

Executive Summary

- Qatar’s non-hydrocarbon sector now accounts for over half of GDP; real GDP growth rose to 6.0% in Q3 2014
- Inflation increased to 3.1% in November 2014 on higher rent inflation
- The foreign merchandise trade surplus narrowed to QAR24.9bn in November 2014 on lower oil prices
- International reserves reached an all-time high of USD46.5bn at end-November 2014
- Qatari oil prices continued to decline on weaker global demand while production fell in November 2014

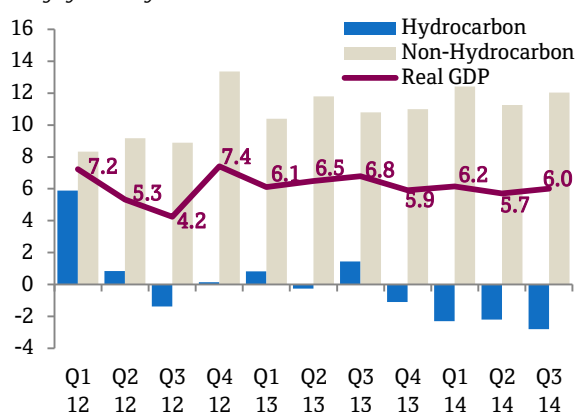
Qatar’s non-hydrocarbon sector now accounts for over half of GDP

The non-hydrocarbon sector in Qatar continues to drive economic growth, pushing its share of GDP to over half (50.7%) in Q3 2014. Real GDP growth accelerated to 6.0% in the year to Q3 2014, from 5.7% in the previous quarter. Growth in the non-hydrocarbon sector reached 12.0% year-on-year in Q3 2014 (11.9% for the first nine months of 2014). This is higher than our forecast of 11.2% for the full year (see [Qatar Economic Insight September 2014 report](#)). On the other hand, the hydrocarbon sector declined 2.8% year-on-year in Q3 2014 as a result of lower crude oil production and temporary gas production shutdowns for maintenance.

The overall economic outlook remains strong and the key driver of growth will continue to be the non-hydrocarbon sector, supporting the continued diversification of the economy. Growth is expected to accelerate further in 2015 as the implementation of large infrastructure projects and a large influx of expatriates continue to drive double-digit growth in the non-hydrocarbon sector.

Qatar’s Q3 2014 Real GDP rose to 6.0% year-on-year

% change year-on-year

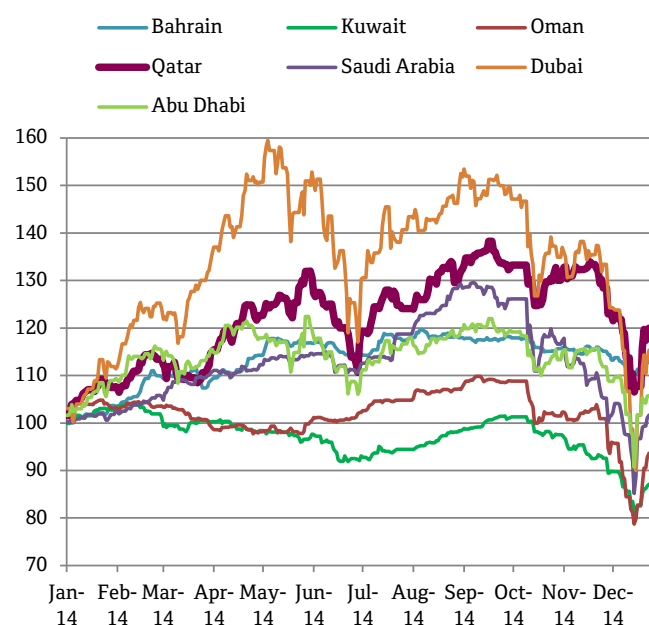


Sources: Ministry of Development Planning and Statistics (MDPS) and QNB Group analysis

QNB Economics Weekly Commentary

- [Qatar’s non-hydrocarbon sector now accounts for over half of GDP](#)
- [The rouble ruble may spell further trouble](#)
- [Modi’s reform agenda to unleash India’s growth potential](#)

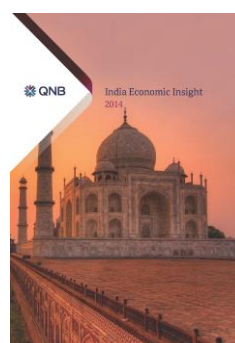
Stock market Indices (rebased, 1 January 2014 = 100)



Sources: Bloomberg and QNB Group analysis

Qatar’s QSE Index was the best performing regional index in 2014. Qatar’s QSE Index was the top GCC performer, surging by 18.4% (total return with dividends: 23.6%) in 2014. QSE’s market capitalisation increased by 21.8% to reach QAR677bn vs. QAR556bn at the end of 2013. Part of the increase in market capitalization came from the upgrade to the MSCI Emerging Market index in May 2014. Of the 43 listed companies in the QSE Index, 31 companies ended the year higher while 12 fell.

India Economic Insight Report 2014



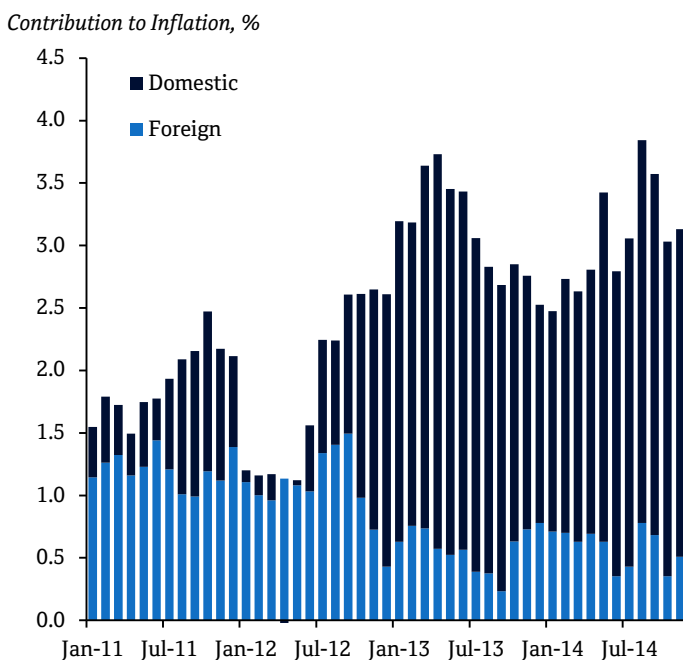
QNB Group has recently published the India Economic Insight 2014 report, providing an overview of the India economy, with in-depth analysis and forecasts. The report is available on the [QNB website](#) along with the recently published [Qatar Economic Insight September 2014](#).

