

# MARMORE

MENA INTELLIGENCE


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MARKAZ

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# MARMORE FIRST TAKE

## U.S. Withdrawal from Iran Deal- Possible Economic Impact for GCC Countries

 [www.e-marmore.com](http://www.e-marmore.com)

 [enquiry@e-marmore.com](mailto:enquiry@e-marmore.com)

# HIGHLIGHTS

- US withdrew from the Iran Deal, re-imposing all the sanctions it had on Iran before the deal was made with talks of adding new sanctions. The deal fell through due to President Trump's insistence that the limits on Iran's nuclear fuel production was inadequate. Surprisingly, other signatory countries as well as Iran have not backed off the deal.
- With US backing out, US allies will have 90 to 180 days to stop their operation and reduce imports. Not conforming to this will make these countries to run in a state of difficulty with the US banks.
- Major sanctions that could be reemployed are: Ban on import, purchase and transport of Crude Oil and Natural Gas from Iran, freezing of assets specific to the country or individual from the country, block on arms import and ban of nuclear related technology to Iran.
- President Trump's move was backed by Saudi Arabia, Bahrain, UAE and Israel whereas Qatar, Oman and Kuwait remained cautious.
- This decision will affect the global oil market with a supply vacuum of 1 million barrel of crude oil per day. The effects could be seen immediately with Brent crude oil prices rising to its highest price since 2014 and selling at \$ 77.43 per barrel, an increase in 3.2%. Similarly, U.S West Texas Intermediate (WTI) also saw similar percentage rise and was selling at \$71.14 per barrel. This transforms into good news for GCC countries whose economy mainly depends on oil revenues and was currently in slumps due to fall in oil prices. An increase in oil prices will encourage the countries to increase energy exports and boost their economics and reduce the fiscal deficit developed due to reduced oil prices.
- The financial sector, especially the banking sector will have relief as surge of funds will mean less dependence on government deposits of the bank. Revenue increase will help GCC governments in reducing fiscal deficits and have enough budget to implement development programme.
- As of now, Saudi Arabia stands to make the most out of this decision. Saudi Arabia have made an informal announcement of supplying oil to fill the gap which will be left by Iran. KSA's oil revenue is expected to rise by 7% to 9% in 2018 due to President Trump's declaration. It will also benefit the IPO pricing of Saudi Aramco, the primary supplier of crude oil in KSA.

- But it is not all good news for some GCC countries. UAE's Dubai, a primary market for Iranian business might suffer. Exports to Iran constitute about 5% of UAE's GDP which will take a hit.
- Oman which had hoped for an Iranian investment to boost its economy will suffer due to this embargo. Last year, Oman's central bank signed a MoU with Iran's central bank to boost trade. There were plans of a sea pipeline to import natural gas from Iran.
- The GCC countries might find themselves in a stronger economic relationship with Russia, which also stands to gain from this declaration as it is the largest producer of oil as a non-OPEC member. In recent years, GCC have been investing into Russian economy.

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# About marmore

## Our vision

To be the first choice for obtaining strategic intelligence on the MENA region.

## Our mission

Serving businesses and institutions with reliable information and intelligence about MENA, needed to catalyse growth, understand the larger environment and facilitate decision-making

## Our aim

Advocate intellectual research on MENA economics, businesses and financial markets and provide customized, actionable solutions.

## Our foundation

- A subsidiary of Markaz: Investment bank and asset management firm with 40+ years of history
- Markaz research activities commenced in 2006
- Marmore established in 2010 to intensify the research activities
- Publishes research reports and provides consulting services

# Published research

## Industry research

Marmore's industry reports provide information on industry structure, key players, market analysis, demand drivers, competitive analysis and regulatory requirements.

## Economic research

These reports are produced as thematic discussions based on current issues in the economy. The reports aid key stakeholders such as investors, businessmen, market participants, and policy makers in understanding the impact of a particular theme on the economy.

## Infrastructure research

Infrastructure research highlights bottlenecks in the sector and areas requiring urgent investments. Our infrastructure report analyses the link between economic development and infrastructure and showcases supply & demand challenges in the GCC and investment opportunities.

## Capital market research

Capital market reports provide an analysis of stock & bond markets in the MENA region including outlook. These reports are strategic in nature and provides investment perspective to readers.

## Policy research

Marmore has partnered with several leading thought leaders and institutions of repute to generate economic policy research studies in key areas like energy, labor, economic structure and public sector.

## Periodic research

Our periodic reports capture GCC stock markets' earnings, risk premium studies, and economic development & outlook.

## Regulatory research

Our regulatory research series is an effective consolidation, analysis and summary of key business, economic, and market regulations that impact business environment.

# Consulting services

Marmore provides customized consulting services based on specific requirements of our clients. Marmore's bespoke consulting services marries the challenges of cost, time, scope and data availability to generate actionable outcomes that are specific to our clients' needs.

## What type of consulting services we provide?

- Industry market assessment (market size, competitors, regulations)
- White label reports (industry reports, company newsletters, periodic research)
- Databases (competitors' information, target clients insights)
- Company valuation (buy/sell side advisory)
- Due diligence / Business evaluation
- Feasibility studies (market and financial)
- Business plans
- C-Suite support to leaders with intellectual, industry related needs

## How do we execute consulting engagement?

Our seven step process to execute consulting engagements:

- Step 1: Requirement and scope analysis
- Step 2: Proposal submission
- Step 3: Project initiation
- Step 4: Fieldwork / research
- Step 5: Analysis & reporting
- Step 6: Review & approval
- Step 7: Report submission / presentation

