

GCC Markets Monthly Report

March-2016

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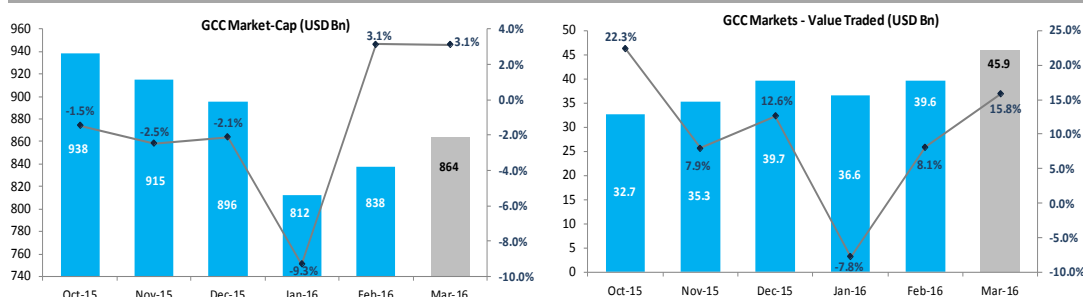
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An emerging markets rally during March-16 with the MSCI Emerging Markets index recording its best monthly performance since October-11 at +12.6% helped GCC equity markets to record positive performance during the month. Markets in the Gulf also got a boost from an upswing in oil prices with Brent recording monthly increase of almost 8% to close at just below the USD 40/b mark. All of the equity markets in the GCC, (with the exception of Bahrain), recorded positive performance during the month with Qatar leading the pack followed by Dubai and Saudi Arabia. The YTD-16 performance for benchmark indices in the UAE and MSM are now in the green zone, whereas Saudi Arabia continues to remain in the red for the year with a decline of 10%. Meanwhile, Bahrain Bourse declined for the ninth consecutive month resulting in a YTD-16 decline of 7.0%.

In the international market, sentiments improved across the board during the month led by emerging markets currencies with record monthly gains as commodity markets rebounded. Furthermore, USD weakened against most major currencies backed by speculation that the Federal Reserve will take a more gradual route to rate hikes during the year following a statement by the Chairman. The US Fed indicated that there will be two interest rate hikes during the year as against four hikes expected in December-15 as a result of slowing global growth.

Meanwhile, monthly trading activity improved in the GCC after investors shrugged off concerns regarding state finances as highlighted by Moody's after it slashed its outlooks for four Gulf states (Saudi Arabia, UAE, Kuwait and Qatar) and downgraded the credit rating for Bahrain to Ba1, one notch below investment grade, citing concern over the impact of low oil prices on state finances.

GCC Equity Markets	Index Closing	MTD Chg%	YTD Chg%	M-Cap (USD Bn)	Monthly Value Traded (USD Mn)	P/E (x) TTM	P/B (x) TTM	Div. Yield
Kuwait - Weighted Index	359.8	0.4%	(5.7%)	82.3	1,087.9	13.2	1.1	4.0%
Kuwait - 15 Index	850.5	1.1%	(5.5%)					
Kuwait - Price Index	5,228.8	0.4%	(6.9%)					
Saudi Arabia	6,223.1	2.1%	(10.0%)	383.7	34,984.8	12.3	1.5	4.5%
Abu Dhabi	4,390.4	0.9%	1.9%	122.3	1,751.4	10.7	1.4	5.1%
Dubai	3,355.5	3.6%	6.5%	86.9	5,331.1	9.0	1.2	3.6%
Qatar	10,376.2	4.9%	(0.5%)	152.9	2,494.1	12.4	1.6	3.8%
Bahrain	1,131.1	(4.0%)	(7.0%)	17.8	19.7	8.9	0.8	5.7%
Oman	5,467.4	1.3%	1.1%	18.1	215.6	10.1	1.1	5.4%
Total GCC				864.0	45,884.7	11.7	1.4	4.3%



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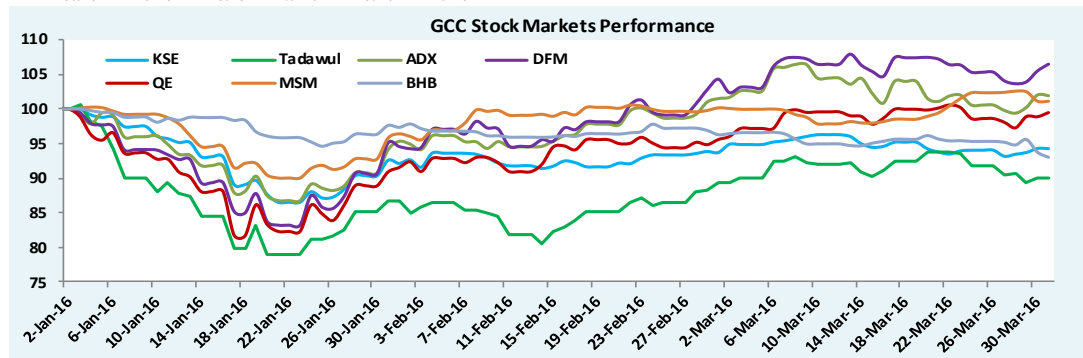
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Source: GCC Stock Exchanges, KAMCO Research