Inflation rose to 3.1% in November 2014 on higher rent inflation; we expect inflation to average 3.5% in 2015

Qatar's Consumer Price Index (CPI) inflation for November 2014 increased to 3.1% year-on-year (from 3.0% year-on-year the previous month). Inflation remained flat on a month-on-month basis, relative to October 2014. Housing and rents (the largest component of overall inflation with a 32.2% share) rose 7.6% year-on-year in November 2014, leading to an acceleration of domestic inflation to 3.5%. Furthermore, foreign inflation rose to 1.7% in November as food prices inched up (0.1% year-on-year in November).

We forecast overall CPI inflation to average 3.5% in 2015. Domestic inflation will mainly be driven by rising rents in response to higher land prices (see below) and the growing population. Lower international food prices are likely to push foreign inflation into negative territory, thus partly offsetting the rise in domestic inflation. However, there is a risk that large investment spending and the growing population could lead to supply bottlenecks owing to limited domestic capacity. This could push up domestic prices more than expected in our baseline forecasts.

CPI Inflation rose to 3.1% in November 2014



Domestic inflation includes: Houses rent, Water Charges and House Maintenance + Medical Care and Health Services + Entertainment, Recreation and Culture + Miscellaneous Goods and Services
International inflation includes: Food, Beverages and Tobacco + Clothing and Footwear + Furniture, Textiles and Home Appliances

Sources: MDPS and QNB Group analysis

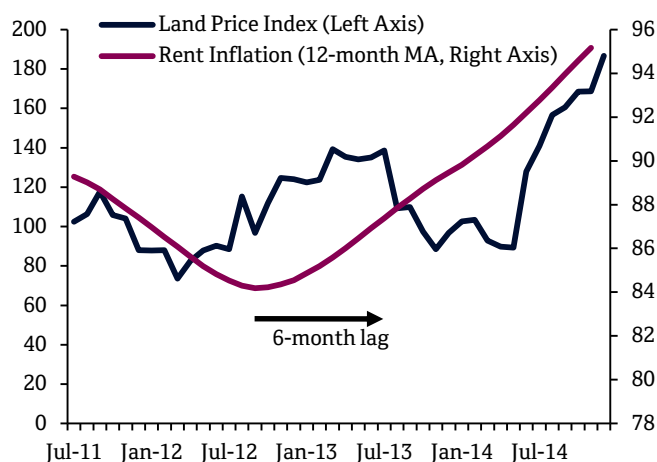
Higher land prices continue to put upward pressure on Qatar's rent inflation

Rent inflation has accelerated in recent months in line with QNB Group projections, tracking movements in the underlying price of land. According to the latest Ministry of Justice data, land prices increased by 92.7% year-on-year in December 2014. This continues to put upward pressure on rent inflation with a lag.

The combination of rapid population growth and higher GDP per capita are leading to a strong increase in the demand for housing, pushing up real estate prices (see our [Qatar Economic Insight September 2014 report](#)). As the population expands and per capita income rises, both a base and an income effect push land prices higher. This is likely to continue over the coming years, in line with the favorable outlook for the Qatari economy.

Qatar land prices and rent inflation

(Indices, 12-month rolling averages, Jul 2011 – Dec 2014)



Sources: Ministry of Justice (MOJ), Qatar Central Bank (QCB) and QNB Group analysis

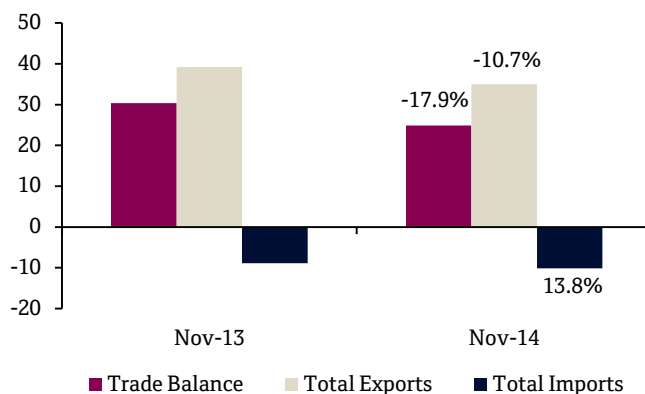
The foreign merchandise trade surplus narrowed to QAR24.9bn in November 2014 on lower oil prices

Qatar's foreign merchandise trade balance registered a surplus of QAR24.9bn in November 2014. The surplus decreased 17.9% year-on-year partly as a result of lower international crude oil prices, which reduced total exports by 10.7%. At the same time, imports rose strongly (13.8% year-on-year) reflecting the growing population and large investment spending.

Total exports in November stood at QAR35.0bn and imports at QAR10.1bn. Japan topped the export destination in November, accounting for 22.6% of Qatar's exports, followed by South Korea (16.8%) and India (13.5%). The USA was the largest exporter to Qatar in November (13.2%), followed by China (9.5%) and Germany (7.8%).

The trade surplus narrowed in November 2014

(bn QAR, % year-on-year)



Sources: MDPS and QNB Group analysis

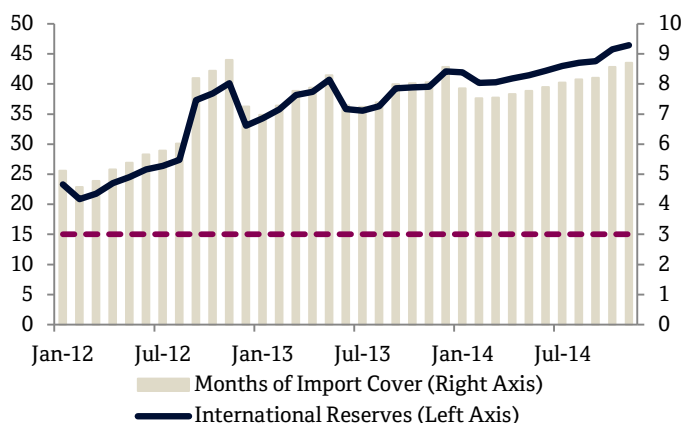
International reserves reached an all-time high of USD46.5bn at end-November 2014

Qatar's international reserves reached an all-time high of USD46.5bn at end-November 2014. This compares to USD39.6bn in November 2013. The large increase reflects the strong current account surplus Qatar is enjoying, despite lower international oil prices. The import cover stood at 8.7 months at end-November 2014, well above the IMF-recommended level of 3 months for pegged exchange rates.

