

Oil Market Monthly Report

June - 2015

In this Report...

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

Average oil prices went up for the second consecutive month during May-15 although the daily gains during the initial days tapered towards the end of the month due to reported increase in oil output in the US. Prices continued to fall after a weekly report from the EIA during the first week of June-15 showed that US oil production levels have failed to come down despite a fall in crude supplies and inventory levels. Moreover, expectations that production targets would remain unchanged by OPEC in its semiannual meeting, with further expected supply from Iran, also affected oil prices during the week. In addition, some analysts also forecasted an expected fall in oil demand from China after it accomplishes its target of strategic stockpiling that resulted in higher demand over the past few months.

In its semiannual meeting, OPEC affirmed that it would maintain its production levels of 30 mb/d and would not increase it to 31 mb/d as expected by some of the analysts. In a positive comment that led to a spike in oil prices during the second week of June-15, the group also said that it expects excess over supply to ease as demand picks up and supply growth slows from producers outside the group during the second half of the year leading to higher oil demand in 2015 as compared to 2014. This higher demand is expected to stem primarily from the road transportation sector in the US and Europe owing to lower oil prices that has also led to historical high automobile sales in the US. A similar tone was adopted by the IEA in its latest monthly report which said that world oil demand will rise at a faster pace than expected although it also highlighted an exceptionally high growth in global supplies.

OPEC Reference Basket settled at an average of USD 62.16/b during May-15, an increase of 8.5% or USD 4.85/b, in line with the previous month's increase. The month closed with an OPEC oil price of USD 60.47/b, a month-on-month decline of 2.8% or USD 1.74/b as prices started trending downward from mid-month. Kuwait Blend Spot Price FOB averaged at USD 60.9/b during May-15, a continued strong gain of 8.8% or USD 4.97/b as compared to April-15 average price of USD 56.0/b.

Total world oil demand for 2015 also remained unchanged from last month's forecast and is estimated to expand by 1.18 mb/d from the 2014 level to average around 92.50 mb/d. In OECD Europe, an improving economy and colder weather are some of the few factors that has led to higher demand in the region, in addition to a growing automobile market and higher industrial production. Non-OPEC oil supply in 2015 is projected to grow by 0.68 mb/d to average at 57.16 mb/d of which majority growth would be seen during 1H-15. During 2015, non-OPEC supply growth is projected to decline Q2-15 and Q3-14 and in Q1-15 and Q4-15 oil supply is forecasted to increase.

Faisal Hasan, CFA

Head - Investment Research

+(965) 2233 6907

faisal.hasan@kamconline.com

Ziad Chehab, MBA, CVA

Vice President

+(965) 2233 6909

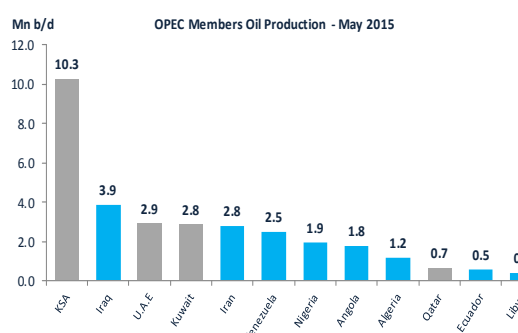
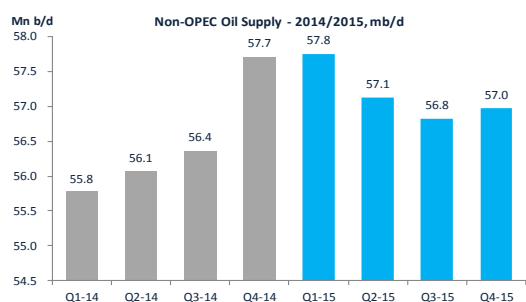
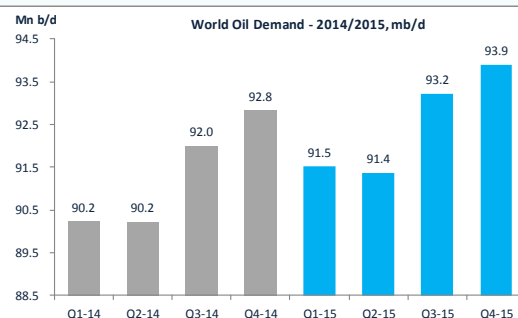
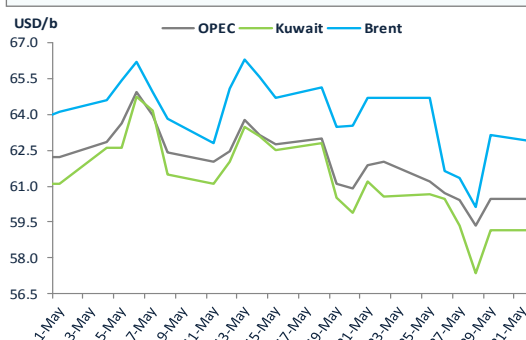
ziad.shehab@kamconline.com

