KAMCO INVEST

Investment Strategy & Research

Oil Market Monthly Report

March-2021

Oil price eases after touching USD 70/b led by higher supply and stronger USD…

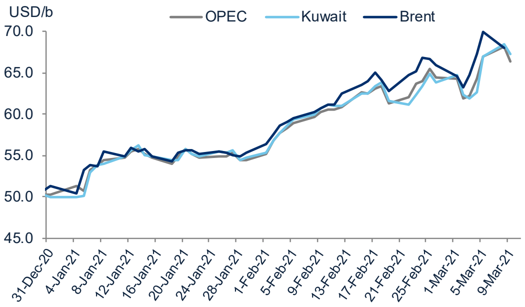
The rally in oil prices continued during early March-2021 with prices touching 14-month high and briefly trading above the USD 70/b mark in the spot market for the first time since January-2020. *An attack on Saudi oil facilities during the last week also led to a spike in global crude prices. However, prices receded soon after skeptics set in highlighting an overbought market that resulted in higher volatility. A strong USD also affected oil prices as import bills soared for importers led by the impact of higher oil prices, stronger USD as well as increasing demand for crude as Covid-19 restrictions eased in several countries.*

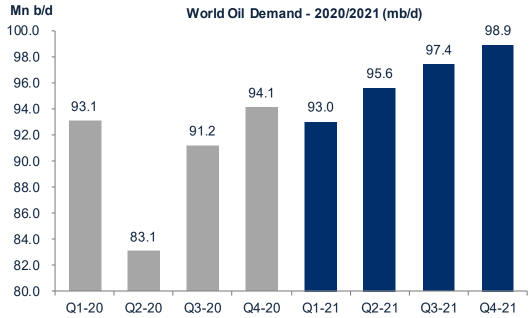
Price gains during early March-2021 came mainly on the back of expectations of higher demand in the near term as Covid-19 vaccinations picked up across the globe and gets reflected in economic growth estimates for the year. The rally was also supported by OPEC's surprise decision to keep production cuts unchanged for another month. *Favorable demand outlook was also reflected in higher demand for end products in the US, including that of gasoline, that resulted in a higher-than-expected decline in refined product inventories, although crude oil inventories increased during the week. The approval of the USD 1.9 Trillion financial package for the US economy also added to the optimism around oil demand. In addition, road transportation demand is also expected to see an increase in the coming months after a snowy February-2021 that limited travel plans.*

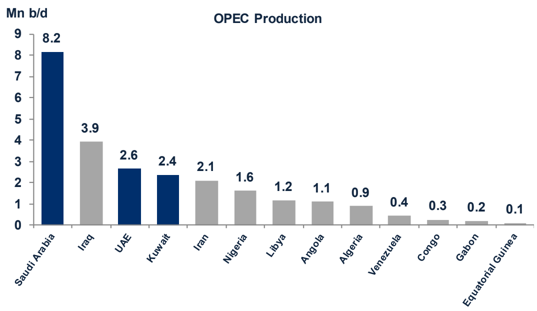
Demand trends also remained robust in China reaching pre-Covid levels with YTD-Feb-2021 demand for Diesel up 10% from the first two months of 2019 and motor fuel demand up 3.2% during the same period, as per Bloomberg. *On the other hand, record high domestic fuel prices in India affected* ***demand that declined by 4.9% m-o-m for the second consecutive month during February-2021 and reached the lowest level since September-2020.***

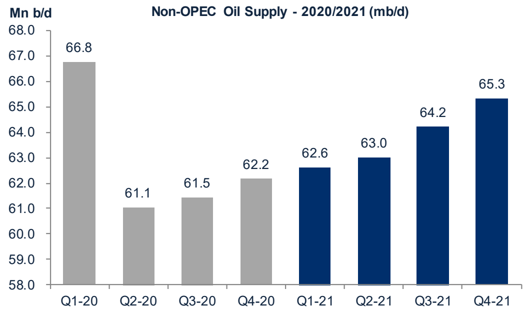
On the supply front, crude prices got support from Saudi Arabia's pledge for voluntary cuts in production. *OPEC crude production declined by almost 1 mb/d during February-2021 mainly on the back of a steep monthly decline in production by Saudi Arabia further supported by decline in production by Angola and Equatorial Guinea, while most of the other producers reported marginal monthly increase in production. On the other hand,* ***oil production is set to see a growth in the US, especially from shale producers, as a response to the higher oil prices.*** *In its Short Term Energy Outlook, the US EIA raised its forecasted production for this year and for 2022. The agency expects 2021 production to reach 11.15 mb/d as compared to its previous forecast of 11.02 mb/d, while 2022 production is expected to increase to 12.02 mb/d as compared to last month's forecast of 11.53 mb/d.* ***OPEC, in its monthly report, also raised its estimates for non-OPEC crude production by 0.47 mb/d for 2021 mainly led by higher supply from Canada, the US, Norway and Brazil.***

