MARMORE MENA INTELLIGENCE
A MARKAZ subsidiary
Q2, 2015 | Issue No. 20

Marmore Bulletin

Featured Interview / Wealth Management

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Foreword

Welcome to Q2 2015 edition of The Marmore Bulletin.

The first half of 2015 has proved to be an eventful one, with the opening of the Saudi stock exchange in June 2015. For the GCC, the development is a precursor for many more events aimed at freeing the markets, in order for the private sector to grow and thrive. Keeping in line with the developing trend, the Featured Interview with Mr Tareq Al-Saleh (AGM, Investments Consumer Banking at Gulf Bank of Kuwait) captures the sentiments on empowering reforms in order to provide a boost to the markets and the economy.

Mr Alrazi Al Budaiwi, Assistant Vice President, Media and Communication of Kuwait Financial Centre 'Markaz', weighs in on the changing landscape with respect to modern media and communications practices. The role of the social media in shaping organizational narratives is a persistent theme coming from this issue's Expert Opinion section. This edition's Quarterly Market Review provides a detailed window into the opening of the Tadawul, highlighting the various rules attending the development.

The Research Highlights section provides a snapshot into few topical research topics. For instance, the American technology company, Apple Inc., is strategically analysed and excerpts provided with respect to the path that it has travelled and the possible future scenarios. Also, the topic on the Dubai Government Summit 2015 offers excerpts from a recent study in terms of the pioneering themes that the UAE is evolving with respect to governance and innovation. The issue of pricing of oil in the global markets is a complex topic for many who track the industry. One of the research highlights in the current issue looks into the bewildering world of oil pricing mechanisms and attempts to uncover the logic behind the Fiscal Oil Break Even Price.

The issue also provides the customary compilation of various regulatory updates from across the GCC, with respect to development in H1 2015. The edition is rounded off with essential statistics with respect to the GCC. As ever, we are eager to hear your views and suggestions on this quarter's edition. If you would like to know more about any of the topics covered, please feel free to get in touch with us.

We wish that this bulletin serves your market knowledge requirements well.

Featured Interview

Interview with Tareq Al-Saleh, Asst. General Manager, Investments – Consumer Banking at Gulf Bank of Kuwait

As a fallout of financial crisis that began in 2008, financial services industry has undergone through major overhauling. The regional wealth managers have also evolved to ensure they address the concerns of the investment communities and build their trust. We met with Mr. Tareq Al-Saleh, AGM, Investments – Consumer Banking at Gulf Bank to dig deeper into current level of expectation of investors, what role local banks can play and how important SMEs are to create wealth and move the economy in the right direction.

1. The Middle East and Africa region has the 2nd highest proportion (44%) of newly created wealth according to Boston Consulting Group. In your opinion, how aware the general market is in terms of various investment opportunities available to them? What can be done to increase awareness?

There is certainly room for improvement when it comes to making the investment community aware of all investment opportunities available to them. As a result of the financial crisis that began in 2008, investors lost trust in investment options available to them; therefore, nowadays investment products are not actively marketed. We can still observe that investors are reluctant which is evident from the lack of activity in Kuwait Stock Market post the crisis. However, I believe banking organizations are in a better position now to lead the effort to educate and spread awareness as they have traditionally been trusted by investors. In light of low interest rates scenario, banks are now trying to introduce new investment products and increase awareness with emphasis on proper investment education.

> "Banking organizations are in a better position now to lead the effort to educate and spread awareness"

Financial institutions can take the lead in increasing awareness through guiding their clients to proper financial planning and offering sound investment advice.

2. What are the reform initiatives taken by the Kuwaiti government to improve the investment and business climate in the country? What more can be done?

There have been many reforms in recent past to improve the overall business climate in the country; such as: introduction of new companies law, by reducing requirements to establish a company, introduction of SME fund, establishment of Capital Market Authority, anti-corruption authority, Kuwait

Direct Investment authority, etc. These are all initiatives taken to improve the business environment as we are well aware of Kuwait's standing in various ranking related to ease of doing business.

GCC Ease of Doing Business and components, 2015 Rankings

Economy	UAE	KSA	Qatar	Bahrain	Oman	Kuwait
Ease of Doing Business Rank	22	49	50	53	66	**86**
Starting a Business	58	109	103	131	123	**150**
Dealing with Construction Permits	4	21	23	7	49	**98**
Getting Electricity	4	22	40	73	79	**93**
Registering Property	4	20	36	17	19	**69**
Getting Credit	89	71	131	104	116	**116**
Protecting Minority Investors	43	62	122	104	122	**43**
Paying Taxes	1	3	1	8	10	**11**
Trading Across Borders	8	92	61	64	60	**117**
Enforcing Contracts	121	108	104	123	130	**131**
Resolving Insolvency	92	163	47	87	112	**127**

Source: World Bank doingbusiness.org

Now the government requires to implement increased level of coordination and reduce bureaucracy and red-tapeism that hampers the growth.

The CMA is driving several reforms in the financial sector. Nevertheless, the CMA is still in its early stages, faces many challenges. It has certainly made headway in governance and regulating market activity. The next challenge is to promote and grow the financial market – such as joining the MSCI emerging markets status.

3. What role should the Kuwaiti government play in encouraging the investment community in the country?

One important factor that would support the investment community is protection of minority shareholders. The new commercial law is an improvement; however there is more to be desired in this area.

Additionally, at least nowadays when an investment product is introduced in the market, we know it is audited and evaluated by CMA and it comes from a well-recognized companies. This certainly provides investors a sense of protection and comfort.

However, the CMA needs to ensure that the investment products and options available to investment community are authentic and qualified by conducting appropriate due diligence so that investors are not taken advantage of. We still see a lot of unregulated real estate investment opportunities marketed and advertised aggressively and it makes me wonder if all these opportunities are suitable for investments.

With increased focus on best corporate governance practices certainly ensures businesses are conducted based on sound principles and its objectives are aligned to interests of all parties involved. Moreover, it is important that implementing best corporate governance practices should not only be seen as private sector's responsibilities; the same level of corporate governance practices should also be implemented at public sector institutions to improve the overall business landscape.

4. What is your opinion about the quality and range of investment options provided by wealth managers (domestic or otherwise)?

The investment options provided by wealth managers is not as wide as desired. This is mainly due to the aftermath of the financial crises and the limited offering of local providers. As far as non-domestic products concern, the current regulation imposes fees on such products that deem them in many cases not financially feasible for local distribution.

5. To what degree do the political tensions in the GCC region influence the investment decisions of HNWI and UHNWI?

The geopolitical situation plays a big role in influencing investment decisions. Some estimates indicate that 60% of HNWI and UHNWI's wealth to be abroad. According to a 2011 report from Booz & Co (now Strategy&) GCC investors park 50%- 60% of investments offshore. Although this number is influenced by a number of factors such as: diversification strategy, investments in safe-heavens, etc. However, we cannot ignore that a part of these investments in foreign shores by GCC investors is due to the fact that the region has witnessed some unwanted political tensions and it makes them apprehensive.

6. We know that the Switzerland has been a major centre for offshore wealth management by UHNWI in the GCC region but Hong Kong and Singapore are clearly emerging as a viable competitor. What is the current perception that investors in the region have about these two emerging Asian financial centres?

There are two issues involved. One, Swiss private banks were hit by US driven regulations due to their role as safe haven to tax evaders. Although it does not imply that Singapore and Hong Kong are not subject to those regulations but these Asian centers were not exposed as Swiss banks.

Two, growth in global economy has shifted to Asia, mainly China. Those two trends led to the emerging of Asian private banking hubs competing with the traditional private banking centers.

7. What are your views on the onshore wealth management capabilities of local banks? How do they fare when compared to their global counterparts?

Local banks play an important role in wealth management. Local banks have a wide network and access to clients. Clients have trust in their banks. This is a good foundation for wealth management products and services. Local banks are progressing with their wealth management capabilities to reach the standards of global counterparts. But still banks are building their skill-sets and CMA is also relatively new and requires time to mature to come closer to the international standards.

"Local banks have good foundation for wealth management product and services."

8. What is your view on importance of Small and Medium Size Enterprises' (SMEs) role in wealth creation?

In developed economies SMEs play an integral part as the backbone of the economy and driver of growth. The private sector in general and SMEs in particular are yet to demonstrate their potential in the local economy largely because of the dominance of the public sector. But conversely we know that the public sector cannot continue to absorb the local work force due to limited employment opportunities, budgetary constraints and operation limitations. Therefore, there has to be a bigger role to be played by SMEs in private sector to support the economic growth and create employment opportunities. That is why government has reconfigured the SME support architecture and is attempting to create an ecosystem where SMEs can be nurtured and flourished.

