

## GCC Markets Monthly Report

August-2017

### In this Report...

Kuwait .....	2
Saudi Arabia .....	3
Abu Dhabi .....	4
Dubai .....	5
Qatar .....	6
Bahrain .....	7
Oman .....	8

**Saudi Arabia, Kuwait remain firm while most markets remain weak on profit booking...**

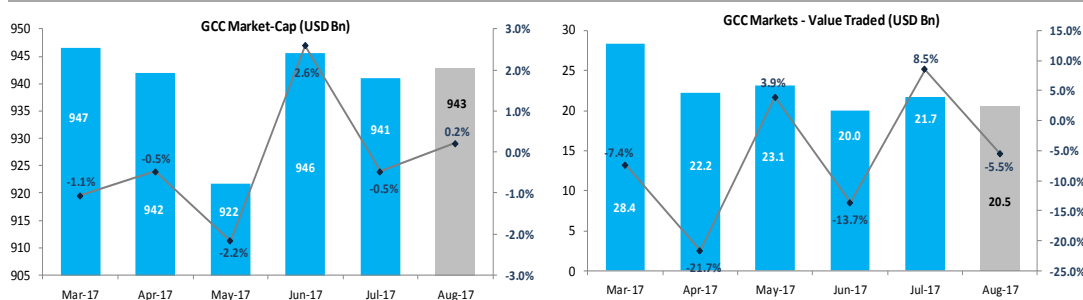
GCC markets witnessed mixed performance during August-17 due to factors specific to each market along with the normal seasonal profit booking before the Eid holidays. Saudi Arabia and Kuwait witnessed positive returns during the month primarily on the back of expectations of these markets qualifying for the FTSE's secondary emerging markets index in a review later in September. As a result, both the markets witnessed strong trading activity, with investors basically focusing on large-cap blue chip stocks, specifically banking stocks.

On the other hand, Qatar exchange witnessed the steepest monthly drop on the back of the ongoing political deadlock with its neighbors. This also resulted in Fitch downgrading Qatar's sovereign rating by one notch to AA- with a 'Negative' outlook. The agency said that the impact of the deadlock with neighbors could be larger than currently expected.

Meanwhile, global markets were mixed after the bankers meet at Jackson Hole. On one hand, Fed speech lacked signals on the next rate hike or comments on monetary policy that led to a fall in USD after the meeting. On the other hand, ECB head had an optimistic tone on the economic prospects of the region and said that the Euro area was gaining ground even with low inflation rates. The meeting also highlighted a broad based recovery across the globe, but one that is still at its nascent stage.

Oil prices also remained firm during the month with Brent spot witnessing a strong support at USD 50/b mark on the back of a number of factors including a weak USD, US shale slowdown due to Hurricane Harvey, as well as broader recovery in the commodity market with base metal prices reaching multi-year high during the month.

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	430.6	4.2%	13.3%	97.2	1,060.7	15.8	1.3	4.3%
Kuwait - 15 Index	984.9	4.4%	11.3%					
Kuwait - Price Index	6,892.1	0.6%	19.9%					
Saudi Arabia	7,258.6	2.3%	0.7%	458.2	16,048.6	15.3	1.7	4.2%
Abu Dhabi	4,468.4	(2.1%)	(1.7%)	125.7	670.8	11.4	1.6	5.4%
Dubai	3,637.6	0.1%	3.0%	99.7	1,484.6	10.2	1.2	4.7%
Qatar	8,800.6	(6.4%)	(15.7%)	130.9	1,028.5	12.8	1.2	4.6%
Bahrain	1,302.5	(1.9%)	6.7%	19.6	27.3	8.7	0.9	5.1%
Oman	5,052.6	0.6%	(12.6%)	11.6	136.6	10.5	0.9	6.0%
<b>Total GCC</b>				<b>943.0</b>	<b>20,457.2</b>	<b>13.4</b>	<b>1.5</b>	<b>4.6%</b>



**Faisal Hasan, CFA**

Head - Investment Research

+(965) 2233 6907

[faisal.hasan@kamconline.com](mailto:faisal.hasan@kamconline.com)

**Junaid Ansari**

Assistant Vice President

+(965) 2233 6912

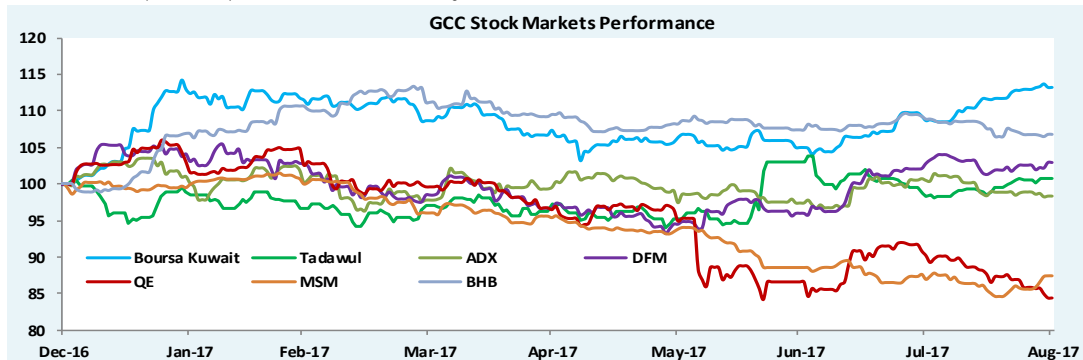
[junaid.ansari@kamconline.com](mailto:junaid.ansari@kamconline.com)

**Thomas Mathew**

Assistant Vice President

+(965) 2233 6914

[thomas.mathew@kamconline.com](mailto:thomas.mathew@kamconline.com)



Source: GCC Stock Exchanges, KAMCO Research

## Boursa Kuwait

Monthly Indicators	Sep-16	Oct-16	Nov-16	Dec-16	Jan-17	Feb-17	Mar-17	Apr-17	May-17	Jun-17	Jul-17	Aug-17
<b>Price Index</b>	<b>5,398.4</b>	<b>5,401.1</b>	<b>5,554.5</b>	<b>5,748.1</b>	<b>6,832.2</b>	<b>6,783.1</b>	<b>7,029.4</b>	<b>6,843.0</b>	<b>6,785.4</b>	<b>6,762.8</b>	<b>6,851.6</b>	<b>6,892.1</b>
Monthly % Change	(0.4%)	0.0%	2.8%	3.5%	18.9%	(0.7%)	3.6%	(2.7%)	(0.8%)	(0.3%)	1.3%	0.6%
<b>Weighted Index</b>	<b>351.9</b>	<b>354.0</b>	<b>367.1</b>	<b>380.1</b>	<b>427.4</b>	<b>424.0</b>	<b>413.3</b>	<b>408.3</b>	<b>404.5</b>	<b>399.3</b>	<b>413.29</b>	<b>430.57</b>
Monthly % Change	1.3%	0.6%	3.7%	3.5%	12.4%	(0.8%)	(2.5%)	(1.2%)	(0.9%)	(1.3%)	3.5%	4.2%
<b>Kuwait 15 Index</b>	<b>814.1</b>	<b>826.5</b>	<b>855.2</b>	<b>885.0</b>	<b>985.4</b>	<b>964.1</b>	<b>933.8</b>	<b>919.4</b>	<b>915.8</b>	<b>910.1</b>	<b>943.2</b>	<b>984.9</b>
Monthly % Change	1.5%	1.5%	3.5%	3.5%	11.3%	(2.2%)	(3.1%)	(1.5%)	(0.4%)	(0.6%)	3.6%	4.4%
<b>Market Cap (KWD Mn)</b>	<b>24,326</b>	<b>24,475</b>	<b>25,371</b>	<b>26,257</b>	<b>29,442</b>	<b>29,102</b>	<b>28,354</b>	<b>28,008</b>	<b>27,656</b>	<b>27,257</b>	<b>28,187</b>	<b>29,362</b>
P/E (X) - TTM	15.63	15.72	16.30	16.80	18.80	18.70	18.16	16.01	15.90	15.60	16.20	15.84
P/BV (X) - TTM	1.06	1.07	1.11	1.13	1.27	1.26	1.23	1.24	1.23	1.22	1.26	1.29
Dividend Yield (%)	4.30%	4.27%	4.12%	3.98%	3.67%	3.67%	3.42%	3.76%	4.02%	4.09%	4.70%	4.34%
Volume (Mn Shares)	902	1,679	2,908	3,594	13,858	8,857	7,105	5,907	2,734	735	1,822	1,733
Value (KD Mn)	87	258	328	321	1,185	866	653	517	301	151	301	320
Trades ('000)	27.2	45.2	70.6	75.6	229.8	171.8	147.7	115.9	75.6	32.6	67.5	70.3

