KAMCO Research

Oil Market Monthly Report

March - 2019

In this Report...

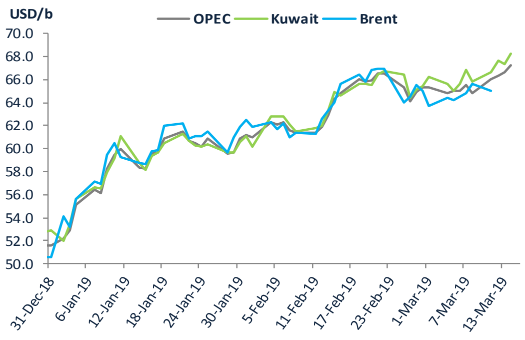
Oil at 4-month high on lower inventory and supply cuts...

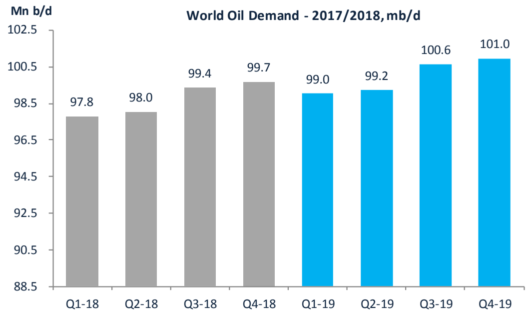
A wave of newsflow supporting oil prices pushed crude benchmarks to a four month high during mid-March-19. *The consistent gains came on the back of continued supply cuts by OPEC+ countries in addition to an unexpected drop in oil inventories in the US that had recently reached a 17-month high level. In addition, prices also got support from a recent drop in US crude production estimates, albeit marginally by 100 tb/d w-o-w, to 12 mb/d for the week ended 8-March-19, as per IEA data. This was the first time in six months where US production forecast was lowered by the agency in its latest Short Term Energy Outlook. According to reports, smaller drillers are facing difficulties in adding capex to keep pumping oil while bigger players continue unabated. Furthermore, Canada faces a peculiar situation of delay in pipeline construction in addition to production curbs by provincial governments.*

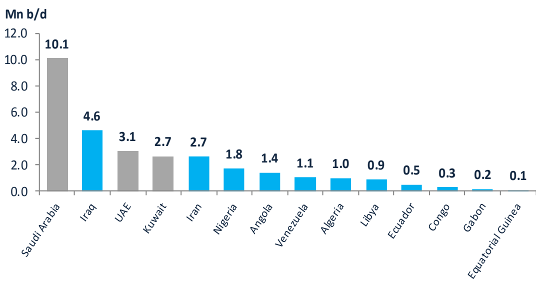
Elsewhere, supply from UK has also remained weak for the third consecutive month in February-19 owing to lower production. ***Meanwhile, supplies from Venezuela continued to dwindle in March-19 following a nation-wide power cut that crippled the country's oil production facilities. A monthly update from IEA said that the decline in global oil production led by Venezuela and Iran coupled with strong demand could push the oil market into deficits during Q2-19.***

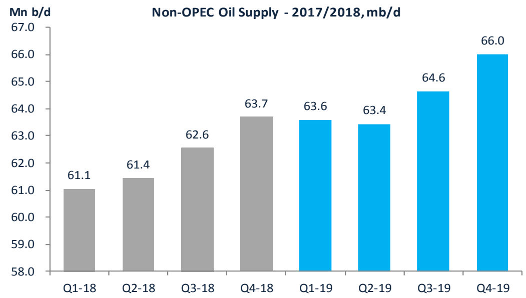
Supply from OPEC continued to decline in February-19 sliding by more than 0.5 mb/d to reach a 4-year low level of 30.5 mb/d, according to data from Bloomberg. The decline came primarily on the back of continued cuts from Saudi Arabia as per the OPEC+ agreement. Almost all the OPEC producers reported a decline in production during the month while non-OPEC members, including Russia, also lowered production. *This led to a compliance level of 94% during February-19 for the OPEC countries while non-OPEC producers increased their compliance gradually to 51%, according to IEA. Furthermore, a statement from Saudi Arabia's energy minister that the production policy is not expected to change until June-19 further added to a situation of tightening supplies and reducing glut.*

On the demand side, although OPEC slashed its forecast for global oil requirements in 2019, recent trends have proven otherwise. *Demand remained robust during the first two months led by higher consumption from China with record refinery throughput since the start of the year. In addition, any progress on the US-China trade deal should provide further clarity on oil demand in the near term. Nevertheless, economic growth continues to show weakening signs in China which recently reported its lowest industrial growth in 17 years. Also, in its latest forecast, the OECD lowered world economic growth expectations while slashing growth rates for major European economies. The confusion over Brexit further added to the uncertain environment while some estimates suggesting a peak in US growth rates with reported decline in personal income and consumer spending.*









