ISSUE 017

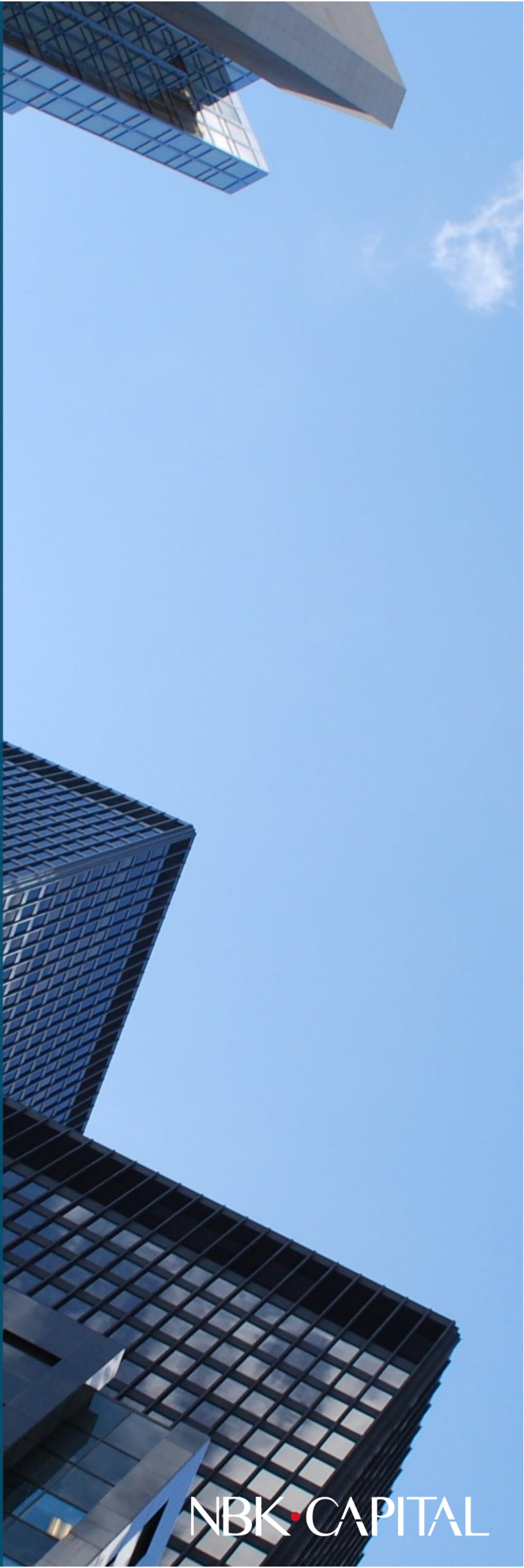
MARCH 2018

MENA MARKETS REVIEW

HIGHLIGHTS

- President Trump's announcement of import tariffs has sparked fears of a trade war and triggered a Global markets sell-off
- The US Federal Reserve raised interest rates by 25 bps and increased its forecast of economic growth
- Brent Oil is up 6.8% in March, its best performance year to date
- In the GCC five out of six nations raised their key policy rates by 25bps except for Oman
- Recent developments with the FTSE Russell Index reclassification has boosted Saudi Arabia and Kuwait's equity markets

NBK CAPITAL
INVESTMENT STRATEGY & ADVISORY



NBK CAPITAL

GLOBAL ECONOMY REMAINS ON FIRM FOOTING DESPITE RISK OF PROTECTIONISM IN THE US

Global economic conditions remain largely healthy, though recent protectionist moves by the US increase the risk of costly trade wars. Equities, which had already been rocked by concerns of accelerated monetary policy tightening in February, were hit again in March after the US imposed tariffs on Chinese goods. As a result, the S&P 500 remained in correction territory having lost over 10% of its value from its late-January peak. Nonetheless, we do not think a trade war is likely at this point, and economic fundamentals remain robust, with a further boost expected from fiscal stimulus in the US.

The US economy continued to look solid, with data indicating healthy activity and a robust labor market. The Philly Fed survey remained exceptionally strong at 22.3 for March, with new orders and unfilled orders particularly healthy. February's industrial production was also solid gaining 1.1% on the month following several months of weakness. Employment data was also stronger than expected in February with non-farm payrolls rising 313,000, well above a consensus of around 200,000. Durable goods orders also came in solid for February.

Inflation, while still relatively subdued, has shown signs of pick up. Both consumer and producer prices were softer in February, easing concerns over stronger price pressures that had rocked markets a month ago. The softer data was also apparent in February's wage growth figure. Still, annual core CPI inflation continued to increase, albeit slowly, standing at 1.8% y/y. The core PCE price index, which the Fed looks at more closely, also expected continued to increase toward its 2% target.