Qatar's international reserves have been steadily rising over the years on large current account surpluses. Going forward, QNB Group expects international reserves to rise further in 2015 on continued current account surpluses.

International reserves reached an all-time high in October

(bn USD, left axis; Months of import cover, right axis)



Sources: Qatar Central Bank (QCB) and QNB Group analysis

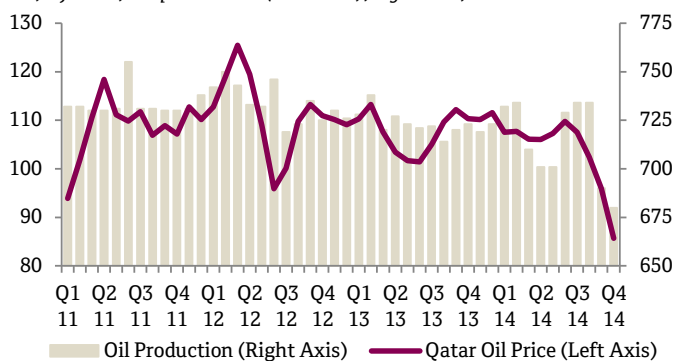
Qatari oil prices continued to decline on weaker global demand and production fell in November 2014

Qatari oil prices fell in November 2014 owing to weaker global demand. The stagnant Eurozone economy, the recession in Japan and the slowdown in Emerging Markets are contributing to the weakness in hydrocarbon demand and a supply glut, which is putting downward pressure on international oil prices.

Qatar's crude oil production has been on a general decline, but redevelopment plans should stabilize output. Qatar Petroleum (QP) is implementing a redevelopment program to steady production at its oil fields. This heavy investment in existing oil fields such as Bul Hanine, Al Shaheen and Dukhan, should stabilize oil production at about 700k b/d.

Oil prices continued to decline on a weaker global economy

(USD/b, left axis; Oil production (000's b/d), right axis)



Qatar oil prices are calculated as the unweighted average of land and marine prices
 Sources: Bloomberg and QNB Group analysis

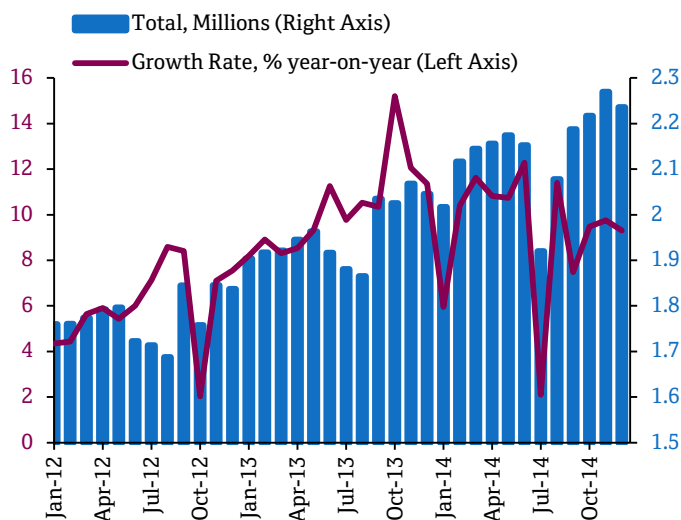
Qatar continued to experience high population growth in December reflecting a strong expatriate inflow

Qatar's population grew by 9.3% year-on-year in November 2014 to reach 2.24m. An additional 190k people joined the population over the last twelve months. Population growth in recent months has been driven up by the large ramp up in infrastructure spending in preparation for the 2022 FIFA World Cup.

The latest population figures for December are in line with our forecast that Qatar's population growth will continue to remain one of the world's highest going forward. In turn the larger population will feed into higher economic growth by boosting aggregate demand and investment in housing and services.