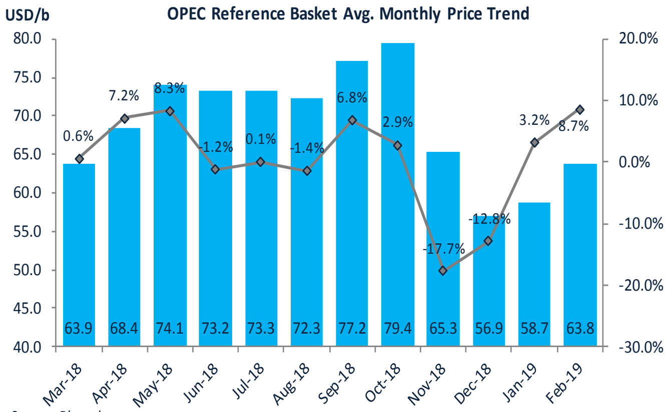
Source for the above charts : OPEC and Bloomberg

Faisal Hasan, CFA
Head - Investment Research
+(965) 2233 6907
faisal.hasan@kamconline.com

Junaid Ansari
Vice President
+(965) 2233 6912
junaid.ansari@kamconline.com

Oil Prices

Oil price trend continued to remain upward during March-19 showing consistent gains since the start of the year and closing little short of the USD 70/b mark. However, prices are yet to see the peaks seen during October-18. After almost 7% gains in February-19, OPEC spot price was up 2% by mid-March-19. As a result, average crude prices for almost all the crude grades were positive as compared to January-19. Average OPEC crude prices gained 8.7% m-o-m during February-19, the biggest growth since November-17, to reach USD 63.83/b. Kuwait crude average price gains were even stronger at 9% and averaged at USD 64.0/b, while average Brent crude gained 7.7% to reach USD 64.0/b.



Source: Bloomberg

According to the latest EIA weekly report, crude inventories in the US saw an unexpected decline of 3.9 million barrels during the week ended 8-March-19 indicating a decline in production as refineries continued to run at their previous week's capacity. In its Short Term Energy Outlook, the EIA lowered US crude oil production forecast which is now expected to grow at a slightly lower pace as compared to previous projections (1.35 mb/d vs. 1.45 mb/d) and average at 12.30 mb/d this year as compared to previous expectation of 12.41 mb/d. Production estimate for 2020 was also trimmed and is now expected to reach 13.03 mb/d as compared to last month's 13.2 mb/d with growth being lowered from 0.79 mb/d to 0.73 mb/d. On the other hand, US oil demand is expected to rise by 0.36 mb/d in 2019 to reach 20.81 mb/d, a slight upgrade from previous projections. The weekly rig count data also suggested a slowdown in production in the US. According to the latest report from Baker Hughes, US active rigs reached a 10-month low during the week ended 8-March-19 at 833 active rigs. This was the fourth consecutive week of decline in rig count as independent exploration and production companies focus reduce their capital expenditure to focus on near term earnings instead of higher output. A number of estimates have suggested a declining trend in capital expenditure of oil companies in 2019.

Average Crude Oil Prices, USD/b	Jan-19	Feb-19	Change (USD)	YTD Avg 2018	YTD Avg 2019
OPEC Reference Basket	**58.7**	**63.8**	**5.1**	**65.3**	**61.2**
Arab Light	59.6	64.9	5.2	65.8	62.1
Basrah Light	58.2	63.3	5.1	64.3	60.6
Bonny Light	60.5	65.2	4.7	68.1	62.7
Djeno	56.8	61.4	4.6	65.3	59.0
Es Sider	58.3	63.2	4.9	66.4	60.6
Girassol	60.0	65.3	5.3	68.0	62.5
Iran Heavy	56.3	61.4	5.1	64.1	58.7
Kuwait Export	**58.7**	**63.9**	**5.3**	**64.0**	**61.2**
Merey	50.9	55.9	5.0	58.5	53.3
Murban	60.8	65.6	4.8	67.4	63.1
Oriente	55.1	60.4	5.3	62.0	57.6
Rabi	58.6	63.3	4.6	66.3	60.8
Saharan Blend	59.3	64.3	5.0	68.1	61.7
Zafiro	60.1	64.9	4.8	67.3	62.4
Other Crudes					
Brent	59.4	64.0	4.6	67.2	61.6
Dubai	59.1	64.4	5.4	64.5	61.6
Isthmus	58.1	63.8	5.7	66.3	60.8
LLS	58.5	63.2	4.7	66.2	60.8
Mars	56.7	61.9	5.2	62.6	59.2
Minas	51.7	56.9	5.2	59.6	54.2
Urals	60.3	64.1	3.8	66.0	62.1
WTI	51.6	55.0	3.4	63.0	53.2
Differentials					
Brent/WTI	7.7	9.0	1.3	4.3	8.4
Brent/LLS	0.9	0.8	(0.1)	1.0	0.8
Brent/Dubai	0.3	(0.4)	(0.7)	2.7	(0.0)