Solid data and the improving inflation picture should keep monetary authorities firmly on track to normalize policy. The Fed hiked its interest rate target by 25 basis points to 1.50-1.75% at its latest meeting, as was widely expected. The Fed also revised its economic outlook for the second time this year, forecasting growth of 2.7% and 2.4% for 2018 and 2019, respectively, from 2.5% and 2.1% previously. Fed officials also adjusted their outlook for rate hikes slightly upward. Though the median projection still points to two more rate increases in 2018, a third hike is not ruled out. Three more hikes are now also seen in 2019 and two in 2020. Generally, the dot plot forecasts indicate a slightly more hawkish consensus among Fed board members.

Meanwhile, President Trump's recent tough stance on trade with China could threaten to spark off a damaging trade war, though we think the chances of that are slim. Precisely because trade wars can be costly and could seriously hamper global growth, chances of them breaking out at this point remain low. The US move to impose tariffs on $60 billion of goods from China appears to have been met by a more measured Chinese response. Indeed, they countered with tariffs on just $3 billion in US goods and appear willing to discuss reaching an agreement that might avoid escalating matters. The US treasury secretary also left the door open for negotiations.

The economic recovery in the eurozone remains on track, though some data has been underwhelming. The eurozone's flash PMI eased more than expected in March to 55.3, pulled down by cold weather, a stronger euro, and geopolitical uncertainty. Nonetheless, the reading remains relatively strong, associated with GDP growth of around 2-3%. Labor markets in the eurozone have also been tightening, with unemployment in January hitting a new low of 8.9%.

Meanwhile, eurozone inflation remains a concern as core inflation has remained subdued, standing at 1% y/y in February. The European Central Bank (ECB) is sticking to its monetary easing "well past" the ending of the bank's asset purchase program, but there are already signs that views are shifting to a neutral stance. In any case, asset purchases by the ECB are not expected to end before later in the year and rate hikes could begin in 2019.

In Japan, the economic recovery remains on firm ground. The latest figures show growth in 4Q17 was revised upward from an annualized 0.9% y/y to 1.6% on better expenditure and inventory data. Nonetheless, subdued inflation has kept monetary policy on an accommodative footing. Inflation excluding energy and food stood at 0.4% y/y in

February, though the data did surprise slightly on the upside. As a result, the Bank of Japan (BOJ) kept policy unchanged at its most recent meeting and expects inflation to hit its 2% target by March 2020. The BOJ also maintained an upbeat outlook for the economy.

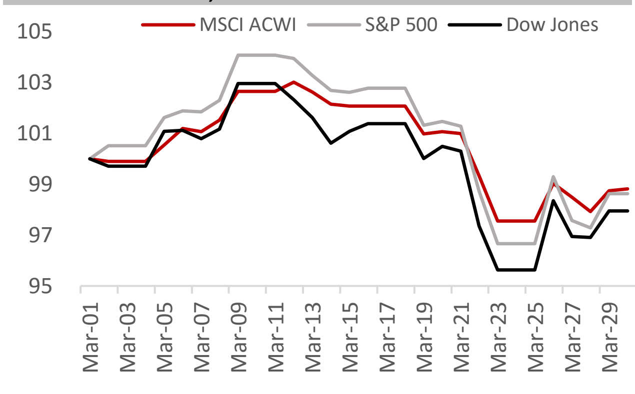
After retreating in February from recent highs, oil prices have rallied on a perceived increase in geopolitical risk. The appointment by President Trump of two foreign policy hawks to the posts of secretary of state and national security advisor increased the chances of the US pulling out of the Iran nuclear agreement, leading to escalation of tensions in the MENA region. Oil prices have also been buoyed by talk that Saudi Arabia is willing to extend the OPEC production cuts into 2019, and the possible reduction in Venezuela's oil production. This has all helped push Brent past $70 per barrel in recent days. Still, oil prices are likely to face some downward pressure over the next few months from US oil production, which sets new highs every week. These forces are roughly balanced at this time and, barring major developments on any of these fronts, the oil price could remain in the $60s range.

NBK: ECONOMIC RESEARCH
Tel: +965 2259 5500
Email: econ@nbk.com
www.nbk.com

Global Equities

Global equities closed the month of March broadly in the negative. The MSCI All Country World Index dropped 2.4% closing Q1 2018 in the red down 1.4%. US equities continued their downward trend as both the S&P 500 and Dow Jones Indices posted losses of 2.7% and 3.7% respectively. The negative performance for the past two months has wiped out the gains of January, with Q1 2018 performance at -1.2% for the S&P 500 and -2.5% for the Dow Jones Index. The Global markets sell-off and subsequent volatility were triggered by the announcement by President Trump of his intention to impose tariffs steel and aluminum imports to the US. This was mostly directed at China, which threatened to do the same on a list of US imports. This sparked fears of a global trade war. Adding to the worries was the resignation of the top white house top economic advisor and the replacement of Rex Tilerson signaling a more aggressive US foreign policy. Moreover, and as expected, the Fed increased rates by 25 bps in its first meeting under Chairman Powell. It also increased its forecast of economic growth over the coming years and indicated a slightly steeper rate hike path for 2019 and 2020. Mr. Powell also indicated that he expects inflation to reach the Fed's target of 2.0% over the medium term.

