

Executive Summary

- Qatar continues to experience a large influx of expatriates with continued double digit population growth in May 2014; we expect population growth to average 10.5% for 2014 as a whole
- Overall headline inflation rose to 2.8% while international food prices continued their moderation
- International reserves remain near record levels at end-April 2014; we forecast international reserves to continue to rise gradually on large current-account surpluses for the remainder of 2014

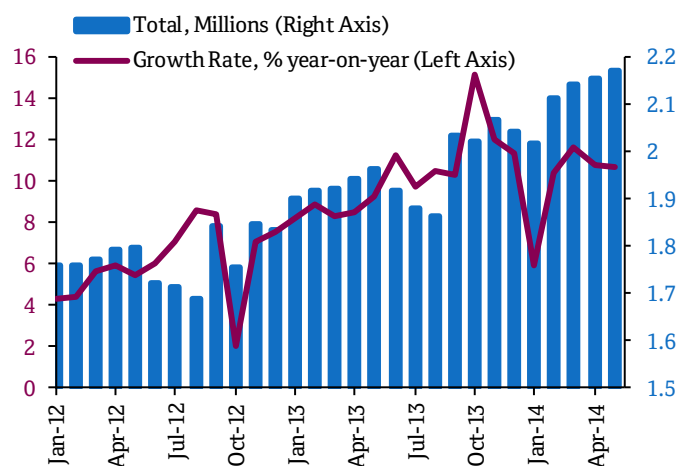
Qatar continues to experience a large influx of expatriates with continued double digit population growth

Qatar's population grew by 10.7% year-on-year in May 2014 to reach 2.17m. An additional 210k people joined the Qatar population over the last twelve months. Population growth in recent months has been driven up by the large ramp up in infrastructure spending in preparation for the 2022 FIFA World Cup.

The latest population figures for May are in line with QNB Group's forecast of 10.5% average population growth for 2014 – one of the world's highest population growth rates. In turn the larger population will feed into higher economic growth by boosting aggregate demand and investment in housing and services.

Population growth surged in May 2014 to 10.7%

Population within the country at the end of the month

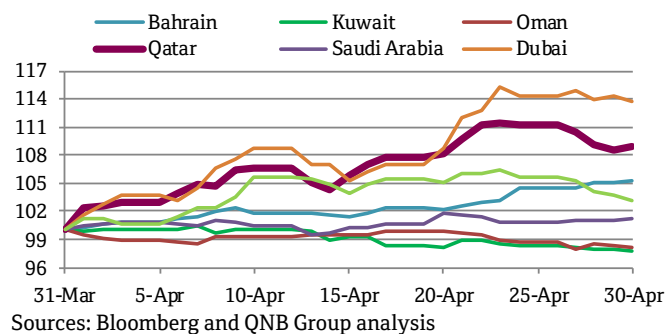


Sources: Ministry of Development Planning and Statistics (MDPS) and QNB Group analysis

QNB Economics Weekly Commentary

- [Oman Is on Its Way to a New Growth Model](#)
- [Eurozone's Fragile Recovery Depends on Continued Adjustment](#)
- [GCC Countries Continue To Be the Main Engine of Growth in MENA](#)
- [India's Economy Is On The Mend](#)
- [The US Economy Is on a Tight Rope Between Recovery and Policy Tightening](#)

Stockmarket Indices (rebased with 31 Jan 2014 = 100)



The GCC markets finished May 2014 in the green. On the back of MSCI's upgrade, Qatar's benchmark index (QE Index) was the top performer, surging 8.0% month-on-month (MoM) and 31.9% year-to-date (YTD). Dubai's benchmark index is the best performing regional index so far in 2014 with a gain of 51.0% YTD, while Kuwait remains as the only laggard, dropping by 1.6% MoM (down 3.4% YTD).

Qatar's upgrade to MSCI Emerging Market status drove the QE Index to an all-time high. Foreign institutional investors were the primary buyers, injecting USD834.9m in May 2014. So far, foreign institutional investors have bought (on a net basis) USD1.9bn in Qatari equities vs. an inflow of just around USD700m for the whole of 2013. Going forward, investors can expect another round of foreign institutional inflow as S&P Dow Jones also adds Qatar to its own Emerging Markets Index in the latter part of 2014.

China Economic Insight Report 2014



QNB Group will be publishing the China Economic Insight 2014 shortly, providing an overview of the Chinese economy, with historical data, in-depth analysis and forecasts. The report will be available on the [QNB website](#) along with the recently published [Qatar Economic Insight 2014](#).

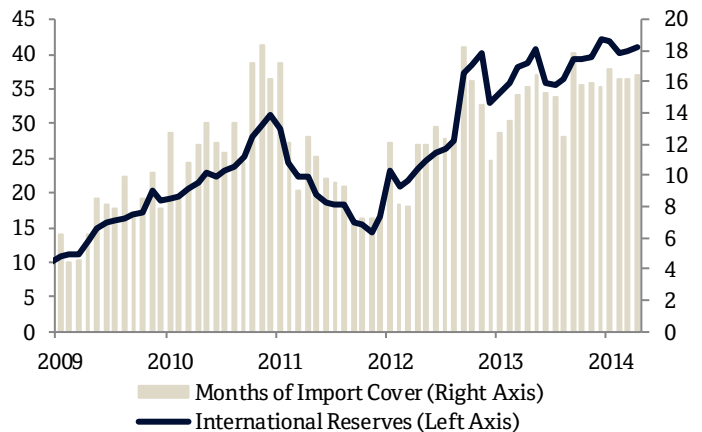
International reserves remain near record levels at end-April 2014

Qatar's international reserves rose by USD2.2bn to stand at USD40.9bn at end-April 2014, from 38.7bn in the same period last year, a reflection of the strong current account surplus and the low capital outflows. The latest available information suggests that the import cover stands at 16.4 months, well above the IMF-recommended level of 3 months for pegged exchange rates.

