

# MENA MARKETS REVIEW ISSUE 033

**JULY 2019**

## **HIGHLIGHTS**

After a relatively quiet month, volatility spiked at the end of July driven by monetary policy actions and a surprise return of trade tensions.

The Federal Reserve cut interest rates in its July meeting for the first time since the financial crisis. Financial markets' initial reaction was negative after Powell's press conference comments.

Shortly after the Fed decision, threats of new trade tariffs on China caused financial markets to tumble across the globe after month-end.

Most GCC central bank followed the policy action of the Fed and reduced their benchmark rates by 25 bps, while Kuwait left rate unchanged.

In the GCC the picture was mostly positive in July. Dubai and Abu Dhabi led the pack with monthly gains of 9.77% and 6.79%. They were followed by Bahrain and Kuwait with 5.21% and 4.88% respectively. Kuwait's Premier Market Index is now up 28% since the beginning of the year, by far leading its GCC peers.

---

### FED CUTS INTEREST RATES FOR THE FIRST TIME IN A DECADE

The Federal Reserve cut interest rates in July for the first time since the financial crisis, lowering the Fed Funds target range 25 bps to 2.00-2.25%. The move was seen as a precautionary step in light of risks to the global economy, including slowing global trade, as well as below-target inflation, which stood at 1.6% y/y in June on the core PCE measure. Financial markets reacted negatively to the cut on news that two FOMC members had voted against the move and then Fed Governor Jay Powell's comments that it was a "mid-cycle adjustment" and not the start of a broader easing cycle. President Trump also continues to pile pressure on the Fed to act to support growth, claiming that Powell had "let us down" by avoiding a larger cut in July. News of the US's latest tariff hikes on China have subsequently put rate cuts firmly back on the agenda however, with futures markets now fully pricing-in a cut at the Fed's next meeting in September.

The Fed's task is made still more challenging by data showing mixed signals on the economy. GDP growth came in at an annualized 2.1% in 2Q19, beating the consensus though down from 3.1% in Q1. Consumer spending surged 4.3% and remains well-supported by a strong labor market, as unemployment was steady and close to record lows at 3.7% in July, and wage growth edged up to 3.2% y/y - well above inflation. But private investment (-0.8%) and exports (-5.2%) contracted in Q2, reflecting a weak housing sector and softening external conditions, and PMI survey measures show the manufacturing sector at or close to recession territory. GDP growth is forecast to be broadly steady at close to 2% in 3Q19, which is slightly below its long-term trend. But in our view, the risk of a major slowdown that might justify much more aggressive Fed easing remains low, although the risk may have increased with latest tariff news.

### EUROPEAN GROWTH FALLS, ECB MULLS INFLATION TARGET SHIFT

Meanwhile weaker international demand in particular continues to heighten concerns over growth in the Eurozone. GDP growth slowed to just 0.2% q/q in 2Q19

from 0.4% in Q1, with worries that the German economy may be tipping towards recession. Germany's manufacturing PMI fell to a seven-year low of just 43.1 in July amid falling export orders, and while the service sector is proving comparatively resilient, industrial weakness could yet spread to other parts of the economy and contrasts earlier hopes of a revival in 2H19. GDP growth also decelerated in other Eurozone countries including Spain (0.5%), France (0.2%) and Italy (0.0%) – growth in the latter having been positive in only one of the past five quarters. The Eurozone labor market remains encouragingly solid, with the unemployment rate ticking down to an 11-year low of 7.5% in June. But the pace of decline was the smallest since October, hinting that the fallout from softer economic growth may be growing.

The European Central Bank (ECB) left policy on hold in July as expected but signaled a bias towards future easing in a bid to tackle the economic slowdown and stubbornly-low inflation. The bank's forward guidance stated that interest rates would remain "at their present or lower levels" until at least mid-2020, implying that the policy deposit rate could be cut from its current level of -0.4% at the next meeting in September, while a restart of the asset purchase program may also be on the cards. Fueling anticipation of looser policy, the bank is mulling a shift in its long-standing inflation target from "below but close to 2%" to a more symmetrical 2% target, implying greater tolerance for higher inflation, which slipped to just 1.1% in July in the Eurozone. But a target shift may not have unanimous support among ECB Governing Council members and with bank president Mario Draghi set to leave his post at the end of October, the decision is likely to fall upon his successor, Christine Lagarde.

In the UK, former foreign secretary and London Mayor Boris Johnson was elected leader of the Conservative Party and Prime Minister, promising to take the UK out of the EU at the end of October "come what may" and if necessary without a withdrawal agreement, with

---

parliament having rejected former PM Theresa May's negotiated deal with the EU three times. Johnson has set as a precondition to talks on a new deal the removal of the 'Irish Backstop' component, which so far, the EU is refusing. Johnson's room for maneuver is limited by precarious parliamentary arithmetic and a rebel group within his own party, who could eventually bring the government down and force a general election. The uncertainty is piling pressure on the British pound, which fell 4% versus the US dollar in July to a more than two-year low, and GDP may have flat-lined in 2Q19. In the event of a 'no deal' Brexit, the Bank of England is likely to cut interest rates from their current 0.75% while a government budget mooted for early October could announce a sizeable fiscal loosening on top of money already announced to prepare for 'no deal'.