Source: Kuwait Stock Exchange, KAMCO Research

Kuwait recorded the best monthly performance in the GCC during August-17 on the back of higher trades in large-cap stocks, continuing the trend seen during July-17 based on speculation surrounding the FTSE upgrade. This was reflected in the 4.2% gains recorded in the Kuwait Weighted Index and 4.4% gains for the Kuwait 15 Index, while the Price index saw marginal gains of 0.6%. These gains further pushed YTD-17 returns for Kuwait to nearly 20% for the Price Index and 13.3% for the Weighted Index, the highest in the GCC. Positive sentiments in Kuwait has prevailed since the start of the Q2-17 earnings season with reported earnings for the quarter up by 14.5% for listed Kuwaiti stocks.

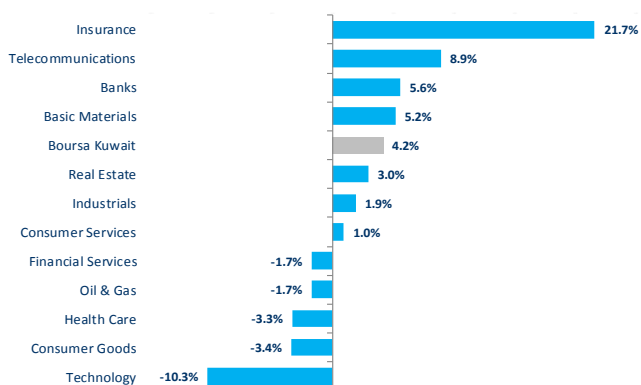
Trading activity on the exchange improved during the month with monthly value traded recorded at KWD 320.4 Mn as compared to KWD 300.5 Mn during July-17. Average daily value traded also improved during the month to KWD 14.6 Mn as compared to KWD 13.7 Mn during the previous month. Monthly volume, however, dropped to 1.7 Bn shares as compared to 1.8 Bn shares during the previous month, while total trades increased by 4.2% to 70,305 trades.

In terms of sector performance, large-cap indices surged during the month with Telecom Index gaining 8.9% and Banking Index return at 5.6%. The Insurance Index, however, topped the monthly performance chart with a strong surge of 21.7% as six out of the seven listed insurance names recorded positive returns during the month. Gulf Insurance Group shares were up 49.8%, also topping the monthly performance chart. Shares of First Takaful also surged 25.8% followed by 9.6% for Kuwait Insurance. Meanwhile, the performance of banking stocks was mixed but the index was swayed by 13.7% gain in shares of CBK followed by 10.5% gains for KFH and 6.3% gain in shares of NBK. The positive performance of banking stocks also reflected the healthy earnings for the sector with Q2-17 net profits up by 10.5% y-o-y with 8 out of 10 Kuwaiti banks recording positive earnings momentum.

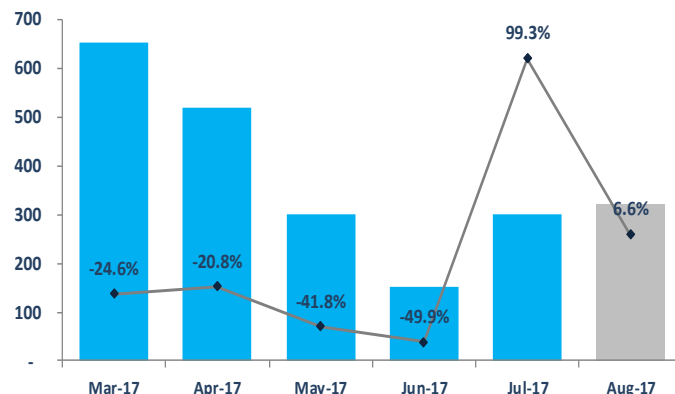
In the telecom sector, shares of Zain and Ooredoo Kuwait witnessed strong gains of 12.4% and 4.8%, which resulted in overall positive performance for the Telecom index. Gain in shares of Zain came as a result of a deal in which the telco sold treasury shares representing 9.84% stake in the company to Omantel for USD 846.1 Mn. Zain has said to use the proceeds to reduce debt, invest in its network and look for opportunities in the digital space.

In economic news, S&P affirmed Kuwait's AA/A-1+ rating with a 'Stable' outlook. The rating reflects expectation that Kuwait will be able to maintain a GDP growth rate of 3% from 2017 to 2020. The rating is supported by high levels of accumulated fiscal, external, and household wealth that helps to offset low oil prices and enable the government to gradually consolidate its finances without weighing on growth.

### Boursa Kuwait Monthly Sector Performance



### Monthly Value Traded (KWD Mn)



Source: Kuwait Stock Exchange, KAMCO Research

## Saudi Arabia (Tadawul)

Monthly Indicators	Sep-16	Oct-16	Nov-16	Dec-16	Jan-17	Feb-17	Mar-17	Apr-17	May-17	Jun-17	Jul-17	Aug-17
<b>Tadawul All Share Index</b>	<b>5,623.3</b>	<b>6,012.2</b>	<b>7,000.2</b>	<b>7,210.4</b>	<b>7,101.9</b>	<b>6,972.4</b>	<b>7,001.6</b>	<b>7,013.5</b>	<b>6,871.2</b>	<b>7,425.7</b>	<b>7,094.2</b>	<b>7,258.6</b>
Monthly % Change	(7.5%)	6.9%	16.4%	3.0%	(1.5%)	(1.8%)	0.4%	0.2%	(2.0%)	8.1%	(4.5%)	2.3%
<b>Market Cap (SAR Bn)</b>	<b>1,326.2</b>	<b>1,420.7</b>	<b>1,637.3</b>	<b>1,682.5</b>	<b>1,659.9</b>	<b>1,635.3</b>	<b>1,640.4</b>	<b>1,647.0</b>	<b>1,624.2</b>	<b>1,766.4</b>	<b>1,685.4</b>	<b>1,718.4</b>
P/E (X) - TTM	10.75	12.31	13.44	14.73	14.79	14.54	14.64	14.56	14.09	15.10	14.51	15.33
P/BV (X) - TTM	1.32	1.42	1.65	1.70	1.67	1.59	1.73	1.74	1.73	1.85	1.64	1.68
Dividend Yield (%)	5.24%	4.90%	4.17%	4.04%	4.05%	4.17%	4.27%	4.26%	4.25%	4.20%	4.35%	4.23%
Volume (Mn Shares)	2,521	4,703	7,491	6,927	5,442	4,168	3,643	3,245	4,143	2,904	2,909	2,858
Value (SAR Mn)	41,736	65,664	118,645	114,984	98,782	75,232	72,517	61,469	64,660	54,727	60,510	60,185
Trades ('000)	1,070	1,833	2,608	2,685	2,664	2,040	2,053	1,698	1,547	929	1,639	1,873

