

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 total value of projects in UAE construction market is expected to be more than 1.1 TN Dh this year as the value of announced and planned projects in the UAE in 2014 is expected to be 315 BN USD (1.15 TN Dh), and as of May 2014, 212 BN USD (778 BN Dh) worth of construction projects are currently under construction. UAE's construction market is predicted to return to near full capacity with a number of megaprojects in the pipeline and the increase of social infrastructure spend. Construction prices in the UAE are set to rise by 4 to 5% over the course of the year and approximately 6% in 2015. Also the market is showing a healthy profile with opportunities for SMEs and large international contractors and joint ventures. Similarly, the supply chain at all levels is seeing strong growth across the range of schemes.
- Four new passenger trains will join the current fleet between Riyadh and Dammam beginning



November this year. The trains are being manufactured in Spain by CAF, a leading global rolling stock manufacturer. The high-speed train will be initially deployed between Riyadh and Dammam. Subsequently, the trains will be used from Dammam to Al-Ahsa and Riyadh to Al-Ahsa. The new trains will be an improved version of the previous trains, and have increased passenger capacity and luggage facility. They could run up to 180 km/hr even during extreme weather. Rail transport is of vital support to growth and development in any country so Saudi Railways Organization is working very hard to provide the best services within the current operational structure.

- According to official figures, Qatar's cost of living based on consumer price index (CPI), rose 3.1% year-on-year (y-o-y) in July mainly on rising rents, furniture and garments. The CPI inflation was up 0.3% compared to the previous month. The rent, fuel and energy group, which is the most influential and carries the maximum weight of 32.2% in the CPI basket, recorded an increase of 7.6% y-o-y in July 2014. According to QNB projections, the country's inflation is expected to rise to 3.8% in 2014 as higher infrastructure spending will result in a large inflow of workers, putting pressure on housing and prices. Transport and communication, which have a weight of 20.5% in the CPI basket, were up 0.5% from the previous month's level. However, food, beverages and tobacco, which have a weight of 13.2% in the CPI basket, saw 0.8% fall from July 2013. The index had fallen 1% from the previous month's level.
- Oman recorded a surplus of 582.9 MM OMR in the first five months of 2014, which is against a deficit of 110.4 MM OMR for the same period last year. The reason behind the budget surplus was mainly due to a marginal growth in government revenues, which edged up 0.5% to 6,044.1 MM OMR in the first five-month period, over the same period of last year. Government expenditure, on the other hand, grew by 8% to 5,061.2 MM OMR for the first five months of this year from OMR 4,688.4 million. While investment expenditure increased to 1,124.5 MM OMR from 1,064.6 MM OMR during the period.
- Standard and Poor's has confirmed its "AA/A-1+" long- and short-term foreign and local currency sovereign credit ratings on Kuwait with "a stable outlook". The rating agency said Kuwait has a rich oil and gas endowment, which has made it wealthy and enabled it to build strong external and fiscal balance sheet positions as Kuwait accumulated these through large oil and gas resources and by managing its wealth in what they (S&P) considered to be a prudent manner. The ratings are constrained by the geopolitical tensions in the region, as well as Kuwait's unpredictable and undiversified economy. The general government budget has shown a surplus of at least 10% of GDP for the past decade. Besides, they also estimate that the Kuwaiti government will have a surplus of about 30% of GDP for the budget year ending March 31, 2015.
- The International Finance Corporation (IFC), a World Bank affiliate has given the Middle East and North Africa region 2.5 BN USD in funding in 2013. The IFC funded private sector projects in various fields including infrastructure, energy, and small and medium enterprises. Egypt received the largest proportion of funding in the region, approximately 1 BN USD. Last

month the World Bank agreed to provide a loan worth 300 MM USD to the Ministry of Industry and Foreign Trade to fund small and medium enterprises. Besides, the bank has provided a loan valued at 500 MM USD to the Ministry of Petroleum in order to provide natural gas to 700,000 homes during the 2013/2014 fiscal year.