In this Report...









Sources : OPEC, EIA, Bloomberg

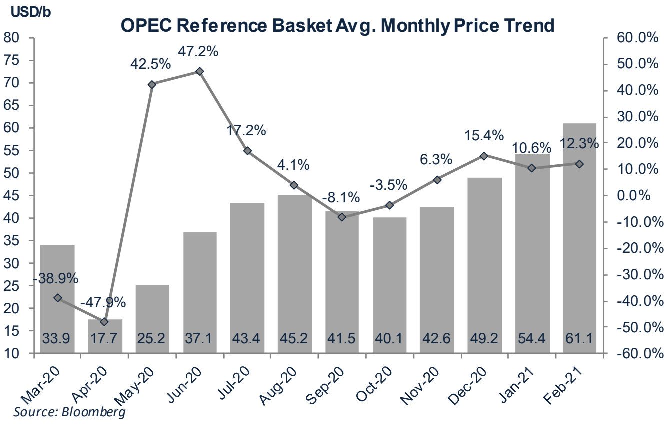
Junaid Ansari

Head of Investment Strategy and Research

+(965) 2233 6912

jansari@kamcoinvest.com

Oil Prices



Oil market started March-2021 on a weak note with consistent declines in crude prices since the last week of February-2021 after witnessing one of the longest running positive streaks in recent months. However, a surprise stance by OPEC+ to keep the production cuts unchanged supported prices. This was further supported by the attack on Saudi oil facilities that although did not affect supplies, but threatened one of biggest oil terminals, sending oil briefly above the USD 70/b mark. This was followed by mixed news of higher crude inventories in the US and a steep drawdown in end product inventories. The US EIA reported the third consecutive week of crude inventory build for the week ended 5-Mar-2021 with a cumulative build of 36.6 million barrels. The higher inventories reflected a production rate increase in the US by 300 tb/d during the last week of Feb-2021 and 900 tb/d during the week ended 5-Mar-2021 to reach 10.9 mb/d. Rig count data from Baker Hughes showed that the number of oil rigs in the US stayed above the 300 mark after seeing declines for 2 weeks over the last 16 weeks.

Nevertheless, prices continue to stay elevated vs. 2H-2020 levels with an increase of more than 33% since the start of 2021 reflecting production discipline from the OPEC+ producers and shale producers in the US on the supply side as well as the vaccine led optimism for growth in demand in the near term. The optimism was also reflected in oil price forecast from the EIA that now expects Brent spot prices to average at USD 60.67/b in 2021 as compared to last month's forecast of USD 53.20/b. For the next year, the agency expects average Brent crude price to decline slightly to USD 58.51/b but higher as compared to its previous forecast of USD 55.19/b. Meanwhile, crude oil prices witnessed gains across grades during February-2021. OPEC reference basket increased by 12.3% m-o-m during February-2021 and averaged at USD 61.05/b during the month, the highest since January-2020. Kuwait crude grade also witnessed a similar growth of 11.8% to average at USD 61.31/b whereas Brent crude grade witnessed a bigger increase of 13.7% to average at USD 62.23/b during February-2021.

