

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:

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



Economic Outlook

- Proposed law puts 20 year limit on expat residency in Kuwait as the residency should have a maximum of ten years that can be renewed only once, according to the strict conditions. The law also stated that no foreigner in unskilled and semi-skilled occupations should be allowed to stay in Kuwait when he reaches the age of 50 while those who have skilled jobs, such as doctors, advisers and university professors, should be able to stay until they are 70. The suggestions are part of a draft law the lawmaker is presenting to parliament to address what he called



demographic imbalances and the presence of a massive marginalized labor force in the country. It's worth mentioning that Kuwait is home to around 2.8 MM foreigners, mainly unskilled Asian laborers in the construction sector and domestic helpers, who make up more than two-thirds of the total population.

- Egypt's central bank kept its main interest rates unchanged but said it was keeping an eye on the risks to recovery posed by increasing concerns about the global economy. The central bank raised benchmark interest rates at its meeting in mid-July to keep inflation in check after the cuts to electricity and fuel subsidies, while it kept rates on hold as well as overnight deposit and lending rates unchanged at 9.25% and 10.25% respectively at its last meeting in September. On the other hand, inflationary pressure has begun to ease after a spike following cuts to energy subsidies in July while the economy is showing signs of strengthening recovery as urban consumer inflation eased to 11.1% in September after surging to 11.5% in August in the wake of cuts to fuel and electricity subsidies. Core inflation eased to 9.15% in September from 10.07% the previous month.
- Experts in energy and environment sectors have called for removing government subsidies for water and energy for environmental and financial reasons which may pave the way for higher utility prices in the UAE. It's known that the cost of fossil fuels is much lower than its real cost and the external costs of fossil fuels such as carbon costs, health and environmental costs (for example seven million global deaths annually due to air pollution) are not included in its price. Sooner or later, Abu Dhabi has to move away from the subsidized regime, because residents do not consume water and electricity wisely with low-tariffs. As Abu Dhabi has the highest per capita consumption in the world (around 550 liters) whereas in Dubai, the consumption was reduced when subsidies were reduced.
- The partners in Israel's offshore Tamar gas field said that they are negotiating the sale of at least 5 BN cubic meters (bcm) of gas over three years to private customers in Egypt via an old pipeline built to send gas in the other direction. The supplies would pass through an underwater pipeline constructed nearly a decade ago by East Mediterranean Gas (EMG). Egypt had been selling gas to Israel in a

20-year agreement, but the deal collapsed in 2012 after months of attacks on the pipeline by radicals in Egypt's Sinai Peninsula. It has since been out of commission and EMG is suing the government of Egypt for damages. Recent offshore discoveries such as Tamar, with an estimated 280 bcm of gas, and Leviathan, which is more than twice as big, have turned previously import-dependent Israel into a potential energy exporter.

- GCC countries plan to start their peddled joint tourist visa system by first targeting expatriates as beneficiaries. This will be done on an experimental basis for security reasons and later, nationals of some 35 countries, many from the Arab bloc, will be able to enjoy the privilege. The idea behind a joint entry visa scheme for the six member states is to boost tourism in a big way. However, the interior ministries will look into security issues and see how they could possibly allow the issuance of such visas. Rules for issuing joint visa would likely be framed by the GCC tourism committee and all recommendations are being forwarded to the GCC Secretariat-General for approval. It is likely the secretariat would make slight amendments before ratifying them, which is expected by October 22.
- Investments in Saudi travel and tourism will reach 150 BN SR in 2014. In KSA, the inbound tourism is a major contributor to commercial and economic dynamism. Industry observers project investments in Saudi travel and tourism to stand at 150 BN SR in 2014 wherein 50 BN SR would come from domestic tourism and 100 BN SR from inbound tourism. Saudi domestic tourism has grown significantly lately, whereby spending soared from 59 BN SR in 2010 to 103 BN SR in 2014 thereby becoming an economic generator that can be included in the list of sustainable investment opportunities. Investments in the hotel and hotel apartment sectors are also projected to reach more than 95 BN SR over the next ten years.
- In a milestone development for Sultanate Oman pivotal hydrocarbon sector, Oman Oil Company Exploration and Production LLC (OOCEP), the upstream subsidiary of the Sultanate's energy investment arm, Oman Oil Company, is preparing to bring its Abu Butabul tight gas field in Block 60 into commercial production,