- New UAE multiple-entry visa system has been adopted which makes multi-stop trips easier and cheaper for cruise tourists. Amendments include a new multiple entry tourism permit for cruise passengers and a range of new entry permits for medical tourists and their companions. These visa options will make travel between UAE and visiting nearby countries easier for travelers who need to make multiple stops whether by air, land or sea. The new multiple entry tourism permit for cruise passengers at just 200 Dh (around 50 USD) will now make their travel more cost effective and logistically more convenient with particular impact on a number of key markets for which previous regulations made the cost significantly higher, including India, China, Russia & CIS, South Africa, and Brazil.

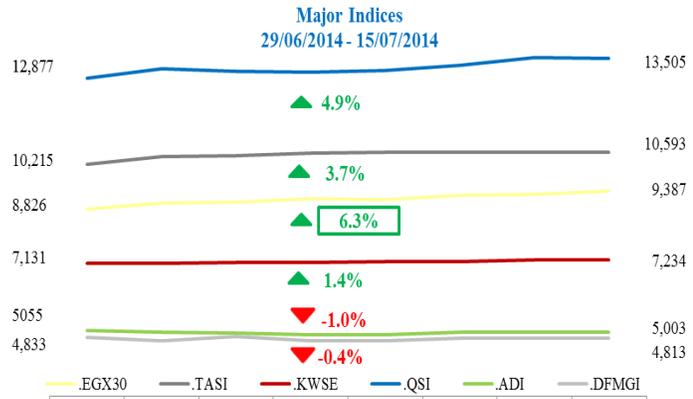
Political Events

- Israeli Prime Minister Benjamin Netanyahu recalled the Israeli delegation from Cairo following the collapse of the 24-hour ceasefire agreement just hours before its set expiration. The Israel Defense Forces (IDF) resumed targeting terror sites across the Gaza Strip in response to three rockets fired from the Gaza Strip hours before the expiration of the ceasefire. Also Israeli airstrikes targeted and killed three senior Hamas figures while killing five Palestinian civilians, and injuring 40 others.
- The Arabic Network for Human Rights Information (ANHRI) said that the attacks on journalists in general, and photojournalists in particular, during their coverage of events is a clear and explicit violation of press freedom. ANHRI called on Egyptian authorities to quickly investigate assaults on journalists covering clashes on the first anniversary of the Rabaa Al-Adaweya sit-in dispersal. It also demanded that those responsible for the assaults be punished, and an end to impunity for those who commit such assaults, in order to prevent their recurrence.



Stock Markets

- As the project of Doha Metro is progressing, real estate investors are more attracted to invest in the outskirts of the city. Investors are investing in areas like Al Shamal, Al Khalsa, Umm Salal and Al Kharaitiyat. Parallel to that the government is developing its infrastructure in order to



encourage more real estate projects. 12 commercial complexes are being constructed in Al Shamal while many others are still in the designing stage. Many deals have been taking place over lands during the past months where expectations of many future projects are rising.

- Madinet Nasr Housing & Development has announced that it was able to sign with Commercial International Bank a loan contract worth 530 MM EGP. Part of the loan will be used to finance the construction of Tag Sultan projects, a project taking up 300,000 meters approximately. The project is unique as it aims to create warmth, convention, and authenticity of urban setting while at the same time leaving congested and polluted areas.
- Etisalat, the UAE telecommunications operator, announced that its Egyptian business is considering listing on the Egyptian stock exchange. Decisions have not been taken yet, however the plan is to sell shares worth 500 MM USD. The matter is still under review in Etisalat Misr's board and is still subject to the approval of the company's shareholders. The successful sale of the company's stocks would further boost the Egyptian stock market which has already been rising since the beginning of 2014 and recover from the prior slump it faced during the last few years following the January 25th Revolution.

