

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

- In Egypt, the Social Fund for Development (SFD) pumped 1.3 BN EGP finance for small projects in the first 9 months of this year in the form of direct and indirect finance through associations and banks. The fund is aiming to register 1.630 BN EGP finance by the end of the current year. SFD is seeking to sign two contracts with Housing and Development Bank (HDB) worth 60 MM EGP, which is to be divided into one contract with 40 MM EGP and the other with 20 MM EGP, along with Société Arabe Internationale de Banque (SAIB)'s contract with 60 MM EGP. On the other hand, SFD has recently signed a contract with National Bank of Egypt (NBE) estimated at 300 MM EGP by finance from World Bank in order to finance the current account debtor.



- Islamic banking operations in Oman have grown to account for over 4% of the country's total banking assets in the past two years and could double that ratio by 2018, according to a study by Thomson Reuters. The sultanate introduced Islamic finance at the end of 2012, becoming the last country in the six-nation Gulf Cooperation Council to do so. Since then, two full-fledged Islamic banks and six Islamic windows at conventional banks have opened their doors; they held a combined 1.1 BN SR (2.86 BN USD) in assets as of June, or a 4.4% share of total banking assets. The study estimates Oman's Islamic banking operations could reach 5 BN SR of assets by 2018, a 7% share of estimated total banking assets at that time. A best-case scenario puts the figure at 7.1 BN SR, a 10% share.
- The inflation rate in consumer prices for the first nine months of this year reached 3% compared with the same period of 2013, according to the Statistics Centre Abu Dhabi (Scad). The Consumer Price Index (CPI) increased 3.7% in September 2014 compared to the same month last year. September also shows a 1% increase in the CPI compared to August 2014. Meanwhile, the CPI increased 3.5% for the third quarter of this year compared to the same time last year, and increase 1.6% in Q3 2014 compared to Q2 2014. The 'housing, water, electricity, gas and other fuels' group accounted for the largest rise in the index during the first nine months of the year, contributing 41.8% to the change. The contribution resulted from an increase of 3.3% in the prices of this group.
- Dubai and Malaysia are considering a number of Shariah-compliant initiatives as the emirate has the potential to become a hub for Islamic economy. Dubai has the potential to be a hub of the Islamic economy and there are a number of exciting projects which are being planned between Malaysia and the UAE. With Islamic finance growing more than 50% faster than that of conventional finance, there is a lot for them to share.
- A Council of Saudi Chambers (CSC) labor market committee has put forth a recommendation banning expats who have left the country on final exit visas from returning to the Kingdom for work for a period of two years. This recommendation was based on a similar successful measure taken by a neighboring Gulf country. Officials expect that if this recommendation is implemented, it's going to boost nationalization in the business sector.
- Total visitor arrivals to Qatar grew by 8% and the average hotel occupancy rate increased by 7% in the first half of 2014, according to figures released by the Qatar

Tourism Authority (QTA). All key indicators of the tourism sector demonstrate improvement and growth, showing that the tourism industry in Qatar is continuing its strong performance, QTA has noted. According to the data, total visitor arrivals grew by 8% in the first half, reaching 1.42mn. More than half a million GCC nationals (536,264) visited Qatar during this period, representing around 38% of tourists. This healthy growth demonstrates Qatar's transformation into one of the GCC region's top business, family and leisure destinations.

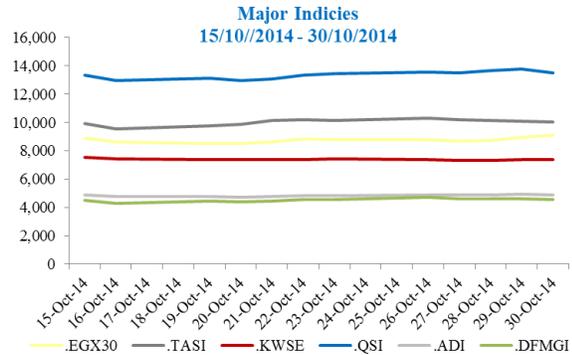
Political Events

- The Gaza Strip finds itself again isolated after Israel shut down the border crossings in both Erez and Kerem Shalom. Egypt closed its border with Gaza after the 24 October attacks in North Sinai that killed at least 30 members of the armed forces. The two borders on the Israeli side were closed early Sunday in response to rocket fire from Gaza into the Eshkel region, in southern Israel although no casualties or damage occurred. This is the first time that Gaza-Israeli borders have been closed since the ceasefire agreement between the two sides, following a bloody conflict that lasted for over a month in August.
- Masked men set fire to two cars belonging to the consulate of Saudi Arabia in the Egyptian city of Suez. At least four men threw crude fire bombs also known as Molotov cocktails at the cars, which were parked. It worth mentioning that Saudi Arabia has been a strong backer of Egypt since then-army chief Abdel Fattah al-Sisi toppled Mohamed Mursi of the Muslim Brotherhood last year and the attack appeared to be the first on Saudi property or personnel in Egypt since then. The embassy of Saudi Arabia in Cairo declined to comment on the incident.