Source: OPEC Monthly Oil Market Report - March-19

World Oil Demand

In 2018, world oil demand is estimated to have grown by 1.43 mb/d, down by 0.04 mb/d from the previous estimate amid downward revisions in both OECD and non-OECD regions. Demand estimates for the OECD countries was revised down by 0.03 mb/d due to lower-than-expected demand growth in OECD Europe and Asia Pacific during the last quarter of 2018. Countries like Germany, France and Turkey slower economic activity coupled with warmer weather conditions that led to lower oil requirements. Demand growth for the OECD Asia Pacific region was also revised downward by 0.01 mb/d due to lower-than-expected demand from the petrochemical sector in South Korea during Q4-18. These downward revisions were partially offset by an upward adjustment of 0.01 mb/d to demand estimates for OECD Americas owing to continued strong demand from the US. According to preliminary data, oil demand was robust during the first

World Oil Demand - 2017/2018, mb/d	2017	Q1-18	Q2-18	Q3-18	Q4-18	2018	Y-o-Y Growth	% Chg.
Americas	25.06	25.20	25.40	25.78	25.74	25.53	0.48	1.90
of which US	20.27	20.57	20.64	20.93	20.78	20.73	0.46	2.26
Europe	14.30	13.95	14.19	14.68	14.32	14.29	(0.01)	(0.09)
Asia Pacific	8.06	8.54	7.65	7.70	8.16	8.01	(0.05)	(0.61)
Total OECD	**47.42**	**47.69**	**47.24**	**48.16**	**48.22**	**47.83**	**0.41**	**0.87**
Other Asia	13.24	13.55	13.84	13.38	13.87	13.66	0.42	3.14
of which India	4.53	4.83	4.74	4.40	4.96	4.73	0.20	4.43
Latin America	6.51	6.35	6.48	6.81	6.47	6.53	0.02	0.31
Middle East	8.17	8.19	7.96	8.40	7.82	8.09	(0.08)	(0.98)
Africa	4.20	4.35	4.32	4.27	4.40	4.33	0.13	3.13
Total Developing Countries (DCs)	**32.13**	**32.44**	**32.60**	**32.86**	**32.56**	**32.61**	**0.49**	**1.52**
Former Soviet Union (FSU)	4.70	4.66	4.65	4.94	5.01	4.82	0.12	2.45
Other Europe	0.72	0.73	0.69	0.73	0.82	0.74	0.03	3.48
China	12.32	12.28	12.84	12.65	13.07	12.71	0.39	3.18
Total "Other Regions"	**17.74**	**17.68**	**18.18**	**18.32**	**18.9**	**18.27**	**0.53**	**2.99**
Total World	**97.29**	**97.80**	**98.02**	**99.35**	**99.68**	**98.72**	**1.43**	**1.47**

Source: OPEC Monthly Oil Market Report - March-19

two months of the year led by higher demand in most petroleum categories especially LPG, jet fuel and diesel. On the other hand, Mexico and Canada reported a decline in demand based on available data for January-19 and December-18, respectively. In the non-OECD group, demand was lowered by 0.02 mb/d to reflect declining demand in the Other Asia and Middle East regions. Demand for Diesel oil in India was slow in November-18 while Saudi Arabia witnessed slower-than-expected oil demand during Q4-18. Nevertheless, January-19 data for India showed healthy growth in diesel requirements followed by LPG and gasoline. China started the year with strong demand for oil with refineries processing crude at a record rate. Crude imports by the country has remained above the 10 mb/d mark for the past four consecutive months.

Oil demand growth for 2019 was kept unchanged at 1.24 mb/d with total demand expected to reach 99.96 mb/d during the year. Preliminary data for January-19 for Germany, France, Italy and the UK showed higher oil demand as compared to previous year led by substantially colder weather conditions coupled with a low base effect. Nevertheless, economic data related to industrial production which declined and falling car sales is expected to have a negative impact on oil demand in the region.

