

# MENA MONTHLY NEWS

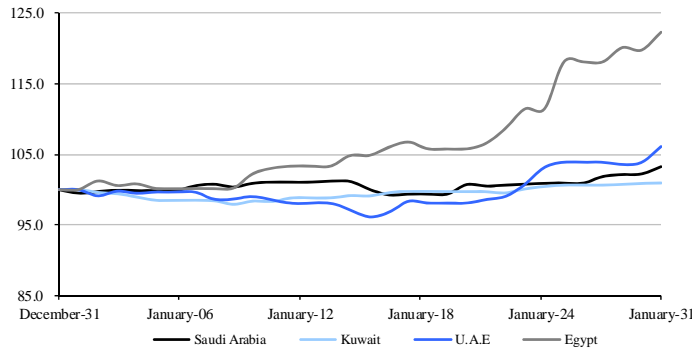
## Month of February 2012













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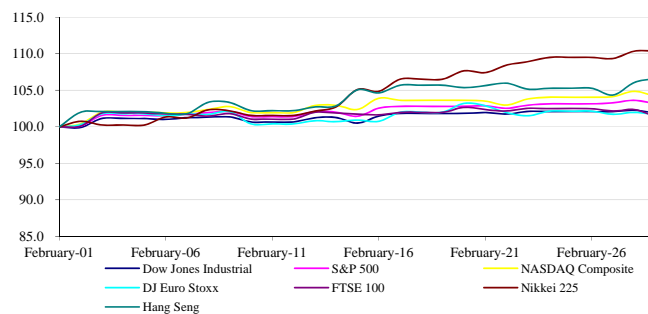
1. Saudi Arabia
2. Kuwait
3. UAE
4. Egypt
5. Other Countries
6. M&A Snapshot








### MENA Markets



Country	Index	Close	Start	% Change
 Saudi Arabia	SASEIDX Index	7,271.8	6,663.5	9.1%
 Kuwait	KWSEIDX Index	6,126.9	5,856.4	4.6%
 UAE	DFMGI Index	1,730.4	1,453.5	19.1%
 Egypt	HERMES Index	532.1	469.7	13.3%
 Oman	MSM30 Index	5,837.7	5,561.0	5.0%
 Jordan	JOSMGNFF Index	1,959.8	1,951.0	0.5%
 Morocco	MOSENEW Index	11,398.9	11,218.8	1.6%
 Bahrain	BHSEASI Index	1,148.6	1,136.8	1.0%
 Qatar	DSM Index	8,747.0	8,570.4	2.1%
 Tunisia	TUSISE Index	4,768.7	4,709.7	1.3%
 Lebanon	BLOM Index	1,196.0	1,166.6	2.5%
 Abu Dhabi	ADSMI Index	2,611.1	2,466.1	5.9%

### Global Markets



Country	Index	Close	% Change
 USA	Dow Jones	12,952.1	1.9%
 USA	S&P 500	1,365.7	3.1%
 USA	Nasdaq	2,966.9	4.2%
 EURO	DJ Euro Stoxx	2,512.1	1.7%
 London	FTSE 100	5,871.5	1.4%
 Japan	Nikkei 225	9,723.2	10.4%
 China	Hang Seng	21,680.1	6.6%

### Market Buzz...

... New power, water, and energy projects valued at USD 180.0 billion are planned in the Middle East, as the UAE forges ahead with 20 projects worth USD 34.2 billion ...

### Commodities & Currencies

#### MONTHLY CHANGES IN KEY COMMODITIES AND CURRENCIES

Commodity	Open	Close	% Change	Currency (USD/)	Open	Close	% Change
NYMEX Crude	97.61	107.07	9.7%	GBP	0.632	0.628	(0.5%)
Gold	1,743.40	1,696.85	(2.7%)	EUR	0.760	0.751	(1.2%)
Silver	33.69	34.68	2.9%	SAR	3.750	3.750	0.0%
LME Steel	512.50	537.50	4.9%	KWD	0.277	0.277	(0.1%)

### Global Macro Economic News

- ▲ All **European Union** countries except **Britain and the Czech Republic** have agreed to sign a new treaty designed to **stop overspending** in the Eurozone and put an end to the bloc's crippling debt crisis.
- ▲ **China's retail sales** surged **16.2%** compared to last year to **USD 74.0 billion** during the week-long Lunar New Year holiday.
- ▲ Overseas investors poured in over **USD 5.1 billion** in **Indian markets in January 2012**, the highest one-month net inflow in 16 months.
- ▲ **The World Bank** said that the **global food prices are set to decline further in 2012** as a weaker world economy dampens consumer demand while food supplies rise.
- ▲ **The Labor Department** said that with companies and Governments posting **3.4 million jobs** in December, the number of available **jobs in the US jumped** in December to a near 3 year high.
- ▲ **President Barack Obama** will revive proposals for **USD 1.5 trillion in tax increases** as well as **spending to boost jobs** as part of a 2013 budget request that projects the **deficit shrinking next year to USD 901.0 billion**.
- ▲ **British inflation dropped sharply to 3.6% in January 2012** as the effect of a rise in sales tax in 2011 fell away, providing some relief for cash-strapped consumers.
- ▲ **China decreased its US debt securities by 2.8%, to USD 1.1 trillion in December 2011**, least since June 2010 amid efforts to assist Europe in addressing debt crisis.
- ▲ **Euro zone finance ministers** struck a deal for a **second bailout program for Greece** that includes new financing of **USD 172.0 billion** and aims to cut Greece's debt to **121.0% of GDP by 2020**.
- ▲ **The IMF has offered to contribute USD 17.3 billion** so far to a second **Greek bailout package**.
- ▲ **China has stepped up its research and development** in various fields by spending **1.8% of its GDP in 2011** amounting to **USD 139.7 billion** to consolidate its recent economic gains.
- ▲ Data from National statistics bureau ISTAT showed **Italian consumer confidence rose** more than expected in February 2012 from its lowest level in the last 16 years with **National statistics bureau ISTAT's headline consumer confidence index rising to 94.2 in February 2012 from a revised 91.8 in January 2012**.

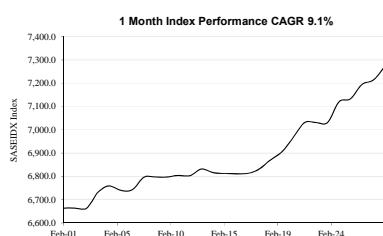
# MENA MONTHLY NEWS

## Month of February 2012

...The MENA region faces headwinds this year though it should manage around 3.5% growth in GDP as domestic demand returns...

