

Real estate sector prices continue to decline

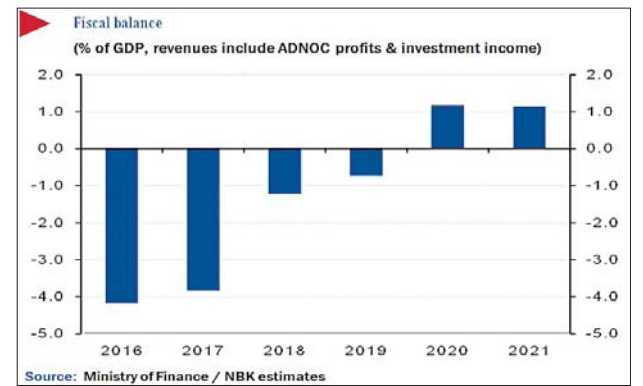
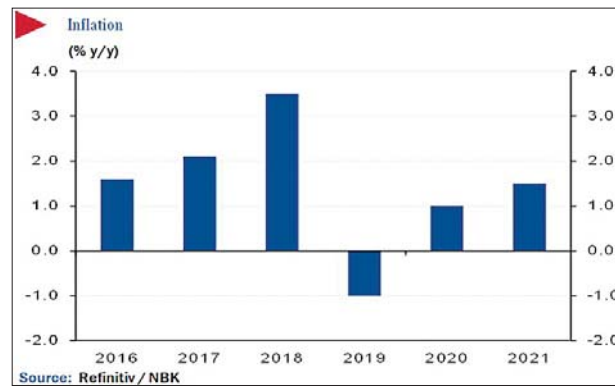
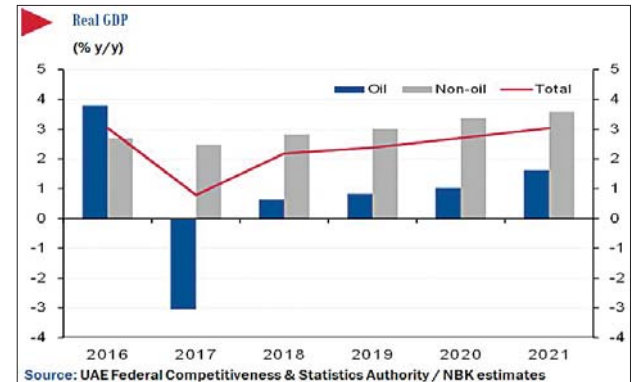
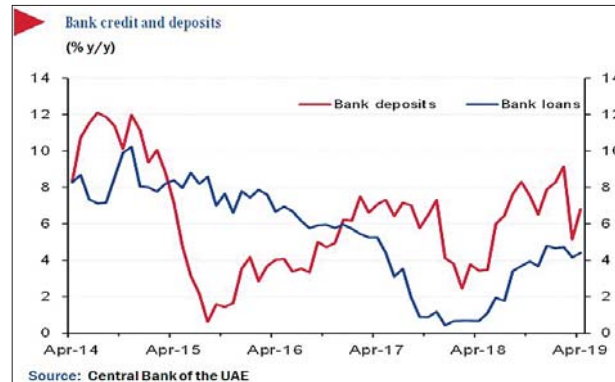
UAE growth to be supported by gains in non-oil economy

Report prepared by NBK

UAE economic performance is expected to steadily improve, with non-oil economic growth reaching 3.6% by 2021; inflation should remain subdued over the coming two years. Accommodative monetary policy, supported by the low global interest rate environment, improving public finances, policy-making agility and pro-investment reforms will provide the impetus for stronger economic performance. A possible global slowdown, reduced housing activity and lower oil prices could temper the outlook.