Source: Tadawul, KAMCO Research

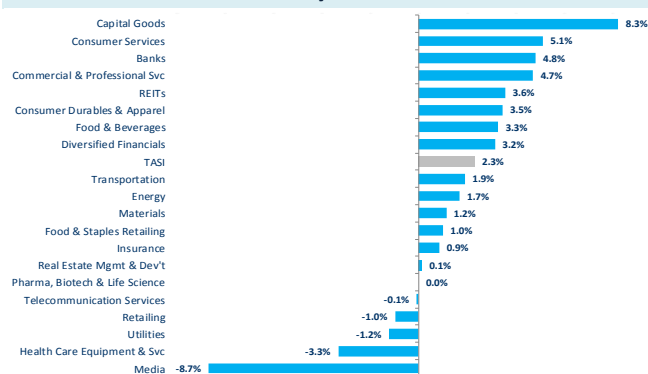
After witnessing one of the biggest monthly decline in July-17, Saudi Arabia's TASI was up 2.3% during August-17 on the back of strong banking sector performance further supported by stable oil prices that resulted in positive investor sentiments. With these gains, the YTD-17 return also turned positive at 0.7% by the end of the month. August-17 also saw the listing of Maather REIT Fund, the fifth REIT to be listed on the exchange. Trading activity on the exchange remained almost flat despite this being a traditionally quite period for the markets. Value traded during the month saw a marginal slide of 0.5% to reach SAR 60.2 Bn while monthly volume declined by 1.7% to reach 2.9 Bn shares. Alinma Bank topped both the volume and value charts with 531 Mn shares worth SAR 8.7 Bn changing hands during the month. Amana Insurance topped the gainers chart and was up 44.6% followed by Middle East Specialised Cables at 42.3%. The decliners chart mainly included insurance stocks that declined after SAMA banned three insurance companies and four insurance agencies from selling auto insurance policies due to improper practices. Market breadth was skewed towards gainers that included 99 stocks as against decliners that included 74 companies.

Meanwhile, banking stocks also got support from news that the country is on a path to opening up several sectors to private investors. In a key development, General Authority of Civil Aviation announced that it would transfer the ownership of all the airports in Saudi Arabia to the Public Investment Fund (PIF) and companies will be established for each airport under the Saudi Civil Aviation Holding that would be 100% owned by the PIF. Later, the PIF would sell stakes in the airport companies under the privatization program. Furthermore, the head of Saudi Arabian General Investment Authority (SAGIA) has said that the country will allow 100% foreign ownership in health and education sectors. He also said that in the health sector, the ministry will only be a regulator and not a service provider.

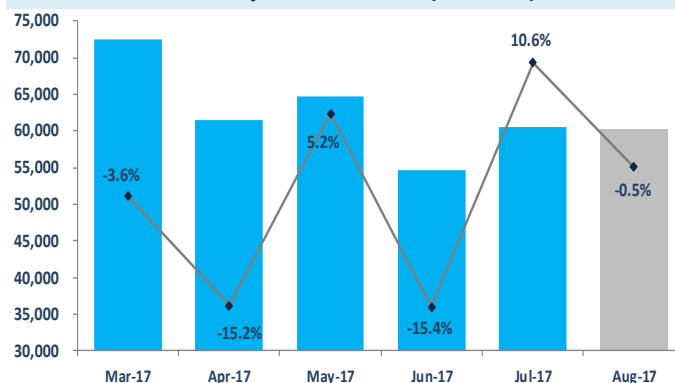
In terms of sector performance, the Banking index surged 4.8% during the month as key banking stocks got support from an upcoming index review by FTSE with strong speculations that Saudi Arabia could be upgraded to a secondary emerging market status. An upgrade is expected to result in higher passive fund flows in the Kingdom's equity market as the regulator makes significant changes to its rules and trading systems also in order to qualify for the MSCI's Emerging Market status.

On the economic front, the Saudi Ministry of Finance reported that the country's budget deficits halved during the first six months of the year as a result of stable oil prices along with spending cuts. The budget figures, which are now being released on a quarterly basis, showed deficits reducing by 51% to reach SAR 72.7 Bn (USD 19 Bn). Revenues increased by 29% during the period to reach SAR 308 Bn as compared to 1H-16, while spending was down 2% to SAR 380.7 Bn. For Q2-17, revenue stood at SAR 163.9 Bn, an increase of 6% primarily on the back of a 28% jump in oil revenues that reached SAR 100.9 Bn. However, non-oil revenues witnessed a significant drop of almost 17% to reach SAR 63 Bn. The decline was primarily on the back of a decline in taxes and Other Revenues. On the other hand, data from the Central Department of Statistics and Information showed that imports have declined 29% y-o-y in June-17, in line with the recent trends, while non-oil exports also declined by 18.9% during the month. Oil exports saw only marginal gains of 0.8%.

### Tadawul Monthly Sector Performance



### Monthly Value Traded (SAR Mn)



Source: Tadawul, KAMCO Research

## Abu Dhabi Securities Exchange

Monthly Indicators	Sep-16	Oct-16	Nov-16	Dec-16	Jan-17	Feb-17	Mar-17	Apr-17	May-17	Jun-17	Jul-17	Aug-17
<b>ADX General Index</b>	<b>4,476.3</b>	<b>4,300.2</b>	<b>4,308.8</b>	<b>4,546.4</b>	<b>4,548.8</b>	<b>4,552.1</b>	<b>4,443.5</b>	<b>4,522.6</b>	<b>4,427.3</b>	<b>4,425.4</b>	<b>4,566.2</b>	<b>4,468.4</b>
Monthly % Change	0.1%	(3.9%)	0.2%	5.5%	0.1%	0.1%	(2.4%)	1.8%	(2.1%)	(0.0%)	3.2%	(2.1%)
<b>Market Cap (AED Bn)</b>	<b>464.8</b>	<b>447.0</b>	<b>445.2</b>	<b>467.6</b>	<b>465.0</b>	<b>466.6</b>	<b>459.1</b>	<b>467.7</b>	<b>460.5</b>	<b>456.1</b>	<b>467.2</b>	<b>461.9</b>
P/E (X) - TTM	10.74	10.24	10.19	10.77	10.75	11.06	10.80	10.61	10.33	10.30	11.40	11.36
P/BV (X) - TTM	1.34	1.29	1.29	1.36	1.36	1.34	1.31	1.54	1.49	1.49	1.58	1.57
Dividend Yield (%)	5.67%	5.91%	5.91%	5.60%	5.60%	5.53%	5.62%	5.26%	5.47%	5.46%	5.32%	5.41%
Volume (Mn Shares)	1,191	1,011	3,991	1,454	4,837	2,811	1,656	1,553	1,441	3,000	1,738	1,216
Value (AED Mn)	2,443	2,278	5,863	3,179	7,111	4,993	4,433	3,287	3,619	3,745	3,245	2,464
Trades	19,554	20,129	45,297	26,669	57,936	39,116	30,365	24,726	22,671	30,718	23,185	18,124

Source: Abu Dhabi Securities Exchange, KAMCO Research

The ADX benchmark once again trended downward during August-17 after posting some improvement during the previous month. The ADX General Index declined by 2.1% during the month reflecting a broad-based decline in a majority of the key sectors. The decline in Banking and Real Estate indices were around 2%, whereas the Investment & Financial Services and the Services index witnessed steeper declines of 4.6% and 8.5%, respectively. This market decline was partially offset by positive performance of the Energy, Industrial and Insurance stocks.

