

GCC Markets Monthly Report

February-2016

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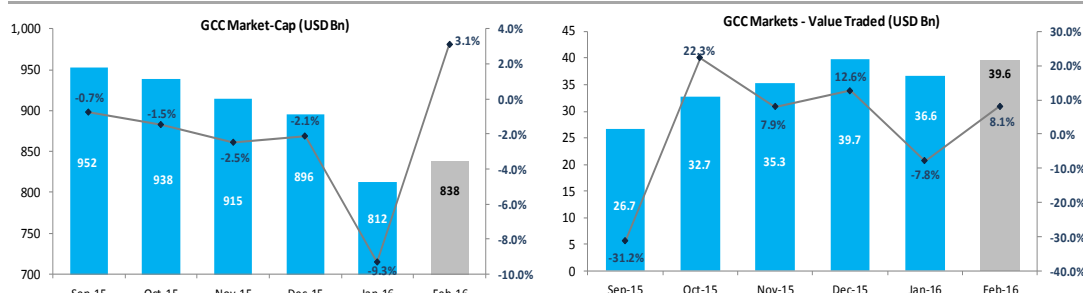
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GCC equity markets saw gains across the board during February-16 (with the only exception of Bahrain), but a majority of them failed to offset previous month's decline. UAE markets witnessed strong recovery with monthly gains of 7.3% and 8.1% for ADX and DFM respectively, pushing the YTD-16 returns into the green zone. Trends in the equity market largely followed that of the oil market which recovered during the month by almost 2% following a volatile rally after Saudi Arabia, Qatar, Russia, and Venezuela agreed to freeze output levels.

Positive investor sentiment prevailed in the markets after oil prices recovered strongly, making investors go for bargain hunting on fundamentally strong but beaten stocks. Fund managers across the region have become positive on Saudi Arabian and UAE equities after valuations became compelling following the rout seen until the previous month. Nevertheless, some weakness in earnings for FY-15 have pushed up multiples for oil and related sectors.

On the economic front, dwindling state finances with the historical low oil prices have cast excessive pressure on state finances. As a consequence, S&P downgraded its long term credit rating on oil producers including Saudi Arabia, Brazil, Kazakhstan, Bahrain and Oman. The agency also highlighted the USD peg as one of the reasons that limits the scope of currency weakness that could stimulate the economy. Meanwhile, the FY-15 earnings for a majority of the markets has seen marginal declines primarily led by the oil sector. However, key sectors like banks and construction continue to post healthy growth. In terms of trading activity, total value traded during the month increased by 8.1% to USD 39.6 Bn on the back of higher value traded in almost all the GCC markets.

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	358.3	1.4%	(6.1%)	81.3	745.3	13.2	1.1	4.7%
Kuwait - 15 Index	841.0	1.4%	(6.6%)					
Kuwait - Price Index	5,207.4	1.8%	(7.3%)					
Saudi Arabia	6,092.5	1.6%	(11.9%)	374.4	32,188.2	10.9	1.3	4.8%
Abu Dhabi	4,351.4	7.3%	1.0%	118.5	1,434.5	10.5	1.4	4.9%
Dubai	3,239.7	8.1%	2.8%	83.6	3,200.3	8.7	1.2	3.5%
Qatar	9,892.3	4.3%	(5.1%)	143.7	1,804.5	11.9	1.5	4.3%
Bahrain	1,178.2	(0.7%)	(3.1%)	18.5	22.5	9.4	0.8	5.3%
Oman	5,395.1	4.2%	(0.2%)	17.8	217.9	9.5	1.1	5.0%
Total GCC				837.8	39,613.1	10.9	1.3	4.5%



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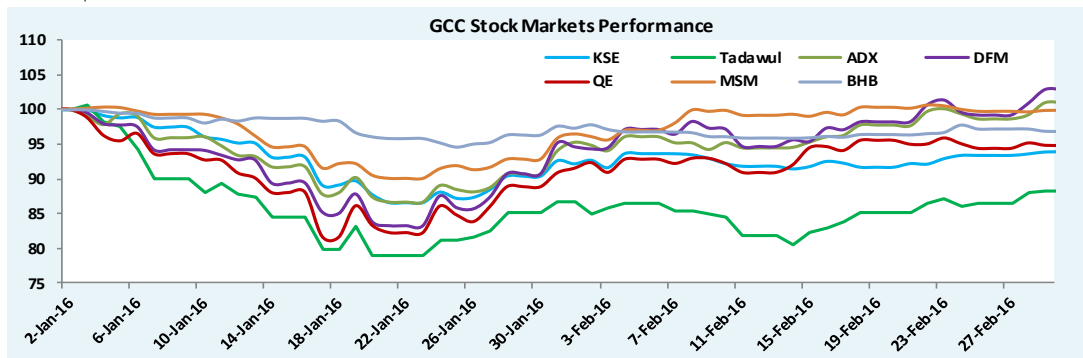
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Source: GCC Stock Exchanges, KAMCO Research