Average Crude Oil Prices, USD/b	Jan-2021	Feb-2021	Change (USD)	Avg 2019	Avg 2020
OPEC Reference Basket	**54.4**	**61.1**	**6.7**	**60.5**	**57.7**
Arab Light	54.8	61.5	6.7	61.9	58.1
Basrah Light	54.7	61.4	6.7	59.6	58.1
Bonny Light	55.0	62.2	7.2	62.0	58.6
Djeno	47.3	54.8	7.5	58.9	51.0
Es Sider	53.1	60.8	7.8	59.9	57.0
Girassol	55.8	63.0	7.2	61.5	59.4
Iran Heavy	54.4	60.7	6.3	58.0	57.5
Kuwait Export	**54.8**	**61.3**	**6.5**	**60.9**	**58.1**
Merey	37.4	42.9	5.5	46.6	40.1
Murban	54.9	61.0	6.1	61.8	58.0
Rabi	54.3	61.8	7.5	57.2	58.0
Saharan Blend	55.1	62.4	7.3	61.8	58.7
Zafiro	55.1	62.5	7.4	61.2	58.8
Other Crudes					
Brent	54.7	62.2	7.5	59.6	58.5
Dubai	54.8	60.8	6.1	59.4	57.8
Isthmus	52.1	58.9	6.8	51.9	55.5
LLS	54.2	61.2	7.0	57.9	57.7
Mars	53.1	59.4	6.3	55.4	56.2
Minas	53.0	59.8	6.8	58.0	56.4
Urals	54.9	61.5	6.6	59.2	58.2
WTI	52.1	59.1	7.0	54.3	55.6
Differentials					
Brent/WTI	2.6	3.2	0.5	5.4	2.9
Brent/LLS	0.5	1.0	0.5	1.7	0.8
Brent/Dubai	(0.0)	1.4	1.4	0.2	0.7

Source: OPEC Monthly Oil Market Report - Mar-2021

World Oil Demand

World oil demand estimates for 2020 was raised higher by 0.03 mb/d by the OPEC in its latest monthly report. Demand last year is estimated to have averaged at 90.4 mb/d with a contraction of 9.6 mb/d. The upward revision mainly reflected better-than-expected demand data for OECD Europe and Asia Pacific during 2H-2020 as the decline in demand form transportation and the industrial fuels segments was less than expected that was largely offset by lower-than-expected data from weaker-than-expected transportation trend in OECD Americas. For the non-OECD region, demand was revised upwards by 0.1 mb/d led by better-than-expected demand across the region and particularly in the Middle East and in terms of product category, industry fuel witnessed higher-than-expected demand. For 2021, oil demand forecast was raised by 0.22 mb/d and is now expected to average at 96.27 mb/d with an increase of 5.89 mb/d as compared to last year. The revision came after 1H-21

World Oil Demand - 2019/2020, mb/d	2019	Q1-20	Q2-20	Q3-20	Q4-20	2020	Y-o-Y Growth	% Chg.
Americas	25.65	24.35	20.01	22.72	23.04	22.53	(3.12)	(12.17)
of which US	20.86	19.67	16.38	18.67	18.83	18.39	(2.47)	(11.86)
Europe	14.25	13.35	11.03	12.85	12.50	12.44	(1.82)	(12.74)
Asia Pacific	7.79	7.75	6.54	6.69	7.42	7.10	(0.69)	(8.83)
Total OECD	**47.69**	**45.44**	**37.58**	**42.26**	**42.97**	**42.07**	**(5.63)**	**(11.80)**
China	13.48	10.94	13.25	13.87	14.28	13.09	(0.39)	(2.92)
India	4.91	4.84	3.58	4.01	5.15	4.40	(0.52)	(10.54)
Other Asia	9.04	8.30	7.79	8.11	8.33	8.13	(0.91)	(10.06)
Latin America	6.59	6.11	5.61	6.20	6.12	6.01	(0.58)	(8.83)
Middle East	8.20	7.88	6.91	7.94	7.65	7.60	(0.60)	(7.37)
Africa	4.45	4.37	3.77	3.95	4.28	4.09	(0.35)	(7.94)
Eurasia	5.61	5.21	4.58	4.85	5.35	5.00	(0.61)	(10.88)
of which Russia	3.61	3.44	3.04	3.20	3.43	3.28	(0.33)	(9.20)
of which other Eurasia	2.00	1.78	1.54	1.65	1.92	1.72	(0.28)	(13.92)
Total Non-OECD	**52.29**	**47.65**	**45.49**	**48.94**	**51.16**	**48.32**	**(3.97)**	**(7.59)**
Total World	**99.98**	**93.10**	**83.07**	**91.20**	**94.13**	**90.39**	**(9.60)**	**(9.60)**