Population growth surged in December to 9.3%

Population within the country at the end of the month



Sources: MDPS and QNB Group analysis

Economic News

- MDPS: Qatar's GDP growth expected to reach 7.7% in 2015** – According to the Ministry of Development Planning & Statistics' (MDPS), the Qatar Economic Outlook 2014-2016 Update, the real gross domestic product (GDP) growth is expected to be 6.3% in 2014. In 2015, the growth is pegged at a solid 7.7%, driven by the expansion of the non-hydrocarbon economy. Little change is expected in 2016, with a growth of 7.5%. Minister of MDPS, HE Dr. Saleh Al Nabit said that with the momentum still expected to continue in the non-hydrocarbon sector in 2015, its share of GDP will overtake that of oil & gas, and continue rising in 2016 and beyond. However, to support long-term deepening of the economic base, more needs to be done to boost private sector participation in the economy and the upgrading of skills, technology and productivity. Inflation in 2014 is forecasted to average 3.0%, unchanged from the June forecast. Only marginal increases over this number are seen after that, with inflation inching up to 3.5% in 2015 and to 3.7% in 2016. While a rising population and vigorous economic activity are creating price pressures on local, non-traded services (such as rents), a benign global inflationary environment is keeping the cost of Qatar's consumer goods imports firmly in check. A large fiscal surplus in FY2014-15 is again expected, bolstered by substantial investment income. However, the surplus is expected to narrow in 2015 and 2016 as transfers of investment income moderate and as capital spending commitments climb, at the same time as a growing economy and rising population create pressures that place further demands on spending. (MDPS)
- StanChart: GCC energy subsidy lowest in Qatar at 5.5% of GDP** – Standard Chartered Bank (StanChart) in its "Global Focus 2015" report stated that energy subsidy in the GCC region is the lowest in Qatar at 5.5% of the country's GDP. In comparison, Saudi Arabia has a very high energy subsidy of nearly 11.5% of its GDP. The bank estimates that the Kingdom's energy subsidies may cost USD71bn in 2014 alone. The bill has been estimated at USD150bn for the entire GCC region for 2014. StanChart stated that energy-subsidy reforms should be a regional priority in 2015 given the tighter fiscal environment. The International Monetary Fund estimates that energy subsidies in the MENA region totaled nearly USD237bn in 2011, equivalent to 8.6% of regional GDP, 22% of government revenues, and 48% of global energy subsidies. (Gulf-Times.com)
- MDPS: QAR80bn project works completed in 2013** – The Ministry of Development Planning & Statistics (MDPS) said Qatar, which is projected to spend USD182bn over the next five years on infrastructure, has already completed a total of 9,213 projects worth QAR80bn in 2013. Buildings, electricity, water desalination plants, roads and bridges accounted for the maximum number of the Qatar's completed projects in 2013. Almost 3,225 projects, with a collective value of estimated QAR48bn, were completed under the government sector, while the private sector saw the completion of 5,592 projects at a total value of QAR26bn. (Peninsula Qatar)
- Ashghal undertaking projects worth QAR1.4bn to develop Doha Industrial Area** – The Public Works Authority (Ashghal) is undertaking ambitious roads and infrastructure development projects worth QAR1.4bn to change the face of Doha Industrial Area. Ashghal's Roads Projects Department Manager, Saoud Al Tamimi said the development of roads and infrastructure is one of the major projects under the program which aims to make comprehensive improvement in the area known for high traffic and a large number of businesses. Ashghal Project Engineer Ahmed Al Obaidly said to facilitate implementation, the project has been divided into several phases. The first phase of the project commenced at the beginning of 2014 and extends over around 480 hectares. This phase consists of works related to redesigning and upgrading the existing road network and associated utilities. It also includes construction and rehabilitation of roads with a total length of over 38 kilometers, including 18 kilometers of local roads, 7 kilometers of collector roads, and 14 kilometers of arterial roads in addition to 19 intersections to organize and manage traffic, and improve the existing transportation system. (Peninsula Qatar)
- PM upbeat on Qatar's economy; urges private sector to take lead role** – HE the Prime Minister and the Minister of Interior, Sheikh Abdullah bin Nasser bin Khalifa Al-Thani has confirmed the government's commitment toward implementing the directives of HH the Emir Sheikh Tamim bin Hamad Al-Thani. HH the Emir had stressed the importance of the government's role in creating a climate appropriate for economic growth. HE the Prime Minister noted that the national economy is expected to grow between 5% and 6% during 2015, despite the current big drop in oil prices, and Qatar's GDP will achieve a growth rate of 6.2% in 2014, the same rate that had been achieved during the past two years. Further, he noted that the non-oil sector achieved a growth rate of 11% in 2013, and is expected to achieve a growth rate of 12% during 2014. He added that the

growth rates in the non-oil sector would remain strong in the coming years, thereby increasing its share of the GDP to reach 50% in 2014. Meanwhile, HE the Prime Minister said that the fluctuating world oil prices are prompting Qatar to rise up to the occasion and speed up its diversification effort. He said that the time has come to promote the private sector and rely on it for economic development. (Gulf-Times.com, Peninsula Qatar)

- **Fiscal year to start on January 1 from 2016** – Qatar is all set to change its fiscal or budget year to follow the

Gregorian calendar (January to December) from 2016. The new financial year will begin on January 1, 2016. The current budget year will end on March 31, 2015 as planned. Special budgetary allocations will be made for the period from April 1 until December 31, 2015. (Peninsula Qatar)

Private Sector News

- **DHBK unit signs AED500m finance deal with Sobha Group** – Doha Bank's (DHBK) corporate finance division has successfully closed a deal worth AED500m with Sobha Group of Dubai, with a syndicated facility of AED800m for the Sobha Hartland project. The facility was arranged by DHBK with a five-year tenure and will enable Sobha Group to fund its expansion plans in Dubai. Sobha Hartland, a mixed-use development at the Mohammed Bin Rashid Al Maktoum City, is just 3 kilometers from Burj Khalifa. The development comprises 8m square feet of land area, a significant portion of which is dedicated to green living as well as many villas and numerous low-mid- and high-rise apartments, schools, hotels, a club house and retail spaces. (Gulf-Times.com, Peninsula Qatar)
- **NDSQ signs agreement with NPP to construct 11 workboats** – Nakilat Damen Shipyards Qatar (NDSQ) has signed an agreement with Qatar's New Port Project (NPP) to construct 11 workboats for use at the port. NDSQ will build four 29 meter-long Azimuth Stern Drive (ASD) tugboats, three 16 meter-long mooring boats and four 15 meter-long glass reinforced plastic (GRP) pilot boats. The 11 vessels will be built entirely at Qatar's Erhama Bin Jaber Al Jalahma Shipyard in Ras Laffan and will be delivered in 2016. The vessels will be engaged in service at NPP, performing a variety of marine support services to vessels visiting the port. The new Doha port is one of the largest infrastructure projects in Qatar, located on 26 square kilometers along the main port centers, with a cost of around QAR27bn. (QSE)
- **QNBK wins 'Best Customer Engagement' award** – QNB Group (QNBK) has received the "Best Customer Engagement" award for its "Life Rewards" loyalty program during the Middle East's Customer Festival Awards 2014 at the Conrad Dubai Hotel. The QNB Life Rewards is a "total relationship loyalty program" that

rewards customers with points for all their accumulated relationships with QNBK. The program is also renowned for its "easy-to-understand and simple-to-use process to 'earn and redeem' points." (QNB Group Press Release)