Kuwait Stock Exchange

Monthly Indicators	Mar-15	Apr-15	May-15	Jun-15	Jul-15	Aug-15	Sep-15	Oct-15	Nov-15	Dec-15	Jan-16	Feb-16
KSE Price Index	6,282.5	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
Monthly % Change	(4.8%)	1.5%	(1.3%)	(1.4%)	0.8%	(6.9%)	(1.6%)	0.9%	0.5%	(3.2%)	(8.9%)	1.8%
KSE Weighted Index	427.2	435.1	421.8	419.9	418.9	385.3	388.4	388.4	393.0	381.7	353.4	358.3
Monthly % Change	(6.7%)	1.8%	(3.0%)	(0.4%)	(0.2%)	(8.0%)	0.8%	(0.0%)	1.2%	(2.9%)	(7.4%)	1.4%
Kuwait 15 Index	1,021.4	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
Monthly % Change	(8.5%)	3.7%	(4.1%)	0.1%	(0.2%)	(9.4%)	1.7%	(1.2%)	0.6%	(3.1%)	(7.8%)	(7.8%)
Market Cap (KWD Mn)	28,437	29,418	28,550	28,755	28,647	26,372	26,585	26,586	26,894	26,159	24,224	24,557
P/E (X) - TTM	17.03	17.28	16.77	16.68	16.61	15.32	15.29	14.86	15.04	15.50	14.30	13.20
P/BV (X) - TTM	1.23	1.27	1.24	1.24	1.23	1.14	1.13	1.14	1.16	1.13	1.04	1.07
Dividend Yield (%)	3.68%	3.47%	3.59%	3.59%	3.61%	3.91%	3.92%	3.89%	3.84%	3.95%	4.57%	4.67%
Volume (Mn Shares)	3,267	5,362	3,876	3,420	2,228	3,073	2,784	2,812	2,997	2,340	2,697	2,773
Value (KD Mn)	367	414	329	338	219	300	248	230	313	242	282	225
Trades ('000)	84.9	106.9	84.8	71.7	50.7	76.1	65.3	64.1	74.9	59.3	64.7	67.5

Source: Kuwait Stock Exchange, KAMCO Research

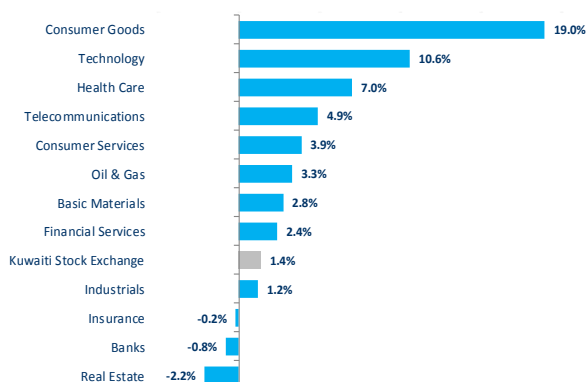
KSE indices saw positive trend during February-16 led by the KSE Price Index that surged 1.8% in a late month rally and managed to stay above the psychologically important 5,000 mark to close at 5,207.39 points. The KSE Weighted and the KSE 15 indices went up by 1.4% during the month. Nevertheless, due to the steep plunge during the previous month, all of the indices continue to stay in the red in terms of YTD-16 returns. On sectoral performance, the Consumer Goods index witnessed the strongest monthly gains of 19% on the back of a 29.5% gains in shares of Americana followed by noticeable gains recorded by small-cap stocks Palms Agro and National Slaughter Houses. Shares in Americana surged after the company's majority stakeholders, Al Khair National for Stocks and Real Estate LLC, announced to sell its 69% stake valued at almost USD 1.8 Bn to a Dubai-based investor group.

The Technology index saw the second highest monthly gain of 10.6% followed by Health Care and Telecom Indices with monthly returns of 7.0% and 4.9%, respectively. The losers side included the Real Estate Index with a loss of 2.2% followed by the Banking index and the Insurance Index with monthly loss of 0.8% and 0.2%, respectively. Within the real estate sector, majority of the large-cap stocks declined during the month that more than offset positive performers. On the other hand, in the banking sector, except for NBK (+1.4%), Warba Bank (+1.1%) and AUB-Bahrain (1.0%), all of the other banks recorded declines during the month, although a majority of the decliners posted positive earnings growth for FY-15 as well as Q4-15.

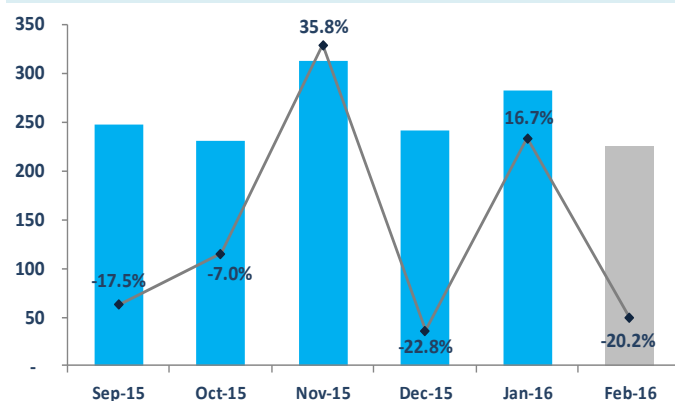
Trading activity on the exchange saw minimal change during the month in terms of volume of shares traded that went up by 2.2% to 2.8 Bn shares as compared to 2.7 Bn shares during January-16. On the other hand, monthly value traded plunged by more than 20% to KWD 225 Mn as compared to KWD 282 Mn during the previous month. The monthly gainers chart was topped by Yiacco Medical with a monthly return of 58% followed by Kuwait Syrian Holding and Tahssilat with gains of 52.2% and 34.3%, respectively. Large-cap gainers during the month included Americana (+29.5%), Kuwait National Cinema (+22.4%) and Ooredoo (+12.3%). The losers chart was topped by real estate stocks Al Dar National Real Estate Co. (-21.6%) and Arkan Al-Kuwait Real Estate Co. (-21.3%) followed by Arabi Holding (-19.2%). Al Dar National Real Estate Co. also topped the volume chart with 352.2 Mn shares traded during the month followed by Ithmar Bank and GFH with 167.4 Mn and 147.8 Mn in shares traded, respectively. In terms of value traded, KFH topped the list with KWD 26.7 Mn worth of shares traded followed by NBK and Zain at KWD 22.5 Mn and KWD 18.6 Mn, respectively. Market breadth was skewed towards gainers that included 95 stocks as against 68 decliners.