Source: OPEC Monthly Oil Market Report - Mar-2021

demand data was adjusted lower on the back of extended restrictions in many parts of Europe aimed at controlling the spread of Covid-19. This was more than offset by higher demand forecast for 2H-2021 led by stronger economic recovery backed by favorable impact of vaccinations. Demand forecasts for the OECD Europe region was raised marginally for Q1-2021 reflecting better-than-expected preliminary demand data for January-2021 coupled with higher demand for heating oil led by the colder-than-expected weather conditions. The increase in vaccinations and the easing of Covid-19 restrictions is also expected to support demand for the road transportation sector and industrial segment. In the Asia Pacific region, demand trends in China continued to remain strong during the first two months of the year. Crude oil imports increased by 4.1% y-o-y to 11.08 mb/d during the period, also supported by increase in refining capacity, although the higher prices recently are expected to affect overall demand during Q1-2021. On the other hand, oil demand in India softened due to record high domestic prices that resulted in a second consecutive month of decline during February-2021 to the lowest since September-2020. Petroleum product consumption declined by 4.9% during the month.

World Oil Demand - 2020/2021, mb/d	2020	Q1-21	Q2-21	Q3-21	Q4-21	2021	Y-o-Y Growth	% Chg.
Americas	22.53	23.85	24.55	24.34	24.12	24.22	1.69	7.51
of which US	18.39	19.40	19.96	19.94	19.77	19.77	1.38	7.52
Europe	12.44	12.15	13.01	13.55	13.63	13.09	0.66	5.29
Asia Pacific	7.10	7.30	7.18	7.17	7.64	7.32	0.22	3.13
Total OECD	**42.07**	**43.30**	**44.74**	**45.07**	**45.39**	**44.64**	**2.57**	**6.11**
China	13.09	12.55	14.27	14.93	15.05	14.20	1.11	8.49
India	4.40	4.96	4.56	4.83	5.61	4.99	0.60	13.60
Other Asia	8.13	8.35	8.96	8.57	8.47	8.59	0.46	5.60
Latin America	6.01	6.13	6.27	6.46	6.40	6.32	0.31	5.08
Middle East	7.60	7.89	7.64	8.28	7.93	7.94	0.34	4.50
Africa	4.09	4.41	3.99	4.16	4.47	4.26	0.16	3.98
Eurasia	5.00	5.43	5.17	5.14	5.60	5.34	0.34	6.77
of which Russia	3.28	3.57	3.37	3.37	3.58	3.47	0.19	5.93
of which other Eurasia	1.72	1.86	1.81	1.77	2.02	1.87	0.14	8.37
Total "Other Regions"	**48.32**	**49.74**	**50.87**	**52.36**	**53.52**	**51.63**	**3.31**	**6.86**
Total World	**90.39**	**93.04**	**95.61**	**97.43**	**98.91**	**96.27**	**5.89**	**6.51**

Source: OPEC Monthly Oil Market Report - Mar-2021

World Oil Supply

World liquids production showed a steep decline during February-2021 after showing consistent growth for the previous four months. Total production witnessed a monthly decline of 1.31 mb/d to reach an average of 92.28 mb/d. The decline reflected a fall in production by both OPEC and non-OPEC producers. OPEC producers lowered output by 0.65 mb/d, according to OPEC secondary sources during February-2021 mainly led by a steep decline in production by Saudi Arabia. On the other hand, non-OPEC producers also lowered production during the month by 0.67 mb/d to an average of 67.43 mb/d led by a fall in US production by 0.6 mb/d led by the freezing temperatures in the region. The steeper decline in production by OPEC producers resulted in a 0.3% decline in the group's market share to 26.9%.

