بنك الإمارات دبي الوطني
Emirates NBD

Monthly
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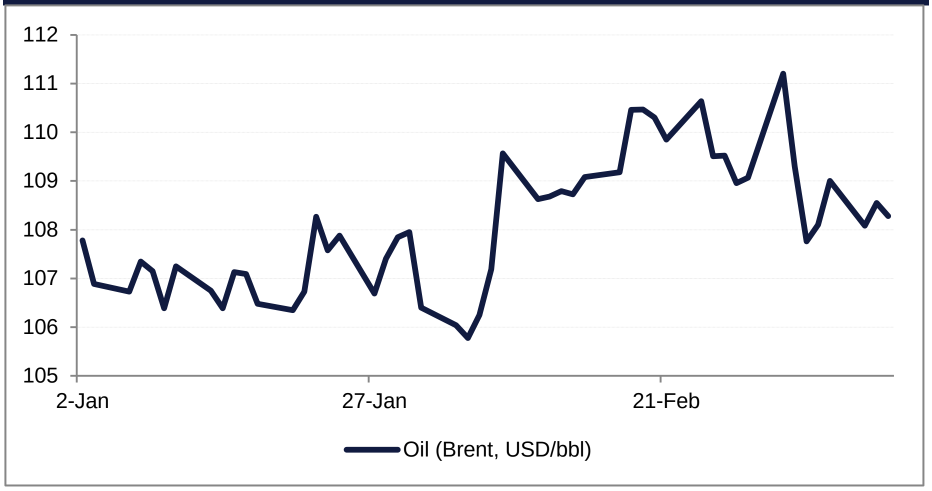
Monthly Insights

Macro developments over the past month have been overshadowed to some extent by the geopolitical tension related to Russia's stand-off with the West over Ukraine. Oil prices which rose briefly on the dispute have since fallen back, but risks remain that a more drawn out crisis could still see them move higher again posing risks for nascent recoveries, particularly in the Eurozone.

- **Global macro:** Geopolitical tensions have added fresh question marks about the sustainability of recoveries underway in various parts of the world. In broad terms the main risk from this dispute is that an extended period of geopolitical uncertainty could impact on investor, business and consumer confidence, at a time when recoveries are already in their early stages.
- **GCC macro:** The latest money supply and loan data signal improved liquidity in the UAE banking sector and accelerating private sector credit growth. To a large extent, this has been driven by the retail sector both on the deposit and loan side, reinforcing our view that the private sector will be the main engine of growth this year. Public sector borrowing has eased in Qatar over the last year, but in Saudi Arabia government spending appears to be increasingly financed by domestic credit.
- **MENA macro:** The tourism industries in MENA's net oil importers continue to suffer under the weight of regional political unrest. Since the start of 2014, elevated security risks and newly issued travel warnings have further deterred visitor arrivals, choking off a key source of export earnings in the process. Without a more fundamental improvement in the tourism sector, economies across the region are likely to see their balance of payments positions remain under strain, putting downward pressure on central banks' stock of FX reserves.
- **Currencies:** The last month has seen some steps forward and some steps back in terms of our key currency views, with signs that the US economy is coming out of its weather induced slowdown, but indications as well that the ECB is becoming more reluctant to ease monetary policy any further.
- **Equities:** Overall equity markets have had a positive month, with the MSCI World Index +3.1% 1m. In the latter half of February equity markets shrugged off earlier declines, which were driven by emerging market currency woes. However emerging markets concerns 'reemerged' at the beginning of March 2014, causing spikes in volatility, this time driven by geopolitical events on the borders of Europe, and concerns over China.

Oil prices spike amid tensions between Ukraine and Russia



Source: Bloomberg, Emirates NBD Research

Content

Global Macro

Global macro developments over the last month have to some extent been overshadowed by the resumption of geopolitical tensions, which have added fresh question marks about the sustainability of recoveries underway in various parts of the world. Chief amongst these have been related to events in the Ukraine. In broad terms the main risk from this dispute is that an extended period of geopolitical uncertainty could impact on investor, business and consumer confidence, at a time when recoveries are already in their early stages. Although an outright military conflict looks likely to be avoided, a period of escalating tit-for-tat sanctions could still have a damaging impact, in particular through reduced Russian oil and gas supplies which could ultimately lead to higher energy prices.

Geopolitical threats to growth

Europe would be most at risk from such a scenario as it is heavily dependent on supplies of Russian energy. Oil prices did indeed jump on the initial crisis in early March, but they have since subsided. However, an extended stand-off between the West and Russia could see a more sustained rise if the Russian government makes good on its threats to withhold supplies of oil and gas. As well as damaging business and consumer confidence, higher energy prices would quickly translate into higher inflation particularly in Europe. This may not be viewed as such a bad thing initially if it helps to push headline inflation closer to the ECB's 2.0% target. However, inflation caused by a supply shock is very different to that caused by rising demand, and the danger would be that when it unravels the deflationary consequences could be even worse than they are currently.

Although the size of the Ukraine and Russian economies are not significant in the context of the global economy (with Russia's annual GDP just USD2.2 trillion and Ukraine's USD180 billion), and also have relatively small trade flows with the Eurozone, other consequences may be felt through financial market linkages, especially between the European and Russian banking systems. Also there will be the need to backstop the Ukrainian economy which needs approximately USD25bn of assistance if it is to stay afloat, which may at the margin reduce the amount of money available to bailout other struggling European economies. The knock-on effects on Ukraine's neighbours, which include four EU members, could also be significant and are to some extent incalculable given the uncertainty that remains about how the crisis will ultimately play out.

ECB stays on hold

ECB President Draghi highlighted some of these risks at the ECB press conference following its monthly meeting earlier this month, in particular emphasizing the long term risks to energy prices as well as talking about the potentially 'substantial' and 'unforeseeable' consequences stemming from an extended geopolitical crisis in the region.

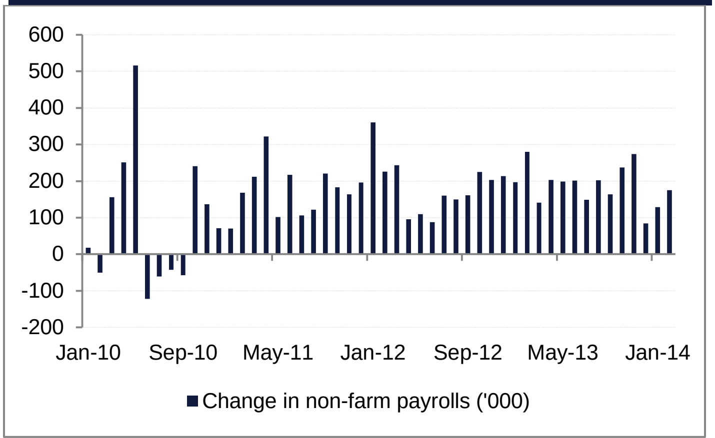
Despite these medium term risks, however, and the ongoing concerns about Eurozone deflation, the ECB decided to leave policy unchanged this month, contrary to many expectations (including our own) that some form of further easing might be announced. Indeed, such was the message from President Draghi that it is hard to envisage the circumstances in which a policy stimulus will now be considered, at least for a number of more months.

The ECB emphasized the recovering momentum in the activity data around the turn of the year, raising its 2014 growth forecasts slightly to 1.2% from 1.1% previously. At the same time it downplayed the low current levels of inflation, arguing that inflation expectations remain anchored. Indeed it still sees inflation gradually recovering over the coming years to 1.7% in Q416. Although we still doubt that the economy will pick-up enough speed in coming months to meaningfully erode the spare capacity in the Eurozone economy, it will probably also take a few more months at least for the ECB to come to this view, leaving easing prospects for the time being off the table.

US begins to shake-off winter blues

More welcome news has come from the United States, however, where the February employment report supported the view that the recent slowdown in the US economy will prove temporary. February US payrolls surprised positively with 175k non-farm jobs created during the month, despite the continuation of bad weather during the sample period, and with small positive revisions to the previous two months. Although the unemployment rate ticked higher to 6.7% and the hours worked fell, this does not meaningfully take away from the strength in payrolls, which came after two months when they rose on average by only 115k (even after the upward revisions).

US non-farm payroll growth recovers



Source: Bloomberg, Emirates NBD Research

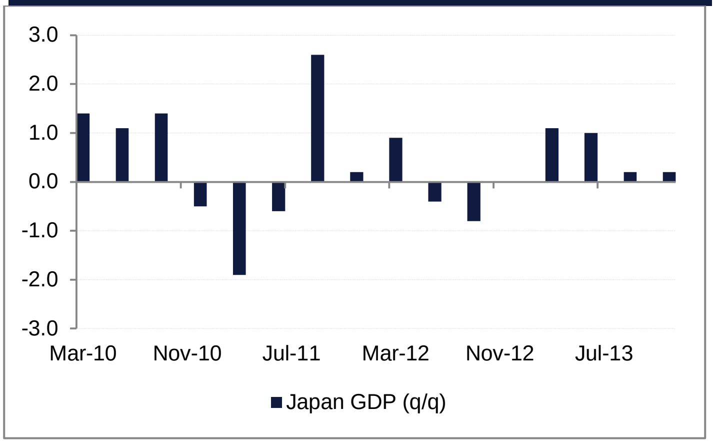
With other indicators also suggesting reviving momentum it should not be long before the 'weather effect' is behind us. That being the case, the Fed looks very likely to keep tapering in coming months, starting next week when another USD10bn reduction in QE is expected. The Fed's forward guidance looks likely to be refined as well, whereby it will probably place less emphasis on the 6.5%

numerical unemployment threshold and replace it with a broader range of employment measures that give a better indication of the amount of slack in the economy.

Japan's easing bias remains

Meanwhile in Asia the focus has been on the export slowdown in China and the downgrade to Japanese GDP growth which is keeping pressure on the both PBOC and the BoJ to maintain loose policies. The Bank of Japan concluded its March meeting this week with no change in monetary policy, maintaining its plan to expand the monetary base by JPY60-70 trillion per year. Q4 GDP growth was revised down from an original 0.3% estimate to an even more disappointing 0.2% outturn. This was largely expected, however, and the greater focus is now on Q1 GDP now where the evidence has been mixed. Although expectations are for a bounce back in growth, some of the more recent data has been worrying, showing the service sector PMI and auto sales both falling sharply in February, and the outlook component of the prominent Economy Watcher's Survey also collapsing in the same month. That may tell us more about Q2 risks but speculation is rising that that the BOJ will be forced to expand its QQE monetary stimulus (Quantitative and Qualitative Easing) following its VAT increase in early April. At the moment, the consensus expectation appears to favour such a move occurring in late Q2, especially following BOJ comments which suggested that monetary policy will be adjusted if the 2% inflation target starts to look out of reach.

Japan's growth trails off in H214



Source: Bloomberg, Emirates NBD Research

China tightens credit, CNY declines

In China's case its growth target has been downgraded to 7.5% for this year, which is still higher than our own 7.0% estimate, and signals the difficult balancing act the Chinese government is facing in introducing financial sector reforms while maintaining a sufficient pace of growth to maintain employment levels and social stability. More tangible evidence of this has been evident in weak trade and inflation data and news of China's first corporate default. The latest Chinese money supply data also showed a slowdown in credit creation especially in the shadow banking sector, which again reflects the rising default risk in the Chinese corporate sector. Such news along with heavier policy guidance may now start to slow the previous excessive demand for credit. It is in this context that the PBOC appears to be encouraging the CNY to depreciate, in line with our forecasts, in an attempt to offset the slowdown in growth resulting from tightening policies in other areas.

China trade balance falls sharply

Source: Bloomberg, Emirates NBD Research

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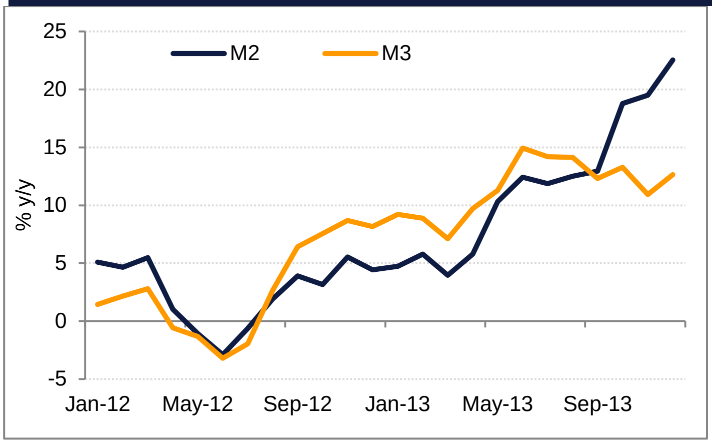
GCC Macro

The latest money supply and loan data signal improved liquidity in the UAE banking sector and accelerating private sector credit growth. To a large extent, this has been driven by the retail sector both on the deposit and loan side, reinforcing our view that the private sector will be the main engine of growth this year. Public sector borrowing has eased in Qatar over the last year, but in Saudi Arabia government spending appears to be increasingly financed by domestic credit.

Resident deposits drive UAE money growth

Broad money supply (M2) surged in Q4 2013 to reach 22.5% y/y in December, the fastest pace of growth since the financial crisis. The main driver appears to have been resident deposits, which increased 13% y/y last year, according to the central bank statement. Detailed data for the fourth quarter is not yet available, but data for Jan-Sep shows that resident individuals' deposits, which account for nearly 30% of total deposits, grew consistently between 10-12% y/y in the first three quarters. Private sector business deposits picked up over the summer, posting the strongest annual growth rates since 2011.

UAE: Money supply



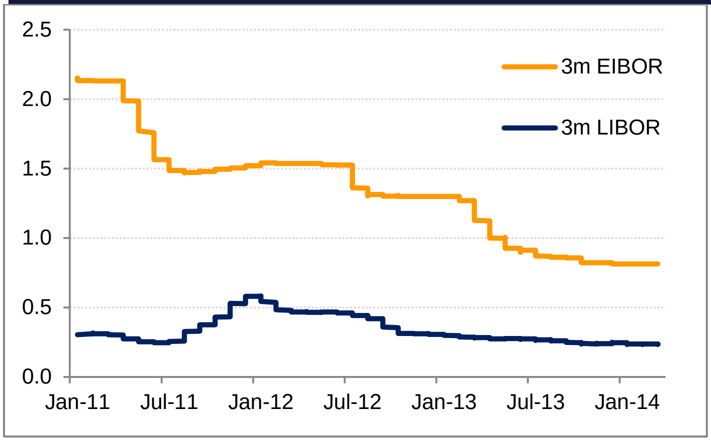
Source: Haver Analytics, Emirates NBD Research

On the lending side too, the private sector has likely been a key contributor to the acceleration in bank lending to 7.1% y/y in December 2013 from 2.6% in December 2012. The 'other' component of private sector loans, which includes personal loans for business and consumption purposes, accounts for more than a quarter of total bank lending and accelerated to 10.8% y/y in September 2013 from 1.5% the previous year. Government and public sector credit growth, which together account for 30% of total bank loans, is still relatively high at 8.3% y/y (September 2013), but has slowed since Q3 2012.

In our view, the recovery in retail deposits and borrowing reflects improved consumer confidence in the UAE's economic recovery, and should support increased consumption and SME investment this year. The relatively upbeat sentiment is also captured in the PMI surveys year-to-date, which show continued strong expansion in the non-oil private sector, rising employment and increased purchasing activity in anticipation of future sales growth.

The improved liquidity in the UAE banking system in recent months is reflected in lower interbank rates – 3m EIBOR continued to ease in Q4 2013, and at 0.81% is the lowest on record. The spread between dirham and dollar 3m rates is also at its tightest since Q4 2008. With an upward bias to US rates as the Fed continues with 'tapering' of QE, we see little room for further declines in the 3m EIBOR rate.

