

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

- Egypt's fuel subsidy in H1-2015 declined to 44.8 BN EGP compared to 64.5 BN EGP in 2014. On the other hand, Egypt's vital waterway Suez Canal has recorded revenues of 27.8 BN EGP during the first 8 months of the fiscal year 2014/2015 and is expected to exceed 40 BN EGP. Moreover, Suez Canal has recorded monthly revenue in February of 382 MM USD through 1219 vessels crossed with 73.210 tones.
- National Bank of Egypt (NBE) signed a new contract with Social Fund for Development (SFD) worth 200 MM EGP to finance small and medium enterprises



(SMEs). During the Egypt Economic Development Conference (EEDC) held on 13-15 March in Sharm El-Sheikh, NBE has signed a loan agreement with the European Investment Bank (EIB) to obtain 120 MM Euro loan to fund SMEs in Egypt.

- The Jordanian Economic and Social Council signed a Memorandum of Understanding (MoU) with its Moroccan counterpart to exchange expertise and promote cooperation between the two councils. This MoU will help in organizing the meetings, seminars and courses to discuss economic and social obstacles.
- Jordan signed an agreement with Russia of 10 BN USD that sets the legal basis for building the Kingdom's first nuclear power plant with total capacity of 2,000 megawatt. Jordan imports nearly 98% of its energy from oil products and crude, and is struggling to meet electricity demand which is growing by more than 7% annually due to a rising population and industrial expansion.
- The German government granted a license of operation to the first subsidiary bank of the Kuwait Finance House (KFH) in July 2015. KFH is the first bank to obtain a full-function license for deposits and credit finance facilities in Germany as per Islamic rules and regulations. The new bank will operate under the name "KT Bank AG" which is Kuwait-Turk wholly owned subsidiary.
- HSBC Bank Oman has completed the sale of its Indian assets to Doha bank. Shareholders of Doha Bank; Qatar's fifth-largest lender by assets, approved the purchase in December 2014 after an agreement between the two banks about the sale was reached in April 2015. The size of the transaction is not determined yet.
- The Qatari government's decision to merge Enterprise Qatar (EQ) with Qatar Development Bank (QDB) to further strengthen the private sector business activities has brought positive results. The Contribution of small and medium enterprises (SMEs) to the national economy has reached 16%. The merger will enhance business activities in the country which will eventually be further contributing to the country's GDP.
- Qatar's banking sector is expected to have the highest return on equity (ROE) among the Gulf lenders this year as it is estimated to reach about 18% in 2015. In comparison, the Gulf Cooperation Council (GCC) is expected to see an average 14% ROE, Saudi Arabia over 14%, the UAE more than 13% and Kuwait 10%.
- The price of oil is currently around 55 USD per barrel as it has dropped by around 50% since June where it was 115 USD. The Kingdom of Saudi Arabia remains least impacted by the declining oil price. On the other hand, UAE economy is expected to continue to grow despite the decline in oil prices and that's due to the emirates' strategic plan to diversify its economy.
- The government of Saudi Arabia has identified investment opportunities of 140 BN USD. These opportunities will be open to investors in the transport, healthcare, and industrial sectors. Saudi Arabia is developing a database to help investors make

informed decisions to maximize their investment returns.

- Hotels in Sharjah are currently fully 100% booked. Total guest numbers were not stated but the Saudi Arabia guests reached 42,150 in January and February. On the other hand, passenger traffic through Dubai International Airport was up by 5.3% through a year earlier to reach 5.97 million people in February, aircraft movement increased by 6.1% in February to reach 31,012.