Junaid Ansari, MBA

Assistant Vice President

+(965) 2233 6912

junaid.ansari@kamconline.com



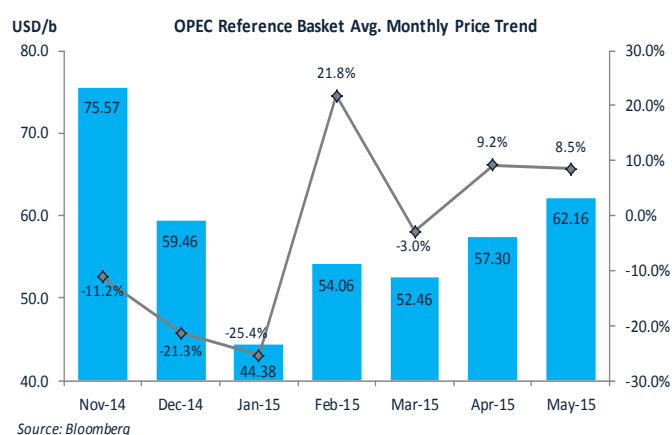
Source for the above charts : OPEC and Bloomberg

Oil Prices

Oil prices continued to rise for the second consecutive month during May-15 pushing the average monthly 2015 oil prices to USD 62.16/b. With this increase, average monthly oil price has reached the highest level since November-2014. Prices stayed above the USD 60/b mark for most of May-15 and weakened only towards the tail end of the month when it closed below the psychological mark only on one day i.e. 28th May at USD 59.33/b. The monthly peak price stood at USD 64.96/b recorded during the first week of May-15. During June-15, oil prices strengthened during the first few sessions but soon lost the momentum falling to USD 58.61/b due to a bearish report released by the US EIA which showed that US oil production levels have not fallen despite a fall in rig count. Moreover, OPEC's decision of not to slash its production in its semiannual meeting also led to weakness in oil prices. Nevertheless, a report from the IEA during the second week of June-15 highlighted that demand for oil may rise as fuel use has increased due to the collapse in oil prices. At the same time the agency also reiterated that supply would remain exceptionally high this year on the back of high output from OPEC.

OPEC Reference Basket settled at an average of USD 62.16/b during May-15, an increase of 8.5% or USD 4.85/b, in line with the previous month's increase. The month closed with an OPEC oil price of USD 60.47/b, a month-on-month decline of 2.8% or USD 1.74/b as prices started trending downward from mid-month. In terms of YTD-15 performance, the average OPEC Reference Basket price stood at USD 54.52/b, 43.4% lower as compared to FY-2014 average of USD 96.29/b.

