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STARTUP STORIES IN GCC

SAUDI PETROCHEMICALS: WANING LOW-COST ADVANTAGE

BITCOIN TO BLOCKCHAIN

FEATURED INTERVIEW
MONA AL-DAAS, Assistant Undersecretary for statistical Affairs sector, Kuwait CSB

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Foreword

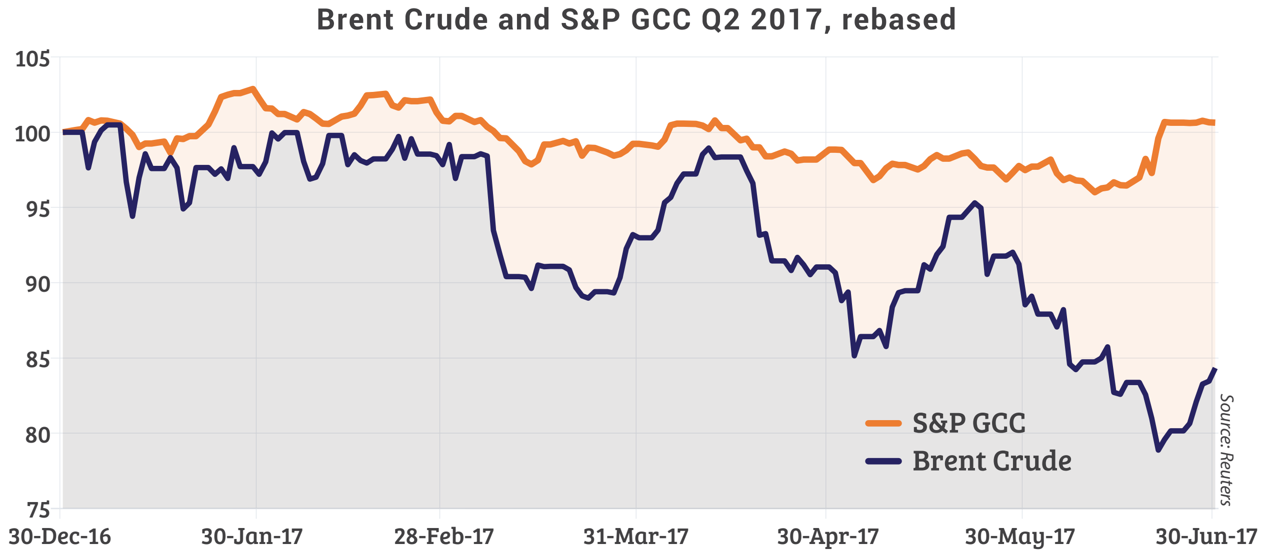
We are at an interesting inflexion point with regards to the GCC's history and it is indeed fascinating to witness rapid changes . The first half of this year witnessed two major game changing events. Firstly, the dispute with Qatar reached an all new level with three of the GCC countries along with Egypt severing their ties. The kind of sanctions imposed and the tone of dialogue have been seldom witnessed in the past. The issue continues to drag for over two months now, increasing the uncertainty over the relationship between the gulf countries. Secondly, Opec for the first time appears to be slowly losing its influence in the recent price war on oil. With new influencers, improvement in technology and general economic slump the demand for oil has weakened. The announcement of production cuts by the Opec within a span of six months had no impact on oil price as it continues to hover around the $50/bbl mark.

Proactive reforms and long term visions envisaged by various regional governments are providing new scope for businesses across the region. Increasing trends in localising work force, taxing expats and generating new jobs has been the main area of focus for governments. Fiscal prudence has also gathered importance and attempts are being made to fix the fiscal deficit gap created by the low oil scenario. The sovereign bond market in the GCC is gaining traction in this regard with issuances of $23bn in the first half of 2017. Corporate earnings have been more resilient than earlier expected, bank non-performing assets have not bloated as in the previous crisis, regulations have strengthened during the period and spending is becoming more rational. While the measures undertaken thus far over the last two years have achieved mixed degrees of success the end result appears quite optimistic. We are closely following these significant developments and we encourage you to subscribe to our research to be in the loop.

MR Raghu,
Managing Director,
Marmore Mena Intelligence

H1-2017

Market Review



MENA markets barring Saudi and Egypt had a gloomy second quarter. Qatar (-13%), Oman (-7.7%), Jordan (-4.9%) and Kuwait Price (-3.8%) indices were the worst performers in Q2 2017, while Saudi (6%), Morocco (5.6%) and Egypt (4.2%) fared better. S&P GCC index had a poor quarter, closing 7.3% lower from the beginning of the year.

Brent crude declined by 9.3% in Q2 2017 closing to USD 47.92 compared to USD 52.83 at the end of Q1 2017. Overall, IPE Brent crude has tumbled 15.7% from the start of 2017 making it the worst performing first half for oil since 1998. In May' 2017, OPEC and non-OPEC members decided to extend the current production cuts for a period of nine months up to March 2018. The decision was made on the basis that any addition to oil stocks would lead to volatility in the market. Russia, one of the largest non-OPEC producer also gave its consensus to the group's decision. However, the confidence provided by OPEC's commitments has not been sufficient to curtail the fall in oil prices. Increasing supplies from the US shale producers and announcement made by US to sell oil in plans to reduce its Strategic Petroleum Reserve (SPR) led to the continuing fall in oil prices. Libya's oil production has risen to 827,000 bpd in the beginning of May adding to the supply glut in the market.

Inventory levels in the Asian markets, especially Malaysia and Singapore have spiked to all time high in 2017. Supply has also been on the rise from non-OPEC producers such as the US, Canada and Brazil adding to the supply glut. Commodity analysts expect that crude supplies are still high for the oil to cross USD 70 per barrel in 2017 given the current demand prevailing in the market and predict further headwinds for the oil prices in the coming months.

Saudi markets gained momentum on the backdrop of positive events such as Trump's visit and MSCI announcing that the inclusion of Saudi Arabia into emerging markets would happen sooner. The rally has also been supported by the announcement that the kingdom made Prince Mohammed bin Salman, next in line to be king at around the same time.

While, Egypt gained, as foreign institutional investors welcomed the central bank's efforts to curtail inflation and increased their investments. The ongoing diplomatic conflict weight down the Qatar index significantly, resulting in a decline of 8.8% since the beginning of the crisis. The index plummeted by 13.3% during Q2'2017, making it the worst performing index across the MENA region. An estimated USD 35bn has been pulled out of Qatar stock market mainly by the GCC investors. Oman's Muscat SE General index was another poor performer from the MENA region, as investors were worried on the dampened economic growth prospects. Weak sentiments because of falling oil prices weighed on Kuwait price and weighted index as well. First quarter earnings of companies in Dubai, and other markets fell short of expectations pulling down the share prices as well. Middle East funds pulled out of the UAE markets in view of soft real estate activity and tight liquidity prevailing causing the Dubai and Abu Dhabi markets to decline.

The overall MENA market's volume and value traded declined by 44% and 32% respectively over the 2nd quarter. Kuwait's volume and value traded decreased the most by 69% and 64%, respectively. Liquidity declines are common in the MENA bourses, especially due to poor trading activity during the month of Ramadan. In terms of valuation, P/E of Morocco (19.6x), Saudi Arabia (15.1x), and Kuwait (13.9x) markets were at premium, while the markets of Dubai and Bahrain trading at 9.5x and 9.27x, were at discount. Morocco (2.7x), Egypt (1.8x), and Saudi Arabia (1.8x) continue to remain overvalued in terms of P/B, while Bahrain (0.8x), Oman (0.9x), Dubai (1.1x) and Qatar (1.3x) were undervalued.

Shares of NCB (Saudi) had the highest return among the blue chip stocks gaining 33% during the 2nd quarter of 2017, the majority government owned lender is expected to benefit both from MSCI's decision and the expectation that the ambitious economic agenda may translate to higher future earnings. NCB was followed by Saudi Telecom (Saudi, 15%), the rally was supported by reporting a 21.3% increase in net profit, attributed to rise in other income. STC also signed an agreement with the Ministry of Communications and IT (MCIT) and telecoms regulator the Communications and IT Commission (CITC) to provide high-speed fibre-optic services in the Kingdom of Saudi Arabia. The lowest returns for the quarter was generated by Kuwait Projects

(-32%), followed by Ezdan holding (-20%). The sharp decline of Kuwait Projects can be attributed to 62.4% drop in its profits for the first quarter of 2017, compared to Q1 2016.

SABIC announced outstanding results for the first quarter of 2017. Profits reached USD 1.4bn compared to USD 0.78bn in the same quarter in 2016, an increase of more than 80%. Profits increased by 51.4% from the Q4 2016, when they were USD 0.96bn. China played a major role in SABIC's high profits, the Chinese market was very positive in the Q1 with SABIC's sales growing by 3% in this market compared to the same period last year. The net profit of Etisalat grew by 5% in Q1 2017 to USD 0.57bn when compared to USD 0.54bn during the Q1 2016. However, consolidated revenue for the first quarter of 2017 amounted to USD 3.4bn representing a decline of 3% in comparison to the same period last year due to unfavorable exchange movements mainly in Egypt. National Bank of Kuwait reported net profits of USD 280mn for the Q1 2017 compared to USD 259mn for the same period in 2016. The strong results in Q1 2017 were mainly driven by operating and fundamental banking revenue. NBK is benefitting from the business opportunities created by accelerated capital spending activity on projects to address the need for infrastructure. QNB's net Profit for Q1 2017, reached USD 0.9bn, up by 12% compared to Q1 2016. Total assets increased by 35% from March 2016 to reach USD 204bn. This was driven by a growth rate of 33% in loans and advances to USD 147bn.

World markets continued to rally in Q2 2017, as S&P 500 and MSCI World gained 3.4% and 2.6% respectively. FED's signal that no further stimulus is needed to provide thrust for economic growth, indicated signs of strong macroeconomic fundamentals in the US. S&P 500 had the best performing first half in 2017 after seven years. MSCI emerging markets rallied 5.5% in Q2 2017, despite concerns of poor quality assets in Indian banks and Moody's downgrade of China.

European stock markets managed to remain flat in Q2, 2017. German DAX ended 2nd quarter up 0.1%, followed by France (0%) and UK (-0.1%). An unexpected uptick in German jobless numbers and a dip in Eurozone HICP helped mitigate tapering concerns, and subsequently the receding of the European markets. Eurozone June HICP inflation fell back to 1.3% year over year from 1.4% year over year in the previous month. The number was slightly above expectations of a 1.2% increase. Core inflation rose to 1.1% year over year from 0.9% year over year.

Japan's Nikkei ended the 2nd quarter as one of the top performing stock markets, gaining 5.9%. The rally came as the nation's corporate profits climbed to a record and attracted foreign investors, who snapped up more than USD 13bn in Japanese stocks

MENA Market trends

	M. Cap (USD Bn)	Last close	2015 %	Q2 2017 %	YTD %	S&P correlation**	ADVT* (USD mn)	P/E TTM	P/B TTM	Div. Yield
Brent Crude	-	48	52.4	-9.3	-15.7	0.341	-	-	-	-
Saudi Arabia	468.7	7426	4.3	6.1	3.0	0.157	735.83	15.10	1.85	4.20
Abu Dhabi	131.6	4425	5.6	-0.4	-2.7	0.135	46.17	10.30	1.49	5.46
Qatar	104.3	9030	0.1	-13.1	-13.5	0.111	59.15	13.03	1.29	4.61
S&P Pan Arab LargeMid Cap	96.9	135	7.4	-3.5	-7.3	0.148	N.A	12.34	1.17	4.94
Kuwait Price	92.0	6763	2.4	-3.8	17.7	0.055	51.40	13.90	1.50	4.60
Kuwait Wt.ed	92.0	399	-0.4	-3.4	5.1	0.038	51.40	13.90	1.50	4.60
Dubai	79.8	3392	12.1	-2.5	-3.9	0.110	76.84	9.50	1.13	5.08
Morocco	62.8	12016	30.5	5.6	3.2	0.029	N.A	19.61	2.70	3.50
Egypt	35.6	1217	72.7	4.2	11.7	0.047	37.46	9.52	1.88	3.42
Jordan	22.1	4103	-3.8	-4.9	0.8	0.037	8.04	14.24	1.28	4.74
Bahrain	20.2	1310	0.4	-3.4	7.3	0.008	3.05	9.27	0.85	5.13
Oman	15.1	5118	7.0	-7.8	-11.5	0.105	4.74	10.21	0.99	6.17

*Source: Reuters, Zawya, * - Average Daily Value Traded for the quarter, ** - 3-year daily return correlation*

in eight straight weeks through May 26 after being net sellers earlier in the year. Also data release showed Japan's unemployment rate held at a two-decade low, and capital spending for the first quarter of the year topped estimates. India's BSE Sensex gained 4.4% in Q2 2017, strengthening rupee and strong earnings in the first quarter for many Indian companies, positive global cues and investor confidence helped the rally in Indian markets.

Qatar Crisis – The Unfolding Geopolitical Dynamics of the GCC

On June 05, 2017, Saudi Arabia, Egypt, the United Arab Emirates (UAE) and Bahrain severed ties with Doha, accusing the Qatari government of promoting instability in the region. At the core of the latest diplomatic crisis are incendiary comments purportedly made by Qatar's Emir HH Sheikh Tamim Bin Hamad Al-Thani at a Qatari military graduation ceremony on May 23, 2017.