Kuwait Stock Exchange

Monthly Indicators	Apr-15	May-15	Jun-15	Jul-15	Aug-15	Sep-15	Oct-15	Nov-15	Dec-15	Jan-16	Feb-16	Mar-16
KSE Price Index	6,377.0	6,292.5	6,203.0	6,253.7	5,820.6	5,726.0	5,775.4	5,802.4	5,615.1	5,114.5	5,207.4	5,228.8
Monthly % Change	1.5%	(1.3%)	(1.4%)	0.8%	(6.9%)	(1.6%)	0.9%	0.5%	(3.2%)	(8.9%)	1.8%	0.4%
KSE Weighted Index	435.1	421.8	419.9	418.9	385.3	388.4	388.4	393.0	381.7	353.4	358.3	359.8
Monthly % Change	1.8%	(3.0%)	(0.4%)	(0.2%)	(8.0%)	0.8%	(0.0%)	1.2%	(2.9%)	(7.4%)	1.4%	0.4%
Kuwait 15 Index	1,059.7	1,016.3	1,017.0	1,014.9	919.2	935.1	924.3	929.6	900.4	829.8	841.0	850.5
Monthly % Change	3.7%	(4.1%)	0.1%	(0.2%)	(9.4%)	1.7%	(1.2%)	0.6%	(3.1%)	(7.8%)	1.4%	1.1%
Market Cap (KWD Mn)	29,418	28,550	28,755	28,647	26,372	26,585	26,586	26,894	26,159	24,224	24,557	24,875
P/E (X) - TTM	17.28	16.77	16.68	16.61	15.32	15.29	14.86	15.04	15.50	14.30	13.20	13.24
P/BV (X) - TTM	1.27	1.24	1.24	1.23	1.14	1.13	1.14	1.16	1.13	1.04	1.07	1.05
Dividend Yield (%)	3.47%	3.59%	3.59%	3.61%	3.91%	3.92%	3.89%	3.84%	3.95%	4.57%	4.67%	4.00%
Volume (Mn Shares)	5,362	3,876	3,420	2,228	3,073	2,784	2,812	2,997	2,340	2,697	2,773	3,983
Value (KD Mn)	414	329	338	219	300	248	230	313	242	282	225	329
Trades ('000)	106.9	84.8	71.7	50.7	76.1	65.3	64.1	74.9	59.3	64.7	67.5	84.8

Source: Kuwait Stock Exchange, KAMCO Research

Kuwaiti benchmark indices witnessed marginal gains during the month amid a lackluster FY-15 earnings season. The KSE Weighted and the KSE Price indices recorded monthly returns of 0.4%, whereas the large cap KSE-15 index recorded a higher return of 1.1% on the back of higher trades in large-cap stocks. Trading activity improved during the month with volume traded up by 44% to an 11-month high level of almost 4 Bn shares, whereas value traded increased by a slightly higher 46% to KWD 329 Mn, the highest monthly traded value over the past 10 months. Sectoral index performance was largely positive although key sectors like Banking and Telecom reported marginal decline during the month.

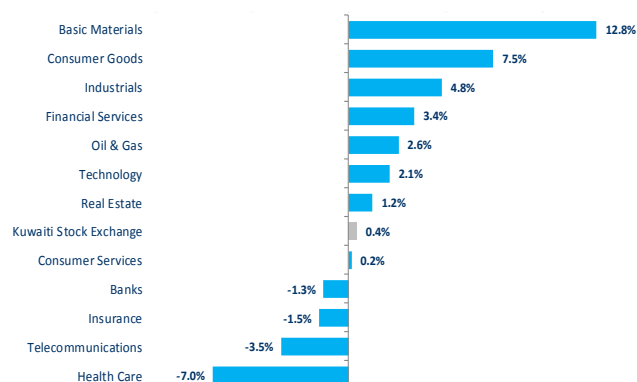
Noticeable gainers for the month included shares in Boubyan Petrochemicals that surged 17.8% after the company reported almost 3-fold increase in net profit for nine months ended January-16. Other prominent gainers included IFA HR (+16.0%), EK Holding (+13.8%) and ALAFCO (+13.7%). On the decliners side, Zimah Holding topped the chart with a monthly decline of -44% followed by Yiacco Medical and Real Estate Trade Center with monthly declines of -30.3% and -26.2%, respectively.

The FY-15 earnings performance for key large-cap sectors remained positive as compared to the previous year, although total earnings for the exchange declined by 2.2%. The large-cap Banking sector reported 7% increase in net profits for the year as a majority of the banks reported strong earnings growth. On the other hand, telecom earnings plunged by almost 21% as three out of the four listed telcos reported steep profit decline. Earnings for the real estate sector declined by 3.6%, whereas financial service companies reported an earnings drop of 13.8% owing to the rout in stock markets across the region.

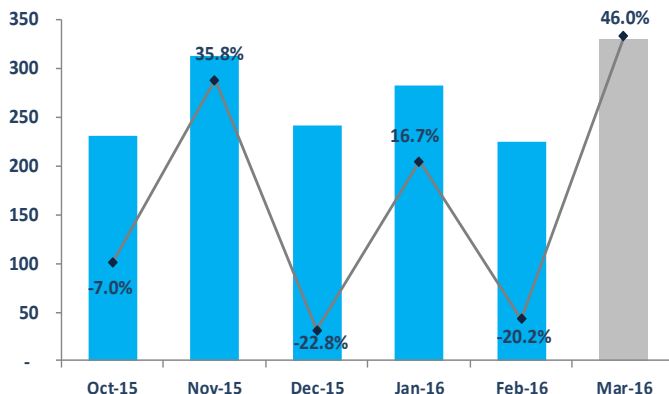
During the month, two companies were delisted from the exchange (Strategia Investment Co. and Kout Food Co.) with a combined market cap of less than 0.2% of total KSE market cap. Moreover, the liquidity in these stocks were minimal in line with some of the other stocks that are mulling delisting.

In a major development, Kuwait's cabinet approved several economic reforms including an imposition of 10% corporate tax in order to reduce budget deficit which is expected to reach almost KWD 12.2 Bn owing to the low oil prices. The reforms include are primarily directed at reducing subsidies on fuel, food and public utilities. The reforms also include plans to privatize some state-owned assets including airports, ports and some facilities of Kuwait Petroleum Corp. The government also hinted at modifying the monetary policy of the state in order to deal with the pressure on Kuwaiti dinar and also avoid threat to the country's credit rating. Nevertheless, any concrete date has not been finalized for the imposition of the corporate tax and other measures.