- **QGTS: LNG expected to take lead position as marine fuel** – According to Nakilat (QGTS), liquefied natural gas (LNG) is expected to take the leading position as marine fuel with low sulphur fuel regulations coming into force in 2015. QGTS Fleet director Samir Bailouni said that with the low sulphur fuel regulations coming into force on January 1, 2015, LNG as marine fuel has come to the forefront. Nakilat is a Qatari marine transport company providing the essential transportation link in Qatar's LNG supply chain. Its LNG shipping fleet is the largest in the world, comprising 61 vessels. (Gulf-Times.com)
- **Barwa completes two transactions with Qatari Diar** – Barwa Real Estate Company (BRES) has closed the sale and transfer of its shareholding in both QD-SBG Construction W.L.L. and QD-CPC Industries W.L.L. (consisting of 21.5 % shareholding in each of the two companies) to Qatari Diar Real Estate Investment Company for a total sale price of QAR69m following two Share Sale and Purchase Agreements signed between BRES and Qatari Diar on September 15, 2014. The signing of these transactions was announced on 18 September 2014. (QE)
- **ORDS launches first 4G+ network in Qatar** – Ooredoo (ORDS) has launched its state-of-the-art 4G+ network at the company's headquarters in West Bay. With the launch of 4G+, ORDS' vast network has become even faster, making Qatar one of the few nations to have the fastest mobile internet service available. Using a 4G+ enabled device, ORDS' customers will be able to access the superfast 4G+ network for free, taking advantage of

the extra speed and smooth browsing experience. (ORDS Press Release)

- **QNBK wins two awards from Banker Magazine** – The Best Bank of the year in Qatar, and Best Bank of the year in the Middle East awards are both presented to QNB by the magazine for the fourth year in a row. The awards, presented at the Intercontinental Hotel in London's Park Lane, mark QNB's outstanding performance and continued progress on both a local and a regional level. The Banker Magazine's panel of judges celebrates the best banks in different countries

based on their performance over the past year. (QNB Group Press Release)

- **DHBK to acquire HSBC Bank Oman's operations in India** – Doha Bank (DHBK) has received approval from its shareholders to acquire HSBC Bank Oman's operations in India for about QAR75m. The Indian business of HSBC Bank Oman has gross assets of about QAR200m as on March 31, 2014. The bank has two branches in Mumbai and Kochi, serving approximately 2,900 customers. As per the acquisition terms, DHBK has agreed to pay a single lump-sum amount of about QAR75m to the seller. (Gulf-Times.com)

National Accounts

Nominal GDP (QAR bn)	2010	2011	2012	2013	Q3 14	YoY%	QoQ%
Total	455.4	618.1	693.3	739.6	193.1	4.1%	1.8%
Oil & Gas	239.7	359.2	392.7	401.2	95.3	-4.3%	-1.5%
Non-Oil	215.7	258.9	300.6	338.3	97.8	13.9%	5.3%
Agriculture and Fishing	0.5	0.6	0.6	0.7	0.2	10.0%	1.2%
Industry	70.4	87.4	104.8	111.8	32.1	13.3%	3.3%
Manufacturing	40.8	56.7	70.2	72.1	20.2	9.0%	3.7%
Electricity, Gas and Water	2.1	2.4	3.4	3.8	1.2	9.2%	6.9%
Construction	27.5	28.3	31.2	35.9	10.8	22.9%	2.1%
Services	140.9	166.8	190.5	221.1	63.9	14.4%	4.9%
Trade, Restaurants and Hotels	31.5	35.6	39.1	45.5	14.1	14.6%	21.7%
Transport and Communications	18.1	21.0	23.5	25.9	7.3	12.6%	11.4%
Financial and Business Services	60.3	70.3	76.6	90.6	27.0	19.9%	-1.8%
Social Services	4.5	5.0	5.8	6.4	1.7	9.5%	0.5%
Government Services	37.4	46.2	60.1	69.8	19.2	9.0%	1.2%
Household Services	1.9	2.0	2.3	2.7	0.8	16.6%	-2.3%
Imputed Bank Service Charges	-12.7	-13.4	-16.8	-19.9	-5.2	18.6%	-14.1%
Import Duties	3.8	3.9	4.6	4.8	0.8	1.9%	3.8%

Source: MDPS

Real GDP (% change, YoY)	2009	2010	2011	2012	2013	Q3 14	QoQ%
Total	12.0	16.7	13.0	6.0	6.3	6.0	3.9
Oil & Gas	4.5	28.9	15.6	1.3	0.1	-2.8	1.3
Non-Oil	17.6	8.6	10.9	10.0	11.1	12.0	5.5
Agriculture and Fishing	-17.0	19.7	5.4	4.5	6.9	9.6	0.9
Industry	6.1	23.4	13.9	4.2	3.3	13.4	2.6
Manufacturing	13.7	17.6	10.4	10.7	5.6	7.3	3.9
Electricity, Gas and Water	-0.4	13.5	7.9	10.6	6.4	10.7	11.7
Construction	6.9	9.5	10.5	10.6	13.6	18.5	1.0
Services	21.9	6.9	10.3	10.8	13.1	11.4	7.4
Trade, Restaurants and Hotels	15.7	2.5	12.9	6.7	12.8	13.7	20.9
Transport and Communications	22.7	10.2	12.4	12.4	9.7	10.5	11.7
Financial and Business Services	25.8	7.4	6.3	11.4	14.3	13.7	-1.9
Social Services	21.5	1.9	3.0	9.2	6.7	9.4	0.5
Government Services	23.6	8.7	13.1	12.8	15.1	8.7	1.2
Household Services	4.3	2.2	0.8	6.0	10.3	10.5	0.4
Imputed Bank Service Charges	1.0	3.3	33.4	8.2	22.1	13.3	-9.5
Import Duties	-11.3	17.8	-1.1	20.5	1.7	5.2	0.1

Source: MDPS

Note: Data which is new or revised this month is shown in red.

Balance of Payments

Balance of Payments (USD bn)	2010	2011	2012	2013	Q3 14
Current Account Balance	24.0	52.0	62.0	62.6	12.7
Trade Balance (Goods)	54.0	87.4	102.2	105.5	24.8
Exports	75.0	114.3	133.0	136.9	32.7
Imports	-20.9	-26.9	-30.8	-31.5	-7.9
Invisibles	-30.1	-35.4	-40.2	-42.9	-12.1
Services	-5.8	-9.5	-14.0	-16.3	-5.0
Income	-12.9	-13.3	-12.1	-11.3	-2.7
Transfers	-11.4	-12.7	-14.1	-15.2	-4.4
Capital & Financial Account Balance	-10.7	-62.6	-44.4	-54.5	-11.3
Capital Account	-2.1	-3.6	-6.1	-4.8	-1.4
Financial Account	-8.6	-59.0	-38.3	-49.7	-9.8
Direct Investment (outwards)	-1.9	-6.0	-1.8	-8.0	-1.6
Direct Investment (into Qatar)	4.7	-0.1	0.3	-0.8	0.3
Portfolio investment (net)	-	-18.9	2.8	-14.3	-6.7