A news report published on the Qatar News Agency (QNA) website, later on May 23, 2017, alleged that the Emir stated that Qatar shared a tense relationship with the U.S. President Donald Trump's administration, while favouring a role for Iran in the region. Though on May 24, 2017, the QNA made the announcement that its website had been hacked and false statements posted on it, the diplomatic and media damage had been done in the rest of the GCC.

The four Arab countries announced that they would close air and sea transport connections with Qatar, which is the world's top exporter of liquefied natural gas (LNG). Also, the three GCC countries—KSA, UAE and Bahrain—have blocked their nationals from travelling to Qatar; while giving Qataris two weeks to leave their nations. Also, they indicated that they would pursue legal routes in an attempt to persuade friendly countries and companies to downgrade their ties to Qatar. Additionally, the closure of Qatar's only land border (with Saudi Arabia) threatens food supplies.

Qatar has deep trading links with the rest of the GCC and the wider world. By the close of 2016, the trading value between Qatar and the GCC nations posted QAR 38 billion (USD 10.4 billion), according to Qatari official statistics, of which 82% or USD 8.55 billion were contributed by KSA and the UAE. In 2016, Qatar's imports from the rest of the GCC totaled QAR 18.79 billion (USD 5 billion), of which the UAE took a share of 56%, KSA of 27% at an aggregate value of USD 4.55 billion and Bahrain 6% of its imports from the GCC nations. Moreover, Qatar's ability to transport its exports through sea and air may become extremely difficult. Even if options are worked out through Iran, the additional cost of transportation and the risk premiums will reflect on Qatari export prices. Otherwise, Qatar will have to write off the additional costs accrued as discounts if retaining market share is considered more important.

Stock and bond markets in Qatar toppled as a fallout of the crisis. The Qatari stock index fell 7.6% in the first hour of trade on June 05, 2017, the day on which the diplomatic severance was announced. Some of the top blue chips were hit most, with Vodafone Qatar, the most heavily traded stock, falling below its 10 per cent daily limit. Moreover, the KSA and other GCC nations traditionally account for about 5-10% of daily trading on the Qatari stock market. Notably, the other concerned countries' stock markets also fell (albeit slightly) during the period, with Dubai losing 0.8% and KSA by 0.2%.

Given the close trade and deep geographical links with the rest of the GCC, especially the KSA and the UAE, the decision to sever ties by the group of Arab countries is likely to have a deep financial impact on Qatar's stock markets if the face-off continues for long.

Kuwait has taken over the role of mediator to arrive at a consensus and put an end to the ongoing crisis in the region. The group of four nations have placed a list of 13 demands in front of Qatar starting from shutting down Al-Jazeera, putting an end to all contacts with the political opposition in Saudi Arabia, the UAE, Egypt and Bahrain. Qatar will have to align itself with the other Gulf and Arab countries militarily, politically, socially and economically as agreed with Saudi Arabia in 2014. Qatar will have to respond to the demands by the end June. However, it might be near to impossible for Qatar to meet some of the demands such as shutting down the Al-Jazeera. Kuwait's mediation efforts would play a crucial role in bringing the concerned nations to the table and resolve the issues by devising a win-win strategy for the conflicting parties and the Middle East.

FEATURED INTERVIEW

Ms. Mona Al-Daas
Assistant Undersecretary for Statistical Affairs Sector,
Kuwait Central Statistical Bureau (CSB)

Q: : Can you explain to our readers the role and significance of the Kuwait Central Statistical Bureau (CSB)?

A: The statistical affairs sector was inaugurated under law number 27 in the year 1963. It states that the statistical affairs sector is the official statistical reference for the country. Also, the law specifies the duties of management in collecting, analyzing, and publishing the statistical data in all social, economic and demographic fields. The law also states that the data of individuals or companies should be kept confidential and should not be published or revealed. Moreover, the law also states the punishment for those who refuse to provide the bureau with the required information. The sector also commits to adhere to the highest possible quality standards as per the international standards in the statistical work.

Statistical committee organizes the methodologies and the framework that is approved internationally in the production of the statistical numbers.
The bureau also provides the private and public statistical publication framework (SDDS, GDDS). The framework for the indicators and data is also done by the bureau and should be published throughout the statistical offices periodically.

Through the history of statistical work on Kuwait databases, the national experiences have been built to make the statistical affairs sector the main source of national excellence in providing indicators that serve decision makers and policy makers.
We also provide technical support to government agencies and conduct primary research surveys. The bureau also serve companies and individuals that do feasibility studies by providing them with data either on the population and labor market; or on the standard numbers for prices, exports and exports of goods. There is some data that shows the size of the national productions of goods and services in all economic sectors, such as: internal trade/ construction/ manufacturing/ etc.

Q: The Annual Statistical Abstract, in many ways, is one of the most critical documents produced by the CSB. When does the process for creating one for a fiscal year begin? Can you elaborate on the various methodological techniques and analytical methods, if possible?

Through the history of statistical work on Kuwait databases, the national experiences have been built to make the statistical affairs sector the main source of national excellence in providing indicators that serve decision makers and policy makers

A: The statistical sector has issued approximately 43 statistical bulletins annually so far. It conducted 6 field surveys during the same period. The results are available for users on the bureau's website www.csb.gov.kw as well as on the labor market databases that are available through the website http://lmis.csb.gov.kw. The annual statistical data is the main statistical resource that encompasses the most important database that contains the 43 statistical reports. The statistics law 27 for the year 1963 states that that the bureau issue a guide that summarizes the most important indicators that the bureau publishes. The bureau is preparing the 52nd annual report. All published reports are available on our website. The statistical sector commits to the statistical techniques and methodologies that are given by the United Nations statistical committee, which also chronicles the way data is collected either by field surveys or the bureau's records. The bureau also makes sure to participate in the annual statistics committee meetings in the United Nations. The bureau also has a special partnership with the World Bank in building the labor market data system and a report shows the praise on the development of the statistical sector.

Q: Is CSB working towards developing new sets of indicators in order to better equip policy-makers with data they need?

A: The statistical sector executed a strategy to improve indicator publishing times, in many issues where the national accounts, the external trade and statistics were late by 3 years in 2010. Now, the external trade statistics are available up to the first quarter of 2017 as well as the labor statistics that are available up to 31/3/2017. Also, the inflation indicator is now published 25 days after the end of the month. Previously, it took 7 months to publish such indicators.

This successful improvement on the timing contributed in supporting policy makers with recent data they can depend on. Also, during the last few years, new indicators such as the producer price index were produced as well as the re-publishing of export and import indicators.

The bureau has started working with indicator systems that supports the development plan. The system includes approx. 253 indicators from 37 government sectors. The statistical affairs sector also issued a new indicator, which is the producer price indices (PPI). It's the first time to be issued in Kuwait and it's a requirement as per the standards of the global statistical publications. We are now planning to provide quarterly GDP data, for the first time and it will be launched next November. In July 2017, we aligned with the ministry of oil as well as the oil companies, to cover approximately 137 indicators for the oil and gas sector. All this production of new indicators surely provides a larger and newer database that helps policy-makers measure, review and observe directions and paths for the development planning.

Q: How can the statistical affairs sector contribute, by supporting the 2035 vison, through its work?

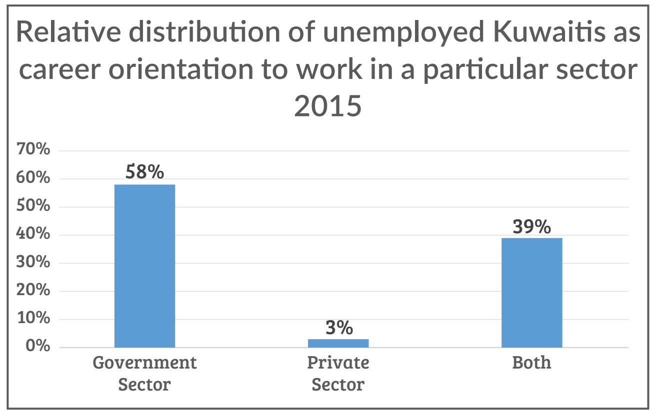
A: The 2035 vision is: transforming Kuwait into a financial and commercial hub. The vision plans to empower the private sector to lead economic activities in the country. This vision is separated in five strategic goals:

1) Increase local productivity and provide a better lifestyle for citizens.
2) The private sector leads the economic development.
3) Supporting human and community development.
4) Evolving population policies to support development.
5) Effective government management.

To measure the progress of the vision, there has to be a statistical system that supports and provides a database that shows the progress and stores it, which in turn shows the direction and gives policy-makers a chance to measure progress in real time. Post 2010, the statistical sector in the CSB managed to achieve the international standard in the timing of dissemination of publications across all the basic indicators and increase the issuance of new indicators. Also, in 2015, a new database for the labor market was launched and was shown as a prototype in the 15th international statistical conference. This labor database has a 2.6 million registry of all the work force in Kuwait (Kuwaiti/Non-Kuwaiti), including private and government sectors, and mentions the 253 indicators that are produced quarterly. All of these factors help to achieve the 2035 vision.

Q: Human capital is a fundamental area of national competitiveness. From the data that you have on the population, what are the important trends among the youth that policy-makers should be aware of?

A: Survey results for the labor force and data system information for the labor market show that there is a low rate of national employment in the private sector with a percentage of 4.5% from total workers (Kuwaiti/non-Kuwaiti). Still the main direction that the graduates are aiming for are in government sector with an astonishing 58% of unemployed individuals wanting a government job and a mere 3% wanting the private sector.



Q: Does the CSB plan to supplement quantitative data with qualitative information (like surveys) in order to get a better feel of the stories behind the data. For e.g., understanding various perceptions about unemployment figures?

A: The statistical sector produces all this data and attaches a data sheet that describes the methodology of data production so that analysts and scholars can use correctly to understand what's behind the data. A MoU that enhances the exchange of data with the Kuwait Institute for Scientific Research and the Center for Women's studies in Kuwait University as well as Baitik Research has been signed. This is done to supply the data research center upon their request in an easier way so that all the community can benefit. It's also suggested, along with the World Bank and the ministry of planning, that the statistical sector should do a qualitative survey around the skills in the labor market and design a questionnaire for that.

Q: Does the CSB regularly interact with regional and international statistical agencies to learn from each other?

A: The statistical affairs sector has an arrangement and partnership with the Gulf Statistics center as well as the Organization of Islamic Cooperation in Ankara. The bureau also makes sure to participate in statistics committee meetings in the United Nations every year. The bureau also has a special partnership with the World Bank in building the labor market data system. The United Nations Development Program, also a partner, provided us with international experiences in the field of statistics over the years. Five experts from the UNDP worked alongside the CSB team to build local capacity.

Q: Do you have a message to convey to our readers in terms of how the CSB will evolve further?

A: The statistical affairs sector has a statistical publishing plan for 2017 scheduled to publish every month and covering 43 specialties/indicators. The publishing plan is also available on the official website of the bureau. There are other statistical projects for 2017. The transition to a new base year for the inflation indicators will be launched by the end of July 2017. The second survey for the direct foreign investment, which will be funded by the Gulf Statistics Center, will commence in 2017. Issuing the quarterly national accounts project that is prepared during the final stages of implementation are expected to be issued in November.

SME

Startup Stories in GCC

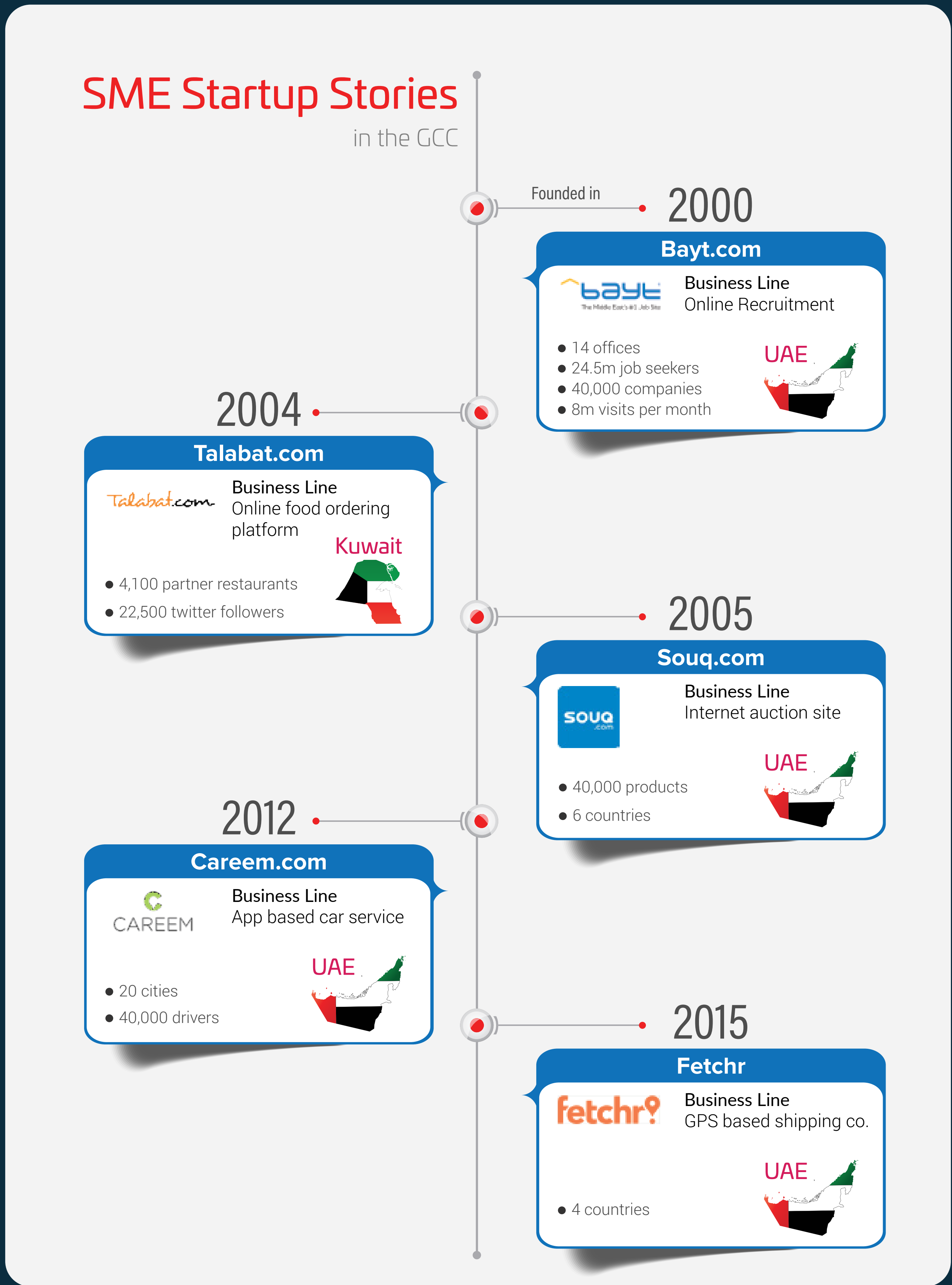
Talabat, Bayt, Careem, Souq, Fetchr — rings a bell?
They are the startup stories of GCC worth profiling and learning from according to a recent report by Marmore. While there are many startups worth focusing the lens on, Marmore choose the five as they cut across time, geography and sectors. Four of the five profiled comes from UAE while one comes from Kuwait (Talabat). All of them have customer centric business models, and hence they may be household names to many of us as users. So, what sets them apart?

