

## Oil Market Monthly Report

February-2022

### In this Report...

Oil Prices .....	2
Oil Demand .....	3
Oil Supply .....	4
Production & Capacity .....	5
Oil Price Forecast .....	6

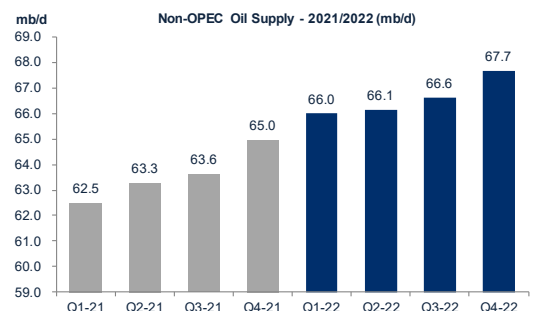
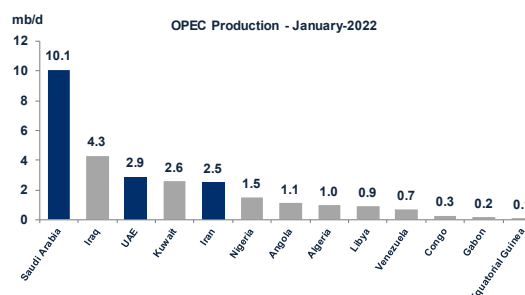
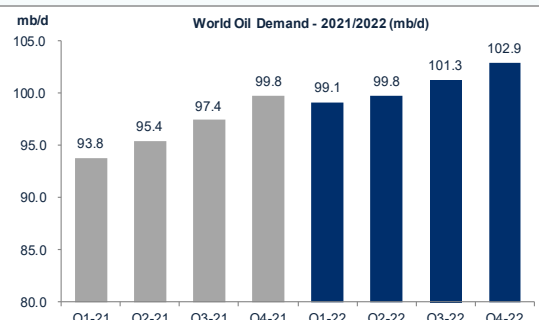
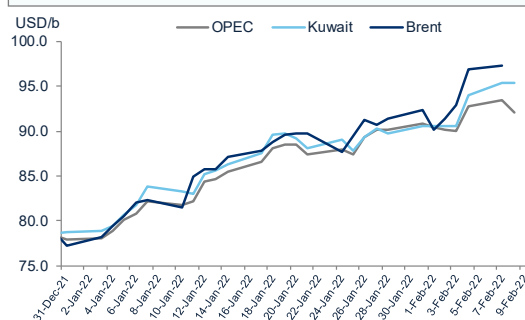
### Oil breaches USD 90/b mark as demand strengthens; Iran talks cap gains...

Crude oil prices breached the USD 90/b mark for the first time in more than seven years as the market continued to tighten with higher demand and constrained supplies. A number of factors contributed to the gains including rising global geopolitical risks, winter storms in the US, continued high demand for crude oil as an alternative to natural gas and a series of outages reported by oil producers. A surprise decline in US crude oil inventories during the week ended 4-Feb-2022 also added to the positive sentiments. The trend was also seen in several other larger economies with oil inventories falling to their lowest levels in almost a decade. That said, the resumption of talks between Iran and the US over a nuclear agreement and the prospects of higher output coming from the OPEC member capped gains last week.

**Price gains backed by higher demand projection was seen across the global commodities universe.** The Bloomberg Commodities index traded near the highest level since December-2014 backed by price rise seen in key commodities including iron ore, aluminum as well as agricultural products. Reports showed that Chinese authorities had to step in to control prices by way of stricter regulations around reporting.

According to IEA, the crude storage levels in the OECD countries declined to a 7-year low level in November-2021 and is estimated to have declined even further. This included Europe along with Japan and South Korea with the most depleted inventories in the OECD. Gasoil inventories, including diesel and heating oil, declined to their lowest level for this time of the year since 2008 in Europe's ARA refining and storage Area. Inventory levels reported by US EIA has also shown declines over the last two weeks after seeing gains during mid-January-2022. With the seasonal slowdown, refiners are said to be struggling to cope up with the rising demand. Refinery margins on US crude oil processing reached a nine-year high level during this time of the year.