Chart 1 : MSCI ACWI, S&P 500 & Dow Jones

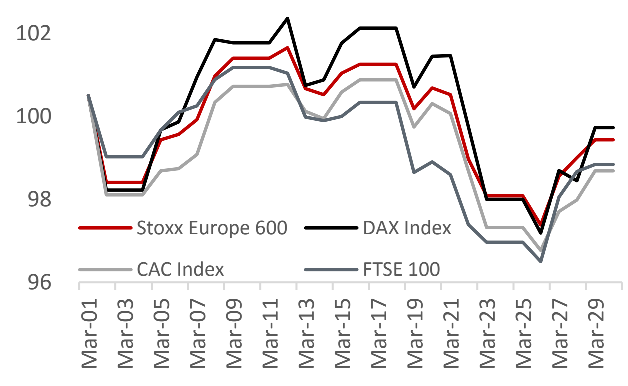


Source: Bloomberg *(figures rebased)*

In Europe, the Stoxx Europe 600 posted a loss of 2.3% in March with the Q1 2018 performance coming in at a negative 4.7%. The two largest markets within continental Europe also performed poorly during March, with the DAX 30 Index shedding 2.7% and the CAC 40 Index shedding 2.9%. Over in Italy, and as the election didn't result in a clear winner, negotiations are underway to form a coalition government. On the monetary policy front, the ECB's Mario Draghi assured market participants of continued monetary easing well into the year-end at least.

In the UK, the FTSE 100 posted a loss of 2.4% in March, marking its third consecutive month of poor performance. On a year to date basis, the index is down 8.2%, making it one of the worse developed markets in terms of performance. The Bank of England held interest rates at 0.50% but did signal tightening is not far out. On Brexit, the UK has agreed with Europe to a 21-month Brexit transition beginning in March 2019, brining relief to corporations that a hard exit is off the table.

Chart 2: European and UK Equities

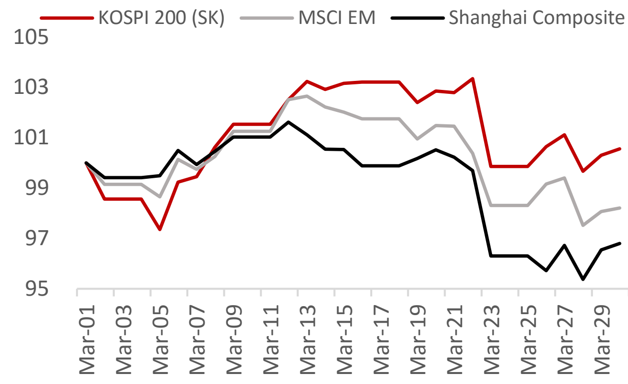


Source: Bloomberg *(figures rebased)*

Japan's Nikkei 225 continued its negative performance for the second month running. In March, the index was down 2.8% bringing the Q1 2018 performance to a negative 5.8%. During the month, the Bank of Japan maintained its key interest rate at 0.1% while holding overall policy steady.

In terms of Emerging Markets, the MSCI Emerging Market Index posted a loss of 2.0% in March, its second month in a row with negative performance. On a year to date basis, the index is still positive at 1.1%, due to the stellar performance early in the year. China's Shanghai Composite Index dropped 2.8% during the month, bringing its Q1 2018 performance to -4.2%. South Korea's KOSPI 200 Index was slightly positive up 0.6% although on a year to date basis the index is down 3.1%. China has responded to US tariffs by introducing its own set of tariffs on US products. Over the course of the month, the US Treasury has indicated that both governments have been in negotiations to avoid a trade war.

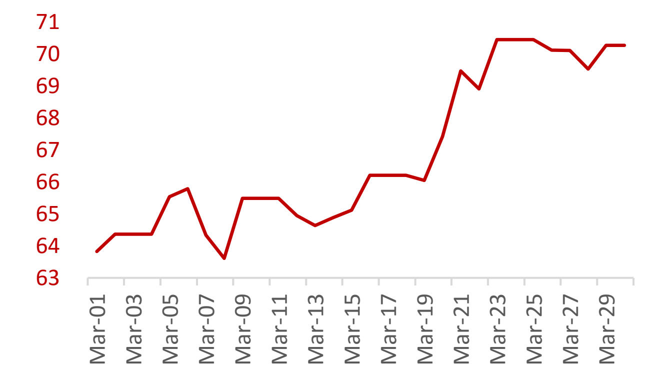
Chart 3: MSCI EM vs South Korea vs China



Source: Bloomberg *(figures rebased)*

Brent Oil, unlike equities, ended March in the green up 6.8%. Year to date, March has been the best month in terms of performance, with Q1 2018 closing up 5.1%. During the month, Brent prices fluctuated between a high of USD 71.05pb on March 26 and a low of USD 63.19pb on March 1. Brent performed well on the back of an unexpected draw on crude inventories in the US, talk of a long-term cooperation between OPEC and Russia, and on the back of a continued weak dollar. Gold also closed in the green in March slightly up 0.5% with year to date performance up 1.7%.

