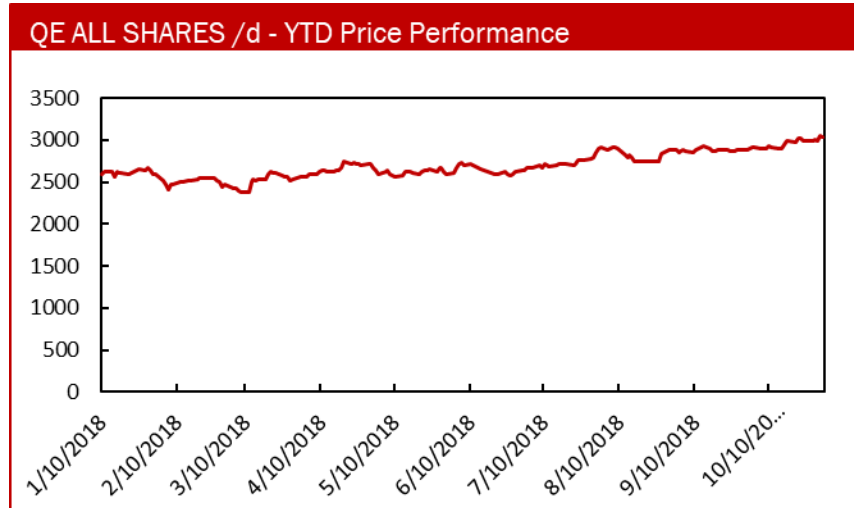


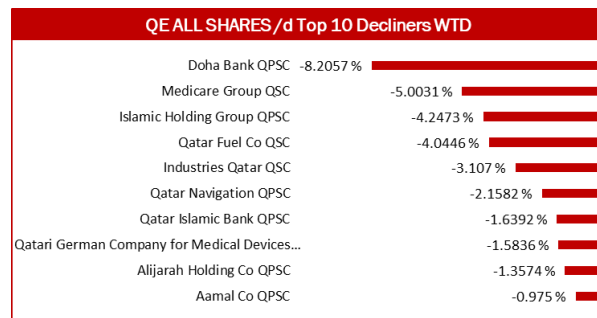
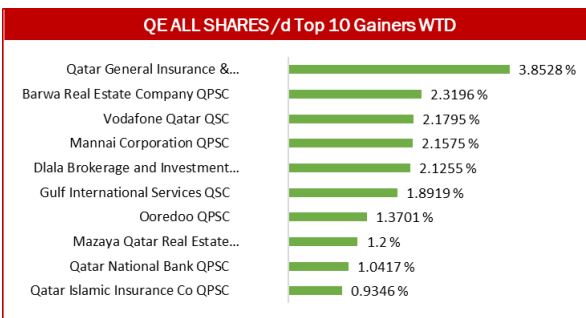
QSMARTLAB Weekly Newsletter – November 16th, 2018

Local News

Equity Markets



The Qatar All-Shares Index was up 0.29% for the week. The top 5 gainers for the week were Qatar General Insurance up 3.85%, Barwa Real Estate Company up 2.31%, Vodafone Qatar up 2.17%, Mannai Corporation up 2.15%, Dlala Brokerage up 2.12%. The top 5 decliners for the week were Doha Bank down 8.2%, Medicare Group down 5%, Islamic Holding Group down 4.24%, Qatar Fuel down 4.04% and Industries Qatar down 3.1%.



QSE continues to showcase a strong performance and gains year to date. The market is up 20.81% year to date and still holds the position of second best performing emerging market. The Qatar All-Shares Index trades at the fairly conservative PE multiple of about 14.41 times earnings, with the “most expensive” stock Vodafone Qatar trading at 143 times earnings while the “cheapest stock” is Mannai Corporation trading at a PE multiples of 6.76 times earnings.

