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MARMORE BULLETIN

Q2, 2016 | Issue No. 23

Sheikh Dr. Meshaal Jaber Al-Ahmad Al Sabah,
Director General, Kuwait Direct Investment Promotion Authority (KDIPA)

FEATURED Interview

CHALLENGING Times Ahead
KSA Brokerage Industry

ROLE OF PRIVATE EQUITY for Kuwait's Family Business

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Let us not miss *the trees for the woods*

Let us accept it. The topic of oil price discussion has come to a tiring point now. Every other debate or discussion is around oil price predictions, outlook for oil price and predicting the future of GCC oil economies. Three questions predominate the narrative:

1. Is the current fall in oil price cyclical or structural?

2. When can we see a strong rebound? (2016 or 2017 or beyond) &

3. Can GCC survive a long spell of low oil price?

In fact, the second question is related to the first question. If the current fall in oil price is structural, then we cannot expect any strong rebound. So, may be implicitly we should pray that this is just a cyclical phenomenon. From a mean reversion perspective, a period of low oil price should be succeeded by period of improving strong oil price and hence it may not be out of place to expect a rebound since we have been suffering from low oil price for some time now. Also, with trillions of reserves earned during good times, GCC may be well entrenched to whither the oil storm for longer than we think. So why worry about oil price?

The answer lies in demography and welfare state model of GCC. Both of them will make sure that government expenditure is on the rise which implies requiring higher oil price to balance the budgets. As population grows at a healthy rate (emphasis youth population), the pressure on infrastructure investments, job creation and essential services (education and healthcare) increases manifold. Surround this with challenging geopolitical situation, you can guess the answer. The answer to the challenges enumerated above does not lie in high oil price as we have figured out by now. The answer lies in creating meritocratic institutions that focusses on nurturing innovation and creativity. The answer lies in fostering reforms across the board so that doing business even by local family businesses gets lot easier and cheaper. GCC should restructure their economic business model in such a manner that it no longer depends on just one commodity for its survival. We should use the oil industry to champion the change. We should focus on reduction of wasteful expenditure rather than augmenting non-oil income (through subsidy rationalization and taxes). While subsidy rationalization is essential (given the extremely low pricing of services), it should succeed efforts to augment efficiency in the existing model which can reign in extraordinary savings.

GCC must embark on a path that will make those 3 questions redundant in the next 10 years.

Enjoy this issue of Bulletin.

MR Raghu,
Managing Director,
Marmore Mena Intelligence

MENA Market Recoup Lost Ground After Disastrous Start To The Year

QUARTERLY MENA MARKET REVIEW

MENA markets had a mixed first quarter, after enduring one of the worst starts to the year in recent memory. The markets ebbed and flowed with the movement of the crude oil price, which recovered 14% in February and March combined, despite closing the quarter at sub-USD 40 per barrel level. Saudi Arabia (-10%), Bahrain (-7%), Kuwait Price (-6.9%) and Weighted (-5.7%) indices were the worst performers in Q1 2016, while Egypt (9%), Dubai (6.5%) and Morocco (4.5%) fared better. S&P GCC index had a poor quarter, closing 5.6% lower from the beginning of the year.

Weak sentiment continued in 2016, plummeting oil to fresh lows, as Brent crude hit USD 27 per barrel on 20 Jan, its lowest level since November 2003. Uncertainties around China's economy, OPEC's continued strategy to defend its market share, coupled with lifting of Iran's sanctions weighed heavily, as the latter released excess bottled up supply into the market. Prices rebounded after 20 Jan, as heavy blizzards in the US and a possible deal between OPEC and other producers to cut production by as much as 500,000bpd buoyed investor sentiments. Output from OPEC fell the most in February in recent history, as Saudi Arabia, working along with Venezuela, Qatar and Russia on a plan to freeze oil output, pledged to control crude market volatility. Despite Iran's reservations, other oil producers expressed optimism at the deal being finalized. The IEA stated that low oil prices were beginning to take a toll on high-cost production and it believed non-OPEC output would fall by 750,000 barrels per day (bpd) in 2016, compared to its previous estimate of 600,000 bpd, and that US production alone would decline by 530,000 bpd this year. However, concerns about oversupply, and a bearish supply signal from Saudi and Kuwait pulled down some of the gains in the last week of March. The two countries announced that they would be re-opening the jointly operated 300,000bpd Khafji field; a news that has knocked hopes of a deal to rebalance the market. Despite this, Brent crude closed the quarter up 6.2% from the beginning of the year.

Brent crude hit USD 27 per barrel on 20 January, its lowest level since November 2003.

While the fortunes of oil-exporting MENA countries followed that of oil, Egypt continued to be plagued by the foreign currency crisis, and with forex reserves declining from USD 36bn in 2010 to USD 16.4bn. The country's stocks rose in March, as its central bank devalued its currency and stated that it would adopt a more flexible exchange-rate policy, to ease an acute dollar shortage that is hurting the economy. The devaluation, along with other measures, made stocks cheaper for both domestic and foreign investors, who went on a purchasing binge. The main index gained close to 23%, the single largest monthly gain in over eight years. In February, momentum trading led to investors chasing small- and mid-cap stocks in the UAE stock exchanges, as investor confidence soared over speculation that the oil price had bottomed out. Steps, such as finding consensus for production cuts, and the fact that most of the stocks were available at a discount after the January fall directed investors to the markets. For other GCC markets, rising oil price and stabilizing China provided cheer for investors close to the end of the first quarter.

Kingdom Holding declared an 86% slump in Q4 profit

The overall MENA market's traded volume and value traded rose by 45% and 16%, over the 1st quarter, as trading activity improved after January. Dubai's volume and value traded increased the most by 114% and 104%, respectively, as positive sentiment and lower valuations drove investors to the markets. In terms of valuation, P/E of Morocco (16.3x), Jordan (14.2x) and Kuwait (13.3x) markets were the highest among the MENA markets while the markets of Dubai (8.3x), Bahrain (8.7x), and Egypt (9.4x) were the lowest. Morocco (2.1x), Qatar (1.5x), and Saudi Arabia (1.4x) continue to remain overvalued in terms of P/B, while Bahrain (0.8x), Kuwait (1.1x), Dubai (1.1x) and Oman (1.3x) were undervalued.

National Bank of Kuwait reported a 6.3% fall in Q4 net profit

Shares of Ooredoo (Qatar) had the highest return among the blue chip stocks gaining 24% during the 1st quarter of 2016, after the company's Oman division secured three new streams of financing from domestic and international banks worth USD 177mn, and to improve its services and reach in the country. The company also lowered data rates in Myanmar in a bid to increase its presence. Ooredoo was followed by Americana (Kuwait, 23%), after finding a bidder, Adeptio LLC, backed by a consortium of banks, including Citigroup Inc. and Standard Chartered Plc, who have pledged USD 1.5bn for this deal. The lowest returns for the quarter was achieved by Kingdom Holdings (-24%), followed by NCB (-17.8%). The former continues to be affected by drop in global oil prices, while ratings of Saudi banks were downgraded by S&P for the same reason.