Non-OPEC Oil Supply - 2019/2020, mb/d	2019	Q1-20	Q2-20	Q3-20	Q4-20	2020	Y-o-Y Growth	% Chg.
Americas	25.77	26.59	23.55	24.10	24.63	24.72	(1.06)	(4.10)
of which US	18.43	19.05	16.81	17.34	17.27	17.61	(0.81)	(4.40)
Europe	3.71	4.03	3.88	3.77	3.87	3.89	0.18	4.83
Asia Pacific	0.52	0.53	0.54	0.54	0.52	0.53	0.01	1.61
Total OECD	**30.01**	**31.16**	**27.97**	**28.41**	**29.02**	**29.14**	**(0.87)**	**(2.90)**
China	4.04	4.13	4.12	4.13	4.08	4.12	0.07	1.76
India	0.82	0.79	0.76	0.76	0.75	0.77	(0.06)	(6.89)
Other Asia	2.69	2.61	2.47	2.46	2.46	2.5	(0.19)	(7.09)
Latin America	6.09	6.35	5.83	6.14	5.91	6.06	(0.03)	(0.51)
Middle East	3.20	3.19	3.20	3.15	3.17	3.17	(0.03)	(0.83)
Africa	1.50	1.44	1.44	1.40	1.37	1.41	(0.08)	(5.46)
Eurasia	14.8	14.95	13.41	12.85	13.27	13.62	(1.19)	(8.02)
of which Russia	11.61	11.68	10.38	10.01	10.31	10.59	(1.02)	(8.78)
of which other Eurasia	3.19	3.28	3.03	2.84	2.96	3.03	(0.17)	(5.23)
Total Non-OECD	**33.14**	**33.46**	**31.22**	**30.89**	**31.01**	**31.64**	**(1.50)**	**(4.53)**
Total Non-OPEC Production	**63.15**	**64.61**	**59.2**	**59.3**	**60.03**	**60.78**	**(2.37)**	**(3.76)**
Processing gains	2.26	2.15	1.85	2.15	2.15	2.07	(0.19)	(8.47)
Total Non-OPEC Supply	**65.41**	**66.76**	**61.05**	**61.45**	**62.17**	**62.85**	**(2.56)**	**(3.92)**
OPEC NGLs and non-conventionals	**5.26**	**-**	**-**	**-**	**-**	**5.13**	**(0.13)**	**(2.47)**
OPEC Crude Oil Production	**29.34**	**28.25**	**25.58**	**23.86**	**24.95**	**25.65**		
Total World Supply	**100.01**	**-**	**-**	**-**	**-**	**93.63**		

Source: OPEC Monthly Oil Market Report - Mar-2021

Non-OPEC liquids production estimates for 2020 was revised higher by 0.19 mb/d to an average of 62.85 mb/d resulting in a y-o-y decline of 2.56 mb/d. The revision reflected higher supply from Norway and Brazil as against a downward revision in supply mainly from Russia, US, Canada, Colombia and Kazakhstan. For 2021, non-OPEC supply was also raised higher to 63.8 mb/d, an upward revision of 0.47 mb/d to show a y-o-y growth of 0.95 mb/d. The upward revision reflected higher supply from Canada, the US, Norway and Brazil. Nevertheless, OPEC highlighted the expected decline in capital spending in 2021 by oil producers and that would impact overall supply. In addition, the response of US shale to the increase in oil price has not been what was seen during the previous price rallies, indicating a shift in focus to cost cutting and shareholder returns.

Non-OPEC Oil Supply - 2020/2021, mb/d	2020	Q1-21	Q2-21	Q3-21	Q4-21	2021	Y-o-Y Growth	% Chg.
Americas	24.72	24.52	24.51	25.50	26.13	25.17	0.45	1.83
of which US	17.61	17.14	17.49	17.93	18.51	17.77	0.16	0.89
Europe	3.89	4.01	3.95	3.97	4.17	4.03	0.14	3.53
Asia Pacific	0.53	0.54	0.53	0.54	0.53	0.53	0.00	(0.20)
Total OECD	**29.14**	**29.07**	**28.99**	**30.01**	**30.82**	**29.73**	**0.59**	**2.02**
China	4.12	4.16	4.13	4.13	4.18	4.15	0.03	0.82
India	0.77	0.76	0.75	0.74	0.73	0.75	(0.02)	(2.46)
Other Asia	2.5	2.47	2.46	2.46	2.45	2.46	(0.04)	(1.49)
Latin America	6.06	6.03	6.31	6.32	6.51	6.30	0.24	3.97
Middle East	3.17	3.17	3.21	3.23	3.24	3.22	0.04	1.27
Africa	1.41	1.34	1.35	1.33	1.32	1.34	(0.08)	(5.50)
Eurasia	13.62	13.4	13.62	13.78	13.87	13.67	0.05	0.39
of which Russia	10.59	10.43	10.61	10.74	10.84	10.66	0.07	0.64
of which other Eurasia	3.03	2.97	3.01	3.03	3.03	3.01	(0.01)	(0.48)
Total "Other regions"	**31.64**	**31.35**	**31.83**	**32.00**	**32.31**	**31.88**	**0.23**	**0.74**
Total Non-OPEC Production	**60.78**	**60.42**	**60.82**	**62.01**	**63.13**	**61.6**	**0.82**	**1.35**
Processing gains	2.07	2.20	2.20	2.20	2.20	2.20	0.13	6.17
Total Non-OPEC Supply	**62.85**	**62.62**	**63.02**	**64.21**	**65.33**	**63.8**	**0.95**	**1.51**