KSE Monthly Sector Performance



Monthly Value Traded (KWD Mn)



Source: Kuwait Stock Exchange, KAMCO Research

Saudi Arabia (Tadawul)

Monthly Indicators	Apr-15	May-15	Jun-15	Jul-15	Aug-15	Sep-15	Oct-15	Nov-15	Dec-15	Jan-16	Feb-16	Mar-16
Tadawul All Share Index	9,834.5	9,688.7	9,086.9	9,098.3	7,522.5	7,404.1	7,124.8	7,239.9	6,911.8	5,996.6	6,092.5	6,223.1
Monthly % Change	12.0%	(1.5%)	(6.2%)	0.1%	(17.3%)	(1.6%)	(3.8%)	1.6%	(4.5%)	(13.2%)	1.6%	2.1%
Market Cap (SAR Bn)	2,165.1	2,149.2	2,017.2	2,026.6	1,694.7	1,670.3	1,630.4	1,659.1	1,580.7	1,373.3	1,403.9	1,439.0
P/E (X) - TTM	19.26	19.08	18.82	18.91	15.81	15.59	15.22	12.93	12.30	10.73	10.88	12.29
P/BV (X) - TTM	2.13	2.11	2.14	2.15	1.80	1.77	1.73	1.58	1.50	1.31	1.33	1.49
Dividend Yield (%)	2.76%	2.78%	3.03%	2.38%	2.84%	2.88%	2.96%	4.14%	4.28%	4.94%	4.84%	4.52%
Volume (Mn Shares)	7,545	5,560	3,515	2,593	4,971	3,575	4,594	5,336	6,013	6,425	6,817	7,373
Value (SAR Mn)	197,358	162,395	112,807	84,411	116,281	79,409	102,429	107,616	126,338	115,145	120,712	131,199
Trades ('000)	3,154	2,876	2,151	1,615	2,473	1,638	2,039	2,140	2,688	2,766	3,054	2,994

Source: Tadawul, KAMCO Research

The Tadawul All Share Index witnessed positive gains for the second consecutive month during March-16 taking cues from the improving oil market further supported by strong emerging equity market performance. The benchmark index surged 2.1% during the month that helped to lower YTD-16 loss to 10%. The month also saw the listing of Middle East Healthcare Co., the second IPO in the GCC during 2016, both of which were in Saudi Arabia. As a result, total market capitalization of the exchange increased by a marginally higher 2.5% to SAR 1.439 Bn recording a decline of 8.9% for YTD-16.

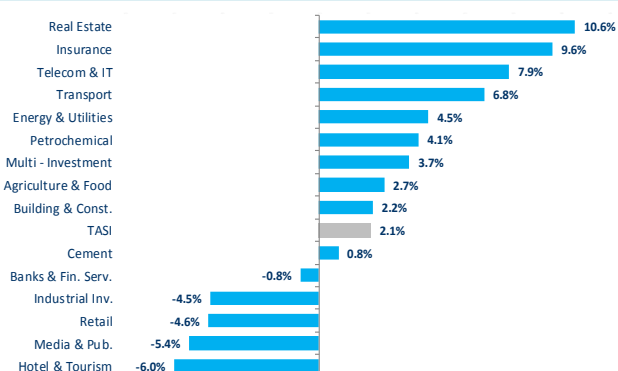
In terms of sector performance, the Real Estate index topped the chart with a monthly return of 10.6% followed by Insurance and Telecom & IT indices with monthly returns of 9.6% and 7.9%, respectively. On the other hand, the Hotel & Tourism index saw the steepest monthly decline of -6.0% followed by Media & Publishing index with a decline of -5.4%. The Banks & Financial Services index saw marginal decline of -0.8% dragging down the overall monthly performance of the exchange.

Trading activity on the exchange also improved, in line with a majority of the GCC markets. Total volume traded during the month increased by 8.2% to 7.4 Bn shares as compared to 6.8 Bn shares during the previous month. Total value traded during the month also increased by a slightly higher 8.7% to SAR 131.2 Bn as compared to 120.7 Bn during the previous month due to the additional trading days during March-16. The average daily value traded during the month remained flat at SAR 5.7 Bn. Alinma Bank topped the monthly volume chart with almost 1.2 Bn shares traded. Other stocks in the list included Dar Al Arkan and Saudi Kayan with monthly volumes of 572 Mn and 450 Mn, respectively. Alinma Bank also topped the monthly value chart with SAR 15.9 Bn in monthly value traded during the month followed by SABIC and Al Tayyar with SAR 14.3 Bn and SAR 3.6 Bn in monthly value traded, respectively.

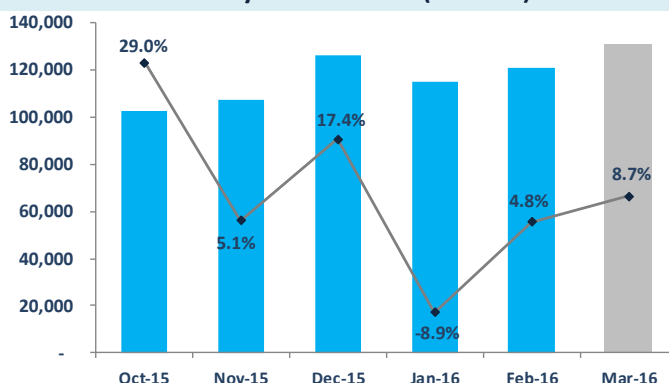
The monthly gainers chart was topped by shares of WAFA Insurance that more than doubled to SAR 15.4 per share in an unusually heavy trading. It is noteworthy that insurance stocks were the flavor of the month with 15 of the top 20 monthly performers from this sector (4 stocks in top 5 and 7 stocks in top 10 monthly performers). An bullish insurance report published during the month also added to investor interest in insurance stocks as it highlighted solid growth in key insurance operating metrics during 2015 as compared to 2014. Zain KSA was the second best performer for the month as shares in the telco surged 34% after a Reuters report pointed out potential bidders for the companies tower assets in the Kingdom. According to the report, the proceeds from the sale of 7,000 towers will be used to repay some of the company's debt. The company is also said to be in talks to sell its 1,900 towers in Kuwait.

In a positive development on the economic front, the Saudi Arabian General Authority (SAGIA) introduced a number of steps in order to simplify licensing procedures for foreign companies planning to invest in Saudi Arabia. The new reforms are aimed at expediting the procedure for all kinds of license by reducing the number of required documents. The reforms aim to provide fast track service to all foreign investors to receive investment licenses within 5 days with an option to extend their licenses for up to a 15-year period.