Emirates NBD, reported a net profit of USD 1.9bn for the full year 2015, up 39% compared to 2014, due to income growth, modest rise in costs and lower impairment charge. Kingdom Holding (Saudi Arabia) declared an 86% slump in Q4 profit due to lower income and higher provisioning, while Saudi Basic Industries Corp (SABIC) reported a 29.4% drop in Q4 net profit, due to lower prices for its products, particularly in its metals division, and decline in crude prices. National Commercial Bank (NCB) registered a 16.6% rise in fourth-quarter net profit, despite fall in deposits, as higher income from fees and lending helped boost profits. Emaar Properties announced a healthy 11% increase in earnings for 2015, despite a write down in the last quarter due to a fire in one of its properties, while First Gulf Bank posted an 11% increase in Q4 profit; one of the few bright spots, in what has been a disappointing earnings season for Abu Dhabi banks. National Bank of Kuwait, the country's largest commercial lender, reported a 6.3% fall in Q4 net profit, as provisions and operating expenses rose. Ooredoo (Qatar) reported a 555% surge in net profit in the fourth quarter of 2015, as the currency volatility in emerging markets subsided towards the end of the year. The group reported a 9% increase in "net customer adds", and was driven by strong performance in Qatar, Indonesia, Myanmar,

Brent Crude and S&P GCC Q1 2016, rebased

Oman, Algeria, Maldives and Palestine. After falling for the first two months in this quarter, global equities rebounded in March 2016, with S&P 500 and MSCI World gaining 6.6% and 6.5%, respectively. MSCI emerging markets rallied 13% in the month, despite falling exports, low trading volumes, falling corporate profits and contracting manufacturing in developing economies. Fed's cautious approach in hiking interest rates, China finding its feet and rise in oil prices buoyed markets around the world. Negative inflation continues to plague the Eurozone, and economic confidence fell in March, for a third consecutive month, to a 13-month low, indicating that the recovery is losing steam. Manufacturing growth remains weak, and lower confidence among consumers as well as managers in the services and construction sectors is dragging down the economy. German DAX ended first quarter down 7.2%, followed by France (-5.4%) and UK (-1.1%).

Shanghai Composite ended first quarter down 15%, after falling nearly 23% in January. Huge potential losses in steel industry coupled with contracting manufacturing sector and waning investor sentiments have contributed to the decline. But markets recovered in March, following signs that the economy was stabilizing, such as increase in margin lending, growth in number of new stock investors, and receding volatility.

Japan's Nikkei ended the first quarter as one of the worst performing stock markets globally, dropping 12% since the beginning of the year, as unsuccessful efforts to revive the economy and a rising yen had a bearing on market sentiments.

MENA Market Trends

Index	M. Cap (USD Bn)	Last close	2015 %	Q1 2016 %	YTD %	S&P correlation**	ADVT* (USD mn)	P/E TTM	P/B TTM	Div. Yield
Brent Crude	-	40	-35.0	6.2	6.2	0.342	-	-	-	-
S&P Pan Arab LargeMid Cap	106.2	131	-17.0	-3.4	-3.4	0.161	N/A	9.45	1.11	5.95
Saudi Arabia	373.3	6,223	-17.1	-10.0	-10.0	0.178	1487.56	11.10	1.43	5.01
Qatar	126.4	10,376	-15.1	-0.5	-0.5	0.105	90.45	12.18	1.51	3.97
Abu Dhabi	116.0	4,390	-4.9	1.9	1.9	0.120	56.86	10.04	1.31	5.73
Kuwait Price	80.2	5,229	-14.1	-6.9	-6.9	0.088	40.22	13.33	1.06	3.96
Kuwait Wt.ed	80.2	360	-13.0	-5.7	-5.7	0.045	40.22	13.33	1.06	3.96
Dubai	78.6	3,356	-16.5	6.5	6.5	0.122	168.45	8.28	1.08	4.91
Egypt	50.6	687	-24.4	9.0	9.0	0.070	64.94	9.39	1.26	2.99
Morocco	48.8	9,328	-7.2	4.5	4.5	-0.026	8.47	16.33	2.14	4.32
Jordan	22.1	4,082	-0.2	-3.5	-3.5	0.017	12.15	14.24	1.28	4.74
Bahrain	17.3	1,131	-14.8	-7.0	-7.0	0.028	0.71	8.72	0.78	4.38
Oman	15.7	5467	-14.8	1.1	1.1	0.104	10.43	9.82	1.10	7.18

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

Sovereign Issues, Ratings Downgrades and Policy changes

GCC sovereigns had increasingly issued syndicated loans in 2015, and majority of sovereign issuance targeted domestic markets, which brought much needed activity and supported the development of debt financing frameworks. Some of the major developments include:

- Saudi Arabia established a domestic credit rating agency, signaling its intention to expand its investor base beyond quasi-sovereigns and local banks
- Oman finalized its Islamic financing framework, which allowed it to issue its first ever sovereign sukuk
- Bahrain increased its sovereign debt ceiling and updated its debt management framework, and
- Kuwait drafted legislation that would permit sovereign sukuk issuance and is looking at setting up the necessary framework within the Ministry of Finance for debt issuance.

In 2016, GCC sovereigns, are looking to issue syndicated loans financed by international banks. Qatar is seeking USD 10bn, and is turning to international debt markets to shore up its finances that are pressured by low energy prices. The country is in talks with banks about a sovereign sukuk issue, and is looking to cover its USD 12.8bn deficit by using a combination of international loans and bond sales.

Meanwhile, Moody's Investors Service has cut its outlook for the debt ratings of Saudi Arabia and three other Gulf states while lowering Bahrain's rating to junk, citing concern over the impact of low oil prices on their finances. Moody's also put the United Arab Emirates, Kuwait and Qatar on review for downgrades - countries which are widely seen in the debt markets as more able to cope with an era of low oil prices because of their huge financial reserves relative to small populations. Moody's also cut Oman's sovereign credit rating, just weeks before the country may launch its first international bond issue in nearly 20 years, citing damage to state finances from low oil prices.

Rating agency Standard & Poor's downgraded Saudi Arabia, Bahrain and Oman's credit ratings, in its second mass cut of large oil producers in almost exactly a year. S&P cited the pressures being created by the drop in oil prices for the moves which included double-notch downgrades of Saudi Arabia to A- negative from A+ stable and stripping Bahrain of its investment grade status.

In other news, banks in the UAE suspend legal action against small and medium sized enterprises (SMEs) that are struggling to repay debt for up to three months, to prevent a surge in defaults that may jeopardize the economy. The rescue initiative launched by the banking industry to halt criminal prosecutions for bounced cheques, is a major departure for the UAE's financial system, which relies on paper cheques as security in business transactions.

Saudi Arabia's central bank will now allow mortgage companies to supply a greater share of funding for home purchases, raising the maximum permitted contribution to 85% from 70% of the value of the house. In December, the bank licensed a national home finance company, Bidaya, and in February, it introduced an "affordable mortgage" programme, through which the Ministry of Finance would guarantee 15% of the financing for a home purchase.

Sheikh Dr. Meshaal Jaber Al-Ahmad Al Sabah,

Director General,
Kuwait Direct Investment
Promotion Authority (KDIPA)

FEATURED Interview

KDIPA was formed at the same time when other agencies in Kuwait were also formed. What is the secret behind KDIPA's success?

The Kuwait Direct Investment Promotion Authority (KDIPA) established in accordance with Law No. 116 of 2013 as one of the economic implementing arms in the county in charge of attracting direct investments leading to the transfer of technology, job creation and training for the nationals, and buttressing local content. In doing so, KDIPA contributes to enhance economic diversification, supports the leading role of the private sector, and fosters innovation to achieve sustainable growth.

This happened at a time when a host of other long awaited for economic laws were passed and several public entities concomitantly established with the aim of improving the overall business climate in Kuwait.

A key ingredient to KDIPA's success, as you prescribed it, to a combination of critical success factors that taken together lay the foundation of a professional, transparent, and high performance government entity. KDIPA started with a clear vision, commitment to goals, good governance, a team spirit, participatory method, and compliance to procedures, adoption of best practices, and creating a learning environment.

We hope to maintain a track record of achievement based on these elements to become a "Centre of Excellence" in performing our mandate and service delivery.

As part of Law No. 116 of 2013, KDIPA replaced the Kuwait Foreign Investment Bureau (KFIB). How is KDIPA different from KFIB; and can you shed some light on your impressive rebranding process?