- ▲ **Manufacturing in US** probably **accelerated** for a **fourth straight month** in February, as consumer confidence improved and Americans picked up the pace of spending a month earlier.
- ▲ Libya is **amending** its **banking laws** to attract foreign investment and stimulate its private sector as it seeks to create an investor friendly environment.
- ▼ The **US economy grew 2.8% in Q4 2011**, slightly below economists' expectations of 3.0%.
- ▼ **The French government has lowered its forecast for economic growth** this year to **0.5%** from **1.0%**.
- ▼ A new budget report released estimates that the **US government will run a USD 1.1 trillion deficit** in the fiscal year **2011-12**.
- ▼ The EU's statistics office said that **Greece's debt spiked to 159.1% of GDP** in the **Q3 2011 up from 138.8% a year earlier**, and is by far the highest level in the Eurozone.
- ▼ **Bank of France** forecasted that France's economy will register **zero growth** in the **Q1 2012**, as the country succumbs to a slowdown throughout the Eurozone.
- ▼ **Economy Minister** Luis de Guindos said that **Spain's economy will contract 1.5%** in **2012**.
- ▼ **Oil prices** could soar to as high as **USD 160.0 a barrel** if tension over an Iranian oil embargo persists or in the event of conflict.
- ▼ **The Greek parliament approved** a deeply unpopular **austerity bill to secure a second bailout** from the European Union and International Monetary Fund and avoid a messy default.
- ▼ The **Spanish economy shrank 0.3% in the 4Q 2011**, stoking concerns that a weak Q1 2012 will see it back in recession.
- ▼ **S&P's lowered the credit rating of 10 banks of Spain by one notch and it cut its rating on another 5 by two notches** in a move that follows the agency's downgrade of the country last month.
- ▼ With the economy facing a downturn due to falling exports and rising imports, **China's foreign exchange reserves**, the largest in the world, **are expected to decline in 2012**.
- ▼ The **Czech Republic's Statistics Office** said that the country's **economy shrank by a 0.3% in Q4 2011** to slip into recession after a brief recovery.
- ▼ The **flow of fresh funds to emerging market equity funds** more than halved to **USD 2.2 billion** in the second week of February, primarily due to growing concerns that Greece may not secure bailout funds.
- ▼ A growing recession has pushed up **Greece's deficit forecast for 2012 to 6.7% of output, from 5.4% previously**.
- ▼ Chinese companies' **overseas investments slipped to USD 68.0 billion in 2011**, slightly down from 2010, amid a volatile market.
- ▼ **Japan posted a record trade deficit in January 2012**, as fuel imports rose following last year's nuclear disaster while exports were hit by a strong yen and slumping demand in Europe. The **January 2012 deficit was USD 18.5 billion**.
- ▼ **World Steel Association** said that **World crude steel production fell 7.8% to 117.0 million tons in January 2012** due to a staggering **13.0% fall in output in China**.
- ▼ **The EU said that the debt crisis will drag the Eurozone into a long-warned double-dip recession this year**, pulling down most neighboring non-euro economies in its wake.
- ▼ Greece is in the midst of its **deepest and longest recession on record**; the economy has lost nearly **7.0%** in 2011 and is expected to contract further by **4.3%** this year and **1.0%** in 2013 before returning to growth in 2014.
- ▼ **S&P's cut** Greece long-term ratings to **'selective default'**, the second ratings agency to proceed with a widely expected downgrade after the country announced a bond swap plan to lighten its debt burden.

### Saudi Arabia



Sectors	%	▲ ▼ ▲
Telecom	7.8%	▲
Banking	11.7%	▲
Cement	10.6%	▲
Insurance	16.5%	▲

Company	% Change
<b>Top 5 Gainers:</b>	
Allianz Saudi Fransi Cooperative Insurance Company	157.7%
Takween Advanced Industries	92.3%
Al Ahlia Cooperative Insurance Company	54.3%
Saudi Indian Company for Cooperative Insurance	51.8%
Saudi IAIC Cooperative Insurance Company	49.5%
<b>Top 5 Losers:</b>	
Yamama Saudi Cement Company	(24.7%)
Asb-Shargiyah Development Company	(20.4%)
Mohammad Al Mojil Group	(18.5%)
Jazan Development Company	(14.0%)
Saudi Enaya Cooperative Insurance Company *	(10.1%)

### Macro Economic News

- ▲ Saudi Arabia's **balance of trade** with other countries recorded a **surplus of USD 144.2 billion in 2010**, an increase of **19.1%**, reflecting a sharp rise in trade exchange during 2005-2010.
- ▲ Saudi Arabia's **GDP** is expected to see a **3.8% growth** in 2012, backed by public sector spending.
- ▲ **Inflation** in Saudi Arabia in 2011 at **5.00%** was **lowest in four years** as **lower rents and food prices** offset a rise in other components of the consumer price index.
- ▲ Saudi Arabia's **General Organization for Social Insurance**, plans to **boost its investments** in local listed companies operating in diverse profitable and strategic sectors. These investments are currently valued at **USD 23.2 billion**.
- ▲ Saudi Arabia's **foreign assets swelled** to an all-time high of **USD 548.5 billion** at the end of 2011 as a result of **high oil prices**

# MENA MONTHLY NEWS

## Month of February 2012

...GCC exports to Brazil during 2011 totaled USD 4.3 billion, with the UAE alone accounting for USD 2.2 billion...

and a sharp rise in the Gulf Kingdom's **crude output**.

- ▲ Saudi Arabia's **nominal GDP** reached **USD 576.8 billion in 2011**, an **increase of 28.0%** compared to 2010.
- ▲ The **Saudi Arabia Purchasing Managers' Index** rose to **60.0 in January 2012**, from **57.7 in December 2011**.
- ▲ **Saudi Arabia and Kuwait** are pushing ahead with plans to **develop** the undisputed part of the **offshore Dorra gas field**, with the front-end engineering and design work expected to be completed by June.
- ▲ **USD 80.0 billion** has been allocated by **Saudi banks to finance mini-projects** as part of efforts to promote the country's small and medium enterprises.
- ▲ **Saudi Arabia** has pledged to ensure a **stable supply of oil to South Korea**, under **pressure from the United States** to reduce purchases from Iran. Saudi Arabia's **Nominal Gross Domestic Product** rose **15.4% in the Q4 2011** from the same period last year.
- ▲ **The Royal Commission for Jubail and Yanbu** has **approved six mega industrial expansion** projects at a cost of **USD 5.7 billion** at the Jubail Industrial City.
- ▲ Saudi Arabia's **non-oil exports** increased by **25.0%** to **USD 4.1 billion in December 2011** compared to last year. Meanwhile, **imports increased by 4.0% to USD 9.8 billion**.
- ▲ The total number of **workers** in Saudi Arabia's **private sector** reached **7.0 million** in the fiscal year **2010-11**, **10.4% of which were Saudis**.
- ▲ **International Monetary Fund** said that **Saudi Arabia** has made significant progress in social development and is now **close to the G20 average for most indicators**.
- ▲ **Municipal projects** worth over **USD 240.0 million** approved in this year's budget **are being carried out under** the direct supervision of Prince Misha'1 Bin Abdullah Bin Abdul Aziz, **Emir of Najran region**.
- ▲ Saudi Arabia's **non-oil exports in December 2011** rose by **25.0%** to **USD 4.1 billion** compared December 2010.
- ▲ **Crude oil production** in Saudi Arabia reached an **average of 9.9 million barrels per day in January 2012**, up 0.7% from December 2011.
- ▲ **Alkhabeer Capital** said that **Saudi Arabia** will emerge as the **leading Frontier economy** with a **low debt profile of 58.0% of GDP**, **higher investment at 23.0% of GDP** and **rising infrastructure spending**.
- ▲ **The Saudi Commission for Tourism and Antiquities** is **reorganizing the travel market** by targeting expatriates interested in the Kingdom's culture and history.
- ▲ **Saudi Arabia has the highest number of mobile phone users** than any other country in the world.
- ▼ **Saudi Arabia's economic growth** is likely to **fall to 3.8% in 2012 from 5.0% forecast** earlier mainly **due to a drop in oil production**.
- ▼ **Saudi Arabia's real Gross Domestic Product growth** is **unlikely to exceed 2.5% in 2012**, down from 6.8% in 2011, due to lower oil production and steady government spending.
- **Inflation** in Saudi Arabia was **flat at 5.3% in January 2012**, similar to that in December 2011.

### Government Regulations

- ▲ Saudi Arabia's stock market regulating body, **Capital Market Authority** said that it had signed a co-operation agreement with the Saudi Arabian Monetary Agency to co-ordinate **supervision of the financial sector** in order to improve its stability.
- ▲ **The Ministry of Commerce and Industry** has **stopped the export of cement and clinker** to meet growing local demand and stabilize prices.
- Saudi Arabia's **Central Bank** will play a bigger role in the **supervision** of the country's financial sector as the country plans **opening up its stock market** to direct investments by foreigners.
- Saudi Arabia's **consultative Shoura Council** **proposed imposing a tax** of as much as **20.0% on undeveloped plots of land**.