Key economic indicators		2017	2018	2019f	2020f	2021f
Real GDP	% y/y	0.8	2.2	2.4	2.7	3.0
- Oil	% y/y	-3.0	0.6	0.8	1.0	1.6
- Non-oil	% y/y	2.5	2.8	3.0	3.4	3.6
Inflation	% y/y	2.1	3.5	-1.0	1.0	1.5
Budget balance	% of GDP	-3.8	-1.2	-0.7	1.2	1.2
Current account	% of GDP	6.9	7.6	8.2	8.9	9.7

Source: Official sources, NBK estimates



UAE economic growth should trend higher over 2019-2021, led mainly by ongoing gains in non-oil sector activity and by a pick-up in the oil economy. We foresee real GDP growth edging up from 2.2% in 2018 to around 3.0 in 2021.

Real oil sector growth is projected to remain capped by OPEC+ production cut agreement, which has been recently extended until March 2020. But with some increase in oil production to reach the quota set in the current agreement, growth could average 1.2% over the forecast period.

The non-oil economy is forecast to maintain a stronger growth momentum, as the transport, construction and tourism sectors (large contributors to non-oil GDP growth) gather pace, including in the run-up to the Expo 2020 event in Dubai. The non-oil sector will be further supported by growth-boosting initiatives launched at the federal level, including the adoption of a new investment law to facilitate investment inflows and the issuance of long-term visas for highly skilled workers and high-net worth individuals. This, the authorities hope, will lead to the retention of expertise and investment and boost longer-term growth.

Some high frequency data bode well for future performance. The recent Markit Purchasing Managers' Index (PMI) surged to a multi-year high, led by robust gains in new orders and output. However, hiring remains sluggish, which continues to limit gains in domestic demand.

Residential property prices in Dubai have been in decline since 2014 due mainly to oversupply and somewhat tighter regulations. Besides presenting some credit risks, the fall in real estate prices could eventually lead to lower activity in the sector over the medium term, affecting non-oil growth.

Price growth slips into deflation

Consumer price growth in the UAE has been in deflationary territory since the start of 2019, as the effects of 2018's tax/fuel hikes waned and as housing costs fell more steeply than expected. We are likely to see prices beginning to rise again only slightly towards the end of 2019, but inflation will be restrained by continued declines in the housing component. As such, we have revised down our inflation forecast for 2019 from 2.0% previously to -1.0%. Inflation will likely pick up to 1% and 1.5% in 2020 and 2021, respectively.

Fiscal position on the mend

The fiscal balance should improve and return to surplus in 2020 on the back of higher oil and non-oil revenues, the latter helped by higher taxes and fees due to a pick-up in economic activity. Last year, the UAE embarked on a fiscal adjustment and reform program: VAT was introduced; subsidies were cut; and fees on certain services were levied. Thanks to its sizeable fiscal buffers, the UAE is well placed to withstand negative shocks, and both Dubai and Abu Dhabi should be able to sustain high levels of public spending, particularly on infrastructure.

Current account surplus

The surplus on the current account is gradually recovering, as both oil and non-oil export earnings increase. We expect the CA surplus to rise to an average of 9% over 2019-2021.

Low interest rates support stronger business activity

In tandem with improvements in business activity, credit growth remained relatively firm at 4.4% y/y in April. With the US Fed holding off on tightening monetary policy, the cost of funding will remain low, providing further support to lending and non-oil sector growth.

Good outlook but some risks remain

In view of its relative openness, the UAE economy will be affected by trade tensions and any slowdown in global economic growth. Transport, logistics, tourism, and foreign investment could all be impacted. Besides the ever-present geopolitical dimension and sensitivity to oil price movements, a slowdown in construction activity over the medium term is another risk. However, recently announced growth-enhancing structural reforms across the UAE are likely to temper these risks and support economic growth going forward.

New top sports cars with naturally aspirated engines

Porsche welcomes 718 Spyder and 718 Cayman GT4

KUWAIT CITY, July 3: The 718 range welcomes new members: with the 718 Spyder and the 718 Cayman GT4, Porsche introduces two emotional and powerful models which claim top spot in the series. Their purist characteristics will appeal to sports car enthusiasts who delight in unadulterated driving pleasure and appreciate a high level of agility. For the first time ever, the 718 Spyder and the 718 Cayman GT4 share a technical base, which includes the newly developed four-litre, six-cylinder naturally aspirated engine, combined with a six-speed manual transmission. The boxer engine generates 420 hp (309 kW) in both models. Whilst the GT4 represents the entry-level GT road model from Porsche, the Spyder is geared towards open-top, dynamic driving on curvy routes. Both rely on highly efficient aerodynamics, a full GT chassis and powerful brakes.