> "There has to be a bigger role to be played by SMEs in private sector to support the economic growth and create employment opportunities"

On the contrary, the funding is not as big an issue for local SMEs as bureaucracy, regulations and long processes to establish a business. If government can solve this, the SMEs in Kuwait can certainly play big role in wealth creation.

9. Are the UHNWIs in Kuwait ready to invest in building a viable SME sector and play the long term game? What are some of the initiatives that can bring the private investors to the market?

The appetite of HNWIs is surely increasing for this type of SME investments and participate as an angel investor. More importantly, we have seen some large companies investing in new ventures to support SMEs as they look for young, enthusiastic talent to create new products and markets.

Recent transactions in the market, such as Talabat.com, indicate higher awareness from investors to the potential of SMEs. Creating an ecosystem that nurtures SME and development in the capital markets will encourage investors.

10. Majority of the participants in the Kuwait's stock market are retail investors. Why institutional participation is low and what can be done to improve the same?

Institutional investors are attracted to well regulated, open and transparent markets. Implementing reforms to the market to this effect and aiming to join the emerging markets status would improve participation of institutional investors.

11. What is your take on the current levels of Corporate Social Responsibility (CSR) practiced by Kuwaiti firms?

There certainly are many shining examples of CSR practiced by Kuwaiti firms. In the area of private sector development and entrepreneurship we see many Kuwaiti firms committed to programs such as Injaz working with schools and universities.

12. Kuwait is home to many HNWI & UHNWI's. What in your opinion are the ways they can give back to the society?

There are many local initiatives led by civil society and non for profit organizations. Those require active participation and funding. I am actively engaged with one civil society organization, Kuwait Economic Society, and we are currently advocating reform and proper governance in the public sector. I also got a chance to judge in Injaz's company competition. I was amazed by the level of enthusiasm and how young boys and girls came up with great ideas and organized themselves as businesses.

13. Could you please provide a brief introduction about your organization, and its activities?

Gulf Bank is a leading local bank offering its clients retail and wholesale products and services. I am responsible for investments within consumer banking. We strive to offer our clients innovative investment products and services locally and internationally to help them achieve their investment objective.

I am a board member in Kuwait Economic Society, a local civil society organization promoting economic reform. I am a board member in Kuwait National Fund for SMEs Development, a KD 2 billion government fund set up to support SME sector and diversify Kuwait's economy.

Expert Opinion

Interview with Alrazi Al-Budaiwi, Assistant Vice President, Media and Communication of Kuwait Financial Centre 'Markaz'

Undoubtedly the face of media and communication industry has changed drastically and corporate in all walks of life have to adapt and evolve to ensure they can capitalize on the new normal. It could not have been more convoluted for financial services industry because of the loss of trust that the industry had to confront with after the financial and economic crisis. We interviewed, Mr. Alrazi Al-Budaiwi, Asst. Vice President of Media and Communication at Kuwait Financial Centre 'Markaz' and asked him to shed light on what future trends are shaping up in the media industry, specifically with regards to financial services industry.

1. How important is the role of media and communications for an investment company like Markaz?

Corporate communication has become an integral part of any corporate strategy regardless of the company's activity. Corporations today work in a complex environment that include many internal and external stakeholders including employees, shareholders, clients or customers, media, regulators, civil society organizations, the general public and the list goes on depending on the company's scope and industry. The role of the corporate communications team is to accurately convey the company's messages and to reflect its true identity among its internal and external stakeholders. Otherwise the corporate image could be compromised by misinformation or unforeseeable crisis involving the company's industry or economy.

The 2008 global financial crisis and its impact on the investment industry's image have made many investment companies more conscious about the importance of a proactive corporate communications strategy and the need to thoughtfully engage the stakeholders to protect the brand image from a misinformed association among the public perception.

2. Could you shed some light on the changing habits of media consumption in Kuwait/GCC and how it has affected your media and communication strategy?

Given the advancement of communication technology during the past few decades around the world, two main trends can be witnessed in Kuwait and the region. The first one is "audience segmentation" where media outlets have become more and more specialized in catering to the interests of a more niche audiences. This trend mainly affected magazines and television channels in the region where most channels now specializes in a specific interest such as sports, business, political news, children, movies, music and etc. This trend is actually helping professional communication practitioners become more accurate in targeting their audience, which consequently leads to more efficient communication strategies with better reach. In this context, our communication strategy has become more audience centric in the media planning phase. This has helped us become more accurate in delivering our corporate messages to our stakeholders.

The second obvious trend is the boom of social media. Internet is now widely available and used among the masses in the region. This has empowered customers and other stakeholders by transforming the individual from a passive recipient to an active participant in the communication process. A consumer can potentially disseminate and/or amplify messages among the public through the use of social media. Companies should choose their turf within this paradigm, define the level and rules of their engagement and proactively engage their stakeholders through social media.

"A consumer can potentially disseminate and/or amplify messages among the public through the use of social media"

3. In contrast to western markets, newspapers in the GCC region continue to post growth. Do you think the trend could last?

It will not last forever for sure. The dramatic shift from traditional print media to digital media in developed markets was mainly a product of technological advancement combined with the skills to operate these technologies by media practitioners and consumers. The driver for corporate and human resources in adopting this technology was the constant need to become more efficient to survive competition.

In the GCC region, however, the scenario has been different. While technology could be easily imported thanks to the financial strength of the oil-rich countries, the region's media sector still lacks in term of competition and human skills. The oligopolistic landscape of the media industry in the region and lack of ownership diversity has also been diminishing the need to be more efficient by moving to digital technologies. There is also an educational element at play. It takes some level of awareness to differentiate reliable information from noise in the internet. Newspapers in the region have been benefiting from this as they remain the frontrunner of journalistic tradition which positions them as the most reliable source of information.

"Newspapers remain the frontrunner of journalistic tradition which positions them as the most reliable source of information"

Change in the region nonetheless is happening, albeit slow. Most of the GCC newspapers have websites that attract their younger readership. Some of these websites provide hourly news updates. They are also engaging, with different levels, their readers through social media. In fact some newspapers generate revenue through advertising on their websites. There is no doubt that GCC media is shifting to digital technology currently, though the change is not as fast and dramatic as in developed markets.

4. An increasing number of marketing channels are at our disposal today. What are the major media platforms through which you engage with your clients?

As I said before, our media planning process is very audience centric; the process is quite simple: we define the message, we profile our target client/audience, we refine the message to make sure it speaks specifically to this particular audience, and then we choose the best channels to reach our audience.

Another factor that could play a role in deciding what channels to use is the strategic objective of our message. In general, branding activities require a channel that could provide continuity, while sales activities require higher frequency to create a sense of urgency among the audience and generate leads.

5. Financial industry has rather been slow to adopt social media. Where do you think financial industry in Kuwait stands at with regard to adoption of social media in general?

Well, if by financial industry you also mean commercial banks, then I beg to differ. At least in Kuwait, commercial banks have mobilized quickly to invest on social media as a tool to improve client service and as low-cost advertising and public relations channels. I personally think they did great with that.

Yet, I agree that investment companies have been slow in adopting social media but it has nothing to do with the sector itself. I think a given company's level of engagement in social media is related to whether its activities are retail or niche. It makes sense for a retail company to be heavily engaged in social media as they provide it with low-cost exposure to large volume of mass audience. However, we have to understand that risk is naturally embedded in communication especially mass communication and even more so in social media. Hence, if a company does not benefit from exposure to large volume of audience, it only makes sense for it to avoid unjustifiable risks.

"It makes sense for a retail company to be heavily engaged in social media as they provide it with low-cost exposure to large volume of mass audience"

6. Why do you think one should follow Markaz on twitter? What does Markaz tweet about?

I urge people who are interested in learning about the performance of our funds and products to follow us on twitter as we tweet regular updates about them. We also tweet our news for those who wish to learn about the company's activities.

People who look for information on the region's capital markets, economic sectors and infrastructure projects would also benefit from following Markaz account as we tweet research topics with interesting themes and concrete information about markets in the Middle East and North Africa Region.