Source: OPEC Monthly Oil Market Report - Mar-2021

OPEC Oil Production & Spare Capacity

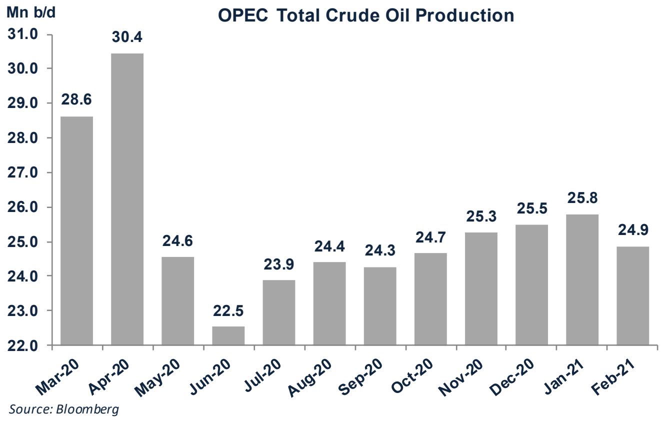
OPEC crude oil production witnessed a steep decline during February-2021 mainly led by the voluntary cuts undertaken by Saudi Arabia. Monthly production rate reached 24.87 mb/d for the group, a four month low, with a m-o-m decline of 0.92 mb/d, according to data from Bloomberg. OPEC's secondary sources showed a similar production level of 24.85 mb/d but a much smaller monthly decline of 0.65 mb/d. During the month, Saudi Arabia lowered production by almost 1 mb/d to 8.15 mb/d, the lowest production rate since June-2020. Angola and Equatorial Guinea also lowered production by 50 tb/d and 13 tb/d, respectively, while most of the remaining producers showed marginally higher production during the month. Nigeria and Iraq reported the biggest production growth during the month by 161 tb/d and 59 tb/d, respectively, while Venezuela and Iran added around 70 tb/d in total.

Production ('000 b/d)	Jan-21	Feb-21	Change		Capacity	Spare Capacity
Total OPEC-13	**25,790**	**24,870**	**-920**	**-3.57%**	**34,535**	**9,665**
Saudi Arabia	9,120	8,150	-970	-10.6%	11,500	3,350
Iraq	3,870	3,910	40	1.0%	4,800	890
UAE	2,610	2,630	20	0.8%	4,200	1,570
Kuwait	2,330	2,350	20	0.9%	3,075	725
Iran	2,140	2,110	-30	-1.4%	3,830	1,720
Nigeria	1,470	1,600	130	8.8%	2,000	400
Libya	1,160	1,150	-10	-0.9%	1,300	150
Angola	1,180	1,100	-80	-6.8%	1,450	350
Algeria	880	880	0	0.0%	1,080	200
Venezuela	460	440	-20	-4.3%	600	160
Congo	270	260	-10	-3.7%	330	70
Gabon	170	190	20	11.8%	220	30
Equatorial Guinea	130	100	-30	-23.1%	150	50
Total OPEC-12	**21,920**	**20,960**	**-960**	**-4.38%**	**29,735**	**8,775**