High-revving and highly emotional naturally aspirated engine

At the heart of both models is the new four-litre six-cylinder boxer engine which is based on the family of turbo engines in the current 911 Carrera model series. The high-revving unit generates 420 hp (309 kW) and delivers a maximum torque of 420 newton metres at between 5,000 and 6,800 rpm. This has resulted in a 35 hp increase for the GT4, when compared to previous models. Meanwhile, in its third generation, the Spyder now produces 45 hp more. Both manual transmission sports cars break the 300 km/h barrier, with the 718 Spyder having a top speed of 301 km/h, whilst the 718 Cayman GT4 can reach 304 km/h. Both models accelerate to 100 km/h in 4.4 seconds from a standing start. The correlated fuel consumption of the mid-engine sports cars is 10.9 l/100 km according to the New European Driving Cycle (NEDC). The fascinating character of this naturally aspirated engine combines a modern gasoline particulate filter emission control system with the linear power delivery and the immediate response of a GT engine. It has a maximum engine speed of 8,000 revolutions. The unparalleled boxer sound remains untouched. New additions include technical highlights such as adaptive cylinder control. In part-load operation, it

temporarily interrupts the injection process in one of the two cylinder banks, thus reducing fuel consumption.

Piezo injectors are used for direct fuel injection for the first time ever in a high-revving engine. They split each injection process into up to five individual injections. This supports a complete – and therefore emissions-friendly – combustion process. A variable intake system with two resonance valves ensures optimum gas exchange in the cylinders.

Aerodynamic efficiency: more downforce, same drag

Among the striking features of the 718 Cayman GT4 is the comprehensively improved aerodynamics concept. It produces up to 50 percent more downforce, without adversely affecting drag, proof of outstanding efficiency. The aerodynamics of both models benefit enormously from the newly designed single-chamber arch rear spoiler. It creates space in the rear section for a functional diffuser, which accounts for at least 30 percent of the downforce at the rear axle in the 718 Cayman GT4. The fixed rear wing is also marked by greater efficiency, as it produces around 20 percent more downforce compared with its predecessor. This corresponds to an additional downforce of twelve kilograms at 200 km/h. The front section, which is optimised in GT style, maintains the aerodynamic balance with a large front spoiler lip and so-called air curtains. The latter calms air flow along the front wheels.

Porsche 718 Spyder: an open-top road sport car with lightweight convertible top

The new 718 Spyder is a pure machine for driving pleasure with a lightweight convertible top that can cope with top speeds. It continues the history of such famous Roadsters like the Porsche 550 Spyder and the 718 RS 60 Spyder. Open or closed, it thrills with a captivating silhouette. The roof is suitable for everyday use and can be stowed away under the boot lid in just a few steps. In contrast to the GT4, the 718 Spyder has a rear spoiler that comes up automatically at 120 km/h. Thanks to the functional diffuser, it is the first model in the Boxster family to generate

aerodynamic downforce at the rear axle.

High-performance GT chassis: optimised for best dynamics

For the first time ever, the 718 Spyder benefits from the high-performance GT chassis of the 718 Cayman GT4. With its superior cornering dynamics, it provides an emotional driving experience. Its further refined lightweight spring-strut front and rear axles make use of racing technology. The direct connection to the chassis is partially by means of ball joints. The Porsche Active Suspension Management damping system with 30 mm lower suspension lowers the centre of gravity and improves lateral dynamics potential. It is specifically designed for use on the racetrack and makes the handling characteristics of both models sharper. The Porsche Stability Management (PSM) operates with even greater sensitivity and precision and can optionally also be deactivated in two steps. Porsche Torque Vectoring (PTV) with mechanical rear differential lock further enhances the longitudinal and lateral dynamics, cornering performance and driving pleasure. The GT4 also comes with the option of a Clubsport package which includes a rear steel roll bar, a hand-held fire extinguisher and a six-point seatbelt on the driver's side.