Chart 4: Oil Prices – USD per Barrel (Brent)



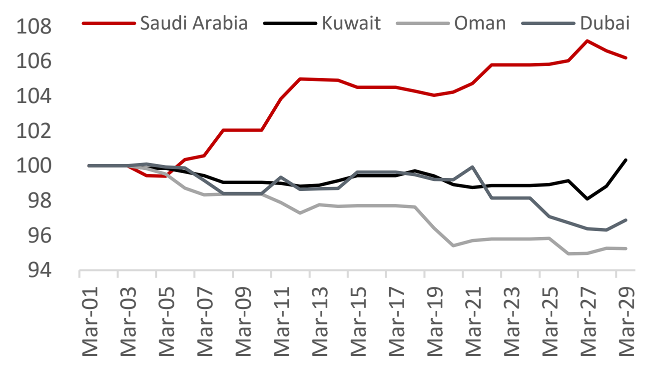
Source: Bloomberg

Regional Equities

GCC equities recovered following last month's losses posting gains of 3.9% as measured by the S&P GCC Index. This was mainly driven by Saudi Arabia followed by Kuwait, given the recent developments with the FTSE Russell stock market status upgrades. The rest of the GCC equity markets ended the month in the red. The worst performing index was Oman's MSM 30 Index followed by Dubai, Bahrain, Qatar, and Abu Dhabi. MENA equities, as measured by the S&P Pan Arab Composite Index, also recovered in March up 3.5% with Egypt's EGX 30 registering significant gains.

The Tadawul All Share Index (TASI) was the best performing GCC index in March, up 6.1%, and for the quarter, up 9.0%. The index benefitted from news of the FTSE Russell's upgrade to their secondary emerging market index and is expected to account for 2.7% of the Index. If ARAMCO's IPO is successful, this could increase to account for 4.6% of the Index and potentially draw in initial passive flows of approximately $5 billion. A possible upgrade to MSCI's emerging market index in June 2018 could potentially draw in an additional $10 billion in passive flows. Saudi Arabia's Monetary Authority also raised the repo and reverse repo rates by 25bps to 2.25% and 1.75% ahead of the US Federal Reserve's meeting in March. The Kingdom also expanded the refinancing of a $10 billion international loan signed in 2016 to raise $16 billion however with a lower pricing of 84bps over Libor compared to 120bps over Libor. In addition, the government sold 4.85 billion riyals worth of domestic sukuk by reopening an issue from January.

Chart 5: Performance of KSA, Kuwait, Oman & Dubai



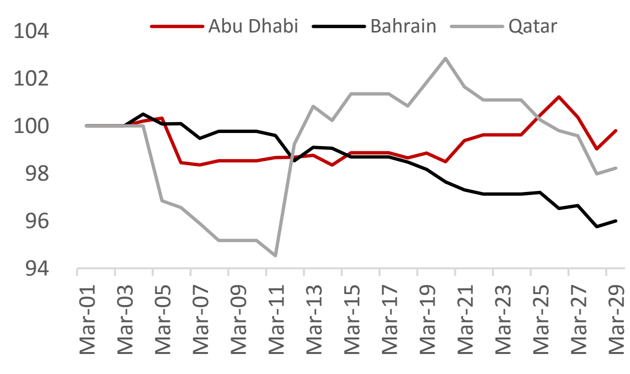
Source: Bloomberg *(figures rebased)*

The Kuwait Weighted Index was the second best performing index in the GCC for the second month in a row, posting gains of 0.4% in March. For the quarter, the Index is up 3.6%. The FTSE Russell recently released a list of Kuwaiti stocks to be included in their emerging market index, which is set to be completed in two phases in September and December 2018. The Central Bank of Kuwait raised its discount rate by 25bps to 3% following the US Fed rate hike after keeping rates unchanged the past two times. A hike was necessary this time around, given the narrow spread between the KD and USD rates, to support the value of the Kuwaiti Dinar. Recent data revealed that the fiscal deficit for FY17/18 decreased in February to KD 2.5 billion supported by an improved oil price.

Oman's MSM 30 was the worst performing index in March, registering losses of 4.6% bringing the first quarter performance to -6.4%. Oman's central bank raised the interest rate on capital deposits by 50bps to 1.5% following Saudi Arabia's rate hike and prior to the US Federal Reserve's meeting. Oman unlike its GCC peers has not been raising interest rates in tandem with the Fed however has stated that rate hikes are inevitable due to the tightening in Oman's banking system. Moody's has downgraded Oman to BAA3 with a negative outlook, citing slow economic growth and concerns of fiscal sustainability.