World Oil Demand - 2018/2019, mb/d	2018	Q1-19	Q2-19	Q3-19	Q4-19	2019	Y-o-Y Growth	% Chg.
Americas	25.53	25.43	25.64	26.06	26.00	25.79	0.25	1.00
of which US	20.73	20.79	20.85	21.19	21.02	20.96	0.23	1.11
Europe	14.29	13.97	14.18	14.69	14.32	14.29	0.01	0.06
Asia Pacific	8.01	8.53	7.61	7.68	8.13	7.99	(0.03)	(0.34)
Total OECD	**47.83**	**47.94**	**47.43**	**48.43**	**48.46**	**48.07**	**0.24**	**0.49**
Other Asia	13.66	13.91	14.21	13.75	14.25	14.03	0.37	2.71
of which India	4.73	5.03	4.93	4.58	5.15	4.92	0.19	4.05
Latin America	6.53	6.38	6.52	6.86	6.51	6.57	0.04	0.66
Middle East	8.09	8.23	7.99	8.45	7.86	8.13	0.04	0.49
Africa	4.33	4.45	4.42	4.36	4.50	4.43	0.10	2.31
Total Developing Countries (DCs)	**32.61**	**32.98**	**33.15**	**33.42**	**33.12**	**33.17**	**0.55**	**1.69**
Former Soviet Union (FSU)	4.82	4.75	4.74	5.03	5.11	4.91	0.09	1.87
Other Europe	0.74	0.75	0.71	0.75	0.84	0.76	0.02	2.69
China	12.71	12.61	13.18	12.99	13.42	13.05	0.34	2.67
Total "Other Regions"	**18.27**	**18.11**	**18.63**	**18.77**	**19.37**	**18.72**	**0.45**	**2.46**
Total World	**98.72**	**99.02**	**99.21**	**100.62**	**100.95**	**99.96**	**1.24**	**1.25**

Source: OPEC Monthly Oil Market Report - March-19

World Oil Supply

According to preliminary data, global oil supply declined for the third consecutive month during February-19. Supply continued to remain below the 100 mb/d mark and was estimated at 99.15 mb/d in February-19, a m-o-m decline of 0.16 mb/d. During the month no-OPEC supply increased by 65 tb/d led by higher supply mainly from the US, Uk and Brazil. However, this increase was more than offset by a steep decline in OPEC production. Non-OPEC supply growth projections for 2018 was once again revised upward by 25 tb/d and is now expected to grow by 2.74 mb/d during the year to average at 62.19 mb/d. The revision mainly reflected higher output from Canada, the US and Australia to the tune of 46 tb/d that was partially offset by downward revisions to supply estimates from OECD Europe, other

Non-OPEC Oil Supply - 2017/2018, mb/d	2017	Q1-18	Q2-18	Q3-18	Q4-18	2018	Y-o-Y Growth	% Chg.
Americas	21.49	22.93	23.36	24.51	25.05	23.97	2.48	11.53
of which US	14.40	15.53	16.22	17.17	17.64	16.65	2.25	15.59
Europe	3.83	3.92	3.73	3.63	3.79	3.77	(0.06)	(1.60)
Asia Pacific	0.39	0.41	0.38	0.42	0.44	0.41	0.02	4.87
Total OECD	**25.71**	**27.25**	**27.47**	**28.57**	**29.28**	**28.15**	**2.44**	**9.47**
Other Asia	3.61	3.6	3.55	3.47	3.49	3.53	(0.08)	-2.34
Latin America	5.15	5.15	5.20	5.10	5.23	5.17	0.02	0.32
Middle East	3.13	3.16	3.21	3.22	3.24	3.21	0.07	2.29
Africa	1.48	1.50	1.52	1.55	1.49	1.51	0.03	2.30
Total Developing Countries (DCs)	**13.38**	**13.40**	**13.47**	**13.34**	**13.45**	**13.41**	**0.04**	**0.28**
Former Soviet Union (FSU)	14.05	14.1	14.14	14.33	14.57	14.29	0.24	1.67
of which Russia	11.17	11.14	11.18	11.44	11.61	11.35	0.17	1.56
Other Europe	0.13	0.12	0.12	0.12	0.12	0.12	(0.01)	(4.58)
China	3.97	3.94	4.00	3.94	4.02	3.97	0.00	0.07
Total "Other regions"	**18.15**	**18.17**	**18.25**	**18.39**	**18.71**	**18.38**	**0.23**	**1.28**
Total Non-OPEC Production	**57.24**	**58.81**	**59.2**	**60.3**	**61.44**	**59.94**	**2.71**	**4.73**
Processing gains	2.21	2.25	2.25	2.25	2.25	2.25	0.04	1.67
Total Non-OPEC Supply	**59.45**	**61.06**	**61.44**	**62.55**	**63.69**	**62.19**	**2.74**	**4.61**
OPEC NGLs and non-conventionals	**4.94**	**4.92**	**4.96**	**4.98**	**5.06**	**4.98**	**0.04**	**0.81**
OPEC Crude Oil Production	**32.01**	**31.80**	**31.61**	**31.96**	**32.08**	**31.86**	**(0.15)**	**(0.47)**
Total World Supply	**96.40**	**97.78**	**98.01**	**99.49**	**100.83**	**99.03**	**2.63**	**2.73**

Source: OPEC Monthly Oil Market Report - March-19

OECD Asia Pacific, Malaysia, The Sudans and South Africa by 21 tb/d during Q4-18.