UAE: Interbank rate at record low

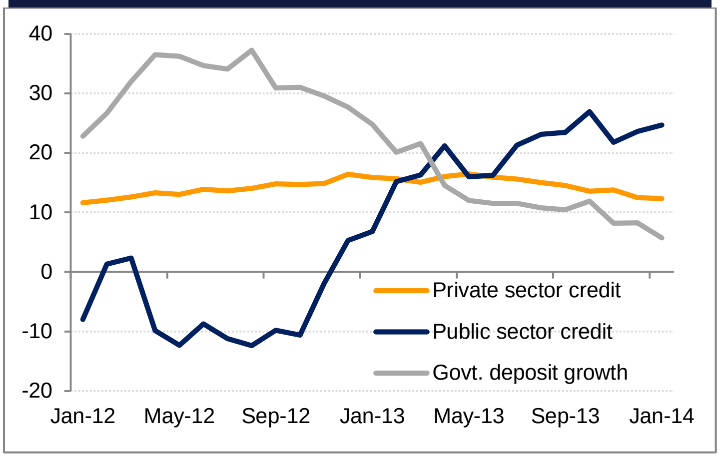


Source: Bloomberg, Emirates NBD Research

Private credit growth slows in Saudi Arabia

In contrast to the UAE, private sector credit growth in Saudi Arabia has eased in recent months, slowing to 12.3% y/y in January, the weakest annual growth rate since February 2012. Consumer loan growth slowed to 14.6% in the fourth quarter last year, down from around 20% in 2012 and 1H 2013. However, real estate financing remains robust (25.6% y/y in Q4 2013). We expect this component of credit to continue to grow strongly this year, as earlier this month SAMA issued licenses to several of the major banks to provide real estate financing facilities and services.

KSA: Credit and govt. deposit growth



Source: Haver Analytics, Emirates NBD Research

Government and public sector borrowing has accelerated in the Kingdom however, reaching 24.7% y/y in January from less than 7% a year ago. At the same time, government deposit growth has slowed, suggesting that public spending is being increasingly financed by bank loans rather than export revenues. Indeed, proceeds from oil exports would have eased in recent months as Saudi oil production has declined through Q4 2013 and in January-February 2014.

Construction drives private sector credit growth in Qatar

In Qatar, private sector credit growth has been broadly stable, averaging just under 15% last year. The strongest growth in lending has been to contractors, signaling activity in the construction sector. Borrowing to finance consumption spending has also accelerated. Government borrowing has slowed sharply from its peak of nearly 100% y/y in May 2012 to 9.7% in December 2013, before ticking up to 12.6% y/y in January.

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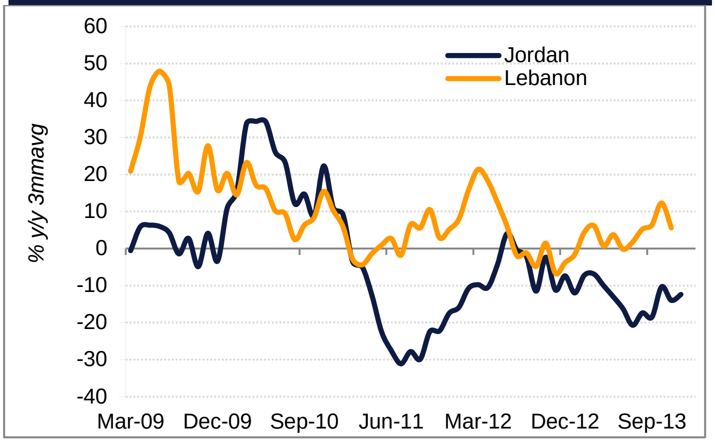
MENA Macro

The tourism industries in MENA's net oil importers (Morocco, Tunisia, Egypt, Jordan and Lebanon) continue to be negatively affected by regional political unrest. Since the start of 2014, elevated security risks and newly issued travel warnings have further deterred visitor arrivals, choking off a key source of export earnings in the process. Without a more fundamental improvement in the tourism sector, economies across the region are likely to see their balance of payments positions remain under strain, putting downward pressure on central banks' stock of FX reserves.

In early March, Egyptian Tourism Minister Hisham Zazou said that Germany's extension of a travel warning for its citizens to resorts in Sinai had created a panic among tour agencies, and urged Berlin to reconsider its decision. Indeed, after German authorities recommended its citizens refrain from travelling to beach resorts on the peninsula, tour operators began bringing holidaymakers back to Europe from traditional resort destinations such as Sharm el-Sheikh. As Germans – alongside Russians – make up the largest share of holidaymakers in Egypt, a sudden halt in visitor arrivals from the European country will come as yet another setback for an industry that is still struggling to get back on its feet after several years of decline.

Tourist Arrivals



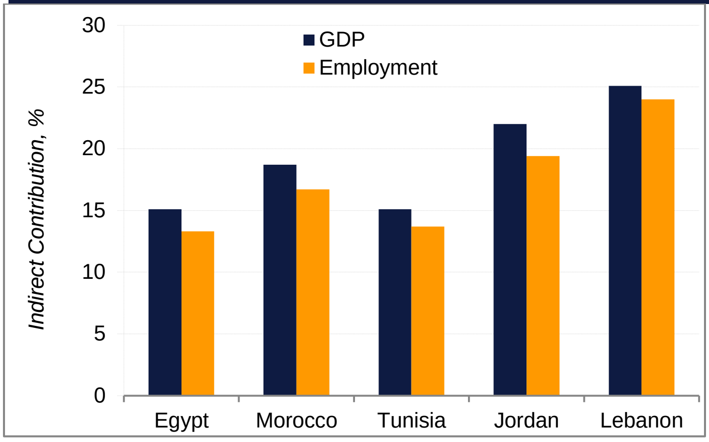
Source: Haver Analytics, Emirates NBD Research

This is not to suggest that Egypt is the only - or even worst - affected from a collapse in tourism revenues in recent years. On March 8, Lebanon's Tourism Minister Michel Pharoan said that the industry in his country was '*in a crisis situation*', with current visitor numbers only 55% of 2010 levels. The hospitality sector in Lebanon has certainly been hit hard by the crisis in Syria, as the ongoing conflict was the catalyst for governments across the GCC to issue travel warnings to citizens to avoid visiting the region. According to previous statements from authorities, while tourists from the GCC account for only 10% of arrivals, they represent 40% of total spending, and their absence has thus resulted in a disproportionate impact on local consumption patterns.

A key job creator

Data from the World Travel and Tourism Council show that the hospitality sector accounts for almost a quarter of the Lebanese economy (indirectly), and employs a similar share of the workforce. The corresponding figures for the rest of MENA's net oil importers are shown in the accompanying chart, clearly highlighting how the industry is a major source of job creation across the region. Since the onset of political instability in 2011, visitor arrivals have declined across-the-board, which has weighed on headline growth and pushed unemployment higher.

Tourism Sectors' Contribution



Source: WTTC, Emirates NBD Research

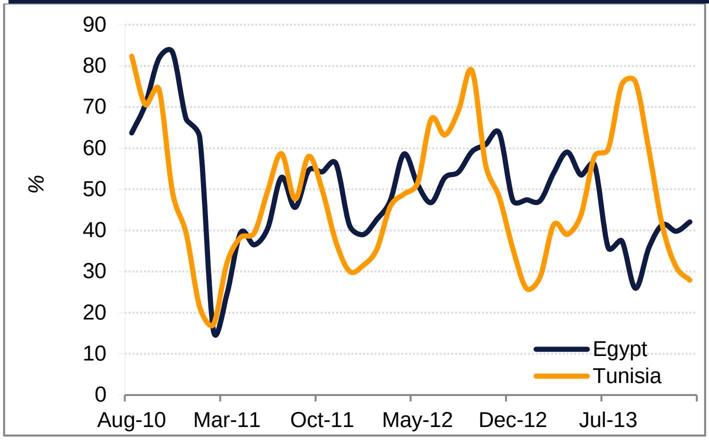
Latest figures from national authorities highlight how no economy has been spared from the drop in visitor arrivals in recent years. In Jordan and Egypt, total tourist arrivals in 2013 were only 63% of 2010 levels. Even in Morocco, which has not been affected by large-scale public unrest on the same scale as its regional peers, revenues from the tourism sector were only 1.5% higher in 2013 compared to 2010.

Not surprisingly, hotel occupancy rates and RevPAR have also come under pressure. In 2013, average occupancy rates in the region (excluding Egypt) were only 52%, down from 54% in 2012 and 59% in 2010. The impact on RevPAR has been more striking, with the regional average falling to only USD68 last year - the lowest level in our time series dating back to 2008. In Lebanon, RevPAR has collapsed since H213 amidst a deteriorating security environment, and averaged only USD75 in 2013, compared to USD145 in 2010.

Importance to BoP stability

The loss in tourism revenues in recent years has been a factor undermining the region's balance of payments position, putting downward pressure on central banks' stock of FX reserves. In the case of Egypt, we estimate the economy has lost over USD14bn in tourism export receipts since 2011. Having previously accounted for just under 25% of export earnings, we believe this loss resulted in a current account shortfall that was over USD5bn wider in FY2013 than it would otherwise have been had revenue growth proceeded at the pre-2011 pace. The story is broadly similar across the region, with tourism receipts accounting for 28% and 22% of total goods and services exports in Jordan and Morocco respectively, although only 11% in the case of Tunisia.

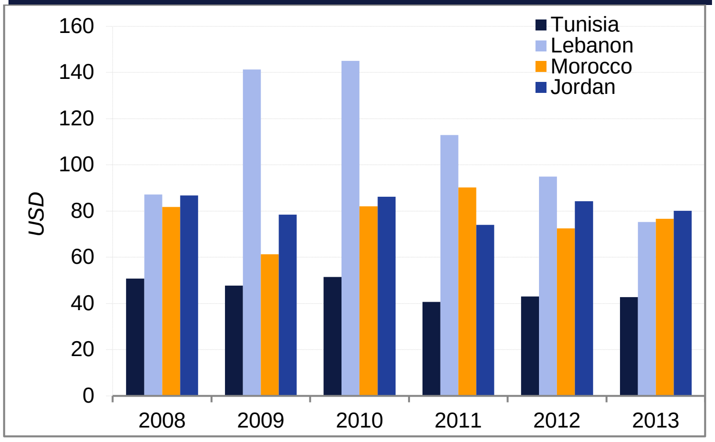
Hotel Occupancy



Source: STR Global, Emirates NBD Research

Looking ahead, it is difficult to see a fundamental improvement in the sector materializing in 2014. In Jordan and Lebanon, the ongoing conflict in Syria is likely to continue to deter visitors, while increased security risks in Egypt could actually see arrivals fall relative to 2013. Although we are slightly more optimistic on the prospects for North Africa's tourism industry, overexposure to the Eurozone – where economic growth will remain anemic for the foreseeable future – is tempering our enthusiasm.

RevPAR



Source: STR Global, Emirates NBD Research

Revisions this month

The only major forecast revision we have made this month is to our real GDP growth projection for Egypt. According to a statement by Finance Minister Hany Kadry in early March, the Egyptian economy expanded only 1.4% in FYQ2 (October-December). Although official figures have not yet been released, this marks only a marginal improvement on the 1.0% rate of growth posted in FYQ1 (July-September). As high-frequency survey data for January and February have shown a slight deceleration in private sector activity at the start of 2014, there is little reason to believe FYQ3 will show any material improvement in headline growth. Certainly, the aforementioned travel warnings from European states poses a further downside risk in the near term. As a result, we have lowered our FY2013/14 real GDP growth forecast to 1.8%, from 2.8% previously.

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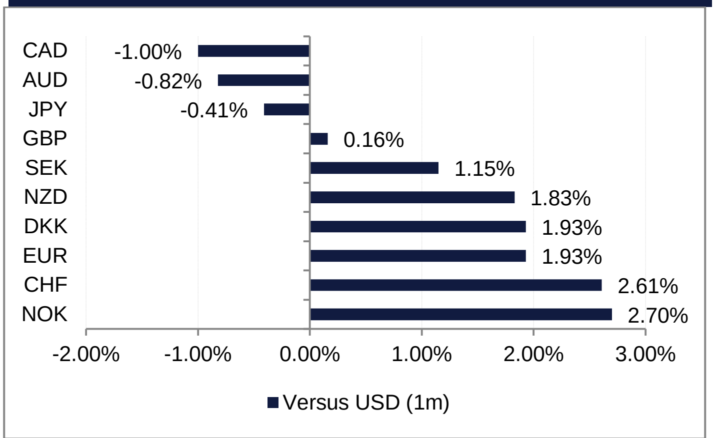
Currencies

The last month has seen some steps forward and some steps back in terms of our key currency views, with signs that the US economy is coming out of its weather induced slowdown, but indications as well that the ECB is becoming more reluctant to ease monetary policy any further. Overall, we retain our medium term bullish USD outlook but are shading it slightly in the coming months to reflect an ECB which is being unhelpful.

Steps forward, steps back

Events of the last month have reinforced some of our key FX views while some of our others have been partially undermined or at least challenged. To begin with the positives, the recent data from the US has encouraged our view that the slowdown in the US economy will prove temporary, thus lending support to our forecasts looking for a medium-term USD recovery. Most prominently of course, the February US employment report was surprisingly firm, with 175k non-farm jobs created during the month despite the continuation of bad weather during that month. With other indicators also suggesting reviving momentum it should not be long before the 'weather effect' is behind us. That being the case, the Fed looks very likely to keep tapering in coming months, starting next week when another USD10bn reduction in QE is expected. Although tapering has so far had a limited effect in terms of providing the USD with strength, we expect its impact to increase as QE gets closer to being completely unwound, and with the market then likely to begin considering the timetable for possible interest rate hikes.

G10 winners and losers over the month



Source: Bloomberg, Emirates NBD Research

ECB confounds expectations, again

The main challenge to our forecasts has come from the Eurozone and specifically the ECB. It is certainly not the first time that the ECB has confounded our hopes that it might ease monetary policy further, so we should not really be hugely surprised by the ECB's decision last week to leave policy unchanged. However, such was the message from the ECB President Draghi that it is hard to envisage the circumstances in which a policy stimulus will now be considered, at least for a number of months. Most significantly perhaps from the EUR's point of view, Draghi also appeared to downplay the impact of the strong EUR on inflation, indicating that the 8% rise in the EUR's trade weighted index since 2012 has lowered inflation by just 0.4%.

Not surprisingly, the EUR benefited from the news, as well as from the arguments used to justify the lack of ECB action. Given the way in which the March meeting had been presented as a possible occasion to expect a policy change, it appears doubtful if much will change in the immediate future at least to justify a volte face. Although we still doubt that the economy will pick-up enough speed in coming months to meaningfully erode the spare capacity in the Eurozone economy, it will probably also take a few more months at least for the ECB to come to this view, leaving easing prospects for the time being off the table. As such, the EUR is likely to remain elevated in the coming months in the 1.35-1.40 range, and dependent largely on US developments for fresh direction. Accordingly we are shifting our EUR/USD forecast higher slightly over the forecast period (see page 23).