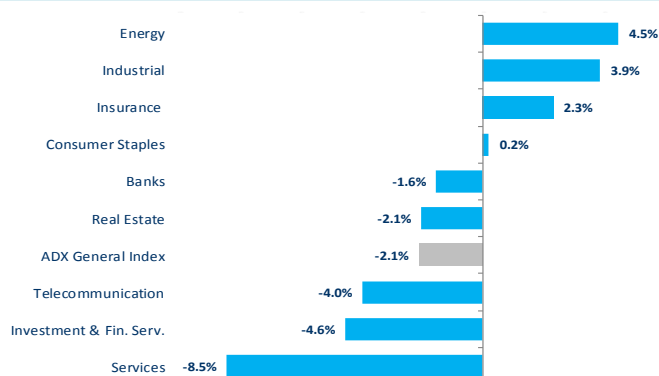
A marginal improvement in Q2-17 earnings season also affected market performance during the month. Total earnings for the quarter for ADX listed stocks increased by 1.8% to reach AED 10.3 Bn (USD 2.8 Bn). However, earnings were softer for the banking sector that reported a decline of 4.3% y-o-y.

Trading activity also witnessed one of the steepest monthly declines with both monthly volume and value reaching the lowest level since October-16. Total monthly volume declined by 28.6% to reach 1.2 Bn shares in August-17 as compared to 1.7 Bn shares during the previous month. Monthly value also declined at a similar pace to reach AED 2.5 Bn as compared to AED 3.2 Bn during July-17. Eshraq Properties topped the volume chart with almost 500 Mn shares traded during the month followed by Dana Gas and Taqa hitting 403 Mn and 176.5 Mn traded shares, respectively. On the value chart, First Abu Dhabi Bank topped with AED 460.4 Mn worth of shares changing hands during the month. Eshraq Properties and Etisalat followed with AED 434.6 Mn and AED 332.4 Mn worth of shares traded, respectively. The interest in Eshraq Properties was primarily on the back of merger talks recently.

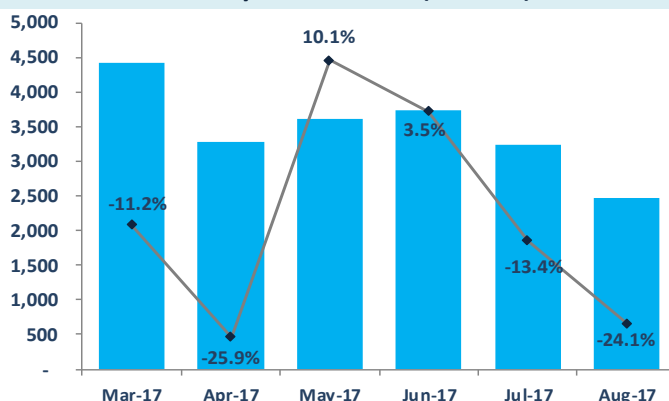
The monthly gainers chart for August-17 was topped by energy firm Taqa with its shares up 25.5% after the company posted profits of AED 112 Mn for 1H-17 as against a loss of AED 1.2 Bn during the same period last year. The profit improvement came on the back of higher revenues, which increased by 5% coupled with cost cutting measures, efficiency improvement and a focus on core operations. Other gainers during the month included Abu Dhabi National Insurance (ADNIC) and Sharjah Cement with share prices up 17.7% and 13.0%, respectively. Shares of ADNIC surged after the company reported 20% improvement in net profit during 1H-17. On the decliners chart, Gulf Medical Project topped the chart with a decline of 39.9% followed by Al Khazna Insurance and Umm Al Qaiwain General Investments with declines of 11.1% and 9.9%, respectively, although trade in shares of the latter was minimal during the month. The monthly market breadth was almost equally weighted with 25 gainers as against 22 decliners.

In economic developments, loan growth in the UAE continued during July-17 increasing by 0.2% month-on-month and 3.5% year-on-year to reach AED 1.594 Bn. This growth was primarily led by lending to retail customers that increased by 2.9% year-on-year to AED 353.4 Mn, highlighting improving signs of consumer confidence. However, data for the first seven months of the year suggests that credit growth has been growing at a slower pace than last year.

### ADX Monthly Sector Performance



### Monthly Value Traded (AED Mn)



Source: Abu Dhabi Securities Exchange, KAMCO Research

## Dubai Financial Market

Monthly Indicators	Sep-16	Oct-16	Nov-16	Dec-16	Jan-17	Feb-17	Mar-17	Apr-17	May-17	Jun-17	Jul-17	Aug-17
<b>DFM General Index</b>	<b>3,474.4</b>	<b>3,332.4</b>	<b>3,360.9</b>	<b>3,530.9</b>	<b>3,642.9</b>	<b>3,630.3</b>	<b>3,480.4</b>	<b>3,414.9</b>	<b>3,339.4</b>	<b>3,392.0</b>	<b>3,633.2</b>	<b>3,637.6</b>
Monthly % Change	(0.9%)	(4.1%)	0.9%	5.1%	3.2%	(0.3%)	(4.1%)	(1.9%)	(2.2%)	1.6%	7.1%	0.1%
<b>Market Cap (AED Bn)</b>	<b>331.4</b>	<b>316.9</b>	<b>316.3</b>	<b>332.2</b>	<b>352.1</b>	<b>384.0</b>	<b>371.5</b>	<b>360.6</b>	<b>346.7</b>	<b>348.6</b>	<b>367.2</b>	<b>366.1</b>
P/E (X) - TTM	9.01	8.77	8.71	9.25	9.92	9.89	9.39	9.37	9.30	9.50	10.15	10.17
P/BV (X) - TTM	1.27	1.22	1.23	1.29	1.28	1.25	1.15	1.13	1.11	1.13	1.21	1.24
Dividend Yield (%)	4.80%	4.99%	4.97%	4.70%	4.66%	4.56%	4.98%	5.15%	5.18%	5.08%	4.74%	4.72%
Volume (Mn Shares)	5,574	5,102	16,016	11,219	18,618	10,396	5,785	4,969	6,123	6,019	5,091	3,665
Value (AED Mn)	6,744	6,828	20,240	14,659	22,962	15,587	9,583	6,593	7,745	7,123	7,374	5,453
Trades	61,878	68,423	163,506	118,274	196,901	130,998	82,856	69,986	81,311	73,528	83,732	61,143

Source: Dubai Financial Market, KAMCO Research

Dubai market witnessed stable performance during August-17 with the benchmark index staying relatively flat as compared to the last month resulting in 3% index surge for YTD-17. That said, trading activity on the exchange dropped significantly due to seasonal factors. Total monthly volume declined by 28% to reach 3.7 Bn shares as compared to 5.1 Bn shares during the previous month. This was also one of the lowest recorded monthly traded volumes on the exchange. On similar lines, monthly value traded also declined by 26% to reach AED 5.4 Bn, the lowest monthly value traded since March-13.