7. How does Markaz utilize the television to promote itself?

Television is an effective medium with highly segmented audience and substantial regional exposure. Therefore, Markaz advertises at TV channels with high numbers of business viewership as part of its branding practice. We mainly use interviews and advertising in television to maintain Markaz's regional position as the choice for wealth creation.

8. How do you see media in the GCC region evolving over the next 5 years?

I think we will continue to see GCC media shift towards digital technology aided by increasing volume of human resources educated and trained in western education systems. The shift to digital will accelerate driven by new generations with more advanced technological skills in both the demand and supply sides.

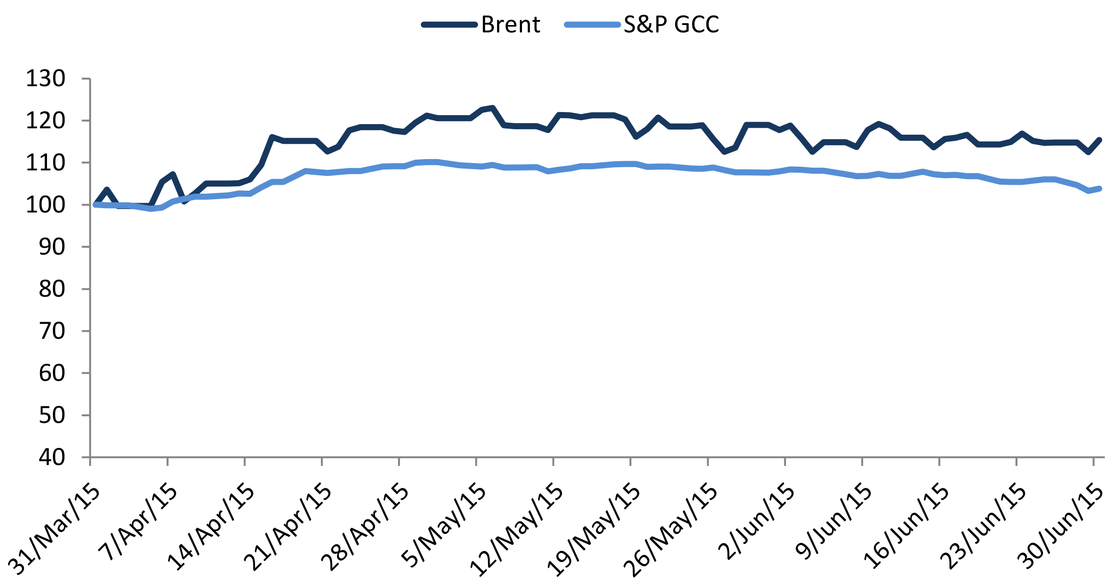
I also expect media outlets to benefit from the companies increasing media spending as they shake off the aftereffects of the financial crisis. The GCC region enjoys strong economic fundamentals and its markets benefit from the high disposable income of the region's consumers. Therefore, it would only make sense to see more media spending to reap the opportunities available in the region.

As advertising revenue increase, I expect media outlets in the region to increase their investment in digital media. Advertisers as well as media outlets now realize the importance of digital technology to maintain their competitiveness in the markets and will make sure that they do not fall behind. However, I think print media – especially newspapers – will remain strong during the next five years as they still enjoy an authoritative position when it comes to information reliability.

Quarterly Market Review: MENA Markets Ride the Oil Coaster

MENA markets had a mixed second quarter, as a potential Greek default and worsening geopolitical situation exacerbated investor sentiments. Dubai (16.3%) and Abu Dhabi (5.7%) were the top performers in Q2 2015. Qatar (4.2%), KSA (3.5%), Oman (3%) and Jordan (2.9%) followed suit. Egypt (-10.4%) had the worst quarter among the MENA countries followed by Morocco (-6.7%), Bahrain (-5.7%), Kuwait Weighted (-1.7%), and Kuwait Price (-1.3%).

Brent Crude and S&P GCC Q1 2015, rebased



Source: Reuters

Brent crude gained 21% in April, its best monthly gain in 6 years, aided by a weakening dollar, due to weak US economic data, and sentiment regarding easing of the supply glut and it has since then moved sideward without much volatility. Potential of a Greek Default, slowing down of the Chinese economy and the ongoing geopolitical situation in the region has capped the price of oil. The US shale oil production has also not dropped to the extent expected by the analysts and industry stakeholders even while the price of crude oil has almost halved. In a meeting held on June 05th 2015, OPEC (Organization of Petroleum Exporting Countries) decided to keep the oil output signaling a free hand to the members to produce as much crude oil as they want. Concerns over the ongoing situation in Yemen and the strike in Libya, which forced closure of the El Feel oil field, have also eased supply. Nil expectations of OPEC production cut, high supplies and stronger US dollar ensured that the oil price remains level at over USD 65 per barrel. OPEC countries pumped at a 2.5 year high of 31.22 million barrels of oil per day (bpd) in May, well above its target of 30 million bpd, underlining the focus of top exporter Saudi Arabia and other key members on market share. The Greek government has announced that it won't be able to repay the loan due to IMF on 30th June 2015.

Positive corporate earnings and steady oil prices buoyed the Dubai Financial Market General Index (DFMGI) in April. The index breached the 4,200 mark, and touched a high of 4,229 points for the year. The trend continued throughout the quarter and as result of it Dubai and Abu Dhabi were the only stock markets in the region to end in the black. Dubai's trade volume also followed a contrast path as compared to the other markets partly due to increased trading activity in Amlak Finance (Amlak Finance PJSC, an Islamic finance company, provides home and real estate financing products and services in the United Arab Emirates) which re-listed on the stock exchange after a gap of almost 7 years. Saudi Arabia opened up its markets to foreigners and they will be able to own up to 49 per cent of a single stock while institutional foreign investors with a minimum of 18.75 billion riyals ($5 billion) under management will be allowed to invest directly in the stock market.

Dubai was the only stock market whose volume (31%) and value traded (81%) increased over the quarter. The overall MENA market's traded volume and value traded decreased by -23% and -58% over the 2nd quarter. Saudi Arabia's value traded was the most affected reducing by 66% followed by Oman (-65.2%), Kuwait (-50%), Morocco (-47.7%), Egypt (-47.2%), Qatar (-36.8%), Abu Dhabi (-34.9%) and Jordan (-17.2%). In terms of valuation, P/E of Oman, Abu Dhabi and Bahrain markets continue to be lower than 11x, while Morocco (17.7x), Saudi Arabia (16x) and Kuwait (15x), have relatively higher PE ratios. Jordan (1.28x), Kuwait (1.25x) and Bahrain (0.9x) continue to remain undervalued in terms of P/B, while Morocco (2.2x), Saudi (2.17x), and Qatar (1.87x) remain overvalued.

Shares of Emaar Properties (UAE) had the highest return among the blue chip stocks gaining 19.4% during the 2nd quarter of 2015. Shares of Emaar properties were positively affected by the positive earnings growth in Q1 2015 as well as debut of its Emmar Misr IPO in Egypt leading to a huge trading interest in the stock. Emaar properties was followed by SABIC (18.7%), Emirates Telecom (18.3%), Ezdan Holding (15.3%) and Kingdom Holdings (8.1%). SABIC gained 36% in April 2015 riding on back of the rising oil price. The Shares of Etisalat (UAE) had the highest return among the blue chip stocks during the month of June 2015. While the stock was flat during most of the month, its stock price witnessed a sudden increase following the announcement of opening the stock for foreign and institutional ownership for the 1st time on June 22nd. The stock gained 20% in the next two days, and managed to post a 17.4% return during June 2015. The lowest returns for the quarter was achieved by Ooredoo (-12.7%) followed by Zain (-12.6%), National Bank (-7.6%), Kuwait Finance House (-4.5%) and Masraf Al Rayan (-2.4%).

Emaar properties Q1 2015 profits increased by 7% to $280 Mn from $261Mn compared to the same period last year. Emaar's revenues had even better growth and clocked a 25% growth during the Q1 2015 on YoY basis. The increase in growth was partly attributed to the increase in recurring revenues from its shopping malls, retail and hospitality business. Revenues at Saudi Basic Industries Corp (SABIC) plunged 28 percent from a year earlier to $9.48 billion, and dropped 18 percent from the previous quarter on back of falling prices of oil and petrochemicals. Etisalat Group's consolidated revenue for first quarter (Q1) 2015 ended March 31, surged by 30 percent year-on-year (y/y) to $3.5 Bn on strong growth in the Nigerian market, among others. Ooredoo's performance in Q1 2015 was negatively affected by the adverse foreign exchange losses and a tough operating environment in Iraq. The forex losses arised from weaker Algerian and Indonesian currencies. Zain was also equally affected by the worsening situation in Iraq and witnessed a 27% drop in its quarterly profits. First-quarter revenue was$ 923 million. This compares with $1,029 million a year ago.