Risk aversion abates for now

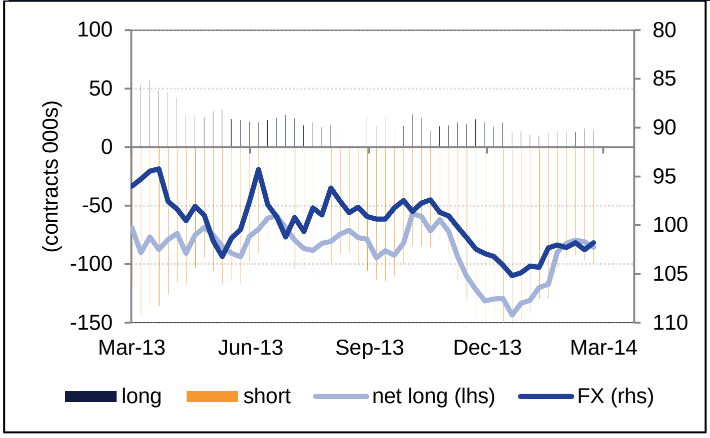
Of course one of the main features of the last month has been the risk aversion that followed on from the revolution in Ukraine, which benefited traditional safe havens such as the JPY and the CHF, along with gold and US Treasuries. With risk aversion abating, however, over the last week it should not be surprising that both the JPY and the CHF have partially reversed these gains. While we would not rule out the re-escalation of that crisis, it seems unlikely if the West will step in with anything more than financial sanctions against Russia limiting the risk of a significant spillover. That being the case safety trades will probably continue to be unwound, with economic fundamentals returning as the main driver of these currencies.

Positioning still an obstacle to JPY losses

In terms of this, JPY weakness has been reinforced by data showing that Japanese economic activity slowed sharply in February (service sector PMI and auto sales), raising speculation that the BOJ will be forced to expand its QQE monetary stimulus (Quantitative and Qualitative Easing) following its VAT increase in early April. At the moment, the consensus expectation appears to favour such a move occurring in Q2, especially following BOJ comments which suggested that monetary policy will be adjusted if the 2% inflation target appears to look out of reach. BOJ Governor Kuroda's comments regarding the revival of the JPY carry-trade are also significant, highlighting the BOJ's preference for a steady depreciation of the Japanese currency.

The main obstacle to further JPY weakness is positioning, with CFTC data reporting extended short JPY positions since the start of 2014. Admittedly these have reduced a little over the last two months, but they would still seem to be sufficient to hinder a more dramatic depreciation of the JPY, especially in the context of expected repatriation flows approaching the end of the Japanese fiscal year (March).

Short JPY positioning still significant



Source: Bloomberg, Emirates NBD Research

SNB highlights importance of exchange rate peg

The Swiss authorities have also been challenged by safe-haven inflows into the CHF which are threatening to undermine the recovery in the Swiss economy, and reverse the recent increase in inflation. Indeed February's CPI report showed an unexpected drop in headline inflation back into negative territory, coming in at -0.1% y/y after a three consecutive months at 0.1%. With this backdrop the SNB will remain strongly committed to maintaining the EUR/CHF limit peg at 1.2000, which has been in place since September 2011 as a means to stem deflation risk. Indeed SNB President Thomas Jordan said that he would not rule out fresh measures to counter deflation, again referring to the possibility of negative interest rates and emphasizing the role the exchange rate peg currently plays as the cornerstone of Swiss monetary policy.

EUR/CHF still flirting with its 1.20 peg

Source: Bloomberg, Emirates NBD Research

NZD outperformance, CAD underperformance

Amongst the main commodity currencies (AUD, NZD and CAD) the CAD still appears to be the weakest link amongst them as the Bank of Canada continues to highlight the risk of falling inflation, in contrast to the RBA which now appears more equivocal over the balance of monetary policy, and the RBNZ which appears likely to raise interest rates soon for the first time in nearly four years. As a consequence, NZD should be the main winner overall in the coming month, although we prefer to express this through the crosses rather than in terms of the USD. The same approach applies to GBP strength, which we believe is more likely to be consistent against the EUR over the course of the year, rather than against the USD which we think is capable of recovering ground at the GBP's expense.

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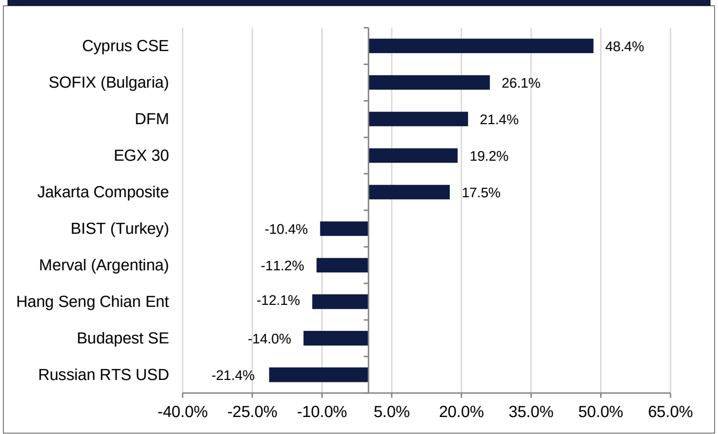
Equities

Overall equity markets have had a positive month, with the MSCI World Index +3.1% 1m. In the latter half of February equity markets shrugged off earlier declines, which were driven by emerging market currency woes. However emerging markets concerns 'reemerged' at the beginning of March 2014, causing spikes in volatility, this time driven by geopolitical events on the borders of Europe, and concerns over China.

Concerns over Crimea had an impact on both developed and emerging European equity markets, causing the VStoxx to jump +10.5% 1m to 20. European volatility has eased from its 1mo highs, as comments from President Putin eased concern about military escalation. Whilst volatility levels also spiked in the US and Asia on contagion fears, they eased as the US reported above consensus data on jobs and manufacturing, leading to the VIX -2.1% 1m to 14 and VHSI -4.5% 1m to 17. G7 markets led the gains for the MSCI sub-indices, with the MSCI G7 index +2.6% 1m, closely followed by the MSCI Emerging markets index +1.0% 1m. Frontier markets had a flat month with the MSCI Frontier markets index +0.5% 1m.

Best and worst performing global equity markets, ytd, USD adjusted

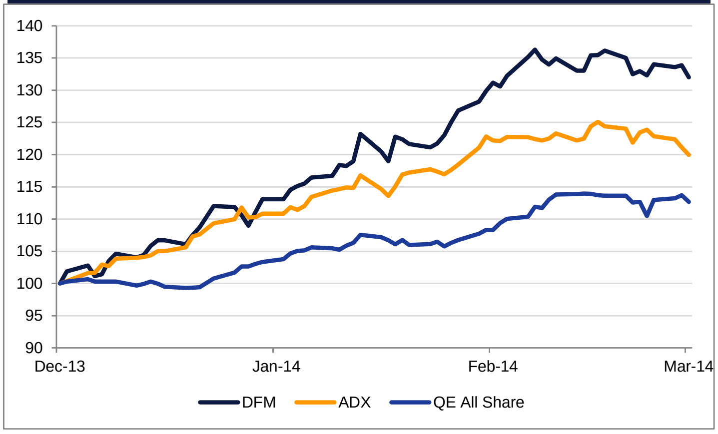


Source: Bloomberg, Emirates NBD Research

MENA Markets

MENA markets continued to rally with the S&P Pan Arab Composite index +2.8% 1m, with the rally being led by the Saudi and Egyptian markets, (Tadawul index +5.6% 1m, EGX 30 index +8.2% 1m). Trading volumes have eased on the DFM and ADX, with both indices entering sideways trading ranges, which could be maintained over the next month. Thereafter momentum could improve in the run up to the MSCI upgrade to emerging markets status. With the strong performance of MENA markets in 2013 being carried into 2014, MENA industry sectors continue to offer limited upside currently, based on Bloomberg consensus target prices and our equity universe.

DFM, ADX, QE All Share indices performance



Source: Bloomberg, Emirates NBD Research

Arabtec continues to go from strength to strength, with the company reporting it has reached an agreement worth c. AED 146bn, with Egypt's Defense Ministry, to develop and construct 1mn affordable housing units. Construction is expected to start in Q3 2014 and provide 1 million jobs. Based on Bloomberg consensus data, Arabtec is estimated to have a BEst 2013E net profit of AED 320mn on BEst sales of AED 7.08bn, implying a net income margin of 4.5%. Even if the profit margin on the Egyptian project is far lower than Arabtec's estimated net profit margin for 2013, the net profit from the project would be a multiple of 2013E net profit, further adding to revenue visibility overt the coming years. With this award, on top of the AED 20bn contract win from Aabar, execution risk for the company increases. Arabtec's plans to IPO 6 of its subsidiaries and use them as acquisitions vehicles mitigates some of this risk in part, as it should allow Arabtec to "acquire" management talent and execution capability.

Progress continued to be made in Saudi real estate market as the Saudi Arabian Monetary Agency (SAMA) issued licenses for real estate finance activities to National Commercial Bank, Al Rajhi, Bank Abilad, Samba, Banque Saudi Fransi and the Saudi Home Loans Company. The Saudi central bank is continuing to consider additional applications. Over the medium to long term this should prove positive for Saudi companies with large land banks such as Dar Al Arkan. According to Bloomberg consensus data Dar Al Arkan is trading on 0.7x BEst PB 2014E, compared to 1.5x and 1.4x for Emaar and Aldar respectively.

The MENA IPO pipeline continued to fill up with Saudi Arabia's National Commercial Bank announcing that it will seek regulatory approval for an IPO in Q3 2014. The Public Investment Fund, which has a 69.3% stake in NCB, plans to sell a 15% stake and allocate a further 10% to the Public Pension Agency. NCB's planned IPO would be the first Saudi bank IPO since 2008 and could be one of the largest regional IPOs in 2014. The bank has SAR 377.3bn in assets, and made profit of SAR 7.9bn in 2013, with a paid up capital of SAR 20bn. It owns 90.7% of NCB Capital and 66.3% of Turkiye Finans Katilim Bankasi. CAPM Investment announced that it is looking to arrange an IPO for Marka, which operates in the fashion retailing and the food and beverage

sectors, aiming to raise AED 275mn for a 55% stake in the company. The company aims to list on Dubai's DFM and this would be the first IPO since DSI, the construction firm**,** listed in 2009. Emirates Real Estate Investment Trust also announced its intention to float via an IPO on NASDAQ Dubai, aiming to raise AED 500mn (with a 15% greenshoe) from institutional investors.
Mesaieed Petrochemical Holding Company (Mesaieed) IPO on the Qatar Exchange proved to be very successful, with the shares closing +450% at the end of the first day of trading. Separately, regional investment bank EFG Hermes also announced that it has a robust pipeline of IPOs for the Egyptian market.

Qatar's QE Index dropped -2.0% last week, as Saudi Arabia, the UAE and Bahrain recalled their ambassador and envoys, following a disagreement over some of Qatar's regional policies. This disagreement is currently not expected to have any long-term implications for Qatari economic growth, and the market correction could be viewed as a buying opportunity by some investors, ahead of Qatar's upgrade to emerging markets status by the MSCI. Qatar did not recall its ambassadors and stated that it is "absolutely keen on brotherly ties between it and fellow brotherly people of the GCC."

Developed Markets

US markets rebounded, with the S&P 500 (+3.1% 1m) hitting new all-time highs of 1,883, spurred by positive data on employment and manufacturing. By way of contrast the Euro Stoxx 600 was flat (+0.5% 1m) on Crimea concerns and some weaker than expected earnings numbers. Germany's DAX fell -2.0% 1m index, on concerns of Germany's reliance on Russian gas supplies that are delivered through Ukraine, causing volatility to spike, with the VDAX +21% over the last 2 weeks.

Investors appear to have reacted favourably to John Chen's, (the new CEO of Blackberry), plans to turn the company around, with the shares up +32% ytd, outperforming Apple (-5.2% ytd) and Samsung (-3.8% ytd). Blackberry's turnaround plans are to focus on its core enterprise business and making money from selling server software more than from devices. Blackberry also intends to target emerging markets with new models, the Z3 and Q20, which are expected to be in stores in September 2014, and expected to retail at c.USD 200, far cheaper at than Apple's "low cost" iPhone 5C. Blackberry is also passing on part of its inventory risk to Foxconn, who will manufacture the devices, as part of a longer term plan to outsource manufacturing. Yet Blackberry's smartphone market share in the US, in terms of subscribers, remains way below that of Apple and Samsung, with Blackberry having a share of just 3.0% in Q4 2013, compared to 51.7% and 41.6% for Android and Apple respectively. T-Mobile recently ran a trade-in offer in the US for Blackberry customers a resulting in 94% of trade in customers switching platforms. The promotion is understandable from T-Mobile's perspective, as Blackberry devices tend to be more data efficient than iPhones, and so a platform switch would allow T –Mobile to sell more data, the growth segment for mobile telecoms operators. Despite the turnaround plans, Bloomberg consensus earnings estimates are projecting the company to continue to be loss making for several years, until 2017. The CEO has been remarkably candid in his views, saying there was a 50:50 chance that his turnaround strategy would succeed, in an interview with the Financial Times.
Nonetheless one of Blackberry's key strengths is its secure messaging service, which has been highlighted following the NSA eavesdropping scandal. The perceived value of messaging services is shown by Facebook's USD 19bn purchase of WhatsApp, compared to a market cap of just USD 5.0bn for Blackberry. In order to unlock this kind of value Blackberry would need to make its Blackberry messenger a cross platform product, an option the company has explored in the past.

Blackberry performance

Source: Bloomberg, Emirates NBD Research

Based on Bloomberg data for European 500 index, of the 291 companies that have reported Q4 2013 results, earnings growth has been strong, averaging +31%, led by technology companies reporting growth of +261%. Profits for consumer services companies have also proved to be very positive, with increases of +97%. On the revenue front the picture has not been as rosy with sales fairly flat, -0.8%. Overall so far, sales have been in line with Bloomberg estimates, whilst earnings have been -6.1% below, with the industrials sector missing Bloomberg consensus earnings estimates by -28% on average.

Emerging and Frontier Markets

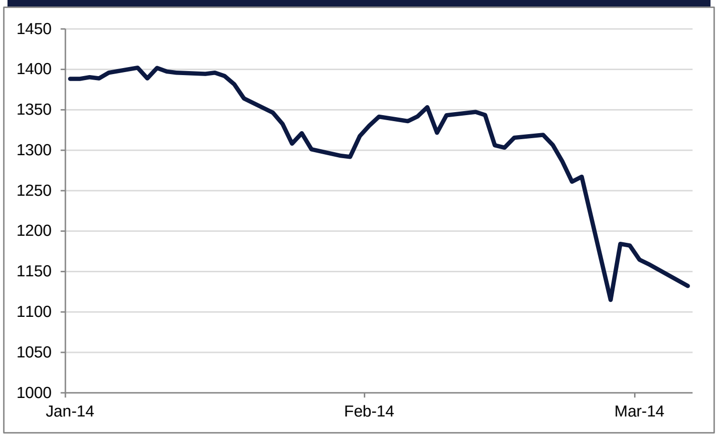
Issues in emerging and frontier markets persist, in the form of Fed tapering, a slowdown in Chinese manufacturing and a drop in exports, as well as the standoff between Russia and Ukraine. Whilst the Indonesia Jakarta Composite index (+5.1% 1m), India Sensex index (+7.8% 1m) and South Africa's JSE Africa index (+3.2% 1m) have shrugged of the last month currency driven weakness, the upcoming FOMC, (which could see another reduction in Fed stimulus of USD 10bn), could further impact the currencies of the "fragile five" and potentially result in further portfolio outflows from Indonesia, India, Brazil, Turkey and South Africa.

China's onshore bond market saw its first default as Shanghai listed mid-cap Chaori Solar said it could only pay CNY 4mn of a CNY 89.8mn coupon on a CNY 1bn, 5 year bond, issued 2 years ago. The company avoided a loan default last year as the

Shanghai government persuaded the bank to defer its claims. This time no such help was forthcoming, in marked contrast to the bailout in January 2014 of a high yield product issued by China Credit Trust. This could be the first default of many, and the beginning of a squeeze on the shadow banking sector, as the number of non-financial companies with debt to equity ratios exceeding 200% has increased by 57% since 2007. If the slowdown in Chinese manufacturing persists, those sectors with high capital expenditure requirements and over capacity such as steel, non-ferrous metals and coal, could be the most at risk. The Chinese manufacturing slowdown is also impacting raw material producers such as copper producers. With growing stockpiles and an expected 2014 surplus of copper resulting in a -9.2% ytd fall in copper prices, and declines for copper producers (Antofagasta -4.0% 1m), the outlook for resource producers currently does not look bright, and could cause weakness throughout the emerging and frontier markets space for such companies (Vale -6.9% 1m, BHP -1.6% 1m). With a risk off move prevailing the Shanghai Composite index declined -4.8% 1m. The Chinese New Year holiday tend to impact data at the beginning of the year saw the next PMI release should help provide a clearer picture of the state of the Chinese manufacturing sector.