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

International reserves remained robust in April 2014

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



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

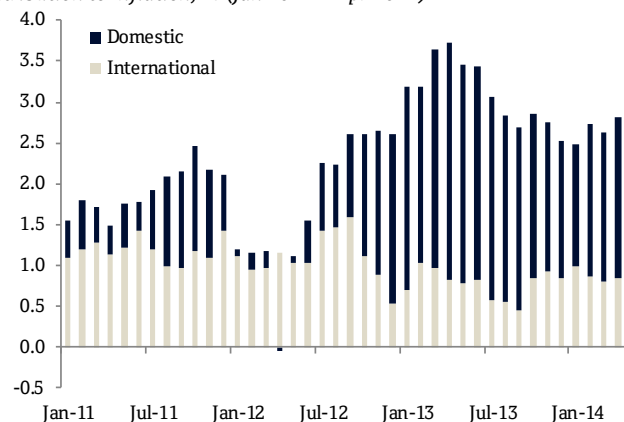
Overall headline inflation rose to 2.8% while international food prices continued their moderation

Qatar's Consumer Price Index (CPI) for April 2014 rose by 2.8% year-on-year. On a month-on-month bases, it increased by 0.3% relative to March 2014. The moderation in international food prices was the key factor behind the slowdown in recent months, as they were broadly flat on a month-on-month basis (2.5% year-on-year). Housing and rents (the largest component of overall inflation with a 32.2% share) rose 0.7% month-on-month and at 6.3% year-on-year in April 2014.

We expect the further growth in population to drive consumer demand, leading to a modest rise in inflation. Indeed, planned investments in major projects in 2014 are likely to lead to certain supply bottlenecks, pushing up prices somewhat.

Headline inflation rose slightly to 2.8% in April 2014

Contribution to Inflation, % (Jan 2011 – Apr 2014)



Domestic inflation includes: Houses rent, Water Charges and House Maintenance + Medical Care and Health Services + Entertainment, Recreation and Culture + Miscellaneous Goods and Services

International inflation includes: Food, Beverages and Tobacco + Clothing and Footwear + Furniture, Textiles and Home Appliances

Sources: QCB, MDPS and QNB Group analysis

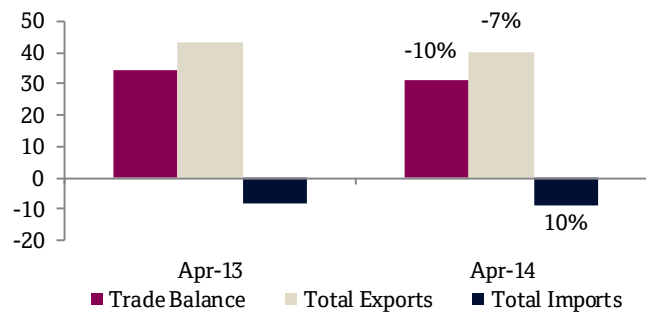
Foreign merchandise trade balance registered a surplus of QAR31.2bn in April 2014

Qatar's foreign merchandise trade balance registered a surplus of QAR31.2bn in April 2014. The surplus decreased by 10% year-on-year, primarily on a decline in hydrocarbon exports (-8%), reflecting temporary shutdowns in gas and oil production facilities. Merchandise imports grew by 10%, reflecting the strong growth in the economy.

Total exports in April stood at QAR40.1bn and imports at QAR8.8bn. Japan topped the export destination in April accounting for 27% of Qatar's exports, followed by South Korea (15%) and India (13%). The US was the largest exporter to Qatar in April (12%), followed by China (10%) and the Japan (8%).

The trade balance registered another large surplus

(bn QAR, % year-on-year)



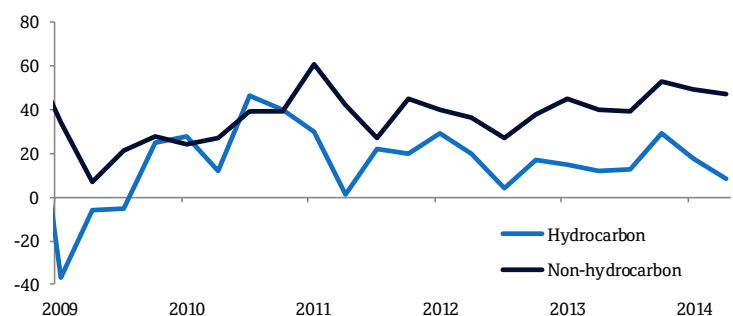
Sources: MDPS and QNB Group analysis

Qatar's Business Optimism Index in the non-hydrocarbon sector remains buoyant in Q2

Qatar's Business Optimism Index (BOI) for Q2 2014 in the non-hydrocarbon sector stands at 47, posting a 7 points gain over a year earlier. Meanwhile, hydrocarbon sector sentiment has continued its recent downward trend due to lower optimism on selling prices, net profits and hiring.