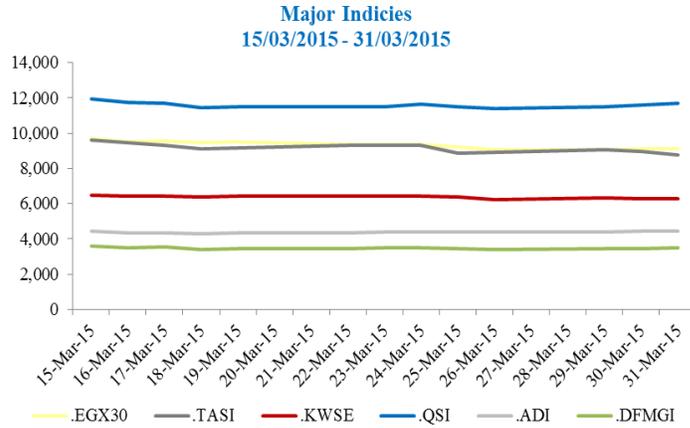
Political Events

- Concerning Egypt's visa system, individual travellers that are not part of a package tour will no longer be able to buy visas-on-arrival and will need to apply for a visa at their nearest embassy or consulate.
- President Barack Obama said that he would ask the U.S. Congress for 1.3 BN USD per year in military aid for Egypt. On the other hand, Obama directed the release of 12 Lockheed Martin F-16 aircraft, 20 Boeing Harpoon missiles, and up to 125 M1A1 Abrams tank kits made by General Dynamics. This decision was made after a call between President Obama and President Abdel Fattah al-Sisi.
- A coalition of regional allies has launched a military operation in Yemen against the Houthi rebels. The coalition consists of 10 countries including the Gulf Cooperation Council (GCC). UAE, Bahrain, Morocco and Jordan participated with 30 jets, 8 jets, and 6 jets, respectively. Sudan offered war planes to assist the operation, and Egypt sent warships through Suez Canal. Kuwait also planned to send three squadrons of its F18 Super Hornet aircrafts to Saudi's King Abdulaziz airbase in Dhahran to take part in the military operation. Finally, Saudi Arabia had lined up 150,000 soldiers in preparation for the on ground operations, and Egypt, Pakistan, Jordan and Sudan have committed troops to assist in the military operation.
- Kuwait will donate 500 MM USD towards Syria's humanitarian crisis. The United Nations said that the aid will help 18 million people both in Syria and scattered through the region. The number of people needing humanitarian aid has increased by 2.9 million in just 10 months.



Stock Markets

- The falling oil prices in addition to the ongoing war in Yemen are negatively affecting different stock markets in the region.



- The real estate sector in .TASI was the biggest decliner since 2008. The decline was led by Saudi Real Estate, Emaar E.C. and Dar Al Arkan, respectively.
- The decline in .TASI banking sector was led by Arab National Bank.
- .QSI real estate sector was the top gainer led by Barwa Real Estate and Ezdan Holding Company. On the other hand, telecommunication sector was the biggest decliner led by Ooredoo.
- .ADI real estate sector declined and the decline was led by Eshraq and Aldar. On the other hand, the banking sector witnessed an increase that was led by Abu Dhabi Commercial Bank (ADCB) and the National Bank of Abu Dhabi (NBAD).
- .DFMGI decline in the real estate sector was led by Arabtec and Emaar. Moreover, the decline in the banking sector was led by Dubai Islamic Bank.