The FY-15 earnings performance of Kuwait companies has so far been positive recording an increase of 4.7% for almost 90 companies that declared results by the end of the month. The large-cap Banking sector recorded an earnings growth of 5.6% for FY-15.

KSE Monthly Sector Performance



Monthly Value Traded (KWD Mn)



Source: Kuwait Stock Exchange, KAMCO Research

Saudi Arabia (Tadawul)

Monthly Indicators	Mar-15	Apr-15	May-15	Jun-15	Jul-15	Aug-15	Sep-15	Oct-15	Nov-15	Dec-15	Jan-16	Feb-16
Tadawul All Share Index	8,778.9	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
Monthly % Change	(5.7%)	12.0%	(1.5%)	(6.2%)	0.1%	(17.3%)	(1.6%)	(3.8%)	1.6%	(4.5%)	(13.2%)	1.6%
Market Cap (SAR Bn)	1,818.3	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
P/E (X) - TTM	16.17	19.26	19.08	18.82	18.91	15.81	15.59	15.22	12.93	12.30	10.73	10.88
P/BV (X) - TTM	1.79	2.13	2.11	2.14	2.15	1.80	1.77	1.73	1.58	1.50	1.31	1.33
Dividend Yield (%)	3.28%	2.76%	2.78%	3.03%	2.38%	2.84%	2.88%	2.96%	4.14%	4.28%	4.94%	4.84%
Volume (Mn Shares)	7,513	7,545	5,560	3,515	2,593	4,971	3,575	4,594	5,336	6,013	6,425	6,817
Value (SAR Mn)	206,269	197,358	162,395	112,807	84,411	116,281	79,409	102,429	107,616	126,338	115,145	120,712
Trades ('000)	3,353	3,154	2,876	2,151	1,615	2,473	1,638	2,039	2,140	2,688	2,766	3,054

Source: Tadawul, KAMCO Research

The Tadawul All Share Index witnessed marginal gains during February-16 after two consecutive months of steep declines. The benchmark improved 1.6% to close the month at slightly above the 6,000 points mark as a majority of the large-cap indices ended with a positive monthly return. Trading activity witnessed marginal gains as volumes and value traded during the month moved up by 29% to 6.8 Bn shares and SAR 120.7 Bn, respectively. Index performance was led by the Energy & Utilities Index with a monthly return of 9.2% primarily on the back of a 9.9% gains in shares of Saudi Electricity which surged after the company announced plans to split into several firms to increase efficiency by the end of the year. The official added that shares in the new companies would be offered either to local citizens through offers on the stock market, or to local or international corporate partners. Nevertheless, the two stocks in the sector reported steep decline in FY-15 net profit.

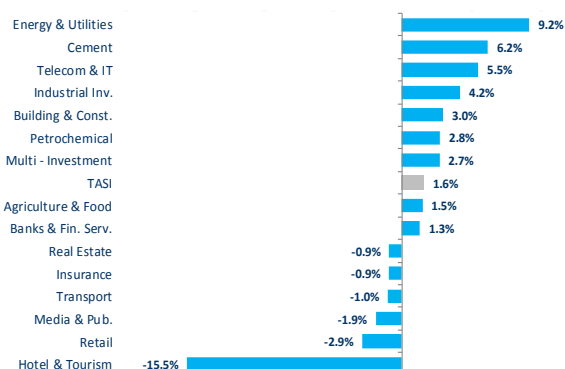
The Cement index also surged posting second highest gains of 6.2%, as a majority of the stocks in the sector saw gains by the end of the month. The Telecom & IT index closed the month with a gain of 5.5% with the exception of Etisalat, as the rest of the three stocks generated strong gains during the month. In a positive development for the Telecom sector, the three mobile operators in the Kingdom were said to be in talks to create a tower company and enter into a sale and lease back arrangement to the operators. Information on this development was only preliminary and more details were required to judge the relative impact. On the decliners side, the Hotel & Tourism index saw the steepest decline of 15.5% followed by the Retail index with a decline of 2.9% which declined due to fall in prices of large-cap stocks in the sector. The decline in the Hotel & Tourism sector, was primarily due to a 24% drop in shares of Al-Tayyar Travel Group reacting to the announcement in which the company said it will invest USD 67 Mn in an online retailer.

In the banking sector, which recorded an earnings growth of 5.4% during FY-15, majority of the stocks declined during the month. However, the sector index surged only on the back of strong gains recorded by two large cap banks in the sector i.e. Al-Rajhi Bank (+8.8%), Samba Financial Group (+7.13%), further supported by gains in shares of Al Bilad Bank (+6.7%). The Kingdom's largest bank, NCB, declined by 5.8% during the month amid broader weakness in the sector.

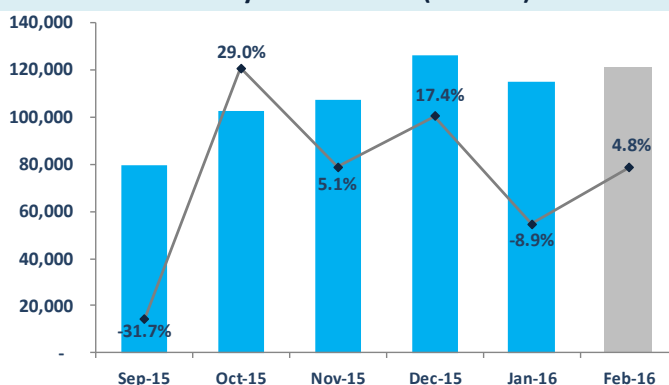
Meanwhile, total corporate earnings for the exchange for FY-15 took a hit as it declined by 13.2% primarily led by a 37.7% drop in earnings of petrochemical stocks. FY-15 net profits for SABIC dropped by almost 20% whereas Saudi Kayan reported significantly higher losses for the year. Profitability of Energy & Utilities sector also plunged by 56% whereas telecom earnings dropped by 10.4%.