Tadawul Monthly Sector Performance



Monthly Value Traded (SAR Mn)



Source: Tadawul, KAMCO Research

Abu Dhabi Securities Exchange

Monthly Indicators	Apr-15	May-15	Jun-15	Jul-15	Aug-15	Sep-15	Oct-15	Nov-15	Dec-15	Jan-16	Feb-16	Mar-16
ADX General Index	4,647.1	4,527.6	4,723.2	4,834.2	4,493.9	4,502.8	4,322.0	4,236.4	4,307.3	4,054.4	4,351.4	4,390.4
Monthly % Change	4.0%	(2.6%)	4.3%	2.3%	(7.0%)	0.2%	(4.0%)	(2.0%)	1.7%	(5.9%)	7.3%	0.9%
Market Cap (AED Bn)	450.1	442.3	461.7	471.6	437.7	442.0	431.4	424.2	428.1	411.6	435.4	449.2
P/E (X) - TTM	8.41	8.27	8.59	8.78	8.15	8.23	8.02	10.14	10.41	9.84	10.54	10.70
P/BV (X) - TTM	1.44	1.41	1.46	1.49	1.39	1.40	1.37	1.37	1.38	1.32	1.38	1.40
Dividend Yield (%)	4.36%	4.43%	4.06%	3.98%	4.28%	4.24%	4.35%	5.16%	5.11%	5.35%	4.89%	5.09%
Volume (Mn Shares)	4,510	1,951	2,006	2,347	2,469	2,132	1,187	1,709	1,795	1,534	4,172	3,284
Value (AED Mn)	7,635	4,547	4,099	3,889	4,967	4,457	3,621	6,611	5,119	3,308	5,269	6,433
Trades	54,186	36,947	32,836	32,127	45,353	33,220	24,311	38,316	29,399	32,127	43,275	45,320

Source: Abu Dhabi Securities Exchange, KAMCO Research

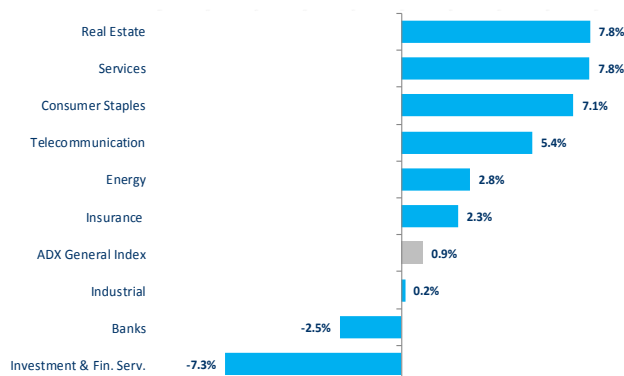
ADX General Index posted marginally positive returns during March-16 amid limited improvement in trading activity as large cap stocks witnessed mixed performance during the month. On the sectoral front, the Real Estate index surged 7.8% during the month, topping the sector performance chart, solely on the back of 10% returns on the shares of Aldar Properties that was partially offset by 6.6% decline in shares of RAK Properties. Shares of Aldar Properties surged after the company announced that it was the first to receive a master developer license under the provisions of the new Real Estate Law which came into effect at the start of 2016.

The Services and Consumer Staples indices also saw strong monthly returns of 7.8% and 7.1%, respectively, as almost all of the stocks within these sectors saw positive monthly returns. On the other hand, the Financial Services index witnessed the steepest decline on the exchange recorded at 7.3% primarily due to 7.4% decline in shares of Waha Capital after the company went ex dividend. During the month, Waha Capital, the investment arm of Abu Dhabi government, also said it has no plans to sell a stake in consumer finance firm Dunia Finance. Banking index also declined during the month by 2.5% primarily due to a 7.8% decline in shares of FGB and 1.5% decline in shares of ADCB in addition to decline in shares of smaller banks UAB (-18.0%) and Sharjah Islamic Bank (-9.4%). Banks in the GCC continue to reel under increasing pressure of declining oil deposits as also highlighted by Moody's.

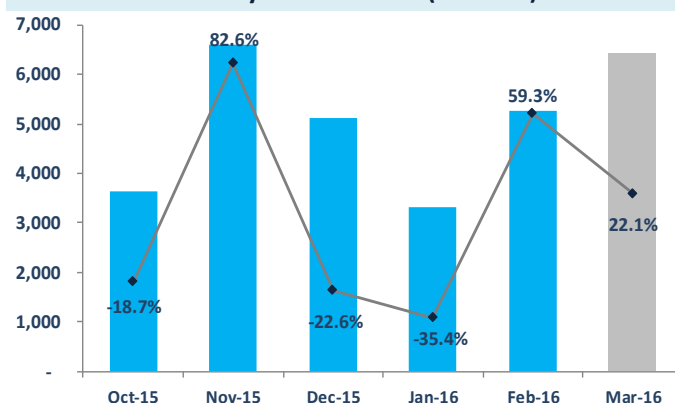
Replicating the gainers chart in Saudi Arabia, the monthly gainers chart for the Abu Dhabi Exchange was also dominated by insurance stocks. Methaq Takaful Insurance topped the chart with a monthly return of 32.3% followed by Invest Bank and Union Insurance with monthly returns of 22.6% and 14.9%, respectively. Share in Union Insurance got a boost after the company reported highest gross written premium and technical profit in its history for the year 2015. On the decliners side, AXA Green Crescent Insurance topped the list with a decline of 33.9% followed by Fujairah Building Industries and United Arab Bank with declines of 24% and 18%, respectively. Shares of United Arab Bank declined after Moody's kept the bank's rating on review for downgrade. The rating agency also placed UAE's Aa2 country rating on review for downgrade to assess the impact of low oil prices on Abu Dhabi.

In terms of trading activity, total volume traded on the exchange declined by more than a fifth to 3.3 Bn shares during March-16 as compared to 4.2 Bn shares during the previous month. Consequently, the average daily volume traded declined to 149 Mn shares as compared to 199 Mn shares during February-16. Eshraq Properties topped the monthly volume chart with more than 1 Bn shares traded followed by Dana Gas and RAK Properties with 471 Mn shares and 409 Mn shares, respectively. Contrastingly, the monthly value traded increased by 22.1% to AED 6.4 Bn as compared to AED 5.3 Bn during February-16. As a result, the average daily value traded during the month increased to AED 292 Mn as compared to AED 251 Mn during the previous month. The monthly value traded chart was topped by Emirates Telecom with AED 2 Bn worth of shares traded followed by Eshraq Properties and Aldar Properties with AED 864 Mn and AED 809 Mn worth of shares traded during the month.