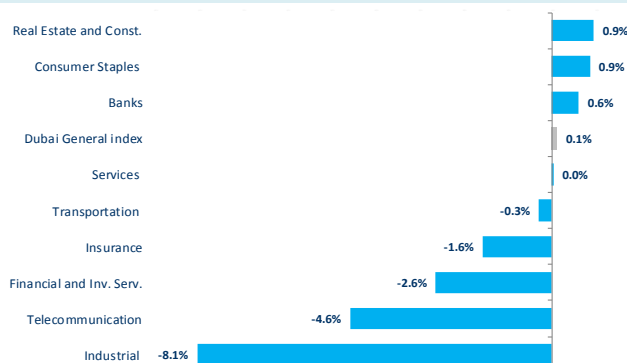
In terms of individual stocks, Union Properties topped the monthly volume chart with 683.7 Mn shares traded during the month followed by Gulf Finance House and DSI with 513 Mn and 344 Mn shares, respectively. On the monthly value chart, Gulf Finance House topped with AED 945.3 Mn worth of shares changing hands during the month followed by Emaar Properties and Union Properties at AED 821.9 Mn and AED 592.1 Mn, respectively.

The monthly gainers chart was topped by Arab Insurance Group with its shares up 14.8% although trades were minimal in the stock. Highly liquid gainers included shares of Air Arabia and Emirate NBD with monthly gains of 5.7% and 4.4%, respectively. On the decliners side, Dubai Refreshments topped with a decline of 18.7% followed by Gulf Finance House and Al Madina for Finance & Investment with declines of 15.8% and 14.5%, respectively. Shares of GFH declined almost 10% on the day the company declared its Q2-17 results that showed a slight sequential drop in its profitability although y-o-y profit improvement was significant. The monthly market breadth was strongly skewed towards decliners that included 28 stocks as against 12 gainers.

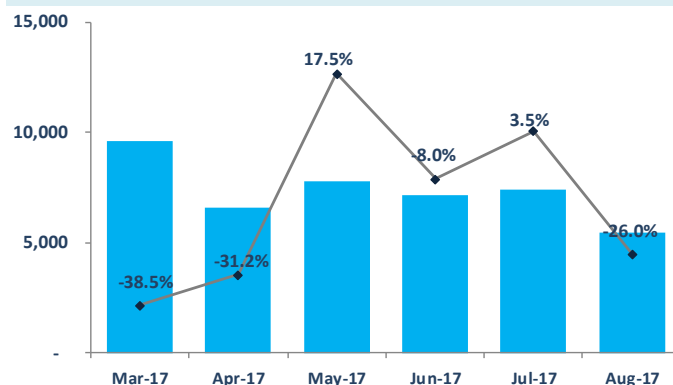
In terms of sector performance, large cap sectors remained relatively stable that resulted in the flat index returns during the month. Real Estate, Banking and Consumer Staple indices surged almost 1%, while, the Industrial index witnessed the steepest decline of 8.1% followed by Telecom and Financial & Investment Services indices with declines of 4.6% and 2.6%, respectively. Performance within the banking sector was mixed and equal weighted between gainers and losers each including four banks. However, gains recorded by larger banks including ENBD (+4.4%) and Mashreq Bank (+4.2%) led to the positive performance of the overall index that was partially offset by 15.8% and 10.7% decline in shares of GFH and Commercial Bank of Dubai, respectively.

Moody's has also given a positive outlook for large UAE banks. In a recent report, the agency said that the profitability of four largest UAE banks is expected to remain strong over the next 12 to 18 months led by strong growth in interest income, despite pressure on fee and commission income. This include two Dubai banks namely ENBD and Dubai Islamic Bank. KAMCO Research's analysis of Dubai-listed banks also shows solid improvement in Q2-17 earnings. Total Earnings for the overall listed companies on the exchange was up by 3.6% to reach AED 7.5 Bn, while net profits for banks was up by a strong 8.0% to reach AED 4.02 Bn and accounted for almost half of total exchange's net profit for the second quarter.

### DFM Monthly Sector Performance



### Monthly Value Traded (AED Mn)



Source: Dubai Financial Market, KAMCO Research

## Qatar Exchange

Monthly Indicators	Sep-16	Oct-16	Nov-16	Dec-16	Jan-17	Feb-17	Mar-17	Apr-17	May-17	Jun-17	Jul-17	Aug-17
<b>QE 20 Index</b>	<b>10,435.5</b>	<b>10,173.0</b>	<b>9,793.8</b>	<b>10,436.8</b>	<b>10,597.2</b>	<b>10,702.1</b>	<b>10,390.6</b>	<b>10,064.4</b>	<b>9,901.4</b>	<b>9,030.4</b>	<b>9,406.1</b>	<b>8,800.6</b>
Monthly % Change	(5.0%)	(2.5%)	(3.7%)	6.6%	1.5%	1.0%	(2.9%)	(3.1%)	(1.6%)	(8.8%)	4.2%	(6.4%)
<b>Market Cap (QAR Bn)</b>	<b>560.3</b>	<b>548.5</b>	<b>526.6</b>	<b>563.5</b>	<b>568.6</b>	<b>577.7</b>	<b>556.3</b>	<b>542.4</b>	<b>528.6</b>	<b>487.5</b>	<b>509.0</b>	<b>476.7</b>
P/E (X) - TTM	13.50	13.45	13.04	13.85	14.34	15.00	14.58	14.42	13.76	12.80	13.58	12.80
P/BV (X) - TTM	1.55	1.51	1.45	1.56	1.52	1.48	1.44	1.40	1.35	1.26	1.30	1.21
Dividend Yield (%)	3.91%	4.00%	4.18%	3.93%	3.91%	3.79%	3.97%	4.03%	4.14%	4.46%	4.29%	4.61%
Volume (Mn Shares)	132	121	188	190	190	188	287	183	231	249	200	159
Value (QAR Mn)	5,934	4,360	5,822	7,204	5,757	6,723	10,292	4,681	5,936	6,566	5,476	3,745
Trades	76,124	56,888	73,428	71,747	76,729	81,708	103,717	62,981	70,499	73,211	72,354	49,557

Source: Qatar Exchange, KAMCO Research

The slide in Qatari indices re-emerged during August-17 after showing some improvement during July-17. The Qatar 20 Index recorded the steepest monthly decline in the GCC with a fall of 6.4% and once again closed below the 9,000 mark at 8,800.56 points. The broad-based Qatar All Share Index also declined by a slightly higher 6.9% indicating the pressure on overall market. The YTD-17 decline was also the highest for Qatar as it reached 15.7% for the QE20 Index following months of political deadlock with minimal indications of a resolution in the near term.

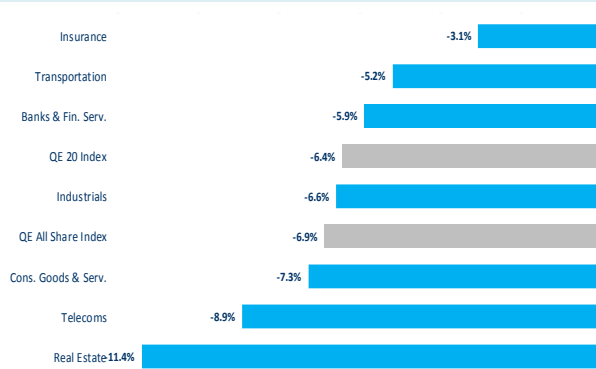
The ongoing political situation concerning Qatar has also prompted a sovereign ratings downgrade from Fitch to AA– with a 'Negative' outlook, bringing the country's rating in line with S&P and Moody's ratings that had already undertaken a rating downgrade during June-17 and July-17, respectively. Fitch ratings also highlighted that the country may curtail spending on infrastructure projects in the ongoing sanctions intensify. In a related development, the government deposited almost USD 6.9 Bn in the local banking system in order to offset the withdrawal of funds from regional banks as well as to support the sector.

