

Multiples Insights

Issue 19 · 3 December 2014

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

- National Bank of Egypt and National Bank of Abu Dhabi will arrange a 1.5 BN USD syndicated loan to Egypt's state oil company in order for the country to pay back foreign energy companies as Egypt has delayed payments to oil and gas firms since 25th Jan revolution. According to the pay out of the loan will start before the end of December 2014, with each bank having a share of 500 MM USD. So Egypt hopes the move will encourage energy firms to boost exploration to help the country's worst energy crisis in decades, with consumption rising as production is dropping. Egypt plans to issue a tender to finance 2 BN USD of repayments by the end of the year and to repay all of its 4.9 BN USD debt to foreign oil and gas



companies within six months.

- Qatar's Minister of Economy and Commerce proposed the establishment of a “Common Islamic Market” among the member countries of the Organization of Islamic Cooperation (OIC). OIC members should cope with the situation by creating strategic economic alliances, which requires deeper economic integration among the member countries. Concerning the ongoing meeting of the Standing Committee for Economic and Commercial Cooperation of the Organization of Islamic Cooperation (COMCEC), the key discussions of the meeting will be; creating an economic alliance among OIC members at a time when the world is divided into different economic blocks, also removing of trade barriers among the OIC member countries. Due to the efforts of OIC and COMCEC, trade among the member countries increased from 14% in 2004 to 18.4% in 2013.
- In Saudi Arabia, the Ministry of Health has called for an increase of 10% in its annual budget to meet the needs of citizens, specifically services related to self-employment, medicines, medical supplies and devices, as well as non-medical operations, maintenance and cleanliness. Concerning the problem of land availability for new medical facilities, this problem can be solved by increasing the number of committees to oversee the purchase of land allocated for public services. Over 125 new warehouses will be established throughout the Kingdom to serve hospitals that do not have these kinds of structures, since they are essential for the storage of medicines and medical supplies.
- The United Arab Emirates will keep its currency peg to the U.S. dollar. The UAE dirham, which has been fixed at a rate of 3.6725 to 1 USD since 1997, edged down to its lowest level against the dollar in over a year in the one-year forwards market last week as the price of oil, on which the economy depends heavily, fell to new four-year lows. The policy of the fixed peg of the dirham against the U.S. dollar will remain in place. Also the economic indicators of the UAE, one of the world's top oil exporters, strongly supported the continuation of the fixed peg regime. This exchange rate policy has contributed to maintaining economic stability and bolstering investors' confidence over the long period it has been in effect.
- Beirut ranked as the 37th most expensive city among 65 capital cities worldwide in property consultants Cushman & Wakefield's 2014 survey of the world's most expensive retail rental locations. Beirut also ranked as the third most expensive city among eight cities surveyed in the Middle East and Africa region, and the second most expensive out of five Arab cities included in the survey. The study evaluated retail rental prices between September 2013 and September 2014 in 330 locations in 65 countries around the world. The most expensive retail rental location in Beirut is the ABC Mall in Ashrafieh, at around 2,000 USD per SQM, which is 61% higher than the Middle East and Africa average of 1,223 USD per SQM.

- In Jordan, fuel prices are expected to drop by up to 5% in the domestic market. Brent crude prices dropped in the first three weeks of November, but the largest drop was in the last week. The drop will not be large as the prices of some ready-to-use types of fuel such as diesel and liquefied petroleum gas rose globally as a liter of diesel or kerosene is sold at 575 fils, while 90-octane gasoline, used by the majority of motorists in the Kingdom, costs 735 fils a liter and one liter of 95-octane is sold at 895 fils.
- Egypt has paid back 2.5 BN USD that Qatar deposited with it to help support the Egyptian central bank's hard currency reserves. The payment brings the amount Egypt has returned to Qatar to 6 BN USD, leaving 500 MM USD outstanding, the rest would be paid back in the second half of 2015. On the other hand Egypt had received another 1 BN USD grant from Kuwait.

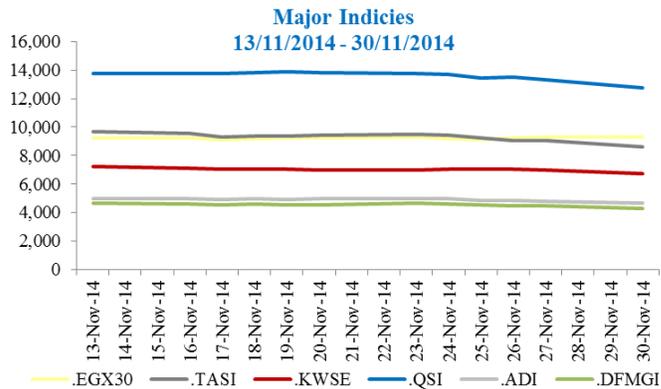
Political Events

- An Egyptian court has dropped its case against former President Hosni Mubarak and his former interior minister, Habib al-Adly, and six aides. The court also cleared Mubarak and a former oil minister of graft charges related to gas exports to Israel. In a separate corruption case, charges were dropped against Mubarak and his sons Alaa and Gamal. Mubarak should remain in an army hospital, where he is serving the three-year embezzlement sentence handed down in May. Also Mubarak's sons and Adly will also remain in jail serving other sentences.
- The U.S. military and its allies hit Islamic State forces with 15 air strikes in Iraq and Syria during a three-day period. Thirteen attacks were carried out in Iraq and two more targeted Islamic State in Syria. The air strikes in Syria hit an Islamic State fighting position and staging area near Kobani and a tactical unit near Aleppo, while in Iraq, bunkers, vehicles, a bulldozer and a fighting position were destroyed near Kirkuk and a large unit and four tactical units also were hit in five air strikes.