#### **TRADE WOES, SOFT INFLATION FUEL CHANCES OF BOJ EASING**

Japanese exports fell for the seventh straight month in June (-6.7% y/y) amid weaker Chinese demand, as the ongoing trade war with the US continues to weigh on manufacturers' demand for intermediate products. Japan's brewing trade war with South Korea could add additional downward pressure on export growth in the near-to-medium term. Imports also fell for the second consecutive month in June by a steeper -5.2% y/y, pointing to continued softness in domestic conditions. Meanwhile, core inflation fell to an almost two-year low of 0.6% in June, fueling speculation of further monetary easing, especially against a backdrop of a softening economy. On the political front, Prime Minister Shinzo Abe declared victory in elections to the upper house but fell short of winning the two-thirds majority that would give him the power to change the constitution which he planned to do next year.

#### **CHINESE GROWTH SLOWS TO 27-YEAR LOW, YUAN FALLS**

Chinese economic growth eased from 6.4% y/y in 1Q19 to a 27-year low of 6.2% in 2Q19 against a backdrop of softer domestic as well as external conditions. Better-than-expected industrial output (6.3% y/y) and retail sales figures (9.8%) for June offered some solace however, reflecting pockets of

strength in the domestic economy, perhaps supported by pro-growth measures laid out over the past couple of months. Indications are the economy continues to weaken bolstering the case for more support to shore up growth especially after the latest flaring up of the trade dispute with the US. The government is likely to roll out further stimulus in the months ahead, having announced that it will remove some foreign ownership limits in the financial sector in 2020 (a year earlier than initially planned) to prop up foreign investment inflows.

Meanwhile, the yuan has felt the pressure from slower growth and the latest US tariff measures, falling past RMB7/US\$1 in early August for the first time in 11 years. There is a view that the authorities may tolerate a weaker currency as a further stimulus measure, as well as a countermeasure against the US. Indeed, the fall led the US to formally designate China a "currency manipulator".

#### **MACRO CONCERNS TAKE THEIR TOLL ON OIL MARKETS**

Oil prices have been under pressure again due to concerns about global economic growth sparked by deteriorating US-China trade relations. Brent crude fell 2.1% in July to \$65.2/bbl then a sharper 8% to just below \$60 in early August on rising trade tensions. Such macro concerns have dominated market sentiments in recent weeks, overshadowing the few bullish stories emerging. In the US, the EIA reported last week that commercial crude stocks had by 26 July declined for the sixth consecutive week, a sign that refineries have been busy meeting usually high summer demand for petroleum products. Moreover, on the supply side, while OPEC continues to over-comply with its production cuts (122% for OPEC-11 in June), Venezuelan and Iranian production looks to be in freefall, with indications that disruptions in Libya could also be added to the increasingly fraught geopolitical landscape.

#### **NBK: ECONOMIC RESEARCH**

Tel: +965 2259 5500

Email: [econ@nbk.com](mailto:econ@nbk.com)

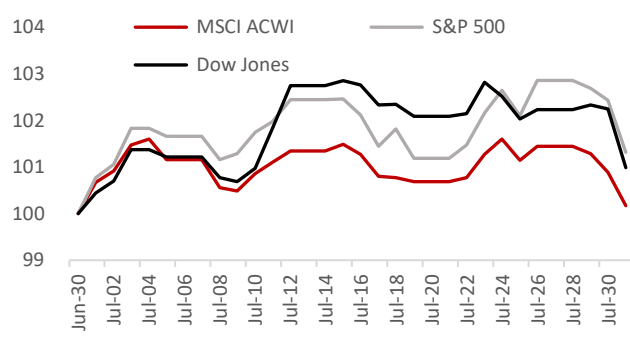
[www.nbk.com](http://www.nbk.com)

---

**GLOBAL EQUITIES**

Markets moved mostly sideways during the month awaiting the outcomes of the highly anticipated policy meetings of the US Federal Reserve and the ECB at the end of July, in addition to developments in the US-China trade negotiations. The MSCI AC World Index remained practically flat adding 0.17% during the month, while the MSCI EM Index declined by 1.69%. The last week of July was the most eventful in terms of policy moves. On July 25, the ECB kept key interest rates unchanged but hinted that a rate cut could be on the horizon along with more monetary easing. The ECB president Mario Draghi said that he expects rates to remain “at their present or lower levels” at least through the first half of 2020.