The standoff between Russia and the Ukraine has not escalated militarily, and there appears very little appetite in Europe for military involvement, given the potential threat of gas supplies being disrupted, and less so from the US and so fears of a broader conflict should abate. Russia could increase pressure on Ukraine by curtailing gas supplies, as it has done in the past, in 2006 and 2009, but in the short term this would have limited impact on Europe, given that winter is over and there are ample supplies to last several months. Over the longer term, whilst Russian gas is important for Europe, so are European hard currency payments for Russia, especially for Russia's largest company Gazprom.

RTS USD Performance



Source: Bloomberg, Emirates NBD Research

Ukraine's PFTS index dropped just -0.8% 5d, compared to -8.6% 5d for Russia's RTS dollar index. This is a reflection of a higher value of equities (both in percentage and absolute terms) held by foreign equity investors in Russia compared to Ukraine, as well as liquidity concerns. In 1998, when Russia defaulted on its GKO obligations, liquidity dried up in the equity market for several months, an issue that investors still need to be cognisant of in 2014. According to Bloomberg consensus estimates Ukraine's PFTS index is trading on 4.7x PE 2014E, and Russia's RTS USD index is trading on 4.8x PE 2014E. Both markets appear to offer deep value but are cheap for a reason, as recent events have clearly demonstrated. The impact could be felt by Russia, and the earnings of Russian companies, if sanctions start to bite, especially on the financial front (as seen with Iran), and markets that appear cheap now could get cheaper still. Whilst the US is geographically distant from Ukraine, the Crimean crisis could impact US companies such as Exxon, which together with Royal Dutch Shell was planning to drill 2 wells 50 miles from Ukraine's south west coast, to explore the Skifska license, near Romania's substantial Domino field (which could turn Romania into a gas exporter). With the current situation, rights to explore the Skifska field are now in limbo.

Irfan Ellam
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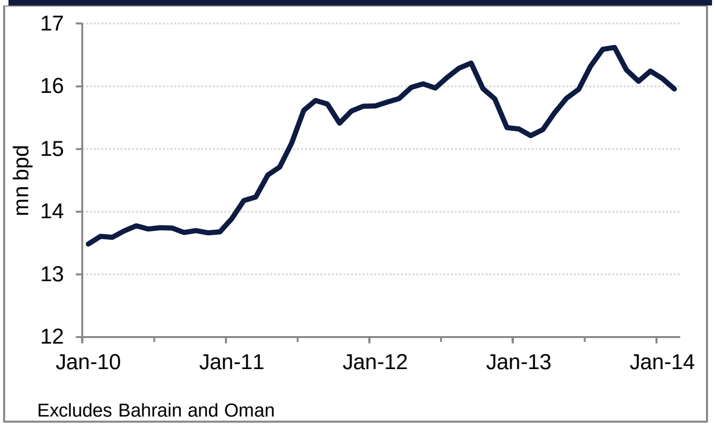
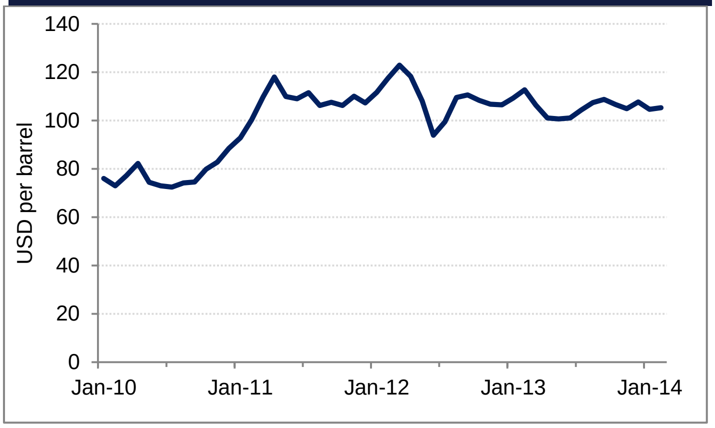
GCC in Pictures

GCC Oil Production



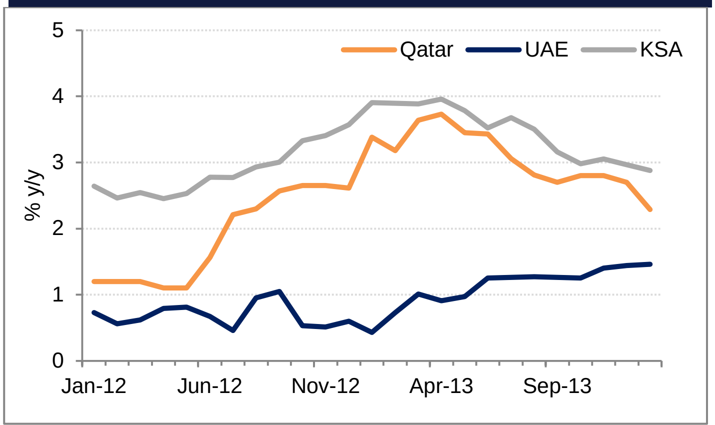
Source: Bloomberg

OPEC Reference Oil Price



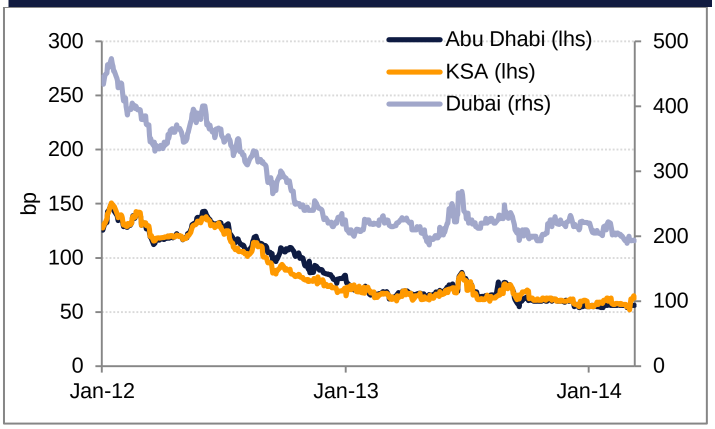
Source: Bloomberg

Inflation



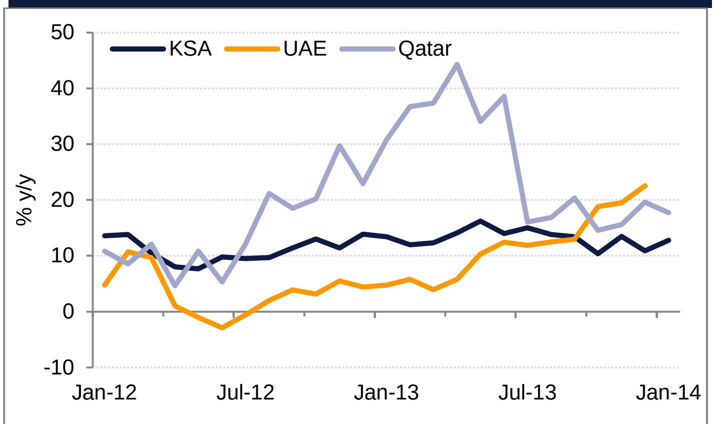
Source: Haver Analytics, Emirates NBD Research

CDS Spreads



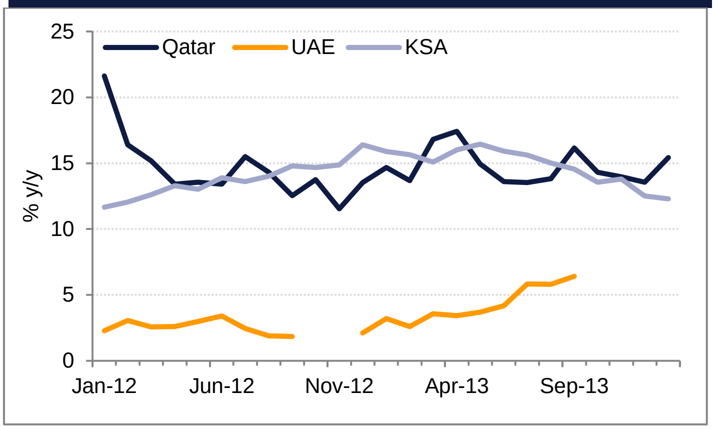
Source: Bloomberg

Money supply (ex govt. deposits)



Source: Haver Analytics, Emirates NBD Research

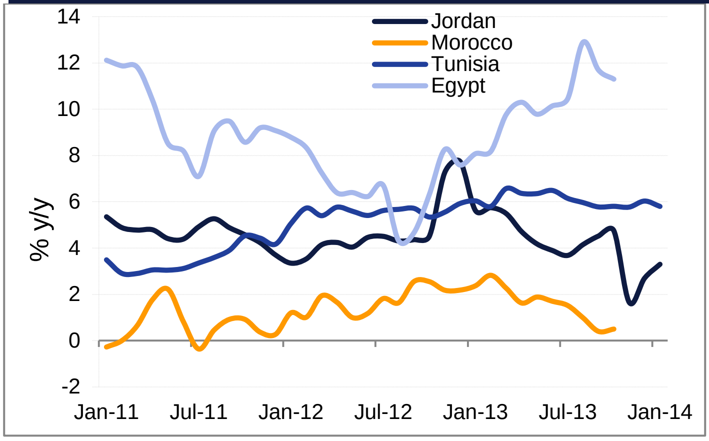
Private sector credit



Source: Haver Analytics, Emirates NBD Research

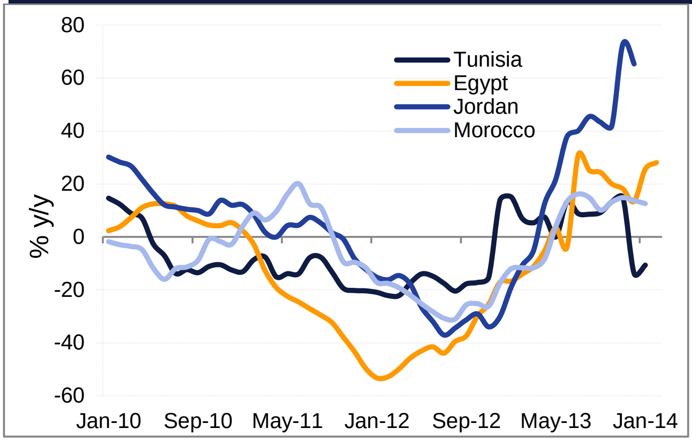
MENA in Pictures

Inflation



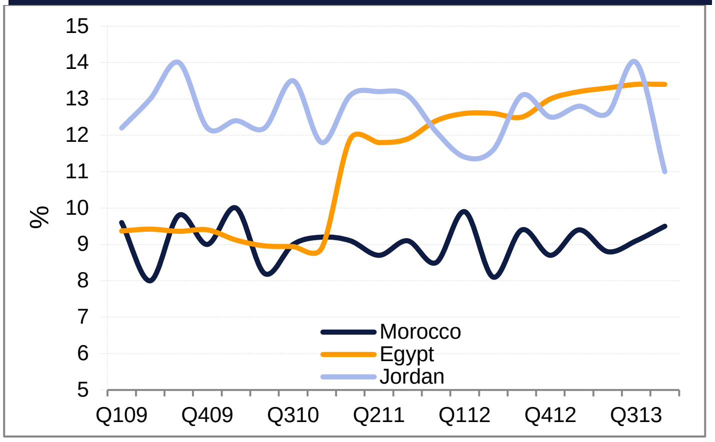
Source: Haver Analytics, Emirates NBD Research

FX Reserves



Source: Haver Analytics, Emirates NBD Research

Unemployment

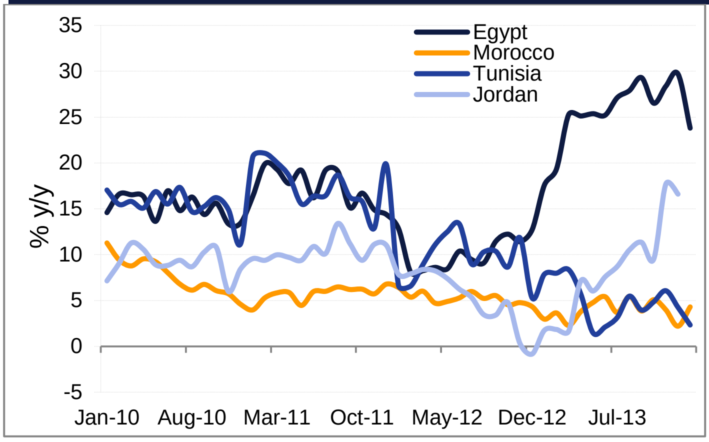


Source: Haver Analytics, Emirates NBD Research

CDS Spreads

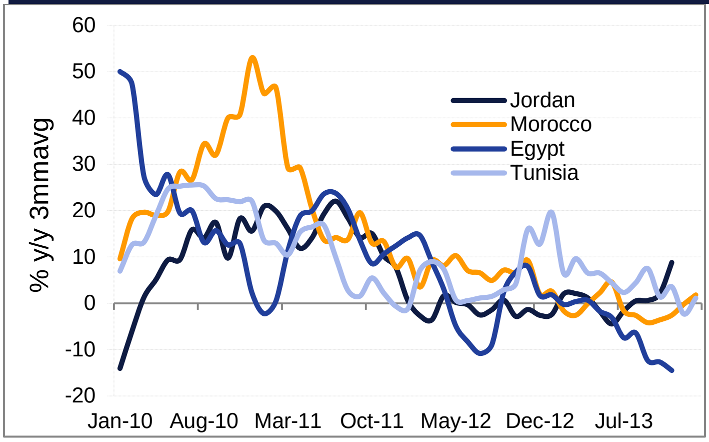
Source: Bloomberg

M1 Money Supply



Source: Haver Analytics, Emirates NBD Research

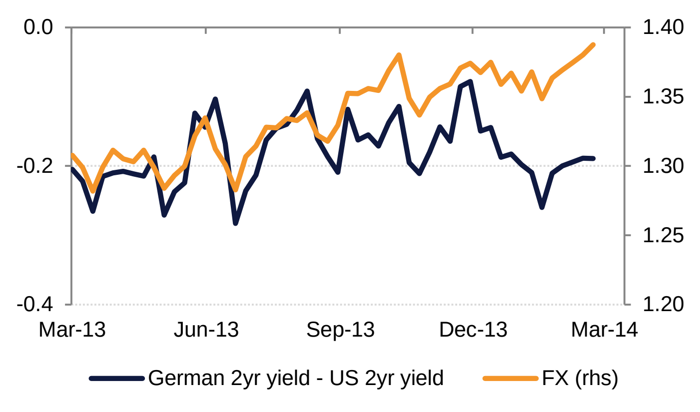
Goods Exports



Source: Haver Analytics, Emirates NBD Research

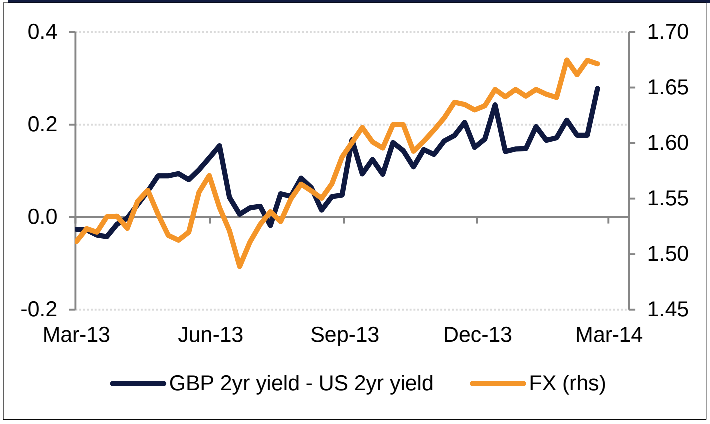
FX–Major Currency Pairs & Interest Rates