### Sector News

- ▲ Aggregate loans of the banking sector finished the year with a strong recovery as compared to 2010. **Net loans** of the sector **grew by 10.7% in 2011**, with steady acceleration throughout the year.
- ▲ **President of the King Abdul Aziz City** for Science and Technology said that **Saudi Arabia's electricity demand** is growing by **8.0% annually**, the highest rate in the world.
- ▲ The Saudi Arabia **heating, ventilation, and air conditioning** sector is expected to achieve a growth rate between **30.0% - 50.0%** to emerge as a **USD 1.2 billion market by 2014**.
- ▲ Growth in business activity in **Saudi Arabia's non-oil private sector** rose to a **six-month high in January**, backed by expansion in new orders and output.
- ▲ **Saudi Cement Co.** said that the **Saudi Arabian cement companies** are in talks to **sell as much as 600,000.0 tons** of additional clinker supplies to meet rising demand for the material in the kingdom.
- ▲ Aggregate **cement sales** in January 2012 reached an **all-time record of 4.91 million tons** a **20.0% increase** compared to last year.
- ▲ **Saudi Arabia's banks** earned nearly **USD 8.2 billion in 2011** to net their **highest income since 2006** as a result of an **increase in domestic credit** and lower loan loss provisions.

# MENA MONTHLY NEWS

Month of February 2012

...The total number of M&A transactions in the MENA region increased by 4.0% in 2011 to 416...

- ▲ **Saudi Arabian Health Minister signed a contract to start the construction of the first stage of King Faisal Medical City, assigned to serve the southern province, at a total cost of USD 1.1 billion.**
- ▲ **The total value of construction projects increased by 155.0% to USD 72.0 billion in 2011.**
- ▲ **Business Monitor International said that it expects the number of tourists to Saudi Arabia to reach 15.8 million by 2014, an increase of 21.5% from 2010.**
- ▲ **The implementation of mega development projects in the Saudi holy city of Mecca requires the payment of USD 32.0 billion to USD 34.7 billion in compensations for expropriation of real estate over the next two years.**
- ▲ **Saudi Arabia has allocated USD 4.8 billion budget for renewable energy for a period of 10 years.**
- ▲ **Saudi Arabia's Kingdom Holding Co, and other partners, have received a construction permit from the Jeddah municipality to build the world's tallest tower at an estimated cost of about USD 1.2 billion.**
- ▲ **Saudi Arabia's ethylene and propylene capacities will rise to 16.5 million tpa and 6.6 million tpa respectively, with Saudi Kayan's commercial operation in 2011 set to contribute most to the increase.**
- ▲ **The Saudi Government plans to spend USD 1.2 billion to develop infrastructure, power and railway links for the 440-square-kilometer Mining City of the North.**
- ▲ **The High Commission for the Development of Al Riyadh has announced that it is planning to allocate 205,000 square metres of land in Riyadh for the development of 7,130 units.**
- ▲ **It is estimated that computer hardware sales in Saudi Arabia reached USD 2.0 billion in 2011, while local software sales reached USD 666.0 million over the same year.**
- ▲ **Saudi Electricity on Saturday signed a USD 128.0 million contract to establish a transformer in the Western Province as part of its efforts to meet the growing demand for electricity.**
- ▲ **Zamil Industrial Investment Company announced that it signed a USD 65.3 million contract with Saudi Oger to manufacture and supply precast villas for the Saudi Arabian National Guard Housing project.**
- ▲ **Emaar Economic City, a unit of Dubai's Emaar Properties PJSC, signed a 30-year lease agreement with Al Rajhi Heavy Industries for 4.0 million square meters of land.**
- ▲ **Dr Sulaiman Al-Habib Medical Group has announced plans to invest USD 533.2 million to set up two private medical cities.**
- ▲ **Saudi Arabian Railway Company and the Public Investment Fund will build a railway line linking the zone to the rail network, while Saudi Electricity Company will get state funding to link the zone with electricity network.**
- ▲ **Investment funds advised by Levant Capital Limited and Citi Venture Capital International announced that they have jointly acquired a controlling stake in Al-Raya For Foodstuff Company Limited, for USD 100.0 million.**
- ▲ **Saudi Arabian Mining Co has announced plans to invest USD 5.6 billion to exploit phosphate deposits at Umm Wual which will add 1.5 million tons annually of phosphorus oxide to their capacity.**
- ▼ **Deputy Chairman of the Board of Directors of the Makkah Chamber of Commerce and Industry said that gold sales have dropped by 40.0% - 50.0% in the country.**

## Company News

- ▲ **Zain KSA received investor approval of a USD 2.6 billion syndicated murabaha financing to extend the murabaha's maturity for additional six months.**
- ▲ **Al Khodari announced the signing of a joint venture agreement with Balfour Beatty and Saudi Kier Construction to bid jointly for the construction of the railway link between Ras Al-Khair and Jubail.**
- ▲ **Saudi Public Transport Company announced that it has acquired 150 Travico Mercedes buses for a total value of USD 47.0 million, to provide all means of comfort for its passengers.**
- ▲ **Saudi Aramco will invest USD 90.0 billion in the next five years to increase refining capacity by 50.0% to 6 million barrels a day.**
- ▲ **The CEO of STC Group Engineering stated that the total number of subscribers has surpassed 160.0 million customers all over the world.**
- ▲ **Allianz Saudi Fransi Cooperative Insurance Company's customer base in Saudi Arabia expanded by more than 141.0% in the HY1 of 2011 compared to 2010.**
- ▲ **Hyatt Hotels Corporation announced that a Hyatt affiliate has entered into agreements with Naseel Holding Company to manage three new Hyatt-branded hotels in Saudi Arabia.**
- ▲ **Canadian Oil Recovery and Remediation Enterprises Ltd. announced that the Company has entered into an exclusive operating partnership for Saudi Arabia with Petroleum Chemicals and Mining Company Limited.**
- ▲ **Saudi Electricity Company said that it estimates more than USD 120.0 billion of capital investment will be required over the next 10 years in Saudi Arabia including USD 35.0 billion for electricity generation projects, USD 50.0 billion for transmission projects, and USD 36.0 billion for distribution projects.**
- ▲ **Etihad Etisalat signed a USD 2.7 billion loan agreement with seven local banks on Sunday to boost its revenues and invest in its broadband and data services business.**
- ▲ **Arab Petroleum Investments Corporation said that it has successfully closed a three-year USD 667.0 million syndicated Shariah-compliant facility from four leading Saudi Arabian banks on competitive market terms.**

# MENA MONTHLY NEWS

## Month of February 2012

- ▲ **SABIC and Sinopec JV** are negotiating terms with the **Trinidad government for USD 5.3 billion** for an integrated methanol project.
- ▲ **Saudi Electricity** is currently executing projects worth more than **USD 8.8 billion** in Makkah region and **plans to build a 2,400.0 MW heavy fuel oil-burning plant in Jeddah by 2016.**
- ▲ **Saudi Cement** announced that it is planning to re-operate a **1.4 mtpa and three other kilns** with a combined capacity of **1.9 mtpa, by May 2012.**
- ▲ **Saudi Arabia's Public Pension Agency** bought **5.5% of Riyadh Bank** from the Saudi Arabia's central bank, for **USD 630.0 million.**
- ▼ **Saudi Kayan Petrochemical Company** announced that it has **stopped operations** at the **Polyethylene plant** as it is undergoing unscheduled maintenance due to a technical failure.
  - **Saudi Basic Industries Corp.** said that it will start **construction work** at a planned petrochemical storage facility of **18.0 mtpa** in eastern Saudi Arabia in **Q4 2012** and will set up a **new company named Jubail Petrochemical Storage Co.** for it.
  - **Saudi Electricity Co.** awarded a **USD 250.0 million** contract to electrical engineering company, **ABB**, to construct new substations and reinforce existing ones in the country.
  - **Southern Province Cement Co.** said that it **started trial production** on a second line at its **Tihama plant** and the **commercial production will start in March.**

### Liquidity

- ▲ **Broad money supply growth** in Saudi Arabia accelerated to **13.3% in December 2011** compared to December 2010.
- ▲ Saudi Arabia's state-run **Real Estate Development Fund** has approved new loans worth **USD 1.5 billion** to Saudi nationals.
- ▲ Saudi Arabia's money supply (**M2**) **grew c16%** over the previous year to **SAR 1,078bn** in January 2012.
- ▼ **Bank lending** to the public sector declined by **0.2% to USD 8.5 billion in 2011**, after growing by **14.7%** in 2010.