The sector performance chart showed all the sectors in the red zone during August-17. Real Estate index led the decline with a fall of 11.4% followed by Telecom and Consumer Goods & Services at –8.9% and –7.3%, respectively. All the four stocks in the real estate sector declined during the month with double digit decline for three out of the four stocks. The sector is also one of the most battered sectors in Qatar along with the Industrials index trading at one of the lowest points over the past few months. Banking index also declined during the month by 5.9% as all the banking stocks witnessed a fall. Al Khaleeji Commercial Bank witnessed the steepest decline of 10.3%, while the market leader QNB declined by 5.4%.

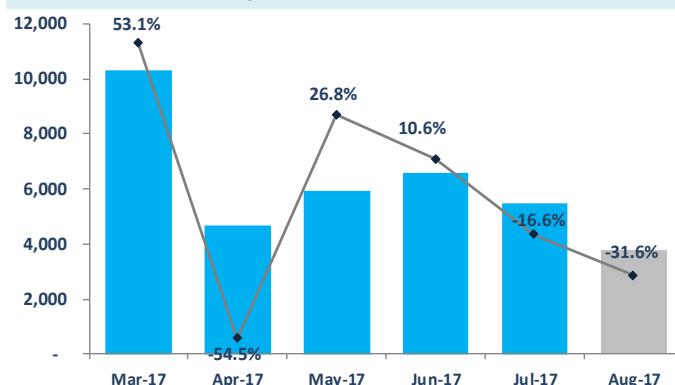
Trading activity also declined to multi-month lows with bleak investor confidence in addition to seasonality factors. Volume traded during the month declined to the lowest level in 10 months to reach 159.4 Mn shares as compared to 200 Mn shares during the previous month. On the other hand, monthly value traded declined to a 14-month low level of QAR 3.74 Bn as compared to QAR 5.5 Bn during July-17. Vodafone Qatar topped the monthly volume chart with 64.1 Mn shares changing hands during the month. Investment Holding Group was second on the list with 12 Mn shares followed by Gulf International Services with 9 Mn shares. On the monthly value chart, QNB topped the list with QAR 570.7 Mn worth of shares traded during the month followed by Vodafone Qatar and Industries Qatar at QAR 570.1 Mn and QAR 229.2 Mn worth of trades in the stocks, respectively.

There were only three gainers during the month namely Qatar General Insurance & Reinsurance (16.7%), Zad Holding (1.5%) and Al Meera Consumer Goods (0.7%) with minimal trades in these stocks. The decliners group, which included 41 stocks, was topped by newly listed firm, Investment Holding Group (IHG), which declined by 25.4% followed by Gulf International Services and Medicare Group with monthly declines of 19.7% and 18.8%, respectively. The decline in shares of IHG came despite the company shareholder's approving a cash dividend of 3% or 30 Dirhams per share.

**QE Monthly Sector Performance**



**Monthly Value Traded (QAR Mn)**



Source: Qatar Exchange, KAMCO Research



## Bahrain Bourse

Monthly Indicators	Sep-16	Oct-16	Nov-16	Dec-16	Jan-17	Feb-17	Mar-17	Apr-17	May-17	Jun-17	Jul-17	Aug-17
<b>Bahrain All Share Index</b>	<b>1,150.00</b>	<b>1,148.83</b>	<b>1,174.12</b>	<b>1,220.45</b>	<b>1,303.70</b>	<b>1,349.67</b>	<b>1,355.99</b>	<b>1,335.67</b>	<b>1,319.75</b>	<b>1,310.04</b>	<b>1,327.81</b>	<b>1,302.46</b>
Monthly % Change	0.7%	(0.1%)	2.2%	3.9%	6.8%	3.5%	0.5%	(1.5%)	(1.2%)	(0.7%)	1.4%	(1.9%)
<b>Market Cap (BHD Mn)</b>	<b>6,803</b>	<b>6,796</b>	<b>6,946</b>	<b>7,221</b>	<b>7,721</b>	<b>7,995</b>	<b>7,683</b>	<b>7,575</b>	<b>7,487</b>	<b>7,434</b>	<b>7,536</b>	<b>7,385</b>
P/E (X) - TTM	9.47	9.70	9.29	9.68	9.97	9.92	10.06	9.60	9.30	9.27	9.62	8.75
P/BV (X) - TTM	0.77	0.78	0.80	0.83	0.89	0.89	0.87	0.86	0.85	0.85	0.86	0.86
Dividend Yield (%)	4.88%	4.47%	4.39%	4.22%	3.95%	4.44%	4.96%	5.03%	5.10%	5.13%	5.05%	5.14%
Volume (Mn Shares)	37	29	55	211	136	86	96	141	61	39	64	48
Value (BHD Mn)	6	6	12	10	26	18	24	19	14	9	13	10
Trades	789	750	998	1,163	2,164	1,621	1,864	1,684	1,146	926	1,443	1,250

Source: Bahrain Bourse, KAMCO Research

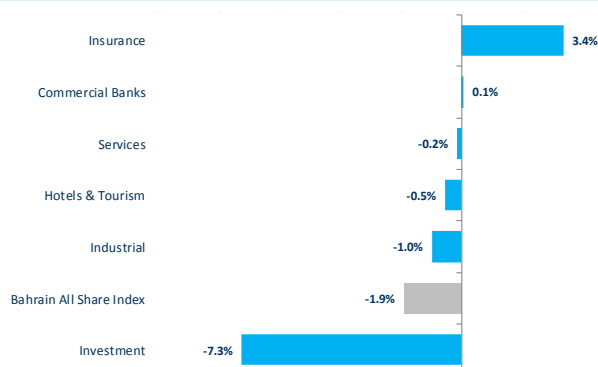
Bahrain Bourse also declined during August-17 following the wider trend in the GCC stock markets highlighting lack of catalyst and profit booking before the holiday season. The benchmark Bahrain All Share Index declined by 1.9% during the month as trends has remained weak since the start of the month. The index reached the lowest point in 7 months also breaking a critical support level of 1,300 points to reach 1,298.79 points only to recover on the last day to close at 1,302.46 points. Sector performance also highlighted the weak trends in the market. The Investment sector witnessed the steepest monthly decline of 7.3% followed by the Industrial index that declined by 1%. The Commercial Banks index and the Services indices remained flat during the month, while the Insurance index surged 3.4% solely on the back of 13% gain in shares of Arab Insurance Group.

Trading activity on the exchange also declined, in line with other markets. Monthly volume declined by 24.8% to reach 48 Mn shares as compared to 64 Mn shares during July-17. On the other hand, the value of shares traded during the month declined by slightly slower pace of 22.8% to reach BHD 10 Mn as compared to BHD 13 Mn during the previous month. Banking and investment services stocks dominated trading during the month. Gulf Finance House topped the volume chart with 10.2 Mn shares traded during the month followed by AUB and Al Khaleeji Commercial Bank with 8.6 Mn and 5.1 Mn shares traded, respectively. In terms of monthly value traded, AUB topped the chart with BHD 2.3 Mn worth of shares changing hands during the month followed by GFH and Aluminum Bahrain recording trades worth BHD 1.87 Mn and BHD 1.62 Mn, respectively.