On the economic front, the Kingdom's central bank announced a key step in order to ease the tightening liquidity condition in the banking sector. The Saudi Arabian Monetary Agency (SAMA) increased the loan-to-deposit ratio from 85% to 90% offering a temporary respite to corporates from further rate hikes. The Kingdom is seeking to revive the economy amid the steep plunge in oil prices which also triggered a rating downgrade by S&P to A-, a two-notch downgrade from A+ rating.

Tadawul Monthly Sector Performance



Monthly Value Traded (SAR Mn)



Source: Tadawul, KAMCO Research

Abu Dhabi Securities Exchange

Monthly Indicators	Mar-15	Apr-15	May-15	Jun-15	Jul-15	Aug-15	Sep-15	Oct-15	Nov-15	Dec-15	Jan-16	Feb-16
ADX General Index	4,467.9	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
Monthly % Change	(4.7%)	4.0%	(2.6%)	4.3%	2.3%	(7.0%)	0.2%	(4.0%)	(2.0%)	1.7%	(5.9%)	7.3%
Market Cap (AED Bn)	442.7	450.1	442.3	461.7	471.6	437.7	442.0	431.4	424.2	428.1	411.6	435.4
P/E (X) - TTM	8.16	8.41	8.27	8.59	8.78	8.15	8.23	8.02	10.14	10.41	9.84	10.54
P/BV (X) - TTM	1.41	1.44	1.41	1.46	1.49	1.39	1.40	1.37	1.37	1.38	1.32	1.38
Dividend Yield (%)	4.43%	4.36%	4.43%	4.06%	3.98%	4.28%	4.24%	4.35%	5.16%	5.11%	5.35%	4.89%
Volume (Mn Shares)	1,609	4,510	1,951	2,006	2,347	2,469	2,132	1,187	1,709	1,795	1,534	4,172
Value (AED Mn)	4,929	7,635	4,547	4,099	3,889	4,967	4,457	3,621	6,611	5,119	3,308	5,269
Trades	37,722	54,186	36,947	32,836	32,127	45,353	33,220	24,311	38,316	29,399	32,127	43,275

Source: Abu Dhabi Securities Exchange, KAMCO Research

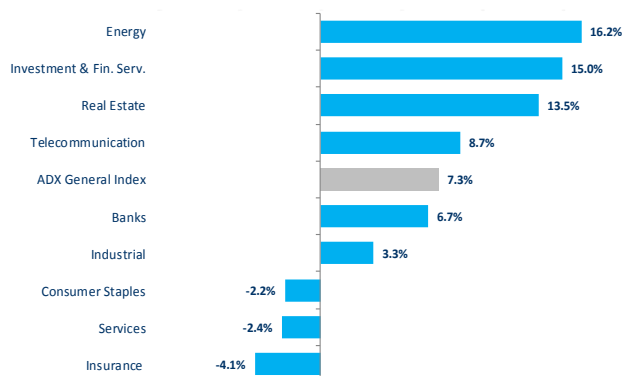
ADX General Index closed in the green for the month of February-16, similar to its other major GCC peers, rising by over 7.3% m-o-m. The index closed at 4,351.41 points for the month. Sectors which drove the strong reversal in trends during February-16 from its prior month were led by the Energy Index, with both index constituents witnessing gains, as Dana Gas rose by 18.6% m-o-m, while Abu Dhabi National Energy improved by 7%. The Energy Index jumped by 16.2% m-o-m in February-16, as oil prices stabilized globally, after having plunged by 14.3% in the previous month. The Investment & Financial Services and Real Estate indices followed, as they gained by 15% and 13.5% respectively. The Real Estate sector saw three out of the index's four names rise during the month of February, led by Eshraq Properties (+48.1%), Ras Al Khaimah Properties (+27.1%) and Aldar Properties (+9.2%). The Insurance sector lost the most ground during the month of February, declining by 4.1% m-o-m, followed by the Services (-2.4%) and Consumer Staples (-2.2%) indices.

In corporate developments, earnings releases for full year 2015 announced during February -16 included Aldar Properties which saw its full year 2015 net profit come in at AED 2.56 Bn, marking a 13% increase y-o-y from AED 2.27 Bn in 2014. Q4-15 net profit rose 5.6% compared to Q4-14 net profit, as the company reportedly mentioned that profit attributable to its shareholders was helped by a valuation gain of AED 568 Mn on its rental portfolio, but also hampered by write-downs of AED 257 Mn on some of its land and property costs. Abu Dhabi Islamic Bank (ADIB) reported net profit of AED 1.93 Bn for 2015, up 10.5% compared to 2014. The bank's total assets increased by 5.8% to AED 118.4 Bn. Despite a slowdown in the credit environment, the bank's total non-performing accounts to gross customer financing ratio reportedly declined to 3.9% in 2015, from 4.4% in the previous year.