### Kuwait



Sectors	% ▼ ▲
Insurance	3.8%
Banks	(1.5%)
Food	5.4%
Service	2.5%
Real Estate	10.6%
Industries	2.4%
Investment	6.3%

Company	% Change
<b>Top 5 Gainers:</b>	
Al Safat Real Estate Company	123.1%
Al Arabiya Real Estate Company	72.4%
Sokouk Holding Company	61.1%
Investors Group Holding Company	58.3%
Al Safat Energy Holding Company	57.5%
<b>Top 5 Losers:</b>	
Ajwan Gulf Real Estate Company	(27.3%)
Credit Rating and Collection Company	(14.3%)
Hits Telecom Holding Company	(14.1%)
Kout Food Group	(12.3%)
Manafac Investment Company	(11.7%)

### Macro Economic News

- ▲ Kuwait's cabinet proposed a **budget of USD 76.2 billion** for the **fiscal year 2012-13**, an increase of **15.7%** compared to 2011-12 based on an **average oil price of USD 65.0** per barrel, and has allocated **USD 16.9 billion**, **USD 15.1 billion**, and **USD 11.5 billion** to public sector salaries, subsidies, and subsidized fuel used in power plants and water desalination stations.
- ▲ Kuwaitis turned out at an estimated **47.0%**, to **elect** a 50-member Parliament, with no incidents registered across the electoral constituencies.
- ▲ **Kuwait's economy** is expected to **grow 3.8% in 2012** supported by a steady consumer sector which is poised to perform well.
- ▲ Kuwait's **trade surplus with Japan** widened **25.1% in January 2012** to **USD 1.1 billion** compared to a year earlier.
- ▲ **Trade volume** between **Kuwait and Indonesia** reached **USD 917.6 million** in 2011. **Malaysian exports to Kuwait** amounted to **USD 347.0 million**, while the **Kuwaiti exports to the Southeast Asian country** recorded **USD 570.5 million.**
- ▲ Kuwait's **total government spending** reached **USD 29.8 billion** for the nine months of FY 2011-2012, **2.0% above** the previous comparable period, while **demand-impacting spending** stood at **USD 18.3 billion**, **up 3.3%** from last year.
- ▲ Strong oil prices boosted Kuwait's **actual revenue** by **159.0%** above budgeted levels and this will allow the Gulf emirate to record another **large surplus** of around **KWD 9.0-10.0 billion** in fiscal year 2011-2012.
- ▲ The **real GDP** is expected to **advance 3.8% in 2012** and **consumer price inflation** which stood at **4.80%** in 2011, is expected to **ease back to 4.00% in 2012** as the pass through of higher global food prices wanes.
- ▼ The 4-year **USD 111.5 billion** development plan called for spending **USD 18.0 billion** on infrastructure in **FY 2011**, of which the Government managed to spend an estimated **60.0%** of that amount.
- ▼ **The Amir Sheikh Sabah Al-Ahmad Al-Sabah** accepted the **resignation of the interim government and of the Prime Minister Sheikh Jaber Al-Mubarak Al-Hamad Al-Sabah.**
- ▼ **Almost all political groupings**, especially Islamists who made an impressive show in the parliamentary elections, **have refused offers by the prime minister** to join the new Cabinet, thus limiting his choices.

...The GCC mutual fund assets totaled USD 34.1 billion as of June 2011 and about 480 funds were active in the region...

# MENA MONTHLY NEWS

## Month of February 2012

### Government Regulations

- ▲ The **Kuwaiti Government** has finalized and approved a bill for the formation of a **Public Integrity Authority to combat corruption** and will refer it to the National Assembly for consideration in the beginning of the new legislative session

### Sector News

- ▲ The **total value of real estate sales** in Kuwait reached **USD 9.7 billion in 2011**, an increase of 35.0% compared to the previous year.
- ▲ The **National Bank of Kuwait** said that Kuwait's **real estate sector** could be headed towards a recovery this year, after **property sales surged 35.0% in 2011**.
- ▲ **Kuwaiti mobile market** recorded net additions of about **327,000 subscribers in first nine months of 2011** and is **expected to show 192.7% increase by 2016**.
- ▼ **Kuwait Petroleum Corp** said that Kuwait produced around **2.9 million barrels of oil per day in January 2012**, about **100,000 barrels lower** than December 2011.
- ▼ **Kuwait's Capital Markets Authority** has ordered **nine listed companies to be removed from the stock exchange** as they have struggled to meet debt obligations since the global financial crisis.

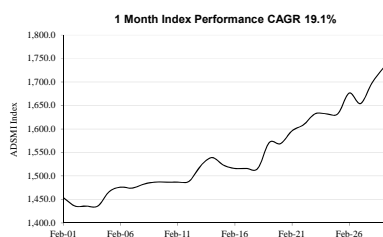
### Company News

- ▲ South Korea's **Daewoo Shipbuilding and Marine Engineering Co.**, has signed a **USD 556.0 million** contract to **build five giant carriers** for state-run **Kuwait Oil Tanker Co.**
- ▲ Kuwait Gazette announced the **establishment of International Cement Group Company** with a capital of **USD 36.0 million**.
- ▲ **Jazeera Airways** carried **1.2 million passengers** between **Kuwait and 17 leisure and business destinations** in the Middle East in 2011 operating at a **high on-time performance of 95.0%** during the year.
- ▲ **National Bank of Kuwait** was named the **Best Customer Service Bank** in Kuwait among retail banks countrywide by Service Hero.
- ▲ **Kuwait Petroleum Corporation** is set to **sign agreements and contracts** with international firms **worth USD 5.0 billion**.
- ▲ **National Bank of Kuwait** spent more than **USD 107.8 million on CSR initiatives** including annual donations in 2011.
- ▲ **Burgan Bank** has reached a deal to **buy a 70.0% stake in Turkey's Eurobank Tekfen**, a partnership of Greece's EFG Eurobank and Turkey's Tekfen Holding.
- ▼ The CEO of **Kuwait Petroleum Corp** said that Kuwait, currently producing **2.9 million barrels of oil per day**, **cannot increase its oil output** further on a sustainable basis.
- ▼ **Commercial Bank of Kuwait** said that the stumbling of two clients and political & economic developments in the world & the region were behind the bank's decision to **adopt a stricter precautionary policy** and transferring the profits of 2011 to provisions.
- ▼ **Burgan Bank**, which is said to be **in talks to buy a 70.0% stake in Turkish group Eurobank Tekfen**, **said it has not reached any deal for a majority stake purchase**.
- **Kuwait Energy** has made an **oil well discovery** in the Western Desert in **Egypt** and commercial operations are expected to start following the regulatory approvals from the Egyptian Government.

### Liquidity

- ▲ **Money supply (M2)** increased by **USD 165.3 million** in December 2011 while **M1 expanded USD 585.7 million**.
- ▲ **Government spending** throughout 2011 **put downward pressure on interest rates** shift from term deposits to sight deposits. As a result **M1 grew 17.9% in 2011** while **M2 grew at 8.5%**.

