project**

Dubai Holding announced that it would finance “Mall of the World” construction through investment partnerships, bonds issuance and also through the sale of parts of the project. The project would need 25 BN Dhs which is equivalent to 6.8 BN USD in 10 years, which means that the project would cost 2.5 BN Dhs annually.

- **Etihad Signs Partnership with Philippine Airlines**

Abu Dhabi's Etihad Airways announced that it has signed a strategic commercial partnership agreement with Philippine Airlines (PAL) to increase cooperation between the carriers. The agreement covers codeshare flights, loyalty programmes, airport lounges, joint sales and marketing programmes, a Philippines domestic air pass, cargo and the coordination of airport operations at their Abu Dhabi and Manila hub. The new commercial agreement follows the signing of a MoU between the airlines in Abu Dhabi on April 28, 2014.

- **IFC to Inject Up to 100 MM USD In Saudi's ACWA Power for Renewable Energy**

International Finance Corp (IFC), a unit of the World Bank, declared that it will invest up to 100 MM USD in Saudi Arabia-based water and power project developer ACWA Power to boost its funding for renewable energy schemes. The investment will focus on expanding the amount of power generated in the Middle East and North Africa through green methods, as energy demands in the region increase rapidly.

- **Vodafone Egypt will invest 9.5 BN EGP over three years to develop the communications network**

The managing director for Vodafone Egypt announced that Vodafone Egypt will invest 9.5 BN EGP (1.3 MM USD) over the coming three years to develop its communications network and enhance its services depending on the current liquidity levels.

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