**On the supply front, OPEC+ producers decided to stick to their policy of gradually increasing oil production by 0.4 mb/d per month. However, despite the resolve, producers were unable to reach the hiked production level due to disruption in several countries.** OPEC monthly production showed a marginal increase of 50 tb/d to reach 28.14 mb/d in January-2022, as per Bloomberg data. While most producers reported an increase in production, the steep decline reported by Libya and Angola largely offset the overall increase. **Oil production in the US also showed consistent weekly declines during January-2022 with production falling from 11.8 mb/d at the end of last year to 11.5 mb/d by the end of January-2022 mainly reflecting disruptions caused by the Arctic blast that affected oil facilities in Texas and production from the Permian Basin. The first week of February-2022 showed a marginal increase of 100 tb/d. Disruptions were also seen in ports in the Black Sea because of persistent storms that affected loadings from Russia.**

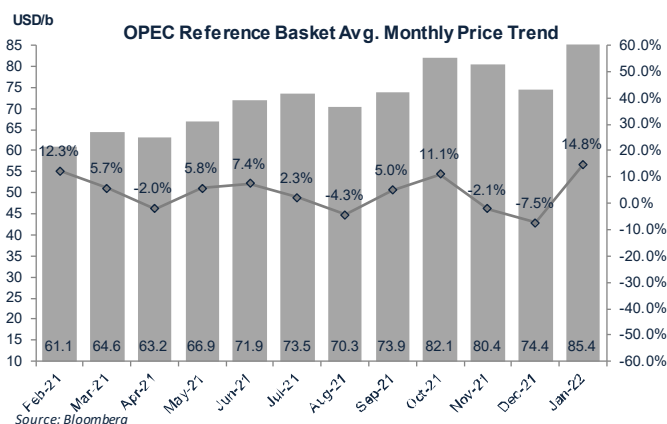


Sources : OPEC, EIA, Bloomberg

**Junaid Ansari**  
Head of Investment Strategy  
and Research  
+(965) 2233 6912  
[jansari@kamcoinvest.com](mailto:jansari@kamcoinvest.com)

## Oil Prices

Crude oil future prices showed gains for the eighth consecutive week until last week backed by rising demand post the declining cases of Omicron variant of Covid-19 coupled with geopolitical concerns related to Ukraine. In addition, markets continued to tighten as supplies remained constrained due to supply disruptions in the US following the winter storms as well as in several other oil producing countries. Spot Brent crude prices reached USD 97.3/b on 7-Feb-2022, the highest since September-2014, only to be capped by the announcement of talks between US and Iran. The average price of Brent during January-2022 increased by 16.5%, the biggest increase in 13 months, to USD 86.5/b, while OPEC crude basket and Kuwait crude grade had relatively smaller increase of 14.8% and 14.7%, respectively.



Meanwhile, the European region continued to battle high energy prices during the month mainly led by high demand and short supply of natural gas which has resulted in gas to oil switch for power generation. The geopolitical issues involving Russia also affected the supply of natural gas from the Nord Stream 2 pipeline as almost 40% of the region's gas requirements are supplied by Russia.

Taking cues from the tightening market, the EIA significantly raised its oil price forecasts for 2022. The agency now expects Brent crude to average at USD 82.87/b in 2022, a USD 7.92 per barrel increase from its previous forecast of USD 74.95/b. For 2023, the EIA expects oil to average at USD 68.48/b vs. its previous forecast of USD 67.5/b. The EIA said it expects growth in oil production from the US, the OPEC+ and other producers starting mid-year that would put a downward pressure on oil prices starting from Q2-2022. On the inventories front, the EIA weekly report showed a surprise decline in crude stocks last week against a consensus expectation of an increase. Inventories declined for the second consecutive week by 4.8 million barrels to one of the lowest since 2018. Storage at key storage hubs have reportedly fallen to critical levels including at Cushing where it fell further below the critical mark of 30 million barrels to 27.7 million barrels. A bloomberg report showed that the four-week average total oil product supplied was at a record high at nearly 22 million barrels a day.