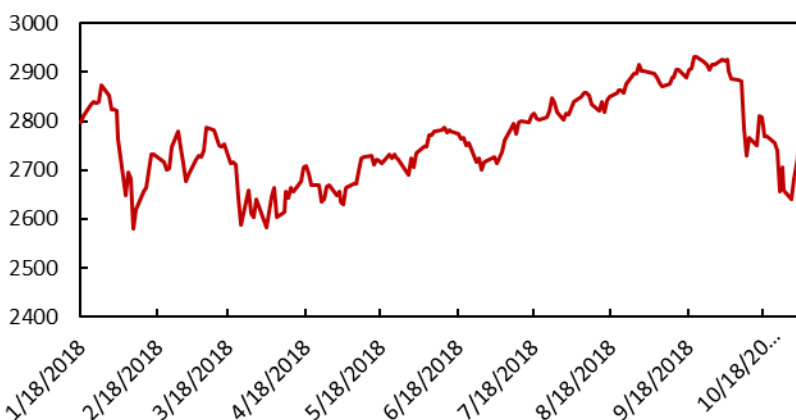
Qatari Economy

The ministry of development and statistics released the last inflation figures for the month October. The CPI index was up 0.1% month over month from last month's -1.1% figure. While the CPI year over year change figure, a proxy for inflation, was up to -0.2% from last month's figure of -0.4%.

Around the World

U.S Markets

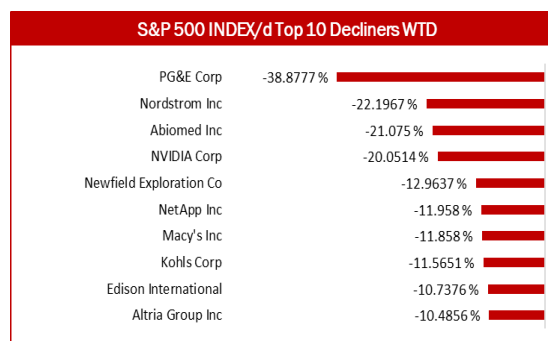
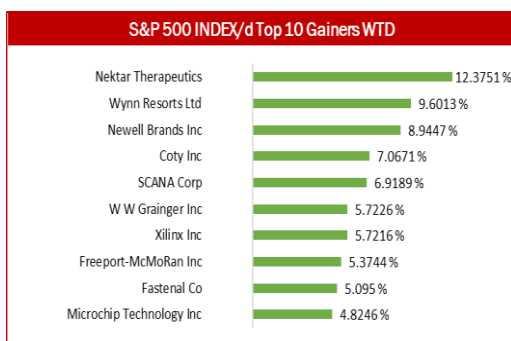
S&P 500 INDEX/d - YTD Price Performance



The benchmark index of U.S equities performance, the S&P 500 was down 1.61% week to date.

Performance wise for the week, the largest gainers were: Nektar Therapeutics up 12.37%, Wynn Resorts up 9.6%, Newell Brands up 8.94%, Coty Inc up 7.06% and Scana corp up 6.91%. The biggest decliners for the week were: PG&E down 38.87%, Nordstrom followed

as 2nd worst performer and was down 22.19%, Abiomed was down 21.07%, NVIDIA corp was down 20.05% and finally Newfield Exploration was down 12.96%.



U.S Economy

Mortgage Market

Indicator

MBA Mortgage Applications Survey
MBA 30-Yr Mortgage Rate

Figure

-3.2%
5.17%

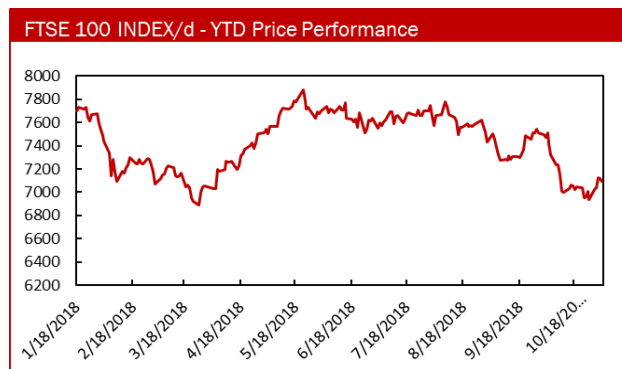
US mortgage applications continued to decrease recording a decline of about 3.2% from last week's numbers as shown in data released by the Mortgage Bankers Association of America. The increase in interest rates is weighing on the residential market. Interest Rates on 30 year mortgage loans continued to rise and are up to 5.17% from last week's figure of 5.15%. The MBA 30-Yr mortgage rate is likely to continue rising as the Fed is expected to raise its fed fund policy rate.