Kuwait Blend Spot Price FOB averaged at USD 60.9/b during May-15, a continued strong gain of 8.8% or USD 4.97/b as compared to April-15 average price of USD 56.0/b. Kuwait oil closed May-15 at USD 59.17/b recording a monthly decline of 3.1% as against a 24.7% gain during the previous month. As a contrast to OPEC oil prices, the price trend of Kuwait oil remained less volatile during June-15 with a gain of 2.7% or USD 1.61/b to reach USD 60.78/b as of 11-June-15 after touching a peak of USD 61.74/b during the first week of June-15. Meanwhile, European Brent Spot Price FOB averaged at USD 62.0/b during May-15 recording a gain of 4.1% or USD 2.44/b.



Average Crude Oil Prices, USD/b	Apr-15	May-15	Change	2014	2015
OPEC Reference Basket	57.3	62.2	4.9	104.8	54.1
Arab Light	57.7	62.6	4.9	105.5	54.2
Basrah Light	55.6	60.4	4.8	102.7	52.2
Bonny Light	60.7	65.3	4.7	110.6	57.9
Es Sider	58.4	63.2	4.8	108.1	56.0
Girassol	61.1	65.5	4.4	109.0	57.9
Iran Heavy	56.3	61.4	5.1	104.7	53.0
Kuwait Export	56.0	60.9	5.0	103.7	52.4
Marine	58.5	63.3	4.8	104.6	55.4
Merey	49.5	55.1	5.6	94.2	47.3
Murban	61.7	66.2	4.5	108.0	58.4
Oriente	52.7	58.0	5.3	95.2	49.2
Saharan Blend	59.8	64.1	4.4	109.6	57.4
Other Crudes					
Brent	59.5	64.3	4.8	108.4	57.1
Dubai	58.6	63.5	5.0	104.7	55.6
Isthmus	59.1	63.8	4.7	99.9	54.5
LLS	60.7	65.0	4.3	104.3	56.8
Mars	57.7	61.8	4.1	100.2	53.4
Minas	58.6	63.0	4.4	110.2	55.6
Urals	59.7	64.3	4.6	107.0	56.8
WTI	54.4	59.3	4.9	100.0	51.9
Differentials					
Brent/WTI	5.1	5.0	(0.0)	8.4	5.3
Brent/LLS	(1.2)	(0.6)	0.5	4.1	0.3
Brent/Dubai	1.0	0.8	(0.2)	3.7	1.5

Source: OPEC Monthly Oil Market Report - June 2015

World Oil Demand

Total world oil demand growth for 2014 remained unchanged as compared to previous month's report which is estimated at 0.96 mb/d, to stand at 91.32 mb/d as compared to 90.37 mb/d for the year 2013. Oil demand during 2014 was led by Developing Countries that increased by 2.65% during the year followed by a 3.05% increase in demand from other regions. This increase was partially offset by a decline in demand from Europe and Asia Pacific.

Total world oil demand for 2015 also remained unchanged from last month's forecast and is estimated to expand by 1.18 mb/d from the 2014 level to average around 92.50 mb/d. Meanwhile, during Q1-15, oil demand in the US remained bullish due to higher demand from the road transportation sector. The decline in oil prices have led to increase in sale of relatively less fuel efficient automobiles which in turn led to an increase in the consumption of gasoline. This was evident from the sale figure of new car sales that recorded the strongest month in the last decade in May-15.

World Oil Demand - 2013/2014, mb/d	2013	Q1-14	Q2-14	Q3-14	Q4-14	2014	Y-o-Y Growth	% Chg.
Americas	24.09	23.87	23.76	24.38	24.68	24.17	0.08	0.35
of which US	19.27	19.15	19.04	19.52	19.84	19.39	0.12	0.64
Europe	13.69	13.00	13.59	13.89	13.55	13.51	(0.18)	(1.31)
Asia Pacific	8.32	8.85	7.66	7.70	8.35	8.14	(0.18)	(2.16)
Total OECD	46.09	45.72	45.01	45.97	46.58	45.82	(0.27)	(0.60)
Other Asia	11.10	11.12	11.41	11.38	11.34	11.31	0.21	1.92
of which India	3.70	3.85	3.80	3.63	3.87	3.79	0.09	2.38
Latin America	6.50	6.42	6.69	6.98	6.67	6.69	0.20	3.02
Middle East	7.81	8.07	7.93	8.39	7.85	8.06	0.25	3.18
Africa	3.67	3.79	3.79	3.69	3.85	3.78	0.11	3.06
Total Developing Countries (DCs)	29.08	29.39	29.82	30.44	29.71	29.84	0.77	2.65
Former Soviet Union (FSU)	4.49	4.39	4.24	4.63	4.91	4.54	0.05	1.13
Other Europe	0.64	0.64	0.60	0.64	0.73	0.65	0.02	2.44
China	10.07	10.08	10.56	10.31	10.90	10.46	0.40	3.94
Total "Other Regions"	15.20	15.11	15.39	15.58	16.53	15.66	0.46	3.05
Total World	90.37	90.23	90.22	91.99	92.82	91.32	0.96	1.06