Average Crude Oil Prices, USD/b	Dec-2021	Jan-2022	Change (USD)	Avg 2021	Avg 2022
<b>OPEC Reference Basket</b>	<b>74.4</b>	<b>85.4</b>	<b>11.0</b>	<b>54.4</b>	<b>85.4</b>
Arab Light	75.5	86.2	10.7	54.8	86.2
Basrah Light	74.1	84.9	10.8	54.7	84.9
Bonny Light	74.4	86.9	12.4	55.0	86.9
Djeno	66.7	79.2	12.5	47.3	79.2
Es Sider	73.4	86.2	12.8	53.1	86.2
Girassol	75.2	88.3	13.1	55.8	88.3
Iran Heavy	74.7	85.6	10.9	54.4	85.6
<b>Kuwait Export</b>	<b>75.4</b>	<b>86.3</b>	<b>10.9</b>	<b>54.8</b>	<b>86.3</b>
Merey	54.9	63.6	8.7	37.4	63.6
Murban	74.6	85.1	10.5	54.9	85.1
Rabi	73.7	86.2	12.5	54.3	86.2
Saharan Blend	75.5	88.2	12.7	55.1	88.2
Zafiro	74.4	87.3	12.9	55.1	87.3
<b>Other Crudes</b>					
Brent	74.1	86.6	12.5	54.7	86.6
Dubai	73.3	83.3	10.0	54.8	83.3
Isthmus	68.5	79.6	11.1	52.1	79.6
LLS	73.8	85.4	11.5	54.2	85.4
Mars	71.3	81.5	10.2	53.1	81.5
Minas	72.4	83.0	10.5	53.0	83.0
Urals	73.1	86.2	13.1	54.9	86.2
WTI	71.9	83.2	11.3	52.1	83.2
<b>Differentials</b>					
Brent/WTI	2.2	3.5	1.2	2.6	3.5
Brent/LLS	0.3	1.2	1.0	0.5	1.3
Brent/Dubai	0.8	3.3	2.5	(0.03)	3.3

Source: OPEC Monthly Oil Market Report - February-2022

## World Oil Demand

OPEC slightly raised its oil demand growth estimates for 2021 by 17 tb/d to a growth of 5.7 mb/d. Oil demand is estimated to have reached 96.65 mb/d in 2021 after upward revisions were made to demand data for Q3-2021 and Q4-2021 for OECD Americas mainly as a result of higher-than-expected demand from the US.

Oil demand growth expectations for 2022 were left unchanged at 4.2 mb/d driven mainly by easing of Covid-19 related restrictions in most parts of the world. Recent data on mobility showed global airline seat capacity rising for the first time this year in the last week mainly led by the return of domestic capacity in China. However, despite the optimism, current capacity remains 25% below 2019 levels during this time of the year led by almost 50% less international travel and 11% shortfall in

World Oil Demand - 2020/2021, mb/d	2020	Q1-21	Q2-21	Q3-21	Q4-21	2021	Y-o-Y Growth	% Chg.
Americas	22.44	22.73	24.33	24.74	24.89	24.19	1.74	7.76
of which US	18.35	18.65	20.21	20.39	20.56	19.96	1.61	8.79
Europe	12.43	11.91	12.63	13.84	13.64	13.02	0.58	4.69
Asia Pacific	7.14	7.67	7.04	7.11	7.72	7.39	0.25	3.47
<b>Total OECD</b>	<b>42.02</b>	<b>42.31</b>	<b>44.00</b>	<b>45.70</b>	<b>46.26</b>	<b>44.59</b>	<b>2.57</b>	<b>6.12</b>
China	13.52	13.79	14.55	14.52	15.21	14.52	1.00	7.39
India	4.51	4.94	4.50	4.59	5.12	4.79	0.28	6.18
Other Asia	8.13	8.56	8.98	8.34	8.62	8.63	0.50	6.10
Latin America	6.01	6.25	6.16	6.46	6.35	6.30	0.29	4.88
Middle East	7.55	7.95	7.77	8.24	7.99	7.99	0.44	5.90
Africa	4.08	4.37	4.08	4.15	4.40	4.25	0.17	4.10
Eurasia	3.39	3.65	3.42	3.63	3.76	3.61	0.23	6.70
of which Russia	1.07	1.23	1.24	1.09	1.28	1.21	0.14	12.70
of which other Eurasia	0.70	0.78	0.72	0.73	0.79	0.75	0.06	8.29
<b>Total Non-OECD</b>	<b>48.96</b>	<b>51.52</b>	<b>51.43</b>	<b>51.74</b>	<b>53.52</b>	<b>52.06</b>	<b>3.10</b>	<b>6.33</b>
<b>Total World</b>	<b>90.97</b>	<b>93.83</b>	<b>95.43</b>	<b>97.44</b>	<b>99.77</b>	<b>96.65</b>	<b>5.67</b>	<b>6.23</b>

