

FIFA World Cup 2022

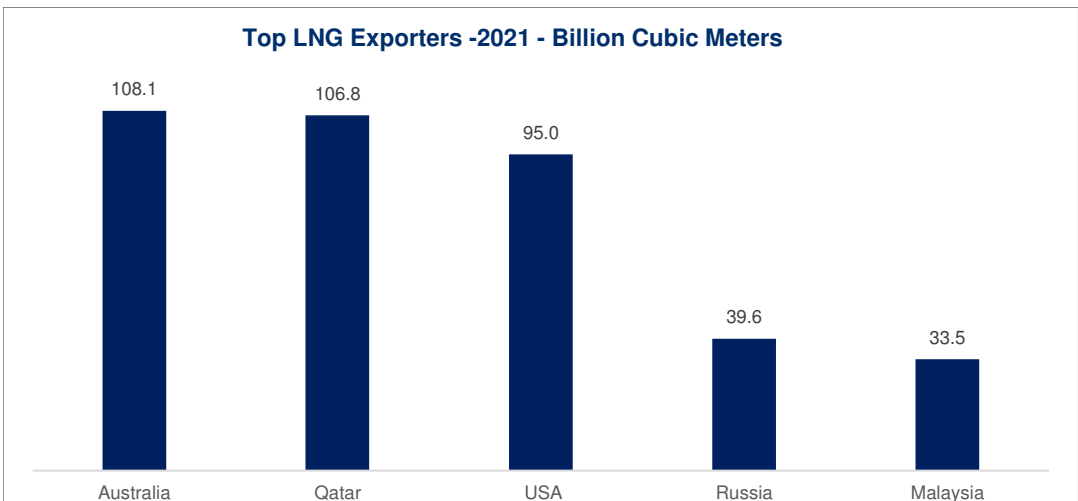
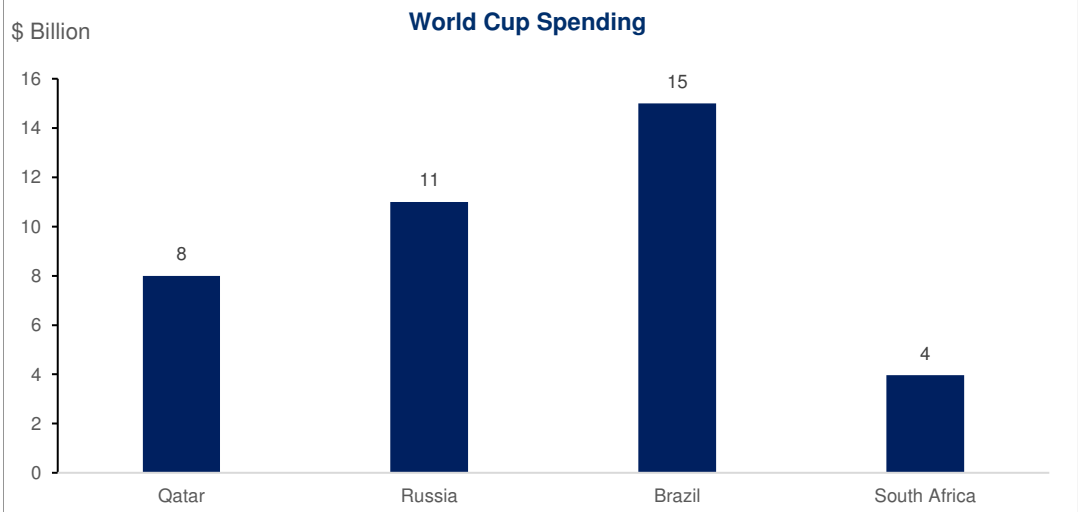
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Qatar - ambitions and expectations...

It is usually a sign of country's confidence and planned future ambitions when it seeks to host an international sports competition. But the FIFA World Cup is much more than an international sports competition. It is the most loved, followed and watched sports competition in the world. It can also be argued that the FIFA World Cup has the biggest country rivalry and historical importance as compared to other sport tournaments in the world such as the Olympics, NFL, NBA and even football club competitions. Given that football is known as the global sport or specifically "the beautiful game" it is understandable that a competition where football national teams around the world compete for a gold world cup would be exceptional.

Staging the FIFA World Cup tournament is a matter of great importance. Countries around the world vie for the opportunity to host the competition and usually the award process of the competition is eyed across the globe. Moreover, the hosting country usually spends billion in infrastructure projects such as building new stadiums, expanding train networks, building new hotels to be able to accommodate the travelling fans of the game.

Qatar's World Cup staging authority has estimated that it expects to reap USD 9 Bn in profits and revenues of USD 17 Bn. Overall spending on infrastructure in the country, according to Bloomberg, stood at around USD 200 Bn since 2010 for developing transport infrastructure, including roads, metro, stadiums, hotels and other amenities.