**Chart 1: MSCI ACWI, S&P 500 & Dow Jones**



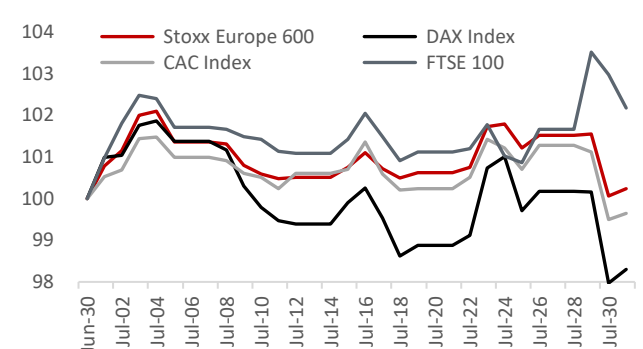
Source: Bloomberg (figures rebased)

The Federal Reserve, as was widely expected, lowered its target rate by 25bps to a range of 2.0-2.25% which marks the first interest rate cut since the financial crisis. The immediate market reaction was largely negative as Chairman Powell hinted that this might be a one-off by saying that “we are thinking of it as a mid-cycle adjustment to policy”. He later clarified that the Fed could cut rates again soon, but the cycle of cuts wouldn’t last for long. The markets had been expecting another cut before the end of the year. Shortly after the month-end President Trump said that he would impose a 10% tariff on an additional \$300 billion worth of Chinese imports in the middle of trade talks then China threatened to retaliate. Stock markets and oil tanked while treasury bonds rallied sending yields to 3-year lows.

The S&P 500 had traded for most of the month above the 3,000 level but broke down after the Fed decision losing 1.09% during the last day of July to close up 1.31% for the month at 2,980.38. Similarly, the Nasdaq climbed steadily to new highs in July to close the month up 2.11% after losing 1.19% on the last trading day.

US economic growth remains a potential concern in the face of global and domestic headwinds. Manufacturing activity surprised on the downside; the ISM manufacturing PMI, which was expected to grow to 52.0, dropped to 51.2 in July from 51.7 the previous month. Inflation continued to weaken as the Personal Consumption Expenditures (PCE) recorded 1.4% in June undershooting expectations of 1.7%, while the Core PCE recorded 1.6% versus an expected 1.7%. Preliminary GDP figures for Q2 showed a decline to 2.1% from 3.1% for the first quarter of 2019.

**Chart 2: European and UK Equities**



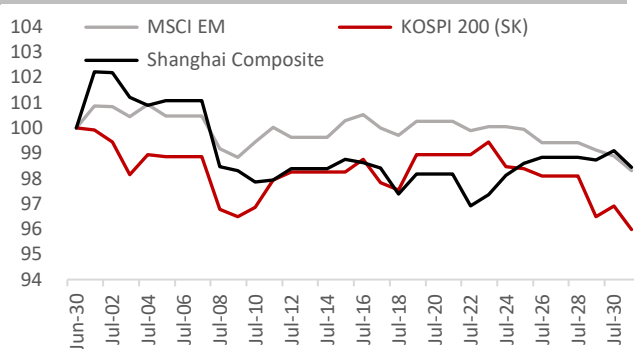
Source: Bloomberg (figures rebased)

In Europe, the markets picture was mixed but indices generally followed the same pattern with mostly sideways movement during the month then tanking after the escalation of trade tensions. The Stoxx Europe 600 added 0.23% in July after a solid performance during the previous month. The German DAX declined by 1.69% while the French CAC40 retreated by 0.36% in July after recording gains of 5.73% and 6.36% in June. European GDP declined marginally to 1.1% in Q2 according to preliminary estimates down from 1.2% in Q1 but came in better than expectations of 1.0%. Manufacturing activity remained weak with the Markit Manufacturing PMI declining to 46.4 in July down from 47.6. The President of the ECB acknowledged the weakness and said that “a significant degree of

monetary stimulus continues to be necessary to ensure that financial conditions remain very favorable and support the euro expansion". Mr. Draghi also said that the ECB is examining additional options to support the Eurozone economy including studying "options for the size and composition of potential new net asset purchases". Draghi hinted to a possible rate cut at a time where the market is expecting two cuts of 10 basis points each in September and December.

In the UK, the FTSE 100 Index added 2.17% during July at time when the new Prime Minister looks to be taking a hard stance on the Brexit negotiations with the EU. Manufacturing activity seems to have stabilized in July after having trended downwards since the end of 2017. The July Markit Manufacturing PMI recorded 48.0, at par with the previous month and marginally better than expectations of 47.7.

**Chart 3: MSCI EM vs South Korea vs China**



Source: Bloomberg (figures rebased)

The performance of Emerging markets was generally negative with the MSCI EM and the MSCI Asia ex-Japan down 1.69% and 2.17% respectively. The declines were led by significant drops in Mexico and India as the Mexico Stock Exchange Index and the Indian Nifty 50 retreated by 5.32% and 5.69%, while the Shanghai Composite was down 1.56%. Turkey's Borsa Istanbul 100 Index, on the other hand, built on its previous month's gains and added 5.80% during the month of July.