Source: OPEC Monthly Oil Market Report - February-2022

domestic travel. Meanwhile, jet fuel demand in Europe is expected to slowly recover this quarter and gather pace during Q2-2022 to gradually return to its five year average for the remainder of the year. Road travel, on the other hand, remains subdued, but is showing signs of recovery, according to data collated by Bloomberg. In terms of product categories, demand for diesel has seen a rapid growth recently with refiners struggling to keep pace with increasing consumption. Demand for diesel is particularly strong in Europe and in Asia mainly due to supply constraints.

Oil demand from Indian refineries remained robust during January-2022. A Bloomberg reports showed that 18 out of the 23 refineries in India operated at 100% of their announced capacities. The report said that state oil refiners are contacting producers including Saudi Arabia and Iraq for term contracts. Oil imports was also reportedly at a yearly high during December-2021 and a similar momentum was seen this year. However, fuel consumption declined by 3.7% m-o-m in January-2022 as restrictions related to Covid-19 in several states affected mobility and industrial activity. The decline was mainly led by a fall in diesel consumption by 12.8% whereas gasoline consumption dropped 12.2%.

World Oil Demand - 2021/2022, mb/d	2021	Q1-22	Q2-22	Q3-22	Q4-22	2022	Y-o-Y Growth	% Chg.
Americas	24.19	24.04	25.42	25.77	25.70	25.24	1.06	4.37
of which US	19.96	19.69	21.07	21.36	21.28	20.86	0.90	4.50
Europe	13.02	12.63	13.22	14.49	14.16	13.63	0.61	4.72
Asia Pacific	7.39	7.91	7.22	7.25	7.83	7.55	0.17	2.26
<b>Total OECD</b>	<b>44.59</b>	<b>44.58</b>	<b>45.86</b>	<b>47.50</b>	<b>47.69</b>	<b>46.43</b>	<b>1.84</b>	<b>4.12</b>
China	14.52	14.64	15.44	15.00	15.65	15.18	0.66	4.57
India	4.79	5.48	4.82	4.97	5.44	5.18	0.39	8.16
Other Asia	8.63	9.25	9.59	8.93	8.95	9.18	0.55	6.38
Latin America	6.30	6.49	6.33	6.61	6.51	6.48	0.18	2.85
Middle East	7.99	8.30	8.01	8.49	8.22	8.26	0.27	3.34
Africa	4.25	4.54	4.21	4.27	4.53	4.39	0.14	3.23
Eurasia	3.61	3.75	3.47	3.68	3.81	3.68	0.07	1.81
of which Russia	1.21	1.30	1.29	1.12	1.32	1.26	0.05	3.72
of which other Eurasia	0.75	0.80	0.73	0.74	0.81	0.77	0.02	2.18
<b>Total "Other Regions"</b>	<b>52.06</b>	<b>54.55</b>	<b>53.90</b>	<b>53.82</b>	<b>55.23</b>	<b>54.37</b>	<b>2.32</b>	<b>4.45</b>
<b>Total World</b>	<b>96.65</b>	<b>99.13</b>	<b>99.75</b>	<b>101.32</b>	<b>102.92</b>	<b>100.8</b>	<b>4.15</b>	<b>4.30</b>

Source: OPEC Monthly Oil Market Report - February-2022

## World Oil Supply

World liquids production increased during January-2022 with preliminary data indicating a monthly growth of 0.71 mb/d to an average of 98.69 mb/d. The increase was mainly led by higher non-OPEC production with a m-o-m increase of 0.65 mb/d to an average of 70.71 mb/d.