Sources : BP, Kamco Invest Research

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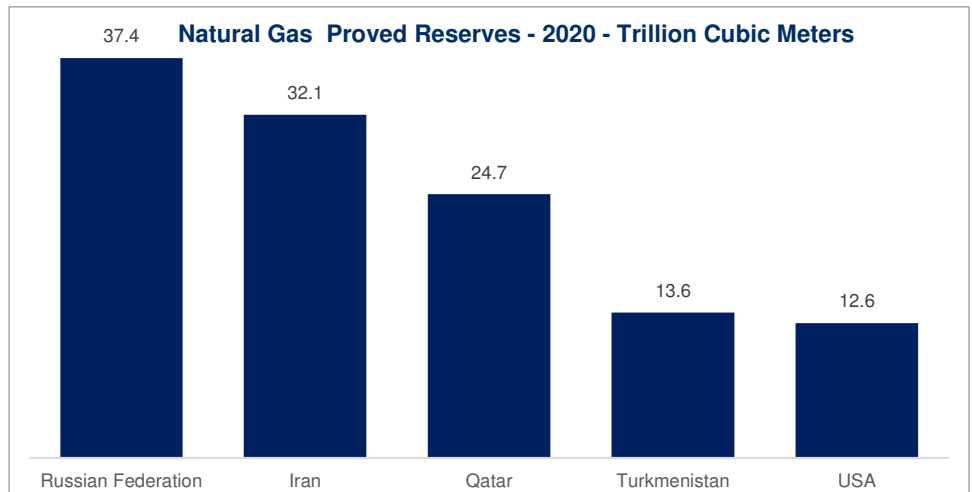
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Qatar's World Cup Preparation

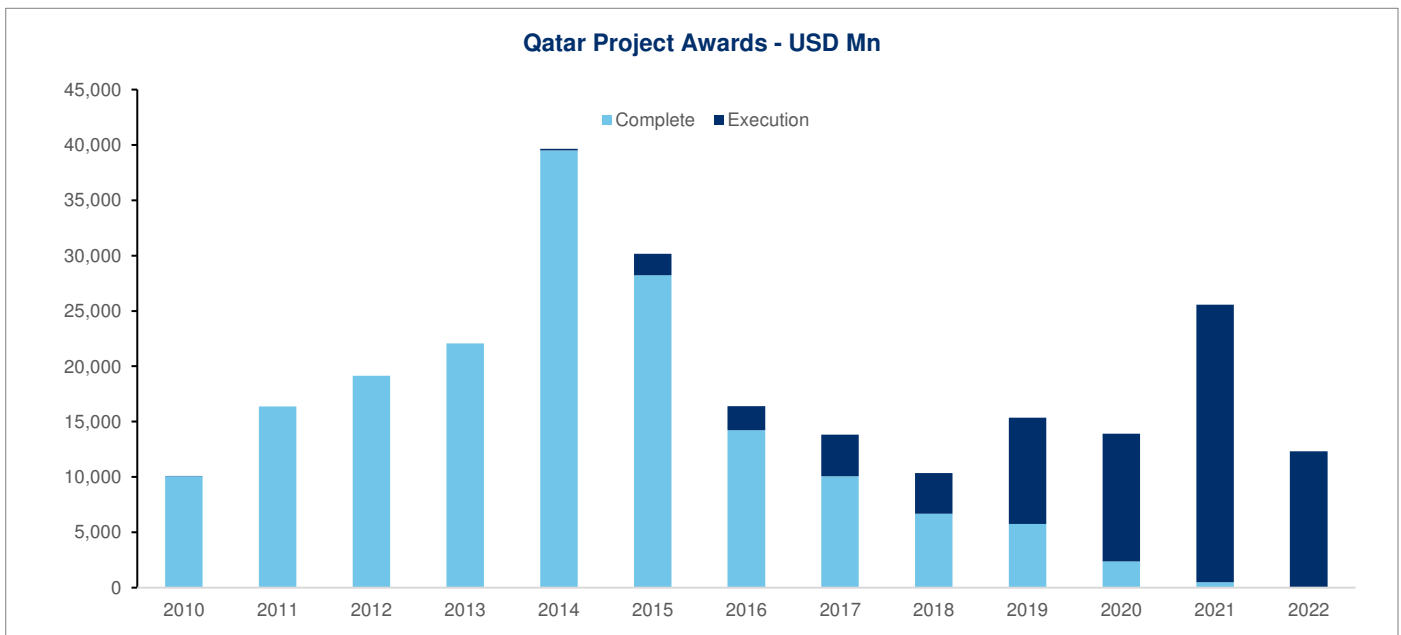
Qatar has used the tournament as a vehicle to deliver economic change and diversification. According to reports, Qatar's oil and gas contribution share of the GDP has fallen from 53% in 2010 to 39% in 2020. Moreover, Qatar's hospitality sector is forecasted to grow by 89% to reach over 56 thousand hotel keys by 2025. Qatar's tourism sector is also forecasted to benefit from the World Cup and is expected to represent 12% of GDP by 2030. Qatar is also expected to benefit the World Cup in terms of soft power and good will, making it an attractive spot for investment and trade.