These success stories highlight the value SMEs deliver to GCC economic imperatives. Even a cursory glance at the case studies reveal that these companies have shown remarkable prowess in identifying ideas that speak to customer pain points and have turned them into practical companies through actionable business models.

Another notable characteristic is that, in keeping with trends in the rest of the world, these companies have harnessed digital business platforms to drive their revenues, growth and scalability. Coinciding with the rise of the internet and information age, the success stories demonstrate that GCC has the potential, skills and the generic ecosystem to promote innovative small businesses that can go on to stake a place in the international trade architecture.

A striking feature of success in most of these companies profiled is the endeavor to customize products or

A STRIKING FEATURE OF SUCCESS IN MOST OF THESE COMPANIES PROFILED IS THE ENDEAVOR TO CUSTOMIZE PRODUCTS OR SERVICES FOR USERS.



services for users. Be it Talabat or Fetchr, the idea is to promote technological designs and greater investments into their services that will allow them to compete confidently with international competitors.

For some of the startup stories, there is at times the implication that they are regional clones of successful international companies. For e.g., Careem gets constantly compared to Uber. Bayt.com too gets compared with international players like Monster. However, these regional companies are at pains to explain that they are not just duplicates, but well-thought value adding services that cater to the diverse range of regional nuances and needs.

In general, there is the feeling that in many parts of the GCC, tough rules and prescriptive regulations stifle entrepreneurship. Yet, the featured success stories have, so far, shown what is possible. Thus, their models and histories need to be studied for developing a view of the SME ecosystem in the GCC, including the variations by country.

Moreover, these companies are a call to relevant authorities in the GCC to invest in innovation and people, so that SMEs that contain has the potential to be global companies can rise via sustainable business practices. In many ways, these companies have shown expertise in not only identifying trending or new opportunities in the larger environment, but have shown the capability to connect the needs of customers with satisfactory offerings. For e.g., Bayt (the online recruitment portal), was an early mover in the field of internet-based recruitment in the GCC. Over the years, the company has consistently innovated new services to keep adding greater value to clients, both in terms of recruiters and job seekers.

A key takeaway for GCC policymakers is that such SMEs can generate revenues and profits that can be ploughed back into the local economies, serving to strengthen the economic foundations with respect to private sector participation. Moreover, over time, if investment opportunities are available in such successful SMEs, an ecosystem of investors will develop in the buying and trading of stakes in SMEs, providing SMEs a viable source of funding.

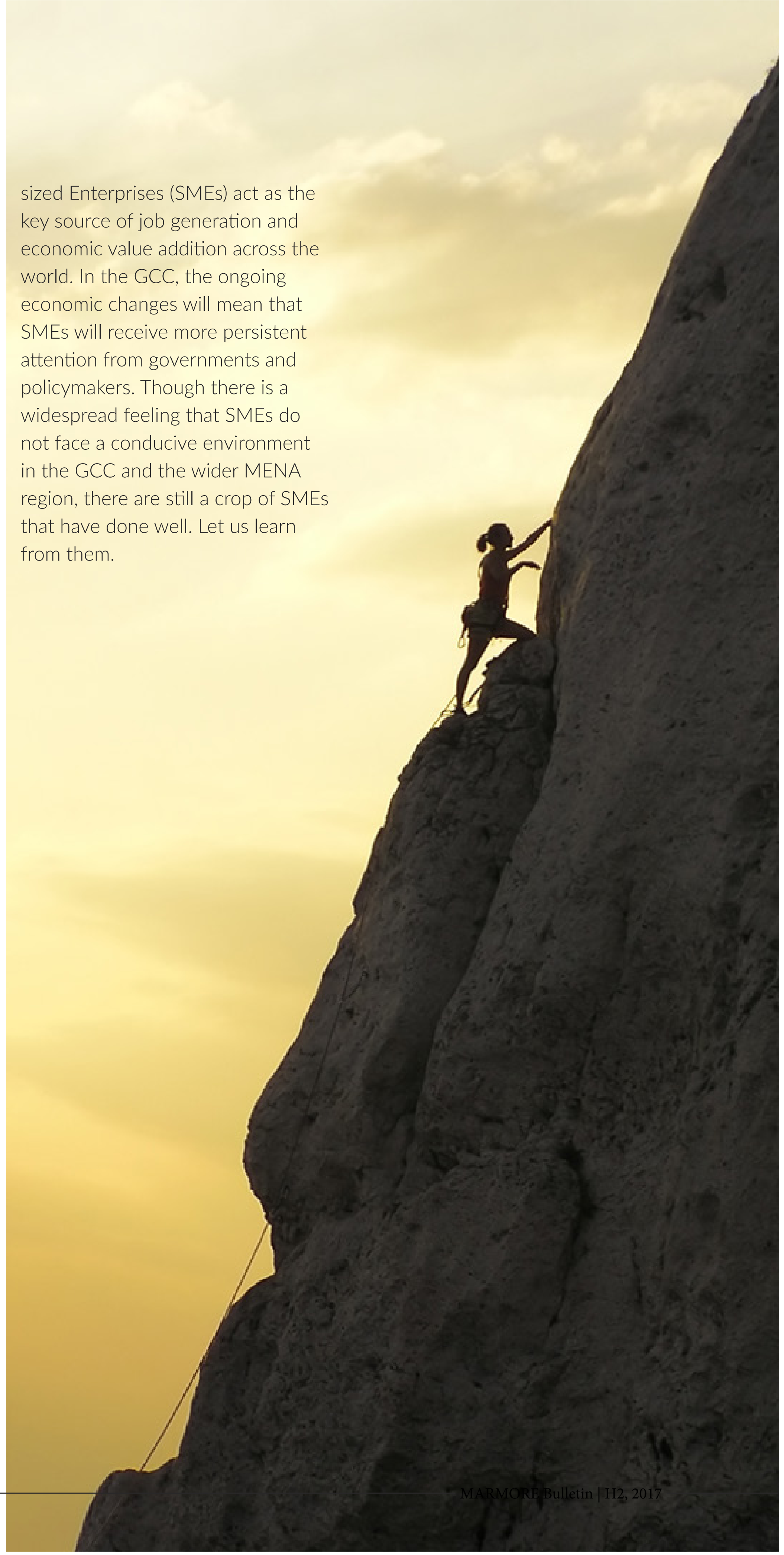
In due course, to encourage emerging entrepreneurs, GCC governments may back the development of a separate segment for SMEs on the capital markets, similar to the ones already existing in Qatar and Dubai (UAE). The profiled SMEs have more than just connected sellers to products or services, but, they have raised the profile and significance of the SME segment

IN DUE COURSE, TO ENCOURAGE EMERGING ENTREPRENEURS, GCC GOVERNMENTS MAY BACK THE DEVELOPMENT OF A SEPARATE SEGMENT FOR SMEs ON THE CAPITAL MARKETS, SIMILAR TO THE ONES ALREADY EXISTING IN QATAR AND DUBAI (UAE).

in the overall economy. This will, over time, generate a web of supply chain relationships, thereby linking firms and even public sector entities into a sustainable cluster framework.

Often, innovators and entrepreneurs are isolated from a support system and face difficulties to find funding, partners or collaborators. Concrete social innovation requirements and possibilities must be communicated to entrepreneurs and institutions set up to support SMEs. The success of the profiled SMEs indicate that there are a large number of small businesses engaged in the field of social innovation that will enable them to find new markets, create new jobs and fine-tuning of innovative business models.

The profiled SMEs indicate that the GCC region is fertile ground for entrepreneurs to experiment and prosper. However, the regulations and the ecosystem is not very conducive for SMEs to start and continue. There are ample funding constraints and private sector investments in the form private equity or venture capital is scarce. Though there are models of crowdfunding coming up across the GCC, there are no structural legislations that will regulate and have oversight over them. Thus, for sustainable development of SMEs, there is a need for the development of a suitable ecosystem from the ground up. Small and Medium-sized Enterprises (SMEs) act as the key source of job generation and economic value addition across the world. In the GCC, the ongoing economic changes will mean that SMEs will receive more persistent attention from governments and policymakers. Though there is a widespread feeling that SMEs do not face a conducive environment in the GCC and the wider MENA region, there are still a crop of SMEs that have done well. Let us learn from them.



BITCOIN TO BLOCKCHAIN

GCC Should Adapt FAST

The traditional payment model ropes in a third party, trusted by everybody, to be involved in a transaction. Blockchain puts that model to a test by eliminating the centralized system and replacing it with a system that is widely distributed and secured by cryptography.

Blockchain being used in some form or other to carry on regular transactions over the next 5–7 years.

Reading along the lines of "Financial Times," Blockchain is a data-recording structure that mothers a shared ledger that is distributed among networked computers, allowing users to make and verify transactions immediately, eliminating any interference from a central authority. New transactions are cross-checked by the network and, when approved as valid, are added to the Blockchain.

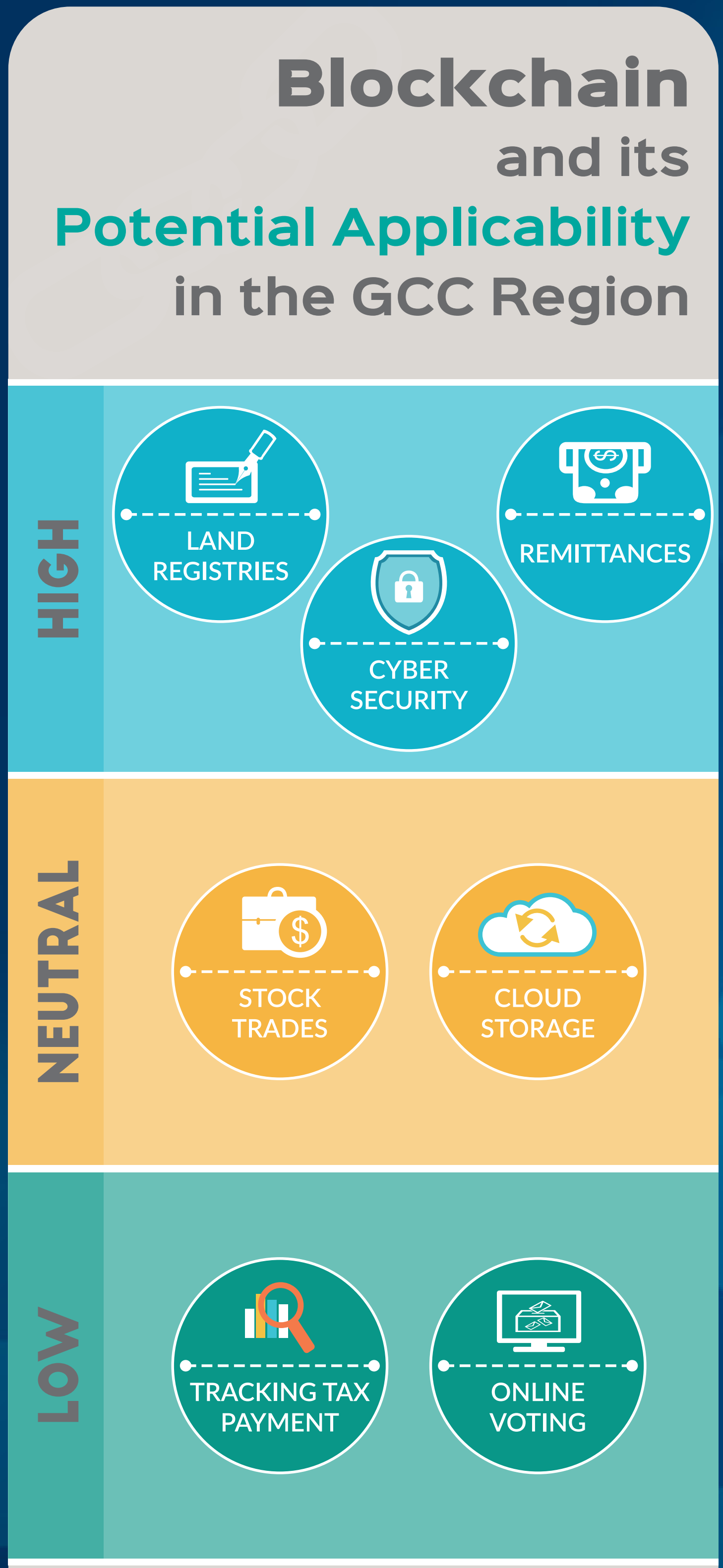
The traditional payment model ropes in a third party, trusted by everybody, to be involved in a transaction. Blockchain puts that model to a test by eliminating the centralized system and replacing it with a system that is widely distributed and secured by cryptography. Transactions that happen on the Blockchain network are public, allowing anyone who wishes to join the network and verify the transactions.