Non-OPEC liquids supply growth estimates for 2021 was lowered by 0.06 mb/d to a growth of 0.6 mb/d and supply is expected to have averaged at 63.6 mb/d. The change reflected downward revisions to supply data for Brazil, China, Canada (due to production outages), Ecuador and the UK due to an unexpected lower output during Q4-2021. These declines were partially offset by an upward revision to supply data for the US that came on the back production recovery in the Gulf of

Non-OPEC Oil Supply - 2020/2021, mb/d	2020	Q1-21	Q2-21	Q3-21	Q4-21	2021	Y-o-Y Growth	% Chg.
Americas	24.70	24.10	25.17	25.20	26.21	25.17	0.48	1.93
of which US	17.61	16.63	17.93	17.85	18.61	17.76	0.15	0.87
Europe	3.90	3.96	3.52	3.81	3.81	3.77	(0.12)	(3.19)
Asia Pacific	0.52	0.50	0.45	0.53	0.53	0.50	(0.02)	(3.27)
<b>Total OECD</b>	<b>29.12</b>	<b>28.56</b>	<b>29.13</b>	<b>29.54</b>	<b>30.55</b>	<b>29.45</b>	<b>0.33</b>	<b>1.15</b>
China	4.16	4.30	4.34	4.33	4.25	4.30	0.14	3.44
India	0.77	0.76	0.75	0.75	0.74	0.75	(0.01)	(1.78)
Other Asia	2.51	2.52	2.46	2.33	2.36	2.42	(0.09)	(3.55)
Latin America	6.04	5.94	5.97	6.09	5.82	5.96	(0.08)	(1.37)
Middle East	3.19	3.22	3.23	3.24	3.27	3.24	0.05	1.46
Africa	1.41	1.37	1.35	1.32	1.32	1.34	(0.07)	(5.21)
Eurasia	10.59	10.47	10.74	10.81	11.16	10.8	0.20	1.93
of which Russia	2.91	2.96	2.89	2.79	3.08	2.93	0.02	0.57
of which other Eurasia	0.12	0.12	0.11	0.11	0.11	0.11	(0.01)	(4.66)
<b>Total Non-OECD</b>	<b>31.71</b>	<b>31.65</b>	<b>31.85</b>	<b>31.77</b>	<b>32.13</b>	<b>31.85</b>	<b>0.15</b>	<b>0.46</b>
<b>Total Non-OPEC Production</b>	<b>60.82</b>	<b>60.21</b>	<b>60.98</b>	<b>61.32</b>	<b>62.68</b>	<b>61.3</b>	<b>0.48</b>	<b>0.79</b>
Processing gains	2.15	2.28	2.28	2.28	2.28	2.28	0.13	6.03
<b>Total Non-OPEC Supply</b>	<b>62.97</b>	<b>62.49</b>	<b>63.26</b>	<b>63.6</b>	<b>64.96</b>	<b>63.58</b>	<b>0.61</b>	<b>0.97</b>
<b>OPEC NGLs and non-conventionals</b>	<b>5.05</b>	-	-	-	-	<b>5.14</b>	<b>0.10</b>	<b>1.78</b>
<b>OPEC Crude Oil Production</b>	<b>25.65</b>	<b>25.16</b>	<b>25.52</b>	<b>26.89</b>	<b>27.68</b>	<b>26.32</b>	<b>0.67</b>	<b>2.62</b>
<b>Total World Supply</b>	<b>93.67</b>	-	-	-	-	<b>95.04</b>	<b>1.37</b>	<b>1.46</b>

Source: OPEC Monthly Oil Market Report - February-2022

Mexico and steady monthly growth in the main shale production.