The survey shows a moderation in the investment outlook - 31% of hydrocarbon firms and 41% of non-hydrocarbon firms plan to invest in business expansion in Q2 versus corresponding proportions of 53% and 47% firms in Q1, respectively.

Optimism grows in Qatar's non-hydrocarbon sector



Sources: Qatar Financial Centre (QFC) and QNB Group analysis

Economic News

- **QCB to issue T-bills worth QAR4bn** – The Qatar Central Bank (QCB) will issue three-month treasury bills worth QAR2bn, and six-month and nine-month bills worth QAR1bn each. All the bills will be issued on June 3, 2014. (QCB)
- **Deposit and loans both grew by 0.6% month-on-month (MoM) in April 2014** – After posting a flat performance (down 0.1% MoM in March 2014), loans grew by 0.6% in April 2014 primarily due to pick-up in credit off-take from the private sector which posted a monthly growth of 2.2%. On the other hand, deposits continued its gradual growth (+0.6%) and are up 6.5% year-to-date (YTD) vs.

3.8% growth in the loan book. Hence, the banking sector's loans-to-deposits ratio (LDR) stood at 103% at the end of April 2014 vs. 105% at the end of 2013. On the loan book front, total domestic public sector loans declined by 1.3% MoM but are still up 1.4% YTD. The government segment's loan book declined by 0.3% MoM after a 5.5% growth in March 2014 (+18.6% YTD 2014). Furthermore, government institutions' segment (which represents about 60% of public sector loans) declined by 2.3% MoM and is still down 3.7% YTD. Private sector loans grew by 2.2% MoM and are up 5.0% YTD.

Private Sector News

- Qatar allows raising foreign ownership in listed companies to maximum of 49%, subject to amendment in company statutes** – HH the Emir Sheikh Tamim bin Hamad al-Thani, who is also President of the Supreme Council For Economic Affairs and Investment (SCEAI), has given instructions to raise the percentage of non-Qatari ownership in companies listed in the Qatar Stock Exchange (QSE). HE Minister of Finance Ali Sherif al-Emadi, who is also the SCEAI's Secretary General, said that the increase in the proportion of non-Qatari ownership in companies listed on the QSE will be in accordance with the effective legal procedures as follows: 1) The equality of the GCC citizens with their Qatari counterparts as regards their possession of shares of companies listed in QSE; 2) The Non-Qatari citizens who are not members of the GCC may possess shares of the companies listed on QSE and by a percentage not exceeding 49%, and this will be up to the desire of each company through amending its statute; 3) The proportion of non-Qatari ownership, which was referred to in the previous item, in shares of companies traded in the Qatar Exchange, shall be calculated based on the total capital of each company and not on its non-tradable shares; and 4) The Ministry of Economy and Commerce and Qatar Financial Markets Authority (QFMA) will immediately take the measures to put this directive into effect. (Gulf-Times.com)
- QE to introduce margin trading, short selling** – The Qatar Exchange (QE) is planning to introduce margin trading and covered short selling in the near future. The QE is currently interacting with the regulator to evolve rules and regulations to govern these transactions. The QE's CEO Rashid Al Mansoori said that the idea is to increase investment opportunities in the market, diversify the market and help enhance liquidity. (Peninsula Qatar)
- MSCI adds 10 Qatari and 9 UAE companies to MSCI EM Index** – As part of its semi-annual review, Equity index provider MSCI reclassified Qatar and the United Arab Emirates to emerging markets from the frontier-market status, in line with expectations. Qatar will have a ~0.48% weighting in the MSCI Emerging Market Index, while the UAE will have ~0.58% weighting. MSCI added 10 Qatar companies and 9 UAE companies to the emerging markets index. The Qatari equities that will be included in the index are QNB Group (QNBK), Industries Qatar (IQCD), Masraf Al Rayan (MARK), Ooredoo (ORDS), Vodafone Qatar (VFQS), Qatar Electricity & Water (QEWS), Qatar Islamic Bank (QIBK), Barwa Real Estate (BRES), Commercial Bank of Qatar (CBQK) and Doha Bank (DHBK). The UAE securities that will be included in the index are Emaar Properties (EMAAR), Al Dar Properties (ALDAR), DP World (DPW), Abu Dhabi Commercial Bank (ADCB), National Bank of Abu Dhabi (NBAD), Arabtec Holding (ARTC), Dubai Financial Market (DFM), First Gulf Bank (FGB) and Dubai Islamic Bank (DIB). All changes will be implemented as of the close on May 30, 2014. (Reuters, Zawya)
- Qatari bourse plans two ETFs** – The Qatar Exchange's (QE) CEO Rashid Al Mansoori disclosed that the bourse is working toward launching two exchange-traded funds (ETFs) over the next six months. One ETF will be based on government fixed income risk from an Asian borrower, while the second product is likely to be an ETF based on a representative Qatar-country index. QE, in collaboration with QNB Financial Services and Bank of America Merrill Lynch, concluded a week-long roadshow in London and New York to enhance investor relations between international investment institutions and Qatari-listed companies. The forthcoming inclusion of Qatar in the MSCI Emerging Market Index has provided a unique opportunity for the country to showcase its market-leading listed companies. (Peninsula Qatar)
- Vodafone Qatar posts narrower March 2014 loss on increase in customer base; declares maiden QAR0.17 in cash DPS (~1% yield)** – In 4Q2014, Vodafone Qatar's (VFQS) net loss narrowed by 39% on a quarter-on-quarter (QoQ) basis and 56% on a YoY basis and stood at QAR33m. We were expecting a net loss of QAR50m (Bloomberg consensus: QR49m). Results were driven by an increase in revenue with 4Q2014 revenue up 8% QoQ and 26% YoY to QAR550m. Reported revenue was in line with our estimate of QAR543m (Bloomberg consensus: QAR517m). VFQS' mobile customers grew by 22% YoY (4% QoQ) to reach 1.33m as of March 31, 2014 (QNBFS estimate: 1.34m). The company reported a quarterly EBITDA margin of 27.7% vs. our estimate of 26.2% and December 2013 quarter's 26.4%. VFQS' FY2014 loss narrowed by 39% to QAR246m, compared to a net loss of QAR401m a year earlier. The improved results were driven by a strong 30% YoY growth in FY2014 revenue to QAR1.98bn. The mobile revenue market share grew to 33.6% by the end of 4Q2014 as compared to 30.4% in the same period last year. (Company Website, QNBFS Research)
- Moody's affirms Qatar International Islamic Bank ratings; changed outlook to positive from stable** –