Banks and financial companies are exploring Blockchain to tide their day-to-day challenges. Many technology pundits and bankers had projected that even though Bitcoin could possibly be restricted to a few thousands on the internet, the underlying technology—"The Block Chain"—holds a huge potential in real-world scenarios. The concept of decentralization that Blockchain promises has creased the brows of several central bankers, who are also increasingly becoming receptive to the idea of incorporating Blockchain to their systems. Although overnight adoption is unlikely, we envisage Blockchain being used in some form or other to carry on regular transactions over the next 5–7 years.

The GCC region, traditionally, has lagged behind in adopting disruptive technologies. Lack of a robust start-up environment and difficulty in mirroring the success of global start-ups have been threatening the potential of the GCC region. Given the defiance to change, coupled with the absence of a robust framework, it is too early for investments in Blockchain to befall in the GCC region. The argument that nothing noteworthy is happening in the GCC region fails to hold water.

Dubai, through its Dubai Future Foundation (DFF) of emerging technologies, has been hitting the top of the list by nurturing and developing latest technologies. The objective of the DFF is to ring in new technologies for the government and bureaucratic services. Dubai's approach is new in that it dares to defy its traditional nature of simply serving as a hub and is actually bent on leveraging on new technologies for catering to the needs of the state. The DFF's Dubai Future Accelerators program, for instance, has singled out 30 companies and has given them 3 months' development time and access to millions of dollars of venture capital to put their technologies to a test with local government authorities. Two key projects—Hyperloop, a high-speed transportation system, and a Blockchain project developed by Consensys—were economically buttressed by the program.

Dubai recently steered a series of pilots, through its Global Blockchain Council, on using Blockchain in the following areas—health records, managing conflict diamonds, land title transfer, business registration, digital wills, tourism engagement, and shipping. Dubai has lofty ambitions of creating smart cities,



Source: Marmore Research

and these are likely to deliver stacks of data daily. Tracing the progress of the Blockchain technology, it is not easy for anyone to question its capability of handling the pool of data.

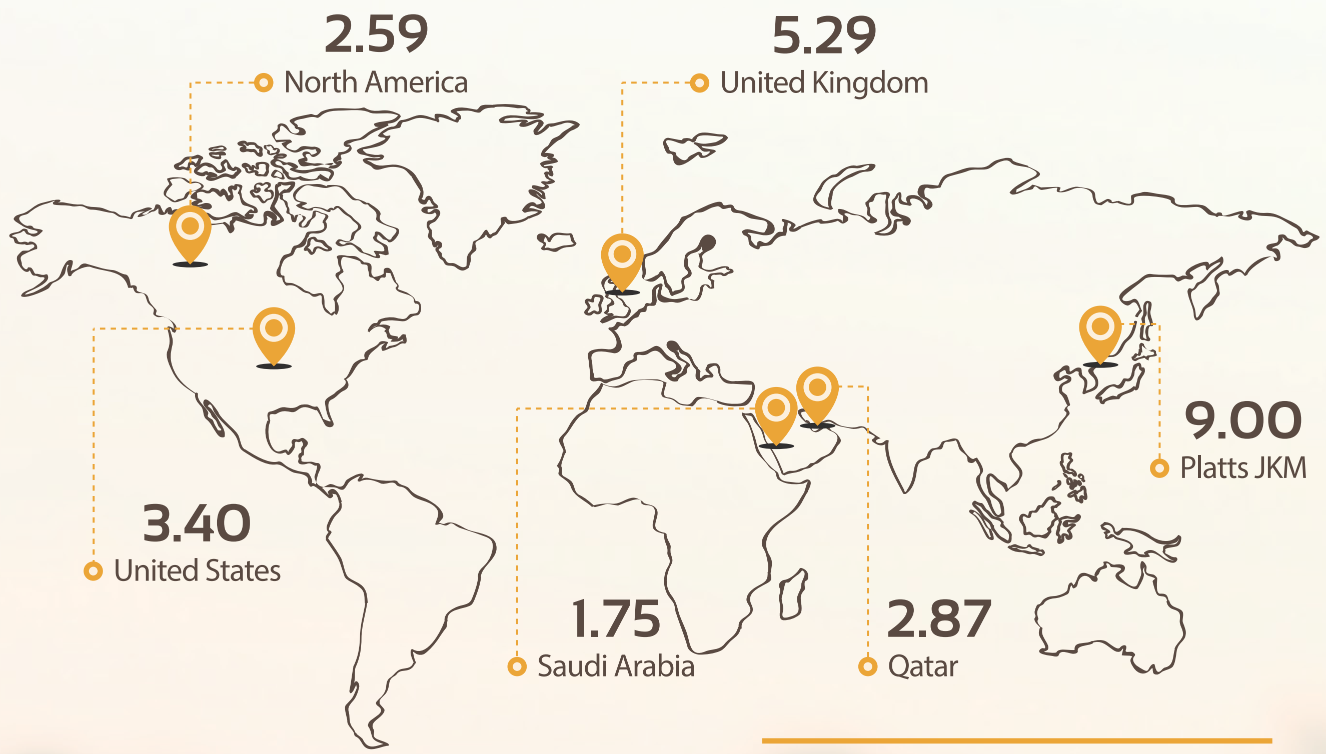
Blockchains can be put to use in almost any form of record keeping, agreement, contract, or register. Recently, the UK government has started probing the use the Blockchain for public services lending credibility to the fact that Blockchain is primed to move into mainstream. The below table outlines, without baring their potential applicability for the GCC region, just a few ways the Blockchains are being used or could be put to use in the times ahead.

Saudi Petrochemicals

Waning Low Cost Advantage

Petrochemicals have been one of the major focus areas of the Government of Saudi Arabia in the past few decades for several reasons. It is one of those sectors in which Saudi Arabia enjoys a natural advantage due to the abundance of raw material. Saudi Arabia is looking at the sector as a means of diversification from the oil and gas sector which has been the major revenue generator across the GCC region. Boosting the local employment is an important priority for the government in order to bring down the excessive public spending by the government. Saudi Arabia's job creation drive and the necessity to diversify the economy, augurs well for the petrochemical industry in the region.

Saudi Arabia is the leader in the petrochemical sector among the region having a petrochemical production capacity of more than all the other GCC countries combined at 99.1 Mn tons. Saudi Arabia dominates the GCC region in terms of capacity accounting for 66% of the total production capacity as of 2016. Saudi Arabia was the only country in the region to add to its production capacity during 2016; it increased by 5.8% compared to 2015 and most of the capacity addition was made in basic chemicals and polymer manufacturing. SABIC has been behind the increase in production capacity of the country. It recently signed up with Saudi Aramco, China's Shenhua Ningxia Coal Industry Group (SNCG) and US's Exxon Mobil for developing petrochemical plants



Source: *Platts, EIA as of Oct 2016, Qatar (Index Mundi) Prices as of 31-dec-2016*

Natural Gas Price Estimates (in USD/mmbtu)

in Saudi Arabia, China and the US respectively.

Their leadership in the sector among the region could be attributed to the vision of the government, seeing petrochemical industry as an important sector for the future growth of the economy. They established SABIC (Saudi Arabian Basic Industries Corporation) in 1976 and started production way before their neighbors. Currently chemical exports constitute 63% of the total non-oil exports in the country exemplifying its importance among non-oil sectors.

The Government, over the years has taken several steps to improve the sector's competence in the global level. The feedstock was subsidized till December 2015 but it was increased from USD 0.75 MMBTu to USD 1.75 MMBTu. While the current feedstock prices are lesser than that of the global peers it has affected the profitability of the local petrochemical companies.

The US has one of the lowest natural gas prices outside the GCC region at USD 3.4/mmbtu majorly due to the discovery and extraction of Shale Gas. The feedstock prices in the GCC are among the least in the world due to its easy availability and government subsidy and even after the increase in natural gas price, they remain at low levels. Among GCC countries, Saudi Arabia enjoys the least procurement cost which allows the industry to thrive.

Companies in the western countries also face regulatory constraints due to regulations laid by the governments like the REACH Guidelines and the Kyoto protocol due to which they incur additional cost of production. As few of these regulations are not applicable in gulf countries, they have a better advantage in terms of production costs.

Several projects have been initiated by the government in the areas of petrochemicals and refinery integration, setting up of joint ventures with global players etc. which have helped the petrochemical industries in Saudi Arabia to do well in the global stage. There have also been investments made by the government to improve the technology used in manufacturing of petrochemicals and to initiate new projects.

Saudi Arabian petrochemical companies have historically concentrated in manufacturing of basic petrochemicals due to the cheap cost of natural gas. However, due to the shortage of natural gas and need for more downstream expansion, the industries have started moving to heavier feedstock. Heavier liquid based feedstocks help in bringing out custom polymers that are manufactured to the customer's specification and have higher pricing compared to generic versions. Specialty chemicals have been set as the focus area for the future by various petrochemical industries in Saudi Arabia as it generates more value compared to their existing offerings.

The above factors suggest that there is a huge potential for the growth of this sector in the country.

There has been an increasing demand from the developing countries like China and India who account for most of Saudi Arabia's exports. Several global players are also willing to set up joint ventures in Saudi Arabia due to the cheap feedstock supply. This could prove to be a good opportunity for the domestic industries to learn the global practices and improve their production techniques. Increase in demand for products like paints, fertilizers and other specialty chemicals is also expected to be a major growth driver for the industry.

Yet, there are a few major challenges lying ahead for the sector which could hamper its progress. Although the procurement costs of natural gas are very low in Saudi Arabia right now, it is not expected to remain so indefinitely. Natural gas is an exhaustible resource and its demand for domestic consumption is on the increase. The government plans to reduce its subsidy in a phased manner which could reduce the margins for the Petrochemical manufacturers in the country. Emergence of shale gas is another threat which could nullify the cost advantage Saudi Arabia and the other GCC countries have been enjoying over the rest of the world. Anti-dumping charges are also being laid by several countries to help out their domestic producers. So there is a growing need for the petrochemical industries in Saudi Arabia to take heed of these factors and act accordingly.

The 3 Areas AI WILL IMPACT GCC

Artificial Intelligence (AI) has fascinated mankind since the invention of computers. AI has had many false starts during the past century, some optimists even predicted AI to become standard by the 1950's which turned out to be wildly optimistic. After many such false starts, AI has made some extraordinary progress in the past few years owing to the improvements in computing power and newer learning techniques that software developers have built in these computers.

Simply put, artificial intelligence is a sub-field of computer science. Its goal is to enable the development of computers that are able to do things normally done by people -- in particular, things associated with people acting intelligently. Even within the AI, there are strong AI, Weak AI and the somewhere in between AI. We are yet to see strong AI, AI that can think like a human being himself, in existence. Weak AI, These are AI that are adopted to perform a single function like playing chess or scrabble. AI falls somewhere between these two extremes, a middle path, is the where most of today's research is going on.

Given the reach of disruptive potential and the reach of AI, it could arrive at GCC shores before long. We see three major areas in the GCC region in which AI could be used.

01

HEALTHCARE

AI Based Health Assistant

Similar to Siri or Google Now, AI based health assistants can be used for initial diagnosis of patients. These chat bots enquire user symptoms and provides easy-to-understand information about their medical conditions. It would also provide steps and measures to remedy the illness and could possibly even warn the users as to when to see their doctors. GCC region is predisposed to type-2 diabetes and it requires managing food intake and constant monitoring of patients. AI based health assistants could take care of patients by monitoring their food and medicine intake at regular intervals thereby removing uncertainty. Your.MD and Babylon Health are two London based startups that are currently developing such chatbots. Even Microsoft has developed one of its own called Microsoft Tay.

