

# Multiples Insights

Issue 21 · 05 January 2015

## 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

- Egypt has signed an agreement with Algeria to import 6 cargoes of 145,000 cubic meters of liquefied natural gas (LNG) between April and September 2015. The agreement was signed due to Egypt's heavily dependence on gas that is important to generate power for households and industry, in addition to the need for solving the energy storage problem that is alarming of an energy crisis in the country. The prices of the natural gas were not settled yet and are expected to realize a significant drop echoing the drop in oil prices which fell by 47% since June 2014.
- A group of major Kuwaiti investors from Kuwaiti insurance firms decided to contribute to



the Egyptian insurance market by 20 MM KWD. This investment is expected to increase the insurance sector's contribution to Egypt's GDP.

- Jordan has lost 35 BN USD due to the Syrian war and the spread of the Islamic state (IS) group. This loss doesn't include the costs of delivering services and building infrastructure to accommodate refugees, as aggregate income increase is less than the increase of population; consequently, the standards of living fell, and unemployment rate increased; not only in Jordan but also in Turkey, Egypt, and Lebanon. Moreover, the average real per capita incomes has decreased due to the war by 25% versus the expected level. The Kingdom is planning to host 1.4 MM Syrian refugees at a cost of 2.8 BN USD as reported in Jordan plan of projects in 2015.
- Dubai Electricity and Water Authority (DEWA) and Tecom Investments signed an agreement to invest in electric vehicle charging infrastructure in the emirate as a part of an ambitious smart city initiative, as they will exchange knowledge, experiences, various disciplines, conducting joint research and consultations on projects to achieve sustainable development for Dubai. In order to transform Dubai into a world class smart city, Tecom Investments has started to implement smart initiatives into Dubai design district (d3), which is a pilot project.
- Qatar has witnessed a huge increase in the imports of medical and pharmaceutical products due to the decline in the prices of medicines as a result of a GCC decision to unify import prices in the member countries. The decision comes in response to the medicine price fall by 70%. This decision favors the customers who suffered from the supply and demand dynamics represented in high prices and supply shortage. Moreover, total value of imports of medicines and pharmaceutical products has increased by 20.5% to reach 424 MM QR in Q3 2014 compared to 352 MM QR in Q2 2014.
- New system will be implemented in the Saudi Payment Network System (SPAN) in 2015, to be renamed Mada. The new system connects the ATMs and point-of-sale (POS) throughout the country to a central payment switch that in turn re-routes the financial transactions between banks of merchants and customers. It can also transfer funds to customers outside the Kingdom who carry the same type of cards without any deduction of transfer fees and transfer to accounts at other banks. The new system is believed to increase efficiency, reduce costs for banks, reduce using cash, and with no usage, annual or balance inquiry fees.
- Real state sector in Oman has improved by 55.7% during the first nine months in 2014 as total trades reached 2.3 BN OMR compared to 1.5 BN OMR in the same period in 2013. Moreover at the end of September 2014, the real estate sales contracts in Oman reached 936 MM OMR compared to 512 MM OMR in the last year. This results in a year-on-year growth of 82.6%.
- Consumer prices in Lebanon have remained unchanged due to the decline in fuel costs and consequently the decrease in international oil prices. The price of crude has decreased by

50% since last June 2014, resulting in a fall in the price of fuel oil by 30% from 36,000 LL to 25,000 LL due to the additional costs of refining, transportation and other expenses.