Sources: QCB, MDPS, UNCTAD; Note: Not all Balance of Payment lines are shown in the table

Top 5 Export Destinations (USD bn)	2009	2010	2011	2012	2013
Japan	15.5	21.5	29.9	36.9	39.9
Korea	6.9	12.0	20.1	24.7	24.6
India	4.0	6.4	10.9	14.6	14.3
European Union	4.4	10.1	18.2	13.1	12.7
China	0.9	2.2	4.5	6.8	8.9

Top 5 Import Sources (USD bn)	2009	2010	2011	2012	2013
European Union	8.1	7.4	6.7	6.8	7.3
United States	3.1	2.7	2.6	2.8	3.2
United Arab Emirates	1.8	1.6	1.8	2.0	2.0
Saudi Arabia	1.3	1.2	1.2	1.2	1.2
United Kingdom	1.1	1.2	1.1	1.1	1.3

Source: IMF Direction of Trade Statistics - sometimes differ from MDPS

Crude oil (USD / barrel)	2010	2011	2012	2013	Nov-14	MoM%	YoY%
Oil production ('000 bpd)	733.0	734.0	733.7	724.0	681.0	0.1%	-5.3%
Qatar average price	77.7	108.4	111.2	108.2	75.0	-12.3%	-31.7%
Dukhan	78.4	109.7	111.8	108.8	76.2	-11.9%	-31.5%
Marine	77.2	107.5	110.6	107.6	74.4	-12.4%	-31.8%

Source: Organisation of the Petroleum Exporting Countries (OPEC), Reuters

Budget, Population, Money & Prices

Government Budget (% of GDP) 1/	2010	2011	2012	2013
Balance	2.7	7.8	11.4	15.6
Revenue	34.3	36.0	41.1	47.0
Expenditure	31.6	28.2	29.7	31.4

Population (m people in Qatar)	2010	2011	2012	2013	2014	MoM%	YoY%
Total	1.72	1.73	1.83	2.00	2.24	-1.5%	9.3%

Source: MDPS; Monthly data based on number of people in Qatar and annual data based on residency

Inflation (% ch, 12mth rolling average YoY)	2010	2011	2012	2013	Nov-14	MoM%	YoY%
Overall (weights shown in brackets below)	-2.4	1.9	1.9	3.1	3.0	0.0	3.1
Food, beverages & tobacco (13.2%)	2.1	4.3	3.7	2.3	0.7	0.0	0.1
Clothing & footwear (5.8%)	-1.3	7.5	2.8	0.2	2.7	0.2	2.9
Rents, water & maintenance (32.2%)	-12.8	-4.8	-3.3	5.8	6.8	0.1	7.6
Furniture, textiles & appliances (8.2%)	4.1	2.9	4.9	3.1	4.5	0.1	3.8
Health care (2.0%)	3.5	2.6	1.5	2.3	1.0	0.0	0.8
Transport & communication (20.5%)	2.6	6.4	2.3	1.4	1.8	-0.3	1.5
Entertainment, leisure & culture (10.9%)	2.9	2.0	6.0	7.3	2.1	0.3	1.5
Miscellaneous goods & services (7.2%)	4.7	5.6	4.8	-2.5	-1.2	-0.7	-0.3

Source: MDPS

Money Supply (QAR bn)	2010	2011	2012	2012	Nov-14
Broad money (M2)	264.7	310.0	381.1	455.7	502.9
M1	68.3	81.8	90.9	105.9	123.2
Quasi-money	196.4	228.1	290.1	349.8	379.7

Interest rates (% , end period)	2010	2011	2012	2013	Nov-14	MoM bp	YoY bp
QCB deposit	1.50	1.50	0.75	0.75	0.75	0.0	0.0
QCB lending	5.50	5.50	4.50	4.50	4.50	0.0	0.0
Interbank overnight	1.39	0.74	0.77	0.85	0.72	1.9	-13.8
Demand deposit	1.34	0.62	0.65	0.58	0.53	-2.0	-24.8
Overdraft	8.19	7.42	6.63	6.10	5.36	-13.5	-72.6
Credit card	19.92	10.69	9.11	8.13	9.76	-4.9	123.4

Source: QCB

1/ Fiscal year data ending March 31.

Banking Sector Snapshot : November 2014

Review and Outlook

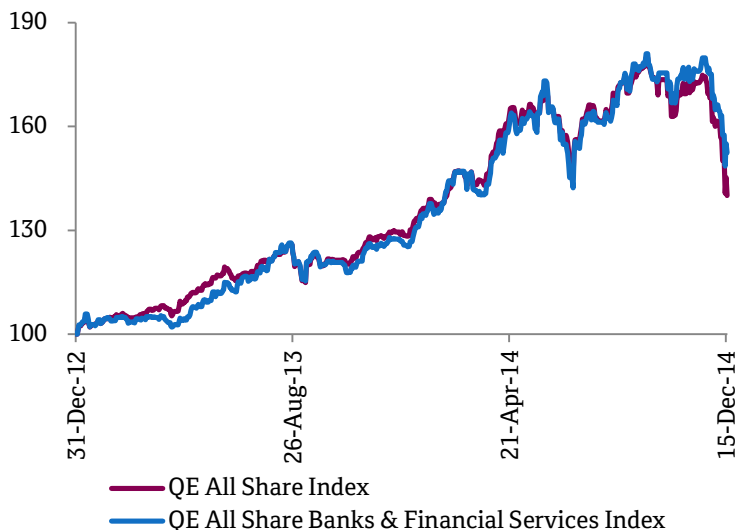
The loan book decreased by 0.1% month-on-month (up 7.8% year-to-date) while deposits increased by 1.2% month-on-month (+9.3% year-to-date) in the month of November 2014. Public sector pulled total credit growth down (down 2.4% month-on-month in November), as private sector posted a healthy growth of 1.5% month-on-month. Moreover, deposits gained by 1.2% month-on-month (deposits were flat month-on-month in the month of October). Thus, the Loan-to-Deposit declined to 104% vs. 105% in October.