Dubai's DFM and Abu Dhabi's ADX General Index both ended the month in the red 4.2% and 0.3%, bringing the first quarter performance to -7.8% and 4.3% respectively. Despite higher oil prices, the UAE similar to its GCC peers has been negatively affected by the global sell-off. The Central Bank of the UAE raised its key repo rate by 25 bps to 2% following the Fed's decision and raised the certificates of deposit rate to 2%. In other news Dubai's real GDP grew by 3.2% year over year in Q3 2017 boosted by growth in trade, finance and real estate & construction sectors.

Chart 6: Performance of Abu Dhabi, Bahrain & Qatar



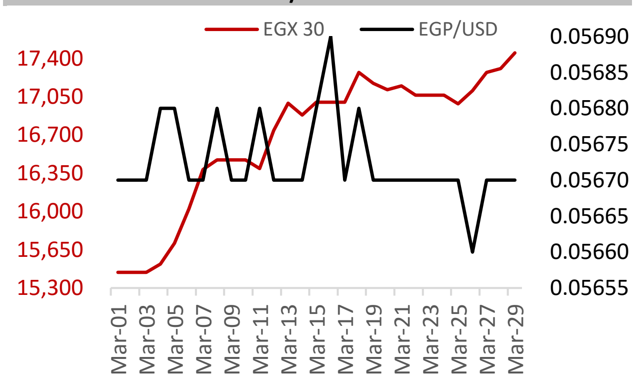
Source: Bloomberg *(figures rebased)*

The Bahrain Boursa All Share Index took a fall this month, dropping 3.8%, following positive performance since the start of the year bringing the first quarter performance to -1.0%. Bahrain's central bank following the Fed's move, raised their policy interest rates by 25 bps to 2.0% on the one-week deposit facility, to 1.75% on the overnight deposit, to 2.65% on the one-month deposit and to 3.75% on the lending rate.

The Qatar Exchange Index closed the month of March in the red 0.9% however maintains a positive Q1 2018 return of 0.6%. Similar to its peers, the Central Bank of Qatar raised its key deposit rate by 25ps to 1.75% while leaving the lending and repurchase rates unchanged at 5.0% and 2.5%. During the month, the central bank also sold 1.1 billion riyals worth of 5-year conventional bonds and 900 million riyals of 5-year sukuk, both priced at 3.95%.

Egypt's EGX 30 continues its positive momentum for the year, registering significant gains of 12.8% in March and up 16.2% for the quarter. Egypt's government plans to IPO 4-6 state-owned companies including banks and oil companies, amounting up to $850 million as part of a larger scheme to sell stakes in state firms worth $5-6 billion. The central bank cut its key policy interest rates by 100 bps, lowering the overnight deposit to 16.75% and the lending rate to 17.75%, indicating continuing economic improvement.

Chart 7: EGX 30 Index & EGP/USD

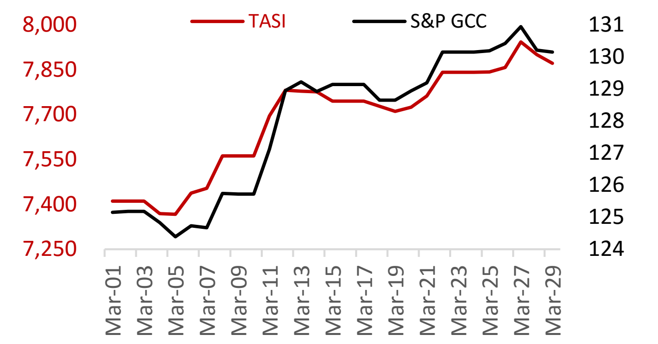


Source: Bloomberg

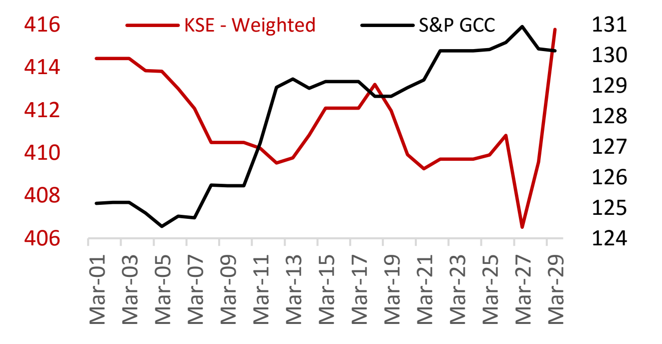
NBK CAPITAL: INVESTMENT STRATEGY & ADVISORY
Tel: +965 2224 5111
Email: nbkcapital.ia@nbkcapital.com
www.nbkcapital.com