Moody's Investors Service has today affirmed Qatar International Islamic Bank (Q.S.C.)'s (QIIB) A3 global long term issuer ratings, Prime-2 short term issuer ratings and D+ standalone bank financial strength rating (BFSR), which is equivalent to a ba1 baseline credit assessment (BCA). At the same time, Moody's changed the outlook on the bank's long-term ratings to positive from stable. (Moody's)

- **Doha Bank to raise capital in 2015** – Doha Bank plans to raise additional capital in 2015 to underpin fast asset growth and potential acquisitions, the group chief executive of Qatar's fourth-largest bank by assets said yesterday. The bank is looking at several options to raise capital, such as a rights issue. (Gulf-times.com)

National Accounts

Nominal GDP (QAR bn)	2009	2010	2011	2012	Q4 13	YoY%	QoQ%
Total	356.0	455.4	624.2	691.4	188.5	5.8%	2.3%
Oil & Gas	159.5	239.7	370.2	392.7	99.7	2.0%	0.8%
Non-Oil	196.5	215.7	254.0	298.7	88.8	10.5%	4.0%
Agriculture and Fishing	0.4	0.5	0.6	0.6	0.2	9.2%	0.4%
Industry	33.6	40.8	56.7	70.2	28.6	1.7%	1.0%
Manufacturing	33.6	40.8	56.7	70.2	18.1	-5.1%	0.0%
Electricity, Gas and Water	1.8	2.1	2.4	3.4	1.0	11.2%	-8.8%
Construction	25.5	27.5	28.3	31.2	9.3	16.7%	4.4%
Services	132.1	140.9	162.1	188.6	58.9	15.4%	5.5%
Trade, Restaurants and Hotels	29.8	31.5	35.6	39.1	13.2	23.7%	6.7%
Transport and Communications	16.2	18.1	21.0	23.5	6.7	10.7%	-1.8%
Financial and Business Services	58.1	60.3	65.6	74.7	24.1	22.0%	10.0%
Social Services	4.1	4.5	5.0	5.8	1.6	5.7%	-1.0%
Government Services	32.1	37.4	46.2	60.1	17.9	7.0%	2.1%
Household Services	1.8	1.9	2.0	2.3	0.7	20.4%	0.7%
Imputed Bank Service Charges	-10.2	-12.7	-13.4	-16.8	-5.4	24.9%	3.9%
Import Duties	3.1	3.8	3.9	4.6	1.3	7.4%	4.8%

Source: MDPS

Real GDP (% change, YoY)	2009	2010	2011	2012	Q3 13	Q4 13	QoQ%
Total	12.0	16.7	13.0	6.2	6.9	5.6	0.6
Oil & Gas	4.5	28.9	15.7	1.2	1.4	-1.1	-2.8
Non-Oil	17.6	8.6	10.8	10.3	10.9	10.3	3.0
Agriculture and Fishing	-17.0	19.7	5.4	4.5	8.5	4.9	0.8
Industry	6.1	23.4	14.0	4.1	8.1	9.0	1.3
Manufacturing	13.7	17.6	10.4	10.7	2.5	2.0	-1.1
Electricity, Gas and Water	-0.4	13.5	7.9	10.6	6.1	5.4	-24.7
Construction	6.9	9.5	10.5	10.6	13.0	15.0	5.4
Services	21.9	6.9	10.3	10.8	12.9	11.2	3.9
Trade, Restaurants and Hotels	15.7	2.5	12.9	6.7	11.2	19.3	5.4
Transport and Communications	22.7	10.2	12.4	12.4	12.1	8.4	-1.2
Financial and Business Services	25.8	7.4	6.3	11.4	14.1	18.1	9.0
Social Services	21.5	1.9	3.0	9.2	6.4	1.9	-0.7
Government Services	23.6	8.7	13.1	12.8	16.9	5.7	1.8
Household Services	4.3	2.2	0.8	6.0	10.2	12.9	5.3
Imputed Bank Service Charges	1.0	3.3	16.4	21.2	21.1	25.8	5.7
Import Duties	-11.3	17.8	-1.1	20.5	3.2	8.1	6.7

Source: MDPS

N.B. Data which is new or revised this month is shown in red.