Oil Market

Indicator	Figure
U.S Energy Information Administration Weekly Crude Stock	10.27million barrels

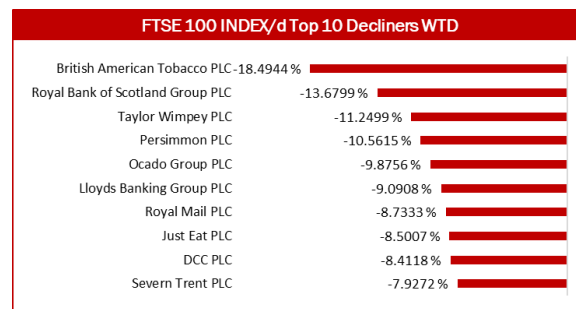
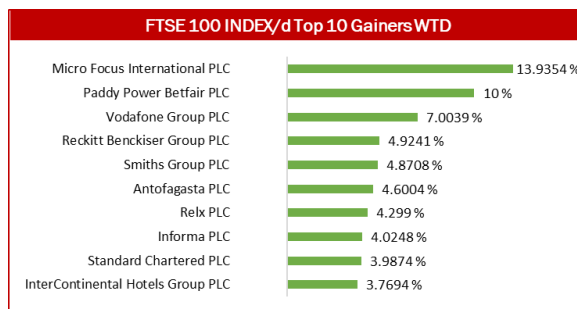
U.S crude oil inventories unexpectedly jumped higher this week from 5.78million barrels last week. This increase surprised global oil markets and pushed oil prices down. Reuters polls showed that the market was expecting U.S crude inventories to stand at around 2.67 million barrels marking a surprise of almost 7.59 million barrels than what the market was expecting.

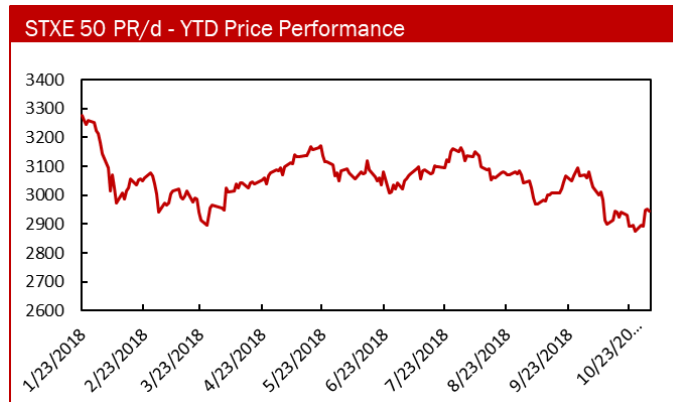
European Markets



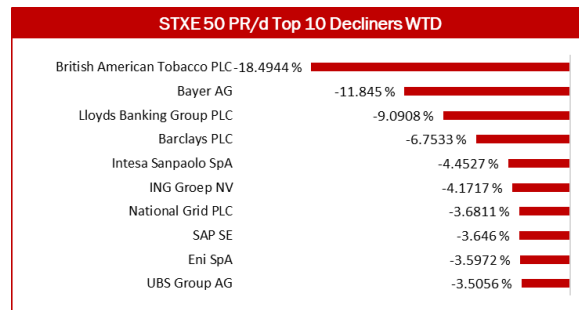
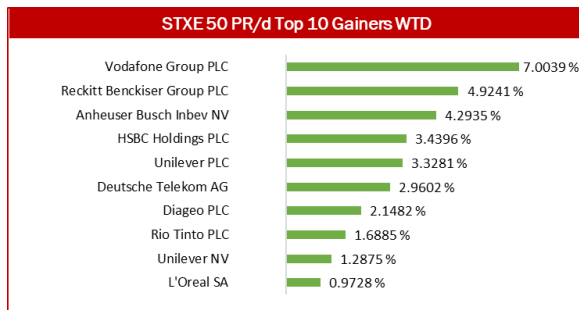
European markets performance for the week ended on the positive. In the U.K the FTSE index was down 1.29%. The STOXX 50 index, a benchmark for European blue chips performance was down 2.01% for the week.

The top gainers within the FTSE were Micro Focus International PLC up 13.93%, Paddy Power Betfair up 10%, Vodafone group 7%, Reckitt Benckiser Group up 4.9%, Smiths group up 4.8%. The top decliners were British American Tobacco down 18.49%, RBS down 13.67%, Taylor Wimpey down 11.24%, Persimmon PLC down 10%, Ocado group down 9.8%.