Early Diagnosis

The treatment and prevention of rare and dangerous diseases often depends on detecting the symptoms at the right time. In many cases, early diagnosis can result in complete cure. Conversely, a late or wrong diagnosis, in case of cancer, can have damaging or potentially fatal results. AI networks can scan through millions of CT scans that have been uploaded to its server and compare that with the patient's one. It can help identify tumour and cross-check it with its database to check if it is a malignant one or a non-malignant one. GCC region is expected to have 150-200 percent increase in cancer rates by 2030 owing to changes in diet and lifestyle. This region is also expected to have considerable shortage in medical personnel as most of them come from other countries. While the prospects of AI replacing a trained radiologist, with decades of experience under his belt, is extremely unlikely, it can definitely serve as an ideal tool in helping him identify tumours and other illness with remarkable accuracy.

02

Traffic Management & identifying Violations

Two people die in accidents on a daily basis in the UAE everyday according to the latest information from country's Ministry of Interior. While the number of accidents in the UAE has come down from 4,796 in 2015 to 4,788 in 2016 the number of road death have increased by 7.4% during the same period. Rash and negligent driving has been a major cause of concern for the authorities. With the GCC countries trying to increase tourism revenue by attracting more tourists to the country incidences of rash or negligent driving could damage the country's reputation. AI could help in traffic management by simultaneously analysing data from various traffic junctions which in turn could be used to regulate traffic and manage traffic signals. In 2016, a pilot programme was conducted in Pittsburgh, USA by a company named "Surtrac". In the limited tests, the startup was able to reduce. travel time by 25 percent and idling time by over 40 percent.

03

Stock Trading and Increasing Liquidity

GCC countries stock markets have the lowest liquidity in the world. Computer aided trading or algorithm based trading could help in improving the volumes of the stock market. To start with the region could look at algorithm based trading whereby the computers would take the decision to trade depending on pre-defined rules. This would improve liquidity and help the regional investors with easy entry / exit from the market. Improvement in liquidity would also help the region in attracting international capital.

Given the disruptive nature of AI, the application could possibly enter other fields as well. Areas such as air traffic control are for the most part automated and we could see AI extending its capabilities and completely taking over the operations of the ATC. Given the Middle East region's status as a transport hub, this could open up opportunities for tech firms in the region. Manufacturing is another area that could very well be disrupted by automation. We already have robots that possess the dexterity of human hands and these robots are trained by human workers who currently do the job. Manufacturing has never been GCC's forte mainly due to the size of Oil and gas sector and shortage of the available skill. Automated manufacturing could change all this and it would also go very well with the government's objective of diversifying the economy.

GCC countries, the UAE in particular, has shown lot of interest in emerging technologies such as Block chain and Hyperloop. AI could very well turn out to be the next big interesting technology for the region. The healthcare needs of the people of the region and the higher fatality rate associated with them could very well be tackled with the help of AI. It could even help the GCC countries reduce the dependence on expat medical professionals. The GCC region is expected to witness two mega events – Dubai Expo 2020 and Qatar Fifa 2022- both of which are expected to bring in foreign visitors by the droves. Crowd control, temperature control (within stadia and exhibition centres), traffic management etc., needs constant monitoring and quick decisions. AI can very well shoulder most of its burden reducing the stress on authorities. Authorities in the region have tried to bring in foreign investors in order to prop-up the capital market's liquidity and to put them on the map of global investors. AI and Bot trading have started to gain popularity among investors now and they could be used to improve the popularity of GCC markets. In recent years, funds globally have moved towards real machine learning where artificially intelligent systems can analyse large amounts of data at speed and improve themselves through such analysis. Given the poor participation of institutional investors in these markets encouraging artificial trading could be a great way to boost the sagging liquidity in the region.

BookReview

Rakesh Khanna, CFA
Analyst, Marmore

Rise of the Robots

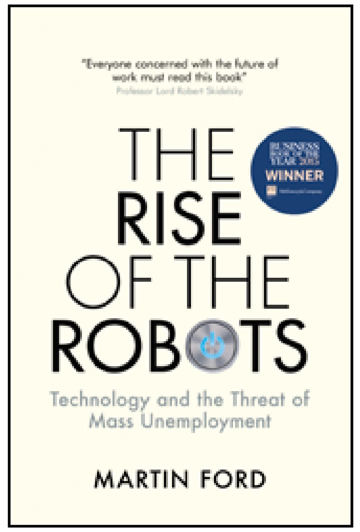
Technology and the threat of mass unemployment

By Martin Ford

Martin Ford is a futurist thinker. In this book he liberally displays his fascination towards robotics and artificial intelligence. Broadly this book covers three main areas – Blue-collar automation, the dreaded white-collar automation and the unemployment problem that the automation creates. He says...

"One of the obvious implications of a potential intelligence explosion is that there would be an overwhelming first-mover advantage. In other words, whoever gets there first will be effectively uncatchable."

The premise of Rise of the Robots is simple: technology is accelerating so rapidly that automation is on the verge of taking over not just straight-forward physically oriented jobs but also "brain power" jobs as well in such fields as law, healthcare, journalism, engineering, and computer programming. While there has been warnings about the coming age of the machines since the time of the "luddites" lot of them were false starts. Mr.Ford argues that this time the age of machines have already dawned upon us by citing hard-hitting numbers about the increase in productivity and how the benefits of improvement in productivity is now largely captured by the corporates instead of the workers. Recovery from consequent recessions have come on the back of very little job growth resulting in lesser than ideal full employment scenario. He cites how the companies have emerged from recession in the past few years with fewer workers and better profit margins mainly due to automation.



The author starts off the book with a brief introduction of robots and presents to us the various advancements that are currently taking place in robotics. He talks of robots that possess the dexterity of human hands, a warehouse robot that is capable of arranging six boxes a minute and a robot that can be taught by humans to do a certain mechanical tasks and once trained they could then be used to train other robots. He talks of a number of warehouses in the US that are largely automated and how they could be managed remotely. Cloud robotics – robots that are powered by AI he says could automate most of the routine jobs in warehouse, logistics, distribution, manufacturing etc,

The author argues that Industrial automation has been around since the 1970's when cars were started to be assembled by machines instead of hands. These robots, the author argues are in a sense blind, they can't see and identify parts that they are assembling like a human being and requires constant calibrations. He argues that the current state of technology and improvements in artificial intelligence will bring forth a new era where machines stop being just tools and instead become workers themselves.

"It is an era that will be defined by a fundamental shift in relationship between workers and Machines. That shift will ultimately challenge one of the more basic assumptions about technology; that machines are tools that increase the productivity of workers. Instead, machines themselves turn into workers, and the line between the capability of labor and capital is blurring like never before."

Half of this book is about economics, and the other half is about advances in artificial intelligence and robotic technology. Together they offer a very strong message for the reader that is -Yes, this time is different. Any job that is routine or predictable is an easy target for automation. Even jobs that require creative input, such as writing and drawing seems to be fair game for automation or so the author makes it sound. (e.g. There's a computer program that can write articles about sporting events that includes human interest stories complete with interview quotations.) The logical conclusion is that massive unemployment and income inequality are very real possibilities as more and more jobs traditionally performed by people disappear.

He talks about the possibility of Middle Class jobs vanishing and leading to more disparity. If middle-class jobs keep disappearing as wealth piles up at the top, Martin Ford predicts, economic mobility and consumption will "become non-existent"

"The essential point is that a worker is also a consumer (and may support other consumers). These people drive final demand. When a worker is replaced by a machine, that machine does

not go out and consume. The machine may use energy and spare parts and require maintenance, but again, those are business inputs, not final demand. If there is no one to buy what the machine is producing, it will ultimately be shut down. An industrial robot in an auto manufacturing plant will not continue running if no one is buying the cars it is assembling."

"[T]he mass-market industries that currently power our economy would be replaced by new industries producing high-value products and services geared exclusively towards a super-wealthy elite. The vast majority of humanity would effectively be disenfranchised. Economic mobility would become non-existent. The plutocracy would shut itself away in gated communities or in elite cities, perhaps guarded by autonomous military robots and drones. In other words, we would see a return to something like the feudal system. There would be one very important difference, however: medieval serfs were essential to the system since they provided the agricultural labor. In a futuristic world governed by automated feudalism, the peasants would be largely superfluous. (219)"

Ford argues that a society based on consumption by a tiny elite is not economically viable. More to the point, it is not biologically viable. Humans, unlike robots, need food, health care and the sense of purpose often supplied by jobs or other forms of work. Ford does propose a solution: a guaranteed annual minimum income combined with proper incentives to encourage work if available. But no amount of money can compensate for the loss of meaningful engagement. Rise of Robots takes the reader on a rollercoaster ride through the latest technological achievements in automation, visual and audio recognition, 3D printing, autonomous vehicles and molecular manufacturing. While the prospects are deeply unsettling, Martin makes it a point to keep his book restrained and avoids extrapolation.

About the Author

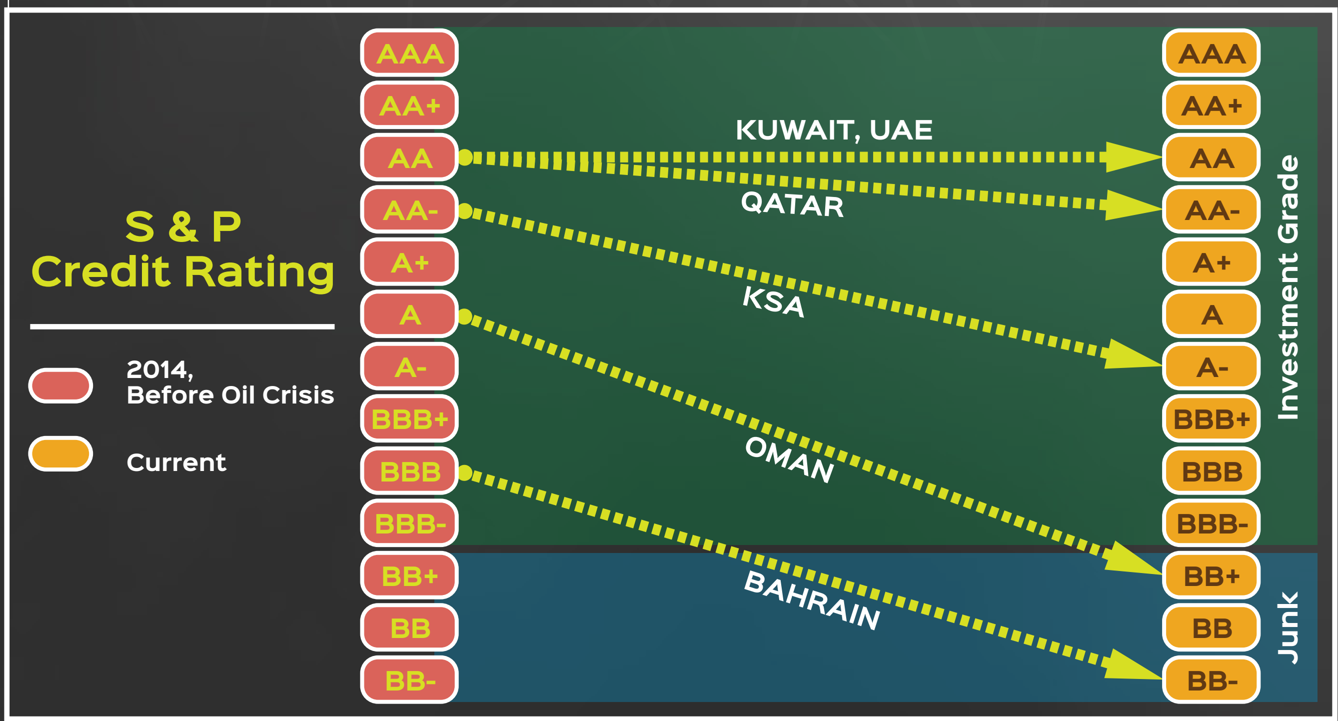
Martin Ford is a futurist and a Silicon Valley entrepreneur with vast experience in the fields of robotics, artificial intelligence and automation. He has currently written two books ***"Rise of the Robots: Technology and the Threat of a Jobless Future"*** and ***"The Lights in the Tunnel: Automation, Accelerating Technology and the Economy of the Future"*** published in 2015 and 2009 respectively. In addition to this he has penned columns for leading magazines such as The Guardian, Harvard Business review, CNN, Forbes etc., and is also a frequent speaker in the future oriented events such as Milken Institute Global Conference, the festival of dangerous ideas and Asian leadership conference.