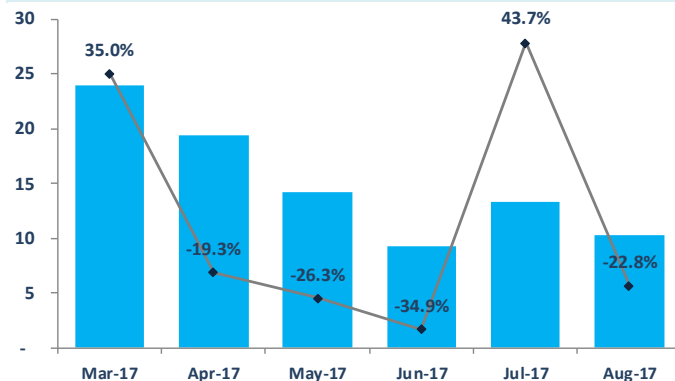
In terms of share performance, Arab Insurance Group and Bahrain Cinema topped the monthly gainers chart with a return of 13% for both the companies followed by United Paper Industries and Esterad Investment with monthly returns of 8.7% and 6.7%, respectively. Shares of Arab Insurance Group got a boost after the company reported more than 4-fold jump in the Q2-17 profits following higher gross premium written during the quarter. Shares of Bahrain Cinema also surged following the company's quarterly results. 1H-17 profits for the company surged to BHD 35.9 Mn as compared to BHD 1.4 Mn in 1H-16. The increase in net profit came on the back of 50% stake sale in City Centre Cinema for BHD 19.5 Mn as well as revaluation of the remaining 50% stake in the company. The company also approved one bonus share for every four shares held by the investors. The market breadth was slightly skewed towards decliners that included 14 stocks as compared to 12 gainers.

On the decliners side, GFH topped with a decline of 20.3% followed by Ithmaar Bank and Al Salam Bank with declines of 13.8% and 6% respectively. The slide in shares of GFH came after the company reported sequential decline in Q2-17 net profits. Meanwhile, the decline in shares of Ithmaar Bank came on the bank of loss reported by the company to the tune of BHD 3.5 Mn for 1H-17 as compared to a profit of BHD 1.66 Mn in 1H-16. Nevertheless, earnings performance for the overall exchange was positive with an increase of 20.3% with a majority of the sectors reporting positive earnings trend.

**BSE Monthly Sector Performance**



**Monthly Value Traded (BHD Mn)**



Source: Bahrain Bourse, KAMCO Research

## Muscat Securities Market

Monthly Indicators	Sep-16	Oct-16	Nov-16	Dec-16	Jan-17	Feb-17	Mar-17	Apr-17	May-17	Jun-17	Jul-17	Aug-17
<b>MSM 30 Index</b>	<b>5,726.2</b>	<b>5,481.4</b>	<b>5,487.7</b>	<b>5,782.7</b>	<b>5,776.2</b>	<b>5,780.0</b>	<b>5,550.6</b>	<b>5,513.5</b>	<b>5,422.0</b>	<b>5,118.3</b>	<b>5,024.2</b>	<b>5,052.6</b>
Monthly % Change	(0.2%)	(4.3%)	0.1%	5.4%	(0.1%)	0.1%	(4.0%)	(0.7%)	(1.7%)	(5.6%)	(1.8%)	0.6%
<b>Market Cap (OMR Mn)</b>	<b>7,555</b>	<b>7,930</b>	<b>7,946</b>	<b>5,055</b>	<b>4,959</b>	<b>4,944</b>	<b>6,153</b>	<b>5,991</b>	<b>4,705</b>	<b>4,461</b>	<b>4,356</b>	<b>4,479</b>
P/E (X) - TTM	9.66	9.35	9.54	10.08	10.21	9.91	9.57	10.76	10.72	10.21	10.22	10.53
P/BV (X) - TTM	1.13	1.08	1.08	1.15	1.13	1.12	1.06	1.07	1.05	0.99	0.93	0.94
Dividend Yield (%)	6.34%	5.38%	5.39%	5.11%	5.23%	5.33%	5.70%	5.68%	5.80%	6.17%	6.20%	5.96%
Volume (Mn Shares)	227	127	187	147	192	280	258	203	232	115	126	216
Value (OMR Mn)	45	43	58	44	52	99	73	45	43	29	37	53
Trades	5,563	7,975	5,847	8,793	11,583	12,280	12,395	10,204	9,848	5,549	6,528	7,306

Source: Muscat Securities Market, KAMCO Research

After five months of consecutive declines, the Oman's benchmark index witnessed slight improvement during August-17. The MSM 30 index surged 0.6% during the month to reach 5,052.6 points after recording consecutive gains during the second half of the month. Pressure on the index was apparent since the start of the month with the benchmark reaching the lowest point in almost 20 months at 4,889.28 points only to recover during the last two weeks of trading. Nevertheless, the marginal index gain during the month, despite the decline in all the sectoral indices, came primarily on the back of strong gains recorded in shares of OmanTel and Bank Muscat, the two largest stocks in the regular market.

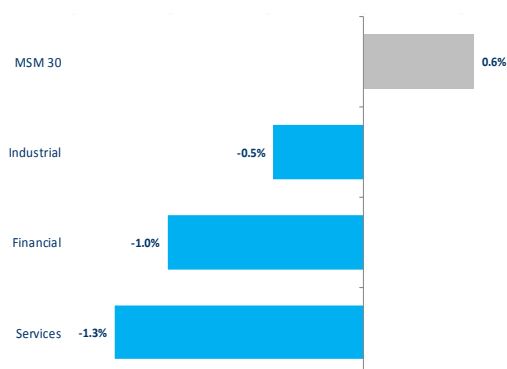
Sector performance charts were in the red for all the indices with the Services index sliding 1.3% followed by Financial Index (-1.0%) and the Industrial index (-0.5%). Within the Services index, the gain in shares of OmanTel was offset by decline in shares of Al Maha Petroleum(-6.8%), Al Jazeera Services (-6.0%) and National Gas (-5.3%). Gainers also included Ooredoo and Oman Investment & Finance with marginal gains of 2.3% and 2.5%, respectively. The shares of OmanTel surged 10.6% following the telco's announcement to buy 9.84% stake in Zain Kuwait in a deal valued at USD 846.1 Mn. According to the deal, Omantel would buy 425.7 Mn Zain treasury shares at a price of KWD 0.6 per share and would be financed by tapping a bridge loan facility. Meanwhile, in the Financial sector, banking stocks had a largely positive performance, with the exception of HSBC Bank Oman that declined by 5.83%.

The monthly gainers chart was topped by Voltamp Energy with a return of 16.1% followed by OmanTel and Al Anwar Holding at +10.6% and +8.4%, respectively. Shares of Voltamp Energy got a boost after one of its unit won a contract worth OMR 34 Mn for the supply of power transformers. On the decliners side, Al Madina Takaful topped the chart with a decline of 9% followed by Al Maha Petroleum and Al Jazeera Services with declines of 6.8% and 6.0%, respectively.

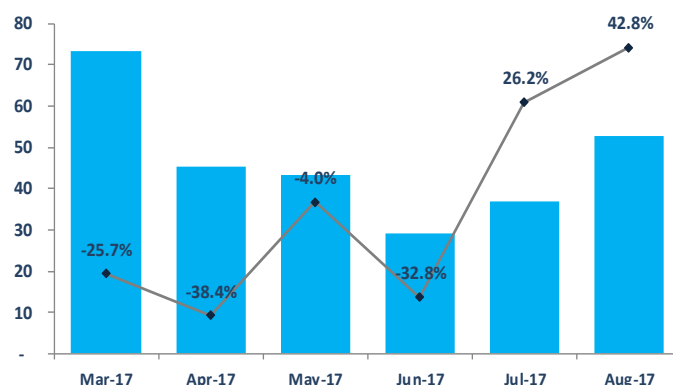
In terms of monthly trading activity, Oman recorded the jump in the GCC. Monthly volume almost doubled to 216 Mn shares as compared to 126 Mn shares during the previous month. Monthly value traded also surged by 42.8% to reach OMR 52.6 Mn as compared to OMR 37 Mn during July-17. The share of local retail investors increased significantly during the month with Omanis accounting for 83.6% of the value of buy trades and 78.4% of sell trades as compared to share of 73.7% and 68.9% for buy and sell transactions, respectively. Bank Sohar topped the monthly volume chart with 89.6 Mn shares traded during the month followed by Al Madina Investment Co. and Bank Muscat at 31.3 Mn and 26.5 Mn shares, respectively. Bank Sohar also topped the monthly value chart with OMR 14.9 Mn worth of shares changing hands during the month followed by OmanTel's OMR 13.2 Mn and Bank Muscat at OMR 10.0 Mn.

