

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

- Egypt will be provided with petroleum products worth 8.7 BN USD from the United Arab Emirates over a year starting in September. Egypt is struggling to control the increasing budget deficit and the growing energy demands that had resulted in daily electricity cuts around the country with population of 86 MM. Since the ousting of President Morsi last year, the Oil-producing Gulf countries have come to Egypt's aid since then. The petroleum products would be provided as a grants and the rest would be as a credit agreement that would be repaid on installments. Egypt has been provided with more than 20 BN USD in grants, loans and petroleum product by the United Arab Emirates, Saudi Arabia and Kuwait, since the ousting of Morsi last year. Fifth of the state budget were fuel subsidies that cost Egypt's government around 15 BN USD a year. However the government reduced the energy subsidies and increased the prices by around 70 % in July.
- In Oman, Quasi-money (savings and time deposits, certificates of deposits issued by commercial banks, margin deposits and foreign currency denominated deposits in Omani Rials)

witnessed a growth of 8.5% according to the report issued by the central bank of Oman (CBO). The share of quasi-money declined to be 63.9% in June 2014, as compared to 68.1% a year ago. Narrow money stock (M1) grew sharply by 30.9 % as of the end of June 2014, when measured on year-on-year basis, due to an increase in currency with public by 16.8% and also due to increase in demand deposits by 36.2 %. In addition to that there is an increase of 15.7 % in broad money supply M@ (which is M1 plus quasi –money) which increased to be 13,046.6 MM OMR at the end of June 2014, as it was last year 11,281.0 MM OMR. The interest rate of CBO certificate of deposits of 28 days maturity declined slightly to be 0.123% other than 0.130% last year.

- The Islamic banks in Qatar outpaced conventional banks in the country in terms of growth in net profit during the second quarter of 2014 (Q2 14). Qatar Islamic Bank (QIB) reported a 15% YoY bottom-line growth in Q2 of 2014, mainly due to improvement in top-line as well as fee income. Top-line growth was backed by strong financing growth as loan books of banks in Qatar grew the most in the region, by registering 15.4% growth on year-on-year basis, followed by the banks in Saudi Arabia (9%), UAE (4.8%) and Kuwait (4.6%). Due to stable growth in loan book, net interest income (NII) of GCC banks rose 4.3% YoY. Qatar's NII grew by 2.9%. NII growth was led by UAE-based banks (8.2% YoY), followed by those in Saudi Arabia (7.3%).
- During the second quarter of 2014 Saudi Arabia recorded a major increase in the value of awarded contracts which reached 84.9 BN SR. According to a local bank report, this is a strong recovery from the previous quarter .The main sectors that constituted the majority of spending according to the national commercial bank claim in its construction contracts index is the oil and gas sectors which accounted for 60% of the value of awarded contracts, and those were the same sectors that dominated the majority of the value of the awarded contracts in the first half of 2014 representing 49% of contracts. And also the roads sectors represented with 9% of the value of the contracts. In April the residential real estate sector had three contracts worth 1.5 BN SR awarded by the ministry of housing. Bin jarAllah establishment for the development of infrastructure works in Khamis Mushait was awarded the largest contract. The 1.3 BN SR contract will be completed by the second half of 2017.
- The Dubai education authority has announced the opening of 11 new schools for the academic year 2014-2015 due to the growing student population in Emirates. Eight out of the eleven schools will follow the British curriculum, two schools will be combined of international baccalaureate (IB), two will follow Indian curriculum and one will adopt the Canadian curriculum. According to the Knowledge and Human Development Authority (KHDA) in May reported that a total number of new schools were eight and there are three more were added to the list. The total number of private schools in Dubai will be 169 according to the statistics provided by the KHDA, and accordingly over 243,700 students have enrolled in private schools for the academic year 2014/2015. 23,000 student places were provided by the new schools. There will be 360,000 schools seats available by the year 2020 to meet Dubai's rapid growth

and demand for high-quality education.

- The Central Bank of Egypt (CBE) will return 2.5 BN USD in deposits to Qatar this year. The CBE governor claimed that Egypt is ready to pay them as scheduled, at the beginning of October 500 MM USD will be settled and there will be another settlement of 2 BN USD due at the beginning of November. The relation between Qatar and Egypt deteriorated after the ousted of Islamist president Morsi, since Qatar had been a strong supporter who lent or gave Egypt around 8 BN USD during the year Morsi was in power. Egypt had returned 3 BN USD to Qatar between July 2013 and March 2014. According to the Egyptian finance minister Egypt external debt was 45.3 BN USD in March 2014. The % of foreign debt to GDP stood at 15.5%.

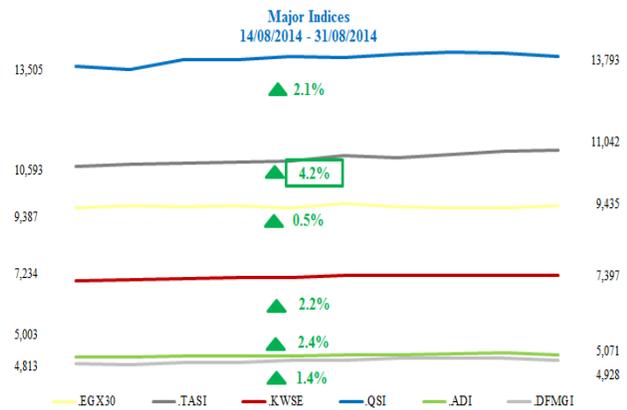
Political Events

- Egypt's permanent representative at the UN, expressed his concern over the situation in Iraq, Libya and Palestine, also condemning all forms of terrorism and human rights violations and that the international community should give "urgent priority" to stop the escalating conflicts in Syria and Iraq. He affirmed Egypt's commitment to engage in a positive, objective and constructive dialogue with international human rights organizations.
- Two British-Nepalese human rights researchers who were held by Qatari authorities for questioning on their work in the country were released. Krishna Upadhyaya travelled to Doha with colleague Ghimire Gundev, 36, on August 27 to film a documentary on the treatment and working conditions of Nepalese laborers in Qatar as they prepare to host the 2022 World Cup.