### UAE



Sectors	% ▼ ▲
Insurance Index	(1.0%)
Telecom Index	(0.1%)
Construction Index	17.9%
Energy Index	10.6%
Real Estate Index	39.1%
Bank&Finance Index	7.5%
Industrial Index	(3.1%)
Consumer Index	7.2%

Company	% Change
Top 5 Gainers:	
Eshraq Properties Company	78.3%
Sorouh Real Estate Company	48.2%
Gulf Cement Company - UAE	38.3%
National Takaful Company "Watania"	36.9%
Waha Capital	35.3%
Top 5 Losers:	
National Bank of Fujairah	(9.9%)
National Corporation for Tourism and Hotels	(9.8%)
Union Insurance Company	(9.5%)
Al Khazna Insurance Company	(8.5%)
Abu Dhabi National Insurance Company	(7.1%)

### Macro Economic News

- ▲ The Chief Executive of state-owned holding company **Investment Corp. of Dubai** said that Dubai will meet its schedule of **repaying USD 14.0 billion in debt** this year.
- ▲ UAE Economy Minister Sultan Al Mansouri said that the **UAE economy** is forecast to grow by at least **4.0% in 2012**.
- ▲ Consulting company Booz and Co. said that the **Gulf countries** are set to **spend USD 100.0 billion by 2016** to **boost water production** for a regional population that is growing more than 2.0% per year.

...The total amount outstanding of corporate and sovereign bonds issued by GCC entities stood at USD 181.9 billion as of December 2011...

# MENA MONTHLY NEWS

Month of February 2012

...Higher inflation and lower economic growth are expected in some Middle East and North Africa countries in 2012 due to continued pressures on local currencies...

- ▲ **Moody's Investors Service** has set **Abu Dhabi's domestic and foreign currency** long-term issuer ratings at '**Aa2**' based on the strength of the government's balance sheet and its long history of political stability.
- ▲ **Abu Dhabi** plans to set up **3 industrial parks** that are expected to provide **c.93,000 job** opportunities when completed.
- ▲ **Dubai FDI**, the foreign direct investment division of the Department of Economic Development, raised **USD 936.5 million** in capital during 2011.
- ▲ The **UAE Purchasing Managers' Index** increased to **52.4 points in January 2012 from 51.7 in December 2011**.
- ▲ **JP Morgan** said that Dubai's government-related entities can pay down or refinance nearly **USD 14.0 billion** in debt maturing in 2012 with relative ease.
- ▲ **Abu Dhabi** is planning to create a body that will work to increase foreign capital inflows as part of its long-term strategy 'Vision 2030,' which targets FDI equivalent to **23.0% of GDP**.
- ▲ **The UAE economy grew by 3.3% in 2011** and is expected to pick up through 2012.
- ▲ **Trade between the USA and the UAE** reached a record **high of USD 18.3 billion in 2011**.
- ▲ **The UAE slashed its budget deficit by more than USD 30.0 billion in 2010** due to a surge in its revenue and lower public expenditure.
- ▲ **Abu Dhabi Investment Agency** topped a list of the world's largest sovereign wealth funds with an estimated **USD 627.0 billion** of assets under management.
- ▲ **Consumer Price Index** in the United Arab Emirates climbed to a **six-month high of 0.7% in January 2012** compared to last year, due to an increase in housing prices.
- ▲ **Dubai's January 2012 CPI showed deflation of 0.7%** compared to last year. This was the first fall in prices in 21 months, due to a **5.5% drop in housing and utilities costs**.
- ▲ **Trade in UAE** is projected to reach **USD 653.3 billion in 2015** with **imports to reach USD 299.4 billion** while **exports could rise to USD 353.9 billion**.
- ▲ **Dubai Department of Economic Development** said that **Dubai expects to attract nearly USD 1.1 billion** worth of fresh foreign capital in 2012.
- ▲ According to the **Economist Intelligence Unit (EIU)**, the **UAE's real GDP growth** would reach **3.5%** in 2012, slightly up from **3.3%** in 2011.
- ▼ The central banks of **UAE and Qatar** have told lenders to **stop financing trade with Iran**. About 8,000 Iranian traders are registered in Dubai, and **re-export trade** between Iran and the UAE **totaled USD 5.3 billion in H1 2011**.
- ▼ According to the **State Audit Institution**, misappropriated public funds, forgery, fraud, and bribery cases involving as much as **USD 272.2 million** were reported in 2010.
- ▼ **The statistics bureau** said that the **Abu Dhabi Consumer Price Index rose 0.8% in January 2012** compared to last year.
- The **Dubai Department of Economic Department** will present the **2015 strategic plan** to the emirate's Executive Council to reflect the slowdown in Dubai's economy, debt problems, and the potential for another weak global economic growth.
- **Abu Dhabi's sovereign wealth fund** is exploring the possibility of **selling its stake in Malaysian RHB Capital**, valued at **USD 1.3 billion**.

## Sector News

- ▲ In terms of **hotel guest arrivals**, **Abu Dhabi** had more than **2.1 million** people staying in hotels and hotel apartments, beating its **2011 target** by **6.5%**.
- ▲ **The UAE** is expected pump nearly **USD 76.0 billion** into **energy projects** in the **next five years**.
- ▲ The UAE's **commercial property market**, which has seen prices slump dramatically from their 2008 peaks, has **started to stabilize**.
- ▲ **NBAD CEO** said that **deposits** are likely to **grow by 10.0% - 15.0%** in 2012 while loan growth is estimated to be 9.0%.
- ▲ The official **WAM news** agency reported that the UAE cabinet agreed to allow **Gulf Arab companies to open branches in the country**.
- ▲ **Dubai Chamber of Commerce and Industry** entered into a deal with **NBAD** to offer up to **USD 100.0 million** to Dubai's SMEs.
- ▲ **Dubai's property sector** is expected to see up to **16,000 new units** come in the market in 2012.
- ▲ **Dubai Electricity and Water Authority** increased its budget by **5.4% to USD 3.7 billion for 2012** as compared to last year.
- ▲ UAE's **food demand** is expected to **soar by more than 5.0% annually to 9.7 million tons in 2015**.
- ▲ The UAE's **minister of economy** announced that the country **plans to invest USD 136.0 billion in aviation infrastructure** over the next 10 years and **expects to receive 15.0 million tourists by 2020**.
- ▼ The **Central Bank** of UAE will **cap credit card interest rates at 18.0%** per annum, or 1.5% per month.
- ▼ **Prices for luxury apartments in Dubai's Burj Khalifa**, the world's tallest tower, **have fallen as low as USD 571.6 per square feet**.
- **Abu Dhabi Airport** is evaluating **tenders** from companies for a **contract to build a midfield terminal** at its international airport

# MENA MONTHLY NEWS

## Month of February 2012

to be operational by H1 2017.

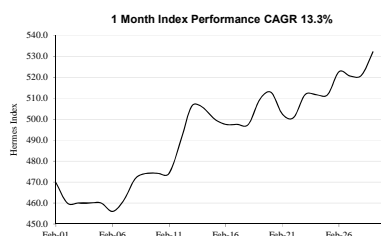
- The **Abu Dhabi Department of Transport** invited local and international contractors to bid for **the construction of the new USD 544.4 million Abu Dhabi-Dubai motorway**.