Sources : BP, Kamco Invest Research

After winning the opportunity to host the FIFA World Cup in 2010, Qatar has invested heavily in infrastructure projects from building stadiums to host the world cup to its Northfield gas expansion projects. According to MEED Projects, Qatar has awarded over USD 245 Bn worth of projects since 2010 of which over 70% has been completed. Qatar's largest project is the USD 45 Bn Lusail City followed by the USD 36 Bn Doha Metro and USD 15.5 Bn airport expansion project. Moreover, Qatar has built 7 stadiums for the FIFA World Cup finals, a series of new roads and close to hundred hotels during the period after winning the opportunity to host the World Cup.

GCC opportunities



Sources : MEED Projects Kamco Invest Research

After Qatar, GCC countries are set to benefit from the FIFA World Cup tournament due to their geographic proximity to the host country and to some extent the relaxed hospitality rules in some jurisdictions such as Dubai. Certain sectors of the region's economy such as the hospitality and transportation sectors are set to benefit from the tournament which is expected to garner around 1.2 million fans from all over the world according to S & P survey. The inflow of such a significant number of fans is expected to have spillover economic effects to Qatar's GCC neighbors which have also prepared for the tournament and rolled out attractive tourist deals of accommodation and flights to woo fans.

Probabilities for the winning team in the FIFA World Cup 2022:

Qatar has staged one of the most unpredictable World Cup group stage games in history. Many countries which have been colossuses of football in terms of winning the World Cup such as Germany are already out of the competition. Similarly, others that have been favorites to win the tournament such as Belgium have also crashed out of the tournament. On the other hand, upcoming footballing countries such as Japan, Republic of Korea, Australia, and the USA have unexpectedly qualified to reach the round of 16 or the second stage of the tournament. There have been several shock results so far during the tournament, one of the highlights being Saudi Arabia's win over Messi's Argentina.

Taking all that into consideration we have made our propriety model to predict how the rest of the tournament may unfold.

- We have taken FIFA's Ranking points as a benchmark for our calculations. Based on the FIFA points alone we have computed each team's probability of qualifying from its group by dividing a particular team's FIFA points to the sum of points of the four teams in the group.
- As the games started, we have adjusted FIFA's points by computing the winning constant of a team or its likely probability to win the next game and multiplying that probability (exponential of winning variable) to its FIFA points.
- For example, if a given team has lost every game, its winning probability would be zero and its adjusted FIFA points would remain the same. Since the team has collected zero points its winning probability would be 0 points divided by how many points that were available (here 9 points from three games). But if a team has won, its winning probability would be ((points won/points available) multiplied by half) added by ((goal difference divided by goals scored) multiplied by half).
- After adjusting each team's FIFA points at the end of the group stages, our model successfully forecasted 14 out of the 16 qualifiers to the next round. For the next round of the tournament, we have used the adjusted FIFA points again in terms of goal difference from the group stage, the number of games played so far and a bonus if a country has previously won the World Cup to determine a new calculus which we used to compute the likelihood of a team's progress into the quarter finals and beyond.

Crunching the numbers, our computations indicate that the World Cup Final would be played by the five time winners Brazil against the two time champions France. And we forecast that Brazil has 76.5% chance of lifting the World Cup.

Round of 16				Likely Winner	Probability
1A VS 2B	Netherlands	VS	USA	Netherlands	63.9%
2A VS 1B	England	VS	Senegal	England	86.9%
1E VS 2F	Japan	VS	Croatia	Croatia	69.2%
1F VS 2E	Morocco	VS	Spain	Spain	68.4%
1D VS 2C	France	VS	Poland	France	89.0%
1C VS 2D	Argentina	VS	Australia	Argentina	91.4%
1H VS 2G	Portugal	VS	Switzerland	Portugal	72.5%
1G VS 2H	Brazil	VS	Korea Republic	Brazil	96.8%
Quarter Finals				Likely Winner	Probability
1E/2F VS 1G/2H	Croatia	VS	Brazil	Brazil	90.3%
1A/2B VS 1C/2D	Netherlands	VS	Argentina	Argentina	72.7%
1F/2E VS 1H/2G	Spain	VS	Portugal	Spain	51.8%
1B/2A VS 1D/2C	England	VS	France	France	51.2%
Semifinals				Likely Winner	Probability
QF2 VS QF1	Argentina	VS	Brazil	Brazil	76.1%
QF4 VS QF3	France	VS	Spain	France	70.8%
Final				Likely Winner	Probability
	Brazil	VS	France	Brazil	76.5%

Sources : FIFA Rankings, Kamco Invest Research

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