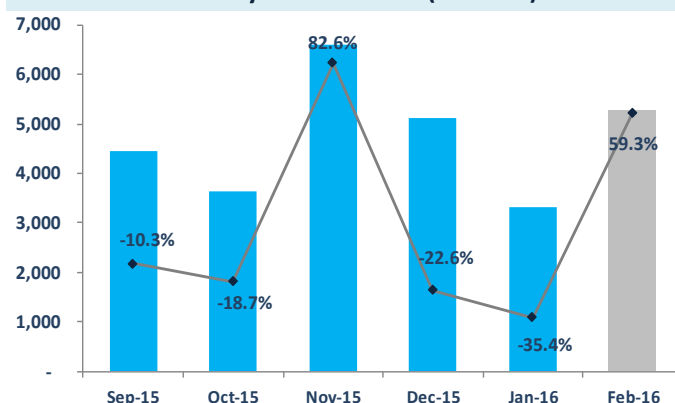
Meanwhile, Fitch affirmed ratings of four Abu Dhabi banks. Their view is reportedly supported by the sovereign's strong capacity and willingness to support the banking system, and the moderate size of the UAE banking sector in relation to the country's GDP. Four of the banks - National Bank of Abu Dhabi, First Gulf Bank, Abu Dhabi Commercial Bank, Union National Bank and Emirates NBD reportedly have Support Ratings of '1', pointing towards the extremely high probability of state support.

Trading activity during the month was significantly upbeat during the month as against January-16, both in terms of value and volumes traded. Value traded rose by 59.3% from the previous month to close February-16 at AED 5.3 Bn. Volumes traded more than doubled (+172%) m-o-m to 4.17 Bn shares in February -16, while number of trades picked up by 41.6% from the previous month. Eshraq properties was the largest traded stock in the ADX index as AED 1.3 Bn worth of the stock was traded during the month. Etisalat and Al Dar Properties followed with value traded of AED 789 Mn and AED 742 Mn respectively. Green Crescent Insurance led the gainers list and achieved a monthly return of 65.3%, followed by Eshraq Properties and Ras Al Khaimah Properties, which went up by 48.1% and 27.1% respectively during the month. Prominent decliners included United Arab Bank with a monthly share price decline of 37.0%, followed by Abu Dhabi National Insurance and Commercial Bank International, as they saw their stock prices erode by 31% and 22.6% respectively.

ADX Monthly Sector Performance



Monthly Value Traded (AED Mn)



Source: Abu Dhabi Securities Exchange, KAMCO Research

Dubai Financial Market

Monthly Indicators	Mar-15	Apr-15	May-15	Jun-15	Jul-15	Aug-15	Sep-15	Oct-15	Nov-15	Dec-15	Jan-16	Feb-16
DFM General Index	3,514.4	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
Monthly % Change	(9.1%)	20.3%	(7.2%)	4.2%	1.4%	(11.6%)	(1.9%)	(2.5%)	(8.5%)	(1.7%)	(4.9%)	8.1%
Market Cap (AED Bn)	331.3	385.8	367.7	382.1	386.2	345.2	341.2	336.0	310.8	301.2	289.5	307.0
P/E (X) - TTM	11.33	13.20	12.59	12.58	12.72	11.38	11.24	11.07	9.50	9.19	8.16	8.68
P/BV (X) - TTM	1.30	1.52	1.45	1.46	1.48	1.32	1.30	1.28	1.24	1.20	1.14	1.19
Dividend Yield (%)	2.23%	1.91%	2.00%	1.94%	2.22%	2.48%	2.51%	2.55%	3.35%	3.46%	3.60%	3.51%
Volume (Mn Shares)	6,926	17,350	9,600	14,249	6,426	7,730	3,850	3,953	5,124	5,935	7,972	9,932
Value (AED Mn)	9,596	24,815	14,221	26,148	9,721	12,604	6,564	5,663	6,733	6,700	9,241	11,755
Trades	110,813	216,339	134,211	227,235	102,255	147,101	80,872	70,076	98,185	90,095	121,266	131,931

Source: Dubai Financial Market, KAMCO Research

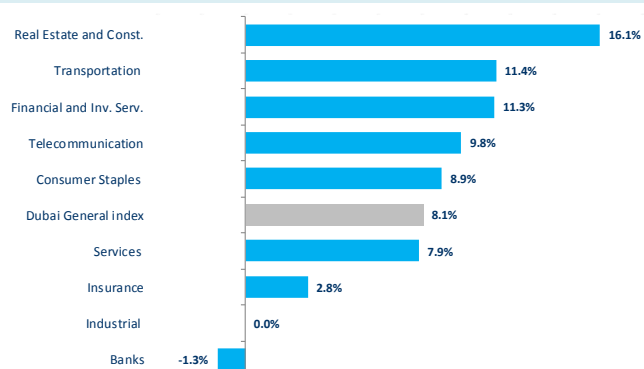
DFM Index ended February-16 as the best performing market in the GCC, as the index along with its other UAE market - ADX, wiped out losses from the prior month. The index closed February-16 at 3,239.7 points, higher by 8.1% m-o-m. Sectoral performance was broadly positive barring Banks, which receded by 1.3%, as heavy weight names such as Commercial Bank of Dubai (-22.5%), Emirates NBD (-5.72%), Mashreq Bank (3.53%) declined during the month. Real Estate index, which witnessed c.10% declines in January-16, rebounded in the following month by 16.1%, as all traded names rose by double digits in percentage terms. Construction names Drake and Scull (+34.3%) and Arabtec (+20.0%) led the rally in February-16, after losing significant ground during the first month of the year. Financial & Investment Services and the Transportation indices also rose by over 11% during February -16, after having witnessed significant declines during the first month of the year. Shuaa Capital was the top gainer in the Financial & Investment Services index, as its share price jumped by 33.9%, while the largest stock in the index Dubai Financial Market increased by almost 16%. The Transportation index rose as three out of four names most in the index saw increases of c.10% or higher, led by Air Arabia which increased by 11.7% m-o-m in February -16.