The passage of Law No. 116 of 2013, as a new modern law repealed more than a decade old Law No. 8 of 2001, and established KDIPA as a public entity that replaced KFIB, a division within the Ministry of Commerce & Industry. This set the stage to better accommodate for evolving global trends, and embracing best practices. One of the notable changes brought forward by the establishment of KDIPA as compared to KFIB is the shift from a positive list to a negative list approach in identifying certain sectors excluded from the provisions of this law; the introduction of a one-stop shop to facilitate licensing procedures and shortening the time to obtain a license to a maximum 30 days; allowing for up to 100% foreign ownership extended to various legal forms in accordance with the new commercial companies law, or a branch, or a representative office which is confined to marketing studies but not commercial operations; and the utilization of a transparent system for granting various incentives.

To build on these positive developments brought forward, KDIPA focused its rebranding process to highlight its role as an efficient investment promotion agency (IPA) in charge of image building of Kuwait, investor targeting, servicing investors and providing facilitation and aftercare, as well as carrying on the policy advocacy function. It is our belief to build a strong "corporate identity" for our authority and this will duly build a strong "brand" for our country based on its unique value proposition (UVP) and attributes.

> "In 2015, KDIPA approved direct investments equivalent to US$ 1.25 billion centred on ICT and energy sectors."

The year 2015 proved to be an eventful one for KDIPA, with investment licenses granted to global players like IBM and Huawei. What is KDIPA's qualifying process to offer licenses?

The year 2015 is considered the first year that KDIPA launched its actual licensing operations after its executive regulations entered into force and the needed application forms, guides, and relevant governing decisions at various levels were completed. Of these decisions issued are the Council of Decision on "negative list", KDIPA fees against services rendered, the requirements for establishing branches and representative offices, and adopting a performance based tax credit mechanism in coordination with the Ministry of Finance.

In this year, KDIPA approved direct investments equivalent to US$ 1.25 billion centred in ICT and energy sectors for renowned companies like IBM, Huawei, GE, among others.

In doing so, KDIPA focuses on transparent and consistent service delivery model whereby it receives applications for investment licensing and granting incentives which are evaluated in accordance with a transparent criteria and observing the duration ceiling set in the provisions of its establishing law.

As a follow up to the previous question, what was your approach when you closed the deals given Kuwait's challenges in ease of doing business?

Ultimately, KDIPA adopts a comprehensive approach based on managing and nurturing a lasting relation with investors, providing continued aftercare services and facilitation, as well as following up and monitoring the licensed projects, starting from when the business begins operations and throughout its life.

Furthermore, KDIPA, according

to its mandated tasks, keeps open communication channels with the investors receiving their issues, addressing their concerns, and resolving identified barriers to doing business in Kuwait, in close cooperation and full coordination with other relevant government entities.

The advocacy role KDIPA assumes helps to create a favourable investment climate that will be conducive to growth and development, and open new streams for investment. This is an ongoing task that KDIPA carries out as head of the Permanent Committee for Streamlining Business Environment in Kuwait established by the Council of Ministers decision issued in December 2013, with current membership of seven other government entities of which the Ministry of Commerce & Industry, Ministry of Justice, and the Kuwait Municipality. In this regard, KDIPA launched a series of Public Private Open Dialogue to identify reform priorities, document achievements, and communicate improvements that will affect improving doing business in Kuwait.

How are you addressing the challenges posed by land bottlenecks in Kuwait to setup businesses?

The availability of land is an issue that we are addressing at KDIPA through the development of three economic zones that will take place over the coming few years as the feasibility study and master plan have been concluded covering economic, legal, geotechnical, environmental, financial, and promotional, aspects. Furthermore, we work closely with other government entities to resolve issue of land as it arises.

KDIPA appears to be increasing contact with technologically advanced economies in the Far East such as Japan and South Korea. Is the move part of a conscious strategy to develop more opportunities for sophisticated technologies transfers?

KDIPA adopts a pro-active approach in its FDI strategy that focuses on attracting efficiency seeking FDI to ensure transfer and settlement of modern technology and know-how. Kuwait depends on its extensive international relations networks in various countries around the world through investment, commercial relations, humanitarian and official assistance. Japan and Republic of Korea, among other countries, are active participants in the Kuwait markets in various forms of investment and trade. KDIPA welcomes, and encourages, companies and businesses from friendly nations that enjoy strong diplomatic relations with Kuwait to invest in various strategic sectors and discover the lucrative opportunities available under the current second medium term development plan.

As a critical player in the economic transformation ecosystem, where does KDIPA see the most opportunities arising from in terms of potential and attractive investment opportunities in Kuwait across sectors?

Under the current second medium

"The advocacy role KDIPA assumes helps to create a favourable investment climate that will be conducive to growth and development, and open new streams for investment..."

“ KDIPA supports the transition to a knowledge based economy that nurtures innovation and entrepreneurship...“

term development plan (2015/2016-2019/2020) Kuwait offers a wide variety of mega strategic projects ranging from oil sector, infrastructure projects, electricity & water, transport and communications to tourism, and urban development, allocating around US$ 103 billion in investment expenditure to support economic diversification, and increase the share of the private sector in the GDP. The interested foreign investor can enter the Kuwaiti market through KDIPA benefiting from Law No. 116 of 2013 incentives and guarantees or through the Public Private Partnerships (PPP) Law No. 116 of 2014, or through the privatization program, which is witnessing advances in liberalizing new sectors.

KDIPA’s focus on ICT is likely to generate momentum for developing the architecture for a ‘knowledge economy’, in which research will have a key role to play. How does KDIPA support research efforts that can benefit the Kuwaiti economy?

KDIPA, through its competitiveness project under the second development plan, participates actively in the national efforts to contribute to build a favorable ecosystem that supports the transition to a knowledge based economy that nurtures innovation and entrepreneurship, create competitive clusters that better integrate the local enterprises within the global economy. Furthermore, KDIPA by attracting FDI to encourage technology transfer and settlement it is contributing to reach the target of advancing research and development (R&D) efforts to 2% of GDP, a target under the current development plan. Thus, the rising demand to expedite Kuwait’s economic diversification process, while addressing the rising challenges, mitigating risks, and meeting global commitments under sustainable developments goals (SDGS) till 2030 and the universal environment agreement (Paris COP21), is making it imperative to attract worldwide powerhouse industries to enhance knowledge-based and environmentally friendly industries. These include nanotechnology, green industries, life sciences, healthcare, and education among others. The upcoming fourth industrial revolution (Industry 4.0) identified by ideas, talents and skills, and is based on emerging trends linked to disruptive technologies, smart networks, Internet of things (IoT), social and digital channels, vertical and horizontal integration within the global value chains (GVCS). KDIPA is working closely with other stakeholders to absorb and integrate these serious developments into its strategy and action plans, to ensure Kuwait reaches its desired innovation stage of development.

Expert Opinion

Walid Mourad, Portfolio Manager at Lazard Asset Management, *shares his view on impact of decline in oil prices on asset management industry and equity markets.*

What has been the impact of low oil price in the asset management and wider financial services industry in the Gulf Cooperation Council (GCC)?

From an asset management perspective, and more specifically the equities market which is my area of expertise, lower oil prices have negatively impacted the budgets of many regional economies. The reliance on oil as a key revenue stream and the desire to maintain government spending resulted in the first budgetary deficit in many years. Consequently, many GCC governments took fiscal consolidation measures to cover budgetary shortfalls, beginning with the removal of subsidies to corporates and individuals. We believe that, over the long-term, this will lead to sustainability within regional governments' spending and a healthy fiscal balance. However, over the short-term at least this will come at the expense of a more challenging operating environment for regional companies. We believe that those listed companies that enjoyed above industry average returns because of subsidies allocation will be most affected.

Investors in the GCC equity markets have had a rough time in the recent past. But since the trough witnessed in January, the markets seem to have rebounded. Have they turned a corner?

As previously mentioned, the operating environment of many regional companies has been negatively impacted as a result of the gradual removal of subsidies and the slowdown in the pace of government spending. This has resulted in a market wide sell-off, as investors, spooked by the continued pressure on the oil price, tightened fiscal budgets, the spectre of further government spending cuts and a significant drop in corporate earnings, failed to discriminate between companies. However, as in any market wide sell-off, opportunities arise especially in relation to those companies, which the market has mispriced or been too pessimistic regarding their earnings forecast. In this respect, the key is to identify those companies with a sustainable cash flow and returns, who are able to weather the changing market conditions, at a price that offers a good entry point even given a worst case scenario valuation.