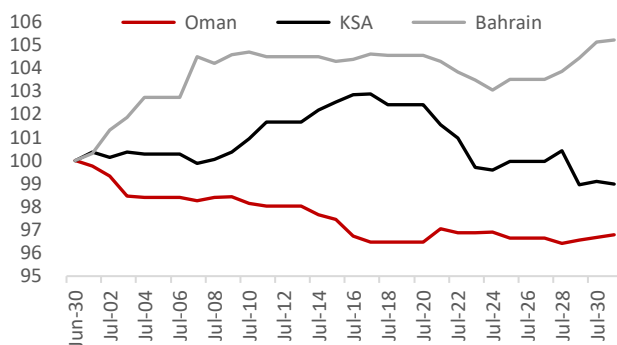
**REGIONAL EQUITIES**

Brent oil ended the month of July down 2.07% to \$65.17/bbl, while WTI was practically unchanged at

\$58.58/bbl edging up only 0.19% for the month, which, according to Bloomberg, is the smallest monthly percentage move since 1991. The oil market was squeezed between fears of a slowing global growth and the very slow pace of the trade negotiations between the US and China, on one hand, and the fears of supply disruptions due to tensions in the Middle East. One day after month end, however, this changed as oil had its largest one-day drop day in four years when President Trump threatened China with a 10% tariff on an additional \$300billion of Chinese imports. This triggered a market-wide sell-off and Brent dropped 7.2% to \$60.50/bbl, while WTI saw an 8.0% drop to \$53.95/bbl.

In the GCC markets the picture was mostly positive with the exception of the Saudi market. The S&P GCC Composite Index edged up during the month advancing by 0.62% despite the strong performance of key markets such as Kuwait, Dubai and Abu Dhabi. The performance of the GCC index was dragged down by a weak month in Saudi Arabia's Tadawul All Share Index after a strong performance in June.

**Chart 4: Performance of Oman, KSA, & Bahrain**

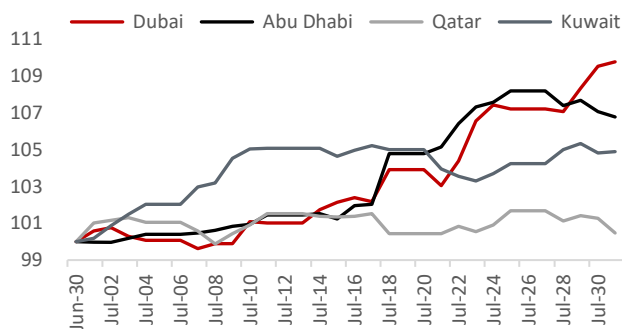


Source: Bloomberg (figures rebased)

Most GCC central banks followed the Fed's lead and cut their benchmark interest rate. In Saudi Arabia, the repo rate was cut by 25bps from 3.0% to 2.75% and the reverse repo by the same magnitude to 2.25%. In Bahrain the overnight rate was cut from 2.50 to 2.25% and the lending rate from 4.50% to 4.25%. Similarly, Qatar's and the UAE's Central Banks cut their reference rates by 25bps, while Kuwait decided to keep its discount rate unchanged.

In Saudi Arabia, the Tadawul All Share index retreated by 1.01% for the month of July. The market started the month strong and added 2.9% during the first 2 weeks of trading. Oil price pressures and geopolitical tensions in the region, in addition to the expected negative effect on bank margins from the anticipated Fed rate cut, however, accumulated pressure on the markets and caused a course reversal which led the index to close the month in negative territory. Moreover, oil price weakness which started around the end of April caused Saudi to go back to a budget deficit in Q2 after recording the first surplus since 2014 in Q1. According to official data, Saudi Arabia posted a budget deficit of SAR 33.5 billion.

**Chart 5: Performance of Dubai, Abu Dhabi, Qatar & Kuwait**



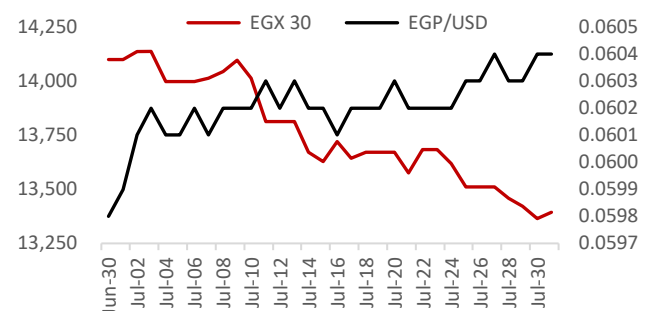
Source: Bloomberg (figures rebased)

In the UAE, Dubai was the top GCC performer for July adding 9.77%, followed by Abu Dhabi with a 6.79% increase. The UAE markets were supported by a variety of factors. The DFM General Index has been trending down for the most part for the last five years and is now looking attractive compared to other EM. In addition to this, loosening ownership limits on key listed companies is increasingly attracting foreign flows looking for new opportunities after the effect of the EM upgrades of Kuwait and Saudi Arabia started to taper off.