In corporate ratings action, rating agency Fitch affirmed Emirates NBD's Long Term IDR at "A+" and kept the outlook unchanged as "Stable". The agency mentioned that their rating is underpinned by the long track record of UAE authorities' supporting the banking system, ENBD's substantial domestic franchise, and majority ownership by the government of Dubai. Companies that released full year 2015 earnings during the month included Emaar Properties, which saw its revenues increase by 33% y-o-y from AED 10.30 Bn in 2014 to AED 13.66 Bn in 2015. The company saw its net profit rise by 11% y-o-y to AED 4.08 Bn. Drake and Scull reported a net loss of AED 936.8 Mn in 2015 as compared to a net profit of AED 100.7 Mn in 2014. Nevertheless, on a quarterly basis, the company reported a jump in profits from AED 3.8 Mn in 2014 to AED 14.7 Mn in 2015.

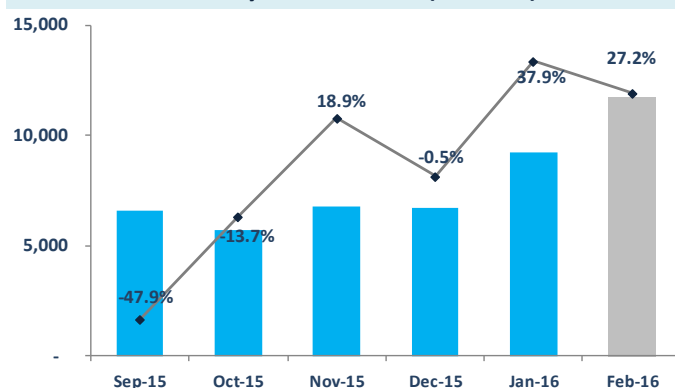
Dubai Islamic Ins. & Reins topped the gainers list with a gain of 36.7% m-o-m for the month of February -16, followed by Takaful Emarat which moved up by 35.1 m-o-m. Drake & Scull, which lost 19.5% of its market value in January-16, jumped by over 34% and more than made up for the losing trend from the previous month. On the other hand, shares of International Financial Advisors Co. led the monthly losers chart as it declined by 24.9%. Commercial Bank of Dubai and Oman Insurance Co. followed with declines of 22.5% and 18.2% for the month.

Emaar properties was the most actively traded stock on the exchange as AED 1.8 Bn worth of stock was traded, followed by Arabtec Holding with value traded of AED 1.5 Bn. Market breadth on the exchange was positive, as 33 stocks gained ground while 7 stocks declined during the month of February. Overall activity on the exchange was positive on a monthly basis, as volumes traded increased 24.6% m-o-m from 7.9 Bn shares to 9.9 Bn shares in February -16, while value traded went up by 27.2% m-o-m to AED 11.8 Bn. General investor participation also was positive, as the number of trades moved by 8.8% m-o-m to reach 0.13 Mn trades. Market breadth was positive as 33 stocks closed the month in the green, while 7 stocks witnessed declines during the month.

DFM Monthly Sector Performance



Monthly Value Traded (AED Mn)



Source: Dubai Financial Market, KAMCO Research

Qatar Exchange

Monthly Indicators	Mar-15	Apr-15	May-15	Jun-15	Jul-15	Aug-15	Sep-15	Oct-15	Nov-15	Dec-15	Jan-16	Feb-16
QE 20 Index	11,711.4	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
Monthly % Change	(5.9%)	3.9%	(1.0%)	1.3%	(3.4%)	(1.9%)	(0.9%)	1.2%	(13.0%)	3.4%	(9.1%)	4.3%
Market Cap (QAR Bn)	630.0	653.0	641.8	648.0	625.7	607.4	604.6	608.0	532.7	553.3	506.7	523.3
P/E (X) - TTM	14.75	15.29	15.03	14.31	13.81	13.41	13.35	13.42	11.23	11.18	10.00	11.87
P/BV (X) - TTM	2.01	2.07	2.03	2.17	2.10	2.04	2.03	2.04	1.58	1.64	1.48	1.53
Dividend Yield (%)	3.60%	3.48%	3.54%	3.97%	4.11%	4.23%	4.25%	4.23%	5.04%	4.85%	5.31%	4.34%
Volume (Mn Shares)	171	200	394	164	77	153	128	167	158	516	150	202
Value (QAR Mn)	8,136	8,362	13,602	7,272	3,456	6,748	5,524	5,759	6,334	5,856	5,050	6,570
Trades	107,902	108,714	139,246	84,557	64,170	100,914	78,606	82,986	77,351	83,826	84,665	100,763

Source: Qatar Exchange, KAMCO Research

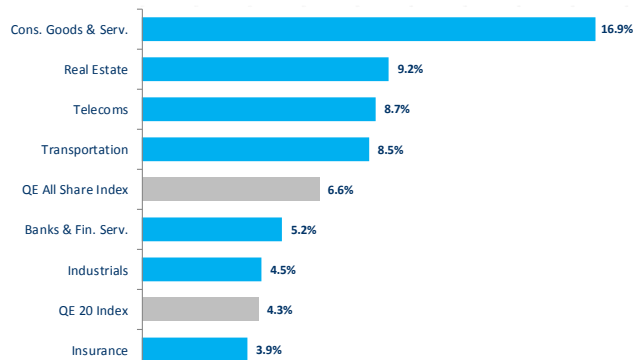
After ending the first month of 2016 as one of the worst performing markets in the GCC, Qatar Exchange recovered by 4.3% during February-16 to close at 9892.32 points, as oil prices stabilized above USD 30/b during the back half of the month. The QE All share index improved by a higher 6.6% during the month to close at 2685.95 points. In terms of sectoral indices, Consumer Goods & Services Index which lost the most ground during January-16, reversed its declines and improved by 16.9% during the month of February. Real Estate and Telecoms indices followed with gains of 9.2% and 8.7% respectively for the month as all indices closed the month higher compared to the previous month. Overall trading activity witnessed an improvement from January - 16, as value traded during increased by 30.1% to reach QAR 6.5 Bn in February-16. Traded volumes also increased by 34.6% to reach 202 Mn shares, as against 150 Mn shares in the month prior. Market breadth was positive as 30 stocks closed the month in the green, while 12 lost ground from their January-16 prices.