### Company News

- ▲ **Etihad Rail** has begun construction on the first segment of the **USD 10.9 billion** project.
- ▲ **UAE Exchange**, one of the largest foreign exchange firms in the United Arab Emirates, has sold a **40.0% stake to Centurion Investment**, in a deal worth **USD 2.0 billion**.
- ▲ **DP World** expects to comfortably meet a **USD 3.0 billion** syndicated loan facility maturing in October.
- ▲ **Union Properties** secured a **loan of USD 108.9 million** from Emirates NBD to complete two stalled hotel projects in its MotorCity development.
- ▲ **DEWA has commissioned two power stations** with a capacity of 132/400kv at a total cost of **USD 240.4 million**.
- ▲ **Emirates** plans to raise **USD 517.0 million** from an Islamic financing facility to purchase three aircrafts.
- ▲ **Emaar Retail** said that the **number of visitors** to its various attractions in Dubai **grew 13.0% to reach 4.7 million** visitors in 2011.
- ▲ **Nakheel sold 66 of the 105 plots** of land slated for villas on its artificial island Palm Jumeirah at a **rate of USD 150.0 – USD 300.0 per square feet**.
- ▲ **Emaar** said that the company is planning to **expand Dubai Mall by more than 1.0 million square feet** of additional retail, leisure and hospitality space.
- ▲ **Abu Dhabi sovereign wealth fund**, Aabar Investments **has increased its stake in Italian bank UniCredit to 6.5%** by exercising a call option.
- ▲ **Emirates NBD PJSC may sell USD 1.8 billion bonds** denominated in Chinese Renminbi in **late 2012** as the interest rates, lowest in at least 20 years, give the bank room to raise cheaper funds to repay debt.
- ▲ **Mubadala Development Company and TAQA** have indicated **interest in oil and gas exploration rights in Greece**.
- ▼ The **Abu Dhabi Government** has been in talks over the past few months to **off-load** all or part of its **49.0%** stake in the struggling Aldar Properties to stop its asset value from dragging down state investment fund Mubadala Development.
- ▼ S&P said that **DIFC Investments** will need to raise more than **USD 900.0 million** to meet its debt maturities this year.
- ▼ **Dubai International Capital's** restructuring of **USD 2.4 billion in debt has been delayed** because the company wants to alter the terms of the restructuring agreement.
- **Etisalat** is looking to **sell the mobile phone towers** it owns in Africa, a process that could raise up to **USD 600.0 million**. The sale is expected to be country by country, with Tanzania being the first.
- Reuters reported that **Jebel Ali Free Zone** may consider a syndicated loan and an Islamic bond sale as part of its plan to restructure an **USD 2.0 billion bond** in November 2012.
- **DP World Ltd.** has begun **talks with banks for a loan to help repay half of USD 3.0 billion** credit facility that **matures in October 2012**.
- **International Petroleum Investment Co.** is in talks with lenders for an **USD 850.0 million loan to refinance debt** due to mature in 2012.

...With over USD 1.0 trillion projects expected to be completed in the GCC by 2020, the industry stakeholders are taking steps to see that these projects are completed to the highest standards of quality...

### Egypt



Company	% Change
<b>Top 5 Gainers:</b>	
Egyptian Company for Mobile Services	69.0%
Sixth of October for Development and Investment Company	63.0%
Medinet Nasr for Housing and Development	55.5%
National Company for Housing for Professional Syndicates	54.9%
Palm Hills Developments	54.1%
<b>Top 5 Losers:</b>	
Beltone Financial Holding	(9.3%)
Suez Cement Company	(8.2%)
El Gezira Hotels and Tourism Company	(8.1%)
Egyptian Tourah Portland Cement Company	(7.7%)
Misir Hotels Company	(6.2%)

### Macro Economic News

- ▲ The Egyptian **minister of Planning and International Cooperation** said that the Egyptian government will **not take any steps to end** the country's **privatization plans**.
- ▲ The Government has put the final touches on a **new economic reform** program to resolve the current economic crisis and aims to reduce the **USD 22.2 billion** budget deficit, rationalize subsidies and increase expenditure on education and health.
- ▲ Egypt will **receive an urgent aid package** worth **USD 1.2 billion** from the European Union and World Bank.
- ▲ **Finance Minister** Momtaz El-Saieed said that Egypt plans to raise at least **USD 2.0 billion** from the sale of Islamic bonds and certificates of deposits to the diaspora as the country seeks to reduce record borrowing costs.
- ▲ **Planning ministry's infrastructure division** told a parliamentary committee that **Egypt's growth rate for FY 2011 reached 1.9%**.



# MENA MONTHLY NEWS

## Month of February 2012

...The US administration has allocated USD 770.0 million for a special fund to support the Middle East and the North Africa region...

- ▲ **Egypt's ambassador to Turkey** said that the value of **Egyptian exports** to Turkey **increased by 50.0%** reaching **USD 1.4 billion** in 2011, while **Egyptian imports from Turkey** amounted to **USD 2.7 billion**.
- ▲ **Bilateral trade between Egypt and Malaysia** during the first 9 months of 2011 is put at **USD 1.2 billion**, an increase of **11.4%** compared to the same period last year.
- ▲ Egypt's core **consumer price inflation** slowed to **6.9%** in **January 2012** from **7.1%** in **December 2011**.
- ▲ Egypt's High Elections Commission announced that presidential nomination window will be open from March 10th to April 8th. Egypt will announce the exact date of the presidential election before March 10<sup>th</sup>.
- ▲ Al-Sayed al-Aqeeli, the **Director of the Arab Company for Industry and Investment** and the solicitor general of the Iran Garment Holding Company in the Middle East, said that **Egypt had agreed to allow USD 5.0 billion** worth of Iranian investments into the country to work on economic activities that will create at least **6,000 jobs**.
- ▲ Finance Minister Mumtaz al-Saeed said that **Egypt is looking to sell three to five year Certificate of Deposits** ranging from **USD 1,000.0 to USD 5,000.0** with **interest rate** of no more than **4.0%** as well as Islamic Sukuk instruments to Egyptians living abroad to help it raise foreign currency.
- ▼ The **Central Bank of Egypt** has **tightened its rules for importers** who want to transmit funds. Under the new rules, a commercial bank that transmits funds to foreign suppliers will have to handle all import documents, and the bank's customers will have to pledge in writing they will not circulate the documents to other banks.
- ▼ Egypt's **Central Bank** said that the **net foreign reserves** **dropped 9.4%** to **USD 16.4 billion** in January compared to December.
- ▼ The **Egyptian government** will **raise fuel oil prices** by **75.0%** to **USD 289.0/ton**.
- ▼ Egypt's **net foreign exchange reserves** **decreased by 9.9%** in **January 2012**, to **USD 16.3 billion** compared to **USD 18.1 billion** in December 2011.
- ▼ **Egypt's credit rating** was **downgraded by Standard & Poor's**, on long-term foreign and local currency debt to **B**, citing a plunge in the country's foreign reserves and persistent political instability.
- ▼ The **Central Bank of Egypt** said it **sold more one-year USD-denominated treasury bills** on Tuesday, February 21, 2012 with the Ministry of Finance accepting **USD 0.75 billion**, which is **USD 250.0 million** higher than the original offer.
  - The **Central Bank** of Egypt said that the country's **external debt** reached **USD 34.9 billion** at the end of **fiscal year 2010-11**, an increase of **USD 1.2 billion** compared to 2009-10.
  - Egypt's **Central Bank** **sold half** the number of reopened three-year and five-year **bonds** that it offered as the **yield** on the instruments **crept higher** from those at the last auction.
  - **US Secretary of State** Hillary Clinton said that a **crackdown by Egypt's military** rulers on U.S. and local pro-democracy groups could **jeopardize aid** for the nation.