Forecast for 2022 oil supply growth was kept unchanged with an expected growth of 3.02 mb/d to an average of 66.6 mb/d. However, at the country level, production was revised up for UK and Ecuador that was offset by a decline expected in the US and Brazil. That said, recent announcements indicate rising investments in oil production in the US. Recently, Exxon Mobil and Chevron have announced plans to boost output from the Permian basin by 25% and 10%, respectively, this year. The EIA also upgraded its outlook for 2023 to a record average production rate of 12.6 mb/d from its previous forecast of 12.41 mb/d and to 11.97 mb/d for this year from 11.8 mb/d.

Non-OPEC Oil Supply - 2021/2022, mb/d	2021	Q1-22	Q2-22	Q3-22	Q4-22	2022	Y-o-Y Growth	% Chg.
Americas	25.17	26.14	26.11	26.48	26.86	26.4	1.23	4.87
of which US	17.76	18.48	18.68	18.83	19.14	18.79	1.03	5.77
Europe	3.77	3.87	3.75	3.81	4.13	3.89	0.12	3.08
Asia Pacific	0.50	0.54	0.54	0.53	0.53	0.53	0.03	5.86
<b>Total OECD</b>	<b>29.45</b>	<b>30.55</b>	<b>30.39</b>	<b>30.82</b>	<b>31.53</b>	<b>30.82</b>	<b>1.37</b>	<b>4.66</b>
China	4.30	4.31	4.31	4.35	4.43	4.35	0.04	1.02
India	0.75	0.73	0.75	0.78	0.8	0.77	0.01	1.59
Other Asia	2.42	2.44	2.41	2.39	2.38	2.41	(0.01)	(0.39)
Latin America	5.96	6.25	6.20	6.14	6.35	6.23	0.27	4.61
Middle East	3.24	3.34	3.34	3.36	3.36	3.35	0.11	3.40
Africa	1.34	1.29	1.27	1.25	1.22	1.25	(0.09)	(6.38)
Eurasia	10.8	11.49	11.83	11.88	11.88	11.77	0.98	9.05
of which Russia	2.93	3.10	3.13	3.17	3.22	3.15	0.22	7.61
of which other Eurasia	0.11	0.11	0.11	0.10	0.10	0.10	(0.01)	(6.90)
<b>Total "Other regions"</b>	<b>31.85</b>	<b>33.05</b>	<b>33.34</b>	<b>33.42</b>	<b>33.74</b>	<b>33.39</b>	<b>1.54</b>	<b>4.83</b>
<b>Total Non-OPEC Production</b>	<b>61.3</b>	<b>63.6</b>	<b>63.73</b>	<b>64.24</b>	<b>65.27</b>	<b>64.21</b>	<b>2.91</b>	<b>4.75</b>
Processing gains	2.28	2.39	2.39	2.39	2.39	2.39	0.11	4.91
<b>Total Non-OPEC Supply</b>	<b>63.58</b>	<b>65.99</b>	<b>66.13</b>	<b>66.63</b>	<b>67.66</b>	<b>66.61</b>	<b>3.02</b>	<b>4.75</b>