Source: OPEC Monthly Oil Market Report - June 2015

In OECD Europe, an improving economy and colder weather are some of the few factors that has led to higher demand in the region, in addition to a growing automobile market and higher industrial production as seen during the first four months of the year. However, downside risk continue to be of financial nature due to economic woes in the some of the economies in the region. In OECD Asia-Pacific, oil demand was significantly high from Japan that saw an increase of 4.4% y-o-y for the first time since March 2014. The overall region is expected to see slightly lower decline in demand in 2015 as compared to 2014. Meanwhile, major oil consumers like India and China have seen higher demand in 2015 especially due to lower oil prices.

World Oil Demand - 2014/2015, mb/d	2014	Q1-15	Q2-15	Q3-15	Q4-15	2015	Y-o-Y Growth	% Chg.
Americas	24.17	24.12	23.94	24.61	24.88	24.39	0.22	0.91
of which US	19.39	19.39	19.18	19.70	20.02	19.57	0.19	0.96
Europe	13.51	13.10	13.55	13.83	13.50	13.50	(0.01)	(0.10)
Asia Pacific	8.14	8.75	7.58	7.57	8.17	8.01	(0.13)	(1.57)
Total OECD	45.82	45.97	45.07	46.01	46.55	45.90	0.08	0.17
Other Asia	11.31	11.37	11.67	11.65	11.58	11.57	0.26	2.27
of which India	3.79	4.00	3.91	3.76	3.99	3.91	0.13	3.37
Latin America	6.69	6.56	6.87	7.16	6.86	6.86	0.17	2.54
Middle East	8.06	8.24	8.14	8.65	8.08	8.28	0.22	2.76
Africa	3.78	3.88	3.88	3.79	3.94	3.87	0.09	2.45
Total Developing Countries (DCs)	29.84	30.06	30.56	31.25	30.46	30.59	0.74	2.48
Former Soviet Union (FSU)	4.54	4.42	4.26	4.67	4.95	4.58	0.04	0.77
Other Europe	0.65	0.65	0.61	0.65	0.74	0.67	0.01	1.84
China	10.46	10.41	10.87	10.63	11.19	10.78	0.31	2.99
Total "Other Regions"	15.66	15.48	15.74	15.95	16.88	16.02	0.36	2.30
Total World	91.32	91.51	91.37	93.21	93.89	92.50	1.18	1.29

Source: OPEC Monthly Oil Market Report - June 2015

World Oil Supply

Total non-OPEC supply also remained unchanged from the previous month's report and is estimated to have averaged 56.48 mb/d by the end of 2014, an increase of 2.17 mb/d or 4.0%. As highlighted in the report, a majority of the increase in oil supply in 2014 was recorded in the US that recorded in a supply increase of 14.41% followed by an increase in supply from the Asia Pacific region which stood at 6.25% resulting in an overall 8.41% increase in total OECD oil supply.