Balance of Payments

Balance of Payments (USD bn)	2010	2011	2012	2013	Q4 13	QoQ%	YoY%
Current Account Balance	23.8	52.0	62.0	62.6	14.1	-2.9%	2.4%
Trade Balance (Goods)	53.9	87.4	102.2	105.5	25.3	-2.7%	-0.4%
Exports	74.8	114.3	133.0	136.9	33.2	-2.5%	0.4%
Imports	-20.9	-26.9	-30.8	-31.5	-7.9	-1.8%	3.0%
Invisibles	-30.1	-35.4	-40.2	-42.9	-11.3	-4.3%	-3.3%
Services	-5.8	-9.5	-14.0	-16.3	-4.1	-1.0%	2.0%
Income	-12.9	-13.3	-12.1	-11.3	-3.3	8.6%	-5.9%
Transfers	-11.4	-12.7	-14.1	-15.2	-3.9	-15.8%	-6.2%
Capital & Financial Account Balance	-10.7	-62.6	-44.4	-54.5	-12.1	5.6%	-31.0%
Capital Account	-2.1	-3.6	-6.1	-4.8	-1.3	5.9%	-31.8%
Financial Account	-8.6	-59.0	-38.3	-49.7	-10.8	5.6%	-30.9%
Direct Investment (outwards)	-1.9	-6.0	-1.8	-8.0	-2.0	-30.5%	-17.1%
Direct Investment (into Qatar)	4.7	-0.1	0.3	-0.8	-0.4	1.1%	-18.5%
Portfolio investment (net)	-	-	-	-14.3	-1.7	-59.1%	-25.6%

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

Top 5 Export Destinations (USD bn)	2009	2010	2011	2012	Q3 13	QoQ%	YoY%
Japan	14.5	19.7	27.4	32.6	8.2	-9.3%	5.0%
Korea	7.6	10.8	18.9	23.2	4.9	-23.0%	-8.4%
India	3.7	5.6	10.3	14.7	3.3	26.6%	-9.0%
European Union	4.0	9.1	17.0	12.0	2.3	17.1%	-3.6%
China	1.2	2.2	4.3	7.0	1.9	-12.1%	-0.4%

Top 5 Import Sources (USD bn)	2009	2010	2011	2012	Q3 13	QoQ%	YoY%
European Union	8.1	7.2	6.6	7.5	1.8	-11.5%	23.1%
United States	3.1	3.5	3.1	3.9	1.4	-23.6%	151.3%
United Arab Emirates	1.8	2.3	3.0	3.2	0.8	0.0%	0.8%
Saudi Arabia	1.3	1.7	2.2	2.4	0.6	0.0%	0.8%
United Kingdom	1.1	1.4	1.5	1.8	0.4	-23.3%	28.0%

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

Crude oil (USD / barrel)	2009	2010	2011	2012	Apr-14	MoM%	YoY%
Oil production ('000 bpd)	781.0	733.0	734.0	733.7	701.0	-1.3%	-3.6%
Qatar average price	62.0	77.7	108.4	111.2	105.7	-1.4%	-1.4%
Dukhan	62.6	78.4	109.7	111.8	106.9	-1.6%	-1.3%
Marine	61.6	77.2	107.5	110.6	105.2	-1.4%	-1.4%

Source: OPEC (Direct communications), Reuters

Budget, Population, Money & Prices

Government Budget	2010	2011	2012	2013	Q3 13	QoQ%	YoY%
Balance	13.4	2.7	7.7	11.9	49.7		
% of GDP	2.7	7.7	11.9	9.9	27.0		
Revenue	34.3	35.7	40.5	38.5	101.4	494%	-25.1%
Expenditure	31.6	27.9	28.5	28.6	51.7	24.6%	26.9%

Population (m people in Qatar)	2010	2011	2012	2013	May-14	MoM%	YoY%
Total	1.72	1.73	1.83	2.03	2.16	0.0%	9.8%
Male	1.30	1.30	1.37	1.41	1.61	0.0%	10.7%
Female	0.42	0.43	0.46	0.62	0.55	0.0%	7.2%

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

Inflation (% ch, 12mth rolling average YoY)	2010	2011	2012	2013	Apr-14	MoM%	YoY%
Overall (weights shown below)	-2.4	1.9	1.9	3.1	2.9	0.3	2.8
Food, beverages & tobacco (13.2%)	2.1	4.3	3.7	2.3	1.9	-0.4	0.6
Clothing & footwear (5.8%)	-1.3	7.5	2.8	0.2	1.2	0.2	4.0
Rents, water & maintenance (32.2%)	-12.8	-4.8	-3.3	5.8	6.0	0.7	6.3
Furniture, textiles & appliances (8.2%)	4.1	2.9	4.9	3.1	3.2	0.7	5.1
Health care (2.0%)	3.5	2.6	1.5	2.3	2.0	0.0	0.6
Transport & communication (20.5%)	2.6	6.4	2.2	1.4	1.3	0.2	1.2
Entertainment, leisure & culture (10.9%)	2.9	2.0	6.0	7.3	5.6	0.5	2.7
Miscellaneous goods & services (7.2%)	4.7	5.6	4.8	-2.5	-3.4	-0.4	-1.8