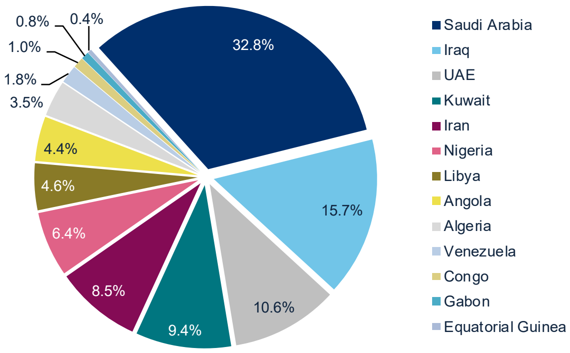
Source: Bloomberg, OPEC

The higher production in Nigeria at an average of 1.5 mb/d was led by the lifting of the month-long force majeure by ExxonMobil on the Qua Iboe export terminal. Meanwhile, Libya gradually raised production to 1.2 mb/d by February-2021 and expects to keep production steady led by the formation of the new unity government. The country has plans to raise production to 1.45 mb/d by year end as stated by the Chairman of Libya's NOC with plans to increase output by 150 tb/d. Near term targets are also ambitious with an aim to reach 1.6 mb/d in two years and to 2.1 mb/d in four years.

At the monthly meeting of OPEC+ producers, the decision to retain production cuts came as a surprise for oil watchers, especially given elevated oil prices. The move also shows that producers remain cautious of the oil price rally and near term demand trends. Under the agreement, the bulk of the producers in the group agreed to keep production cuts unchanged, with the exception of Russia and Kazakhstan that were allowed to increase production by 130 tb/d and 20 tb/d, respectively. As a result, overall cuts by the group now stands at 6.9 mb/d. At the meeting, Saudi Arabia pledged to continue with the additional 1 mb/d of voluntary cuts until April-2021 as against its previous guidance to implement these cuts until March-2021. Consequently, the overall OPEC+ compliance to the agreed quotas stood at 113.5% during February-2021, according to a survey from S&P Platts.



Share of Production



Source: Bloomberg

Brent Crude Oil Price Forecast

Firm	As Of	Q1 21	Q2 21	Q3 21	Q4 21
ABN AMRO Bank NV	5/Mar/21	62.0	65.0	63.0	61.0
Santander UK PLC	4/Mar/21	60.0	57.0	55.0	54.0
MPS Capital Services Banca per le Imprese SpA	26/Feb/21	60.0	61.0	62.0	64.0
Landesbank Baden-Wuerttemberg	25/Feb/21	61.0	65.0	60.0	60.0
Commerzbank AG	23/Feb/21	54.0	45.0	48.0	50.0
Emirates NBD PJSC	23/Feb/21	47.5	50.0	50.0	52.5
Intesa Sanpaolo SpA	22/Feb/21	60.0	70.0	72.0	73.0
MUFG Bank	17/Feb/21	61.0	73.7	71.8	65.4
Rabobank International	16/Feb/21	60.0	60.2	60.3	60.7
Capital Economics Ltd	15/Feb/21	55.0	59.0	63.5	68.5
Banco Santander SA	8/Feb/21	58.0	57.0	55.0	54.0
Westpac Banking Corp	5/Feb/21	56.0	56.0	55.0	54.0
Natixis SA	26/Jan/21	53.0	55.0	53.0	57.0
Deutsche Bank AG	20/Jan/21	55.0	60.0	60.0	65.0
Market Risk Advisory Co Ltd	6/Jan/21	52.0	53.0	54.0	54.0
Prestige Economics LLC	29/Dec/20	53.5	55.5	57.0	60.0
CIMB	9/Dec/20	55.0	53.0	52.0	50.0
BNP Paribas SA	23/Nov/20	56.0	54.0	55.0	59.0
Bank of Nova Scotia/The	13/Oct/20	46.0	49.0	51.0	54.0
Median		**56.0**	**57.0**	**55.0**	**59.0**
Mean		**56.1**	**57.8**	**57.8**	**58.7**
High		**62.0**	**73.7**	**72.0**	**73.0**
Low		**46.0**	**45.0**	**48.0**	**50.0**
Current Fwd		**63.5**	**66.4**	**64.6**	**63.1**
Difference (Median - Current)		**-7.5**	**-9.4**	**-9.6**	**-4.1**

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 >= 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
Website : www.kamcoinvest.com