Gripping: powerful brakes, ultra-high-performance tyres

The high-performance brake system in the 718 Spyder and 718 Cayman GT4 provides consistent braking that is suitable for track driving thanks to large aluminium monobloc fixed-calliper brakes. The Porsche Ceramic Composite Brake (PCCB) is also available as an option. As a new feature, the 718 Spyder now runs on ultra-high-performance (UHP) tyres specially adapted by Porsche, and part of the overall package that makes the 718 Cayman GT4 fly on the Nürburgring "Nordschleife". The new model achieved a lap time on the 20.6-kilometre classic racetrack, that is more than ten seconds faster than its predecessor.

The new Porsche 718 Spyder and the 718 Cayman GT4 are available for order. Price details can be obtained at the nearest Porsche Centre.



718 Cayman GT4



Interior view of 718 Cayman



Porsche 718 Spyder



Interior view of Porsche 718 Spyder

NBK gives Al Shabab customers chance to attend FIFA eWorld Cup Grand Final

KUWAIT CITY, July 3: The National Bank of Kuwait (NBK) continues to introduce unique and unprecedented offers, launching an exclusive campaign for its young customers of Al Shabab Package holders to give them a chance to win one of four trips to London to watch the FIFA eWorld Cup 2019™ Grand Final, courtesy of Visa.

Launched in partnership with Visa, NBK is the only bank in the Central and Eastern Europe, Middle East and Africa (CEMEA) region to launch a campaign in support of the FIFA eWorld Cup 2019™, which is sponsored by Visa.

Speaking of the new campaign, Mohammed Al Othman, General Manager of Consumer Banking Group, National Bank of Kuwait, said: "We are very excited to be introducing a special new campaign to a tournament that has become a much-awaited global event. We are always focused at NBK at providing unique services and offers that satisfy the needs of our customers and their diverse lifestyle, especially our Al Shabab Customers whom we ensure to offer benefits and advantages to enhance their banking experience with NBK."

Al Othman added: "We continue to collaborate with Visa to develop

advanced payment solutions that meet the highest standards of technology and security, and satisfy our customers' needs while rewarding them along the way. Our previous partnerships rewarding customers have received great responses and we look forward to continue introducing new ones under our strong partnership."



Al Othman

through our various global and regional sponsorships is to enable our clients and Visa cardholders to enjoy memorable, one of a kind fan experiences. Visa has a long and proud history of supporting football, having been a sponsor of the FIFA World Cup since 2007. The FIFA eWorld Cup 2019™ is an exciting virtual offshoot of the physical sport and we are proud to be able to work with NBK to reward fans in Kuwait with this incredible opportunity," said Mohammed Ismael, Senior Vice President and Head of Marketing for the Central and Eastern Europe, Middle East and Africa (CEMEA)

region, Visa.

The campaign extends until July 15, giving Al Shabab Customers who transfer their monthly allowance to their NBK Account five chances to enter the draw, while Al Shabab Customers who transfer their allowance and hold an NBK Al Shabab Visa Prepaid Card receive ten chances to the draw. Furthermore, Al Shabab Customers receive an additional entry in the draw for every KD 1 spent with their NBK Al Shabab Visa Prepaid Card.

Each of the four winners will receive two tickets to London for themselves and a companion, hotel accommodation, two tickets to watch the FIFA eWorld Cup 2019™ Grand Final, transportation, a schedule of activities and more in partnership with Visa.

NBK and Visa have jointly developed customer-centric products tailored to match customers' banking and payment solutions requirements in Kuwait, providing innovative banking products, payment solutions that are at the forefront of new banking technologies, advantages and rewards all-year-long which include cashback, discounts and unique campaigns to international tournaments.