All sectoral indices closed in the green for the month of February-16, led by the Consumer Goods index. The index was buoyed by larger names such as Qatar Fuel which gained by 22.2% m-o-m, followed by Zad Holding Co. and Medicare Group which gained by 19.1% and 16.2% m-o-m respectively. The Real Estate index saw heavyweight names such as Barwa Real Estate and Ezdan Holding gain by 12.2% and 6.6% respectively, and was led by United Development Co. which gained by over 18.4% m-o-m. Ooredoo posted gains of 12.2% for the month of February and was able to pull the Telecoms into the green, despite a decline in its other index constituent Vodafone Qatar, which receded by 3.4% for the month. In terms of large-cap company earnings announcements, Barwa Real Estate reported 2015 net profit of QAR 3.05 Bn compared to a net profit of QAR 2.78 Bn for the same period of the previous year. EPS came in at QAR 7.86 for full year 2015 compared to QAR 7.14 reported for the previous year. Ezdan Holding Group reported net profit of QAR 1.66 Bn for full year 2015 compared to net profit amounting to QAR 1.36 Bn for the year ended Dec-14. This translated into an EPS of QAR 0.63 for full year 2015, which improved from QAR 0.51 reported in the previous year.

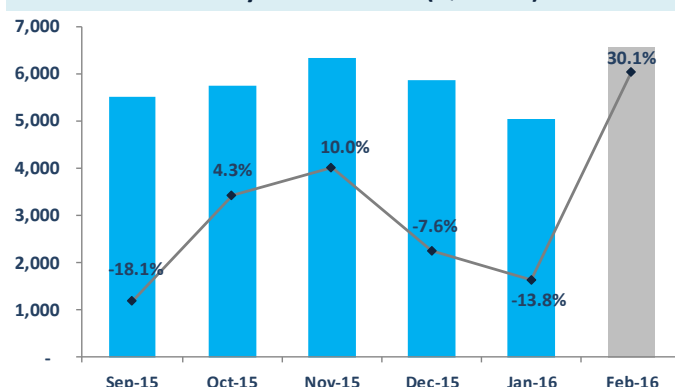
Monthly gainers for the month of February-16 was topped by Qatari Investors Group, which ended the month up by 38.4%. Salam International Investment and Qatar Fuel Co. followed with gains of 22.2% and 19.5% m-o-m respectively. The laggards during the month was led by Qatar National Bank which saw its price plunge by 17.4% m-o-m, while GISS and Al Ahli Bank of Qatar followed closely, witnessing m-o-m declines of 14.3% and 14.2%. GISS was the most actively traded stock in the index for the second month of the year as well, as QAR 978 Mn was traded on the exchange. Masraf Al Rayan followed with trades worth QAR 530 Mn, followed by Barwa Real Estate, which garnered trades amounting to QAR 493 Mn.

On economic front, rating agency S&P has affirmed Qatar's 'AA' long-term and 'A-1+' short-term foreign and local currency sovereign credit ratings and kept the outlook 'Stable'. The stable rating reflects the agency's view that Qatar's large net asset position will aid in wading through the lower hydrocarbon price environment. Qatar's net external asset position reportedly will remain at about 265% of current account receipts from 2016-2019.

QE Monthly Sector Performance



Monthly Value Traded (QAR Mn)



Source: Qatar Exchange, KAMCO Research

Bahrain Bourse

Monthly Indicators	Mar-15	Apr-15	May-15	Jun-15	Jul-15	Aug-15	Sep-15	Oct-15	Nov-15	Dec-15	Jan-16	Feb-16
Bahrain All Share Index	1,449.98	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
Monthly % Change	(1.7%)	(4.1%)	(1.9%)	0.3%	(2.6%)	(2.4%)	(1.8%)	(2.0%)	(1.4%)	(1.4%)	(2.4%)	(0.7%)
Market Cap (BHD Mn)	8,242	7,917	7,904	7,928	7,840	7,645	7,494	7,410	7,319	7,196	7,025	6,973
P/E (X) - TTM	10.43	10.02	10.00	9.79	9.68	9.44	9.25	9.15	9.13	9.03	8.70	9.37
P/BV (X) - TTM	1.01	0.97	0.97	1.01	0.99	0.97	0.95	0.94	0.92	0.91	0.88	0.84
Dividend Yield (%)	3.47%	3.61%	3.62%	4.59%	3.62%	3.71%	3.78%	3.83%	4.99%	5.06%	5.25%	5.28%
Volume (Mn Shares)	24	79	82	28	19	26	87	28	63	40	23	38
Value (BHD Mn)	6	15	16	7	5	5	22	5	12	7	4	8
Trades	1,005	1,194	1,526	866	758	797	641	641	1,169	1,036	759	1,014

Source: Bahrain Bourse, KAMCO Research

The Bahrain All Share Index, which remained relatively unscathed in January-16, saw its fortunes turn, as it declined albeit marginally by 0.7%, to close at 1,178.23 points and remained the only market in the GCC to have lost ground during the month. Trading activity however jumped during the month, as compared to the previous month, as value traded more than doubled to reach BHD 8.5 Mn, while volumes traded rose by 67.9% for the month.