In 2015, Non-OPEC oil supply is projected to grow by 0.68 mb/d to average at 57.16 mb/d of which majority growth would be seen during 1H-15. In its latest report, OPEC made two downward revisions for Latin America and Bahrain by 11 tb/d and 9 tb/d, respectively, whereas there were two upward revisions of 7 tb/d and 5 tb/d in Thailand and Colombia, respectively. During 2015, non-OPEC supply growth is projected to decline Q2-15 and Q3-14. On the other hand, the remaining two quarters, i.e. Q1-15 and Q4-15 oil supply is forecasted to increase.

Non-OPEC Oil Supply - 2013/2014, mb/d	2013	Q1-14	Q2-14	Q3-14	Q4-14	2014	Y-o-Y Growth	% Chg.
Americas	18.17	19.22	19.86	20.16	20.70	19.99	1.81	10.02
of which US	11.24	11.99	12.82	13.14	13.49	12.86	1.63	14.41
Europe	3.59	3.76	3.52	3.41	3.74	3.61	0.02	0.56
Asia Pacific	0.48	0.50	0.51	0.53	0.50	0.51	0.03	6.25
Total OECD	22.24	23.48	23.90	24.10	24.93	24.11	1.87	8.41
Other Asia	3.60	3.56	3.55	3.48	3.65	3.56	(0.04)	(1.11)
Latin America	4.79	4.88	4.94	5.11	5.24	5.04	0.26	5.22
Middle East	1.36	1.34	1.34	1.36	1.32	1.34	(0.02)	(1.47)
Africa	2.40	2.44	2.41	2.40	2.41	2.42	0.02	0.83
Total Developing Countries (DCs)	12.15	12.23	12.24	12.35	12.62	12.36	0.21	1.73
Former Soviet Union (FSU)	13.41	13.48	13.36	13.39	13.48	13.43	0.02	0.15
of which Russia	10.51	10.59	10.55	10.52	10.65	10.58	0.07	0.67
Other Europe	0.14	0.14	0.14	0.14	0.14	0.14	0.00	0.00
China	4.25	4.27	4.28	4.21	4.36	4.28	0.03	0.71
Total "Other regions"	17.79	17.90	17.78	17.74	17.99	17.85	0.06	0.34
Total Non-OPEC Production	52.18	53.60	53.91	54.19	55.55	54.32	2.14	4.10
Processing gains	2.13	2.16	2.16	2.16	2.16	2.16	0.03	1.41
Total Non-OPEC Supply	54.31	55.77	56.07	56.36	57.71	56.48	2.17	4.00
OPEC NGLs and non-conventionals	5.65	5.75	5.87	5.84	5.86	5.83	0.18	3.19
OPEC Crude Oil Production	30.23	29.88	29.81	30.32	30.29	30.07	-	-
Total World Supply	90.19	91.40	91.75	92.52	93.86	92.38	-	-

Source: OPEC Monthly Oil Market Report - June 2015

Overall supply in 2015 is expected to grow at a smaller pace as compared to 2014 primarily due to the low oil price expectations (as compared to 2014) as highlighted by a majority of the analysts (see page 6 of this report), declining numbers of active rigs, and insufficient investment in upstream projects. According to data from Baker Hughes, oil rigs in operation continued to decline as highlighted in its latest weekly report, falling to 642 oil rigs or 868 combined oil & gas rigs, the lowest level since January 2003.