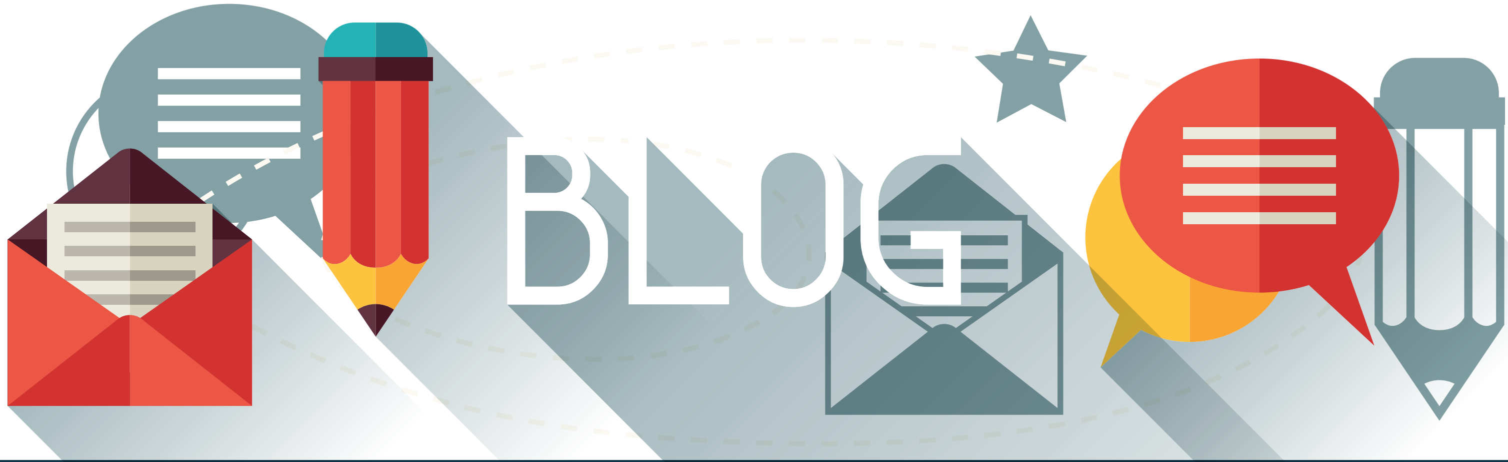
Why do you think GCC's banking stocks have underperformed despite having relatively better earnings growth compared to other sectors?

Many banking systems within the region rely on the government as a main source of funding. In some cases, more than one third of deposits within the banking system are government deposits. The impact of lower oil prices on budgets, investors' concerns over the potential negative effect on the banking system's liquidity - from a slower deposit base growth or even withdrawal of government deposits from banks - has punished many names in the sector. Additionally, some governments have delayed payments - mainly to contractors - raising concerns about a potential default. However, thus far, there is no evidence of stress on the funding side or the provisioning related to potential loan defaults. Having said that, it is worth mentioning that regional banks are generally very well capitalised, with a capital base capable of absorbing losses similar to those experienced during the 2008 financial crisis.

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

Founded in 1848, Lazard Asset Management provides investment management and advisory services to institutional clients, financial intermediaries, private clients and investment vehicles around the world. We invest in a wide selection of equity, fixed income and alternative investments with the goal of producing superior risk-adjusted investment returns and providing investment solutions customised for our clients.

Discussing 'What Is' and 'What Can Be' in the GCC Business Landscape



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ROLE OF PRIVATE EQUITY FOR KUWAIT'S FAMILY BUSINESS

Introduction

Family businesses in Kuwait have played and are playing a critical role in the economic fabric of the country. The oil wealth that underpinned much of the recent economic growth in the country also supported the growth of several industries like finance, real estate, construction, etc. Many first generation entrepreneurs who creatively used these will now also have to face the difficult issues of succession, inheritance, potential for conflicts, sharing of responsibilities with those from outside the family circles, etc.

The Need of Family Businesses to Evolve

According to a Gulf Family Business Council-McKinsey study, about 50% of the businesses in the GCC region are transitioning to the third generation and beyond[1]. The study also estimates that only 15% of the transitioning firms will survive the process intact. Even in Kuwait, a considerable number of family firms will undergo generational change in the next half a decade or so[2]. In a rapidly changing economic environment around the world, the need is growing ever more important for decoupling management issues from ownership issues. First generation entrepreneurs who built successful businesses may not understandably feel so. However, there is no guarantee that generations that increasingly become distant in terms of years from the founder(s) are likely to be filled with the same amount of enthusiasm or intricate understanding of a business.

Over the years, many family businesses in the GCC and Kuwait have grown massive, spanning multiple industries and geographies. Even as the business span and scale are becoming increasingly complex and distributed, decision making in family businesses can get difficult as the circle of relationships that are accommodated

[1]Abu Dhabi Media, [2]Kuwait Times

grow larger. Distributed control across weaker family ties is likely to increase the chances for fragmentation due to differences of opinion or ownership control. The pace of governance can also get slowed down due to reticence to share information with those from outside the family circle. Often, there can be lack of formal governance mechanisms that can lead to differences in interpretation of events, developments and internal or personal communications[3].

The 2015 GCC Family Business survey revealed six major concerns of major family businesses in the GCC. They are:

- Implementing successful governance systems.
- Tapping into external sources of liquidity.
- Managing challenging family dynamics and conflict and preparing the next generation.
- Diversifying geographically.
- Engaging in philanthropic efforts.
- Managing non-family talent.

Taken together, what the above issues reflect are concerns over that of sustainability. Engendering sustainability in the family businesses ecosystem requires new players who can infuse fresh thinking and practices. Private Equity (PE) players, if used innovatively, can prove to be one set among a potential array of external players for family businesses.

[3]National Research Foundation (UAE)

Stages of Growth in a Kuwaiti Family Business and the Potential Role of PEs

Family businesses throughout the GCC appear to follow a similar format in terms of their evolution. Nevertheless, there will always be national nuances, since every nation has its own unique characteristics. SME Toolkit Kuwait (a joint International Finance Corporation-IBM initiative), proposes a three-stage model in terms of evolution of ownership and management within most family businesses. It is illustrated (verbatim) in the table below.

Key Corporate Governance Issues : During the Development Cycle of Family Businesses

Ownership Stage	Dominant Shareholder Issues
Stage 1: The Founder(s)	• Leadership transition • Succession • Estate planning
Stage 2: The Sibling Partnership	• Maintaining teamwork and harmony • Sustaining family ownership • Succession
Stage 3: The Cousin Confederation	• Allocation of corporate capital: dividends, debt, and profit levels • Shareholder liquidity • Family conflict resolution • Family participation and role • Family vision and mission • Family linkage with the business

Source: John Ward, Creating Effective Boards for Private Enterprises (Family Enterprise Publishers, 1991); Kelin E. Gersick, John A. Davis, Marion McCollom Hampton, Ivan Lansberg, Generation to Generation: Life Cycles of the Family Business (Harvard University Press, 1997); IFC Corporate Governance

In December 2015, various news media in Kuwait came out with favorable views on Kuwait's Capital Market Authority (CMA) Chairman of the Board of Commissioners, Dr. Nayef Al-Hajraf, call to Kuwaiti family businesses to list at the Kuwait Stock Exchange. It was opined that such a step would give added value to the Kuwaiti capital markets. The accumulated expertise and the financial solvency of many Kuwaiti family businesses can come together through stock market listings to help realize the ambition of turning Kuwait into a regional financial hub, which would in turn enhance the flow of foreign and domestic investments on various projects. However, family businesses cite the series of risks since the fiscal crisis of 2008 as an impediment to confidence for such a step. It is possible that the inclusion of PEs in the family business ecosystem can help support strategies that are aligned with international best practices of intelligent and proportionate risk management. An influx of new ideas due to varying exposure levels and their attendant perspectives can help imagine innovative solutions to take a piecemeal approach to tackling listing risks for Kuwaiti family businesses.