Source: MDPS

Money Supply (QAR bn)	2010	2011	2012	2012	Apr-14	MoM%	YoY%
Broad money (M2)	264.7	310.0	381.1	455.7	478.9	-0.9%	8.9%
M1	68.3	81.8	90.9	105.9	119.1	1.2%	14.9%
Quasi-money	196.4	228.1	290.1	349.8	359.8	-1.6%	7.1%

Interest rates (% , end period)	2010	2011	2012	2013	Apr-14	MoM bp	YoY bp
QCB deposit	1.50	1.50	0.75	0.75	0.75	0.0	0.0
QCB lending	5.50	5.50	4.50	4.50	4.50	0.0	0.0
Interbank overnight	1.39	0.74	0.77	0.85	0.75	11.6	4.7
Demand deposit	1.34	0.62	0.65	0.58	0.57	2.1	-10.0
Overdraft	8.19	7.42	6.63	6.10	5.29	-52.9	-127.2
Credit card	19.92	10.69	9.11	8.13	8.51	-45.1	14.3

Source: QCB

Banking Sector Snapshot : April 2014

Review and Outlook

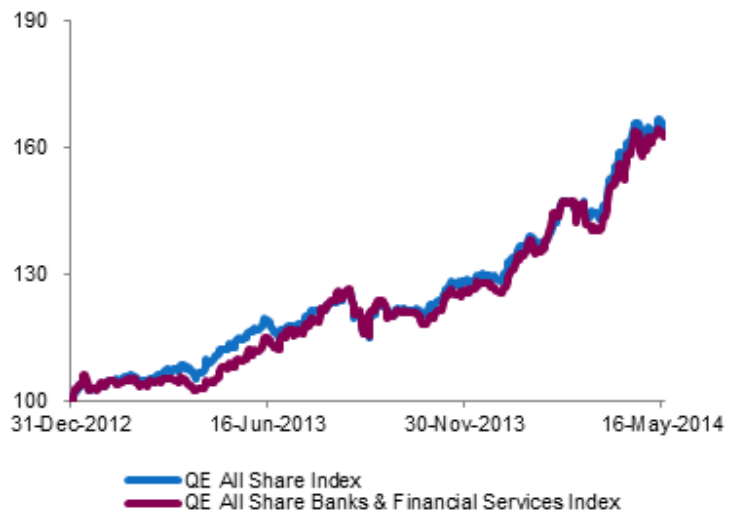
Deposit and loans both grew by 0.6% MoM in the month of April 2014. After posting a flat performance (down 0.1% month-over-month [MoM] in March 2014), loans grew by 0.6% MoM in April 2014 primarily due to pick-up in credit off-take from the private sector which posted a growth of 2.2% MoM. On the other hand, deposits continued with its gradual growth (+0.6% MoM) and are up 6.5% year-to-date (YTD) vs. 3.8% growth in the loan book. Hence, the banking sector's loans-to-deposits ratio (LDR) stood at 103% at the end of April 2014 vs. 105% at the end of 2013. Going forward, we expect the public sector, in addition to large corporate loan growth, will be the primary drivers of the overall loan book in 2014 followed by the SMEs and consumer lending. Our view is based on the expected uptick in project mobilizations in the coming months.

The private sector led deposit growth for the month of April 2014. Public sector deposits grew by 0.1% MoM (+3.3% YTD 2014). Delving into segment details, the government institutions' segment (represents ~54% of public sector deposits) declined by 5.9% MoM (+2.5% YTD 2014). On the other hand, the government segment increased by 8.8% MoM (+22.1% YTD). Furthermore, the semi-government institutions' segment posted a 5.3% MoM (down 28.4% YTD 2014) growth reversing the declining trend as it declined by 30.7% MoM in March 2014. **Private sector deposits gained by another 0.7% MoM (+10.5% YTD 2014).** On the private sector front, the companies & institutions' segment grew by 2.2% MoM (+10.5% YTD 2014) while the consumer segment contracted by 0.7% MoM (+10.5% YTD 2014).

The overall loan book's performance improved in April 2014. Total domestic public sector loans declined by 1.3% MoM but are still up 1.4% YTD. The government segment's loan book declined by 0.3% MoM after a 5.5% MoM growth in March 2014 (+18.6% YTD 2014). Furthermore, government institutions' segment (represents ~60% of public sector loans) declined by 2.3% MoM and is still down 3.7% YTD.

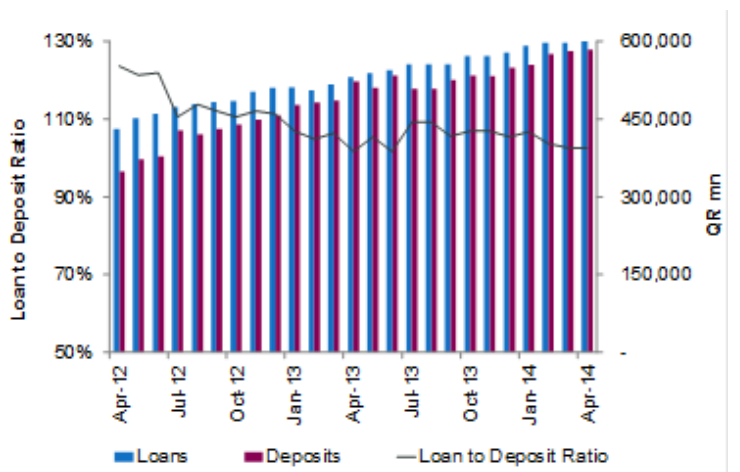
Private sector loans grew by 2.2% MoM and is up 5.0% YTD. The Contractors segment posted a 0.7% decline MoM. Despite this, contractors remain the best performing segment in the private sector, posting a growth 12.7% in the first four months of 2014. The **General Trade** segment (contributes ~13% to private sector loans) loan book grew by 1.1% MoM (+11.2% YTD). However, two other segments, real estate and consumption & others have posted modest growth in the first four months of 2014. **Consumption & Others** (contributes ~29% to private sector loans) increased by 1.2% MoM (+3.5 YTD). Real Estate (contributes ~28% to private sector loans) inched up by 0.7%.

