

# 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 Market**
- **Major Companies Transactions**



### Economic Outlook

- The UAE Central Bank has extended its deadline to December 31<sup>st</sup> 2014 for banks around the country to implement the Chip and Pin technology. Such technology requires customers to enter a six-digit pin code upon using their credit or debit cards. The transaction is then finalized if the code entered matches the one stored on the card aiming to reduce fraud. Moreover, this system will require banks to issue their clients new credit and debit cards with an embedded microchip.
- The National Bank of Egypt (NBE) loan defaults have reached 6 BN EGP for the fiscal year 2013/2014. NBE plans to minimize such defaults to reach 5.5 BN EGP by 2014/2015. The bank has recently concluded agreements with a number of distressed clients operating



in different sectors to settle 700 MM EGP worth of their debts. The bank settled 600 MM EGP for three clients operating in the tourism sector, and 100 MM EGP for clients operating in other sectors such as iron and steel. Some clients have repaid the debt value in cash, while others preferred to reschedule payments.

- The Saudi Commission for Tourism and Antiquities (SCTA) signed an agreement with Saudi Credit and Saving Bank (SCSB) to finance tourism and heritage sites across the Kingdom. According to SCTA's plan, SCSB should offer loans free of interest. Moreover, the agreement will cover all kinds of touristic activities, and provide finance to different target groups including small and medium enterprises. Such support to tourism projects will create a large number of jobs for Saudi youth as well as contribute to the development of domestic tourism.
- The Iraqi government has allowed all kinds of Jordanian vegetables and fruits to enter Iraqi borders without prior licenses as a result of the Jordanian and Iraqi private sector cooperation with the Iraqi government. Moreover, this will lead to a reduction in fees from 2,000 USD to 700 USD on each truck increasing fruits and vegetables exports.
- Pakistan state Oil Company Ltd (PSO) finalized a contract for a long-term supplier Kuwait Petroleum Corp (KPC). KPC will supply 90% of PSO demand of fuel used in electricity generation and transportation with a premium between 1.80 USD and 1.90 USD a barrel above Middle East price quotes. Moreover, Pakistan will buy about 2.5 MM tones a year of high sulphur gasoil from KPC.
- The cost of living in Qatar is set to increase to 3.5% next year and 3.7% in 2016. According to the Ministry for Development Planning and Statistics, the increase in population will continue to exert pressure on local non-traded services, particularly residential rents, while inflation will not present any threat to the macroeconomic stability, projecting 3% inflation for this year. Moreover, the increase in rent will mainly affect low to middle-income segment affordable housing.
- National carrier Oman Air is set to deal with Singapore airport authority for forming a state-of-art cargo handling facility at Muscat International Airport. This facility aims to take advantage of the strategic location of the Sultanate, and make use of Singapore's professional expertise in cargo ground handling. Moreover, Oman Air is looking to create a holding company focusing more on the core activity of flying passengers and cargo.

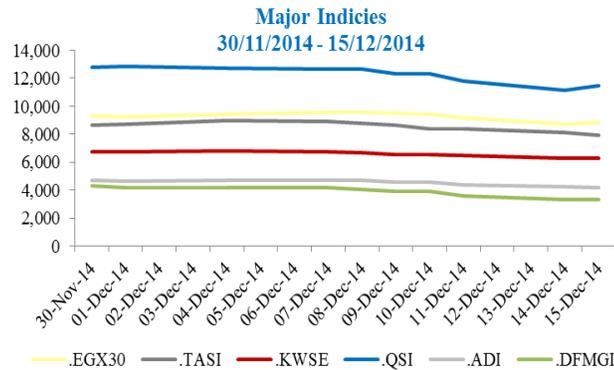
## Political Events



- The Canadian and British embassies in Cairo declared to close until further notice due to security concerns. Though the threats received were not disclosed, some sources claimed that a suspect militant who was recently detained by Egyptian authorities had planned to target foreign embassies. However the British embassy resumed its operations starting the 16<sup>th</sup> of December 2014 as security concerns were resolved in cooperation with the Egyptian government. On the other hand, U.S. embassy released a statement warning staff not to stray too far from their homes. Australia also updated its travel advice to Egypt warning its citizens.
- Saudi's security forces have arrested 135 people accused of belonging to terrorist organizations in different regions. The majority of the offenders are Saudis, while the remaining detainees are from different countries including Sudan, Yemen, Egypt, Lebanon, Afghanistan, Ethiopia Bahrain, and Iraq. Moreover, some suspects belonged to extremist organizations and possessed weapons. Though there has been repeated attempts to undermine the country's stability, Saudi's security officials have managed to identify suspicious groups.
- European Union governments agreed to ban the export of jet fuel to Syria as such fuel is being used by the Syrian air force for indiscriminate attacks against civilians. The ban also covers all aircrafts that land in Syria. Moreover, all legal texts covering a detailed list of fuel types and additives covered by the ban will be published in the EU's Official Journal. Such ban came after the United Nations claimed that at least 3.2 MM people have traveled Syria and 200,000 have been killed in the three-year-old civil war that broke out after protests against President Bashar al-Assad's government.