However, attempts to inculcate PEs into the family business environment of Kuwaiti enterprises may elicit unfavorable views, as well. The approach should thus be flexible and consensual, in the spirit of taking the fears and emotions of all into consideration for evaluating suitable market responses. A regional case study to illustrate the theme may be useful here. The Abu Dhabi (UAE)-headquartered Al Fahim Group aimed, some years ago, to list the company's hotels business on the stock market[4]. The company's leadership wanted to respond to the statistics that internationally, about 90% of second- and third-generation family enterprises failed if the ownership did not include external participants. Thus, the company decided to go public, but the global financial crisis, and the shifts it triggered in the GCC markets, altered the decision to list. Instead, the company chose the route of modernization while retaining family control by selling of the oil and construction sector assets to slash corporate costs.

Some amount of involvement of PEs can ensure that the hard questions get asked at the right time. Even very large and professionally run family businesses can sometimes not undertake essential governance steps, usually to avoid the sensitivities involved. For example, when the Chairman of M.A. Kharafi & Sons, Mr Nasser Al-Kharafi, passed away in 2011, the company had to work out a succession plan, with the family and set of advisors coming together in a restructuring process[5]. Involvement of PEs will mean that questions over succession planning will be posed at an earlier stage itself, before a tragic event such as the death of a key leader strikes.

In 2014, Mr. Omar K. Alghanim, CEO of Alghanim Industries, delivered a speech in a business seminar in which he emphasized upon "[…] the importance of creating the proper structures in family businesses to ensure longevity and to foster, reward and retain the best talent." The remarks came in light of the fact that within three generations fewer than 10% of family owned companies are still owned by the same family, according to Mr. Omar K. Alghanim. In an interconnected world of global opportunities and threats, family businesses that survive will be those that are nimble and outperform their peers. PEs can be a critical tool in the array of options available to keep family businesses in touch with shifting global trends, realities and best practices.

[4]Kuwait Times, [5]Arabian Business Publishing Ltd.

PEs and Family Businesses: Assembling a Creative Partnership

Understandably, family businesses will find it difficult to engage with PEs proactively due to the concern of ceding ownership control and decision making authority. After all, many of the family businesses have been built on top of years of toil and effort. Thus, the fear of losing control, even if marginally or partly, to external players may come across as a very uncomfortable thought. However, businesses progress through cycles of development, and in the case of family businesses, it will closely align with those of the promoters. Beyond a point, in order to be sustainable, new governance and management practices will have to be confronted and assimilated in order to stay relevant in an ever complex business environment.

According to the European Private Equity & Venture Capital Association, engaging PEs can bring some clear benefits to family businesses. They are:

- The main non-financial contributions of private equity funds are to act as a sounding board for management ideas, be a key source of contacts, and assist with the recruitment and development of anagement.

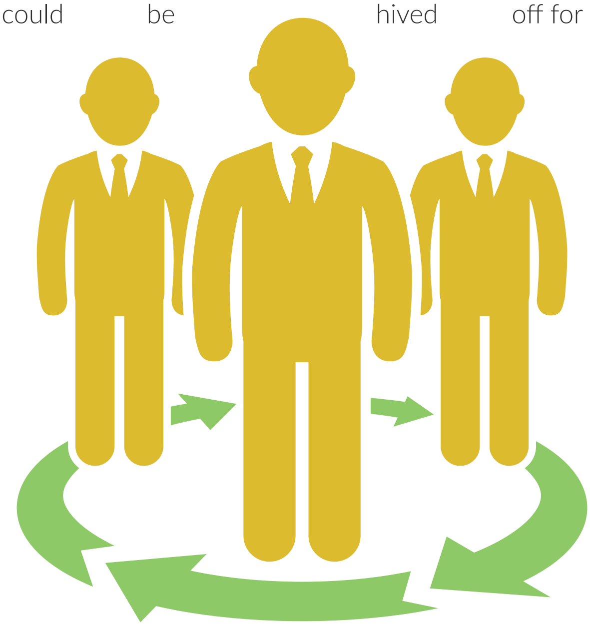
- The key financial and operational contributions of private equity funds are monitoring financial and operating performance as well as regular budget reporting.

- Moreover, private equity funds played an important role in managing the relationship between the family owners and the portfolio company management.

The entry of PEs into the family business ecosystem can help in the greater flow of ideas and values that can generate the momentum for lasting sustainability. Also, if leading international PEs are involved, then the transfer of leading best practices from around the world will be accelerated. This process will likely culminate in Kuwaiti family businesses being better able to withstand and thrive in the larger ecosystem of an increasingly interdependent world. The entry of PEs can simplify the sometimes complex interpersonal interactions that may develop between key stakeholders and decision makers in a family business, and infuse a multidisciplinary (e.g., financial KPIs, strategic decision making tools, etc.) approach in tackling challenges or problems.

Thus, while PEs can help in the process of strengthening institutional systems and middle management capacity, the fear of losing operational and decision making control is likely to constantly hover in the minds of key family business stakeholders, especially in relationship with a first generation founder. Family businesses in Kuwait will over time have to deal with the tradeoff between better governance structures that can engender sustainability via infusion of PEs; and short-term personalized loss of some control over business affairs, or at least the need to come under some amount of scrutiny.

For essentially overcoming what is an uncomfortable psychological proposition for some to accept, family businesses can adopt measures that create opportunities for incremental adoption of PEs as part of the ecosystem. For instance, geographical operations that are away from the native geographical core could be hived off for



participation by PEs. Or, verticals or business units that are not core in terms of revenue or profitability could be marked for experimentation with PEs. Over time, the interaction with PEs will create some amount of familiarization with the processes, and help build personal connections that can later support the transition of some amount of business control.

As first step, Kuwaiti PEs could enhance collaboration with PEs based out of the GCC, since the cultural and business values are likely to be similar to start off with. For instance, in 2011, the Saudi Basic Industries Corporation (SABIC) launched a capital investment arm with the aim of investing in technologies and enterprises consistent with SABIC's global strategy. Working with players like SABIC could strengthen the ability of family businesses that match the qualification criteria to scale new business models and markets. Even businesses that do not match up to the qualification criteria can look up to them to get a sense of the strategic direction that needs to be traveled, while simultaneously identifying shortcomings.

What PEs should Consider?