The last three months in the GCC region has been quite heavy on the regulatory front. To start with, UAE, in a bid to improve the country's standing in the World Bank's prestigious Doing Business rankings, UAE Securities and Commodities Authority (SCA) had issued new rules to protect minority shareholders. The changes include a provision saying no company has the right to halt trading in its shares before or during an annual general meeting or during a transaction, though the regulator can call a halt for several reasons, including a threat to the proper functioning of the market. The regulator can still suspend trading in a company's shares if the trading constitutes a breach of shareholder rights, "does not serve the public interest", and other exceptional circumstances.

Saudi Arabia's CMA set the market access rule for foreigners. Highlights of the rules are as follows:

- Foreigner investors (residents or otherwise, including interests under swaps) are allowed to own only up to 49% of a single stock, in total.
- Qualified institutional foreign investors (banks, brokerages, fund managers and insurance companies) need to have USD 5bn in AUM to invest directly in the stock market.
- The CMA reserves the right to lower this limit to USD 3bn. Each QFI (along with affiliates) cannot own greater than 5% of any listed share. QFIs proportion of ownership in a single stock should not exceed 20%. QFIs aggregate ownership in shares of all issuers in the exchange should not exceed 10% by market value, including interests under swaps.
- Foreigners would be allowed to participate directly in IPOs of Saudi companies on a case-by-case basis

MENA Market trends

Index	M. Cap (USD Bn)	Last close	2014 %	Q2 2015 %	YTD %	S&P correlation**	ADVT* (USD mn)	P/E TTM	P/B TTM	Div. Yield
Brent Crude	-	64	-48.3	15.4	10.9	0.251	-	-	-	-
S&P Pan Arab Composite LargeMid Cap Index	128.9	176	1.8	7.1	7.9	0.133	N.A	12.49	1.66	3.93
Saudi Arabia	537.2	9087	-2.4	3.5	9.0	0.147	839.41	16.70	2.17	3.48
Qatar	147.4	12201	18.4	4.2	-0.7	0.078	63.97	12.56	1.84	4.20
Abu Dhabi	119.1	4723	5.6	5.7	4.3	0.096	37.87	10.66	1.50	4.55
Kuwait Price	94.8	6203	-13.4	-1.3	-5.1	0.067	26.68	15.09	1.22	4.36
Kuwait Wt.ed	94.8	420	-3.1	-1.7	-4.3	0.045	26.68	15.09	1.22	4.36
Dubai	94.3	4087	12.0	16.3	8.3	0.103	205.15	10.75	1.52	3.38
Egypt	66.4	743	23.5	-10.4	-11.0	0.039	32.83	12.57	1.74	2.62
Morocco	49.8	9578	5.6	-6.7	-0.4	-0.069	4.98	17.66	2.20	4.33
Jordan	22.1	4140	-2.3	2.9	-2.3	-0.004	10.89	14.24	1.28	4.74
Bahrain	20.7	1368	14.2	-5.7	-4.1	0.021	0.66	9.13	0.96	4.77
Oman	17.5	6425	-7.2	3.0	1.3	0.071	4.94	10.35	1.38	4.34

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

Markaz Research Highlights

GCC Aviation – Full Service Carriers

The GCC aviation sector is projected to grow at a strong pace supported by the increasing capacities of the airports and fleet size of the major airlines of the region. The total scheduled services in the region are growing at 11.9% and account for 9% of the world air traffic.

The airlines industry in GCC is evolving with the adoption of dynamic business models by the Full Service Carriers (FSC) and Low Cost Carriers (LCC). The industry structure differs among the GCC countries in accordance with the policies in place. The pricing strategies of the players have been changing globally, with a move towards hybridization of models. Taking advantage of the strategic location and infrastructure, a number of international airlines are operating in the GCC region.

Key differences between FSC and LCC models

Category	FSC	LCC
Business model	Hub and spoke model	Point-to-point services
Service model	Focus on traditional frills	No-frills service
Generic strategy	Differentiation strategy	Low-cost strategy
Target Customers	Leisure travelers	Expatriates

Source: Markaz Research

Increasing population, rising spending levels, surging demand for air travel, booming tourism industry, strategic location and increasing trade relations are driving the industry. The FSCs follow a sophisticated hub-and-spoke model along with multiple fare-schemes. Their focus is mainly on business and leisure travelers. The customer segment targeted by the FSCs gives more preference to traditional frills like in-flight services, comfort, frequent-flier programs and business lounges.

The airlines sector faces a number of challenges such as the development of ultra-long-haul aircraft, growing air-traffic congestion, over capacity concerns, lack of secondary airports and demand for man power. The regulatory reforms have been slow leading to inefficiencies in the operations of the airlines.

The GCC airports are projected to handle 450 million passengers by 2020. The countries have invested in airport infrastructure, to take advantage of the ideal geographical location connecting the East and the West. Dubai International Airport marked its place as the busiest hub for transit passengers competing with London's Heathrow. An increasing number of airlines prefer Dubai due to its facilities. It serves more than 125 airlines flying to more than 260 destinations.

Summary of Full Service Carriers in GCC

Airline	No. of Destinations	Aircraft	Order Book Size	Avg. Fleet Age	No. of Employees	Strategy
Emirates	140	218	191	6.3 yrs	20,299	Organic Growth
Saudia	40	114	29	8.8 yrs	n.a	Global alliances
Qatar Airways	138	131	175	5.3 yrs	19,000	Replacement of Old Aircraft
Etihad	103	93	86	5 yrs	18,543	Equity alliance
Gulf Air	28	27	12-16	4.3 yrs	2,742	Focus on MENA
Oman Air	47	27	20	6.3 yrs	5,831	Organic Growth
Kuwait Airways	47	17	28	20.2 yrs	6,000	Lease of Aircraft

Source: CAPA, Airfleets (*Fleet age in years)
Note: Fleet Size of Gulf Air has been reported as 27 in Airfleets, while in Wikipedia it is stated as 35;

The future outlook for the industry is positive with projected traffic growth and profits of the carriers at high levels in the region. Middle East is poised to become the second most profitable region in the world as the profits of the airlines in the region are expected to increase in 2014.

However all the growth expected by the GCC airlines are not without its fair share of challenges such as the development of ultra-long haul aircrafts, growing air traffic congestion, over capacity concerns and regulatory impediments. The Ultra-long haul routes have been the main cash cow of the full service carriers who have adopted the hub and spoke model; non-stop international flights on routes such as Bangkok-New York, Singapore-Newark which take 16-18 hours to complete the journey could do it with the help of the long haul aircrafts instead of using the airports of the GCC region saving time and fuel.

Air traffic gridlock is a growing concern in the GCC. 40-60% of airspace in the region is reserved for military use and the rest for commercial aviation. Partnership with the military to open up flexible use zones is one of the opportunities identified by the IATA to ease the traffic.