Non-OPEC Oil Supply - 2014/2015, mb/d	2014	Q1-15	Q2-15	Q3-15	Q4-15	2015	Y-o-Y Growth	% Chg.
Americas	19.99	20.68	20.67	20.70	20.82	20.72	0.73	0.04
of which US	12.86	13.56	13.60	13.56	13.54	13.56	0.70	0.05
Europe	3.61	3.68	3.54	3.43	3.65	3.57	(0.03)	(0.01)
Asia Pacific	0.51	0.48	0.53	0.53	0.51	0.51	0.00	0.00
Total OECD	24.11	24.84	24.73	24.67	24.98	24.81	0.70	0.03
Other Asia	3.56	3.65	3.63	3.58	3.53	3.60	0.04	0.01
Latin America	5.04	5.27	5.12	5.10	4.99	5.12	0.08	0.02
Middle East	1.34	1.32	1.24	1.22	1.21	1.24	(0.09)	(0.07)
Africa	2.42	2.45	2.43	2.41	2.38	2.42	0.00	0.00
Total Developing Countries (DCs)	12.36	12.68	12.42	12.30	12.12	12.38	0.02	0.00
Former Soviet Union (FSU)	13.43	13.58	13.36	13.25	13.21	13.35	(0.08)	(0.01)
of which Russia	10.58	10.69	10.56	10.49	10.44	10.54	(0.03)	(0.00)
Other Europe	0.14	0.14	0.14	0.14	0.14	0.14	0.00	0.00
China	4.28	4.33	4.30	4.28	4.34	4.31	0.03	0.01
Total "Other regions"	17.85	18.05	17.80	17.67	17.69	17.80	(0.05)	(0.00)
Total Non-OPEC Production	54.32	55.57	54.95	54.64	54.79	54.99	0.67	0.01
Processing gains	2.16	2.17	2.17	2.17	2.17	2.17	0.01	0.00
Total Non-OPEC Supply	56.48	57.75	57.13	56.82	56.97	57.16	0.68	0.01

Source: OPEC Monthly Oil Market Report - June 2015

OPEC Oil Production & Spare Capacity

Total OPEC production during May-2015 increased marginally from April-15 to stand at 31.6 mb/d. Production in Saudi Arabia remained unchanged as compared to the previous month and remained above the 10 mb/d mark at 10.25 mb/d. The biggest increase in production was recorded in Iraq that produced 197 tb/d more oil during the month to reach 3.87 mb/d, an increase of 5.4%. Iraq has been ramping up oil production and exports in most of its oil fields. According to shipping programs, the country aims to increase crude exports by almost 26% to a record 3.75 mb/d next month. On the other hand, production in Iran increased marginally by 20 tb/d during the month. Meanwhile, production in Angola increased by 100 tb/d to 1.78 mb/d as the country strives to achieve its long held oil production aim of 2 mb/d. According to Angola's oil minister, oil production in the country is expected to rise to 1.8 mb/d in 2016. The country faced technical problems at several of its oil fields in recent month.

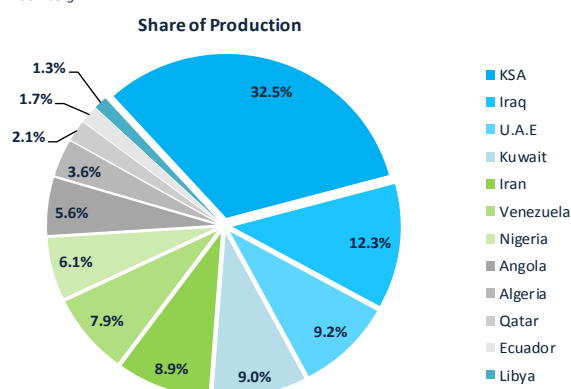
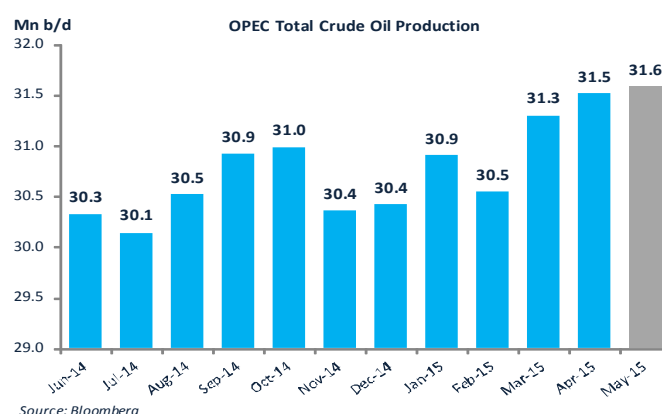
Production ('000 b/d)	May	April	Change		Capacity	Spare Capacity
Total OPEC-12	31,579	31,512	67	0.2%	37,547	5,968
KSA	10,250	10,250	0	0.0%	12,500	2,250
Iraq	3,870	3,673	197	5.4%	3,650	-220
U.A.E	2,900	2,900	0	0.0%	3,000	100
Kuwait	2,830	2,850	-20	-0.7%	3,200	370
Iran	2,800	2,780	20	0.7%	3,850	1,050
Venezuela	2,482	2,482	0	0.0%	3,000	518
Nigeria	1,920	1,980	-60	-3.0%	2,400	480
Angola	1,780	1,680	100	6.0%	1,870	90
Algeria	1,150	1,150	0	0.0%	1,200	50
Qatar	650	700	-50	-7.1%	780	130
Ecuador	542	547	-5	-0.9%	547	5
Libya	405	520	-115	-22.1%	1,550	1,145
Total OPEC-11	27,709	27,839	-130	-0.47%	33,897	6,188