The public sector deposits increased by 0.1% month-on-month (+6.4% year-to-date 2014) for the month of November 2014. Delving into segment details, the government institutions' segment (represents ~58% of public sector deposits) improved by 1.8% month-on-month (+13.4% year-to-date 2014). On the other hand, private sector deposits increased by 0.4% month-on-month (+9.6% year-to-date 2014). On the private sector front, the companies & institutions' segment increased by 1.0% month-on-month (+9.1% year-to-date 2014) while the consumer segment posted a decline of 0.1% month-on-month (up 10.0% year-to-date). Non-resident deposits drove the growth month-on-month (+15.1% month-on-month and +26.8% year-to-dates).

The overall loan book posted a flat performance. Total domestic public sector loans decreased by 2.4% month-on-month (also down 7.9% year-to-date). The government segment's loan book went down by 10.7% month-on-month (also down 9.3% year-to-date 2014). Moreover, the government institutions' segment (represents ~60% of public sector loans) declined by 1.1% month-on-month and is down 12.8% year-to-date.

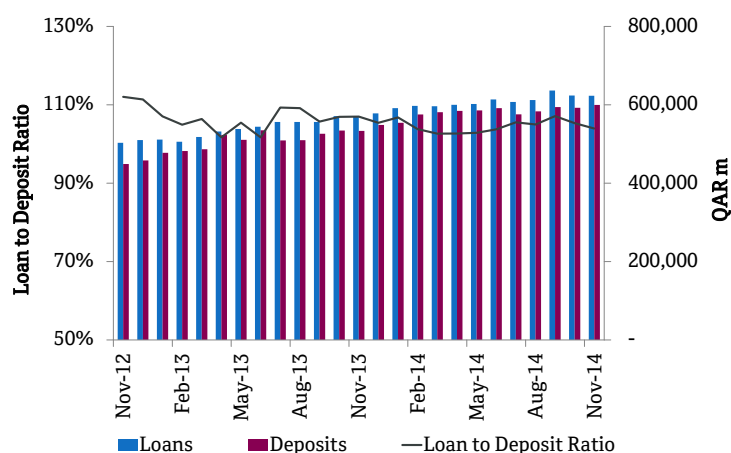
Private sector loans gained by 1.5% month-on-month and are up 15.5% year-to-date. General Trade followed by Services and Contractors positively contributed toward the loan growth. On the other hand, the Real Estate sector pulled credit growth down in the month of November 2014. General Trade (contributes ~14% to private sector loans) increased by 4.9% MoM. Services (contributes ~18% to private sector loans) increased by 3.4% month-on-month (+15.6% year-to-date). Contractors (contributes ~9% to private sector loans) increased by 2.1% month-on-month. However, Real Estate segment (contributes ~26% to private sector loans) declined by 0.5% month-on-month (+5.2% year-to-date). Overall, the segments representing General Trade (+33.3% year-to-date) and Contractors (+25.6% year-to-date) are the best performing segments in the private sector year-to-date. On the other hand, the Industry segment is flattish year-to-date.

Banking Sector Index vs. QE All Share Index



Source: Bloomberg

Banking Sector - Loan to Deposit (LDR)



Source: QCB

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Banking Sector – Key Stats						
Banks	Closing Price	Change YTD (%)	EPS 2014E (QAR)	P/E 2014E (x)	P/B 2014(x)	Dividend Yield 2014 (%)
QE Banks & Financial Services Index	2,972.31	21.63		13.8	2.1	3.9
Al Ahli Bank (ABQK)	52.90	25.04	3.6	14.9	2.1	5.7
Al Khalij Commercial Bank (KCBK)	20.90	4.55	1.6	13.5	1.3	4.8
Commercial Bank of Qatar (CBQK)	62.80	6.44	6.8	9.3	1.2	3.2
Doha Bank (DHBK)	50.10	(13.92)	5.4	9.2	1.4	9.0
Masraf Al Rayan (MARK)	41.60	32.91	2.6	16.12	2.8	4.2
Qatar International Islamic Bank (QIIK)	71.80	16.37	5.8	12.38	1.9	6.3
Qatar Islamic Bank (QIBK)	85.80	24.35	6.2	13.86	1.6	5.2
Qatar National Bank (QNBK) *	203.20	18.14	15.2	13.41	2.6	3.4

Source: QNBFS estimates, Bloomberg estimates (*) and data (as of December 16, 2014)

Banking Sector Indicators									
(In QR mn)	2012	2013	Mar-14	Jun-14	Sep-14	Oct-14	Nov-14	Change MoM	Change YTD
Total Assets	820,512	915,911	952,148	961,850	989,349	974,106	984,966	1.1%	7.5%
Total Credit (Loans)	510,048	577,976	596,344	613,500	636,348	623,557	623,069	-0.1%	7.8%
Total Deposits	458,066	548,384	581,000	591,397	594,192	592,202	599,464	1.2%	9.3%
Loan to Deposit Ratio	111%	105%	103%	104%	107%	105%	104%		
Credit Facilities (Geographic)									
Total Domestic Credit	478,305	535,657	550,417	556,628	575,576	562,902	562,483	-0.1%	5.0%
Total International Credit	31,743	42,319	45,927	56,872	60,772	60,655	60,586	-0.1%	43.2%
Domestic Credit Facilities - Public Sector									
Government	51,746	56,549	67,288	61,191	69,023	57,436	51,300	-10.7%	-9.3%
Government Institutions	139,585	152,516	150,361	144,287	136,462	134,448	132,944	-1.1%	-12.8%
Semi-Government Institutions	27,222	30,679	28,617	34,624	34,351	34,186	36,459	6.6%	18.8%
Total Domestic Public Sector Credit	218,553	239,745	246,266	240,102	239,836	226,070	220,703	-2.4%	-7.9%
Domestic Credit Facilities - Private Sector									
General Trade	33,280	36,011	39,610	38,774	43,257	45,755	48,015	4.9%	33.3%
Industry	9,339	11,592	10,440	10,828	11,440	11,576	11,732	1.4%	1.2%
Contractors	16,546	23,331	26,458	26,309	28,504	28,702	29,308	2.1%	25.6%
Real Estate	85,562	85,388	85,113	84,804	88,392	90,290	89,823	-0.5%	5.2%
Consumption & Others	78,587	87,020	89,049	93,637	100,794	101,737	102,148	0.4%	17.4%
Services	36,438	52,570	53,480	62,174	63,353	58,773	60,754	3.4%	15.6%
Total Domestic Private Sector Credit	259,752	295,912	304,151	316,526	335,740	336,832	341,781	1.5%	15.5%
Deposit Details (Geographic)									
Resident Deposits	417,337	514,804	550,048	558,245	560,378	555,215	556,900	0.3%	8.2%
Non-resident Deposits	40,729	33,579	30,952	33,153	33,814	36,987	42,563	15.1%	26.8%
Deposits - Public Sector (Domestic)									
Government	44,557	68,459	76,856	84,935	81,169	68,674	64,356	-6.3%	-6.0%
Government Institutions	104,378	124,390	135,485	126,889	137,862	138,553	141,075	1.8%	13.4%
Semi Government Institutions	31,794	37,283	25,341	30,429	33,894	37,331	39,445	5.7%	5.8%
Total Public Sector Deposit	180,729	230,131	237,682	242,253	252,925	244,558	244,875	0.1%	6.4%
Deposits - Private Sector (Domestic)									
Personal	116,257	145,841	162,317	162,406	158,837	160,586	160,492	-0.1%	10.0%
Companies & Institutions	120,350	138,833	150,048	153,585	148,615	150,070	151,533	1.0%	9.1%
Total Private Sector Deposit	236,607	284,673	312,366	315,991	307,452	310,656	312,025	0.4%	9.6%