ADX Monthly Sector Performance



Monthly Value Traded (AED Mn)



Source: Abu Dhabi Securities Exchange, KAMCO Research

Dubai Financial Market

Monthly Indicators	Apr-15	May-15	Jun-15	Jul-15	Aug-15	Sep-15	Oct-15	Nov-15	Dec-15	Jan-16	Feb-16	Mar-16
DFM General Index	4,229.0	3,923.2	4,086.8	4,143.2	3,662.6	3,593.3	3,503.8	3,204.3	3,151.0	2,997.8	3,239.7	3,355.5
Monthly % Change	20.3%	(7.2%)	4.2%	1.4%	(11.6%)	(1.9%)	(2.5%)	(8.5%)	(1.7%)	(4.9%)	8.1%	3.6%
Market Cap (AED Bn)	385.8	367.7	382.1	386.2	345.2	341.2	336.0	310.8	301.2	289.5	307.0	319.0
P/E (X) - TTM	13.20	12.59	12.58	12.72	11.38	11.24	11.07	9.50	9.19	8.16	8.68	8.98
P/BV (X) - TTM	1.52	1.45	1.46	1.48	1.32	1.30	1.28	1.24	1.20	1.14	1.19	1.24
Dividend Yield (%)	1.91%	2.00%	1.94%	2.22%	2.48%	2.51%	2.55%	3.35%	3.46%	3.60%	3.51%	3.60%
Volume (Mn Shares)	17,350	9,600	14,249	6,426	7,730	3,850	3,953	5,124	5,935	7,972	9,932	15,527
Value (AED Mn)	24,815	14,221	26,148	9,721	12,604	6,564	5,663	6,733	6,700	9,241	11,755	19,582
Trades	216,339	134,211	227,235	102,255	147,101	80,872	70,076	98,185	90,095	121,266	131,931	184,991

Source: Dubai Financial Market, KAMCO Research

After topping the monthly performance chart during February-16, the DFM General Index recorded the second-highest returns in the GCC during March-16 at 3.6%. All of the major sectoral indices witnessed positive returns during the month led by the Insurance Index with a monthly return of 10% followed by the Financial and Investment Services index and the Consumer Staples index both recording monthly returns of 8.9%. Within the insurance sector, shares of Salama surged almost 19% during the month, whereas shares of National General Insurance and Takaful House surged 15.3% and 14.6%, respectively, following an overall optimism about the insurance industry in the GCC.

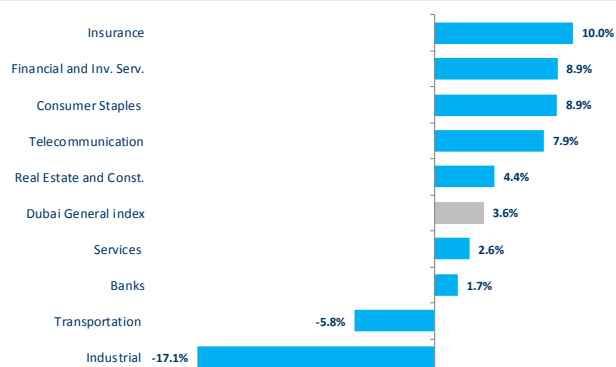
Among the major indices on DFM, both Real Estate and the Banking index recorded positive returns of 4.4% and 1.7%, respectively. Shares in all of the UAE based real estate companies saw strong returns during the month following upbeat investor sentiments surrounding the sector and a belief that the sector was oversold in the recent past. Shares of Arabtec surged 13.9% during the month after the company won AED 1.7 Bn housing contract in Fujairah in addition to an AED 1.1 Bn deal to build twin Dubai towers. Shares of Union Properties also saw strong returns of 13.6% during the month, whereas other major players in the sector, Emaar Malls and Emaar Properties saw returns of 4.7% and 2.9%, respectively. Meanwhile, in the banking sector, shares of Commercial Bank of Dubai surged by a third whereas shares of Emirates NBD surged 7.4% during the month. However, these gains were partially offset by decline in share prices of other banks most notably DISB that sank 7.2% during the month.

The monthly gainers chart was topped by Commercial Bank of Dubai with a monthly return of 33.3% followed by Shuaa Capital that surged 23.2% on speculation that a strategic investor may pick 5-7% stake in the investment company. On the decliners side, shares of National Cement Company tanked 17% during the month although trades in the stock was minimal. Decliners also included shares of Air Arabia which declined 8.2% after the company said it expects a challenging year. The monthly market breadth remained strongly skewed towards gainers that included 26 companies as against 18 decliners.

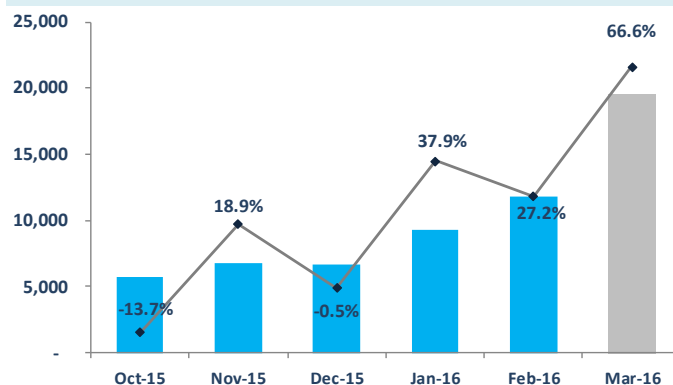
In terms of trading activity, both volumes and value traded during the month saw significant improvement. Total volume traded increased by 56.3% to 15.5 Bn shares as compared to 9.9 Bn shares during the previous month, whereas value traded during the month increased by an even higher 66.6% to AED 19.6 Bn as compared to AED 11.8 Bn during the previous month. The average daily value traded during the month increased from AED 559.8 Mn during February-16 to AED 851.4 Mn during March-16 whereas the average daily volume traded increased from 473 Mn shares to 675 Mn shares during March-16.

Arabtec was the most actively traded share during the month garnering a total value of AED 5.5 Bn and a monthly volume of 3.3 Bn shares topping both the volume and value chart for the month. GFH followed on the both the chart with monthly value of AED 2.3 Bn against a volume of 2.93 Bn shares. Emaar Properties came third on the value chart with AED 1.7 Bn worth of shares traded during March-16.