Source: Bloomberg

The decline in monthly oil production in the OPEC was led by Libya followed by Nigeria. In Libya, oil production fell by 115 tb/d to 405 tb/d, almost a quarter of its capacity, due to rising political issues in the country. On the other hand, the production decline in Nigeria was primarily due to a steep decline in demand for its oil, primarily in the US which slashed Nigerian oil imports from nearly 1 mb/d in 2010 to less than 60 tb/d in 2014. Qatar and Kuwait recorded monthly production declines of 50 tb/d and 20 tb/d, respectively.

On a full year basis, OPEC crude oil average monthly production for the first five months of 2015 increased at 2.8% or around 835 tb/d to average around 31.17 mb/d, compared with average monthly production of 30.33 mb/d for full year 2014. On a year-on-year basis, average oil production in the OPEC region increased by 5.5% during May-15 as compared to 29.9 mb/d during May-14. OPEC oil production was recorded at the highest average monthly level since October-12.

Saudi Arabia's share of production remained constant at 32.5% during May-15 whereas the share of Iraq increased to 12.3% as against 11.7% during the previous month. Moreover, despite recording highest level of production in the OPEC, Saudi Arabia continues to boast the largest spare capacity of 2.25 mb/d.



Source: OPEC Monthly Oil Market Report - May 2015

Brent Crude Oil Price Forecast by Various Research Houses

Firm	Analyst	As Of	Q2 15	Q3 15	Q4 15	Q1 16
Promsvyazbank PJSC	S. Narkevich	6/1/2015	63.6	60.3	55.0	55.3
Prestige Economics LLC	J. Schenker	5/31/2015	63.8	67.0	75.0	77.0
Commerzbank AG	E. Weinberg	5/29/2015	62.0	65.0	75.0	75.0
Toronto-Dominion Bank/Toronto	B. Melek	5/28/2015	64.0	65.0	70.0	75.0
BMO Capital Markets Corp/Toronto	R. Ollenberger	5/26/2015	64.1	65.0	65.0	
Norddeutsche Landesbank Girozentrale	F. Kunze	5/22/2015	63.0	66.0	71.0	71.0
LBBW	F. Klumpp	5/22/2015	62.0	60.0	60.0	63.0
UniCredit Markets & Investment Banking	J. Hitzfeld	5/19/2015	64.0	60.0	65.0	65.0
Santander UK PLC	J. Kenney	5/19/2015	62.0	59.0	59.1	63.0
DZ Bank AG Deutsche Zentral-Genossenschaftsbank	A. Herlinghaus	5/12/2015	60.0	65.0	72.5	72.5
Societe Generale SA	M. Wittner	5/11/2015	58.0	60.0	65.0	62.0
BNP Paribas SA	H. Tchilinguirian	5/11/2015	60.0	62.0	69.0	
Westpac Banking Corp	J. Smirk	5/8/2015	62.0	61.0	58.0	60.0
Itau Unibanco Holding SA	I. Goldfajn	5/7/2015	64.9	67.7	69.4	70.0
Barclays PLC	M. Cohen	4/28/2015	59.0	61.0	66.0	
Natixis SA	A. Deshpande	4/28/2015	53.0	60.0	65.0	60.0
KLR Group LLC	J. Gerdes	4/21/2015	60.0	65.0	70.0	75.0
RBC Capital Markets	G. Pardy	4/15/2015	45.5	59.5	75.2	81.0
Citigroup Inc	E. Morse	4/15/2015	55.0	55.0	65.0	67.0
Oversea-Chinese Banking Corp Ltd	B. Gan	4/14/2015	61.8	68.4	75.0	
Macquarie Capital USA Inc	V. Dwivedi	4/14/2015	68.0	74.0	85.0	85.0
CIBC World Markets Corp	K. Spector	3/26/2015	58.0	80.0	85.0	72.0
Capital Economics Ltd	T. Pugh	3/25/2015	60.0	60.0	60.0	61.0