Stock Market Performance – *as of March 31, 2018:*

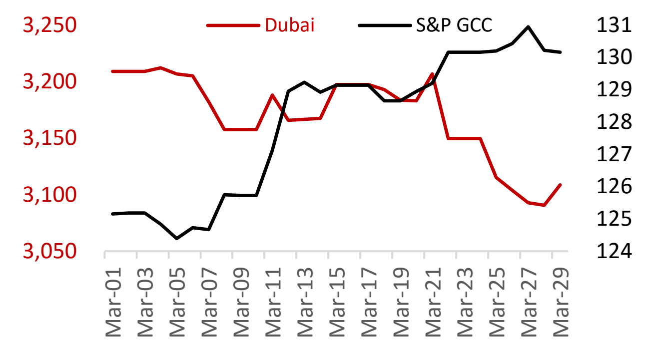
Saudi Arabia



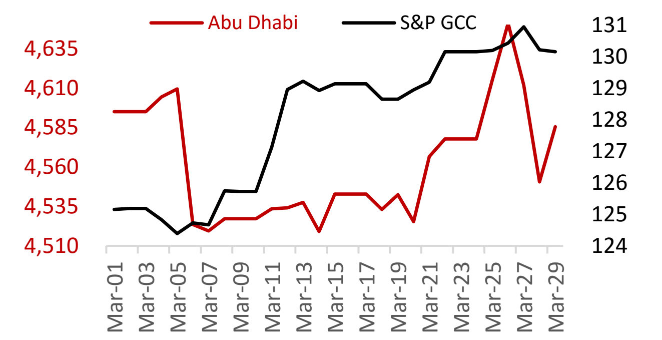
Kuwait



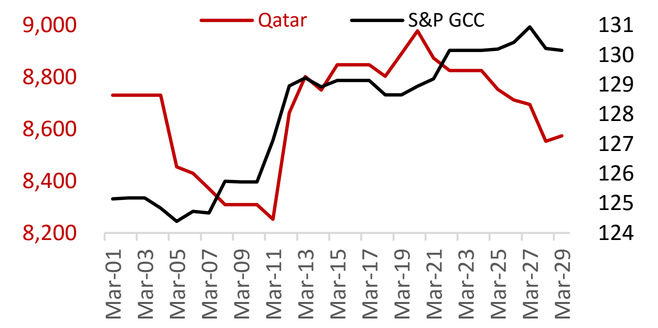
Dubai



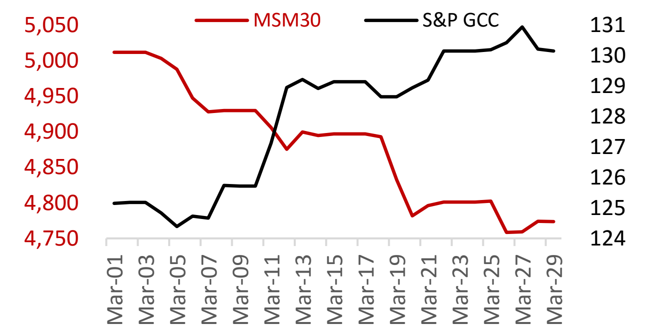
Abu Dhabi



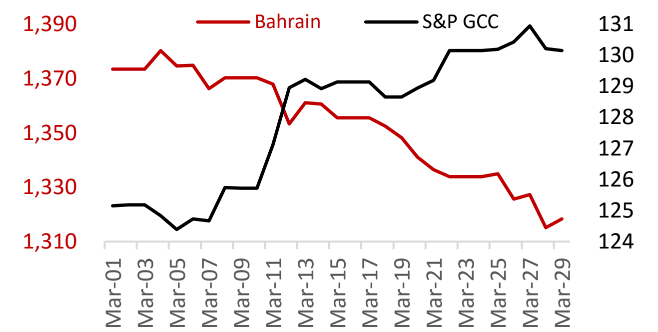
Qatar



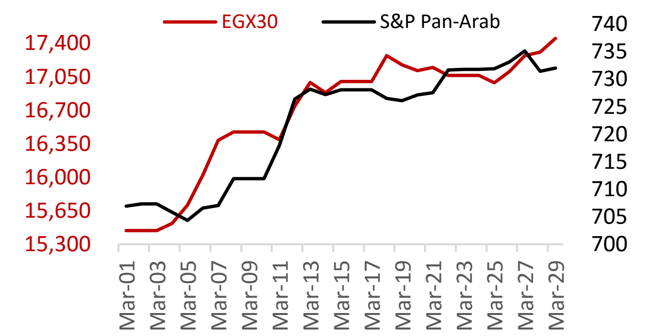
Oman



Bahrain



Egypt



All indices are in local currencies, except for the S&P GCC and S&P Pan Arab, both of which are denominated in USD.
Source: Bloomberg