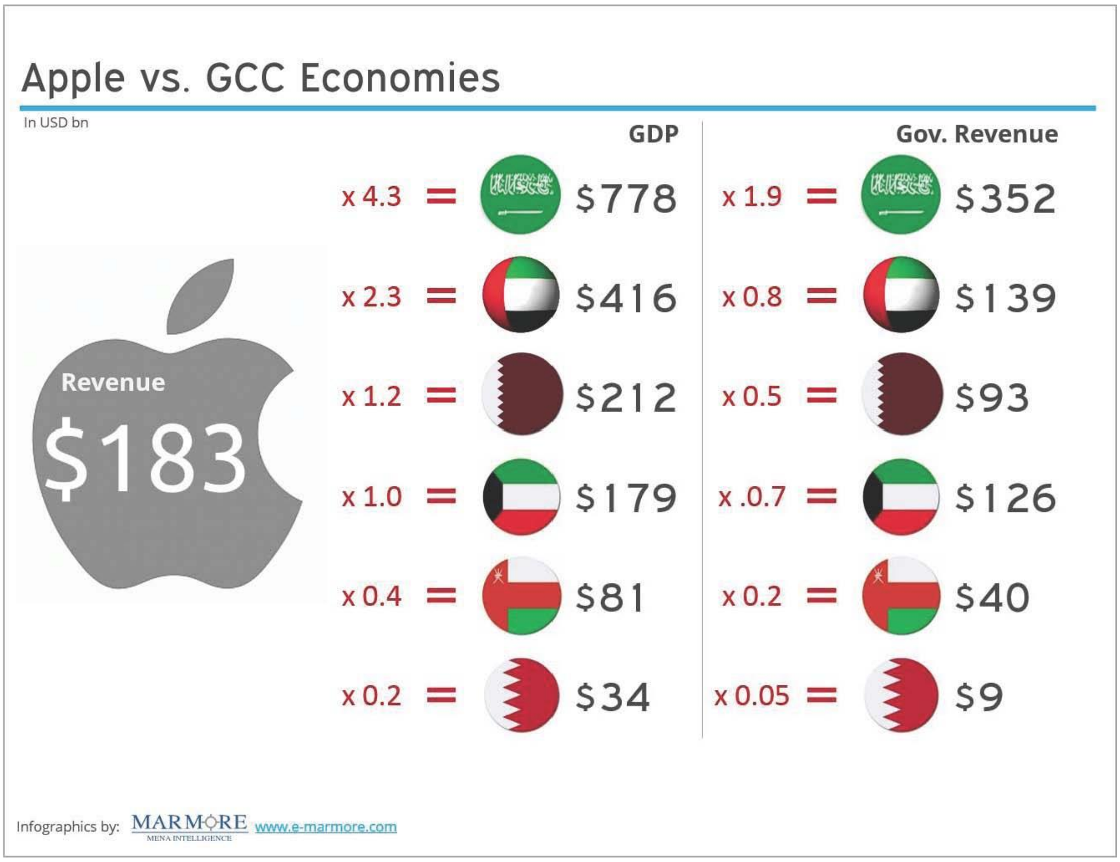
When all the new aircrafts are delivered, the capacity might exceed the demand for air travel in the region. This would lead to price competition in the airline industry as players slash prices to increase their load factor.

Source: Excerpts from our infrastructure research report titled "GCC Full Service Carriers". To find out more details, please visit www.e-marmore.com

Apple: Still Thinking Differently

The release of Apple iPhone 6 and iPhone 6 Plus in September 2014 led to strong sales in both developed and emerging markets. According to Apple CEO, Tim Cook, 34,000 iPhones were bought every hour of every day during the last quarter of 2014, prompting several comparisons by various analysts. One pointed out that Apple had made more profit in the last quarter of 2014 than what 435 firms in the S&P 500 had made individually since 2009, while another stated that the company's iPhone sales last quarter was worth more than the sales of Google and Microsoft combined.

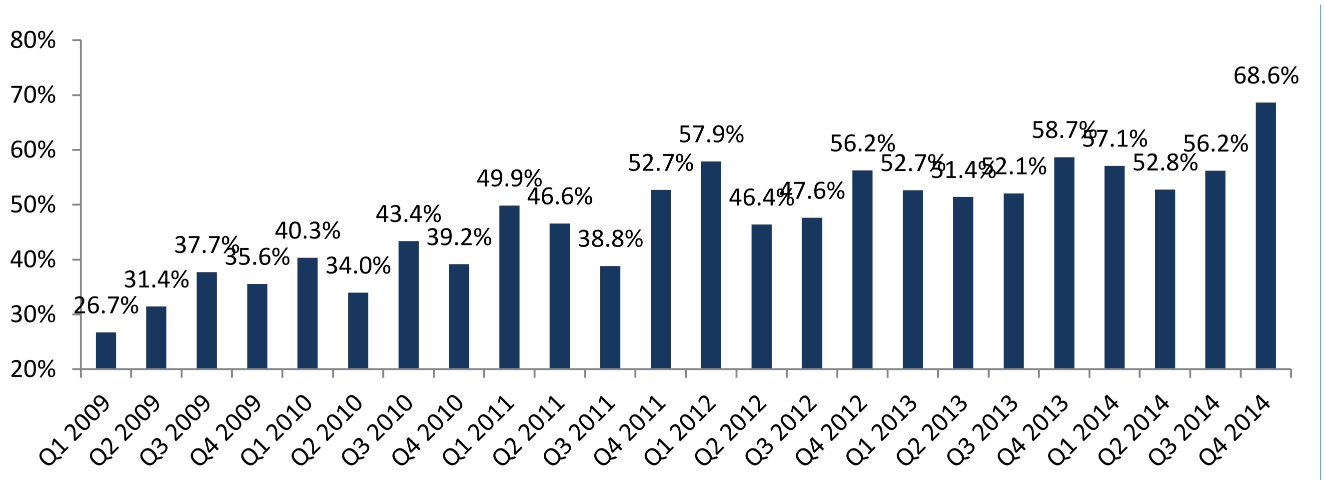
Apple's cash reserves alone are worth USD 178billion, which is larger compared to any other corporation in the world. It also exceeds the respective GDPs of countries such as Kuwait, Morocco, Oman, Syria, Libya, Lebanon, and Bahrain.



The company's business strategy hinges on its ability to design and develop its own operating systems, hardware, application software and services. Rob Chira, Senior Managing Director and Technology Analyst at Evercore, says that Apple's phenomenal success relied on its ability to own both the hardware and the platform. While everyone gave up on that business model, Apple proved that if you get it right, the upside leverage is huge.

Apple has invested in own retail and online stores, and has a third-party distribution network to effectively reach more customers and provide them sales and support experience. Its revenues are dominated by sale of iPhones, which has contributed over 50% in the past few years and currently stands at a staggering 69%. With the introduction of the latest series of iPhones, the number of iPhone units sold rocketed from 39.3million in Q3 2014 to 74.5million in Q4 2014, a rise of 90%. Revenues from the iPhone rose 116%, from USD 23.7billion to USD 51.2billion, during the period.

Share of iPhone revenues, 2009-2014



Source: Statista

So how's Apple making all this money, when over 50% of its sales are driven by a single product? The answer lies in the margin. The store value of an iPhone 6 ($649) or an iPhone 6 Plus ($749) is over 3.2x and 3.5x, respectively, of the cost of their individual components and the labour that goes into making them.

Analysts wonder how long this revenue model be sustained, as in the US and Western Europe close to 70% of cell phone users own a smartphone, and according to Colin Gills, Analyst at BGC partners, growth in smartphone sales will likely be at the 5% to 10% range. In the tablet segment, Apple's market share has come down to 23% in 2014, from 29% in 2013. The next rung of products comes with their own challenges. Smartwatches haven't taken off in a big way, and the global adaptability of Apple Pay remains uncertain.

While increasing reliance on one product line is a cause for concern, the company has recently witnessed a surge in sales emerging markets, and there is scope for growth in the other global smartphone markets. But consumers today have a wide range of smartphones to choose from, including BlackBerry, Android smartphones from Samsung, LG, and low cost manufacturers like Lenovo, Micromax and Xiaomi, and while the smartphone market is forecasted to grow in double digits, most of the growth would be towards the low- and mid-priced products, unlike the iPhone, which caters to the increasingly saturated high-end market.

Source: Excerpts from our capital market research report titled "Apple". To find out more details, please visit www.e-marmore.com

Dubai Government Summit 2015 - A Precious Benchmarking Event for GCC Countries

From February 9 through February 11 of 2015, Dubai (the UAE) hosted its third Government Summit. A total of 87 countries participated in the just concluded edition, which featured over 100 international speakers. The catalogue of speakers included individuals such as United Nations chief, HE Ban Ki-moon; Her Majesty Queen Rania Al Abdullah of Jordan; Deputy Prime Minister and Minister of Education of South Korea, HE Hwang Woo-yea; Apple co-founder, Mr. Steve Wozniak; Founder and Executive Chairman of the World Economic Forum, Mr. Klaus Schwab, etc.

With respect to attendees from the UAE government, the list included His Highness Sheikh Mohammed bin Rashid Al Maktoum, Vice-President and Prime Minister of the UAE and Ruler of Dubai. The Government Summit of 2015 is significant in the trail of the development that in November 2014, the UAE Cabinet declared 2015 as the 'Year of Innovation'. This is in line with the national vision of transforming UAE into a world leader in innovation. The UAE government is driving the message forward that governments are key stakeholders in boosting innovation in societies. Thus, the key unifying title or theme of the 2015 Summit was "Shaping Future Governments", with the Summit itself serving as a common platform for the governments and the global industry to share discussions on the future of government systems .