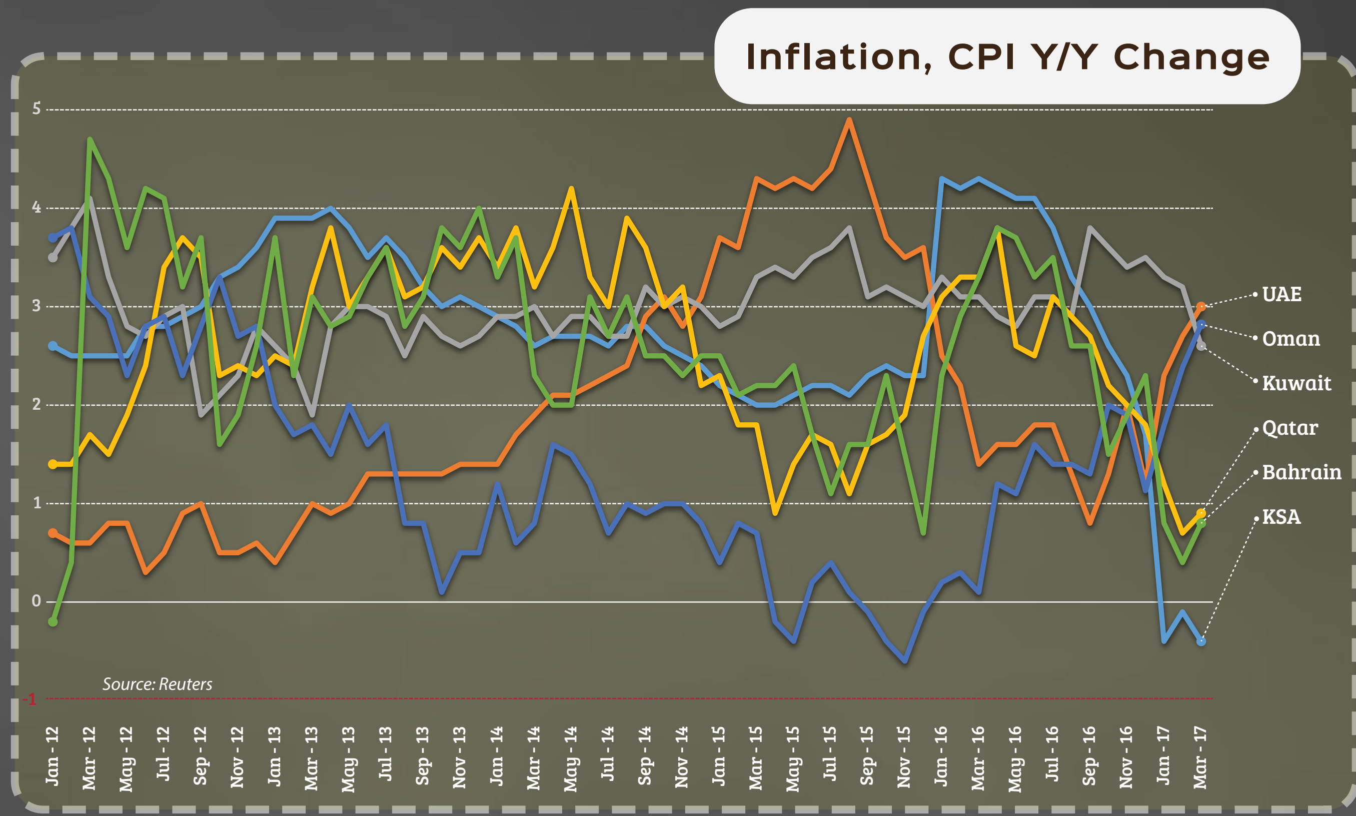
MENA DATA AT A GLANCE

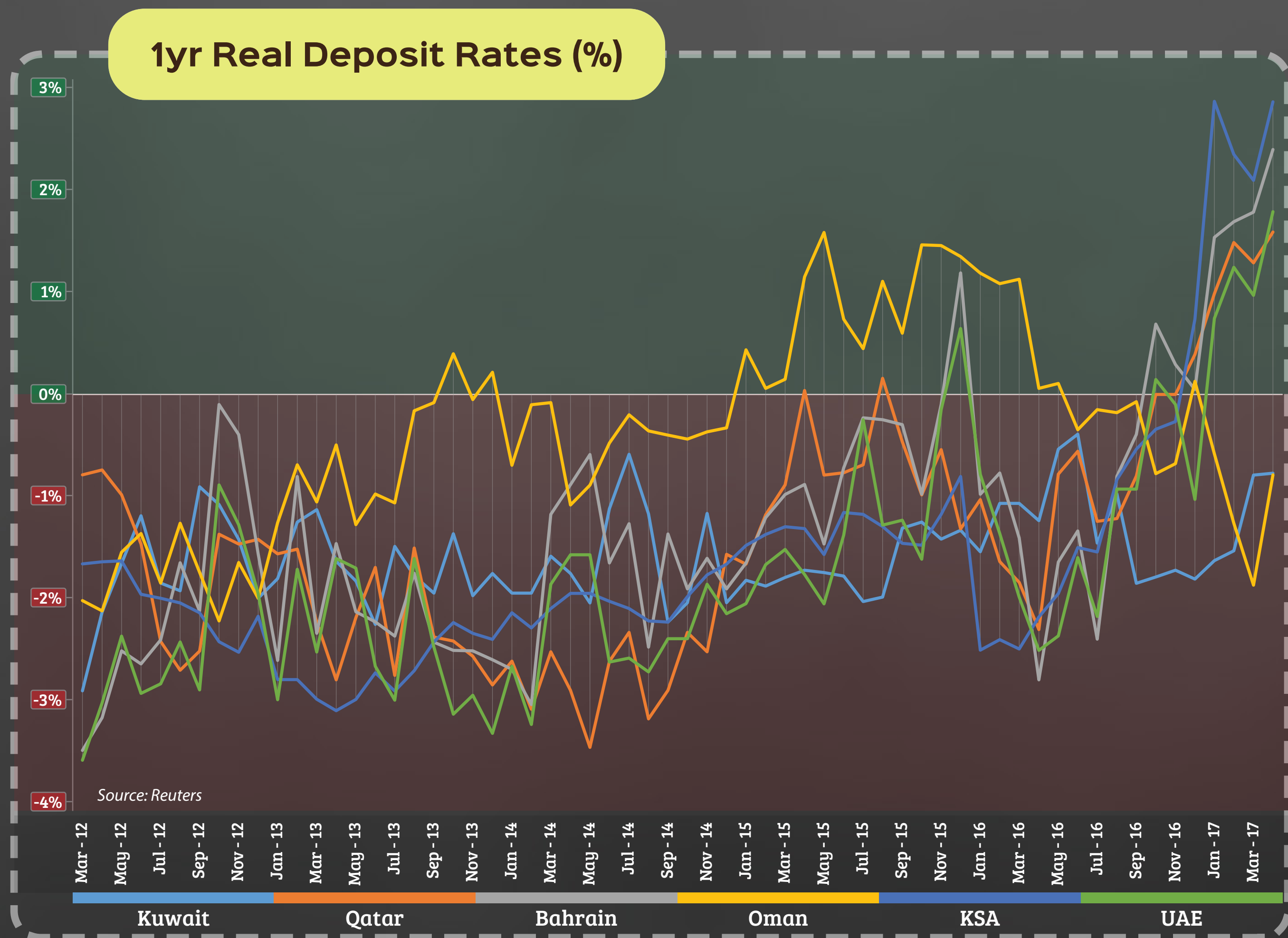
S. No.	Particulars	KSA	Kuwait	UAE	Qatar	Oman	Bahrain	Egypt	Jordan	Morocco
1	Nominal GDP (USD bn) (2017f)	672	124	397	177	75	34	350	42	114
2	Real GDP Growth (%) (2017f)	-0.6	2.4	2.8	3.3	2.0	2.0	3.3	4.0	4.1
3	Share of Hydrocarbon GDP (as % of total Nominal GDP) (2017f)	26.3%	40.0%	20.2%	35.7%	34.4%	12.8%	NA	NA	NA
4	Hydrocarbon Revenues (as % of total Governmental Revenues) (2017f)	67.1%	66.1%	53.8%	36.9%	70.1%	73.9%	NA	NA	NA
5	Fiscal Surplus as a % of GDP (2017f)	-8.8%	1.1%	-2.4%	-4.4%	-8.9%	-10.3%	-9.7%	-2.5%	-3.2%
6	Fiscal Breakeven Oil Price (2017f) USD/bbl	70.2	52.8	71.7	54.7	76.7	93.1	NA	NA	NA
7	Crude Oil Price (Q2 2017) USD/bbl	46.04	46.04	46.04	46.04	46.04	46.04	46.04	46.04	46.04
8	Crude Oil Reserves (End Q4 2015) billion barrels	266.21	101.50	97.80	25.24	5.37	0.12	4.40	0.00	0.00
9	Current Account as a % of GDP (2017f)	-1.6%	-1.6%	4.1%	-2.2%	-9.1%	-0.7%	-4.9%	-7.3%	-2.3%
10	Inflation (%) (2017f), CPI average	2.8%	2.5%	2.9%	1.7%	2.8%	2.7%	17.4%	2.8%	1.5%
11	Population (2017f) in million	32.94	4.53	9.74	2.65	4.50	1.45	89.00	9.53	33.96
12	Unemployment Rate (%) (2017f)	12.0%	2.60%	NA	0.30%	NA	NA	12.7%	13.1%	9.8%
13	Market Cap (Q2 2017) (USD bn)	469	93	211	103	15	20	35	22	63
14	Stock Market Performance (YTD 2017)	3.0%	5.8%	Abu Dhabi(ADI): -2.1%, Dubai (DFMGI): -4.3%	-13.5%	-11.5%	7.3%	11.7%	0.6%	3.4%
15	P/E (Q2 2017)	15	16	ADX -11, DFMGi -9	13	10	9	9	14	20
16	Ease of Doing Business Rank (Global - 2016)	94	102	26	83	70	66	122	118	68
17	Starting a Business Rank (Global- 2016)	147	173	53	91	149	32	39	106	40
18	Global Competitiveness Index (GCI) Rank (2016-2017)	29	38	16	18	66	48	115	63	70
19	GCI Infrastructure Rank (2016-2017)	31	52	4	18	38	32	96	56	58
20	GCI Health & Primary Education Rank (2016-2017)	51	76	40	27	69	34	89	80	77
21	GCI Higher Education & Training Rank (2016-2017)	46	94	34	30	85	44	112	51	104
22	GCI Innovation Rank (2016-2017)	36	79	21	18	69	42	111	39	86
23	Corruption Perceptions Index (2016, Rankings)	46	41	66	61	45	43	34	48	37

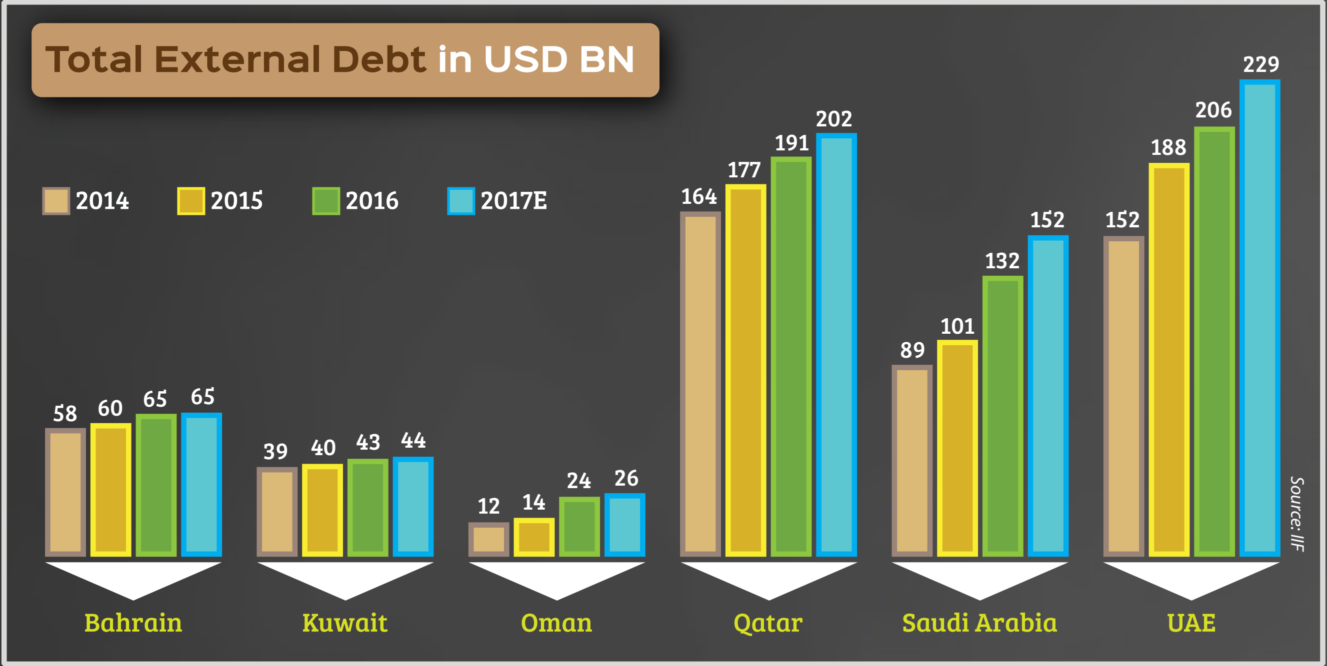
Source: IIF, IMF, Zawya, Reuters, EIA, World Bank, World Economic Forum, Transparency International