Source: OPEC Monthly Oil Market Report - February-2022

## OPEC Oil Production & Spare Capacity

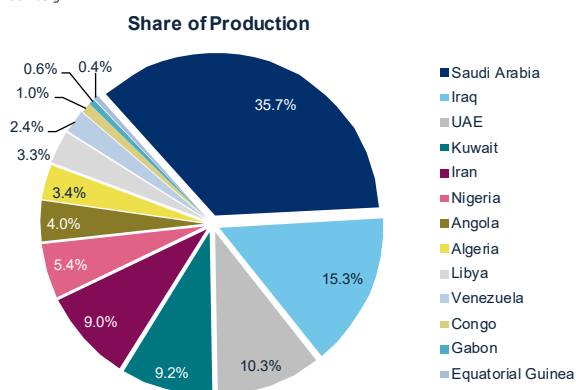
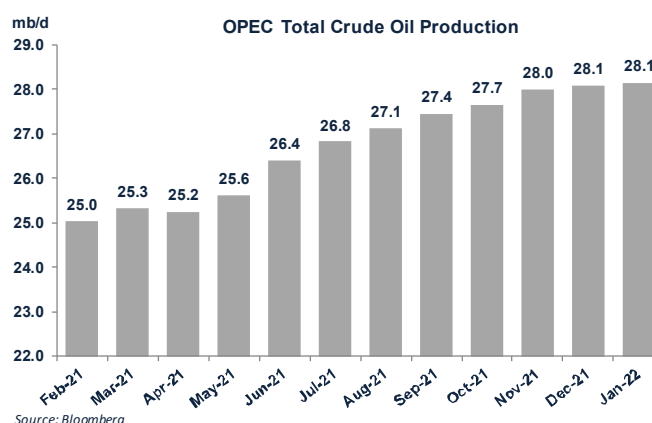
OPEC oil production increased for the ninth consecutive month during January-2022, albeit marginally, mainly led by declining output in key African swing producers. Production averaged at 28.0 mb/d during the month, according to OPEC secondary sources, registering a m-o-m increase of 64 tb/d. Bloomberg data showed a similar growth of 50 tb/d to an average of 28.14 mb/d, the highest in 28 months. The increase was mainly led by recovery in production in Nigeria further supported by marginal increases in Saudi Arabia, Kuwait, UAE and Iran. This increase was partially offset by a steep decline in production mainly in Libya. With the current month's increase in production, spare capacity with OPEC producers declined to 5.2 mb/d with Saudi Arabia still holding the biggest spare capacity of 1.44 mb/d followed by Iran and UAE at 1.31 mb/d and 1.29 mb/d.

Production ('000 b/d)	Dec-21	Jan-22	Change		Capacity	Spare Capacity
<b>Total OPEC-13</b>	<b>28,090</b>	<b>28,140</b>	<b>50</b>	<b>0.18%</b>	<b>33,345</b>	<b>5,205</b>
<b>Saudi Arabia</b>	10,030	10,060	30	0.3%	11,500	1,440
Iraq	4,280	4,310	30	0.7%	4,800	490
<b>UAE</b>	2,890	2,910	20	0.7%	4,200	1,290
<b>Kuwait</b>	2,550	2,580	30	1.2%	2,715	135
Iran	2,510	2,520	10	0.4%	3,830	1,310
Nigeria	1,420	1,520	100	7.0%	1,600	80
Angola	1,150	1,120	-30	-2.6%	1,200	80
Algeria	960	970	10	1.0%	1,060	90
Libya	1,060	920	-140	-13.2%	1,200	280
Venezuela	650	670	20	3.1%	600	-70
Congo	280	270	-10	-3.6%	300	30
Gabon	190	180	-10	-5.3%	220	40
Equatorial Guinea	120	110	-10	-8.3%	120	10
<b>Total OPEC-12</b>	<b>23,810</b>	<b>23,830</b>	<b>20</b>	<b>0.08%</b>	<b>28,545</b>	<b>4,715</b>

Source: Bloomberg, OPEC

Oil production in Libya remained volatile reflecting the political issues in the country. Blockades at the end of last year had lowered the production to as low as 0.7 mb/d resulting in average production for the month declining by 140 tb/d to 920 tb/d, according to Bloomberg. By mid-last month, the country's oil minister said that production was back to the 1.2 mb/d mark after a blockade in its western oil fields ended and ports in the east resumed operation. The Sharara oil field also almost reached its peak capacity of 0.28 mb/d. However, a renewed political situation emerged last week and has once again threatened to affect crude production.

In its latest monthly meeting, OPEC+ members remained cautious of the steady rise in oil prices and maintained their policy of gradually restoring production with an announced increase of 400 tb/d in March-2022, in line with previous increases. However, data from Rystad Energy and S&P Platts showed the group's production falling short of its target by around 0.7 mb/d as 14 out of 18 members with quotas underproducing as compared to their targets. As a result, overall compliance reached 120.8% during January-2022, the highest since the cuts were introduced in 2020. The IEA also urged OPEC producers with spare capacity to raise production in order to tame prices in what it termed as an incredibly tight market. The agency also significantly boosted its global oil demand growth forecast for 2022 by 0.8 mb/d to 3.2 mb/d.