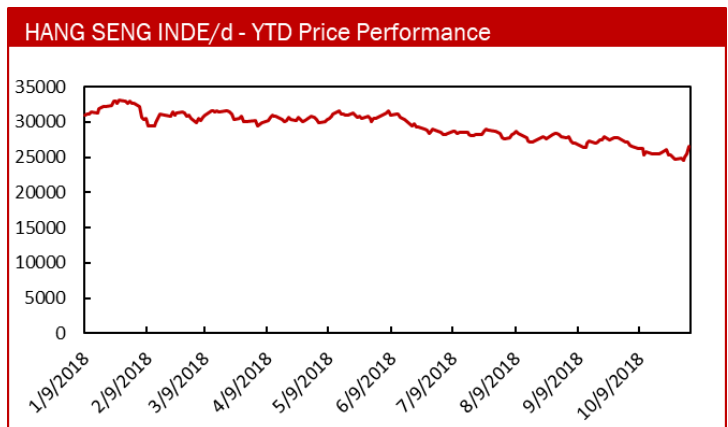
For the STOXX 50, the top gainers were Vodafone Group up 7%, Reckitt Benckiser up 4.9%, AB InBev up 4.2%, HSBC up 3.4%, Unilever up 3.3%. The top decliners for the week were BAT down 18.49%, Bayer AG down 11.84%, Lloyds Banking Group down 9.09%, Barclays down 6.75%, Intesa Sanpaolo down 4.45%.

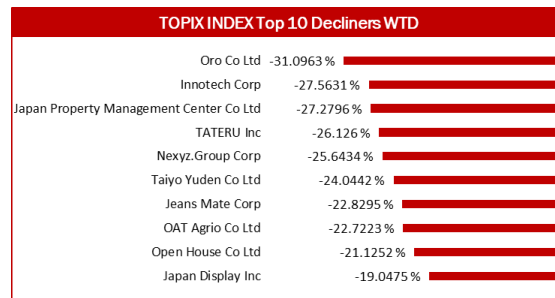


Asian Markets

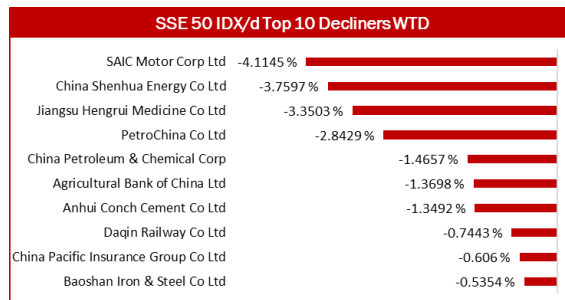
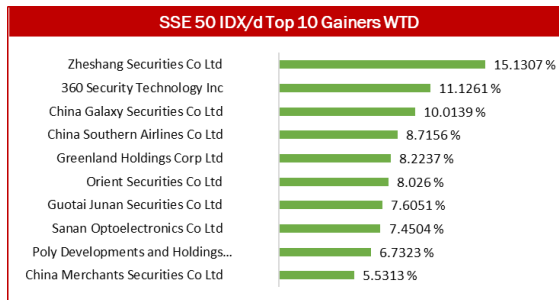
Asian markets performance was mixed this week with Hong Kong and China scoring gains while Japan made losses. The Japanese TOPX was down 2.61%, the Chinese SSE50 was up 1.12%. But the best performer in the major Asian markets was the Hang Seng closing the week with a gain of 2.27%.

The TOPX best performers for the week were as follow: BrainPad Inc up 32.81%, Shin Nippon Biomedical Labs up 22.29%, IBJ Inc up 17.22%, GMO Cloud KK up 14.89% and Geo Holdings Corp up 10.85%. The worst performers for the week were Oro Co down 31%, Innotech Corp down 27.56%, Japan Property Management Center down 27.27%, Tateru down 26% and Nexyz Group down 25%.