DFM Monthly Sector Performance



Monthly Value Traded (AED Mn)



Source: Dubai Financial Market, KAMCO Research

Qatar Exchange

Monthly Indicators	Apr-15	May-15	Jun-15	Jul-15	Aug-15	Sep-15	Oct-15	Nov-15	Dec-15	Jan-16	Feb-16	Mar-16
QE 20 Index	12,164.5	12,048.3	12,201.0	11,785.2	11,563.6	11,465.2	11,604.6	10,090.8	10,429.4	9,481.3	9,892.3	10,376.2
Monthly % Change	3.9%	(1.0%)	1.3%	(3.4%)	(1.9%)	(0.9%)	1.2%	(13.0%)	3.4%	(9.1%)	4.3%	4.9%
Market Cap (QAR Bn)	653.0	641.8	648.0	625.7	607.4	604.6	608.0	532.7	553.3	506.7	523.3	556.7
P/E (X) - TTM	15.29	15.03	14.31	13.81	13.41	13.35	13.42	11.23	11.18	10.00	11.87	12.37
P/BV (X) - TTM	2.07	2.03	2.17	2.10	2.04	2.03	2.04	1.58	1.64	1.48	1.53	1.62
Dividend Yield (%)	3.48%	3.54%	3.97%	4.11%	4.23%	4.25%	4.23%	5.04%	4.85%	5.31%	4.34%	3.76%
Volume (Mn Shares)	200	394	164	77	153	128	167	158	516	150	202	269
Value (QAR Mn)	8,362	13,602	7,272	3,456	6,748	5,524	5,759	6,334	5,856	5,050	6,570	9,081
Trades	108,714	139,246	84,557	64,170	100,914	78,606	82,986	77,351	83,826	84,665	100,763	123,003

Source: Qatar Exchange, KAMCO Research

Qatar equity indices continued on the positive trajectory during March-16 posting the highest monthly returns in the GCC. The QE20 Index surged 4.9% during the month whereas the QE All Share Index surged an even higher 7.3% on the back of positive returns for all the sectoral indices on the exchange. Investor sentiments in the GCC are turning bullish owing to the recent rise in oil prices, further supported by the increasing pace of planned reforms announcements by member countries. Although these reforms are required to deal with the expected decline in oil earnings, it gives opportunity to institutional and foreign investors to take part in the growth process.

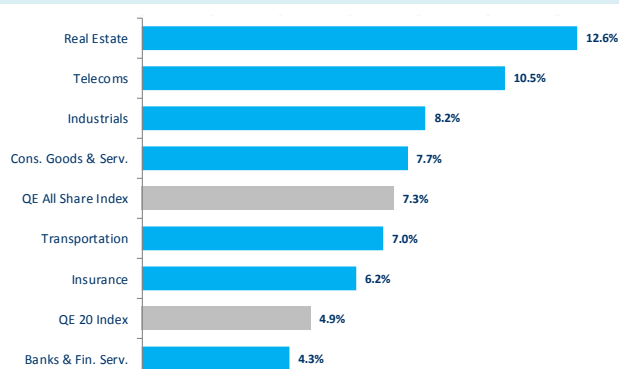
Sector performance chart was led by the Real Estate Index with a monthly return of 12.6% primarily on the back of 18.5% return in shares of Ezdan Holding partially offset by 9.9% decline in shares of UDCD and 1.6% decline in shares of Barwa Real Estate although the company announced plans to build several new projects during 2016. In positive view on the real estate sector, Moody's said that Qatar's real estate risks are moderate, as the higher future volatility in the sector is expected to be moderated as a result of macro prudential measures taken by the regulator as well as strong demand for real estate as the country prepares to host the 2022 World Cup.

The Telecom index witnessed second-highest returns of 10.5% on the back of 19.8% return in shares of Vodafone Qatar followed by 4.5% return in shares of Ooredoo whose Kuwaiti unit announced plans to acquire 99% shares of Kuwait's internet service provider FASTelco. Ooredoo was also the first in the GCC to announce plans to launch 5G commercial services in the country by 2020. Meanwhile, the Industrials index saw returns of 8.2% during the month on the back of more than 50% rise in shares of Qatari Investors Group (QIGD) which announced cash dividends of 12.5% at its AGM. The company, which also topped the gainers chart for the month, is looking at delisting from the exchange and the matter would be discussed at its EGM in April-16. Shares of Industries Qatar soared 3.3% during March-16 after lackluster performance in the recent months due to the impact of oil price on company's earnings.

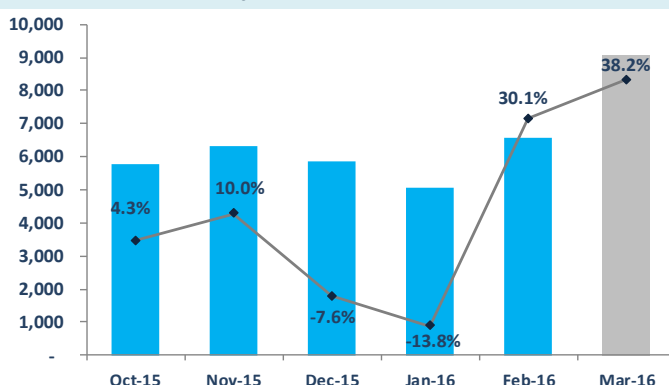
The Banking & Financial Services index soared 4.3% during the month as all of the listed major banks witnessed positive monthly returns. Shares of QNB soared 4.1% on strong buying activity in addition to Qatar Islamic Bank and Masraf Al Rayan that gained 5.8% and 4.7%, respectively. In a related development, a report from Moody's said that credit growth of Qatari banks are expected to moderate to 8% over the next twelve months. Although this growth is considered strong, it will be much lower than the 15% growth achieved during 2013 owing to the fall in oil prices over the past eighteen months. In addition, Fitch ratings also affirmed Qatar's AA rating with a Stable outlook reflecting large sovereign assets, the government's fiscal adjustment efforts, a large hydrocarbon endowment and one of the world's highest GDP per capita although the dependence on oil revenues was a key rating weakness.

Trading activity remained upbeat during the month with monthly volumes up by 36% to 269 Mn shares whereas value traded was up by 38.2% to reach QAR 9.1 Bn. Market breadth remained strongly skewed towards gainers that included 31 companies as compared to 12 decliners during the month. The gainers chart was topped by QIGD (+51%) followed by Dila Brokerage (+43.5%). Monthly decliners primarily included Doha Bank (-11.2%) followed by UDC (-9.9%) and QIMC (-7.1%).