UAE's approach to innovation-led economic diversification may appeal greatly to many other nations in the wider region. There are a number of items that one can pick in terms of the UAE's ongoing quantum evolution into higher echelons of governance and innovation. Some of the key notable themes are –

- Innovation is more likely to be delivered effectively when there is a concrete strategic vision to back it up, along with measurable goals to serve as future milestones
- It is important to assimilate knowledge on best practices from across the globe, but that knowledge should be rendered useful by applying a local spin on it to make it relevant to a specific country
- Failures are likely in public administration and policies' implementation. Rather than giving into despondency, governments should erect mechanisms that can learn from such failings in order to drive future excellence
- Reforms to education lie at the heart of seeding future success. Towards this end, there is the need to develop convergence between arts and science streams in order to enable impending generations of students to develop the skill of thinking and acting holistically
- Emphasis on a 'smart cities' approach, which integrates technologies and effective government services seamlessly in order to make life simpler for citizens so that they can allow their aspirations to soar in the pursuit of individual and collective excellence; rather than being impeded by the mundane realities of life (like dense traffic jams, etc.)

At the conclusion of the 2015 Summit, the agency of the Government Summit was commissioned with preparations for the 2016 Summit. The 2016 Summit intends to be a 'specialized global event' that would aid in the development of innovative solutions with respect to common service-related challenges that governments face. Also, the 2016 Summit will include two exhibitions and international awards. The first exhibition, titled, "Museum of the future", will display government services on a worldwide level, and the second will showcase the latest innovations with respect to provision of government services.

Thus, it is clearly evident that the UAE sees itself as a platform for discussing, debating and trying out various innovation models with respect to government services, on a global scale. Given the far reaching ambitions of the UAE with respect to governance, innovation and economic transformation, the distinct flair and style that are being associated with the Summit are not surprising. The national self-confidence mirrors the fact that for the UAE, the contribution of oil revenues to the national GDP is set to fall from about 30%, currently, to just about 5% by 2021.

The optimistic mood among the policy makers in the UAE is keenly expressed in the words of Sheikh Saif bin Zayed, the UAE's Deputy Prime Minister and Minister of the Interior, who remarked in the 2015 Summit that: "We will look at the future with optimism even when the last barrel of oil leaves, because our youth, in whom we have invested, comprise our real wealth." A very important lesson for Kuwait from that is that for the programme of sustainable economic diversification to succeed, investing in the success of its people is at the very top of the strategic agenda.

The UAE versus Kuwait: Comparison Across Key Global Indicators

Indicator	UAE's Rank	Kuwait's Rank
The Global Competitiveness Report (GCR) 2014 – 2015* (rank out of 144 countries)	12	40
World Bank's Ease of Doing Business 2015 (of 189)	22	86
The Global Innovation Index 2014** (of 143)	36	69
The Logistics Performance Index 2014*** (of 160)	27	56
The Networked Readiness Index 2014* (of 148)	24	72
GCR 2014 – 2015* Health and primary Education Rankings (of 144)	38	82
GCR 2014 – 2015* Higher Education and Training (of 144)	6	81
GCR 2014 – 2015* Quality of Institutions (of 144)	7	55
The Corruption Perceptions Index 2014# (of 174)	25	67

Source: * World Economic Forum; **Cornell University, INSEAD, and WIPO; *** The International Bank for Reconstruction and Development/The World Bank; #Transparency International;

Source: Excerpts from our economic research report titled "Dubai Government Summit". To find out more details, please visit www.e-marmore.com

Fiscal Oil Break Even Price – What's the deal?

It is the oil price that balances an oil-exporting country's budget. Different institutions and assessors provide varying estimates of the BEP (Break Even Price), leading to confusion in the minds of many who track the metric. The metric, at its core, is simple in terms of calculation. Why, then, the plethora of estimates?

There are some straightforward reasons as to why the estimations of break-even prices can vary. For instance, historical numbers that are used to calculate break-even prices may differ from year to year. Or, estimates can differ with respect to forecasts of oil production volumes, export volumes and the global oil prices. Also, differences in estimates with respect to future government spending or differences with respect to inclusion or exclusion of some revenue items can create variances.

The following table provides the GCC fiscal BEPs for 2015, across a series of estimators.

GCC Fiscal Oil Break-even Estimates, 2015f, in $

Country	IMF	IIF	Deutsche Bank
Qatar	60.0	65.3	76.8
Bahrain	127.1	130.2	138.1
Oman	102.6	113.2	110.0
KSA	87.2	109.4	104.4
UAE	73.8	73.6	80.8
Kuwait	49.4	62.8	78.4

Source: IIF, IMF, Deutsche Bank, Marmore Research

BEP can be calculated using techniques like taking a government's expenditure plans for a given year plus an estimated level of production/exports, and then calculating the price level required to match the expenditure while taking into account of other revenues (like tax) from non-oil sources. Or, there are more sophisticated and proprietary methods available like that of the International Monetary Fund or the Institute of International Finance (IIF).

Without investment income, UAE's BEP can increase from anywhere between 25% to about 50%, which signifies the budgetary importance of investment income to the UAE. In other words, if investment income is considered as part of the non-oil revenues, then the BEP comes down to a large degree for both Kuwait and the UAE. Broadening the general discussion to the GCC level, it is notable that oil exporting countries have to keep a careful watch over their breakeven prices. For instance, Oman and Bahrain, which have the highest breakeven prices in the GCC region, were characterized as vulnerable to oil shocks by analysts. GCC governments are better placed, to weather a sustained period of lower oil prices, than most other exporters due to their robust reserve levels;

Marmore Projections of BEPs of Kuwait, KSA and the UAE till 2020, in $

Country	2015f	2016f	2017f	2018f	2019f	2020f
Kuwait With Investment Income	51.2	50.2	48.7	50.0	52.0	54.1
Kuwait Without Investment Income	71.3	75.5	78.8	81.8	85.5	89.3
KSA With Investment Income	83.9	85.1	87.1	90.6	89.8	89.0
KSA Without Investment Income	86.5	87.5	89.4	92.9	92.1	91.3
UAE With Investment Income	73.8	69.5	79.6	80.8	84.9	89.2
UAE Without Investment Income	121.0	125.5	124.9	124.7	128.7	137.9

Source: Marmore Research

The International Monetary Fund provides BEP estimates for Kuwait until 2016. According to IMF, the BEP for Kuwait in 2015 and 2016 is expected to range around $49 (with investment income). Our estimates show that for 2015 and 2016, the values be $51.2 and $50.2, respectively. For 2020, we expect the value to go up to $54.1. However, estimates will differ with respect to how investment income is treated. The following table provides projections of BEPs of Kuwait, KSA and the UAE till 2020 reflecting usage/non-usage of investment income for calculation purpose.

Some of the key findings from the study are that for Kuwait, the addition or removal of the nation's sovereign wealth fund's income plays a significant role in the estimates of BEP. However, in the case of the KSA, the investment income does not play a major role.

The metric of non-oil fiscal balance can be used to gauge the level of diversification. Analysis of the metric of non-oil fiscal balance reveals that growth of non-oil sectors is heavily dependent on government spending for Kuwait and Oman; while the vice-versa is true in the case of UAE and Qatar.

The fiscal oil breakeven is an important metric. But, it should not be taken at face value. The metric can fluctuate greatly on the basis of assumption

Source: Excerpts from our economic research report titled "Fiscal Breakeven Oil Price". To find out more details, please visit www.e-marmore.com

GCC Regulatory Update – H1 2015

Reforms Checklist – H1 2015

Sector	Kuwait	KSA	UAE	Qatar	Oman	Bahrain
Capital Markets		√			√	
Education				√		
Foreign Investment			√			
Governance	√	√	√			
Insurance					√	
Labour		√		√		√
Private Enterprise	√		√		√	
Real Estate						√
Taxation	√					

Source: Marmore Research

The first half of 2015 saw intensification of efforts across the GCC in terms of reforms that could bring in more foreign investment and aid greater economic diversification. Understandably, the focus was on making it easier for companies to do business, aided by supporting reforms in the fields of governance, education, etc. The experience of Kuwait in terms of diesel and fuel subsidies cut and their quick reinstatement is a telling example of how complex the path of reforms can be. Some significant reform moves can be expected to emanate from Kuwait during the rest of the year, particularly with respect to harmonization of the tax codes for both domestic and foreign firms.