thereby becoming the first Omani operator to add unconventional tight gas to the nation's expanding gas base. The company began commissioning its newly built Gas Processing Plant at the start of a long exercise that will culminate in the production, processing and export of unconventional tight gas into the Government Gas System for the first time in the country's modern history.

Political Events

- A Saudi court sentenced one person to death and 21 others to various jail sentences between five and 28 years after they were convicted of a range of militant crimes, including embracing militant ideology, the possession of missiles in their apartment and firing on security services during a raid on their apartment in Mecca, killing one security officer beside setting up training camps and identifying oil locations to hit. It's worth mentioning that Riyadh's concern about Islamist militants has increased over the past two years as conflicts in Syria and Iraq have attracted more of its own citizens to travel there to join groups fighting in the name of jihad.
- Egypt, Ethiopia and Sudan, the three main countries that share the Nile River's waters, have moved towards an agreement to study whether the Renaissance Ethiopian Dam would disturb the flow of water to downstream countries. But while the countries continue talks, construction will proceed on the Renaissance Dam, which will be Africa's biggest dam and aims to provide cheap power for countries as far away as South Africa and Morocco. However, Cairo is concerned that filling the new dam's 74 BN cubic meter lake will temporarily cut the river's flow, and that surface water evaporation from the huge new lake will then reduce it permanently in the time that the Ethiopian water minister refused to offer any

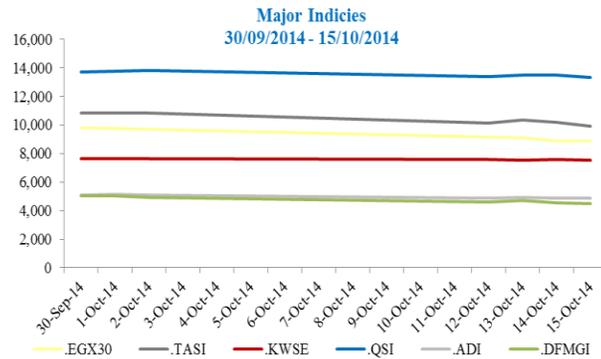


hard guarantees that the dam would not adversely affect Egypt.

Stock Markets

- Decline in global equities, and the risk of U.S. economy slowdown have caused stock markets to decline. This resulted from the slowdown in Europe's economic growth, Ebola anxiety and conflicts in the Middle East

and Ukraine. Such events have pushed traders to turn to stocks and treasuries in order to decrease risk. Consequently, the US government debt volume has increased tremendously, and US equity exchanges have crossed 11.9 BN shares, the most since European crisis of 2011.



- Sanction on Iran, violence in Iraq, and the tension between Russia and the west has pushed the US and Canada to increase their production as a buffer against the current threats causing prices of crude to decline. Moreover, KSA, the world's largest oil exporter, is setting aside its strategy of holding crude barrel price of 100 USD to retain the same market shares. Such declines have sparked a sell-off in .TASI.