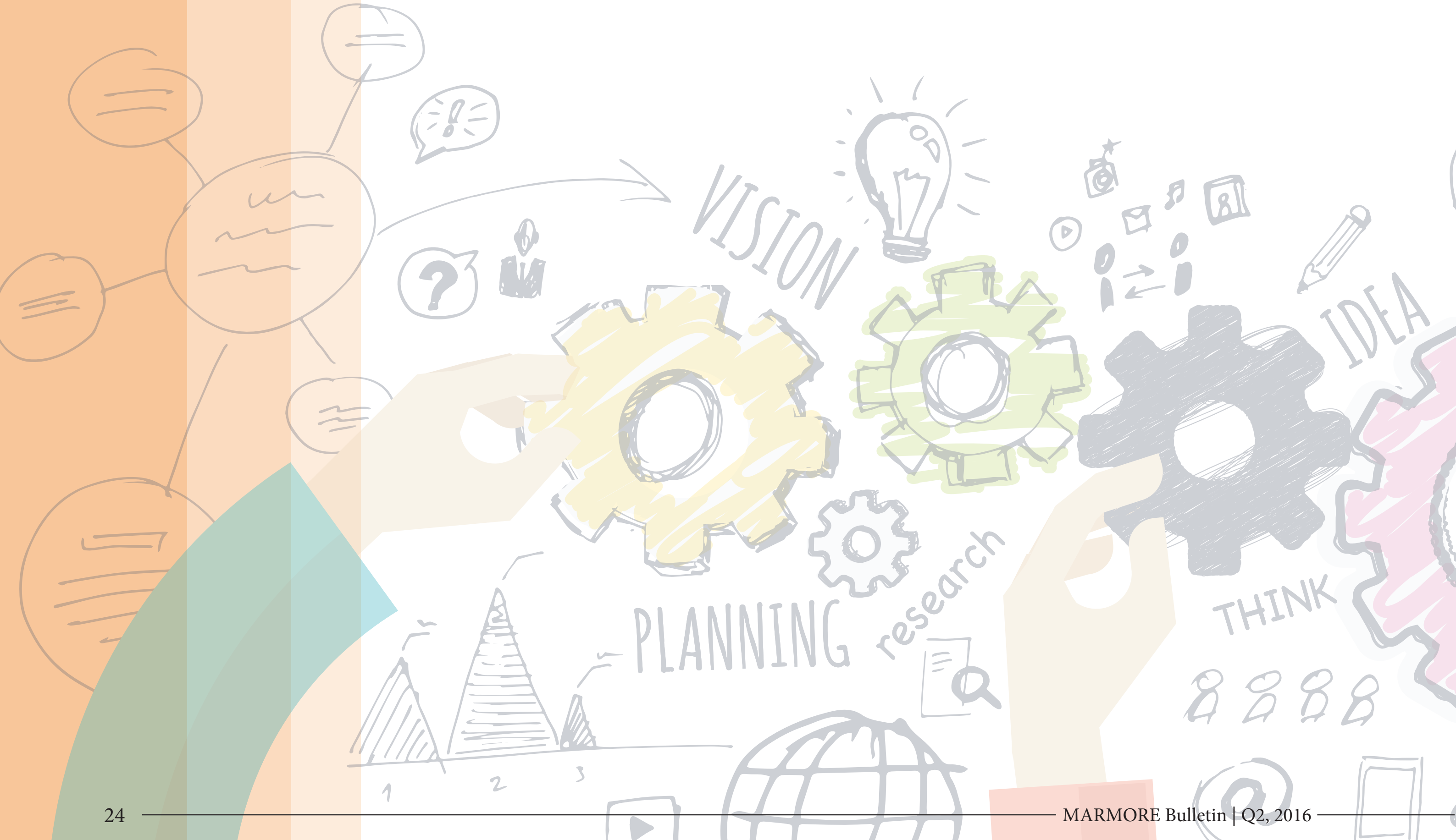
For PEs, it is about making good returns for their stakeholders. Thus, there will be a sense of urgency and high degree of professionalism in what PEs demand and do. However, this should not cross the thin line that distinguishes stringent professionalism from insensitive handling. For the owners of family businesses, their enterprises usually tend to be not just a job, but a way of life. Sensitivity to the deep human emotions involved could be useful, with respect to how difficult it can be for family owners to cede control.

In the GCC business cultural environment, PEs as a form of support system for family businesses is a very new and radical concept. Thus, there could be mistrust and pushback encountered during the process of negotiations, which can be grueling. Thus, before attempting to work with family businesses, PEs should be sure about the reasons that they want to involve with family businesses. In the hurry to turn around businesses and to make returns for their stakeholders, PEs can risk pushing too hard during internal negotiations, which can lead to the relationship breaking down due to strain.

Thus, while approaching family businesses for partnerships, PEs should focus on what could be important for a particular family business.

Creating value or understanding around the real need of a family business will allow the executive leadership to relax and trust in the judgment and opinions of the PE. Thereby, PEs can relatively better achieve the outcomes that they would like, making the process smoother and cooperative. Not many would question the hard skills and expertise that PEs could bring. What could matter are the softer or human skills, which call for a higher level of emotional quotient.

While offering support to family businesses, PEs can make a significant impact in the areas of assessing risks and forecasting returns on various projects. The operational lines of communication can be revitalized, thereby providing strategies framed a better chance at implementation. Moreover, PEs can entrench the culture of key performance indicators (KPIs) that would lead to a system of granular performance measurement. A decisive board culture could thus crystallize, which would make family businesses more alert and agile. These are the benefits that PEs could focus upon more when approaching family businesses.



Conclusions

For many second and third generation Kuwaiti family businesses, the practicalities of a volatile oil price environment will necessitate the need to tap more and more into regional and international markets for growth. Many recent national policies also appear intent in terms of pushing for more economic diversification and greater participation of the private sector. At a time when greater capital and investments are required to fuel growth, family businesses, by their nature, are faced with a limited range of possibilities for injecting financial capital into their businesses. Over time, family businesses will have to get used to the idea of receiving investments from players from domains such as the PE industry.

The need to develop capacity to meet a vast array of growing challenges in the current economic context will mean that more and more executive positions will have to be opened to the non-family circles as well. The PE industry will not obviously act as a one-size-fits-all solution. However, if the PE industry is used innovatively and incrementally, they may be able to accumulate critical mass that can later transform how family businesses operate in Kuwait. The following are the key takeaways in terms of PEs and family businesses –

- PEs can act as the ‘eyes and ears’ of family businesses in terms of keeping abreast of global business and corporate governance trends.

- PEs can support strategies to quickly enter and set up footholds for growth in non traditional markets, especially for large family conglomerates.

- Internationally trained management talent will be able to enter, thereby keeping family businesses in line with global management and operational best practices.

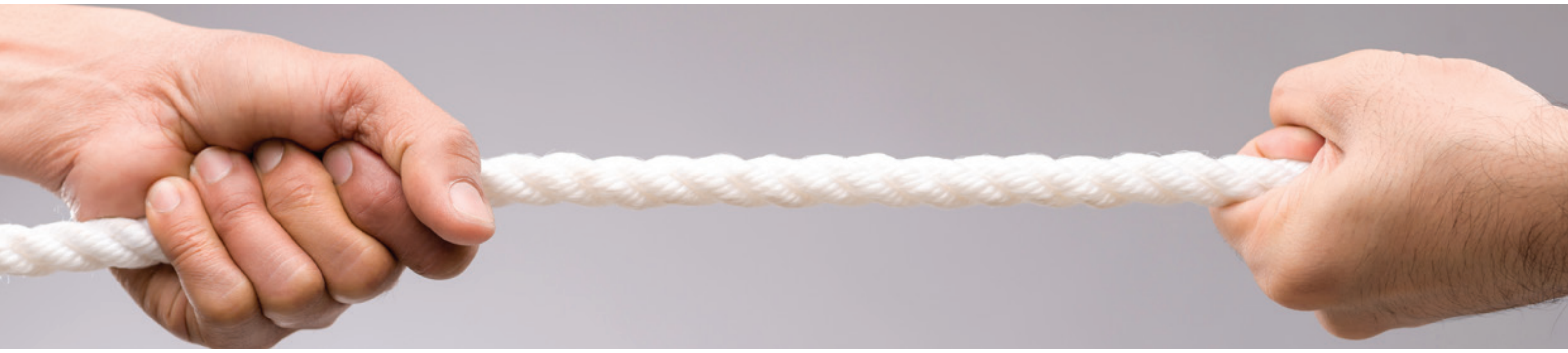
- Overtime, foreign institutional investors will develop more confidence when they see family businesses open to fresh talent and ideas. This will help in times of funding or liquidity needs in terms of expansions or R&D.

Source: Excerpts from our industry research report titled “Private Equity in GCC”. To find out more details, please visit www.e-marmore.com


KSA Brokerage Industry
Challenging Times Ahead

' There is a stiff competition between the UAE and Saudi Arabia to deepen their respective brokerage industry. The UAE may have more brokers than Saudi Arabia; but Saudi Arabia beats the UAE on the liquidity and value traded on the stock exchange.'