Non-OPEC supply growth forecasts for 2019 was also revised upwards by 0.06 mb/d to 2.24 mb/d and supply is now expected to average at 64.43 mb/d. The upward revision primarily reflected a reassessment of production data for Canada with the country expected to add 0.1 mb/d in production in April-19 coming from Alberta to replenish draws from the storage. Production from Sudan is also expected to be higher as compared to previous expectations. Supplies from Mexico was lowered by 16 tb/d following weaker-than-expected output during Q1-19. In the OECD Europe region supplies from the North Sea is expected to increase gradually from Q4-19 following startup of Johan Sverdrup oil field on the Norwegian continental shelf.

Non-OPEC Oil Supply - 2018/2019, mb/d	2018	Q1-19	Q2-19	Q3-19	Q4-19	2019	Y-o-Y Growth	% Chg.
Americas	23.97	24.80	25.04	25.95	26.68	25.63	1.66	6.91
of which US	16.65	17.74	17.99	18.64	19.41	18.45	1.80	10.83
Europe	3.77	3.79	3.62	3.71	3.94	3.77	0.00	(0.04)
Asia Pacific	0.41	0.45	0.46	0.47	0.49	0.47	0.06	13.83
Total OECD	**28.15**	**29.04**	**29.12**	**30.14**	**31.11**	**29.86**	**1.71**	**6.08**
Other Asia	3.53	3.46	3.44	3.46	3.46	3.45	-0.07	-2.04
Latin America	5.17	5.41	5.42	5.51	5.73	5.52	0.35	6.74
Middle East	3.21	3.20	3.22	3.24	3.24	3.22	0.02	0.59
Africa	1.51	1.55	1.56	1.59	1.62	1.58	0.07	4.47
Total Developing Countries (DCs)	**13.41**	**13.62**	**13.64**	**13.80**	**14.05**	**13.78**	**0.36**	**2.71**
Former Soviet Union (FSU)	14.29	14.55	14.35	14.37	14.5	14.45	0.16	1.11
of which Russia	11.35	11.55	11.40	11.50	11.50	11.49	0.14	1.25
Other Europe	0.12	0.12	0.12	0.12	0.12	0.12	0.00	(1.08)
China	3.97	3.99	3.94	3.93	3.95	3.95	(0.02)	(0.60)
Total "Other regions"	**18.38**	**18.66**	**18.41**	**18.42**	**18.58**	**18.52**	**0.13**	**0.73**
Total Non-OPEC Production	**59.94**	**61.32**	**61.17**	**62.36**	**63.74**	**62.15**	**2.21**	**3.68**
Processing gains	2.25	2.28	2.28	2.28	2.28	2.28	0.03	1.25
Total Non-OPEC Supply	**62.19**	**63.59**	**63.44**	**64.64**	**66.01**	**64.43**	**2.24**	**3.59**

Source: OPEC Monthly Oil Market Report - March-19

OPEC Oil Production & Spare Capacity

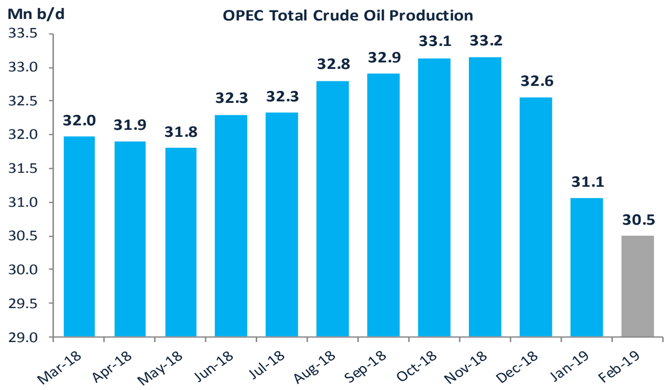
OPEC crude production reached a new 4-year low of 30.5 mb/d during February-19 led by m-o-m decline in production from almost all the producers in the group. Supplies from Venezuela took the biggest hit during the month as the country faces economic crisis amid sanctions from the US. In addition, the recent blackouts have severely affected oil production facilities in the country. According to some estimates, the country's production more than halved temporarily to as low as 0.5 mb/d following the blackouts as drillers struggled to operate wells and other facilities. This, coupled with the ongoing sanctions of Iran with the country struggling to find replacement to its aging oil tankers, pushed down oil production from OPEC to a new low. The decline in production from Iran stood at 90 tb/d during February-19 and recent reports have suggested that although US will most likely extend the waivers it granted to eight countries