Source: Bloomberg

## Brent Crude Oil Price Forecast

Firm	As Of	Q1-22	Q2-22	Q3-22	Q4-22
Capital Economics Ltd	8/Feb/22	79.0	79.0	76.0	72.0
Westpac Banking Corp	7/Feb/22	87.9	90.0	83.3	73.3
MUFG Bank	1/Feb/22	88.2	97.8	90.9	105.1
Rabobank International	1/Feb/22	93.0	93.3	93.8	94.2
Emirates NBD PJSC	28/Jan/22	75.0	70.0	67.5	60.0
Intesa Sanpaolo SpA	24/Jan/22	75.0	67.0	68.0	70.0
Banco Santander SA	10/Jan/22	79.0	76.0	74.0	71.0
Market Risk Advisory Co Ltd	6/Jan/22	76.0	73.0	72.0	74.0
MPS Capital Services Banca per le Imprese SpA	27/Dec/21	80.0	73.0	70.0	69.0
Commerzbank AG	15/Dec/21	70.0	75.0	75.0	75.0
Natixis SA	13/Dec/21	80.0	77.0	75.0	75.0
Landesbank Baden-Wuerttemberg	28/Oct/21	82.0	80.0	75.0	75.0
Australia & New Zealand Banking Group Ltd	25/Oct/21	85.2	79.0	75.8	76.2
BNP Paribas SA	19/Oct/21	86.0	78.0	78.0	80.0
ABN AMRO Bank NV	14/Oct/21	83.0	83.0	78.0	73.0
<b>Median</b>		<b>80.0</b>	<b>78.0</b>	<b>75.0</b>	<b>74.0</b>
<b>Mean</b>		<b>81.3</b>	<b>79.4</b>	<b>76.8</b>	<b>76.2</b>
<b>High</b>		<b>93.0</b>	<b>97.8</b>	<b>93.8</b>	<b>105.1</b>
<b>Low</b>		<b>70.0</b>	<b>67.0</b>	<b>67.5</b>	<b>60.0</b>
<b>Current Fwd</b>		<b>90.9</b>	<b>88.0</b>	<b>85.5</b>	<b>83.4</b>
<b>Difference (Median - Current)</b>		<b>-10.9</b>	<b>-10.0</b>	<b>-10.5</b>	<b>-9.4</b>

Source: Bloomberg



---

## Disclaimer & Important Disclosures

**Kamco Invest** 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 Invest 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, if any and where applicable, 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 Invest Ratings

Kamco Invest research is based on the analysis of regional and country economics, industries and company fundamentals. Kamco Invest 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  $\geq 10\%$  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 Invest 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 Invest'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 Invest clients.

Any terms and conditions proposed by you which are in addition to or which conflict with this Disclaimer are expressly rejected by Kamco Invest 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 Invest 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 Invest 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 Invest DIFC") is regulated by the Dubai Financial Services Authority (DFSA). Kamco Invest 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.

This document may not be distributed in Saudi Arabia except to such persons as are permitted under the Offers of Securities Regulations issued by the Capital Market Authority. The Capital Market Authority does not make any representation as to the accuracy or completeness of this document, and expressly disclaims any liability whatsoever for any loss arising from, or incurred in reliance upon, any part of this document. The recipients of this document hereby should conduct their own due diligence on the accuracy of the information relating to the contents of this document. If you do not understand the contents of this document you should consult an authorized financial advisor.

### 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 Invest 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 Invest 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 Invest 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 Invest business areas, including investment banking personnel. United Gulf Bank, Bahrain owns majority of Kamco Invest's shareholding and this ownership may create, or may create the appearance of, conflicts of interest.

### No Liability & Warranty

Kamco Invest 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 Invest 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.



---

**Kamco Investment Company - K.S.C. (Public)**

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

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

Tel: (+965) 2233 6600 Fax: (+965) 2249 2395

Email : [research@kamcoinvest.com](mailto:research@kamcoinvest.com)

Website : [www.kamcoinvest.com](http://www.kamcoinvest.com)

---

**Kamco Invest**