Index Watchlist		15 Days% Change	YTD% Change		
Egypt	.EGX30	▼	-6.1%	▲	34.7%
	Construction & Materials	▼	-5.5%	▲	16.0%
	Telecommunication	▼	-7.4%	▼	-16.2%
	Banking	▼	-3.3%	▲	68.3%
KSA	.TASI	▼	-8.8%	▲	2.9%
	Petrochemicals	▼	-12.1%	▼	-23.9%
	Banks & Financial Services	▼	-9.6%	▲	9.1%
	Telecommunication & Information	▼	-5.0%	▼	-33.9%
Kuwait	.KWSE	▼	-2.9%	▼	-16.8%
	Banking	▼	-3.7%	▼	-1.4%
	Telecommunication	▼	-4.7%	▼	-20.7%
	Financial Services	▼	-5.6%	▼	-13.5%
	Real Estate	▼	-4.0%	▼	-9.9%
	Industrials	▼	-3.1%	▲	0.7%
Qatar	.QSI	▼	-2.1%	▲	12.8%
	Banking & Financial Services	▼	-1.8%	▲	29.7%
	Industrials	▼	-1.3%	▲	11.0%
	Real Estate	▲	0.7%	▲	19.7%
	Telecommunication	▼	-2.2%	▼	-8.5%
UAE, Abu Dhabi	.ADI	▲	1.0%	▲	4.1%
	Banking	▲	2.2%	▲	10.5%
	Telecommunication	▲	2.0%	▲	7.3%
	Real Estate	▼	-2.2%	▼	-21.0%
UAE, Dubai	.DFMGI	▼	-2.7%	▲	4.3%
	Banking	▼	-2.1%	▲	22.4%
	Real Estate & Construction	▼	-7.6%	▲	1.6%
	Investments & Financial Services	▼	-3.1%	▼	-14.9%
	Telecommunication	▼	-5.8%	▼	-27.0%

Major Companies Transactions

- **Palm Hills and Madinet Nasr plan Joint Project near Egypt's New Capital**

Palm Hills and Madinet Nasr for Housing & Development (MNHD) signed a memorandum of understanding (MoU) to develop a real estate project over a 433,643 square meter land plot owned by MNHD and is expected to generate 4.6 to 5.5 BN EGP

over 9 to 10 years. The project will be implemented over part of MNHD's KM45 project with total area of 5.5 million square meters at the Cairo-Suez desert highway and will be close to the country's new Cairo Capital project that was launched at the Egypt Economic Development Conference (EEDC).



- **Quriyat water plant to be operational in Q2 of 2017**

Oman Power and Water Procurement Co (OPWP) have signed an agreement to develop a water desalination plant in Quriyat at a cost of 100 MM OMR, with a designed capacity of 200,000 m³ per day. The Quriyat independent water project (IWP) will be the one of the largest seawater desalination plants in Oman and is expected to start in Q2 2017.

- **Zain launches NETGEAR smart Internet devices exclusively in Kuwait**

Zain the leading telecommunication company in Kuwait announced the launch of the new NETGEAR LTE-A compatible hotspot device and Smart Cradle exclusively in Kuwait in collaboration with NETGEAR. Zain launches the latest and most innovative 4G LTE-A compatible Internet devices from NETGEAR, a global leader in computer networking hardware, to offer its customers an unparalleled internet experience on its nationwide network.

- **Qatar National Bank (QNB) and NCR Corp sign a deal on new software platform**

QNB has signed a software professional services agreement with NCR Corporation to successfully migrate to NCR Consumer Experience Banking (CxBanking) software – Aprta Activate. The Aprta Activate multi-channel platform integrates smoothly with the bank's current infrastructure and will empower GNB customers to have consistent experience across the bank's entire self-service channel in an advanced and secure environment. QNB will also be one of the first large financial institutions in the Middle East to move its self-service network to the Windows 7 platform, enhancing security and user experience.

- **Madinah Development Authority (MDA) inks 100 MM USD program management deal with Louis Berger**

MDA signed a contract with Louis Berger to be the Program Management Office

Consultant (PMOC) worth 100 MM USD for implementation of the Madinah Public Transportation Program (MPTP), one of the most ambitious transportation infrastructure initiatives in the Middle East. The PMOC contract will extend over a five-year period and Louis Berger will support and assist with MPTP's strategic planning as well as control, guide, oversee, coordinate and integrate service delivery of the various project and construction management consultants.

- **Abu Dhabi Ports signs agreement to build steel foundry**

Abu Dhabi Ports signed an agreement with Advanced Manufacturing Solutions LLC (AMS), a subsidiary of the FourWinds Group of Companies, to build a state-of-the-art steel foundry producing automotive parts at Khalifa Port's Industrial Zone (Kizad) with capacity of 300,000 metric tons per annum.

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