Production ('000 b/d)	Jan-19	Feb-19	Change		Capacity	Spare Capacity
Total OPEC-14	**31,060**	**30,500**	**-560**	**-1.80%**	**35,255**	**4,755**
Saudi Arabia	10,200	10,100	-100	-1.0%	11,500	1,400
Iraq	4,690	4,620	-70	-1.5%	4,700	80
UAE	3,090	3,070	-20	-0.6%	3,400	330
Kuwait	2,750	2,690	-60	-2.2%	3,000	310
Iran	2,740	2,650	-90	-3.3%	4,000	1,350
Nigeria	1,790	1,760	-30	-1.7%	1,900	140
Angola	1,450	1,440	-10	-0.7%	1,710	270
Venezuela	1,230	1,070	-160	-13.0%	1,440	370
Algeria	1,050	1,030	-20	-1.9%	1,150	120
Libya	900	900	0	0.0%	1,200	300
Ecuador	520	530	10	1.9%	555	25
Congo	330	330	0	0.0%	330	0
Gabon	210	200	-10	-4.8%	220	20
Equatorial Guinea	110	110	0	0.0%	150	40
Total OPEC-13	**26,370**	**25,880**	**-490**	**-1.86%**	**30,555**	**4,675**

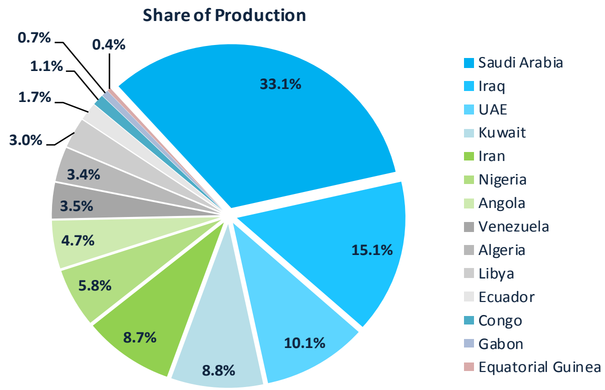
Source: Bloomberg, OPEC

importing oil from Iran, it would continue to build pressure on these countries to reduce buying. Saudi Arabia produced at a 9-month low level of 10.1 mb/d and is said to be planning to slash oil exports during April-19 while keeping its output well below 10 mb/d.

Although OPEC oil production has plummeted to new lows, KAMCO Research continues to see the current surge in oil prices backed by a number of fragile factors that are hard to sustain in the long-term. We see gradual increase in oil demand as the only sustainable factor, while on the other hand, the increase in supplies have been capped by a temporary agreement and/or due to sanctions on two large producers in OPEC. Spare capacity in the OPEC went above 3 mb/d (excluding Iran and Venezuela) with Saudi Arabia, UAE and Kuwait accounting for two thirds of this, sufficient to replace the decline in supplies from Iran and Venezuela. In addition, capacity is being added simultaneously by most of the producers in the OPEC as well as elsewhere that would add to the supply in the coming years. Recent statements from Saudi Arabia and Kuwait shows that the production from Neutral Zone is likely to start this year. Based on the above factors, we see sustainable price at around USD 70/b and a rally beyond this price would be followed by higher production from US shale, private oil companies in Russia coupled with lower demand due to price surge stretching the oil glut.