Index Watchlist		15 Days % Change	YTD % Change
Egypt	.EGX30	▼ -9.4%	▲ 31%
	Construction & Materials	▼ -6.3%	▲ 29.2%
	Telecommunication	▼ -9.5%	▲ 0.2%
	Banking	▼ -0.6%	▲ 40.3%
KSA	.TASI	▼ -8.8%	▲ 16%
	Petrochemicals	▼ -9.2%	▲ 3.4%
	Banks & Financial Services	▼ -6.4%	▲ 16.4%
	Telecommunication & Information	▼ -5.9%	▲ 6.6%
Kuwait	.KWSE	▼ -1.0%	▼ -0.1%
	Banking	▲ 0.1%	▲ 11.9%
	Telecommunication	▼ -0.4%	▼ -0.4%
	Financial Services	▲ 1.1%	▲ 6.1%
	Real Estate	▲ 2.8%	▼ -0.3%
	Industrials	▲ 1.9%	▲ 11.8%
Qatar	.QSI	▼ -2.9%	▲ 28%
	Banking & Financial Services	▲ 2.8%	▲ 37.0%
	Industrials	▼ -2.8%	▲ 25.1%
	Real Estate	▼ -9.5%	▲ 33.5%
	Telecommunication	▼ -2.4%	▲ 9.4%
UAE, Abu Dhabi	.ADI	▼ -4.4%	▲ 14%
	Banking	▼ -3.0%	▲ 20.8%
	Telecommunication	▲ 0.9%	▼ -1.7%
	Real Estate	▼ -10.9%	▲ 13.6%
UAE, Dubai	.DFMGI	▼ -10.9%	▲ 33%
	Banking	▼ -5.5%	▲ 36.8%
	Real Estate & Construction	▼ -5.2%	▲ 57.8%
	Investments & Financial Services	▼ -15.3%	▲ 23.3%
	Telecommunication	▼ -5.8%	▼ -18.4%

Major Companies Transactions

- **Egyptian government wants Etisalat to list**

The Egyptian government wants Etisalat Misr, the Egyptian unit of Abu Dhabi state-owned Etisalat, to be listed on the national exchange. Etisalat is currently considering listing the Egyptian unit in a reported planned 500 MM USD (1.8 BN Dh) sale that would revive the country's initial public offerings. A successful listing would make Etisalat Misr the only mobile operator listed on the Egyptian Exchange (EGX), which is up by almost 35% this year.



- **ROTANA announced its expansion plans in Riyadh, Jeddah, Al-Khobar, and Dammam.**

Rotana is preparing to open six new hotels as a key part of its expansion and development plans for the Saudi market and other the markets in the region. It will work to promote the concept of economy hotels, a relatively new concept in the kingdom and which will offer guests a wonderful stay experience at convenient prices while still providing them with the highest standards of hospitality. The announcement of Rotana's expansion plans comes as they approach the opening of the "Rosh Rayhann Hotel " in Riyadh during the first quarter of 2015.

- **Huawei Powers Up Operations with IT Upgrade for Oman Electricity Transmission Company**

In its efforts to power the future growth of the Omani economy, the Oman Electricity Transmission Company (OETC) has announced the completion of an advanced IT project done in partnership with Huawei -- a leading global ICT solutions provider -- to enhance collaboration between its offices and provide a foundation for a more reliable and secure communications network. Since the privatization of the electricity sector in Oman, OETC has been one of the largest electricity companies in the Sultanate with its transmission processes organized

through various branches and plants across the country. In particular, OETC has recently expanded operations in both the far north and far south of the Sultanate.

- **Qatar Airways signs MOU for 20 private jets**

The MoU “establishes the initial agreement” to order up to 20 Gulfstream aircraft, including firm orders and options. The aircraft will be used for Qatar Airways’ private jet subsidiary Qatar Executive. The announcement was made in conjunction of Gulf streams G500 and G600 private jets. Qatar Executive’s current fleet consists of Bombardier Global Express, Global 5000 and Challenger 605 aircraft.

- **Damac widens scope for Paramount alliance**

Damac Properties has expanded the terms of its agreement with Paramount Hotels & Resorts to additional cities in the region. This paves the way for the brand to prepare for its first appearance in Abu Dhabi, Jeddah and Istanbul in the next five years, apart from the four projects announced earlier for Dubai and Riyadh.

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