Banking Sector Index vs. QE All Share Index



Source: Bloomberg

Banking Sector - Loan to Deposit (LDR)



Source: QCB

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Banking Sector – Key Stats							
Banks	Closing Price	Change YTD (%)	EPS 2014E (QR)	P/E 2014E (x)	P/B 2014(x)	Dividend Yield 2014 (%)	
QE Banks & Financial Services Index	3,160.05	29.30	N/A	N/A	2.3	3.6	
Al Ahli Bank (ABQK)	51.00	20.50	3.6	4.3	2.0	5.9	
Al Khalij Commercial Bank (KCBK)	23.19	15.00	1.6	14.1	1.4	4.7	
Commercial Bank of Qatar (CBQK)	68.80	16.60	6.2	11.2	1.3	2.9	
Doha Bank (DHBK)	64.70	11.20	5.4	11.9	1.8	7.3	
Masraf Al Rayan (MARK)	50.50	61.30	2.6	19.6	3.3	3.5	
Qatar International Islamic Bank (QIIK)	86.60	40.40	5.8	14.9	2.3	5.2	
Qatar Islamic Bank (QIBK)	96.00	39.10	6.2	15.5	1.8	4.7	
Qatar National Bank (QNBK) *	189.00	9.90	15.0	12.6	2.3	3.6	

Source: QNBFS estimates, Bloomberg estimates (*) and data (as of April 18, 2014)

Banking Sector Indicators										
(In QR mn)	2010	2011	2012	2013	Jan-14	Feb-14	Mar-14	Apr-14	Change MoM	Change YTD
Total Assets	567,482	694,301	820,512	915,911	937,334	945,262	952,148	950,678	-0.2%	3.8%
Total Credit (Loans)	314,481	403,563	510,048	577,976	591,424	597,112	596,344	599,924	0.6%	3.8%
Total Deposits	306,788	363,612	458,066	548,384	554,007	575,351	581,000	584,283	0.6%	6.5%
Loan to Deposit Ratio	103%	111%	111%	105%	107%	104%	103%	103%		
Credit Facilities (Geographic)										
Total Domestic Credit	293,920	376,695	478,305	535,657	547,400	553,163	550,417	553,881	0.6%	3.4%
Total International Credit	20,561	26,867	31,743	42,319	44,024	43,949	45,927	46,043	0.3%	8.8%
Domestic Credit Facilities - Public Sector										
Government	36,303	40,801	51,746	56,549	58,930	63,785	67,288	67,092	-0.3%	18.6%
Government Institutions	50,452	90,619	139,585	152,516	153,988	151,515	150,361	146,833	-2.3%	-3.7%
Semi-Government Institutions	16,303	17,750	27,222	30,679	30,868	32,795	28,617	29,139	1.8%	-5.0%
Total Domestic Public Sector Credit	103,058	149,170	218,553	239,745	243,786	248,095	246,266	243,064	-1.3%	1.4%
Domestic Credit Facilities - Private Sector										
General Trade	24,875	26,855	33,280	36,011	38,282	39,477	39,610	40,051	1.1%	11.2%
Industry	6,648	6,534	9,339	11,592	11,808	10,801	10,440	10,684	2.3%	-7.8%
Contractors	18,411	16,220	16,546	23,331	24,218	25,814	26,458	26,285	-0.7%	12.7%
Real Estate	51,042	76,220	85,562	85,388	84,338	84,833	85,113	85,748	0.7%	0.4%
Consumption & Others	60,345	71,986	78,587	87,020	90,817	89,073	89,049	90,087	1.2%	3.5%
Services	29,541	29,709	36,438	52,570	54,151	55,070	53,480	57,962	8.4%	10.3%
Total Domestic Private Sector Credit	190,862	227,525	259,752	295,912	303,614	305,068	304,151	310,817	2.2%	5.0%
Deposit Details (Geographic)										
Resident Deposits	277,107	343,777	417,337	514,804	521,335	544,061	550,048	552,392	0.4%	7.3%
Non-resident Deposits	29,681	19,835	40,729	33,579	32,672	31,291	30,952	31,891	3.0%	-5.0%
Deposits - Public Sector (Domestic)										
Government	18,486	40,825	44,557	68,459	63,407	70,061	76,856	83,617	8.8%	22.1%
Government Institutions	32,277	57,351	104,378	124,390	124,740	128,850	135,485	127,515	-5.9%	2.5%
Semi Government Institutions	21,309	27,700	31,794	37,283	36,789	36,566	25,341	26,694	5.3%	-28.4%
Total Public Sector Deposit	72,071	125,876	180,729	230,131	224,935	235,477	237,682	237,825	0.1%	3.3%
Deposits - Private Sector (Domestic)										
Personal	90,828	103,093	116,257	145,841	151,728	157,145	162,317	161,186	-0.7%	10.5%
Companies & Institutions	114,207	114,809	120,350	138,833	144,672	151,438	150,048	153,381	2.2%	10.5%
Total Private Sector Deposit	205,036	217,902	236,607	284,673	296,400	308,583	312,366	314,567	0.7%	10.5%