Bahrain ranked second in terms of performance after the UAE with the Bahrain All Share Index adding 5.21% during July, lifting its year-to-date performance to 15.74%. It was followed by Kuwait as the Boursa Kuwait

All Share Index continued its drive upwards for the seventh consecutive month this year to close July at 4.88%. On a year-to-date basis the index is up 20.42%, putting in the top position among its GCC peers. The Boursa Kuwait Premier Market Index, on the other hand, continued to outperform the general market gaining 5.76% in July, and with a total performance of 28% for the year, it is by far leading the GCC markets with Bahrain and Dubai distant seconds at 15.74% and 15.36% respectively.

**Chart 6: EGX 30 Index & EGP/USD**



Source: Bloomberg

In Doha, the Qatar Exchange Index was range-bound during July and closed the month up marginally at 0.47%. The index is the worst performer in the GCC after Oman with a year-to-date gain of 2.0%. Oman, on the other hand, is still stuck in a downward spiral that drove its index to record a loss of 13.0% so far this year after retreating by 3.2% in July.

Over in Egypt, the equity market continues to be volatile with a loss of 5.0% in July following a gain of 2.4% in June. For the year, the index is up 2.74%.

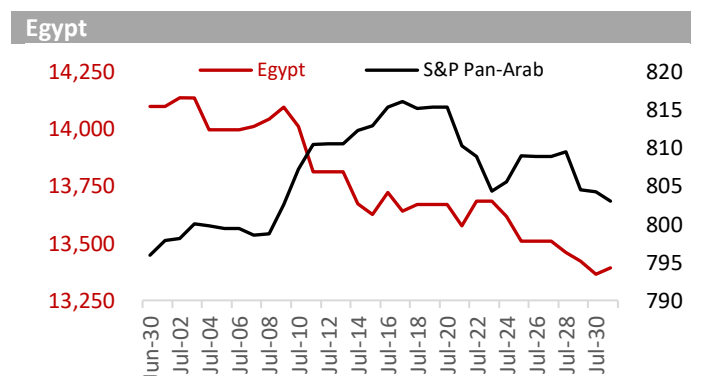
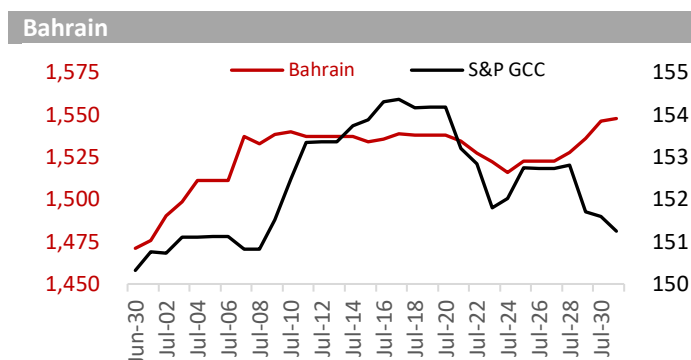
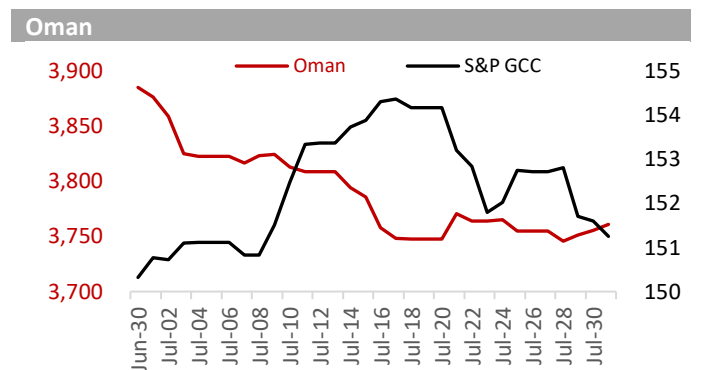
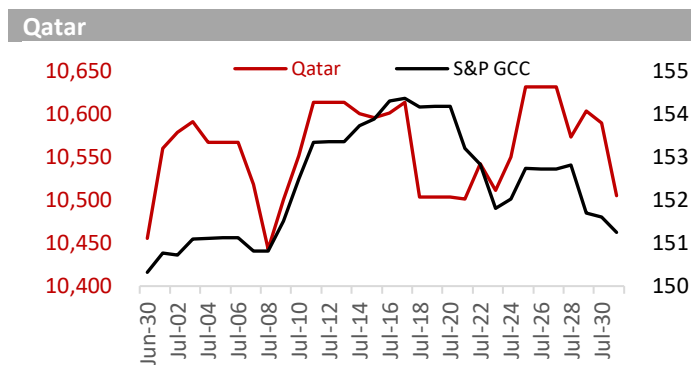
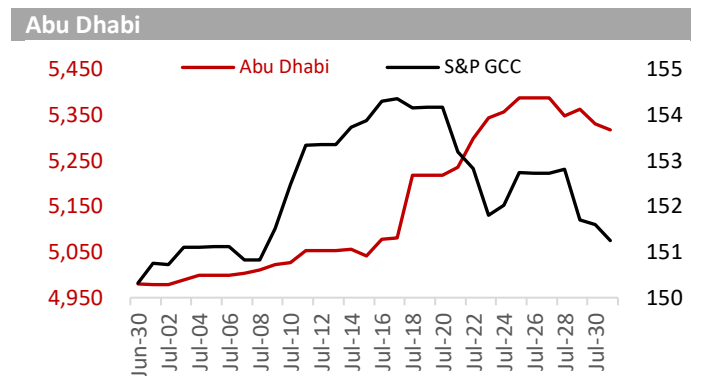
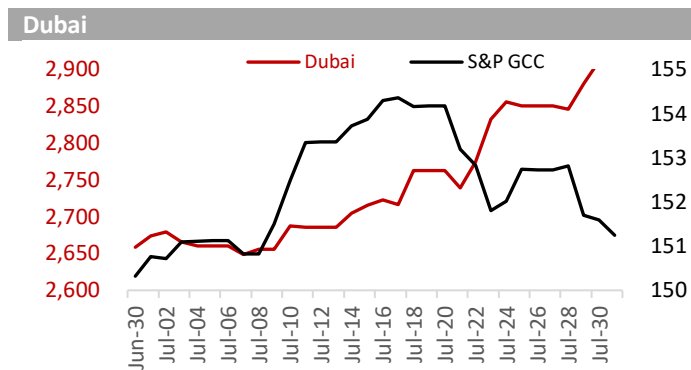
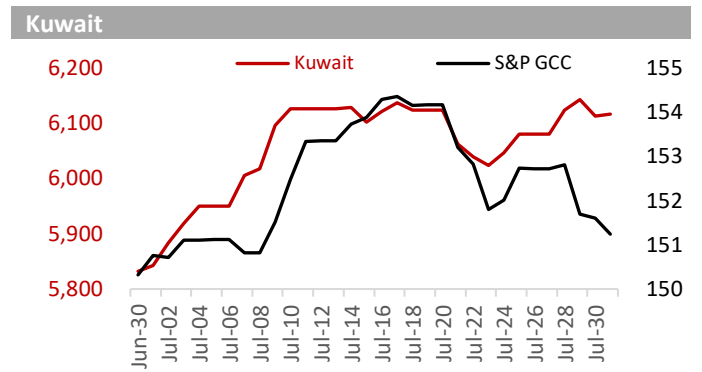
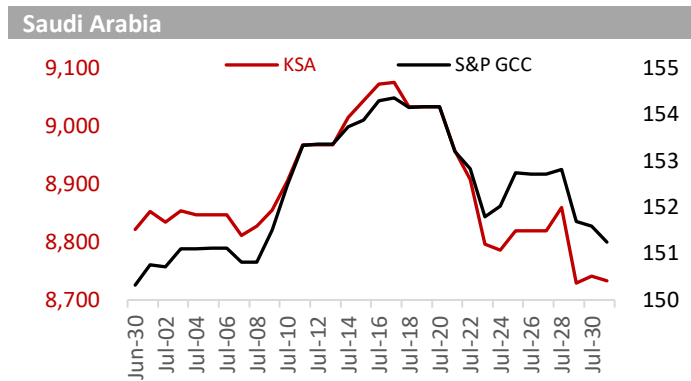
**NBK CAPITAL: STRUCTURED INVESTMENTS & ADVISORY**