Offices Brokerage sector in the GCC region is one of the most fragmented industries; UAE (48 brokers) leads the GCC region in terms of number of brokers that are registered and allowed to trade in the stock exchange. Saudi Arabia (KSA) has the second largest number of brokerages in the region (30 as of 2014). However, KSA tops the list of countries with the highest value traded on the stock exchange and is also the most liquid market going by the stock turnover to GDP ratio (71% as of 2014) while offering the broadest range of sector opportunities.
Brokerage firms in KSA usually use the strategy of offering deep discounts on their financial services and products to entice customers. The larger players (i.e.)



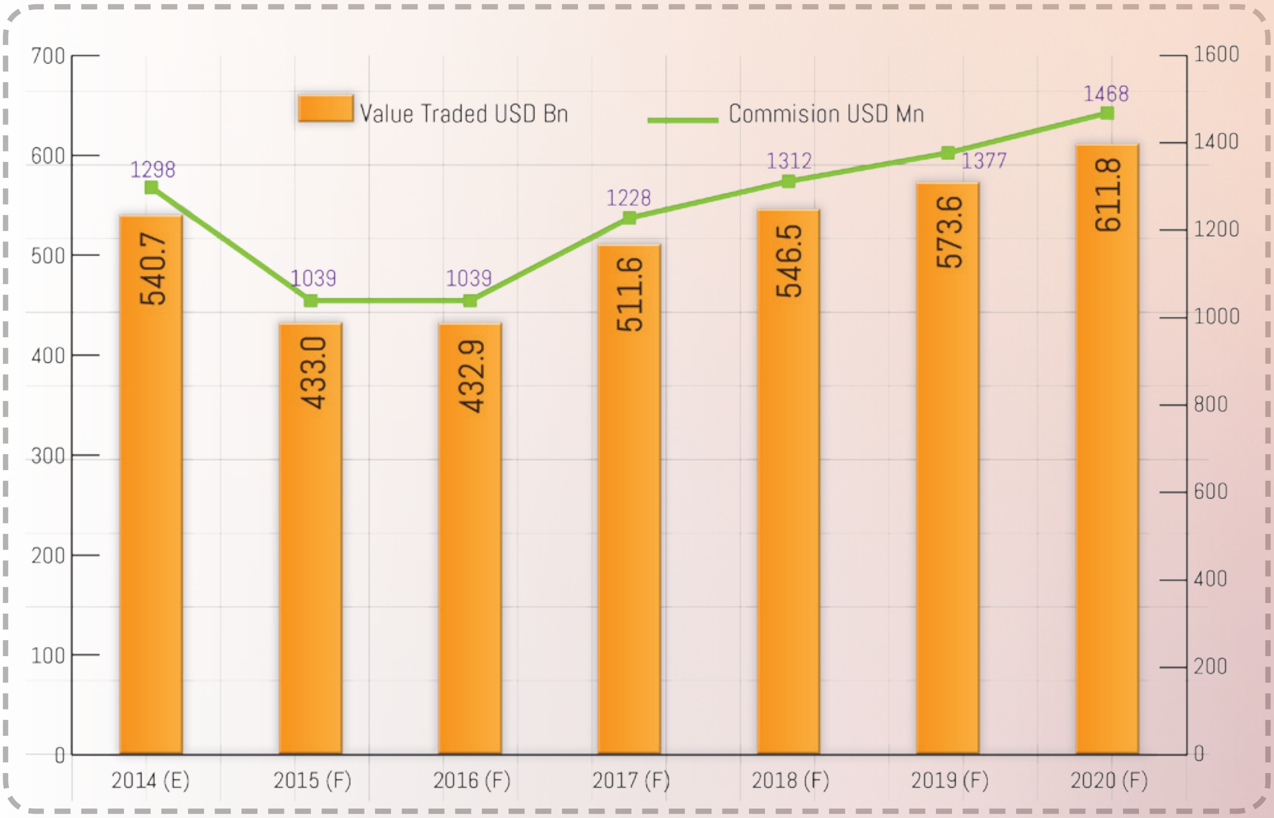
brokerage divisions of the banks and other standalone players offer full services such as provision of single window for investing in the six GCC countries. Web and PC based trading platforms have been able to make long strides in KSA over the past few years primarily owing to their convenience.

The Saudi Brokerage industry is regulated by Capital Market Authority (CMA). The CMA only specifies a minimum and maximum brokerage that can be charged by the brokers and offers the brokers the freedom of discounts on the commission in order to attract the clients.

The commission charged by the brokerage firms in Saudi Arabia is set at 0.12% of the value traded by the stock exchange. Based on the value traded in 2014, the commission earned by the brokerage firms in 2014 is estimated at USD 1.28bn. The commission earned by the brokerage firms is estimated to increase at a CAGR of 2.08% between 2014 and 2020 to reach USD 1.46bn in 2020.

Decreasing stock turnover, dominance of few blue chips in the stock index, skewed sectorial representation wherein financials and petrochemical sector account for c.60% of the market, underdeveloped corporate governance regulations compared to developed markets and lack of institutional participation are some of the key challenges hindering the growth of the equity capital markets in Saudi Arabia and in turn impacting the brokerage industry's revenue.

Forecasted Commission and Value Traded



Source: Marmore research

Initiatives to boost Liquidity in KSA

The revenue for the brokerage industry is primarily dependent on the value traded or liquidity of the KSA equity markets. Increased trading activity will result in higher commission for the brokerage industry. Some of the measures that can be implemented to increase the liquidity by attracting foreign investors and domestic and international institutional participants are:

- Establishment of corporate governance regulations have to be expedited, as companies with good corporate governance practices tend to enjoy more investor support and confidence. The importance of adherence to corporate governance best practices is underlined by the fact that most investors are willing to pay a premium for well governed company.

- GCC stock markets are inherently more volatile than their emerging market peers due to its nascent stage of development. Hence, managing this risk is key for institutional investor entry. Availability of broader tools like derivatives (options and futures) can provide the needed tools for managing this volatility. Additionally, Framework for Stock lending and short selling practices need to be developed.

- As the regional financial hubs became more fragmented, efforts to integrate markets could be revived. Region wide unification of licensing and listing procedures for companies would boost stock market activities. Consolidated markets would help in increasing market liquidity, limiting volatility, enhancing confidence would attract international institutional investors.

- The major worry about KSA stock market is the lack of institutional investors and predominant presence of retail investors. Institutional investors provide the much needed stability and liquidity to the markets and can significantly deepen the market. Regulators and policy planners can take proactive steps in strengthening market microstructure in a way it can start appealing to institutional investors.

- KSA could introduce 'market makers' to boost its exchange volume and liquidity. Market makers are mandated to maintain a specified bid-ask spread and sufficient volume for the selected stocks. By doing so, market makers provides liquidity to the stock and to the market to facilitate the trade and reduced transaction costs by not requiring the seller to issue multiple smaller orders to execute the trade.

Source: Excerpts from our industry research report titled " KSA Brokerage". To find out more details, please visit www.emarmore.com

KUWAIT ECONOMIC THEMES 2016

Economic Themes & Impact on Investments

Key Themes	Rationale	Stock Market	Bonds	Real Estate	SMEs
Lowest Fiscal Breakeven Price (BEP) Among GCC Countries	Kuwait has the lowest BEP among GCC countries which it should use as an advantage to enact long-term reforms	Positive	Negative	Neutral	Positive
Creation of a Local Debt Market in Kuwait	Creating a local debt market is of prime importance to diversify capital source and lessen stress on bank's	Neutral	Positive	Positive	Positive
Introduction of Taxes	Introducing taxes would aid the Kuwaiti government to diversify revenue sources	Negative	Neutral	Negative	Negative
Subsidy Rationalization	Kuwait must capitalize on the opportunity offered by low oil prices to contain current expenditures, especially subsidies	Negative	Positive	Neutral	Negative
Accelerated Implementation of KDP	Fast tracking implementation of the KDP would aid in diversifying sources of revenue generation	Positive	Positive	Positive	Positive
Improving Business Environment	Kuwait should work on improving its Doing Business rankings which would aid in foreign investments	Positive	Positive	Positive	Positive

Source: Marmore

Prices for crude oil have fallen by over 65% since mid-2014. With most investment banks and international agencies, including World Bank and IMF, expecting the lower oil prices to persist throughout 2016, the prized surplus of fiscal and current account positions is expected to deteriorate to low single digits for Kuwait. Kuwait continues to be extremely reliant on oil for revenues. On an average, hydrocarbon revenues accounted for c.80% of overall revenues in the past five year period (2009-2014). While part of the oil revenue is saved as sovereign wealth fund, most is channelled to the local economy in the form of wages for public sector employees, large scale subsidies (energy, electricity and water), capital transfers and generous grants for its citizens. Though some measures were warranted in part to mitigate the effects of global financial crisis and alleviate the rising social pressures, the deteriorating fiscal situation amid the lower oil price environment warrants relook at ways to augment revenue streams and curb wasteful expenditures. The slump in oil prices, has renewed focus on containing current expenditures, prioritizing capital expenditures and introducing measures to rationalize subsidies.