Stock Markets

- Combined net earnings of 35 AED listed companies showed a 27% increase in profits for the last nine months compared to the same period last year. The banking sector continued to dominate the share of earnings.
- Emaar Malls Group net profit increased by 33% for the last nine months compared to the same period last year. The increase in net profits was driven by an increase in revenues from 1.9 BN AED to 1.65 BN AED.



Index Watchlist		15 Days% Change		YTD% Change	
Egypt	.EGX30	▲	2.5%	▲	34%
	Construction & Materials	▼	-5.1%	▲	22.6%
	Telecommunication	▲	1.2%	▲	1.4%
	Banking	▲	3.7%	▲	45.5%
KSA	.TASI	▲	1.3%	▲	18%
	Petrochemicals	▼	-1.7%	▲	1.6%
	Banks & Financial Services	▼	3.6%	▼	20.6%
	Telecommunication & Information	▼	-0.7%	▲	5.9%
Kuwait	.KWSE	▼	-2.4%	▼	-2.5%
	Banking	▼	-2.1%	▲	9.6%
	Telecommunication	▼	-2.8%	▼	-3.2%
	Financial Services	▼	-1.9%	▲	4.1%
	Real Estate	▼	-1.1%	▼	-1.4%
	Industrials	▼	-1.6%	▲	10.1%
Qatar	.QSI	▲	1.3%	▲	30%
	Banking & Financial Services	▲	1.2%	▲	38.6%
	Industrials	▲	1.2%	▲	26.7%
	Real Estate	▲	2.1%	▲	36.3%
	Telecommunication	▼	-1.2%	▲	8.1%
UAE, Abu Dhabi	.ADI	▼	-0.4%	▲	13%
	Banking	▼	-0.1%	▲	20.8%
	Telecommunication	—	0.0%	▼	-1.7%
	Real Estate	▼	-3.6%	▲	9.6%
UAE, Dubai	.DFMGI	▲	1.2%	▲	35%
	Banking	▲	3.5%	▲	41.5%
	Real Estate & Construction	▲	0.9%	▲	59.3%
	Investments & Financial Services	▼	-0.1%	▲	23.2%
	Telecommunication	▼	-1.0%	▼	-19.2%

Major Companies Transactions

- **Al-Futtaim (MAF) is seeking new financing**

UAE leading retail developer Majid Al-Futtaim (MAF) is seeking new financing from Egypt's largest state-owned bank, the National Bank of Egypt (NBE). The targeted financing is designated for MAF's new expansions in Maadi and New Cairo districts. This comes after a meeting had been held between officials from the MAF and NBE. The NBE has expressed its initial approval to finance the new expansions by MAF. The bank had already arranged an earlier loan worth 3 BN EGP in favor of MAF, to finance the establishment of Mall of Egypt.



- **Samsung Heavy Industries and Samsung Engineering will bid for hydrocarbon and power projects**

Samsung Heavy Industries and Samsung Engineering, whose shareholders approved a merger between the two Korean firms, will bid for hydrocarbon and power projects worth over 10 BN USD in the MENA region between 2014 and 2015. The merger will be officially finalized by December 1. They are expecting many more attractive projects to emerge in this region during 2014-2015 and anticipate more gas development and downstream projects in the region, compared to upstream projects.

- **Aqar announced the development of Rimal II**

Al Khonji Real Estate & Development, a leading property developer that is popularly known as Aqar, announced the development of Rimal II, an integrated residential complex to be built next to Rimal I at Bausher over an area of 43,000 square meters. The project will have 148 apartments featuring traditional architecture mixed with Italian styles and a world-class commercial center that brings well-known food and beverage chains from across the world.

- **Nakheel is leasing beachfront space for 17 new cafes and restaurants**

Nakheel is now leasing beachfront space for 17 new cafes and restaurants on Dubai's Palm Jumeirah, adding yet more dining and leisure facilities to the island's ever-growing list of attractions. Dining space is available at Azure Residences and Club Vista Mare, two beachside residential and recreational projects under construction by Nakheel. Both are located on the eastern side of the island's trunk, offering extensive

views of the Arabian Gulf and the Dubai skyline.

- **Vodafone Egypt has been negotiating a 4 BN EGP credit line**

Vodafone Egypt has been negotiating a 4 BN EGP (560 MM USD) credit line with a consortium of seven banks. The company is currently in the process of completion of the signing of a credit facility contract. The participating banks are Banque Misr, Commercial International Bank, Bank of Alexandria, HSBC, Barclays Bank, Emirates NBD and QNB Bank. The cash will go towards modernizing the company's network and improving services in the face of regular power blackouts.

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