Source: Bloomberg



Source: Bloomberg

Brent Crude Oil Price Forecast by Various Research Houses

Firm	As Of	Q1 19	Q2 19	Q3 19	Q4 19
Societe Generale SA	15/Mar/19	63.2	67.0	70.0	70.0
Intesa Sanpaolo SpA	14/Mar/19	64.0	70.0	73.5	72.4
Capital Economics Ltd	11/Mar/19	57.0	57.5	53.5	51.0
Landesbank Baden-Wuerttemberg	7/Mar/19	64.0	70.0	70.0	70.0
Emirates NBD PJSC	14/Feb/19	61.0	67.5	67.5	63.0
Westpac Banking Corp	12/Feb/19	61.1	62.0	61.3	60.3
Commerzbank AG	12/Feb/19	60.0	63.0	67.0	70.0
BNP Paribas SA	5/Feb/19	63.0	69.0	73.0	67.0
Rabobank International	30/Jan/19	67.5	67.4	67.2	67.1
MPS Capital Services Banca per le Imprese SpA	24/Jan/19	62.0	67.0	70.0	65.0
BBVA Research SA	23/Jan/19	64.5	63.7	62.6	61.8
Natixis SA	22/Jan/19	62.0	68.0	73.0	77.0
Lloyds Bank PLC	16/Jan/19	66.0	70.0	75.0	80.0
Raymond James Financial Inc	14/Jan/19	62.0	66.0	75.0	85.0
Itau Unibanco Holding SA	14/Jan/19	58.3	58.8	59.3	59.8
Raiffeisen Bank International AG	11/Jan/19	67.0	74.0	75.0	70.0
CIBC	9/Jan/19	63.0	68.0		
Market Risk Advisory Co Ltd	7/Jan/19	60.0	62.0	60.0	60.0
Bank of Tokyo-Mitsubishi UFJ Ltd/The	27/Dec/18	62.4	57.2	64.6	66.5
CIMB	20/Dec/18	63.0	66.0	70.0	71.0
ABN AMRO Bank NV	18/Dec/18	68.0	70.0	70.0	70.0
Banco Santander SA	14/Dec/18	62.0	64.0	63.0	63.0
Australia & New Zealand Banking Group Ltd	13/Dec/18	70.5	77.0	78.5	76.5
Wells Fargo Securities LLC	10/Dec/18	62.0	64.0	68.0	70.0
Incrementum AG	10/Dec/18	63.0	65.0	71.0	78.0
Norddeutsche Landesbank Girozentrale	7/Dec/18	59.0	58.0	58.0	62.0
Oxford Economics Ltd	6/Dec/18	60.0	63.0	64.3	64.9
Bank of Nova Scotia/The	4/Dec/18	64.0	69.0	68.0	67.0
Guggenheim Securities LLC	4/Dec/18	74.0	76.0	78.0	76.0
Barclays PLC	20/Nov/18	75.0	71.0	70.0	73.0
Toronto-Dominion Bank/Toronto	19/Nov/18	78.0	80.0	80.0	80.0
DZ Bank AG	16/Oct/18	80.0	77.5	75.0	72.5
Deutsche Bank AG	2/Oct/18	80.0	78.0	78.0	76.0
Median		**63.0**	**67.4**	**70.0**	**70.0**
Mean		**65.0**	**67.5**	**69.0**	**69.2**
High		**80.0**	**80.0**	**80.0**	**85.0**
Low		**57.0**	**57.2**	**53.5**	**51.0**
Current Fwd		**65.0**	**67.0**	**66.6**	**66.2**
Difference (Median - Current)		**-2.0**	**0.4**	**3.4**	**3.8**

Source: Bloomberg

Disclaimer & Important Disclosures

KAMCO *is authorized and fully regulated by the Capital Markets Authority ("**CMA, Kuwait**") and partially regulated by the Central Bank of Kuwait **("CBK")***

This document is provided for informational purposes only. Nothing contained in this document constitutes investment, an offer to invest , legal, tax or other advice or guidance and should be disregarded when considering or making investment decisions. In preparing this document, KAMCO did not take into account the investment objectives, financial situation and particular needs of any particular person. Accordingly, before acting on this document, investors should independently evaluate the investments and strategies referred to herein and make their own determination of whether it is appropriate in light of their own financial circumstances and objectives. The entire content of this document is subject to copyright with all rights reserved. This research and the information contained herein may not be reproduced, distributed or transmitted in Kuwait or in any other jurisdiction to any other person or incorporated in any way into another document or other material without our prior written consent.

Analyst Certification

Each of the analysts identified in this report certifies, with respect to the sector, companies or securities that the individual analyses, that (1) the views expressed in this report reflect his or her personal views about all of the subject companies and securities and (2) no part of his or her compensation was, is or will be directly or indirectly dependent on the specific recommendations or views expressed in this report.

KAMCO Ratings

KAMCO investment research is based on the analysis of regional and country economics, industries and company fundamentals. KAMCO company research reflects a long-term (12-month) target price for a company or stock. The ratings bands are:

- ***Outperform:*** *Target Price represents expected returns >= 10% in the next 12 months*
- ***Neutral:*** *Target Price represents expected returns between -10% and +10% in the next 12 months*
- ***Underperform:*** *Target Price represents an expected return of <-10% in the next 12 months*

In certain circumstances, ratings may differ from those implied by a fair value target using the criteria above. KAMCO policy is to maintain up-to-date fair value targets on the companies under its coverage, reflecting any material changes to the analyst's outlook on a company. Share price volatility may cause a stock to move outside the rating range implied by KAMCO's fair value target. Analysts may not necessarily change their ratings if this happens, but are expected to disclose the rationale behind their view to KAMCO clients.