Interest Rate Differentials–EUR



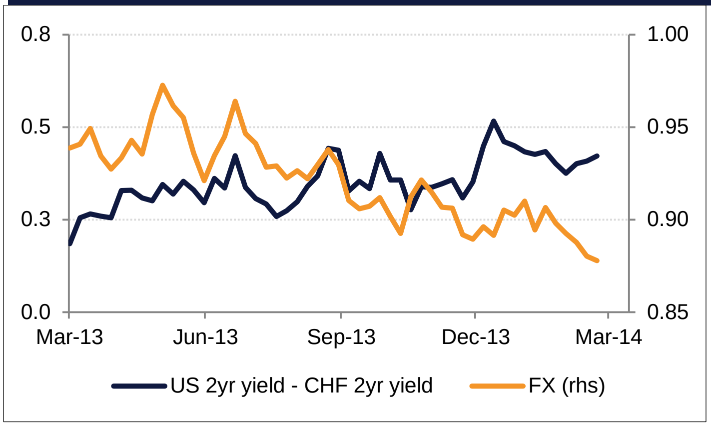
Source: Bloomberg, Emirates NBD Research

Interest Rate Differentials-GBP



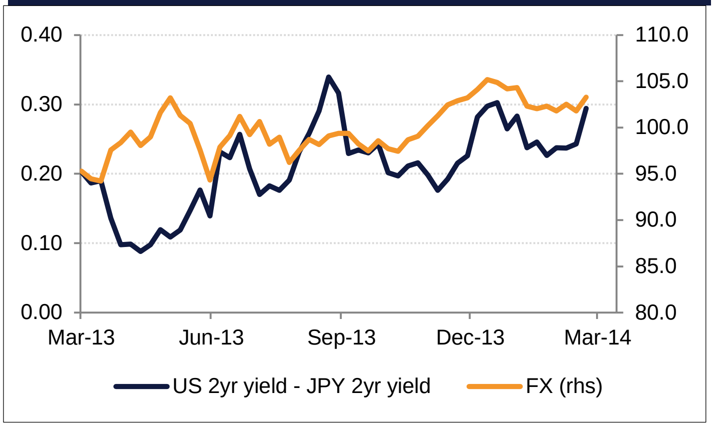
Source: Bloomberg, Emirates NBD Research

Interest Rate Differentials-CHF



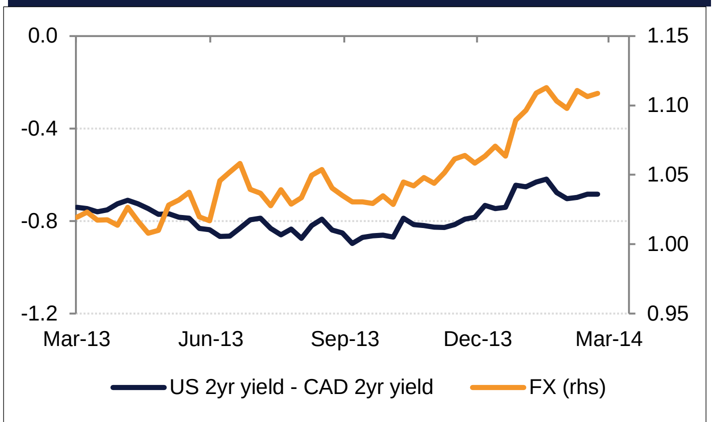
Source: Bloomberg, Emirates NBD Research

Interest Rate Differentials-JPY



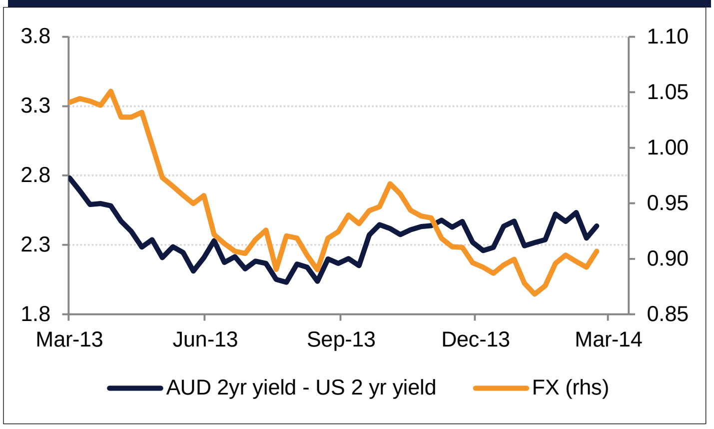
Source: Bloomberg, Emirates NBD Research

Interest Rate Differentials-CAD



Source: Bloomberg, Emirates NBD Research

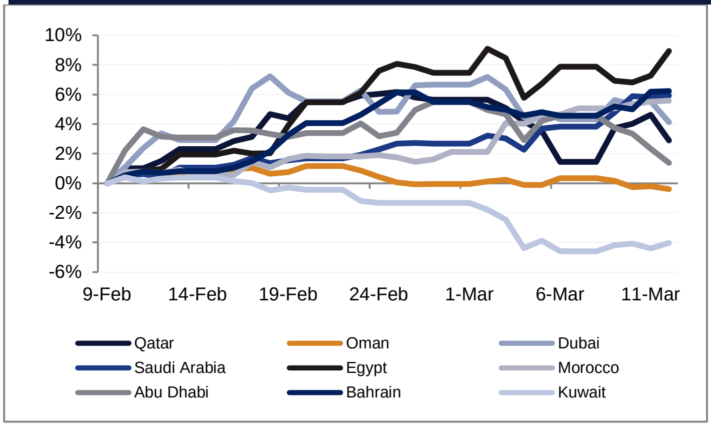
Interest Rate Differentials-AUD



Source: Bloomberg, Emirates NBD Research

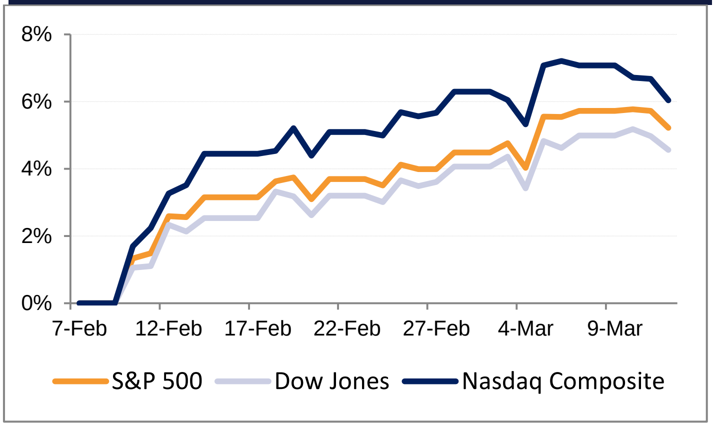
Major Equity Markets

MENA Equity Markets



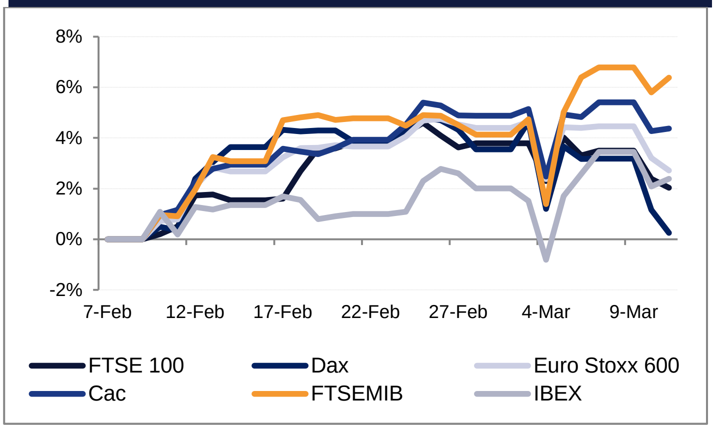
Source: Bloomberg, Emirates NBD Research

US Equity Markets



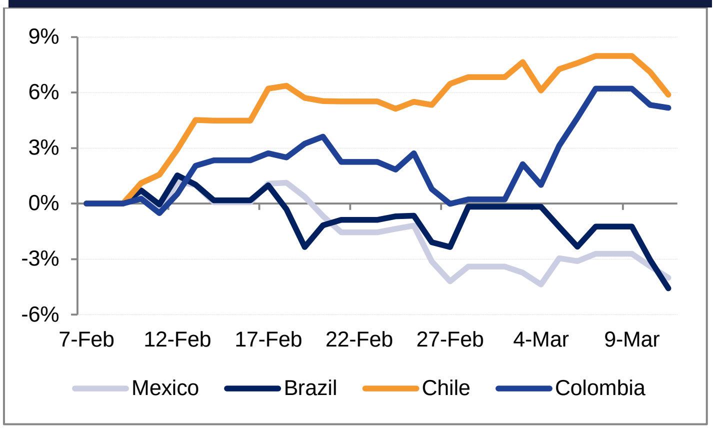
Source: Bloomberg, Emirates NBD Research

European Equity Markets



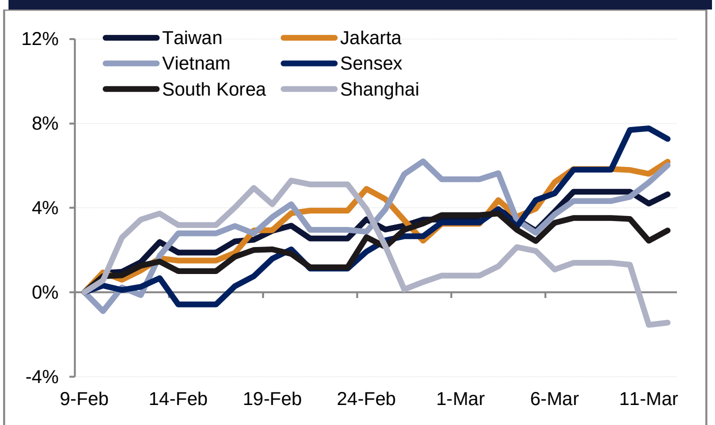
Source: Bloomberg, Emirates NBD Research

Latin American Equity Markets



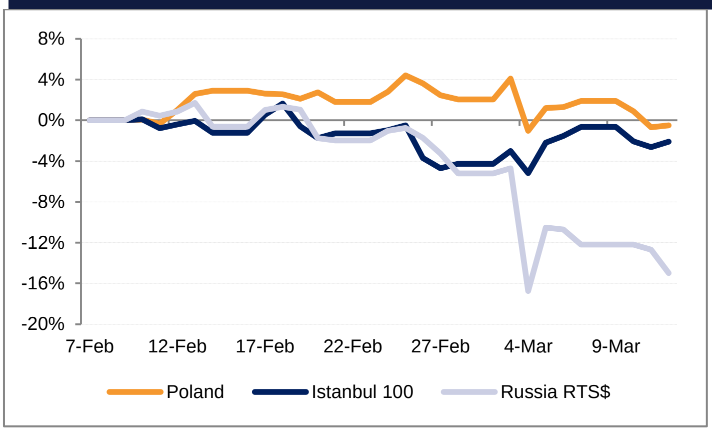
Source: Bloomberg, Emirates NBD Research

Asian Emerging Equity Markets



Source: Bloomberg, Emirates NBD Research

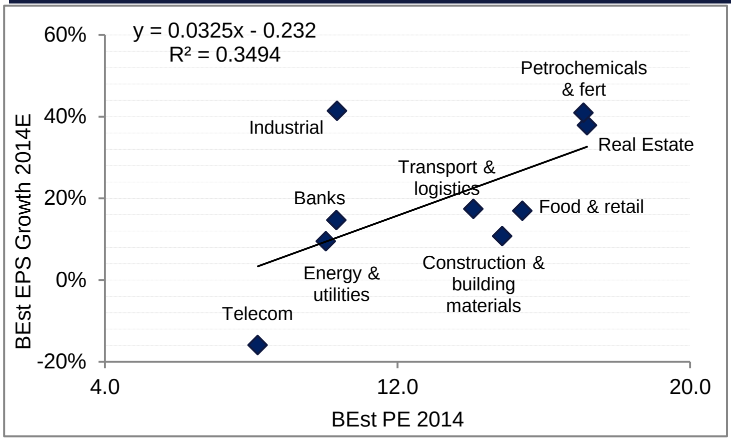
Emerging Europe Equity Markets



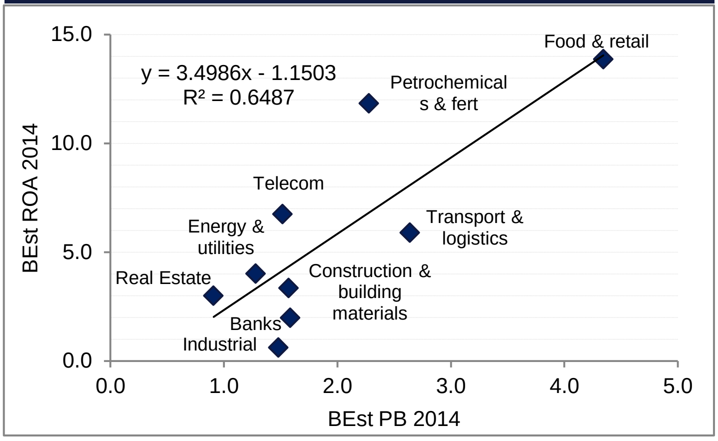
Source: Bloomberg, Emirates NBD Research