Source: QCB

Qatar Exchange Monthly Performance							
Company Name	Price (May 29)	% Change 5-Day	% Change YTD	Market Cap. QR Million	TTM P/E	P/B	Div. Yield
Qatar National Bank	182.00	(5.21)	5.81	127,351	13.0	2.5	3.8
Qatar Islamic Bank	109.90	15.68	59.28	25,969	18.9	2.3	3.6
Commercial Bank of Qatar	71.80	6.37	21.69	21,320	13.1	1.3	2.3
Doha Bank	63.00	(1.56)	8.25	16,277	11.4	1.5	7.1
Al Ahli Bank	50.10	(3.65)	18.42	8,276	15.3	2.2	N/A
Qatar International Islamic Bank	87.20	0.69	41.33	13,199	17.2	2.7	4.3
Masraf Al Rayan	65.60	25.91	109.58	49,200	28.4	5.0	2.3
Al Khaliji Bank	23.60	0.90	18.06	8,496	16.1	1.6	4.2
National Leasing	32.25	0.31	6.97	1,596	25.5	1.2	4.7
Diala Holding	43.50	7.67	96.83	966	N/M	4.3	N/A
Qatar & Oman Investment	14.18	(1.53)	13.26	447	20.5	1.4	4.2
Islamic Holding Group	73.60	2.65	60.00	294	29.8	5.0	2.3
Banking and Financial Services				273,391			
Zad Holding	76.00	0.53	9.35	994	9.3	0.7	4.6
Qatar German Co. for Medical Devices	14.20	(1.73)	2.53	164	N/M	0.9	N/A
Salam International Investment	14.40	0.84	10.68	1,646	12.8	1.0	6.9
Medicare Group	87.20	(0.57)	66.10	2,454	24.7	3.2	2.1
Qatar Cinema & Film Distribution	41.60	0.60	3.74	238	20.7	1.7	N/A
Qatar Fuel	212.00	(5.31)	(2.99)	17,905	14.9	3.0	3.6
Qatar Meat and Livestock	60.30	(2.74)	16.63	1,085	20.3	4.3	3.5
Al Meera Consumer Goods	186.00	0.70	39.53	3,720	16.9	3.0	4.3
Consumer Goods and Services				28,207			
Qatar Industrial Manufacturing	47.50	4.86	12.65	2,257	10.9	1.5	N/A
Qatar National Cement	150.00	6.38	26.05	7,365	16.5	2.9	4.0
Industries Qatar	188.80	3.17	11.78	114,224	16.2	4.0	5.8
Qatari Investors Group	67.50	2.58	54.46	8,392	37.1	4.0	1.1
Qatar Electricity and Water	200.00	9.05	20.95	22,000	14.8	3.9	3.4
Mannai Corp.	118.00	0.00	31.26	5,383	10.6	3.0	4.7
Aamal	16.60	(3.66)	10.67	9,960	18.7	1.4	N/A
Gulf International Services	93.50	(2.60)	91.60	17,376	23.9	5.8	1.7
Mesaieed Petrochemical Holding	34.85	6.41	N/A	43,783	N/M	3.2	1.0
Industrials				230,740			
Qatar Insurance	79.30	4.34	49.06	12,731	15.8	2.5	2.5
Doha Insurance	24.70	0.82	(1.20)	1,235	9.2	1.2	8.1
Qatar General Insurance & Reinsurance	43.80	(0.45)	9.73	3,030	1.4	0.6	2.9
Al Khaleej Takaful Insurance	39.25	0.51	39.79	871	11.8	1.3	N/A
Qatar Islamic Insurance	72.30	1.26	24.87	1,085	17.1	3.9	5.2
Insurance				18,952			
United Development	26.45	1.15	22.83	9,366	20.2	0.9	3.6
Barwa Real Estate	43.20	10.20	44.97	16,810	11.4	1.2	4.6
Ezdan Real Estate	24.39	(10.50)	43.47	64,694	51.9	2.2	1.3
Mazaya Qatar Real Estate Development	19.30	(1.53)	72.63	1,930	12.5	1.6	3.9
Real Estate				92,800			
Qatar Telecom	155.00	4.38	12.97	49,650	19.0	2.0	2.6
Vodafone Qatar	20.78	13.24	94.02	17,567	N/M	3.0	N/A
Telecoms				67,217			
Qatar Navigation (Milaha)	89.00	(5.52)	7.23	10,193	10.6	0.8	5.6
Gulf Warehousing	54.90	1.86	32.29	2,611	23.7	3.4	2.7
Qatar Gas Transport (Nakilat)	22.80	(3.02)	12.59	12,768	16.6	3.5	4.8
Transportation				25,572			
Qatar Exchange				736,879			

Source: Bloomberg, * Trailing Twelve Months

This report is produced by QNB Group's Economics Team in collaboration with QNB Financial Services. Past issues are available online at <http://tinyurl.com/QatarMonitor>. For questions, or to receive it by email each month, please contact:

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