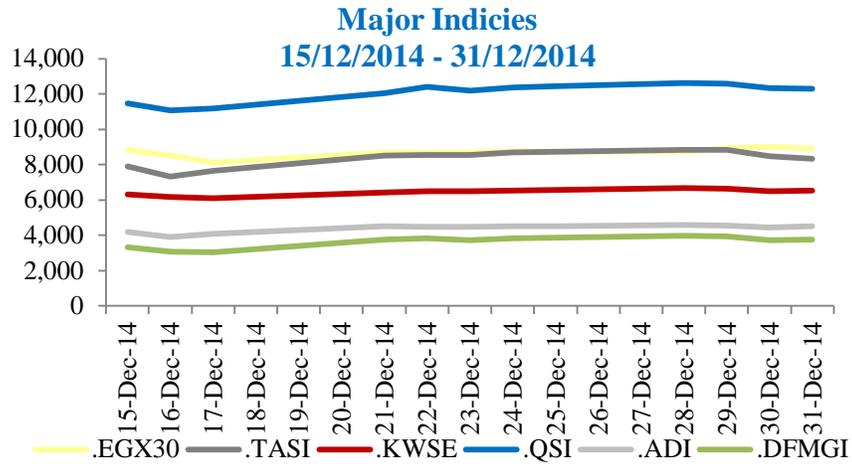
## Political Events

- 13 Christian Egyptians were kidnapped in Sirte in Libya, and 7 were found shot on a beach in eastern Libya. Egyptian Copts have been targeted in Libya during the chaos that broke out when militias fought together to overthrow Dictator Muammar Gaddafi. Egyptian Foreign affairs warned the Egyptians from traveling to Libya especially Sirte.
- Saudi will reopen its embassy in Baghdad, selecting the appropriate building, after closing it in 1990 after Iraq's invasion to Kuwait.
- Kurdish forces have regained control over 70% of the Syrian town of Kobani near the Turkish border after clashes with the Islamic state in the south of the town. The town known as Ayn al-Arab has become a symbol in the fight between the ultra-hardline Islamic State group and its enemies in Iraq and Syria. Hundreds of Islamic State fighters launched a sustained attack on the town more than three months ago.



## Stock Markets

- .DFMGI rose by 13.5% and that's after the oil prices have been improved. The banking sector increase



is led by Dubai Islamic Bank (DIB), Emirates NBD and Ajman bank. Moreover, the real estate sector increase is led by Arabtec and Emaar Malls.

- EGX has increased by 32% during 2014 despite the political and economic situations; also market capitalization gained more than 73 BN EGP.
- Qatar's real estate price index has increased by 23.2 points, reaching its highest level in two years to stand at 253.8 points by Q3-2014. Moreover, most of the trading was of properties in Um Salal, Al Khor Al Dhakira, Doha, Al Rayyan, Al Shamal, Al Dhayen and Al Wakra.

Index Watchlist		15 Days% Change	YTD% Change
Egypt	.EGX30	▲ 1.1%	▲ 31.6%
	Construction & Materials	▲ 4.7%	▲ 25.3%
	Telecommunication	▲ 2.6%	▼ -3.6%
	Banking	▲ 1.8%	▲ 48.1%
KSA	.TASI	▲ 5.4%	▼ -2.4%
	Petrochemicals	▲ 7.3%	▼ -21.9%
	Banks & Financial Services	▲ 3.9%	▲ 2.9%
	Telecommunication & Information	▲ 8.2%	▼ -27.5%
Kuwait	.KWSE	▲ 3.7%	▼ -13.4%
	Banking	▲ 9.8%	▲ 0.9%
	Telecommunication	▲ 3.5%	▼ -17.6%
	Financial Services	▲ 4.4%	▼ -6.2%
	Real Estate	▲ 7.1%	▼ -8.2%
	Industrials	▲ 4.3%	▼ -0.5%
Qatar	.QSI	▲ 7.2%	▲ 18.4%
	Banking & Financial Services	▲ 6.0%	▲ 31.1%
	Industrials	▲ 7.0%	▲ 15.4%
	Real Estate	▲ 8.2%	▲ 12.1%
	Telecommunication	▲ 6.1%	▼ -0.8%
UAE, Abu Dhabi	.ADI	▲ 8.3%	▲ 5.6%
	Banking	▲ 10.3%	▲ 14.1%
	Telecommunication	▲ 0.5%	▼ -6.4%
	Real Estate	▲ 17.6%	▼ -9.9%
UAE, Dubai	.DFMGI	▲ 13.5%	▲ 12.0%
	Banking	▲ 21.4%	▲ 32.3%
	Real Estate & Construction	▲ 6.9%	▲ 17.6%
	Investments & Financial Services	▲ 23.3%	▼ -6.4%
	Telecommunication	▲ 18.0%	▼ -24.3%