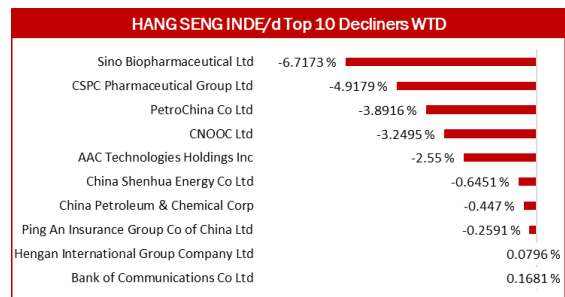




In China, SSE50 top gainers were Zheshang Securities up 15.13%, 360 Security Technology up 11.13%, China Galaxy Securities up 10.01%, China Southern Airlines up 8.72% and Greenland Holdings Corp up 8.22%. The worst performers for the week in China were SAIC Motor down 4.11%, China Shenhua Energy down 3.7%, Jiangsu Hengrui Medicine down 3.35%, PetroChina down 2.8% and China Petroleum & Chemical Corp down 1.46%.



The best performing major Asian market was Hong Kong with its flagship index the Hang Sen up 2.27% for the week. The best performers on the Heng Seng for the week were Galaxy Entertainment Group up 7.8%, Wharf Real Estate Investment up 6.7%, China Resources Power Holdings up 6.4%, China Mobile up 5.41% and WH Group up 5.40%. The worst performers for the week were Sino Biopharmaceutical down 6.7%, CSPC Pharmaceutical Group down 4.9%, PetroChina Co down 3.89%, CNOOC down 3.2% and AAC Technologies Holdings down 2.55%.



Research View

What makes a successful Initial Coin Offering?

A new research published by NYU & Yale researchers sheds some light on the characteristics that lead to successful ICOs (Initial Coin Offerings). ICOs are a popular new capital raising tool that leverages block chain technology to crowd-source seed funding for projects using a block chain backed token sale. This new format is comparable to fund raising through an IPO.

By analyzing the data of 453 ICOs that raised a combined \$5.7 billions and were traded on secondary exchange markets for at least 90 days, the researchers found several key characteristics that separate highly liquid ICO tokens from non-liquid ICO tokens six month after first trading day. 3 key factors are highlighted as significant. First, voluntary disclosure, second a commitment to the project and finally signaling the ability to create value.

The voluntary disclosure measures include for example, publication of the project source code on code repository Github, publication of a white paper describing the technical components of the project, and a publication of a budget describing the use of funds.

When it comes to commitment measures, the researchers found that ICOs with high levels of community engagement as measured by the number of members on their Telegram groups is also correlated with success. Commitment to the project is also characterized by a token hard-coded vesting schedule for the founding team.

The last category of predictive factors include entrepreneurial background of the founding team which seems to be another highly significant success factor. The researchers found that ICO projects that sold tokens to VCs, held a private pre-sale ICO, raise higher levels of money and are working on a new block chain protocol are more likely to be successful.

The researchers compare these factors to other measures of success such as the success or failure of the ICO (token delisting), money raised and returns and find that many are uncorrelated with these factors highlighting the importance of the choice of what a "success factor" is in the first place.

Source: Howell, Sabrina and Niessner, Marina and Yermack, David, Initial Coin Offerings: Financing Growth with Cryptocurrency Token Sales (June 21, 2018)

Curated Reads From Around the Internet

[October was a volatile month for global markets and valuation have contracted substantially especially in the tech sector. Wall Street Journal explores the current valuations and makes a case for a buy \(Source: Wall Street Journal\)](#)

[IBM announcement of its intention to acquire Red Hat sent Red Hat's stock to the top of this week's S&P 500 gainers. WSJ explores the synergies and future of hybrid cloud following the announcement of this acquisition and what it means for both Red Hat and IBM's future. \(Source: Wall Street Journal\)](#)

[Famous VC firm Social Capital's quarterly letter to its LPs sheds light on the startup bubble and the growth at all cost mindset prevailing amongst Silicon Valley's companies. The Shuffling game section of the letter is particularly informative on some of the not often known dynamics of VC fundraising, unicorn valuation, and GP's compensation \(Source: Social Capital\)](#)

[The rise of sovereign debt following 2008's financial crisis is not a surprising fact to anyone who follows the markets. But one of the debt stories that's not often part of the media conversation is the incredible growth in the corporate debt worldwide. In a research publication, McKinsey & Company explores the growth of corporate debt since the financial crisis and looks at the possible risks that are hidden behind the corporations highly leveraged balance sheets \(Source: McKinsey & Company\)](#)