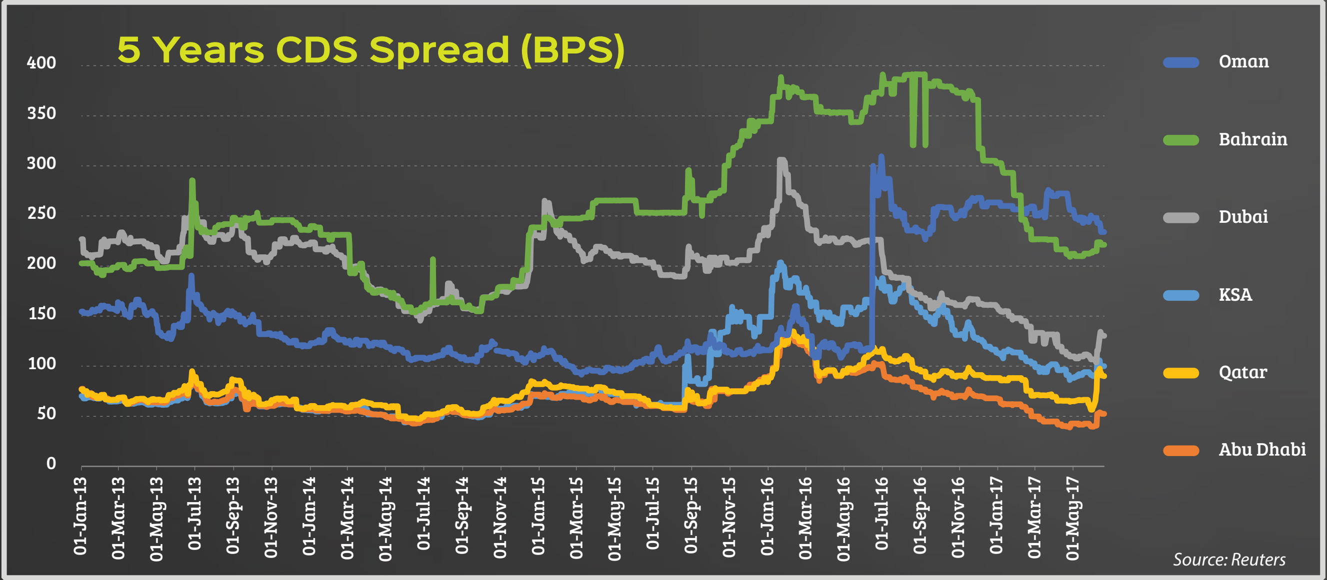
MARMORE
Chart Pack

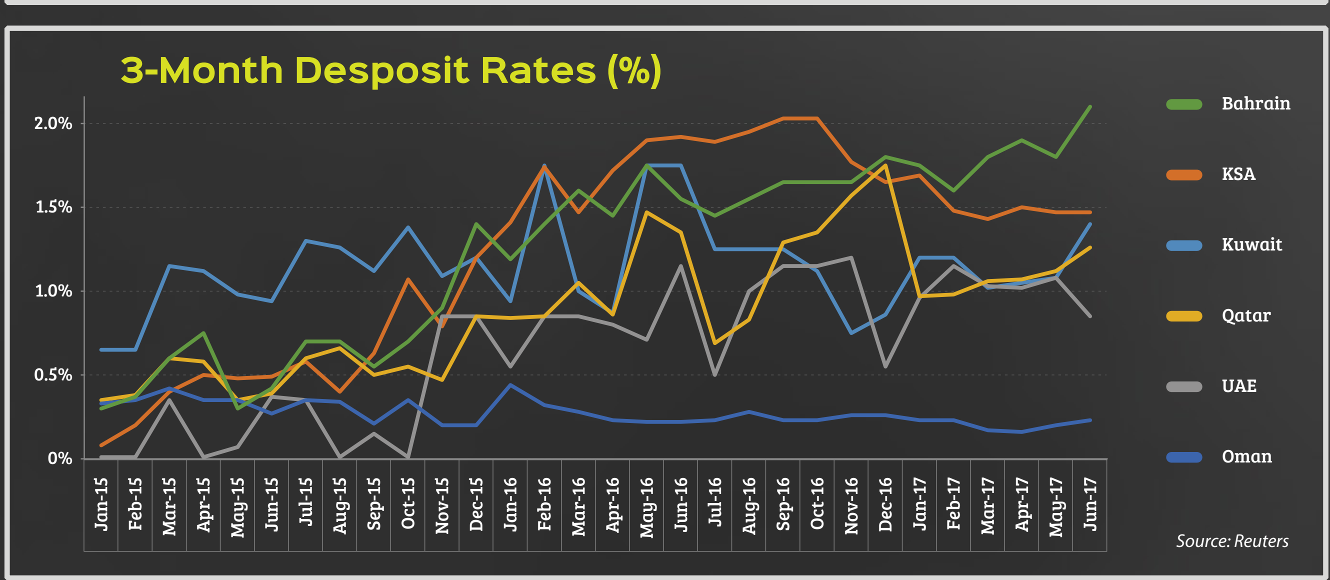


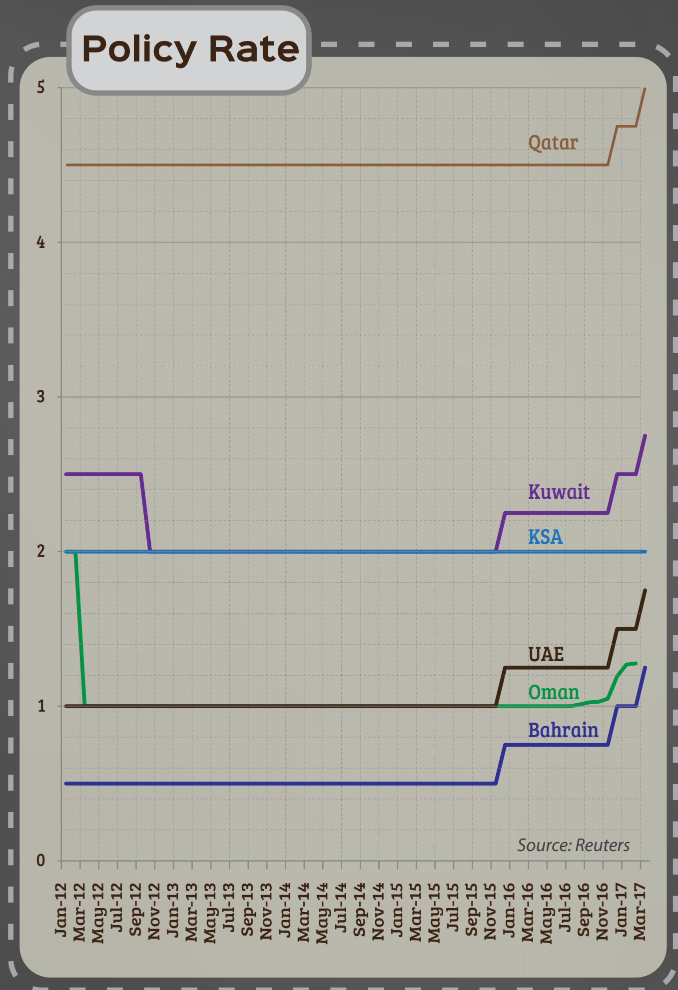


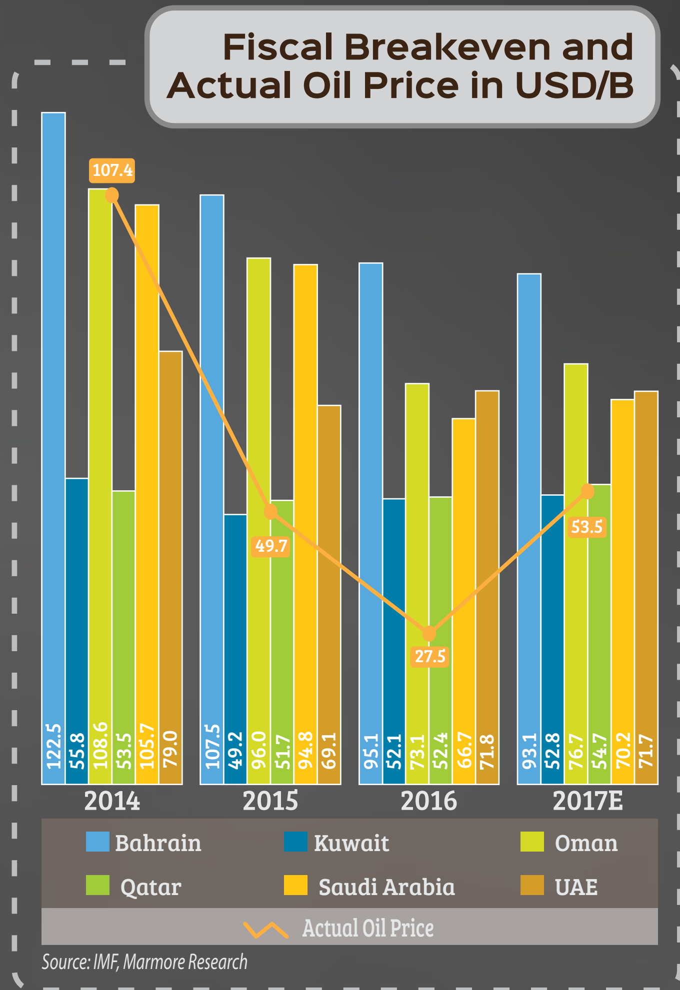


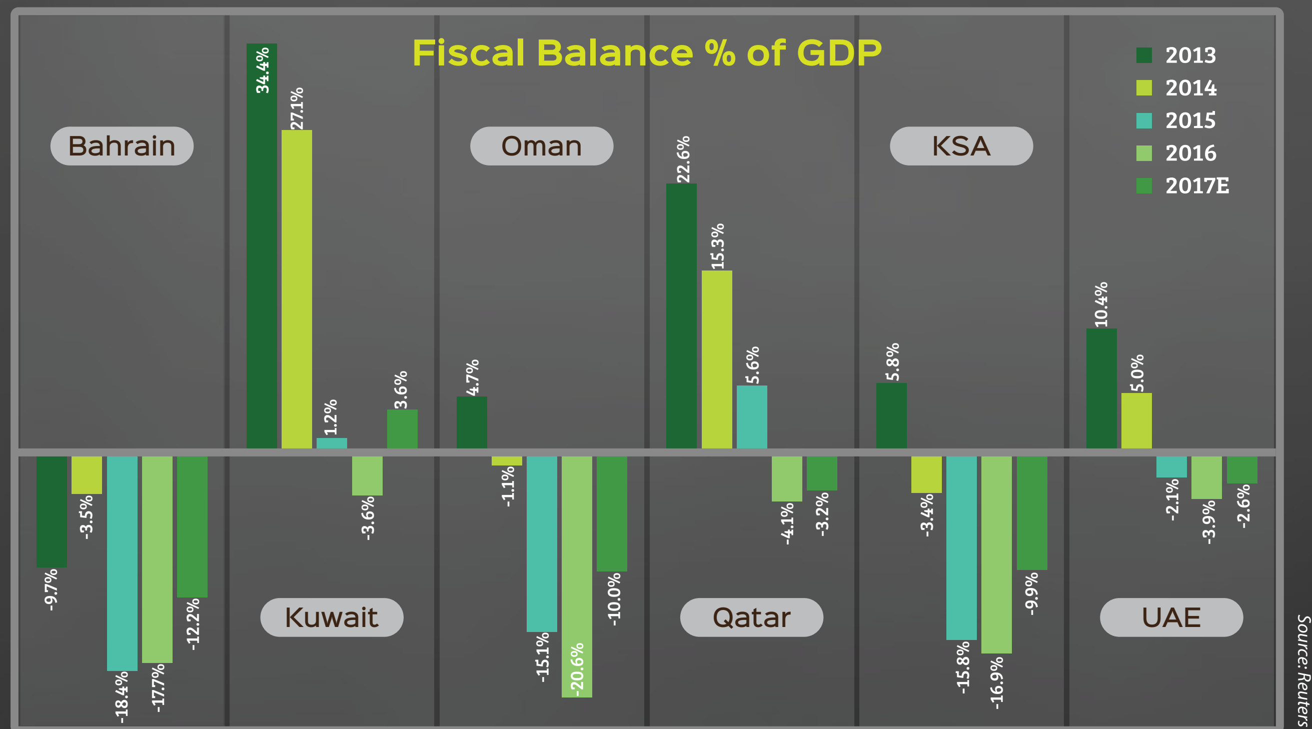

Total External Debt in USD BN
2014
2015
2016
2017E
58 60 65 65
Bahrain
39 40 43 44
Kuwait
12 14 24 26
Oman
164 177 191 202
Qatar
89 101 132 152
Saudi Arabia
152 188 206 229
UAE
Source: IIF