The Government of Kuwait must capitalize on the opportunity offered by low oil prices to contain expenditures, which are skewed towards current expenditures (c.90% of expenditures have been current in nature) rather than the productive capital investments, by introducing appropriate reforms in labour market, energy market and by focusing on removing subsidies in a phased manner. The price of petrol (KD 0.06/litre) in Kuwait is cheaper than water (KD 0.10/litre) and electricity prices have remained unchanged for nearly 50years. Electricity prices in Kuwait were last revised in 1966 and it is currently offered at less than 5% of the production cost. At the rate of KWf 2/kW against a production cost KWf 41.4/kW remains among the lowest globally. In this regard, introduction of taxes – direct (personal tax, business tax) as well as indirect (service tax, consumption tax), raising costs of government services in a gradual and phased manner could be considered. Although Kuwait maintains a high level of sovereign assets, dipping into it will only result in a short term fix and implementing a long term solution such as introduction of taxes seem more prudent. Business taxation and subsidy rationalization should not be seen as mutually exclusive actions to ease the fiscal situation. If business taxation is being seen as a route towards furnishing the revenue side of the budgetary equation, then it would make for poor policy to divest it of any linkages with subsidies reform. It is, indeed, the case that subsidies' reform can prove to be sensitive among several stakeholders; however, increasing the tax burden on the private sector in lieu of gains from subsidies reform can harm the long term prospects in terms of economic diversification. The measures, if done in tandem, could help avoid subsidy leakages, ensure continued infrastructural spending and help improve competitiveness of Kuwait economy. Job creation for nationals and the need to increase the role of private sector in the economy, is also widely stressed.

Reform Matrix

Pillar	Current Situation	Policy Recommendations
Subsidy Reforms	Fuel, electricity and water largely under-priced, leading to excessive consumption and subsidy leakages	• Fuel prices to be deregulated in a phased manner and market linked.
Wage Reforms	Huge disparity between public and private sector wages leading to disincentives to work in private sectors	• Public wage rises should be capped and based on inflation level; • Subsidies could be directed to make private salaries on par with public wages
Tax Reforms	Revenues largely dependent on oil, tax revenues (direct & indirect) are meagre	• Corporate tax could be introduced • Expedite implementation of VAT
SME Reforms	Unable to create job opportunities for growing population leading to large-scale youth population unemployment	• Ease licensing procedures and improve business environment; • Business incubators should be started
Labour Market	Nationals prefer public jobs where productivity is low and wages are high	• Educational system should be revamped with more emphasis on skill oriented courses to create industry ready workforce

Source: Marmore

Kuwait, with a low fiscal breakeven oil price of USD 51.8/barrel in 2016, is expected to weather the environment of lower oil prices better than its GCC peers. This is also, in part, due to the presence of ample fiscal reserves and buffers which stands at 323% of GDP. Kuwait, with low debt and higher fiscal reserves, accumulated during periods of elevated oil prices, could resort to raising debt in the domestic market, international market or draw down on its buffers or a mixture of both. The actions of the government, in this regard, in the coming months will be keenly watched as it would have wider implications on the economy.

Source: Excerpts from our economic research report titled "Kuwait Economic Themes". To find out more details, please visit www.emarmore.com


WEBINAR

MENA DATA AT A GLANCE

S. No.	Particulars	KSA	Kuwait
1	Nominal GDP (USD bn) (2016f)	639	112
2	Real GDP Growth (%) (2016f)	1.2	0.0
3	Share of Hydrocarbon GDP (as % of total Nominal GDP) (2016f)	22.5%	67.2%
4	Hydrocarbon Revenues (as % of total Governmental Revenues) (2016f)	64.1%	54.7%
5	Fiscal Surplus as a % of GDP (2016f)	-15.0%	-2.7%
6	Fiscal Breakeven Oil Price (2016f) USD/bbl	87.2	49.4
7	Crude Oil Price (Q1 2016) USD/bbl	38.6	38.6
8	Crude Oil Reserves (End Q4 2015) billion barrels	266.58	101.50
9	Current Account as a % of GDP (2016f)	-14.0%	-11.1%
10	Inflation (%) (2016f), CPI average	1.9%	3.3%
11	Population (2016f) in million	32.23	4.34
12	Unemployment Rate (%) (2016f)	12.0%	2.60%
13	Market Cap (Q1 2016) (USD bn)	373	80
14	Stock Market Performance (Q1 2016)	-10%	Kuwait Weighted Index: -5.7%
15	P/E (Q1 2016)	11	13
16	Liquidity (Q1 2016) (USD Bn)	94	2
17	Stock Market Turnover Ratio (Q1 2016) (Annualized)	100.4%	12.2%
18	Ease of Doing Business Rank (Global - 2015-2016)	82	101
19	Starting a Business Rank (Global - 2015-2016)	130	148
20	Global Competitiveness Index (GCI) Rank (2015-2016)	25	34
21	GCI Infrastructure Rank (2015-2016)	30	54
22	GCI Health & Primary Education Rank (2015-2016)	49	79
23	GCI Higher Education & Training Rank (2015-2016)	49	85
24	GCI Innovation Rank (2015-2016)	34	109
25	Corruption Perceptions Index (2015, Rankings)	55	67

	UAE	Qatar	Oman	Bahrain	Egypt	Jordan	Morocco
	351	166	64	33	319	39	102
	2.4	3.7	2.2	2.3	4.0	3.6	3.3
	16.4%	26.4%	25.5%	11.1%	na	na	na
	46.1%	36.1%	65.6%	73.9%	na	na	na
	-4.4%	-4.1%	-18.9%	-14.4%	-10.3%	-3.2%	-3.0%
	73.8	60.0	102	127	n/a	n/a	n/a
	38.6	38.6	38.6	38.6	38.6	38.6	38.6
	97.80	25.24	5.15	0.12	4.40	0.00	0.00
	-6.0%	-5.1%	-20.2%	-7.7%	-3.8%	-1.4%	-2.4%
	2.8%	5.0%	1.9%	2.1%	8.6%	1.7%	1.2%
	10.22	2.50	4.34	1.40	86.82	7.11	33.25
	na	0.30%	na	na	13.4%	12.6%	9.6%
	195	126	16	17	51	22	49
	Abu Dhabi index: 1.9%, Dubai Index: 6.5%	-1%	1%	-7%	9%	-4%	5%
	ADX-10,DFMGi-8.2	12	10	9	9	14	16
	14	6	1	0	4	1	1
	29.2%	17.5%	16.7%	1.0%	31.3%	13.8%	4.3%
	31	68	70	65	131	113	75
	60	109	149	140	73	88	43
	17	14	62	39	116	64	72
	4	18	36	29	91	70	55
	38	28	66	35	96	54	77
	37	27	88	44	111	50	106
	26	14	103	56	120	40	98
	25	26	64	55	94	55	80

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