Stock Markets

- Saudi Arabia's bourse looks vulnerable to further profit-harvesting. The main Saudi index edged down 0.6% rising above the psychologically important level of 11,000 points for the first time since January 2008. Trading volume surged 74% on the downturn - a negative technical sign - and was the highest in three months.
- The UAE bourses showed signs of slow movement on Wednesday, as the Dubai Financial Market (DFM) index went up 0.08% to reach 4,855.73, and the Abu Dhabi Securities Exchange (ADX) general index crawled up 0.03 per cent to reach 5,055.06.



Country	Index Watchlist		15 Days% Change		YTD% Change
Egypt	.EGX30	▲	0.5%	▲	39.1%
	Construction & Materials	▼	-0.3%	▲	37.8%
	Telecommunication	▼	-4.4%	▲	10.7%
	Banking	▲	0.7%	▲	41.1%
KSA	.TASI	▲	4.2%	▲	29.4%
	Petrochemicals	▼	-5.1%	▲	13.8%
	Banks & Financial Services	▼	-8.0%	▲	24.4%
	Telecommunication & Information	▲	-1.8%	▲	13.4%
Kuwait	.KWSE	▲	2.2%	▼	-2.0%
	Banking	▲	0.6%	▲	11.8%
	Telecommunication	▲	1.1%	▼	-0.1%
	Financial Services	▲	-1.7%	▲	4.9%
	Real Estate	▲	-2.9%	▼	-3.0%
	Industrials	▲	-45.7%	▲	9.8%
Qatar	.QSI	▲	2.1%	▲	32.9%
	Banking & Financial Services	▼	-4.2%	▲	33.3%
	Industrials	▼	-1.3%	▲	28.8%
	Real Estate	▲	4.4%	▲	47.5%
	Telecommunication	▲	11.8%	▲	12.1%
UAE, Abu Dhabi	.ADI	▲	1.4%	▲	18.2%
	Banking	▲	1.3%	▲	24.6%
	Telecommunication	▼	-2.1%	▼	-2.6%
	Real Estate	▼	-6.6%	▲	27.5%
UAE, Dubai	.DFMGI	▲	2.4%	▲	46.3%
	Banking	▲	0.5%	▲	44.7%
	Real Estate & Construction	▼	-4.5%	▲	66.5%
	Investments & Financial Services	▼	-4.1%	▲	45.5%
	Telecommunication	▼	-1.7%	▼	-13.4%

Major Companies Transactions

- According to the CEO of Mobinil, the company invests 2 BN EGP to develop its networks. Managing Director and CEO of Mobinil Yves Gauthier has stated that Mobinil is keen in preserving its position as the best service provider for its customers. Therefore, the company has recently launched a campaign for maintaining and developing its network which represented a 2

BN EGP cost item. Mobinil's CEO has also mentioned that Orange Group now owns around 94% from Mobinil's shares and is responsible for Mobinil's management and policies according to the Egyptian law.

- **The renowned Saudi asset management firm Al Rajhi Capital starts issuance of sukuk fund for the first time**

The launching of sukuk fund from a well-known asset manager in KSA and the region represents an attractive investment opportunity for individual and institutional investors looking for superior long term risk adjusted returns in comparison to the current money market rates. It is expected that this kind of investment can lead to a boom in the banking and financial services sector, particularly Islamic banking and finance, in KSA.

- **UAE corporate earnings jump 31% to DH 33 BN in the first half of 2014 registering the best growth among the GCC corporates**

GCC corporate earnings went up 14.5% to DH 128 BN where Dubai leads with a top score 50% jump. UAE corporate earnings grew 31.2% (year-on-year) to 9 BN USD during the first half of this year. This number was 6.86 BN USD in the same period in 2013. This leap is mostly attributed to higher earnings in the banking & financial services sector.

- **Siemens and Daewoo hand over Shuweihat S3 combined-cycle power plant in Abu Dhabi**

Siemens, along with its Korean partner Daewoo Engineering & Construction Co., handed over into commercial task the Shuweihat S3 combined cycle power plant (CCPP) in the emirate of Abu Dhabi, United Arab Emirates. This is going to be Siemens' fifth power plant in Abu Dhabi. Shuweihat S3 has an installed electrical capacity of 1,600 megawatts to support growing power demand from Abu Dhabi's rapidly increasing population. The plant is also meant to deliver power to the emirate's expanding industry including the Ruwais refinery which is located nearby.

- **The Japanese Mazda records a big success in sales of its cars in Oman in the first half of 2014**

Surprisingly, Mazda has proven to be particularly popular in Oman as the company hiked passenger car sales by 33% between January and June this year, widely outperforming the overall market.

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