## Stock Markets

- Gulf stock markets extended their plunge as oil prices dropped to a new five-year low sparking a wave of panic selling. Brent crude dropped nearly 3% and settled below 62 USD a barrel after the International Energy Agency cut its outlook for demand growth in 2015. Dubai tumbled 7.6% and this wiped out all its yield-to-date gains. Abu Dhabi's market dropped 3.6% wiping out its remaining 2014 gains. Finally, Saudi Arabia's index dropped 3.3%, and Kuwait dropped 2.9%.
- Telecom Egypt (TE) recorded a 25.3% decline in profits during the first nine months of 2014. Moreover, profits in 3rd quarter amounted to 251 MM EGP compared to 650 MM EGP during the same period last year, forming a 61.4% drop.



Index Watchlist		15 Days% Change	YTD% Change
Egypt	.EGX30	▼ -5.1%	▲ 30%
	Construction & Materials	▼ -6.6%	▲ 19.7%
	Telecommunication	▼ -10.4%	▼ -6.0%
	Banking	▼ -2.561%	▲ 45.4%
KSA	.TASI	▼ -8.3%	▼ -7%
	Petrochemicals	▼ -9.6%	▼ -27.2%
	Banks & Financial Services	▼ -8.9%	▼ -0.9%
	Telecommunication & Information	▼ -13.5%	▼ -33.0%
Kuwait	.KWSE	▼ -6.7%	▼ -16.5%
	Banking	▼ -13.5%	▼ -8.2%
	Telecommunication	▼ -12.8%	▼ -20.4%
	Financial Services	▼ -9.6%	▼ -10.2%
	Real Estate	▼ -9.6%	▼ -14.3%
	Industrials	▼ -11.2%	▼ -4.6%
Qatar	.QSI	▼ -10.2%	▲ 10%
	Banking & Financial Services	▼ -7.7%	▲ 23.6%
	Industrials	▼ -10.6%	▲ 7.9%
	Real Estate	▼ -16.5%	▲ 3.7%
	Telecommunication	▼ -2.7%	▼ -6.5%
UAE, Abu Dhabi	.ADI	▼ -10.5%	▼ -3%
	Banking	▼ -10.9%	▲ 3.4%
	Telecommunication	▼ -4.4%	▼ -6.8%
	Real Estate	▼ -24.0%	▼ -23.4%
UAE, Dubai	.DFMGI	▼ -22.3%	▼ -1%
	Banking	▼ -18.3%	▲ 9.0%
	Real Estate & Construction	▼ -27.0%	▲ 10.0%
	Investments & Financial Services	▼ -28.2%	▼ -24.1%
	Telecommunication	▼ -19.0%	▼ -35.9%

## Major Companies Transactions

- **Huawei's Business Volumes exceed 500 MM USD in Egypt this Year**

Huawei Egypt's business volume reached 500 MM USD in the current year compared to 470 MM USD in the previous year. Huawei supplies technological solutions to several firms in Egypt such as Vodafone, Telecom Egypt and Mobinil. Huawei also has global expertise in applying solar energy technology, is aiming to tap the market in Egypt in the upcoming phase.



- **TNI buys 50% stake in catering company NCC**

The National Investor (TNI) has led a consortium of Abu Dhabi-based investors in the acquisition of a 50% equity stake in National Catering Company (NCC), a private industrial catering and facility management businesses in the UAE.

NCC operates supermarkets, cafés and diet management services under the brand names Souq Planet, Lavanda and Slim'n Lite, respectively. It also serves a wide range of customers in the oil & gas, construction, healthcare and government sectors. Moreover, the company has expanded into Kuwait and more recently into Yemen. NCC is expected to continue to capture market share in the construction sector in UAE due to the increasing activity.

- **Sanofi reinforces local presence with a new factory in KAEC**

Sanofi opened its production facility in King Abdullah Economic City's (KAEC) Industrial Valley, making it one of the first multinational pharmaceutical groups that produces locally. Sanofi has had a strong presence in Saudi Arabia for half a century with offices in Riyadh, Jeddah and Dammam. Over the past five years, the company has increased its investments and contributions in the Kingdom through numerous partnerships designed to improve the health of Saudi patients, particularly in the field of chronic diseases. The new factory aims to create jobs for Saudi citizens, and transfer Sanofi technology to benefit the Kingdom and the Gulf Cooperation Council (GCC).

- **2018 to mark completion of GCC rail link**

The GCC railway link project, which has been given top priority by the bloc's leaders, is planned to be completed by 2018. The railway will increase trade and economic exchange between the member states. Committees have been set up to remove the obstacles facing the project protecting the interests of GCC member countries and enhancing their global reputation.

- **Egypt's Amer group wins approval to start building resort in Jordan**

Egyptian real estate company Amer Group has won an approval to start building the

989.40 MM USD Porto Dead Sea resort in Jordan over a period of seven years, as the Dead Sea is one of the most popular touristic sites in Jordan. In addition, the project includes four five-star hotels, three malls, and a health and spa centre.

- **Licenses granted to build two solar power plants in Jordan**

Two companies, Jordan Solar One company and Scatec Solar ASA, were granted licenses to build two solar-run power plants in the Kingdom, according to the Energy and Minerals Regulatory Commission (EMRC). Jordan Solar One company was granted a 20-year license to build a 23-megawatt solar-run power plant in Mafraq Governorate. Scatec Solar ASA was granted a 20-year license to build a 10.47-megawatt solar-fuelled power plant in the southern Governorate of Maan. The plant in Maan is expected to be completed in the second half of 2015, according to a recent announcement by the company.

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