Major Equity Markets

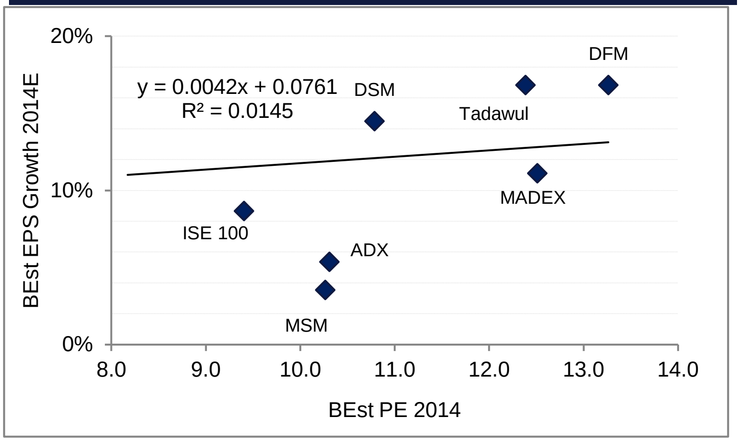
MENA Sector PE/EPS Growth 2014E



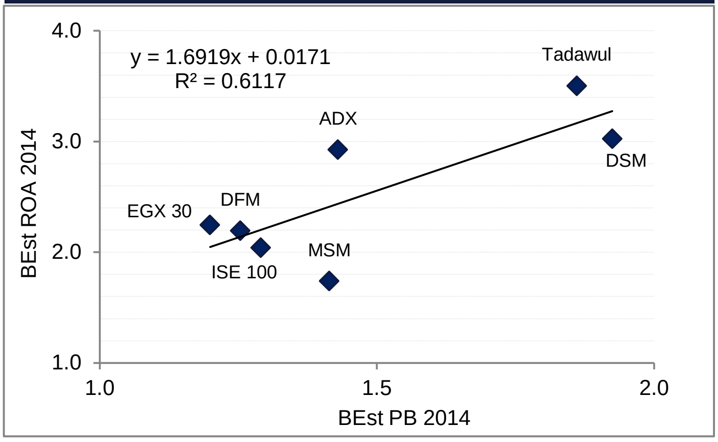
MENA Sector PB/ROA 2014



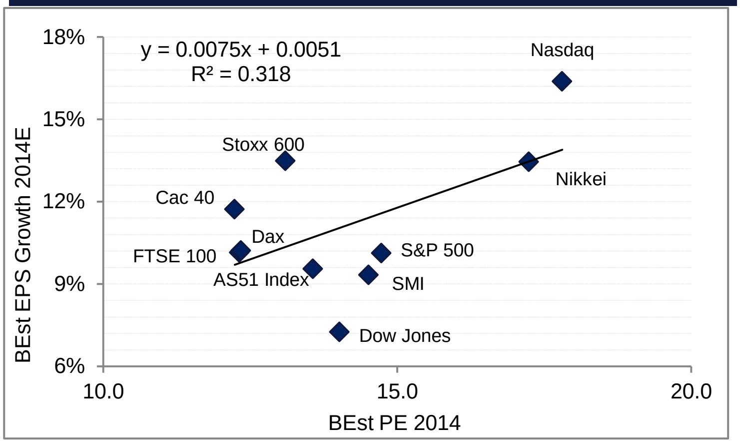
MENA Equity Indices PE/EPS Growth 2014E



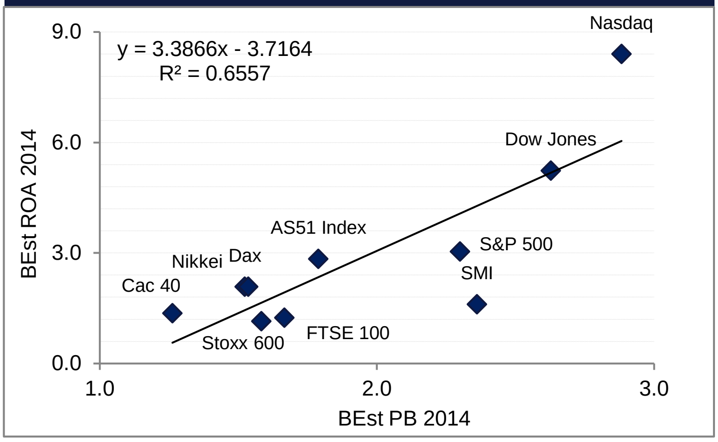
MENA Equity Indices PB/ROA 2014



Developed Market Indices PE/EPS Gr. 2014E



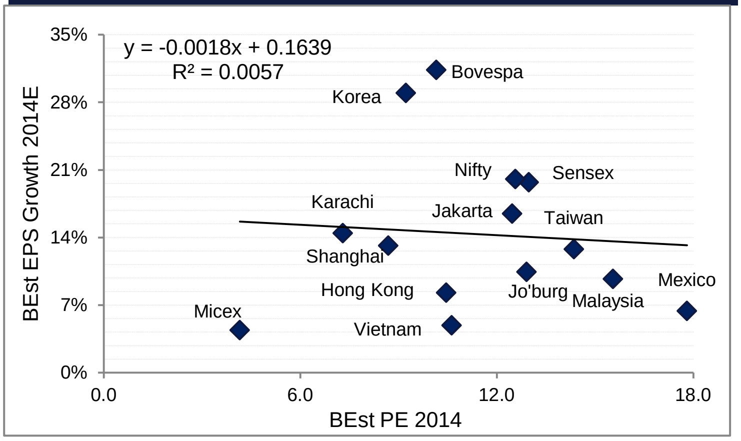
Developed Market Indices PB/ROA 2014



Source: Bloomberg, Emirates NBD Research, BEst – Bloomberg Estimates

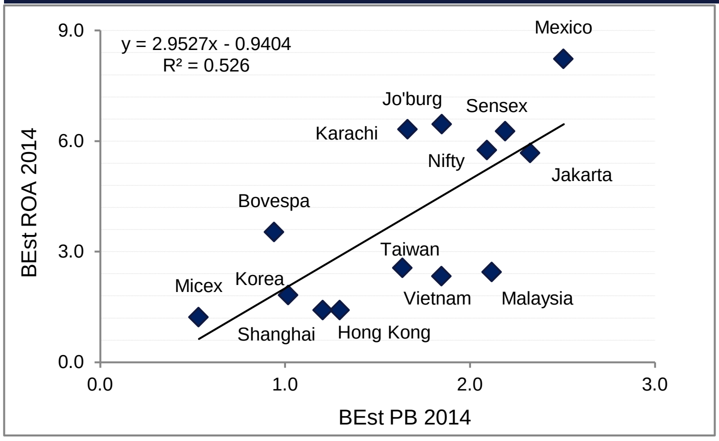
Major Equity Markets

Emerging Market Indices PE/EPS Gr. 2014E



Source: Bloomberg, Emirates NBD Research, BEst – Bloomberg Estimates

Emerging Market Indices PB/ROA 2014



Key Economic Forecasts - GCC

United Arab Emirates	2011	2012	2013	2014f	2015f
Nominal GDP $bn	348.8	384.1	386.5	405.6	430.0
Real GDP %	3.9	4.4	4.6	4.5	4.5
Current A/C % GDP	13.8	16.5	15.0	13.3	11.7
Budget Balance % GDP	4.1	8.6	8.6	6.8	6.2
CPI %	0.9	0.7	1.1	3.0	3.5
Saudi Arabia					
Nominal GDP $bn	669.5	734.0	745.3	760.9	793.2
Real GDP %	8.6	5.8	3.8	4.2	4.3
Current A/C % GDP	23.5	22.3	17.9	14.7	11.5
Budget Balance % GDP	11.6	13.6	7.4	4.6	3.3
CPI %	4.0	2.9	3.5	4.0	4.2
Qatar					
Nominal GDP $bn	171.5	192.4	203.0	210.5	226.5
Real GDP %	13.0	6.2	6.0	5.2	6.1
Current A/C % GDP	30.7	27.8	26.5	23.5	18.2
Budget Balance % GDP	7.7	11.8	5.9	4.8	5.7
CPI %	1.9	1.9	3.1	4.0	4.5
Kuwait					
Nominal GDP $bn	166.4	189.3	184.5	187.2	194.0
Real GDP %	10.1	8.0	3.6	3.0	3.0
Current A/C% GDP	40.3	41.8	41.9	40.5	38.8
Budget Balance % GDP	28.8	23.9	20.4	17.7	16.5
CPI %	4.9	3.2	3.0	3.5	4.0
Oman					
Nominal GDP $bn	69.4	77.4	83.3	87.2	91.7
Real GDP %	4.1	5.7	4.7	4.0	3.6
Current A/C % GDP	12.9	10.5	9.3	5.4	3.6
Budget Balance % GDP	-0.6	-0.4	1.2	-1.6	-1.0
CPI %	4.0	2.9	2.1	2.5	3.0
Bahrain					
Nominal GDP $bn	29.2	30.4	33.2	35.0	37.2
Real GDP %	1.9	3.4	4.8	4.3	4.3
Current A/C % GDP	11.1	7.3	11.4	9.3	7.7
Budget Balance % GDP	-0.3	-2.0	-3.4	-5.0	-7.6
CPI %	-0.4	2.8	3.3	3.5	3.5
GCC (GDP weighted average)					
Nominal GDP $bn	434.9	476.5	481.8	493.2	515.0
Real GDP %	7.8	5.7	4.3	4.3	4.4
Current A/C % GDP	23.2	23.0	20.4	17.7	14.9
Budget Balance % GDP	10.5	12.4	8.4	6.1	5.3
CPI %	3.0	2.3	2.8	3.6	4.0

Source: Haver Analytics, National sources, Emirates NBD Research

Key Economic Forecasts - MENA

Egypt*	2011	2012	2013e	2014f	2015f
Nominal GDP $bn	235.6	262.3	268.1	280.6	327.2
Real GDP %	2.5	3.3	2.1	1.8	4.0
Current A/C % GDP	-3.7	-6.2	-3.4	-1.3	-0.6
Budget Balance % GDP	-11.1	-12.2	-13.7	-11.1	-8.4
CPI %	10.1	7.2	10.0	11.0	10.0
Jordan					
Nominal GDP $bn	25.3	27.2	29.5	31.6	34.9
Real GDP %	2.6	2.7	3.0	3.2	4.0
Current A/C % GDP	-13.7	-19.7	-16.0	-11.8	-9.0
Budget Balance % GDP	-7.7	-9.5	-9.0	-8.8	-8.4
CPI %	4.4	4.8	7.1	4.1	6.2
Lebanon					
Nominal GDP $bn	40.1	42.6	46.5	51.2	56.5
Real GDP %	1.6	1.5	1.2	2.2	3.6
Current A/C % GDP	-12.1	-9.3	-8.9	-9.0	-8.6
Budget Balance % GDP	-5.8	-9.2	-9.6	-9.2	-8.9
CPI %	5.0	6.6	2.0	4.0	6.0
Tunisia					
Nominal GDP $bn	46.0	45.1	47.9	52.1	57.2
Real GDP %	-0.2	4.2	3.1	3.4	3.6
Current A/C% GDP	-7.4	-8.2	-6.8	-6.7	-5.5
Budget Balance % GDP	-3.5	-5.5	-7.7	-7.1	-6.4
CPI %	3.5	5.6	6.2	6.0	5.8
Morocco					
Nominal GDP $bn	99.2	96.0	102.9	110.2	121.7
Real GDP %	5.0	2.7	4.2	3.1	5.5
Current A/C % GDP	-8.0	-9.7	-7.8	-6.7	-5.6
Budget Balance % GDP	-5.0	-7.5	-5.8	-5.3	-4.3
CPI %	0.9	1.3	1.8	4.0	5.0
MENA (GDP weighted average)					
Nominal GDP $bn	156.2	174.5	177.5	186.3	219.0
Real GDP %	2.6	3.0	2.6	2.8	4.3
Current A/C % GDP	-6.4	-7.7	-5.4	-3.8	-2.8
Budget Balance % GDP	-8.3	-10.2	-10.8	-9.2	-7.5
CPI %	6.6	5.6	7.3	7.9	8.0

Source: Haver Analytics, National sources, Emirates NBD Research
**Egypt data refers to fiscal year (July-June)*

Key Economic Forecasts - Global

US	2011	2012	2013	2014f	2015f
Real GDP %	1.8	2.8	1.9	3.0	3.5
Current A/C % GDP	-2.9	-2.7	-2.4	-2.5	-2.1
Budget Balance % GDP	-8.7	-7.0	-4.1	-3.6	-2.8
CPI %	3.2	2.1	1.5	2.0	2.0
Eurozone					
Real GDP %	1.6	-0.2	0.3	0.5	1.5
Current A/C % GDP	1.3	1.9	2.2	2.0	2.5
Budget Balance % GDP	-3.8	-3.3	-2.8	-2.5	-1.8
CPI %	2.8	2.3	1.5	1.5	1.6
UK					
Real GDP %	1.1	0.3	1.8	2.5	2.0
Current A/C% GDP	-1.5	-3.7	-3.7	-2.8	-2.9
Budget Balance % GDP	-7.7	-5.9	-5.6	-5.5	-4.3
CPI %	4.5	2.8	2.5	2.0	2.0
Japan					
Real GDP %	-0.5	1.5	1.5	2.5	1.5
Current A/C % GDP	2.1	1.0	0.7	1.8	1.3
Budget Balance % GDP	-8.9	-9.5	-10.0	-8.0	-6.9
CPI %	-0.3	0.0	0.4	1.5	1.7
China					
Real GDP %	9.3	7.7	7.7	7.0	7.3
Current A/C % GDP	1.8	2.3	2.0	2.3	2.2
Budget Balance %GDP	-1.1	-1.7	-1.9	-2.0	-2.0
CPI%	5.4	2.6	2.6	3.0	3.2
India*					
Real GDP%	7.7	4.8	4.6	4.8	5.5
Current A/C% GDP	-3.8	-5.4	-2.8	-2.3	-1.5
Budget Balance % GDP	-7.1	-5.9	-5.9	-4.8	-5.0
CPI %	8.9	9.3	10.9	8.0	7.5

Source: Bloomberg, Emirates NBD Research
**For India the data refers to fiscal year (April – March)*

Emirates NBD

FX Forecasts

FX Forecasts - Major						Forwards		
	Spot 11.03	1M	3M	6M	12M	3M	6M	12M
EUR/USD	1.3860	1.36	1.34	1.30	1.28	1.3859	1.3859	1.3863
USD/JPY	103.0200	104.0	106.0	109.0	112.0	102.9715	102.9140	102.7375
USD/CHF	0.8783	0.90	0.93	0.96	0.98	0.8777	0.8769	0.8750
GBP/USD	1.6617	1.66	1.65	1.63	1.64	1.6605	1.6593	1.6563
AUD/USD	0.8977	0.88	0.87	0.85	0.80	0.8922	0.8866	0.8759
USD/CAD	1.1106	1.10	1.11	1.13	1.15	1.1130	1.1154	1.1201
EUR/GBP	0.8341	0.82	0.81	0.80	0.78	0.8346	0.8352	0.8370
EUR/JPY	142.7800	141	142	142	143	142.7792	142.7784	142.7763
EUR/CHF	1.2173	1.23	1.24	1.25	1.25	1.2163	1.2153	1.2130
EUR/NOK	8.2597	8.25	8.20	8.00	7.75	8.2881	8.3170	8.3749
EUR/SEK	8.8357	8.80	8.70	8.60	8.50	8.8484	8.8613	8.8884
NZD/USD	0.8470	0.83	0.83	0.83	0.82	0.8408	0.8339	0.8193
FX Forecasts - Emerging						**Forwards**		
	Spot 11.03	1M	3M	6M	12M	3M	6M	12M
USD/SAR*	3.7503	3.75	3.75	3.75	3.75	3.7504	3.7511	3.7521
USD/AED*	3.6730	3.67	3.67	3.67	3.67	3.6724	3.6722	3.6717
USD/KWD	0.2815	0.282	0.285	0.282	0.28	0.2930	0.3010	0.3199
USD/OMR*	0.3850	0.38	0.38	0.38	0.38	0.3837	0.3828	0.3803
USD/BHD*	0.3770	0.376	0.376	0.376	0.376	0.3790	0.3810	0.3844
USD/QAR*	3.6415	3.64	3.64	3.64	3.64	3.6435	3.6453	3.6488
USD/EGP	6.9599	6.89	6.89	6.89	6.89	7.1049	7.3749	7.9098
USD/INR	60.9538	62.00	59.00	58.00	57.00	60.9641	60.9755	60.9974
USD/CNY	6.1401	6.15	6.18	6.20	6.20	-	-	-