The Kingdom of Saudi Arabia (KSA) had a momentous year in terms of opening up its stock market to foreign investors, though a number of qualifying parameters exist. As foreign investors understand and gain further information with respect to the opening of the Tadawul, it is highly likely that foreign investments into the Kingdom would increase. Meanwhile, the UAE is attempting to position itself vigorously as one of the most open countries for investment in the region. A 100% foreign ownership law is reportedly in the works, even as rules around stock flotation have been relaxed. Qatar has been preoccupied with bettering its labour laws, while Oman has shown interest in enhancing the corporate governance regime. Bahrain is seen focusing effort on shoring up the confidence of investors in the important real estate sector. Interesting reform developments will likely unfold in H2 2015.

Kuwait

Governance

Kuwait reinstitutes subsidies on diesel and kerosene *[Source: Arabian Business Publishing Ltd.]*

In late January 2015, Kuwait reinstituted subsidies on kerosene and diesel. They were earlier cut in early January 2015. However, taking into count the effect of inflation and public opinion, the subsidies were reinstated.

Private Enterprise

Kuwait considers new insolvency legislation *[Source: Globe Business Publishing Ltd]*

Kuwait is reportedly considering a new law that will bring the country's bankruptcy and insolvency legal regime or framework closer to Chapter 11 of Title 11 of the U.S. Bankruptcy Code. The proposed Law on Bankruptcy (the "Draft Law") is reportedly being reviewed by the Department of Legal Opinions & Legislation of the State of Kuwait.

Taxation

Kuwait mulls plan for same tax for local, foreign firms *[Source: Arabian Business Publishing Ltd.]*

The media reported that Kuwait is studying proposals to harmonize tax rates for domestic and foreign companies. No indication has been given regarding what may go into the proposals or a potential date for their approval.

The Kingdom of Saudi Arabia

Labour

Saudi Arabia to speed up work visas issuance *[Source: Arabian Business Publishing Ltd.]*

Reports emerged that KSA government will issue new work visas in 10 days; rather than the previous benchmark of 90. Companies applying for visas for expatriate workers will be inspected by the Saudi labor offices to check whether they have fulfilled the needed conditions.

Governance

Saudi Arabia to restructure Aramco, separate it from oil ministry *[Source: YAHOO! Finance]*

The KSA's Supreme Economic Council (SEC) has approved a restructuring of state oil company Saudi Aramco. The plan includes separating the entity from the oil ministry. No indications have been given as to how the move will lead to changes in the way that Aramco makes its strategic decisions.

Capital Markets

Saudi Arabia opens $585B stock market to foreign investors *[Source: Yahoo - ABC News Network]*

In June 2015, the KSA opened its stock market to direct foreign investment for the first time. The opening of the Tadawul Saudi Stock Exchange permits companies, particularly those from the non-oil sector, to raise money straight from foreign investors. Before the opening up, foreigners only could access the market indirectly, through a local Kingdom institution, a process that was considered costly and complicated.

The United Arab Emirates

Foreign Investment

UAE drafting law for 100% foreign ownership of firms *[Source: Thomson Reuters]*

It was conveyed that the UAE is at an advanced stage in terms of drafting a foreign investment law, which would allow 100% foreign ownership of businesses in some sectors of the economy. Though the sectors were not specified, the step is considered a movement forward from the current UAE regime of a maximum cap of 49% foreign ownership across all sectors, apart from those in 'free trade zones'.

Private Enterprise

UAE companies law eases flotations, seeks more investment *[Source: Thomson Reuters]*

In April 2015, the UAE issued a companies law that relaxes rules covering stock market flotations and targets to attract more investment by aligning corporate regulation closer to international standards. It was reported that the law was in the works for at least six years and passed through multiple drafts.

Governance

New advisory council formed to enhance innovation in UAE *[Source: TradeArabia]*

The Mohammed Bin Rashid Centre for Government Innovation (MBRCGI) established an international advisory council to enhance innovation's role in the UAE. The council will include global experts in the field of innovation to help enrich the government with expertise and innovative ideas in order to support efforts in promoting the country's position on the global map of government innovation.

Qatar

Labour

Amended Qatar labour law set to be implemented *[Source: Arabian Business Publishing Ltd.]*

It was announced that according to a new labour law, wages for migrant workers have to be paid through direct bank transfers. The move is to ensure wage protection for workers and to track companies that do not comply with contractual obligations.

Education

Advisory Council approves draft law to regulate private schools *[Source: Peninsula Newspaper]*

The Advisory Council in Qatar approved the draft law to regulate private schools in Qatar in June 2015. The draft law, comprising 47 articles, which are divided into six chapters, stipulate establishment of Outstanding Schools in partnership with the private investors and with government backing. The new draft law replaces the old law governing private schools and lays out new rules and regulations for licensing and monitoring of private schools. Also approved were stiffer punishments on private education centers for violations.

Oman

Insurance

Oman takes another step toward Takaful Legislation *[Source: Zawya]*

Oman's insurance market, which is already sharia-compliant, will get its draft law of approved legislations soon. The new laws are expected to encourage new investment in the country's takaful industry. The upper house or the State Council approved the draft Takaful Insurance Law in February 2015. The draft includes 58 classified subjects arranged in eight chapters, covering every aspect of the market.

Capital Markets

Oman's market regulator unveils new draft code of corporate governance *[Source: Times of Oman]*

According to media reports, a new draft code of corporate governance was unveiled by the Omani Capital Market Authority (CMA) in order to enhance transparency, fairness, accountability and responsibility of listed companies and their respective boards. Major changes include compulsory change of auditors within three years (instead of four years), formation of a remuneration committee, etc.

Private Enterprise

Draft regulation on takeovers and acquisition published *[Source: Funds-Axis Limited]*

The Omani CMA published a draft regulation on takeovers and acquisition for public comment and opinion. The regulations will institute a formal takeovers regime in Oman. Under the current framework, there is no need to launch a mandatory bid, and no disclosure requirements during a takeover. These are expected change if the new regulation comes into force.

Bahrain

Labour

Bahrain set to further ease visa regulations *[Source: TradeArabia]*

Multiple-entry visa on arrival into Bahrain, and longer validity visas, will be available from the second quarter onwards. In February 2015, the announcement was made that the validity of the visas would be increased to four weeks from the current two weeks, and they would renewable for three months. Expatriate residents of peer GCC nations wanting to visit Bahrain over weekends face a BD25 ($65) visa fee, which some have termed as high. Thus, the new multiple-entry and longer validity visas would make the visa regime cost-effective.

Real Estate

Bahrain to set up real estate regulatory authority *[Source: TradeArabia]*

According to media reports, the government is considering a plan to set up a national real estate regulatory authority. The authority, if formalized, will regulate the real estate sector and disseminate best practices. It is also expected that the authority will shore up investor confidence with respect to the real estate sector.

MENA Data at a Glance

S. No.	Particulars	Saudi Arabia	Kuwait	UAE	Qatar	Oman	Bahrain	Egypt	Jordan	Morocco
1	Nominal GDP (USD bn) (2015f)	665	136	368	182	67	33	314	37	97
2	Real GDP Growth (%) (2015f)	3.0	1.7	3.6	6.8	4.5	3.4	4.0	3.8	4.7
3	Share of Hydrocarbon GDP (as % of total Nominal GDP) (2015f)	31.1%	46.9%	23.2%	35.1%	34.0%	16.5%	na	na	na
4	Hydrocarbon Revenues (as % of total Governmental Revenues) (2015f)	80.7%	64.2%	64.4%	50.4%	76.0%	74.9%	na	na	na
5	Fiscal Surplus as a % of GDP (2015f)	-14.2%	8.8%	-3.6%	1.4%	-13.1%	-11.1%	-11%	-3.2%	-3.6%
6	Fiscal Breakeven Oil Price (2015f) USD/bbl	103.0	47.1	73.1	59.1	94.3	93.7	na	na	na
7	Crude Oil Price (End Q2 2015) USD/bbl	63.59	63.59	63.59	63.59	63.59	63.59	63.59	63.59	63.59
8	Crude Oil Reserves (End Q2 2015) billion barrels	268.29	104.00	97.80	25.24	5.15	0.12	4.40	0.00	0.00
9	Current Account as a % of GDP (2015f)	-1.4%	15.2%	3.6%	3.6%	3.6%	-1.2%	-2.2%	-4.1%	-2.2%
10	Inflation (%) (2015f), CPI average	2.2%	2.6%	3.3%	2.4%	1.3%	1.7%	9.6%	1.2%	0.9%
11	Population (2015f) in million	31.41	4.18	9.92	2.39	4.29	1.37	86.82	7.11	33.25
12	Unemployment Rate (%) (2015f)	10.0%	na	na	na	na	na	13.4%	12.6%	9.6%
13	Market Cap (Q2 2015) (USD bn)	571	93	250	175	25	21	62	30	60
14	Stock Market Performance (YTD -Q2 2015)	9.0%	KWSEW (-4.3%); Price IDX (-5.1%)	Dubai (8.3%); Abu Dhabi (4.3%)	0.7%	1.3%	-4.1%	-11%	-2.3%	-0.4%