QE Monthly Sector Performance



Monthly Value Traded (QAR Mn)



Source: Qatar Exchange, KAMCO Research

Bahrain Bourse

Monthly Indicators	Apr-15	May-15	Jun-15	Jul-15	Aug-15	Sep-15	Oct-15	Nov-15	Dec-15	Jan-16	Feb-16	Mar-16
Bahrain All Share Index	1,390.62	1,363.67	1,367.83	1,331.66	1,299.24	1,275.89	1,250.37	1,232.57	1,215.89	1,187.10	1,178.23	1,131.11
Monthly % Change	(4.1%)	(1.9%)	0.3%	(2.6%)	(2.4%)	(1.8%)	(2.0%)	(1.4%)	(1.4%)	(2.4%)	(0.7%)	(4.0%)
Market Cap (BHD Mn)	7,917	7,904	7,928	7,840	7,645	7,494	7,410	7,319	7,196	7,025	6,973	6,694
P/E (X) - TTM	10.02	10.00	9.79	9.68	9.44	9.25	9.15	9.13	9.03	8.70	9.37	8.91
P/BV (X) - TTM	0.97	0.97	1.01	0.99	0.97	0.95	0.94	0.92	0.91	0.88	0.84	0.82
Dividend Yield (%)	3.61%	3.62%	4.59%	3.62%	3.71%	3.78%	3.83%	4.99%	5.06%	5.25%	5.28%	5.72%
Volume (Mn Shares)	79	82	28	19	26	87	28	63	40	23	38	33
Value (BHD Mn)	15	16	7	5	5	22	5	12	7	4	8	7
Trades	1,194	1,526	866	758	797	641	641	1,169	1,036	759	1,014	813

Source: Bahrain Bourse, KAMCO Research

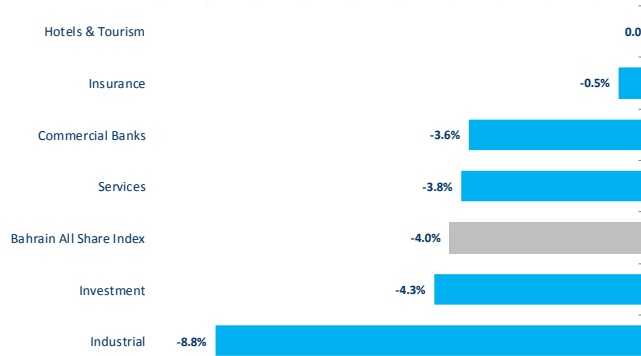
The Bahrain All Share Index continued to slide for the ninth straight month during March-16 as it declined by 4%, the highest monthly decline in eleven months, resulting in YTD-16 decline of 7.0%. All of the sectoral indices on the exchange either ended flat during March-16 or in the red led by the Industrial index with a decline of 8.8% followed by the Investment Index with declined by 4.3%. The consecutive declines in the country's index primarily reflects fiscal difficulties facing the country due to the decline in oil prices. This was also highlighted by Moody's in its report at the start of the month in which it downgraded the country's long-term issuer rating to Ba1 from Baa3 with a negative outlook and placed it under review for further downgrade. The agency highlighted that although Bahrain's economy is fairly diversified, its dependence on oil is much higher. Moreover, government debt has risen over the years, increasing to almost 61% of GDP in 2015 from 44% in 2014 and is expected to rise to nearly 80% of GDP this year, according to Moody's. In addition, the government's funding costs have increased in domestic and external markets.

In term of index performance, the steep decline in the Industrial index was solely on the back of 9.2% decline in shares of Aluminum Bahrain that announced a significantly downsized cash dividend for 2015 as compared to 2014. Nevertheless, the company has launched the second phase of its cost cutting program. Meanwhile, the decline in investment sector was led by Arab Banking Corp. (ABC) that plunged 17.7% followed by Al Baraka Banking (-8.0%) and Bahrain Commercial Facilities (-2%). The Services index declined by 3.8% during the month as the sole positive performer in the sector, Bahrain Duty Free Complex, was more than offset by negative returns for the rest of the traded stocks in the sector. Batelco shares declined by 4.5% during the month whereas Nass Corp. and TRAFICO declined at an even higher rate of 12% and 10%, respectively.

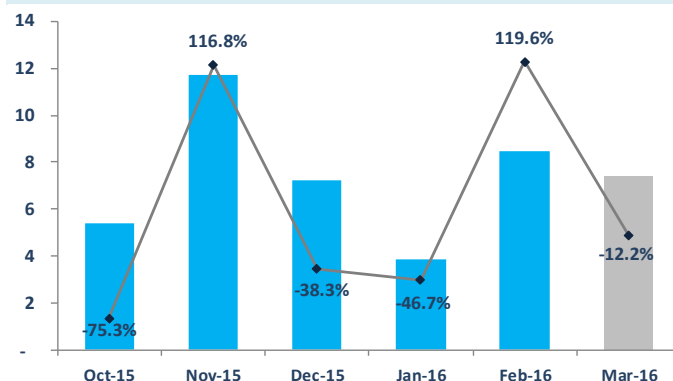
The Commercial Banking index declined by 3.6% during the month as all of the stocks within the sector saw negative monthly returns. Shares of AUB declined by 11.6% during the month as its shares went ex-dividend. The bank also received all the necessary clearances for the acquisition of 40% stake in Saudi Arabia's Middle East Financial Capital (MEFIC Capital).

Trading activity on the exchange, which improved in February-16, declined during March-16. Total volume traded during the month declined by 13.6% to 33 Mn shares whereas monthly value traded was down 12.2% to BHD 7 Mn. The gainers chart included only two stocks with Ithmaar Bank leading the list with a monthly surge of 30% followed by GFH (26.5%). Shares of Ithmaar Bank surged by the end of the month after shareholders of the company approved a new restructuring plan and a new group structure designed to grow the banks' core retail banking business. On the other hand, shares of GFH surged after the company agreed to sell 10% stake in Falcon Cement Co, a Bahraini cement producer that is also planning an IPO on the Bahrain Bourse by the end of the year. The monthly decliners chart was topped by ABC (-17.7%) followed by Nass Corp. (-12%) and AUB (-11.6%). Meanwhile, AUB and Investcorp Bank topped the monthly value traded chart with BHD 2.5 Mn and BHD 2.1 Mn in monthly value traded, respectively.