Data as of 11 March 2014
Source: Bloomberg, Emirates NBD Research

Interest Rate Forecasts

USD Swaps Forecasts					Forwards		
	Current	3M	6M	12M	3M	6M	12M
2y	0.51	0.65	0.70	0.75	0.64	0.81	1.19
5y	1.71	1.90	2.00	2.10	1.87	2.05	2.41
10y	2.87	3.15	3.25	3.35	2.98	3.09	3.31
2s10s (bp)	236	250	255	260	234	229	212
US Treasury Forecasts							
2y	0.37	0.50	0.55	0.60			
5y	1.62	1.75	1.85	1.95			
10y	2.77	3.00	3.10	3.25			
2s10s (bp)	240	250	255	265			
USD LIBOR Forecast							
3m	0.23330	0.25	0.35	0.50			
EIBOR Forecast							
3m	0.81286	0.82	0.95	1.05			
Policy Rate Forecasts							
	Current%	3M	6M	12M			
FED	0–0.25	0.25	0.25	0.25			
ECB	0.25	0.25	0.25	0.25			
BoE	0.50	0.50	0.50	0.50			
BoJ	0.10	0.10	0.10	0.10			
SNB	0.25	0.25	0.25	0.25			
RBA	2.50	2.50	2.25	2.25			
RBI (repo)	8.00	8.00	7.75	7.00			
SAMA (r repo)	0.25	0.25	0.25	0.25			
UAE (1W repo)	1.00	1.00	1.00	1.00			
CBK (dis. rate)	2.50	2.50	2.50	2.50			
QCB (o/n depo)	0.75	0.75	0.75	0.75			
CBB (1W depo)	0.50	0.50	0.50	0.50			
CBO (o/n repo)	2.00	2.00	2.00	2.00			

Prices as of 11 March 2014
Source: Bloomberg, Emirates NBD Research

Global Equities Market Watch

Index	Last Close	Avg Daily Value Traded 30d	Mtd % chg	Ytd % chg	%member above 200d MA	BEst PE	BEst PB	BEst Dvd Yld
Dow Jones Industrial Average Index	16,351	5,447	0.2	-1.4	80	14.7	2.7	2.3
S&P 500 Index	1,868	30,822	0.4	1.0	82	15.9	2.5	2.1
Nasdaq Composite Index	4,307	20,761	0.0	3.1	67	21.2	3.3	1.2
FTSE100 Index	6,686	7,620	-1.8	-0.9	68	13.4	1.8	3.8
DAX Index	9,308	4,675	-4.0	-2.6	73	13.0	1.6	3.0
CAC 40 Index	4,350	4,763	-1.3	1.3	73	13.6	1.4	3.5
Swiss Market Index	8,360	2,749	-1.4	1.9	80	15.9	2.5	3.3
Nikkei Index	15,224	14,948	-0.1	-9.0	66	19.8	1.6	1.6
S&P/ASX 200 Index	5,414	3,948	-0.4	0.6	69	15.1	1.9	4.5
Stoxx Europe 600 Index	331	34,146	-1.9	1.0	76	14.4	1.7	3.5
Dubai Financial Market General Index	4,092	392	-3.6	20.7	65	16.0	1.6	2.6
Abu Dhabi Sec Market General Index	4,783	199	-3.4	11.7	41	13.1	1.8	4.1
Tadawul All Share Index	9,355	2,051	2.7	9.6	76	14.5	2.1	3.3
Istanbul SE National 100 Index	63,066	1,140	0.8	-7.0	18	8.9	1.1	3.5
Egyptian Exchange Index	8,109	83	-0.2	19.6	100	11.7	1.4	2.3
Kuwait Stock Exchange Index	7,520	108	-2.4	-0.5	24	-	-	-
Bahrain Bourse All Share Index	1,387	5	1.1	11.1	20	7.7	1.0	-
Muscat Securities Index	7,078	19	-0.5	3.5	63	11.8	1.5	4.0
Qatar Exchange Index	11,509	142	-2.2	10.9	85	12.3	2.1	4.3
MADEX Free Float Index	7,803	9	1.5	5.2	87	13.6	2.1	4.3
Hong Kong Hang Seng Index	22,270	3,126	-4.0	-5.9	40	10.1	1.2	3.9
Shanghai Composite Index	2,001	16,130	-3.3	-6.0	42	7.8	1.1	3.7
Korea Stock Exchange Index	1,964	3,339	-2.4	-3.9	59	9.5	-	1.4
BSE Sensex	21,826	81	3.8	3.6	80	16.2	2.6	1.6
Nifty	6,512	949	3.9	3.5	84	15.7	2.4	1.7
Karachi Stock Exchange Index	27,309	72	5.9	8.1	84	8.3	1.9	5.6
Taiwan SE Weighted Index	8,702	3,033	0.5	0.9	74	14.7	1.6	3.2
Bovespa Brasil Sao Paulo SE Index	45,698	2,049	-3.0	-11.3	19	9.2	1.0	4.6
Micex Index	1,309	1,185	-11.4	-14.9	22	4.7	0.5	5.4
FTSE/JSE Africa All Share Index	47,613	1,521	0.6	2.9	61	14.4	1.7	3.2
Vietnam Ho Chi Minh Stock Index	589	98	1.5	18.0	87	11.7	2.2	2.9
Jakarta SE Composite Index	4,704	417	1.5	9.7	30	14.7	2.6	2.1
FTSE Bursa Malaysia KLCI Index	1,829	274	-0.9	-2.6	67	16.2	2.2	3.2
Mexican Stock Exchange	38,690	478	-0.2	-9.4	34	17.5	2.3	1.5

Prices as of 11 March 2014
Source: Bloomberg, Emirates NBD Research

GCC Equities

Company	Price LLC	Market Cap (USD mn)	PE 2012	BEst PE 2013	ROE 2012	BEst ROE 2013	PB 2012	ROA 2012	Dvd Yld 2012	BEst DvdYld 2013	RSI	Avg Value Traded 3m (USD mn)
UAE												
Aldar	3.11	6614.6	4.2	17.5	17.6	8.8	0.6	3.7	4.7	1.9	41	59
Deyaar Development	1.25	1919.2	52.5	38.1	1.0	4.2	0.5	0.6	-	-	49	28
Emaar Properties	8.88	15629.8	10.7	20.0	6.6	7.5	0.7	3.5	2.7	1.4	58	44
Arabtec	4.90	4154.1	24.9	43.8	4.8	8.4	1.2	1.6	-	1.4	62	69
Depa	0.69	424.2	-	19.1	-7.3	3.7	0.5	-3.9	0.0	-	54	0
DSI	1.60	995.4	16.8	17.2	3.5	7.6	0.6	1.5	-	1.8	42	25
Agithia	4.44	702.4	10.5	13.9	11.5	14.5	1.2	7.9	2.3	2.1	40	0
Dana Gas	0.47	1455.9	4.9	9.3	7.1	6.3	0.3	4.9	-	-	34	18
Tabreed	1.39	380.4	15.2	23.6	5.8	6.8	0.2	2.7	-	2.4	27	8
Dubai Investments	3.26	3139.8	9.5	-	3.8	-	0.4	2.5	8.2	-	48	26
DFM	2.95	6403.5	231.8	45.2	0.5	5.5	1.1	0.5	0.0	1.7	48	31
Air Arabia	1.49	1893.1	9.3	14.1	7.9	8.4	0.7	5.5	8.4	4.6	39	15
Aramex	3.20	1255.6	12.0	14.6	12.6	13.8	1.5	9.4	5.0	4.3	62	1
DPW	17.90	14857.0	13.0	25.0	9.6	7.1	1.2	4.3	2.1	1.4	49	1
DIB	5.91	6340.2	6.6	11.4	12.6	19.6	0.8	1.2	7.5	4.7	43	17
NBAD	14.75	17641.9	9.2	13.2	15.1	15.2	1.3	1.6	3.4	2.8	45	2
FGB	16.00	16988.8	8.4	12.3	14.8	18.5	1.2	2.5	7.2	5.3	42	13
ADCB	7.17	10923.1	6.1	10.9	14.3	15.7	0.8	1.5	8.3	4.7	57	4
Etisalat	11.95	25830.0	10.7	11.7	16.9	18.4	1.8	8.6	7.7	6.2	49	7
Du	5.90	7280.9	8.1	14.6	28.8	24.7	2.1	15.2	8.6	5.8	30	4
Saudi Arabia												
Dar Al Arkan	11.90	3426.9	9.0	13.9	6.2	5.5	0.5	4.3	-	0.0	59	81
Emaar Economic City	15.55	3524.4	37.2	51.8	2.5	3.6	0.9	1.4	-	-	59	40
Almarai	63.50	10158.4	17.6	21.7	20.2	18.5	3.4	8.2	2.0	1.8	61	10
Othaim	172.50	1034.9	10.8	18.5	28.4	24.3	2.7	10.0	3.6	2.3	70	7
Alhokair	183.00	5123.6	11.8	25.9	35.8	33.4	3.8	18.8	-	1.7	86	6
Jarir Marketing	201.25	4829.6	16.3	23.6	59.0	62.4	9.1	30.8	4.8	3.7	82	6
Savola	62.75	8934.6	14.3	16.9	17.5	19.5	2.4	6.5	3.5	3.3	67	7
Sahara Petchem	21.75	2544.8	29.1	13.2	3.9	12.3	1.1	2.4	3.7	4.2	64	23

Company	Price LLC	Market Cap (USD mn)	PE 2012	BEst PE 2013	ROE 2012	BEst ROE 2013	PB 2012	ROA 2012	Dvd Yld 2012	BEst DvdYld 2013	RSI	Avg Value Traded 3m (USD mn)
Sabic	116.00	92792.6	10.9	12.2	17.5	16.9	1.9	7.4	5.6	4.7	63	125
SIPCHEM	31.90	3118.9	11.6	14.8	10.7	13.1	1.2	4.0	6.5	4.6	67	5
Saudi Kayan	16.20	6479.5	-	19.2	-5.2	8.0	1.3	-1.7	0.0	0.0	64	69
Yansab	71.50	10724.1	10.9	12.7	20.8	20.6	2.1	10.8	-	5.5	46	8
Chemanol	16.10	517.7	17.6	19.3	6.0	6.2	1.0	3.1	-	3.2	60	10
APPC	42.80	1871.6	13.1	13.0	16.1	21.8	2.1	9.9	7.6	5.2	44	7
Safco	169.00	15020.6	13.1	16.3	45.3	41.8	5.7	39.9	7.9	6.5	56	10
Ma'Aden	36.20	8928.6	27.5	29.1	6.2	5.1	1.7	2.2	0.0	0.0	70	27
Tasnee	32.40	5778.9	10.5	11.4	15.3	13.2	1.5	4.1	7.2	5.2	60	15
Saudi Electricity	15.70	17442.7	21.8	22.1	4.8	5.2	1.0	1.1	5.2	4.5	68	13
Saudi Arabian Amiantit	18.00	554.4	14.7	15.3	7.0	8.6	1.1	2.4	6.9	5.7	79	6
Saudi Cable	12.20	247.2	-	20.7	-16.3	3.9	1.1	-4.0	0.0	-	54	5
National Shipping Co	31.60	2654.2	12.0	17.9	9.6	-	1.1	4.6	5.2	3.9	75	12
Al Rajhi Bank	74.00	29597.6	12.4	13.1	22.8	21.4	2.7	3.2	5.0	4.5	67	57
Samba	57.50	13798.9	9.3	10.6	14.5	13.8	1.3	2.2	3.7	3.4	72	9
Riyad Bank	36.40	14558.8	10.0	13.1	11.2	12.4	1.1	1.9	5.7	4.1	47	12
Bank Aljazira	40.90	3271.7	15.6	18.0	10.3	12.0	1.6	1.1	0.0	1.0	70	15
Etihad Etisalat	93.50	19197.1	8.8	10.2	30.6	27.1	2.5	15.8	5.5	5.5	66	25
STC	64.25	34263.9	11.9	11.9	14.8	18.4	1.7	6.3	4.6	3.6	64	29
Zain KSA	650.00	10134.9	12.0	10.6	13.7	14.3	1.9	8.1	6.4	8.2	49	0
Qatar												
Barwa Real Estate	32.90	3515.6	9.0	9.7	9.3	-	0.8	2.0	5.5	-	61	11
IQ	182.00	30237.5	10.8	12.6	29.8	24.8	2.8	24.2	5.5	5.7	40	16
QEWC	171.00	5165.5	9.2	13.1	35.1	23.9	2.6	8.4	5.5	4.1	53	3
QGTS	21.50	3306.3	11.1	14.2	47.6	-	4.8	2.5	6.6	5.5	50	4
QNB	188.00	36125.0	11.0	12.3	18.7	19.4	1.9	2.5	4.6	3.5	49	14
CBQ	76.40	5191.5	8.7	9.3	13.8	13.0	1.2	2.7	8.5	5.0	58	9
DB	58.40	4143.6	8.0	10.1	17.8	15.6	1.4	2.4	8.9	7.1	29	6
QIB	75.50	4899.1	14.3	12.3	10.9	12.2	1.5	1.9	5.0	5.5	45	4
Oman												
Bank Muscat	0.68	3801.4	8.0	9.1	14.3	12.7	1.1	1.8	4.3	4.1	61	2

Company	Price LLC	Market Cap (USD mn)	PE 2012	BEst PE 2013	ROE 2012	BEst ROE 2013	PB 2012	ROA 2012	Dvd Yld 2012	BEst DvdYld 2013	RSI	Avg Value Traded 3m (USD mn)
Kuwait												
KIPCO	690.00	3440.0	16.1	17.3	5.4	-	0.9	0.5	5.1	2.9	62	2
Agility	660.00	2616.2	14.8	16.8	3.9	-	0.6	2.4	5.9	6.0	47	3
NBK	940	15264.3	14.2	12.2	12.8	13.6	1.7	2.0	3.1	3.8	45	8
Burgan Bank	530.00	3054.3	14.7	10.8	11.9	13.7	1.6	1.1	1.9	3.0	38	2
Zain	650.00	10134.9	12.0	10.6	13.7	14.3	1.9	8.1	6.4	8.2	49	5
Egypt												
TMG Holding	8.19	2427.8	16.8	20.4	2.2	2.8	0.4	1.0	-	0.0	69	4
Palm Hill Developments	3.54	685.6	-	15.9	-3.9	5.5	0.8	-0.9	0.0	-	70	7
OCIC	360.33	10814.9	-	18.7	-42.4	14.3	4.3	-10.2	0.0	-	70	0
Sidi Kerir Petchem	19.87	1498.5	8.0	8.9	35.1	51.1	2.8	26.5	10.2	10.0	68	1
El Ezz Steel Rebars	720.30	1382.8	10.5	10.0	19.2	-	2.1	3.8	12.5	8.5	52	0
El Swedy Electric	33.75	1083.2	43.9	22.0	2.3	5.2	1.1	0.8	-	2.1	50	1
GB Auto	38.00	704.2	16.4	15.0	10.6	20.2	1.7	3.6	4.5	3.5	52	0
Oriental Weavers	40.37	521.9	7.6	11.1	9.3	11.4	0.7	4.4	-	5.0	63	0
EFG-Hermes	12.71	1047.9	102.1	49.6	0.7	3.1	0.6	0.1	-	1.4	69	4
CIB	37.04	4790.0	9.3	9.6	22.9	27.5	1.9	2.5	3.6	3.5	68	5
Mobinil	130.21	1870.5	-	-	-9.8	-	6.2	-1.4	-	-	41	0
Telecom Egypt	15.89	3896.5	9.3	10.3	9.3	9.9	0.9	8.0	9.2	8.2	72	2
NMTC	1,880	3366.2	15.7	11.8	9.3	9.7	1.4	5.2	5.3	6.8	57	0