Country	Index Watchlist		15 Days% Change		YTD% Change
Egypt	.EGX30	▲	6.3%	▲	38.4%
	Construction & Materials	▲	2.0%	▲	37.8%
	Telecommunication	▼	-0.1%	▲	10.7%
	Banking	▲	10.8%	▲	41.1%
KSA	.TASI	▲	3.7%	▲	24.1%
	Petrochemicals	▲	0.2%	▲	13.8%
	Banks & Financial Services	▲	6.3%	▲	24.4%
	Telecommunication & Information	▲	1.3%	▲	13.4%
Kuwait	.KWSE	▲	1.4%	▼	-4.2%
	Banking	▲	1.7%	▲	11.8%
	Telecommunication	▲	0.2%	▼	-0.1%
	Financial Services	▲	0.8%	▲	4.9%
	Real Estate	▲	2.4%	▼	-3.0%
	Industrials	▲	2.6%	▲	9.8%
Qatar	.QSI	▲	4.9%	▲	30.1%
	Banking & Financial Services	▲	3.7%	▲	33.3%
	Industrials	▲	5.4%	▲	28.8%
	Real Estate	▲	10.0%	▲	47.5%
	Telecommunication	▲	3.1%	▲	12.1%
UAE, Abu Dhabi	.ADI	▼	-1.0%	▲	16.6%
	Banking	▲	0.6%	▲	24.6%
	Telecommunication	▼	-0.9%	▼	-2.6%
	Real Estate	▼	-1.9%	▲	27.5%
UAE, Dubai	.DFMGI	▼	-0.4%	▲	42.9%
	Banking	▼	-1.4%	▲	44.7%
	Real Estate & Construction	▲	0.7%	▲	66.5%
	Investments & Financial Services	▼	-0.8%	▲	45.5%
	Telecommunication	▼	-0.9%	▼	-13.4%

Major Companies Transactions

- **Toyota Sells Over 350,000 vehicles in the Middle East in the first 6 months in 2014**

Toyota succeeds in selling 356,805 vehicles in the Middle East during the first 6 months of 2014 marking a growth in sales of 6% since 2013. Toyota's achievement was mainly attributed to three vehicles: Toyota Yaris Sedan, Toyota RAV4 and Toyota Hilux. Yaris's dynamic and attractive design has boosted sales by 63% where it sold 27,823 cars. The RAV4 on the other hand was significant in offering the best compact car in the market where it increased sales by 34% and sold 7,960 cars. Further, Hilux's excellent load-carrying capacity has enabled Toyota to sell 81,705 vehicles driving sales up by another 17%.



- **Nakheel awards 59 MM Dhs contract for infrastructure work at Al Furjan**

Nakheel awards a contract for Ghantoot Road Contracting worth 59 MM Dhs for Al Furjan infrastructure work at Al Furjan master community in Dubai. The contract includes the construction of a new road, modifying existing roads as well as utilities network connections for mixed-use plots at the community. Nakheel also contracted with Metac General Contracting last month in order to construct the new 10,000 square meters retail and recreation centre of Al Furjan that is expected to open in 2016.

- **SAGIA agrees on amendments for encouraging investments**

The Saudi Arabian General Investment Authority (SAGIA) agreed on several measures to enable international companies who would like to expand in the United Kingdom to do so in a conducive environment. Those measures include the cancellation of some regulations that were considered impeding to growth of investment in the Kingdom. The new measures include cancellation and amendments to existing laws that were seen as impediments to investor growth in the Kingdom. SAGIA said that it was working to create necessary methods to make the Kingdom a better environment for foreign investors.

- **Ooredoo deals with Intercontinental**

Ooredoo enters in an agreement with Intercontinental Hotel Groups Qatar to provide speedy internet connection in the three hotels that they own in Doha. The agreement entails the installation of Mozaic TV in over 1,200 rooms in all Doha properties. Different rooms will have different channels such as OSN, MBC, beIN Sports and Al Jazeera and more.

- **Malabar Gold & Diamond secured a loan syndication to raise 300,000,000 Dhs**

Malabar Gold & Diamond jewellery retailers, known for being among the top retailers worldwide, concluded a loan syndication in order to raise 300,000,000 Dhs. The financing will be used for expansion purposes in where they are planning to open 14 new retail stores across the GCC and Singapore. The transaction is not only a maiden syndication; it also involves a structure with multiple borrowing entities based in Qatar, Oman, UAE and Singapore.

- **NBE plans selling sister companies and subsidiaries**

National Bank of Egypt, Egypt's largest lender is planning to sell a number of its non-core sister companies and subsidiaries, specifically, Arab Company for Special Steel (ARCOSTEEL) and the Egyptian Life Takaful Company where NBE's stake amounts to 6.6% and 8% respectively. NBE's portfolio of non-core subsidiaries amounts to 14 billion Egyptian pounds. ARCOSTEEL owes NBE 1.8 MM EGP and therefore the selling of its stake is in accordance of a debt settlement agreement. NBE is currently waiting for the authorities' approval to sell those assets for local and Arab investors.

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