On the economic front, Oman's budget deficit declined to OMR 2.4Bn during 1H-17 as compared to OMR 3.5 Bn during 1H-16. The improvement came primarily due to increase in oil income that boosted government revenues by 28.9% to OMR 4 Bn, while expenditure increased only marginally by 0.5% to OMR 5.64 Bn.

**MSM Monthly Sector Performance**



**Monthly Value Traded (OMR Mn)**



Source: Muscat Securities Market, KAMCO Research



---

## Disclaimer & Important Disclosures

KAMCO is authorized and fully regulated by the Capital Markets Authority ("CMA, Kuwait") and partially regulated by the Central Bank of Kuwait ("CBK")

This document is provided for informational purposes only. Nothing contained in this document constitutes investment, an offer to invest, legal, tax or other advice or guidance and should be disregarded when considering or making investment decisions. In preparing this document, KAMCO did not take into account the investment objectives, financial situation and particular needs of any particular person. Accordingly, before acting on this document, investors should independently evaluate the investments and strategies referred to herein and make their own determination of whether it is appropriate in light of their own financial circumstances and objectives. The entire content of this document is subject to copyright with all rights reserved. This research and the information contained herein may not be reproduced, distributed or transmitted in Kuwait or in any other jurisdiction to any other person or incorporated in any way into another document or other material without our prior written consent.

### Analyst Certification

Each of the analysts identified in this report certifies, with respect to the sector, companies or securities that the individual analyses, that (1) the views expressed in this report reflect his or her personal views about all of the subject companies and securities and (2) no part of his or her compensation was, is or will be directly or indirectly dependent on the specific recommendations or views expressed in this report.

### KAMCO Ratings

KAMCO investment research is based on the analysis of regional and country economics, industries and company fundamentals. KAMCO company research reflects a long-term (12-month) target price for a company or stock. The ratings bands are:

- \* **Outperform:** Target Price represents expected returns  $\geq 10\%$  in the next 12 months
- \* **Neutral:** Target Price represents expected returns between  $-10\%$  and  $+10\%$  in the next 12 months
- \* **Underperform:** Target Price represents an expected return of  $<-10\%$  in the next 12 months

In certain circumstances, ratings may differ from those implied by a fair value target using the criteria above. KAMCO policy is to maintain up-to-date fair value targets on the companies under its coverage, reflecting any material changes to the analyst's outlook on a company. Share price volatility may cause a stock to move outside the rating range implied by KAMCO's fair value target. Analysts may not necessarily change their ratings if this happens, but are expected to disclose the rationale behind their view to KAMCO clients.

Any terms and conditions proposed by you which are in addition to or which conflict with this Disclaimer are expressly rejected by KAMCO and shall be of no force or effect. The information contained in this document is based on current trade, statistical and other public information we consider reliable. We do not represent or warrant that such information is fair, accurate or complete and it should not be relied upon as such. KAMCO has no obligation to update, modify or amend this document or to otherwise notify a recipient thereof in the event that any opinion, forecast or estimate set forth herein, changes or subsequently becomes inaccurate. The publication is provided for informational uses only and is not intended for trading purposes. The information on publications does not give rise to any legally binding obligation and/or agreement, including without limitation any obligation to update such information. You shall be responsible for conducting your own investigation and analysis of the information contained or referred to in this document and of evaluating the merits and risks involved in the securities forming the subject matter of this or other such document. Moreover, the provision of certain data/information in the publication may be subject to the terms and conditions of other agreements to which KAMCO is a party.

Nothing in this document should be construed as a solicitation or offer, or recommendation, to acquire or dispose of any investment or to engage in any other transaction, or to provide any investment advice or service. This document is directed at Professional Clients and not Retail Clients within the meaning of CMA rules. Any other persons in receipt of this document must not rely upon or otherwise act upon it. Entities and individuals into whose possession this document comes are required to inform themselves about, and observe such restrictions and should not rely upon or otherwise act upon this document where it is unlawful to make to such person such an offer or invitation or recommendation without compliance with any authorization, registration or other legal requirements.

### Risk Warnings

Any prices, valuations or forecasts are indicative and are not intended to predict actual results, which may differ substantially from those reflected. The value of an investment may go up as well as down. The value of and income from any investment may fluctuate from day to day as a result of changes in relevant economic markets (including, without limitation, foreseeable or unforeseeable changes in interest rates, foreign exchange rates, default rates, prepayment rates, political or financial conditions, etc.).

Past performance is not indicative of future results. Any opinions, estimates, valuations or projections (target prices and ratings in particular) are inherently imprecise and a matter of judgment. They are statements of opinion and not of fact, based on current expectations, estimates and projections, and rely on beliefs and assumptions. Actual outcomes and returns may differ materially from what is expressed or forecasted. There are no guarantees of future performance. Certain transactions, including those involving futures, options, and other derivatives, give rise to substantial risk and are not suitable for all investors. This document does not propose to identify or to suggest all of the risks (direct or indirect) which may be associated with the investments and strategies referred to herein.

### Conflict of Interest

KAMCO and its affiliates provide full investment banking services, and they and their directors, officers and employees, may take positions which conflict with the views expressed in this document. Salespeople, traders, and other professionals of KAMCO may provide oral or written market commentary or trading strategies to our clients and our proprietary trading desks that reflect opinions that are contrary to the opinions expressed in this document. Our asset management area, our proprietary trading desks and investing businesses may make investment decisions that are inconsistent with the recommendations or views expressed in this document. KAMCO may have or seek investment banking or other business relationships for which it will receive compensation from the companies that are the subject of this document. Facts and views presented in this document have not been reviewed by, and may not reflect information known to, professionals in other KAMCO business areas, including investment banking personnel. United Gulf Bank, Bahrain owns majority of KAMCO's shareholding and this ownership may create, or may create the appearance of, conflicts of interest.

### No Liability & Warranty

KAMCO makes neither implied nor expressed representations or warranties and, to the fullest extent permitted by applicable law, we hereby expressly disclaim any and all express, implied and statutory representations and warranties of any kind, including, without limitation, any warranty as to accuracy, timeliness, completeness, and fitness for a particular purpose and/or non-infringement. KAMCO will accept no liability in any event including (without limitation) your reliance on the information contained in this document, any negligence for any damages or loss of any kind, including (without limitation) direct, indirect, incidental, special or consequential damages, expenses or losses arising out of, or in connection with your use or inability to use this document, or in connection with any error, omission, defect, computer virus or system failure, or loss of any profit, goodwill or reputation, even if expressly advised of the possibility of such loss or damages, arising out of or in connection with your use of this document. We do not exclude our duties or liabilities under binding applicable law.



---

**KAMCO Investment Company - K.S.C. (Public)**

Al-Shaheed Tower, Khalid Bin Al-Waleed Street- Sharq

P.O. BOX : 28873, Safat 13149, State of Kuwait

Tel: (+965) 1852626 Fax: (+965) 22492395

Email : [Kamcoird@kamconline.com](mailto:Kamcoird@kamconline.com)

Website : <http://www.kamconline.com>