### Sector News

- ▲ According to statistics released by **Egypt's Central Bank**, **total deposits** have **grown by 3.8%** y-o-y in **December 2011**, in line with the y-o-y growth trend of November 2011.
- ▲ The **Egyptian Government** will **lend USD 21.5 million** to **telecommunications companies** to help them overcome the current recession.
- ▲ **The Government** will **issue 14 licenses** for the **construction of new cement plants**, with priority to be given to Egyptian bidders, within the next 3 months.
- ▲ **The Minister of Tourism** said that the ministry is currently studying to **gradually exempt companies in the tourism sector from income taxes** pointing out that several companies in the sector are about to file bankruptcy.
- ▲ The **Ministry of Housing, Utilities and Urban Planning** (Ministry of Housing) is **planning to offer land plots** for sale to target **middle-income Egyptians living abroad** to raise foreign currency
- ▲ The Minister of Finance has announced that the **Cabinet of Ministers has agreed to exempt owners of one residential unit** from the property tax law with non-residential properties to be exempted up to **USD 198.2** and **25.0%** of the proceeds collected from property taxes will be used to develop run-down areas.
- ▼ Egypt's **total vehicle sales** **decreased 21.0%** in **December 2011** to **17,716** vehicles as per the report of the Automotive Marketing Information Council.
- ▼ Several **tourism companies** have seen **85.0% cancellation** in reservations following the recent political events in Egypt.
- ▼ The **supply of Egyptian natural gas** to Israel and Jordan was **halted after an explosion** in the Sinai pipeline grid due to an alleged terrorist attack.
  - The **Central Bank** of Egypt **tightened its rules for importers to transmit funds**. Now, commercial banks will have to handle import documents, and their customers will have to pledge in writing that they will not circulate the documents to other banks.
  - The **Ministry of Tourism** has **cancelled four floating hotel licenses** as the hotels have not been operational for 24 consecutive months and have not provided any reasons to the ministry for being non-operational.
  - **The Ministry of Communications and Information Technology** will be launching a **tender for a Mobile Virtual Network Operator licence**.

# MENA MONTHLY NEWS

Month of February 2012

...The MENA trade flows will grow fastest with Russia, India and China between 2012 and 2020 beating the global average of trade growth set at 9.4% per annum. Mena trade with Russia will grow at 14.4%, with India at 13.5% and with China at 12.5% through to 2020...

## Company News

- ▲ **Maridive** has announced that it has secured a **USD 234.0 million deal** for five of its vessels for a four-year period in Brazil from one single client.
- ▲ **El Sewedy Electric Co.** announced that all of its **factories in Egypt** have started **functioning normally**.
- ▲ **Heliopolis Housing and Development** managed to **sell 88 units** in New Heliopolis City in **January 2012** worth **USD 21.0 million**.
- ▲ **Heliopolis Housing** has **sold 88 units** worth **USD 21.0 million** at its Heliopolis City project in **January 2012**.
- ▲ **Orascom Telecom Media and Technology** might **re-list Mobinil** if the deal to sell most of its shares to France Telecom goes through.
- ▲ **El Shams Housing & Urbanization** announced that the **selling value of the reserved units** in the second phase of October Project is **USD 4.1 million**. The total proceeds from the phase are expected to reach **USD 11.6 million**.
- ▲ **Telenor ASA** ended a conflict in its **foreign holding in VimpelCom Ltd** by **buying a block of 234.0 million preferred shares** from Naguib Sawiris's investment company Weather II for **USD 374.0 million**.
- ▲ **SODIC** plans to invest **USD 165.1 million** in real estate projects in 2012 as compared to **USD 132.1 million** last year
- ▲ **Emaar Misr**, a subsidiary of Emaar Properties announced that the company has fastened its execution process of the projects in 2011 and **had signed contracts worth USD 280.7 million** during 2011 for construction and finishing of its ongoing projects.
- ▼ The seven banks arranging loan of **USD 138.9 million** to **Orascom Development Holding** are looking to **cancel it** as the terms of the arranged loan have become unsuitable against the current climate surrounding the tourism sector.
- ▼ The **National Bank of Egypt** has decided to **pull out of the loan** extended to Emaar Misr, worth **USD 346.8 million**.
- ▼ **Commercial International Bank** said a **banking licence** it had applied for in Algeria in 2006 has **not yet been approved**.
  - **Palm Hills Developments** announced that its Board of Directors agreed to **invest in a new interior finishing company** called United Engineering.
  - **Delta Sugar** said that the four sugar producers using sugar beet have decided to maintain their **selling price at USD 742.8 per ton** until the end of the year.

## Liquidity

- ▲ The **Monetary Policy Committee** decided to keep the overnight **deposit rate** and overnight **lending rate** unchanged at **9.25%** and **10.25%** respectively, and the **7-day repo** at **9.75%**. The **discount rate** was also kept unchanged at **9.5%**.
- ▲ **Domestic credit growth** continued to accelerate to reach a record **22.6% in December 2011** on the back of continued bank financing of Government debt.
- ▼ Egypt's **broad money** supply growth **dropped** for the fifth consecutive month to reach **6.7% in December 2011**.
- ▼ **Annual growth in domestic liquidity (M2)** continued to slow down for the fifth consecutive month to reach **6.6% in December 2011, falling by 50.0% from its growth level of 12.4% in December 2010**.

## Other Countries

### Oman

- ▲ Rainer Bomba, state secretary at Germany's Federal Ministry of Transport, Building and Urban Development said that **Germany** is keen to **assist Oman** with its experience and technology in the fields of **urban development, transport and energy** efficiency.
- ▲ **Bank Muscat**, the largest financial services provider in the country, has announced plans to raise **USD 149.6 million** through a private placement of shares, in order to **meet growing credit demand** and fund business expansion.
- ▲ The Chairman of the Board of Directors for the **Public Establishment of Industrial Estates** said that more than **USD 181.3 million** will be invested in large extensions at **industrial zones** around the country.
- ▲ **Oman** witnessed steady **investment growth** in its **economic zones in 2011** to the tune of **USD 9.4 billion**.
- ▲ **Central Bank of Oman**, has initiated steps to **migrate to chip-enabled payment infrastructure** called EMV smart cards, from less secure magnetic-stripe payment cards prevalent in the country.
- ▲ The government-owned **Oman Oil Company** has secured a mandate to develop an **Independent Power Project** in Musandam Governorate.
- ▲ **UK Ambassador** to Oman said that the **trade and commerce relations** between Oman and the United Kingdom are on a steady growth and Omani exports to Britain **increased by 22.0%** in 2011
- ▲ The new **Tax Law issued in 2009** which was effective from tax year 2010 provided a major relief to foreign companies by **reducing their tax rate to 12.0%** a reduction of 60.0%.
- ▲ The **Central Bank of Oman** has introduced **upgraded Omani banknotes** of the denominations **RO 10 and RO 5** with additional security features.
- ▲ Oman's **net electricity production** increased by **18.0%** during **January-November 2011** compared to last year to 20,678.6 giga watt per hour.
- ▲ **Oman Oil Company Exploration & Production** said that it will invest **USD 600.0 million** in the development of an **integrated oil and gas processing scheme** in the Musandam Governorate.
- ▲ **UES Oman** announced the **acquisition of two Malaysian companies, Professional Power Craft International and Wise**

# MENA MONTHLY NEWS

Month of February 2012

...Rising political risks are hurting sovereign credit ratings in the Middle East, but the damage is being offset in oil-producing countries by higher energy prices linked to political instability...

## Marine assets.

- ▲ **Oman received 1.6 million tourists in 2010** and the Ministry of Tourism **aims to increase it to 12.0 million** per annum by 2020.
- ▲ Oman will **invest USD 2.9 billion in utility** with electricity and desalinated water demand expected to increase until 2017 at an average growth rate of about 9.0% per annum.
- ▲ Oman's annual **inflation fell to 3.3% in December 2011**, the lowest level since July 2010 as **the prices of most food items either stabilized or fell**, sparking hopes that prices will remain under control in 2012.
- ▲ The **ministry of tourism aims to increase the contribution of tourism** to the country's GDP **from 2.0% in 2011 to around 3.5% in 2015** and is eyeing a **10.0% growth for the sector in 2012**
- ▲ **Ghantoot Group**, will invest **USD 498.0 million** in hospitality, water, and power projects in Oman.
- ▲ **Petroleum Development Oman** will invest **USD 2.1 billion** under a five-year plan to **maintain its oil output** at a daily average ranging between 540,000 and 560,000 barrels and to increase its natural gas production.
- ▲ According to Nasser Bin Khamis Al Jashmi, Oil and Gas Undersecretary, Oman's **oil production increased by 2.3% in 2011 with the average oil production of 884,900 bpd in 2011 compared to 864,600 bpd in 2010.**
- ▼ **Inflation in 2011** has increased slightly to reach **3.8%** from 3.2% in 2010.