Stock Markets

- Gulf markets continue to decline as prices of Brent Crude drop below 80 USD. TASI was the most affected market. Moreover, this negative performance affected neighboring countries particularly .DFMGI.
- Zain Saudi, telecoms operator, has proposed a capital reduction to shareholders to eliminate all accumulated losses up to Sept. 30 .The move would cut its capital base by 45.9%. After the move, one share would equal 2.18 shares now.
- DFMGI real estate sector fell after pressure from Arabtec that have dropped 13% to 3.68 AED, cutting Emaar Properties' gains that reached 6% (10.60 AED).



Index Watchlist		15 Days% Change		YTD% Change	
Egypt	.EGX30	▲	0.5%	▲	37%
	Construction & Materials	▲	0.7%	▲	28.1%
	Telecommunication	▼	-0.9%	▲	4.8%
	Banking	▲	0.003%	▲	49.2%
KSA	.TASI	▼	-10.9%	▲	1%
	Petrochemicals	▼	-16.3%	▼	-19.5%
	Banks & Financial Services	▼	-9.8%	▲	8.7%
	Telecommunication & Information	▼	-9.4%	▼	-22.6%
Kuwait	.KWSE	▼	-6.2%	▼	-10.6%
	Banking	▼	-2.6%	▲	6.2%
	Telecommunication	▼	-3.3%	▼	-8.7%
	Financial Services	▼	-3.3%	▼	-0.7%
	Real Estate	▼	-2.2%	▼	-5.2%
Qatar	.QSI	▼	-7.1%	▲	23%
	Banking & Financial Services	▼	-4.5%	▲	34.0%
	Industrials	▼	-7.4%	▲	20.6%
	Real Estate	▼	-11.2%	▲	24.1%
	Telecommunication	▼	-7.3%	▼	-3.9%
UAE, Abu Dhabi	.ADI	▼	-5.7%	▲	9%
	Banking	▼	-5.8%	▲	16.1%
	Telecommunication	▼	-0.9%	▼	-2.6%
	Real Estate	▼	-12.9%	▲	0.7%
UAE, Dubai	.DFMGI	▼	-8.1%	▲	27%
	Banking	▼	-6.2%	▲	33.4%
	Real Estate & Construction	▼	-8.9%	▲	50.8%
	Investments & Financial Services	▼	-14.5%	▲	5.8%
Telecommunication	▼	-0.6%	▼	-20.9%	

Major Companies Transactions

- **Mobinil, Ericsson Expand Partnership to Enhance Network Capabilities**

Ericsson has been chosen by Mobinil (EMOB.CA) to enhance the Egyptian telecommunication company's network providing improved data services to its subscribers. Ericsson employees in Egypt and the Middle East region will provide professional services such as design and integration of the various nodes of the Packet Core as well as data migration services. The new five year agreement will bring enhanced connectivity to Mobinil's customers via Ericsson's Packet Core solution that provides a solid foundation for delivering mobile data services, according to the press release.



- **IMAX is planning to invest 10 to 25 MM USD in the next 3 years in the Middle East**

IMAX is intending to increase the number of theatres from fifteen to thirty in the Middle East. This will include opening theatres in Abu Dhabi and in Bahrain, Qatar, Oman, Lebanon, Jordan and Kuwait, while in Dubai, they have one and another one is scheduled to open in early 2016. The company has a presence in sixty countries. In China, it grew from 13 theatres in 2010 to 200 in 2014. It is planning to open another 250. As China will be the largest market with 450 theatres over the years, surpassing North America.

- **Vodafone Qatar says scraps bid for broadband firm-statement**

Vodafone Qatar has scrapped its bid to buy state-owned wholesale Internet provider, Qatar National Broadband Network (QNBN), the country's No.2 mobile operator by subscribers. In October, Vodafone Qatar announced it had reached a non-binding agreement to buy QNBN, pending regulatory and other approvals. Vodafone Qatar had a 34% of Qatar's mobile subscribers according to financial results.

- **Bahrain's Gulf Finance House (GFH) plans to up its stake in Khaleeji Commercial Bank (KCB) to gain majority ownership.**

The sharia-compliant investment firm GFH would increase its stake in KCB to between 52% and 54% once it had received regulatory approval from the Bahraini

authorities. GFH currently owns 47% of KCB. Increasing its stake to this range would cost GFH between 2.65 MM BHD and 3.72 MM BHD (7.03 MM USD–9.87 MM USD).

- **Muscat-listed Raysut Cement's costs will increase by 3% next year**

This increase due to Oman state plans to introduce higher gas prices from January 1. Raysut will try offset the impact of higher gas prices by making other cost reductions, improving efficiency and restructuring its own prices, according to a bourse filing. Oman's government suggested sweeping spending cuts and tax rises, including a levy on liquefied natural gas exports, to cope with the hit to state revenues from the plunge in oil prices. Rival Oman Cement also warned that the price hikes, which will increase by an unspecified amount every year for both companies, would add 2.1 million riyals (5.45 MM USD) to its own costs in 2015.

- **Saudi Telco Mobily seeks arbitration on money owed by Zain Saudi**

Mobily has asked for arbitration about money it claims it is owed by smaller rival Zain Saudi. Mobily in 2008 signed an agreement with Zain Saudi, an affiliate of Kuwait's Zain, to provide services including domestic roaming and site sharing, according to a bourse statement. Consequently, Zain Saudi owed Mobily 2.2 BN SR (586.21 MM USD) as of Nov. 30, 2013. Accordingly, and for the purpose to protect Mobily rights, Mobily decided to revert back to arbitration as per the Arbitration Rules and Regulations and in accordance with the said Service Agreement. (1 USD = 3.7529 SR)

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