Bank of America Merrill Lynch	F. Blanch	3/17/2015	48.0	56.0	61.0	58.0
Intesa Sanpaolo SpA	D. Corsini	3/12/2015	60.0	60.0	65.0	70.0
Bayerische Landesbank	A. Speer	3/11/2015	50.0	45.0	50.0	55.0
Deutsche Bank AG	M. Hsueh	3/10/2015	57.5	60.0	62.5	
Lloyds Bank PLC	C. Paraskevas	3/4/2015	55.0	72.0	80.0	88.0
Standard Chartered Bank	P. Horsnell	3/2/2015	71.0	83.0	90.0	98.0
Australia & New Zealand Banking Group Ltd	M. Pervan	2/23/2015	43.5	49.0	55.5	60.0
Danske Bank A/S	J. Pedersen	2/19/2015	62.0	70.0	76.0	77.0
Wells Fargo Securities LLC	R. Read	2/9/2015	60.0	66.0	69.0	73.0
UBS Securities LLC	W. Featherston	1/26/2015	50.0	55.0	55.0	
DNB ASA	T. Kjus	1/22/2015	63.0	69.0	74.0	
HSBC Holdings PLC	G. Gray	1/16/2015	60.0	65.0	70.0	
Nomura International Hong Kong Ltd	G. Kwan	1/14/2015	55.0	65.0	75.0	70.0
Raiffeisen Bank International AG	H. Loacker	1/13/2015	53.0	60.0	68.0	72.0
Raymond James & Associates Inc	M. Adkins	1/5/2015	60.0	72.0	77.0	79.0
Nordea Bank Norge ASA	T. Saltvedt	12/18/2014	57.0	65.0	69.0	70.0
Incrementum AG	R. Stoeferle	12/10/2014	73.0	79.0	87.0	95.0
National Australia Bank Ltd	V. Lai	12/10/2014	78.0	83.0	85.0	90.0
Jefferies LLC	J. Gammel	12/9/2014	70.0	74.0	77.0	80.0
Median			60.0	65.0	69.0	70.0
Mean			58.9	63.5	68.5	70.3
High			71.0	83.0	90.0	98.0
Low			43.5	45.0	50.0	55.0
Current Fwd			63.9	66.2	67.5	69.7
Difference (Median - Current)			-3.9	-1.2	1.5	0.3

Source: Bloomberg

Disclaimer & Important Disclosures

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

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

Analyst Certification

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

KAMCO Ratings

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

- * **Outperform:** Target Price represents expected returns $\geq 10\%$ 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 policy is to maintain up-to-date fair value targets on the companies under its coverage, reflecting any material changes to the analyst's outlook on a company. Share price volatility may cause a stock to move outside the rating range implied by KAMCO's fair value target. Analysts may not necessarily change their ratings if this happens, but are expected to disclose the rationale behind their view to KAMCO clients.

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

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

Risk Warnings

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

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

Conflict of Interest

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

No Liability & Warranty

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



KAMCO Investment Company

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

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

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

Email : kamcoird@kamconline.com

Website : <http://www.kamconline.com>