Source: QCB

Qatar Exchange Monthly Performance								
Company Name	Price (December 31)	% Change 5-Day	% Change YTD	Market Cap. QR Million	TTM P/E	P/B	Div. Yield	
Qatar National Bank	212.90	0.66	23.78	148,972	14.3	2.7	3.3	
Qatar Islamic Bank	102.20	(1.92)	48.12	24,149	16.4	2.0	3.9	
Commercial Bank of Qatar	68.50	1.63	16.10	20,340	11.2	1.2	2.4	
Doha Bank	57.00	(0.18)	(2.06)	14,727	10.3	1.3	7.9	
Al Ahli Bank	54.60	(2.50)	29.05	9,020	15.8	2.2	N/A	
Qatar International Islamic Bank	81.70	(2.16)	32.41	12,367	15.3	2.3	4.6	
Masraf Al Rayan	44.20	(5.66)	41.21	33,150	17.6	3.1	3.4	
Al Khaliji Bank	22.05	0.92	10.31	7,938	14.2	1.4	4.5	
National Leasing	20.00	1.11	(33.67)	990	24.7	0.8	7.5	
Dlala Holding	42.80	(5.83)	93.67	950	11.9	3.1	N/A	
Qatar & Oman Investment	15.40	10.00	23.00	485	19.3	1.3	3.9	
Islamic Holding Group	124.50	15.38	170.65	498	35.2	7.8	1.4	
Banking and Financial Services				273,586				
Zad Holding	84.00	2.44	20.86	1,099	10.2	0.8	4.2	
Qatar German Co. for Medical Devices	10.15	6.73	(26.71)	117	N/A	0.7	N/A	
Salam International Investment	15.85	2.92	21.83	1,812	24.7	1.1	6.3	
Medicare Group	117.00	(3.31)	122.86	3,293	22.1	3.9	1.5	
Qatar Cinema & Film Distribution	44.00	4.76	9.73	251	21.2	1.7	N/A	
Qatar Fuel	204.30	0.15	(6.52)	17,255	15.0	2.6	3.8	
Qatar Meat and Livestock	60.40	(2.58)	16.83	1,087	20.3	4.2	3.5	
Al Meera Consumer Goods	200.00	(1.96)	50.04	4,000	14.8	2.9	4.0	
Consumer Goods and Services				28,914				
Qatar Industrial Manufacturing	43.35	(2.58)	2.81	2,060	10.5	1.3	N/A	
Qatar National Cement	132.00	0.00	10.92	6,481	14.5	2.5	4.5	
Industries Qatar	168.00	(2.89)	(0.53)	101,640	15.9	3.2	6.5	
Qatari Investors Group	41.40	(1.43)	(5.26)	5,147	24.2	2.3	1.8	
Qatar Electricity and Water	187.50	(2.09)	13.39	20,625	13.3	3.2	3.6	
Mannai Corp.	109.00	3.22	21.25	4,972	9.4	2.5	5.0	
Aamal	15.19	33.83	1.27	9,114	16.8	1.3	N/A	
Gulf International Services	97.10	0.31	98.98	18,045	18.1	5.0	1.6	
Mesaieed Petrochemical Holding	29.50	(0.67)	N/A	37,061	N/A	2.7	1.2	
Industrials				205,146				
Qatar Insurance	90.60	0.67	70.30	14,545	14.5	2.5	2.2	
Doha Insurance	29.00	(3.33)	16.00	1,450	10.3	1.4	6.9	
Qatar General Insurance & Reinsurance	59.00	18.71	47.81	4,081	2.7	0.7	2.1	
Al Khaleej Takaful Insurance	50.80	(0.39)	80.93	1,128	12.8	1.6	N/A	
Qatar Islamic Insurance	79.00	1.15	36.44	1,185	14.4	3.9	4.7	
Insurance				22,389				
United Development	23.59	(0.04)	9.55	8,353	22.2	0.8	4.0	
Barwa Real Estate	41.90	(11.42)	40.60	16,304	11.9	1.2	4.8	
Ezdan Real Estate	14.92	(0.53)	(12.24)	39,575	29.4	1.3	2.1	
Mazaya Qatar Real Estate Development	19.15	1.22	71.29	1,915	8.9	1.6	3.9	
Real Estate				66,147				
Qatar Telecom	123.90	3.42	(9.69)	39,688	15.6	1.6	3.2	
Vodafone Qatar	16.45	1.54	53.59	13,907	N/A	2.5	1.0	
Telecoms				53,594				
Qatar Navigation (Milaha)	99.50	4.41	19.88	11,395	11.4	0.9	5.0	
Gulf Warehousing	56.40	3.11	35.90	2,682	20.8	3.2	2.7	
Qatar Gas Transport (Nakilat)	23.10	(0.39)	14.07	12,936	14.7	3.5	4.8	
Transportation				27,014				
Qatar Exchange				676,792				

Source: Bloomberg, * Trailing Twelve Months

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