Any terms and conditions proposed by you which are in addition to or which conflict with this Disclaimer are expressly rejected by KAMCO and shall be of no force or effect. The information contained in this document is based on current trade, statistical and other public information we consider reliable. We do not represent or warrant that such information is fair, accurate or complete and it should not be relied upon as such. KAMCO has no obligation to update, modify or amend this document or to otherwise notify a recipient thereof in the event that any opinion, forecast or estimate set forth herein, changes or subsequently becomes inaccurate. The publication is provided for informational uses only and is not intended for trading purposes. The information on publications does not give rise to any legally binding obligation and/or agreement, including without limitation any obligation to update such information. You shall be responsible for conducting your own investigation and analysis of the information contained or referred to in this document and of evaluating the merits and risks involved in the securities forming the subject matter of this or other such document. Moreover, the provision of certain data/information in the publication may be subject to the terms and conditions of other agreements to which KAMCO is a party.

Nothing in this document should be construed as a solicitation or offer, or recommendation, to acquire or dispose of any investment or to engage in any other transaction, or to provide any investment advice or service. This document is directed at Professional Clients and not Retail Clients within the meaning of CMA rules. Any other persons in receipt of this document must not rely upon or otherwise act upon it. Entities and individuals into whose possession this document comes are required to inform themselves about, and observe such restrictions and should not rely upon or otherwise act upon this document where it is unlawful to make to such person such an offer or invitation or recommendation without compliance with any authorization, registration or other legal requirements.

KAMCO Investment Company (DIFC) Limited ("KAMCO DIFC") is regulated by the Dubai Financial Services Authority (DFSA). KAMCO DIFC may only undertake the financial services activities that fall within the scope of its existing DFSA licence. This document is intended for Professional Clients or Market Counterparties only as defined by the DFSA, and no other person should act upon it.'

Risk Warnings

Any prices, valuations or forecasts are indicative and are not intended to predict actual results, which may differ substantially from those reflected. The value of an investment may go up as well as down. The value of and income from any investment may fluctuate from day to day as a result of changes in relevant economic markets (including, without limitation, foreseeable or unforeseeable changes in interest rates, foreign exchange rates, default rates, prepayment rates, political or financial conditions, etc.).

Past performance is not indicative of future results. Any opinions, estimates, valuations or projections (target prices and ratings in particular) are inherently imprecise and a matter of judgment. They are statements of opinion and not of fact, based on current expectations, estimates and projections, and rely on beliefs and assumptions. Actual outcomes and returns may differ materially from what is expressed or forecasted. There are no guarantees of future performance. Certain transactions, including those involving futures, options, and other derivatives, give rise to substantial risk and are not suitable for all investors. This document does not propose to identify or to suggest all of the risks (direct or indirect) which may be associated with the investments and strategies referred to herein.

Conflict of Interest

KAMCO and its affiliates provide full investment banking services, and they and their directors, officers and employees, may take positions which conflict with the views expressed in this document. Salespeople, traders, and other professionals of KAMCO may provide oral or written market commentary or trading strategies to our clients and our proprietary trading desks that reflect opinions that are contrary to the opinions expressed in this document. Our asset management area, our proprietary trading desks and investing businesses may make investment decisions that are inconsistent with the recommendations or views expressed in this document. KAMCO may have or seek investment banking or other business relationships for which it will receive compensation from the companies that are the subject of this document. Facts and views presented in this document have not been reviewed by, and may not reflect information known to, professionals in other KAMCO business areas, including investment banking personnel. United Gulf Bank, Bahrain owns majority of KAMCO's shareholding and this ownership may create, or may create the appearance of, conflicts of interest.

No Liability & Warranty

KAMCO makes neither implied nor expressed representations or warranties and, to the fullest extent permitted by applicable law, we hereby expressly disclaim any and all express, implied and statutory representations and warranties of any kind, including, without limitation, any warranty as to accuracy, timeliness, completeness, and fitness for a particular purpose and/or non-infringement. KAMCO will accept no liability in any event including (without limitation) your reliance on the information contained in this document, any negligence for any damages or loss of any kind, including (without limitation) direct, indirect, incidental, special or consequential damages, expenses or losses arising out of, or in connection with your use or inability to use this document, or in connection with any error, omission, defect, computer virus or system failure, or loss of any profit, goodwill or reputation, even if expressly advised of the possibility of such loss or damages, arising out of or in connection with your use of this document. We do not exclude our duties or liabilities under binding applicable law.

KUWAIT | UAE

KAMCO Investment Company

Al-Shaheed Tower, Khalid Bin Al-Waleed Street- Sharq

P.O. BOX : 28873, Safat 13149, State of Kuwait

Tel: (+965) 1852626 Fax: (+965) 22492395

Email : Kamcoird@kamconline.com

Website : http://www.kamconline.com