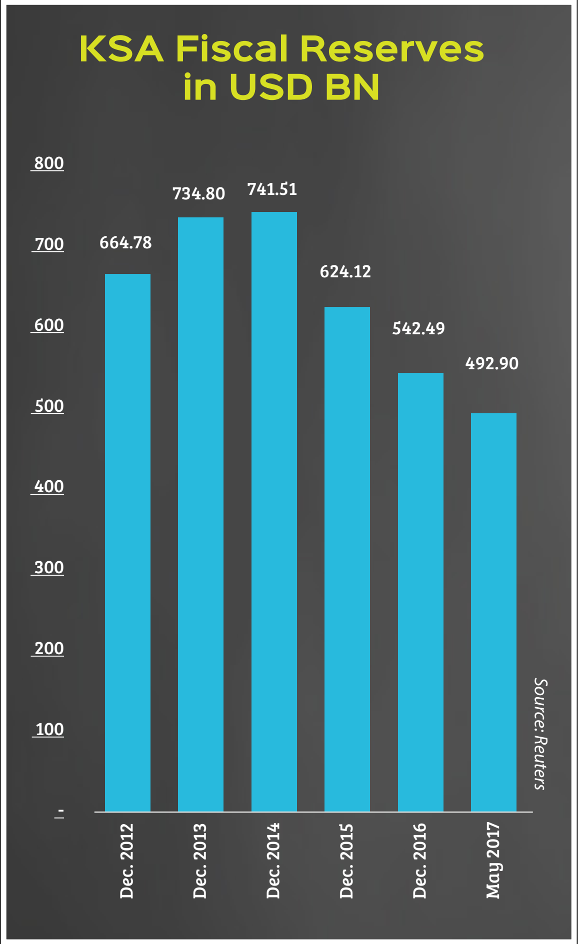

5 Years CDS Spread (BPS)
Oman
Bahrain
Dubai
KSA
Qatar
Abu Dhabi
Source: Reuters

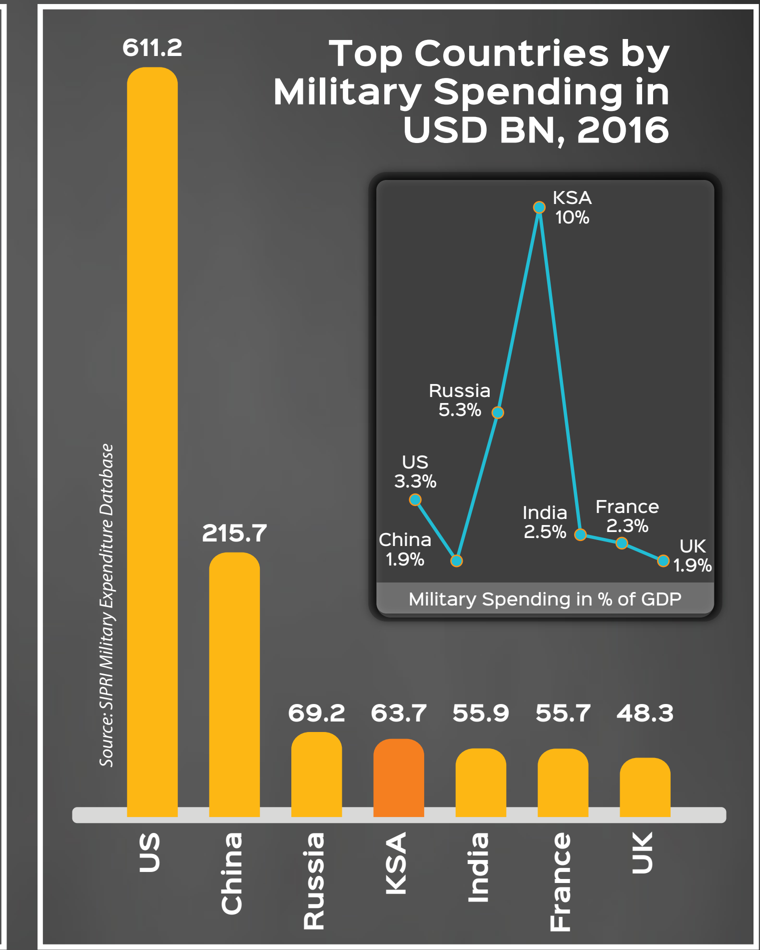

3-Month Desposit Rates (%)
Bahrain
KSA
Kuwait
Qatar
UAE
Oman
Source: Reuters

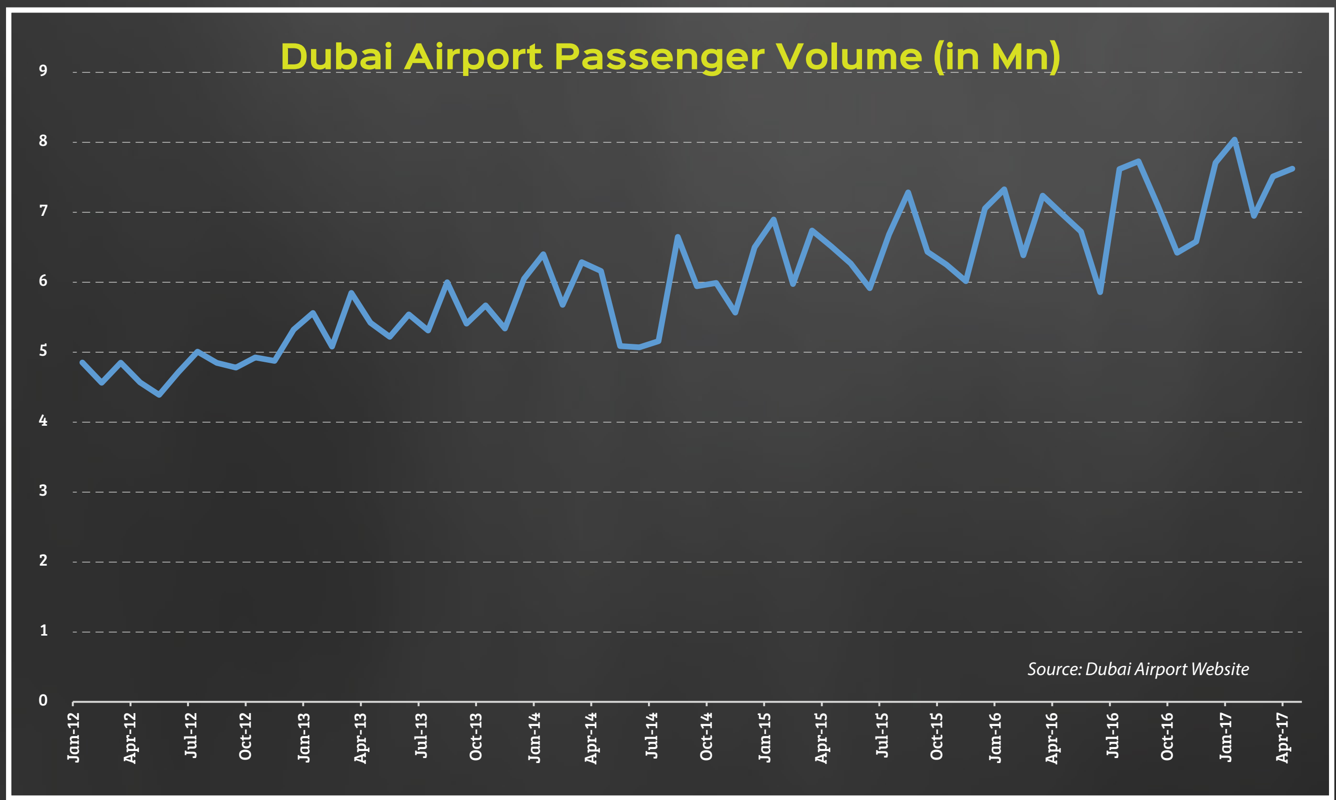

Policy Rate
Qatar
Kuwait
KSA
UAE
Oman
Bahrain
Source: Reuters

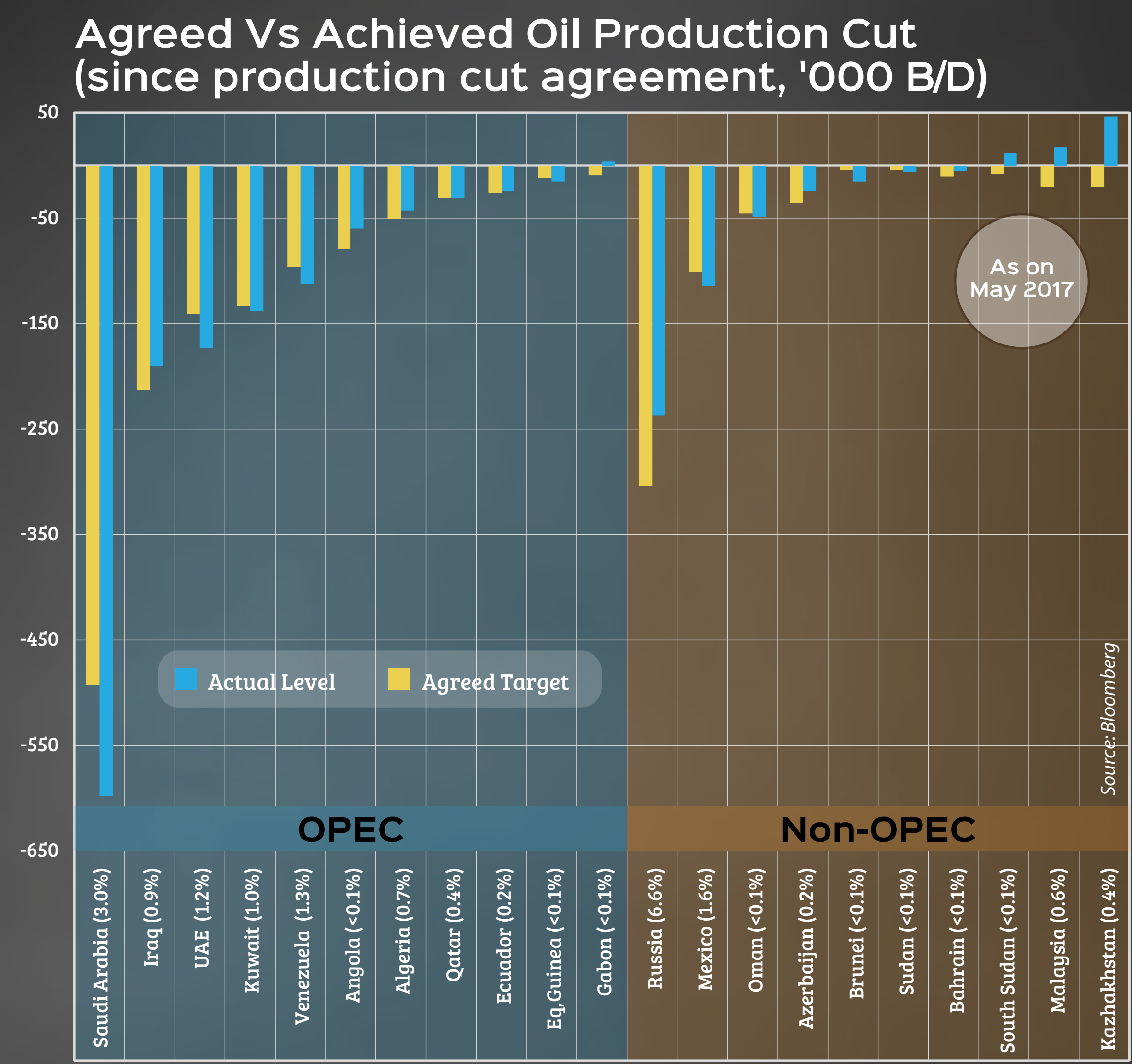

Fiscal Breakeven and Actual Oil Price in USD/B
107.4
49.7
27.5
53.5
122.5 55.8 108.6 53.5 105.7 79.0
107.5 49.2 96.0 51.7 94.8 69.1
95.1 52.1 73.1 52.4 66.7 71.8
93.1 52.8 76.7 54.7 70.2 71.7
2014
2015
2016
2017E
Bahrain
Kuwait
Oman
Qatar
Saudi Arabia
UAE
Actual Oil Price
Source: IMF, Marmore Research


Fiscal Balance % of GDP
2013
2014
2015
2016
2017E
Bahrain
-9.7%
-3.5%
-18.4%
-17.7%
-12.2%
Kuwait
34.4%
27.1%
1.2%
-3.6%
3.6%
Oman
4.7%
-1.1%
-15.1%
-20.6%
-10.0%
Qatar
22.6%
15.3%
5.6%
-4.1%
-3.2%
KSA
5.8%
-3.4%
-15.8%
-16.9%
-9.9%
UAE
10.4%
5.0%
-2.1%
-3.9%
-2.6%
Source: Reuters


KSA Fiscal Reserves in USD BN
800
700
600
500
400
300
200
100
-
664.78
734.80
741.51
624.12
542.49
492.90
Dec. 2012
Dec. 2013
Dec. 2014
Dec. 2015
Dec. 2016
May 2017
Source: Reuters


Top Countries by Military Spending in USD BN, 2016
611.2
215.7
69.2
63.7
55.9
55.7
48.3
US
China
Russia
KSA
India
France
UK
Source: SIPRI Military Expenditure Database
KSA 10%
Russia 5.3%
US 3.3%
China 1.9%
India 2.5%
France 2.3%
UK 1.9%
Military Spending in % of GDP


Dubai Airport Passenger Volume (in Mn)
9
8
7
6
5
4
3
2
1
0
Jan-12
Apr-12
Jul-12
Oct-12
Jan-13
Apr-13
Jul-13
Oct-13
Jan-14
Apr-14
Jul-14
Oct-14
Jan-15
Apr-15
Jul-15
Oct-15
Jan-16
Apr-16
Jul-16
Oct-16
Jan-17
Apr-17
Source: Dubai Airport Website


Agreed Vs Achieved Oil Production Cut
(since production cut agreement, '000 B/D)
50
-50
-150
-250
-350
-450
-550
-650
As on May 2017
Actual Level
Agreed Target
Source: Bloomberg
OPEC
Non-OPEC
Saudi Arabia (3.0%)
Iraq (0.9%)
UAE (1.2%)
Kuwait (1.0%)
Venezuela (1.3%)
Angola (<0.1%)
Algeria (0.7%)
Qatar (0.4%)
Ecuador (0.2%)
Eq.Guinea (<0.1%)
Gabon (<0.1%)
Russia (6.6%)
Mexico (1.6%)
Oman (<0.1%)
Azerbaijan (0.2%)
Brunei (<0.1%)
Sudan (<0.1%)
Bahrain (<0.1%)
South Sudan (<0.1%)
Malaysia (0.6%)
Kazakhstan (0.4%)