Market Data – *as of March 31, 2018:*

Equity*	Last Price	% Change			
		Monthly	Quarterly	YTD	1Yr Trailing
Global					
MSCI AC World Index (USD)	505.81	-2.37%	-1.41%	-1.41%	12.21%
MSCI EAFE (USD)	2,005.67	-2.24%	-2.20%	-2.20%	11.30%
MSCI EM (USD)	1,170.88	-2.03%	1.07%	1.07%	20.78%
US					
S&P 500 Index	2,640.87	-2.69%	-1.22%	-1.22%	11.52%
Dow Jones Industrial Average	24,103.11	-3.70%	-2.49%	-2.49%	16.28%
NASDAQ Composite Index	7,063.45	-2.88%	2.32%	2.32%	19.43%
Russell 2000 Index	1,529.43	1.12%	-0.40%	-0.40%	10.64%
Developed					
Stoxx Europe 600	370.87	-2.31%	-4.70%	-4.70%	-2.52%
FTSE 100 Index	7,056.61	-2.42%	-8.21%	-8.21%	-4.25%
DAX Index	12,096.73	-2.73%	-6.35%	-6.35%	-1.30%
CAC 40 Index	5,167.30	-2.88%	-2.73%	-2.73%	1.53%
Nikkei 225	21,454.30	-2.78%	-5.76%	-5.76%	12.54%
Hang Seng Index	30,093.38	-2.44%	0.58%	0.58%	23.84%
Emerging Markets					
Russia Stock Exchange	2,285.53	-0.49%	8.33%	8.33%	13.04%
Turkey - Borsa Istanbul 100 Index	114,930.20	-3.38%	-0.35%	-0.35%	28.73%
MSCI Asia ex Japan	716.55	-1.64%	0.43%	0.43%	22.46%
Shanghai Composite	3,168.90	-2.78%	-4.18%	-4.18%	-1.29%
India - NIFTY 50	10,113.70	-3.61%	-3.96%	-3.96%	10.25%
Taiwan Stock Exchange	10,906.22	0.84%	2.47%	2.47%	10.74%
Brazil Ibovespa Index	85,365.56	0.01%	11.73%	11.73%	30.80%
Mexico Stock Exchange	46,124.85	-2.77%	-6.54%	-6.54%	-5.60%
MENA					
S&P Pan Arab (USD)	731.97	3.49%	6.63%	6.63%	8.06%
S&P GCC Composite (USD)	130.15	3.86%	6.89%	6.89%	8.62%
KSA - Tadawul All Share Index	7,870.87	6.09%	8.92%	8.92%	13.27%
Dubai - DFM General Index	3,108.53	-4.18%	-7.76%	-7.76%	-9.83%
Abu Dhabi - ADX General Index	4,585.40	-0.27%	4.25%	4.25%	3.37%
Qatar Exchange Index	8,573.99	-0.92%	0.59%	0.59%	-17.69%
Kuwait Weighted Index	415.78	0.43%	3.58%	3.58%	0.67%
Oman - Muscat Securities Market 30 Index	4,773.51	-4.59%	-6.39%	-6.39%	-14.05%
Bahrain Bourse All Share Index	1,318.39	-3.76%	-1.00%	-1.00%	-4.48%
Egypt - EGX 30	17,450.15	12.78%	16.20%	16.20%	34.29%
Morocco - MADEX	10,611.83	-0.92%	5.06%	5.06%	13.89%
Jordan - ASE Index	2,233.26	0.61%	4.74%	4.74%	-0.75%

**All Indices are in local currency, unless otherwise noted.*
Source: Bloomberg

Market Data – *as of March 31, 2018:*

Fixed Income	Last Price	% Change Monthly	Quarterly	YTD	1Yr Trailing
Bond Indices					
J.P. Morgan Global Agg Bond (USD)	575.35	1.19%	0.95%	0.95%	6.40%
Barclays US Agg Bond	2,016.48	0.64%	-1.46%	-1.46%	1.33%
US Government Total Return Value Unhedged (USD)	2,140.54	0.93%	-1.15%	-1.15%	0.57%
Bloomberg Barclays US Corp Bond Index	2,834.54	0.25%	-2.32%	-2.32%	2.81%
Bloomberg Barclays US Corp High Yield Bond Index	1,933.24	-0.60%	-0.86%	-0.86%	3.88%
Global Treasury ex US Total Return Index Value Unhedged	667.71	1.64%	4.46%	4.46%	10.88%
Global Agg Corporate Total Return Index Value Unhedged	256.86	0.43%	-0.83%	-0.83%	6.47%
JPM Emerging Market Bond Index (USD)	793.55	0.38%	-1.78%	-1.78%	3.03%
Bloomberg Barclays EM High Yield Bond Index (USD)	1,299.21	0.09%	-0.94%	-0.94%	4.19%
US Treasury Yields (%)	**Current**		**3 M ago**	**6 M ago**	**12 M ago**
3 Month Yield	1.700		1.376	1.041	0.757
2 Year Yield	2.266		1.883	1.483	1.282
5 Year Yield	2.562		2.206	1.936	1.964
10 Year Yield	2.739		2.405	2.334	2.420
30 Year Yield	2.974		2.740	2.860	3.034
Global Treasury Yields (%)	**Current**		**3 M ago**	**6 M ago**	**12 M ago**
British 10 Year Gilt	1.350		1.190	1.365	1.121
German 10 Year Bund	0.497		0.427	0.464	0.333
Japan 10 Year Treasury	0.049		0.048	0.068	0.068