BSE Monthly Sector Performance



Monthly Value Traded (BHD Mn)



Source: Bahrain Bourse, KAMCO Research

Muscat Securities Market

Monthly Indicators	Apr-15	May-15	Jun-15	Jul-15	Aug-15	Sep-15	Oct-15	Nov-15	Dec-15	Jan-16	Feb-16	Mar-16
MSM 30 Index	6,322.5	6,387.9	6,424.6	6,558.2	5,871.6	5,787.7	5,928.2	5,547.9	5,406.2	5,179.4	5,395.1	5,467.4
Monthly % Change	1.4%	1.0%	0.6%	2.1%	(10.5%)	(1.4%)	2.4%	(6.4%)	(2.6%)	(4.2%)	4.2%	1.3%
Market Cap (OMR Mn)	7,623	8,034	8,155	8,291	7,622	7,558	7,645	6,861	6,913	6,636	6,870	6,961
P/E (X) - TTM	10.10	10.36	10.69	10.87	9.99	9.91	10.02	10.04	9.74	9.08	9.49	10.06
P/BV (X) - TTM	1.42	1.45	1.51	1.53	1.41	1.40	1.41	1.20	1.18	1.14	1.14	1.14
Dividend Yield (%)	3.90%	3.67%	3.73%	3.79%	4.12%	4.16%	4.11%	4.90%	4.99%	5.15%	4.96%	5.38%
Volume (Mn Shares)	332	229	227	192	235	202	1,286	184	381	267	339	336
Value (OMR Mn)	97	70	65	54	74	61	190	59	155	73	84	83
Trades	16,525	11,991	12,393	11,055	15,789	11,430	13,690	8,595	9,734	12,401	18,699	18,194

Source: Muscat Securities Market, KAMCO Research

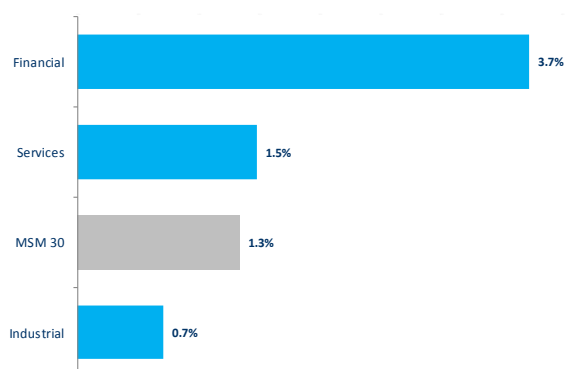
Despite economic woes due to the fall in oil prices, Oman's MSM 30 index surged 1.3% during the month on the back of positive performance witnessed by all the sectoral indices during March-16. This was the second consecutive month of positive index performance as the index recovered from initial weakness during the month when it reached a low of 5,290.74 points. The Financial index led the monthly performance chart with a return of 3.7% followed by 1.5% return for the Services index and 0.7% return for the Industrial index. Share performance within the Financial index was mixed as shares of large-cap banks Bank Muscat (-9.9%), Bank Dhofar (-12.95%) and National Bank of Oman (-3.8%) declined that was partially offset by gains in other banks and investment stocks in the sector.

Shares of larger banks was particularly affected after Moody's downgraded five Omani banks i.e. Bank Muscat, Oman Arab Bank, National Bank of Oman, Bank Dhofar and HSBC Bank Oman and kept the ratings on these banks under review for further downgrade. The downgrade comes primarily after the Sultanate's issuer rating was downgraded by the rating agency from A3 from A1 during February-16 owing to the impact of ongoing low oil prices on Oman's fiscal and economic strength and the state's excessive dependence on oil revenues. On the rating downgrade of the above mentioned banks, Moody's highlighted the reduced government support capacity to these banks in light of its own fiscal woes. Moreover, Moody's also highlighted the detreating operating environment in which Omani banks operate. The agency said that expectation of lower economic growth and pressure on borrowers will in turn drive a more challenging operating environment for banks. Moreover, the high dependency on government related deposits that has significantly declined may lead to a tightening of funding conditions thereby resulting in higher credit and funding costs, affecting profitability and negatively affecting banks' standalone credit profiles.

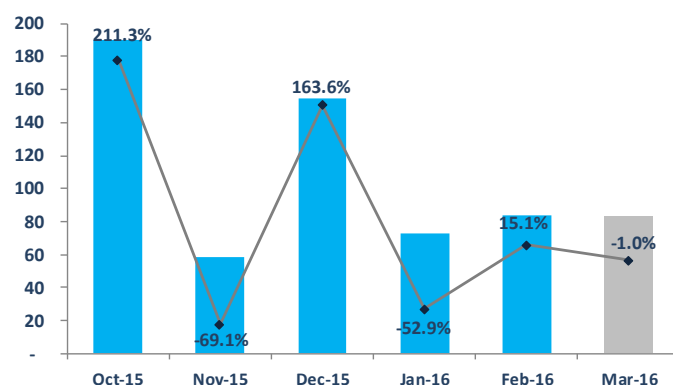
Meanwhile, the positive returns for the Industrial index was buoyed by positive returns for Galfar Engineering (+40%), Oman Cement (+3.6%) and Gulf International Chemicals (2.3%). Shares of Galfar Engineering, which reported losses of OMR 28.85 Mn for 2015 due to receivable impairments, surged after the company bagged a 51-month construction services contract valued at OMR 115 Mn from Petroleum Development Oman (PDO).

The monthly gainers chart was topped by Global Financial Investment that surged 49.6% on strong local buying followed by Galfar Engineering and Sembcorp Salalah with monthly returns of 40% and 10.2%, respectively. On the decliners side, Bank Dhofar topped the chart with a decline of 12.9% followed by Al Maha Ceramics and Bank Muscat with monthly declines of 10.7% and 9.9%, respectively. The market breadth for the regular market stocks was slightly skewed towards decliners that included 21 stocks as against 18 gainers. Monthly trading activity saw minimal change as compared to the previous month with volumes up by 2.1% to 83 Mn shares whereas value traded down by 1% to OMR 82.7 Mn.

MSM Monthly Sector Performance



Monthly Value Traded (OMR Mn)



Source: Muscat Securities Market, KAMCO Research

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