S. No.	Particulars	Saudi Arabia	Kuwait	UAE	Qatar	Oman	Bahrain	Egypt	Jordan	Morocco
15	P/E (Q2 2015)	17.29	15.25	11.75	13.02	10.72	9.92	10.12	12.54	16.79
16	Liquidity (YTD-Q2 2015) (USD mn)	2,65,672	7,500	33,753	15,480	1,474	136	7,771	1,625	1,100
17	Stock Market Turnover Ratio (YTD-Q2 2015)	46.5%	8.1%	13.5%	8.8%	6.0%	0.6%	12.5%	5.5%	1.8%
18	Ease of Doing Business Rank (Global - 2014-2015)	49	86	22	50	66	53	112	117	71
19	Starting a Business Rank (Global - 2014-2015)	109	150	58	103	123	131	73	86	54
20	Global Competitiveness Index (GCI) Rank (2014-2015)	24	40	12	16	46	44	119	64	72
21	GCI Infrastructure Rank (2014-2015)	30	61	3	24	33	31	100	71	55
22	GCI Health & Primary Education Rank (2014-2015)	50	82	38	28	54	40	97	47	76
23	GCI Higher Education & Training Rank (2014-2015)	57	81	6	38	79	55	111	48	104
24	GCI Innovation Rank (2014-2015)	33	111	24	14	64	60	124	41	90
25	Corruption Perceptions Index (2014, Rankings)	55	67	25	26	64	55	94	55	80

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

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Kuwait	UAE
Qatar	
Ports	
GCC	KSA
Kuwait	UAE
Qatar	Oman
Aviation	
GCC	GCC Full Service Carriers
GCC Low Cost Carriers	Kuwait
KSA	UAE
Water	
GCC	Qatar
KSA	Kuwait
ICT	
GCC	KSA
UAE	Kuwait
Qatar	
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GCC	KSA
Qatar	
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GCC Residential RE	

Sector Researches*

Offsets in the GCC
GCC

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GCC, KSA

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GCC, KSA

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GCC

Wealth Management
GCC

Banking
GCC, Kuwait, KSA, UAE

Hospitality
GCC

Retail
GCC, Luxury - GCC, Online – GCC

Asset Management
MENA, KSA, UAE, Egypt

Islamic Finance
GCC

Investment Banking
GCC

Insurance
GCC, KSA

Media
GCC - Print, TV, Digital

Social Media
GCC

Petrochemicals
GCC, Kuwait, KSA

Contracting
GCC

Metals & Mining
GCC

Research - Knowledge Gap
GCC

FIFA World Cup 2022
Qatar

Women Investors
GCC

Company Reports*

Dubai Islamic Bank (UAE)
Emirates NBD (UAE)
Jarir Marketing Co. (KSA)
Qatar Electricity and Water Company (Qatar)
Jazeera Airways (Kuwait)
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TASNEE National Industrialization Company (KSA)
Riyad Bank (KSA)
Saudi Arabian Mining Company (KSA)
Aramex (UAE)
Emirates Telecom (UAE)
Al Rajhi Bank (KSA)
National Bank of Abu Dhabi (UAE)
Saudi Arabian Fertilizers Co. (KSA)
Arab National Bank (UAE)
First Gulf Bank (UAE)
Saudi British Bank (KSA)
Samba (KSA)
Saudi Cement Company (KSA)
Abu Dhabi National Hotels Co (UAE)
Air Arabia (UAE)
EMAAR Properties (UAE)
Qatar Insurance Co (Qatar)
Qatar National Bank (Qatar)
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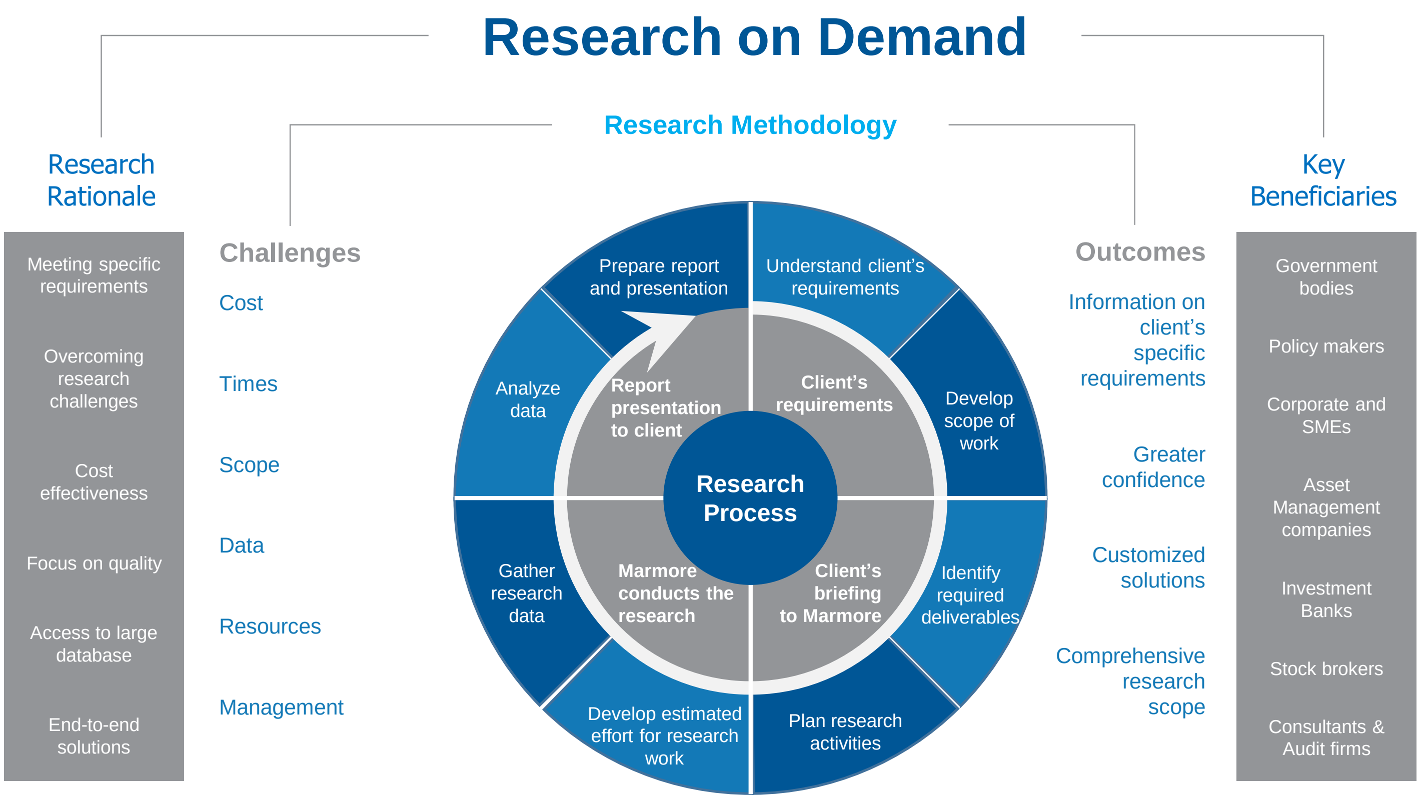

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Marmore MENA Intelligence Ltd. (**Marmore**) caters to the growing research and information needs of organizations in the Middle East and North Africa (MENA) region. We offer full-fledged research services covering economies, capital markets, sectors and companies - focused on the MENA region.

We also provide research services to assist our clients in investment decision-making, scanning markets to identify investment opportunities, conducting ad-hoc researches to understand niche market segments, and other need-based, bespoke researches.

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