Commodities	Last Price	% Change Monthly	Quarterly	YTD	1Yr Trailing
Precious Metals					
Gold Spot	1,325.48	0.54%	1.74%	1.74%	6.67%
Silver Spot	16.37	-0.29%	-3.36%	-3.36%	-9.65%
Energy					
WTI Crude	64.94	5.35%	7.48%	7.48%	28.98%
Brent Crude	70.27	6.83%	5.08%	5.08%	32.69%
Natural Gas	2.73	2.47%	-7.45%	-7.45%	-14.35%

Currencies	Last Price	% Change Monthly	Quarterly	YTD	1Yr Trailing
EUR-USD	1.232	1.07%	2.66%	2.66%	15.46%
GBP-USD	1.402	1.85%	3.71%	3.71%	12.41%
USD-JPY	106.280	-0.37%	-5.69%	-5.69%	-5.04%
KWD-USD	3.338	0.27%	0.73%	0.73%	1.83%

Interbank Rates (%)	1M	3M	6M	12M
London Interbank	1.883	2.312	2.452	2.663
Saudi Interbank	2.018	2.270	2.449	2.665
Emirates Interbank	1.908	2.333	2.610	2.791
Qatar Interbank	2.434	2.625	2.795	3.029
Kuwait Interbank	1.750	2.000	2.188	2.500

Source: Bloomberg

NBK·CAPITAL

Disclaimer:

The information, opinions, tools, and materials contained in this report (the "Content") are not addressed to, or intended for publication, distribution to, or use by, any individual or legal entity who is a citizen or resident of or domiciled in any jurisdiction where such distribution, publication, availability, or use would constitute a breach of the laws or regulations of such jurisdiction or that would require Watani Investment Company KSCC ("NBK Capital") or its parent company, its subsidiaries or its affiliates (together "NBK Group") to obtain licenses, approvals, or permissions from the regulatory bodies or authorities of such jurisdiction.

The Content is provided to you for information purposes only and is not to be used, construed, or considered as an offer or the solicitation of an offer to sell or to buy or to subscribe for any investment (including but not limited to securities or other financial instruments). No representation or warranty, express or implied, is given by NBK Capital or any of its respective directors, partners, officers, affiliates, employees, advisors, or representatives that the investment referred to in this report is suitable for you or for any particular investor. Receiving this report shall not mean or be interpreted that NBK Capital will treat you as its customer. If you are in doubt about such investment, we recommend that you consult an independent investment advisor since the investment contained or referred to in this report may not be suitable for you and NBK Capital makes no representation or warranty in this respect.
The Content shall not be considered investment, legal, accounting, or tax advice or a representation that any investment or strategy is suitable or appropriate for your individual circumstances or otherwise constitutes a personal recommendation to you. NBK Capital does not offer advice on the tax consequences of investments, and you are advised to contact an independent tax adviser.
The information and opinions contained in this report have been obtained or derived from sources that NBK Capital believes are reliable without being independently verified as to their accuracy or completeness. NBK Capital believes the information and opinions expressed in this report are accurate and complete; however, NBK Capital gives no representations or warranty, express or implied, as to the accuracy or completeness of the Content. Additional information may be available upon request. NBK Capital accepts no liability for any direct, indirect, or consequential loss arising from the use of the Content. This report is not to be relied upon as a substitution for the exercise of independent judgment. In addition, NBK Capital may have issued, and may in the future issue, other reports that are inconsistent with and reach different conclusions from the information presented in this report. Those reports reflect the different assumptions, views, and analytical methods of the analysts who prepared the reports, and NBK Capital is under no obligation to ensure that such other reports are brought to your attention. NBK Capital may be involved in many businesses that relate to companies mentioned in this report and may engage with them. Past performance should not be taken as an indication or guarantee of future performance, and no representation or warranty, express or implied, is made regarding future performance. Information, opinions, and estimates contained in this report reflect a judgment at the report's original date of publication by NBK Capital and are subject to change without notice.
The value of any investment or income may fall as well as rise, and you may not get back the full amount invested. Where an investment is denominated in a currency other than the local currency of the recipient of the research report, changes in the exchange rates may have an adverse effect on the value, price, or income of that investment. In the case of investments for which there is no recognized market, it may be difficult for investors to sell their investments or to obtain reliable information about their value or the extent of the risk to which they are exposed.
NBK Capital has not reviewed the addresses of, the hyperlinks to, or the websites referred to in the report and takes no responsibility for the content contained therein. Such address or hyperlink (including addresses or hyperlinks to NBK Capital's own website material) is provided solely for your convenience and information, and the content of the linked site does not in any way form part of this document. Accessing such websites or following such links through this report or NBK Capital's website shall be at your own risk.
NBK Group may have a financial interest in one or any of the securities that are the subject of this report. Funds managed by NBK Group may own the securities that are the subject of this report. NBK Group may own units in one or more of the aforementioned funds.
NBK Group may be in the process of soliciting or executing fee-earning mandate or doing business for companies that are either the subject of this report or are mentioned in this report. As a result, you should be aware that NBK Group may have material conflict of interest that could affect the objectivity of this report.