## Major Companies Transactions

- **Abraaj pulls out of bidding for Egypt's Bisco Misr**

Abraaj Group—the Emerging markets private equity firm—will suspend the process of acquisition of Egypt's Bisco masr, as Bisco Masr has been involved in a bidding war with Kellogg Co.—the world's largest breakfast cereal brand. The transaction entails the purchase of 100% of the Egyptian snack maker. Abraaj did not disclose the reasons for withdrawal from the bidding process, as Abraaj has offered 88.9 EGP per share reaching total purchase price of Bisco Masr for 142 BN USD, yet Kellogg increased its bid to 89.86 EGP. The Egyptian stock market declared that the bidding process will end by 11<sup>th</sup> January 2015



- **KHI sells its interest in Movenpick Hotel Bur Dubai for 95 MM USD**

Kingdom Hotel Investments (KHI) with Kingdom Holding Company (KHC) chaired by Prince Al-waleed bin Talal has sold its 100% interest in the Movenpick Hotel and Apartments Bur Dubai to a UAE investment company for 95 MM USD.

- **Largest pipes and cast unit in Qatar starts production**

Qatar has started to produce pipes and cast unit in collaboration with Aamal Company and Saudi Arabia-based Lokma Group. Advanced Pipes and Cast Company (APC) will start to produce newly constructed state-of-the-art factory in Mesaieed as they are specialized in the manufacture of concrete pipe products to supply infrastructure and pipeline projects in Qatar. It's considered the largest factory in Qatar with a built-up are of 85,000 sqm and annual production capacity 450,000 tons.

- **4.5 BN SAR deal for first fossil fuel-powered solar plant near Tabuk**

Saudi Electricity Company (SEC) and the US power giant General Electric signed a contract worth over 4.5 BN SAR to supply generating units for the Kingdom's first fossil fuel-fired power plant. This plant is Dibaa plant that will generate 50 megawatts with a total productive capacity of 550 megawatts of solar energy to increase fuel efficiency in Dibaa near Tabuk on the Red Sea coast. This project will be accomplished by the end of 2017, as Tabuk will become the Kingdom's gateway to export electricity to Egypt, Turkey and other European countries.

- **Galfar signed 214 MM OMR contract for Royal Oman Police hospital**

Galfar Engineering and Contracting Company has signed a contract for the construction of Royal Oman Police (ROP) new general hospital at airport heights for 214 MM Omani Rial

(OMR), which is expected to be accomplished in 1,095 days. It is worth mentioning that the shares of Galfar increased by 5.92%.

- **Bank Muscat sells Oman brokerage business to Gulf Baader**

Bank Muscat—Oman's largest lender—has sold its brokerage business to Gulf Baader Capital Markets as part of strategic alternatives and operational priorities. The value of the sale is not declared and bank's brokerage will stop operating with customer on 10<sup>th</sup> February 2014.

- **Ahli Bank-led financing to cover 70% of MSPP Project cost**

Ahli bank SAOG (Oman) and its strategic partner Ahli United Bank BSC (Bahrain) has signed an agreement with Orpic Logistics Company (OLC) for Muscat Sohar Product Pipeline project (MSPP). This project is a two-way multi-product pipeline through which the number of fuel-tank truck in and around Muscat will be reduced. Ahli bank and Ahli united bank will finance the project by 235 MM USD as this agreement covered 70% of the project's value.

**For more reports, visit our website**

**[Multiples Investment Group](#)**