## Jordan

- ▲ **Internet penetration** in Jordan reached **30.5% by the end of 2011** with a total of **2.0 million** users.
- ▲ **The volume of credit facilities** extended by local banks **in 2011 reached USD 22.3 billion**, an **increase of 9.7%** compared to last year.
- ▲ **Excess reserves at the Central Bank** of Jordan stood at **USD 3.8 billion** whereas the **required reserves rose to USD 1.7 billion.**
- ▲ The country's state-run news agency Petra reported today that **the European Investment Bank** and the **European Bank for Reconstruction and Development will provide Jordan with EUR 929.9 million** in loans to finance energy, water, transport and infrastructure projects.
- ▼ Jordan is set to **raise electricity prices** between **9.0%-17.0%** to offset losses caused by cut-offs in Egyptian gas supplies.
- ▼ **Jordan's Central Bank** raised benchmark rates by **50.0 basis points**, raised its discount rate to **5.0%**, and repo rate to **4.75%**.
- ▼ **The Consumer Price Index** in Jordan is up by **3.4%** in **January 2012**, mainly due to a **rise in rent, dairy and meat prices.**
- ▼ **The trade deficit** of Jordan reached **USD 10.3 billion**, **widened by 21.1% in 2011** compared to 2010.
- ▼ **The trade volume at the joint Jordanian-Syrian Free Zone** decreased by **20.0%** due to the current unrest in Syria.

## Bahrain

- ▲ Bahrain's **Telecommunications Regulatory Authority** said that there were **c1.7 million** mobile subscribers in Bahrain at the end of 2011, representing a **mobile penetration rate of 133.0%**.
- ▲ The **Central Bank of Bahrain** is working on a new and improved **regulatory module for Takaful**, which will enhance the growth of the Sharia-compliant insurance industry and ensure that all the **stakeholders are protected.**
- ▲ **Mashreq Bahrain** and Bahrain's national carrier **Gulf Air** have announced the **signing of a financial facility of USD 80.0 million** for the airline.
- ▲ Bahrain has **signed agreements** to get **two soft loans worth USD 202.8 million** from two state-run Arab funds to partly finance a drinking water network.
- ▲ **Works Ministry** has invited **bids for 13 projects worth about USD 44.8 million** to cover infrastructure and construction projects for other ministries and government bodies.
- ▲ The **Bahrain Telecommunications Regulatory Authority** has directed all mobile operators in the country to **slash roaming charges by up to 75.0%**.
- ▲ The Central Bank of Bahrain said that **Banking credit facilities** provided to the economic sector have **increased by 13.5%** and the **average interest rate charged on loans** has **reduced to 4.9%** at the end of 2011.
- ▲ According to the latest consumer price index report by the Central Informatics Organisation (CIO) the **Consumer prices fell 0.2%** in January 2011 from last year, the first decrease in five months.
- ▼ **The Economic Development Board** of Bahrain announced in a statement that Bahrain has attracted **USD 300.0 million of foreign direct investment** in 2011, a **decline of 10.2%** as compared to 2010.
- ▼ **Investcorp** had its long-term issuer **default ratings cut from 'BB+' to 'BB'** by Fitch. The **Outlook** on the rating remains **negative.**
- **Batelco** signed an agreement to **sell its 42.7% stake in India's STel** to Sky City Foundation for **USD 175.0 million.**

## Qatar

- ▲ Qatar plans to spend **USD 25.0 billion** on **expanding its domestic petrochemical industry** over the next decade and more than double its annual petrochemical production capacity from **9.2 million tons to 23.0 million tons.**
- ▲ **The Qatar Electricity and Water Company** has acquired a **23.0% stake in Amman East Power Plant**, from Saudi-based Islamic Development Bank which has a capacity of 300.0 MW.

# MENA MONTHLY NEWS

## Month of February 2012

...Trade in the MENA region is expected to grow 131.0% by 2026, driven by increased metal trading and hydrocarbon products...

- ▲ **Unemployment** in Qatar is the **lowest** in the Middle East at **0.6%** mainly due to extremely low unemployment amongst expatriates.
- ▲ **Drake and Scull International** was awarded a **new contract** worth **USD 34.3 million** for construction of phase 1 of Qatar Petroleum's Multipurpose Administration Complex.
- ▲ **Qatar's Prime Minister** said that Qatar is ready to **invest up to USD 5.0 billion** in Pakistan's agriculture, tourism and infrastructure, to promote bilateral trade and investment.
- ▲ **Annual inflation fell sharply in January 2012 to 1.2%**, down from **2.1% in December 2011** helped by cheaper rents, fuel and transport costs.
- ▲ **Global Investment House** said that **Qatar** continues to be **one of the world largest growing economies**, managing to report a **30.1% increase in nominal GDP** and an estimated **16.6% growth in real GDP for 2010**.
- ▲ **Qatar Railways Co.** has signed a **USD 535.4 million** contract with Qatari Diar Vinci Construction to **implement the second phase of the light rail transit system** project in the local Lusail development.
- ▲ According to the **Qatar Tourism Authority**, the **number of tourists** from the Gulf Cooperation Council (GCC) region **increased** by around **50.0%** to **845,633** in 2011 compared to 2010
- ▲ **Qatar Investment Authority** (QIA), the state's sovereign wealth fund, has **completed the acquisition of Credit Suisse's headquarters in London** and leased it back to the bank. The value of the deal was not disclosed but the authority was expected to pay **USD 517.0 million** for the property.
- ▼ **Real GDP growth** is projected to **moderate to 6.0% in 2012**, from an estimated 19.0% in 2011.
- **Iran's Ambassador** to Qatar, Abdollah Sohrabi, **held a meeting with Qatar's Head of Customs House**, Ahmed Ali al-Mahandi, to **discuss cooperation** on customs regulation between the two countries.
- **The General Secretariat** of Development Planning is considering introducing a **value-added tax** along with other GCC states.
- The head of the body delivering the 2022 World Cup said that **Qatar** expects between **1.7 million to 3.7 million tourists annually** by 2022, a significant increase from 0.9 million currently.
- **Qatar Petroleum** has announced the official prices of Qatar's onshore and offshore crude for January 2012, at **USD113.3 / bbl** for onshore crude oil and **USD 112.2/bbl** for offshore crude oil.

### Tunisia

- ▲ **Tunisia Central Bank** Governor said that the country will need to secure **USD 5.0 billion in external finances** this year to fill the gap in its balance of payment as well as refinancing some of its debt.
- ▲ **The Japanese International Co-operation Agency** has **granted Tunisia two loans** worth nearly **USD 237.6 million**.
- ▼ **FDI in Tunisia plummeted 29.2% in 2011** in the aftermath of the revolt that felled long-standing president.
- ▼ Tunisia's **tourism sector** saw **revenues plunge by a third in 2011** as the uprising that felled Zine El Abidine Ben Ali forced hotels shut and led to thousands of job losses.
- ▼ Tunisia's **trade imbalance almost doubled**, swelling from **USD 370.7 million in January 2011 to USD 668.9 in January 2012**.
- **The European Bank for Reconstruction and Development** announced that Tunisia has been granted **membership** to the Bank.
- **IMF Chief**, Christine Lagarde vowed to **support Tunisia** and urged its new leaders to focus their efforts on **job creation** to win back investor confidence.

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