Tel: +965 2224 5111

Email: nbkc.sia@nbkcapital.com

[www.nbkcapital.com](http://www.nbkcapital.com)

Stock Market Performance – as of July 31, 2019:



All indices are in local currencies, except for the S&P GCC and S&P Pan Arab, both of which are denominated in USD.  
Source: Bloomberg

**Market Data – as of July 31, 2019:**

Equity*	Last Price	% Change			
		Monthly	Quarterly	YTD	1Yr Trailing
<b>Global</b>					
MSCI AC World Index (USD)	524.35	0.17%	0.17%	15.07%	0.87%
MSCI EAFE (USD)	1,897.12	-1.31%	-1.31%	10.31%	-5.43%
MSCI EM (USD)	1,037.01	-1.69%	-1.69%	7.38%	-4.64%
<b>US</b>					
S&P 500 Index	2,980.38	1.31%	1.31%	18.89%	5.83%
Dow Jones Industrial Average	26,864.27	0.99%	0.99%	15.16%	5.70%
NASDAQ Composite Index	8,175.42	2.11%	2.11%	23.21%	6.56%
Russell 2000 Index	1,574.61	0.51%	0.51%	16.76%	-5.76%
<b>Developed</b>					
Stoxx Europe 600	385.77	0.23%	0.23%	14.25%	-1.49%
FTSE 100 Index	7,586.78	2.17%	2.17%	12.76%	-2.09%
DAX Index	12,189.04	-1.69%	-1.69%	15.44%	-4.81%
CAC 40 Index	5,518.90	-0.36%	-0.36%	16.66%	0.14%
Nikkei 225	21,521.53	1.15%	1.15%	7.53%	-4.58%
Hang Seng Index	27,777.75	-2.68%	-2.68%	7.48%	-2.82%
<b>Emerging Markets</b>					
Russia Stock Exchange	2,739.50	-0.95%	-0.95%	15.62%	18.03%
Turkey - Borsa Istanbul 100 Index	102,082.50	5.80%	5.80%	11.85%	5.29%
MSCI Asia ex Japan	638.47	-2.17%	-2.17%	7.02%	-5.34%
Shanghai Composite	2,932.51	-1.56%	-1.56%	17.59%	1.95%
India - NIFTY 50	11,118.00	-5.69%	-5.69%	2.35%	-2.10%
Taiwan Stock Exchange	10,823.81	0.87%	0.87%	11.27%	-2.11%
Brazil Ibovespa Index	101,812.10	0.84%	0.84%	15.84%	28.52%
Mexico Stock Exchange	40,863.09	-5.32%	-5.32%	-1.87%	-17.78%
<b>MENA</b>					
S&P Pan Arab (USD)	803.08	0.90%	0.90%	10.20%	5.61%
S&P GCC Composite (USD)	151.25	0.62%	0.62%	11.44%	8.07%
KSA - Tadawul All Share Index	8,732.62	-1.01%	-1.01%	11.57%	5.28%
Dubai - DFM General Index	2,918.38	9.77%	9.77%	15.36%	-1.27%
Abu Dhabi - ADX General Index	5,317.90	6.79%	6.79%	8.20%	9.43%
Qatar Exchange Index	10,505.00	0.47%	0.47%	2.00%	6.92%
Boursa Kuwait All Share Index	6,116.66	4.88%	4.88%	20.42%	18.37%
Oman - Muscat Securities Market 30 Index	3,760.63	-3.20%	-3.20%	-13.02%	-13.28%
Bahrain Bourse All Share Index	1,547.68	5.21%	5.21%	15.74%	13.94%
Egypt - EGX 30	13,392.47	-5.02%	-5.02%	2.74%	-14.04%
Morocco - MADEX	9,463.61	3.05%	3.05%	2.50%	-0.96%
Jordan - ASE Index	1,873.46	-0.16%	-0.16%	-1.85%	-6.69%

\*All Indices are in local currency, unless otherwise noted.

Source: Bloomberg



**Market Data – as of July 31, 2019:**

Fixed Income	Last Price	% Change			
		Monthly	Quarterly	YTD	1Yr Trailing
<b>Bond Indices</b>					
J.P. Morgan Global Aggregate Bond (USD)	596.22	-0.16%	-0.16%	5.69%	6.39%
Barclays US Aggregate Bond	2,176.49	0.22%	0.22%	6.35%	8.08%
US Government Total Return Value Unhedged (USD)	2,294.47	-0.11%	-0.11%	5.03%	7.53%
Bloomberg Barclays US Corp Bond Index	3,125.11	0.56%	0.56%	10.47%	10.42%
Bloomberg Barclays US Corp High Yield Bond Index	2,110.98	0.56%	0.56%	10.56%	6.92%
Global Treasury ex US Total Return Index Value Unhedged	661.18	-0.59%	-0.59%	4.37%	4.66%
Global Agg Corporate Total Return Index Value Unhedged	270.56	0.07%	0.07%	8.32%	7.23%
JPM Emerging Market Bond Index (USD)	862.21	1.15%	1.15%	11.87%	10.33%
Bloomberg Barclays EM High Yield Bond Index (USD)	1,391.34	1.21%	1.21%	11.35%	9.66%
<b>US Treasury Yields (%)</b>	<b>Current</b>	<b>3 M ago</b>	<b>6 M ago</b>	<b>12 M ago</b>	
3 Month Yield	2.062	2.417	2.386	2.020	2.062
2 Year Yield	1.872	2.345	2.502	2.669	1.872
5 Year Yield	1.827	2.345	2.503	2.848	1.827
10 Year Yield	2.014	2.541	2.684	2.960	2.014
30 Year Yield	2.525	2.930	3.025	3.082	2.525
<b>Global Treasury Yields (%)</b>	<b>Current</b>	<b>3 M ago</b>	<b>6 M ago</b>	<b>12 M ago</b>	
British 10 Year Gilt	0.611	1.187	1.248	1.330	
German 10 Year Bund	-0.440	0.030	0.166	0.443	
Japan 10 Year Treasury	-0.153	-0.040	-0.012	0.062	
<b>Commodities</b>					
Commodities	Last Price	% Change			
		Monthly	Quarterly	YTD	1Yr Trailing
<b>Precious Metals</b>					
Gold Spot	1,413.78	0.30%	0.30%	10.24%	15.49%
Silver Spot	16.26	6.20%	6.20%	4.97%	4.78%
<b>Energy</b>					
WTI Crude	58.58	0.19%	0.19%	29.00%	-14.81%
Brent Crude	65.17	-2.07%	-2.07%	21.13%	-12.23%
Natural Gas	2.23	-3.25%	-3.25%	-24.05%	-19.73%
<b>Currencies</b>					
Currencies	Last Price	% Change			
		Monthly	Quarterly	YTD	1Yr Trailing
EUR-USD	1.108	-2.61%	-2.61%	-3.41%	-5.26%
GBP-USD	1.216	-4.23%	-4.23%	-4.67%	-7.35%
USD-JPY	108.780	0.86%	0.86%	-0.83%	-2.75%
KWD-USD	3.283	-0.37%	-0.37%	-0.40%	-0.61%
<b>Interbank Rates (%)</b>					
		<b>1M</b>	<b>3M</b>	<b>6M</b>	<b>12M</b>
London Interbank		2.230	2.253	2.192	2.189
Saudi Interbank		2.603	2.627	2.627	2.654
Emirates Interbank		2.474	2.575	2.700	2.854
Qatar Interbank		2.625	2.763	2.938	3.238
Kuwait Interbank		2.500	2.750	2.938	3.188