Prices as of 11 March 2014
Source: Bloomberg, Emirates NBD Research

Emirates NBD GCC Cash Bonds/Sukuk*

Security Name	S&P Rating	CCY	Bid	Bid ytm%	1 week ago	1 month ago	3 month ago
Emirate of Abu Dhabi 2014	AA	USD	100.0000	5.3696	-	100.7560	101.5900
Emirate of Abu Dhabi 2019	AA	USD	121.0000	2.3250	122.0330	121.8940	122.7630
Kigndom of Bahrain 2022	BBB	USD	107.9760	4.9406	109.6510	109.8200	104.2180
Waha Aerospace 2020	AA	USD	106.3750	2.8231	106.6790	106.7570	105.7250
CBB International Sukuk 2014	BBB	USD	101.2500	1.2129	101.4880	101.8570	102.7530
CBB International Sukuk 2018	BBB	USD	115.0000	2.8278	114.8350	114.6630	113.5580
Mumtalkat 2015	BBB	USD	103.3700	2.3224	103.6810	103.5720	103.5380
BHRAIN 5 1/2 03/31/20	BBB	USD	106.8040	4.2113	108.1290	107.7770	103.2880
Dubai Government 2014	-	USD	103.0000	1.5711	103.3570	103.7550	104.1070
Dubai Government 2014	-	AED	-	-	-	-	-
Dubai Government 2015	-	USD	107.5000	1.7731	108.0750	108.2010	108.4800
Dubai Government 2017 Sukuk	-	USD	107.5000	2.3939	108.0830	107.6500	106.5720
Dubai Government 2020	-	USD	123.2500	3.7174	123.9980	123.1160	119.7280
Dubai Government 2021	-	USD	109.5000	4.0662	110.0540	109.7460	108.5610
Dubai Government 2022 Sukuk	-	USD	115.7500	4.1460	116.6590	114.9600	111.7500
Dubai DOF Sukuk 2023	-	USD	96.2500	4.3894	97.4520	97.2930	-
Dubai Government 2043	-	USD	87.3750	6.1937	88.6180	87.5550	-
DEWA SUKUK 2018	BBB	USD	100.8750	2.7654	101.5630	101.2540	-
Islamic Development Bank 2014	AAA	USD	101.2500	0.6499	-	101.7500	102.5000
Islamic Development Bank 2015	AAA	USD	102.0000	0.5266	-	-	-
Islamic Development Bank 2016	AAA	USD	103.7500	0.6222	-	104.1250	104.2500
MDC - GMTN B.V. 2014 (Mubadala)	AA	USD	100.0000	5.6322	100.8300	101.2020	102.0410
MDC - GMTN B.V. 2016 (Mubadala)	AA	USD	105.2500	1.2005	105.6820	105.5640	105.7550
MDC - GMTN B.V 2019 (Mubadala)	AA	USD	123.7500	2.6478	124.5650	124.3360	123.4530
MDC - GMTN B.V. 2021 (Mubadala)	AA	USD	112.0000	3.5691	112.7080	111.9620	111.2440
TDIC Finance Ltd 2014	AA	USD	101.5000	1.3195	101.9620	102.2330	103.2550
TDIC Finance Ltd 2014	AA	USD	102.2000	1.2214	102.7150	102.8900	103.5120
JORDAN 3 7/8 11/12/15	BB-	USD	100.2480	3.7165	100.5130	100.3610	100.6340
State of Qatar 2014	AA	USD	100.0000	5.0362	100.3860	100.7550	101.4630
State of Qatar 2015	AA	USD	102.5000	1.0083	103.1540	103.4190	103.5210
State of Qatar 2019	AA	USD	119.5000	2.4314	120.4010	120.0360	119.4220
State of Qatar 2020	AA	USD	113.0000	2.8199	114.4700	113.4570	112.2950
QATAR 9 3/4 06/15/30	AA	USD	153.5380	4.9229	155.5810	154.6720	153.4510
QATAR 4.5 22	AA	USD	107.7500	3.3667	109.5080	108.4620	106.3500
State of Qatar 2040	AA	USD	116.2110	5.2465	118.1780	117.1850	114.7470
State of Qatar 2015	AA	USD	103.5000	0.8750	103.7700	103.9190	103.9530
State of Qatar 2020	AA	USD	110.5000	3.1598	111.6670	110.4140	110.1270

Emirates NBD GCC Cash Bonds/Sukuk*

Security Name	S&P Rating	CCY	Bid	Bid ytm%	1 week ago	1 month ago	
Rakia Capital 2014	A	USD	103.0000	-0.6141	-	103.2330	104.4130
Rakia Capital 2016	A	USD	107.0000	1.4194	107.4080	107.4440	107.1830
IPIC GMTN 2015	AA	USD	103.5000	0.9948	103.7820	103.8000	103.6440
INTPET 4 7/8 05/14/16	AA	EUR	108.4820	0.8895	108.8810	108.9210	108.5650
INTPET 5 7/8 03/14/21	AA	EUR	120.7340	2.5942	121.1190	120.0520	119.0590
IPIC GMTN 2017	AA	USD	106.5000	1.4935	106.7080	106.2640	105.6520
IPIC GMTN 2020	AA	USD	110.7500	3.1948	111.1960	110.2890	108.5570
IPIC GMTN 2022	AA	USD	112.2500	3.7075	112.6590	111.3490	110.4410
Abu Dhabi Commercial Bank 2014	A	USD	102.0000	1.1449	102.2930	102.5770	103.1280
Abu Dhabi Commercial Bank 2016	A	USD	105.8750	1.8148	106.2030	106.0130	105.8940
ADIB Sukuk Perpetual	-	USD	101.2500	7.0167	102.1240	102.3950	-
ADIB Sukuk 2015	-	USD	103.8750	1.3339	104.2010	104.2310	104.2440
ADIB Sukuk 2016	-	USD	104.8750	1.9196	105.3340	105.2600	105.1010
Commercial Bank of Qatar 2014	A-	USD	102.5000	1.2360	103.0140	103.2610	103.6400
Commercial Bank of Qatar 2019	BBB+	USD	119.0000	3.7474	119.9000	119.0570	117.5560
DIB Sukuk 2017	-	USD	106.2500	2.7006	106.6430	105.8560	105.3540
DIB TIER 1 SUKUK	-	USD	97.2500	6.9609	98.1290	-	-
Emirates NBD Bank 2017	-	USD	105.5000	2.7220	106.0300	105.7570	105.0310
Emirates NBD Bank 2023	-	USD	101.5000	5.0247	102.7320	-	-
Emirates Islamic Bank 2017	-	USD	105.5000	2.6895	106.2330	105.8930	105.6350
Emirates Islamic Bank 2018	-	USD	104.2500	2.9602	104.9790	104.4480	103.9010
National Bank of Abu Dhabi 2014	AA-	USD	101.5000	1.3749	102.0050	102.2380	102.7300
National Bank of Abu Dhabi 2015	AA-	USD	103.5000	0.8049	103.9730	104.0210	104.0640
National Bank of Abu Dhabi 2017	AA-	USD	104.5000	1.7183	105.0590	104.8710	104.6020
SIB Sukuk 2016	BBB+	USD	105.0000	2.3564	105.8050	105.4500	105.5170
Qatar Islamic Bank 2015	-	USD	104.0000	1.2510	104.1970	104.2370	104.2220
HSBC Bank Middle East 2015	-	USD	102.0000	1.7223	102.7580	102.6870	102.7110
HBME Sukuk Co LTD (HSBC) 2016	-	USD	104.3000	1.5851	104.6670	104.5290	104.2680
FGB Sukuk Company 2016	-	USD	104.7500	1.7459	105.1700	104.7610	104.5680
FGB Sukuk Company 2017	-	USD	105.5000	2.0394	106.0460	105.8400	105.3670
QNB Finance LTD 2015	A+	USD	103.0000	1.2960	103.5510	103.6580	103.4760
QNB Finance LTD 2017	A+	USD	103.7500	2.0497	104.4500	104.1880	103.7160
Saudi British Bank 2015	A	USD	103.0000	1.1616	103.4420	103.2330	103.1970
UNBUH 3.875 16	-	USD	105.3750	1.7864	105.7120	105.7310	105.3880
BSFR 4 1/4 03/15	-	USD	103.2470	1.0895	103.6250	103.8760	104.1240
BBK 4 1/2 10/28/15	-	USD	103.3960	2.3420	103.7370	103.2180	102.9470
ADCBUH 0 05/09/16	-	USD	97.7500	2.3997	98.2020	97.8390	97.4600

Emirates NBD GCC Cash Bonds/Sukuk*

Security Name	S&P Rating	CCY	Bid	Bid ytm%	1 week ago	1 month ago	
MASQUH 0 01/24/17	-	USD	93.6910	3.6634	94.7500	92.5010	91.6550
ABCORP 0 04/04/17	-	USD	89.7110	5.2058	89.2650	90.8640	88.7550
BGBKKK 7 7/8 09/29/20	-	USD	114.7500	5.1840	115.1270	111.2780	109.5570
QATDIA 5 07/21/20	-	USD	110.5000	3.1598	111.6670	110.4140	110.1270
NBADUH 0 03/15/16	-	AED	96.2500	2.9776	97.0000	97.0000	97.0000
Dubai Holding Comm Op 2014	-	EUR	-	-	-	-	100.1320
Dubai Holding Comm Op 2017	-	GBP	104.9950	4.1201	105.4550	105.1430	104.4710
Al dar Sukuk Funding II 2013	-	AED	-	-	-	-	-
Atlantic Finance Limited 2014	BB	USD	102.1500	-0.2913	102.0870	102.7260	103.8640
Dar Al-Arkan 2015	-	USD	104.0000	6.1949	104.4930	104.4170	105.0650
EMAAR (PYRUS) LTD 2015	-	USD	-	-	-	-	159.4680
EMAAR Sukuk LTD 2016	BBB-	USD	113.7500	2.5051	114.3500	114.0930	113.1940
EMAAR Sukuk LTD 2019	BBB-	USD	111.2500	4.0341	112.3740	111.1930	109.2880
Anka Sukuk (Nakheel 2016)	-	AED	110.0000	5.5577	110.4520	111.1360	107.9570
MAFUAE 5.85 17	BBB	USD	109.7500	2.3389	110.4400	109.9710	108.6100
MAFUAE 2019 5.25%	-	USD	106.9500	3.7890	107.4060	106.7120	105.0220
DEWA Funding Limited 2013	-	AED	-	-	-	-	-
DEWA Funding Limited 2015	-	USD	107.5000	1.5760	107.9540	108.5980	109.2330
DEWA Funding Limited 2016	-	USD	110.3750	2.2356	110.9900	111.1600	111.2720
DEWA Funding Limited 2020	-	USD	119.0000	4.0608	119.8210	119.2670	116.9580
Emirates Airlines 2016	-	USD	105.5000	2.5642	105.7710	105.6110	105.2110
Emirates Airlines 2023	-	USD	97.2500	4.2456	97.9490	96.7400	-
Emirates Airlines 2025	-	USD	95.0000	5.1037	95.9920	94.6840	-
Jafz Sukuk Limited 2019	-	USD	114.3750	3.9430	115.2850	115.0230	114.0230
Dana Gas Sukuk Ltd 2012	-	USD	-	-	-	-	-
DP World Sukuk Limited 2017	-	USD	111.0000	2.7314	111.6990	111.5170	110.3450
DP World Sukuk Limited 2037	-	USD	105.2500	6.4118	105.9670	105.7880	99.5820
Dolphin Energy Ltd 2019	-	USD	111.5000	3.4694	111.8580	111.9280	109.4450
Dolphin Energy Ltd 2021	-	USD	111.2500	3.8080	112.1310	111.6140	109.3510
Abu Dhabi National Energy 2013	-	USD	-	-	-	-	-
Abu Dhabi National Energy 2014	A-	USD	101.5000	1.6905	102.0120	102.2940	102.8630
Abu Dhabi National Energy 2016	A-	USD	110.7500	1.6508	111.2880	111.3420	111.6190
Abu Dhabi National Energy 2017	A-	USD	106.5000	1.8784	107.4210	106.6980	106.3890
Abu Dhabi National Energy 2017	A-	USD	114.2500	2.0444	115.2790	114.4830	114.3450
Abu Dhabi National Energy 2018	A-	USD	119.0000	2.6211	119.9370	119.3620	118.8010
Abu Dhabi National Energy 2019	A-	USD	116.0000	3.0651	116.9730	116.2200	114.3870
Abu Dhabi National Energy 2021	A-	USD	114.0000	3.7712	114.8520	113.5930	111.6370

Security Name	S&P Rating	CCY	Bid	Bid ytm%	1 week ago	1 month ago	
TAQAUH 4 3/8 10/28/13	NR	EUR	-	-	-	-	-
TAQAUH 6 1/2 10/27/36	A-	USD	118.0000	5.1436	118.4800	117.2660	115.9200
QGTS 6.067 12/31/33	AA-	USD	107.2000	5.4662	107.4450	106.5320	105.7610
QGTS 6.267 12/31/33	A+	USD	106.7500	5.6931	107.6690	107.4650	106.6790
Qtel International Fin 2014	A-	USD	101.0000	2.1047	101.5160	101.8520	102.7150
Qtel International Fin 2016	A-	USD	104.5000	1.5843	105.3750	105.3580	105.2370
Qtel International Fin 2019	A-	USD	123.2500	3.0330	125.0190	124.6980	123.5710
Qtel International Fin 2021	A-	USD	106.0000	3.7560	108.4730	107.4450	105.7760
QTELQD 5 10/19/25	A-	USD	102.7500	4.6892	105.0020	103.0660	100.3840
Ras Laffan LNG III 2014	A	USD	102.2500	1.2743	102.7150	103.1050	103.6450
Ras Laffan LNG III 2019	A	USD	119.0000	2.9992	119.3830	118.8750	118.2840
RASGAS 5.298 09/30/20	A	USD	108.6350	3.7936	108.7350	108.4330	108.0100
RASGAS 5.832 09/30/16	A	USD	107.1250	2.8972	106.9510	106.9820	106.9440
RASGAS 5.838 09/30/27	A	USD	109.5000	4.8711	108.7040	107.9960	106.7240
SABIC Capital 2015	A+	USD	102.5000	1.4374	103.2150	103.1670	103.2580
SABIC 4 1/2 11/28/13	NR	EUR	-	-	-	-	-
KWIPKK 8 7/8 10/17/16	BBB-	USD	114.6250	2.9516	114.9390	114.8640	114.9030
KWIPKK 9 3/8 07/15/20	BBB-	USD	124.0500	4.9055	125.0010	123.4300	121.0010

**Prices as of 11 March 2014*

Source: Emirates NBD Sales & Structuring. Prices are indicative only.

Emirates NBD Equity Reverse Convertibles*

Underlying Stock	CCY	Current Price/Strike	Coupon to Investor(flat at maturity) Investment Tenor		
			3M	6M	12M
Aldar Properties	AED	3.12	5.33%	10.90%	-
Abu Dhabi National Energy Co.(TAQA)	AED	1.42	2.14%	3.41%	-
Arabtec Holding Co.	AED	4.90	6.88%	11.06%	-
Emaar Properties PJSC	AED	8.88	4.68%	8.00%	-
Aramex	AED	3.20	2.52%	5.46%	-
Abu Dhabi Commercial Bank	AED	7.16	2.81%	5.57%	-

**Prices as of 11 March 2014.Please note all prices above are indicative and subject to internal approvals.*
Source: Emirates NBD Sales & Structuring

What is a Reverse Convertible?
A Reverse Convertible is a structured product which allows the investor to benefit from a high return based on the view that the underlying will not decline below its initial level.

Mechanism
At maturity, there are 2 scenarios:

- If the underlying closes at or above its initial level, then investor receives 100% of the capital invested and the coupon
- If the underlying closes at or below its initial level, then investor receives 100% of the capital invested and the coupon minus the negative performance of the underlying from initial level. In this scenario, investor may incur capital loss.

Scenario analysis (ex: Aldar Reverse Convertible on 6 months):

- If Aldar is above its initial level in 6 months, then investor receives 100% + 10.90% = 110.90% of the capital invested
- If Aldar declined by -5% from the initial level in 6 months, then investor receives 100% + 10.90% – 5% = 105.90% of the capital invested
- If Aldar declined by -20% from the initial level in 6 months, then investor receives 100% + 10.90% – 20% = 90.90% of the capital invested

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