Source: Bloomberg

**Disclaimer:**

*The information, opinions, tools, and materials contained in this report (the "Content") are not addressed to, or intended for publication, distribution to, or use by, any individual or legal entity who is a citizen or resident of or domiciled in any jurisdiction where such distribution, publication, availability, or use would constitute a breach of the laws or regulations of such jurisdiction or that would require Watani Investment Company KSCC ("NBK Capital") or its parent company, its subsidiaries or its affiliates (together "NBK Group") to obtain licenses, approvals, or permissions from the regulatory bodies or authorities of such jurisdiction. The Content, unless expressly mentioned otherwise, is under copyright to NBK Capital. Neither the Content nor any copy of it may be in any way reproduced, amended, transmitted to, copied, or distributed to any other party without the prior express written consent of NBK Capital. All trademarks, service marks, and logos used in this report are trademarks or service marks or registered trademarks or registered service marks of NBK Capital.*

*The Content is provided to you for information purposes only and is not to be used, construed, or considered as an offer or the solicitation of an offer to sell or to buy or to subscribe for any investment (including but not limited to securities or other financial instruments). No representation or warranty, express or implied, is given by NBK Capital or any of its respective directors, partners, officers, affiliates, employees, advisors, or representatives that the investment referred to in this report is suitable for you or for any particular investor. Receiving this report shall not mean or be interpreted that NBK Capital will treat you as its customer. If you are in doubt about such investment, we recommend that you consult an independent investment advisor since the investment contained or referred to in this report may not be suitable for you and NBK Capital makes no representation or warranty in this respect.*

*The Content shall not be considered investment, legal, accounting, or tax advice or a representation that any investment or strategy is suitable or appropriate for your individual circumstances or otherwise constitutes a personal recommendation to you. NBK Capital does not offer advice on the tax consequences of investments, and you are advised to contact an independent tax adviser.*

*The information and opinions contained in this report have been obtained or derived from sources that NBK Capital believes are reliable without being independently verified as to their accuracy or completeness. NBK Capital believes the information and opinions expressed in this report are accurate and complete; however, NBK Capital gives no representations or warranty, express or implied, as to the accuracy or completeness of the Content. Additional information may be available upon request. NBK Capital accepts no liability for any direct, indirect, or consequential loss arising from the use of the Content. This report is not to be relied upon as a substitution for the exercise of independent judgment. In addition, NBK Capital may have issued, and may in the future issue, other reports that are inconsistent with and reach different conclusions from the information presented in this report. Those reports reflect the different assumptions, views, and analytical methods of the analysts who prepared the reports, and NBK Capital is under no obligation to ensure that such other reports are brought to your attention. NBK Capital may be involved in many businesses that relate to companies mentioned in this report and may engage with them. Past performance should not be taken as an indication or guarantee of future performance, and no representation or warranty, express or implied, is made regarding future performance. Information, opinions, and estimates contained in this report reflect a judgment at the report's original date of publication by NBK Capital and are subject to change without notice.*

*The value of any investment or income may fall as well as rise, and you may not get back the full amount invested. Where an investment is denominated in a currency other than the local currency of the recipient of the research report, changes in the exchange rates may have an adverse effect on the value, price, or income of that investment. In the case of investments for which there is no recognized market, it may be difficult for investors to sell their investments or to obtain reliable information about their value or the extent of the risk to which they are exposed.*

*NBK Capital has not reviewed the addresses of, the hyperlinks to, or the websites referred to in the report and takes no responsibility for the content contained therein. Such address or hyperlink (including addresses or hyperlinks to NBK Capital's own website material) is provided solely for your convenience and information, and the content of the linked site does not in any way form part of this document. Accessing such websites or following such links through this report or NBK Capital's website shall be at your own risk.*

*NBK Group may have a financial interest in one or any of the securities that are the subject of this report. Funds managed by NBK Group may own the securities that are the subject of this report. NBK Group may own units in one or more of the aforementioned funds.*

*NBK Group may be in the process of soliciting or executing fee-earning mandate or doing business for companies that are either the subject of this report or are mentioned in this report. As a result, you should be aware that NBK Group may have material conflict of interest that could affect the objectivity of this report.*

---