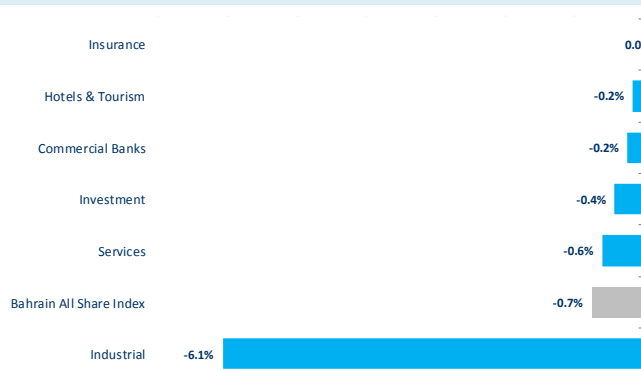
In terms of sectoral performance, all sectors witnessed declines for the month of February-16, except for the Insurance index, which remained flat, as no trading activity was witnessed in the sector. The Industrial index was the main laggard amongst sectors on the exchange yet again for the second time in a row this year, as large cap Aluminum Bahrain once again drove down the index, as it saw its price recede by 6.3%. Services & Investment indices followed with declines of 0.6% and 0.4% m-o-m respectively.

The Banking index, which went down by a lower 0.2%, was supported by a 1.5% gain from the largest scrip in the index, Ahli United Bank. In corporate earnings releases, Ahli United Bank's net profit for 2015 increased by 11.3% y-o-y from USD 482.5 Mn in 2014 to USD 537.2 Mn during the current year, driven by higher net interest margins. Batelco reported net profits of BHD 49.5 Mn for full year 2015 translating into an EPS of 29.8 fils per share, exhibiting flat trends as compared to 2014 (BD 49.3 Mn).

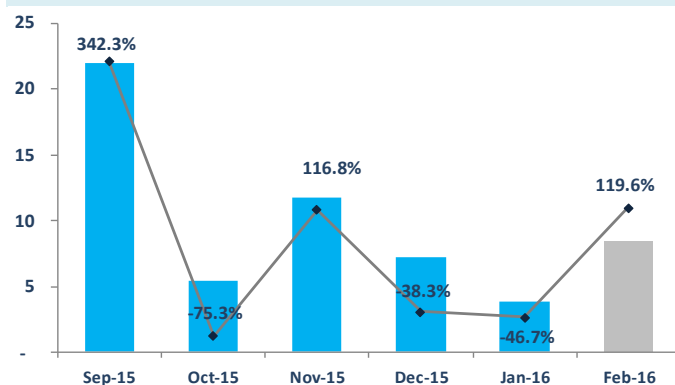
The exchange's figures of value and volumes traded moved up in February-16 on an m-o-m basis, after being significantly down the previous month. Volume traded in the exchange reached 39.3 Mn shares and improved by over 67% m-o-m. Value traded more than doubled in the exchange to BHD 8.5 Mn in February -16, after reaching the lowest levels in over a year in the previous year. In addition, the number of trades made in the exchange increased to 1,014 trades, a 33.6% m-o-m jump from January-2016. Ahli United Bank was the most actively traded stock in February-2016 with BHD 2.56 Mn worth of its shares traded on the exchange. Investcorp Bank and AlKhaleeji Commercial Bank followed with BHD 1.89 Mn and BHD 1.03 Mn worth of shares traded on the exchange. Al Salam Bank topped the gainers list for the month of February-16, which reported a m-o-m increase of 18.1%, followed by Gulf Finance House with a 13.3% monthly gain and Al Khaleeji Commercial Bank, which went up by 4.6% as against January-16. Meanwhile, among the monthly decliners, Bahrain Car Park Co. lost the most ground with its stock price plunging by 18.9% m-o-m. Nass Corp and Kuwait & Ithmar Bank followed with a drop of 15.3% and 9.1% respectively for the month.

On the economic front, rating S&P lowered its ratings on Bahrain by two notches to "BB" with a stable outlook, from "BBB-" with a negative outlook, citing the impact of falling oil prices on the kingdom's revenues and its public finances. Bahrain also reduced a bond offering to USD 600 Mn in the wake of a Standard & Poor's downgrade, as the kingdom reportedly initially planned to raise USD 750 Mn by issuing an additional USD 450 Mn of an existing 2021 note and another USD 300 Mn of a 2026 security.

BSE Monthly Sector Performance



Monthly Value Traded (BHD Mn)



Source: Bahrain Bourse, KAMCO Research

Muscat Securities Market

Monthly Indicators	Mar-15	Apr-15	May-15	Jun-15	Jul-15	Aug-15	Sep-15	Oct-15	Nov-15	Dec-15	Jan-16	Feb-16
MSM 30 Index	6,238.0	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
Monthly % Change	(4.9%)	1.4%	1.0%	0.6%	2.1%	(10.5%)	(1.4%)	2.4%	(6.4%)	(2.6%)	(4.2%)	4.2%
Market Cap (OMR Mn)	7,582	7,623	8,034	8,155	8,291	7,622	7,558	7,645	6,861	6,913	6,636	6,870
P/E (X) - TTM	10.05	10.10	10.36	10.69	10.87	9.99	9.91	10.02	10.04	9.74	9.08	9.49
P/BV (X) - TTM	1.41	1.42	1.45	1.51	1.53	1.41	1.40	1.41	1.20	1.18	1.14	1.14
Dividend Yield (%)	3.92%	3.90%	3.67%	3.73%	3.79%	4.12%	4.16%	4.11%	4.90%	4.99%	5.15%	4.96%
Volume (Mn Shares)	434	332	229	227	192	235	202	1,286	184	381	267	339
Value (OMR Mn)	121	97	70	65	54	74	61	190	59	155	73	84
Trades	24,653	16,525	11,991	12,393	11,055	15,789	11,430	13,690	8,595	9,734	12,401	18,699

Source: Muscat Securities Market, KAMCO Research

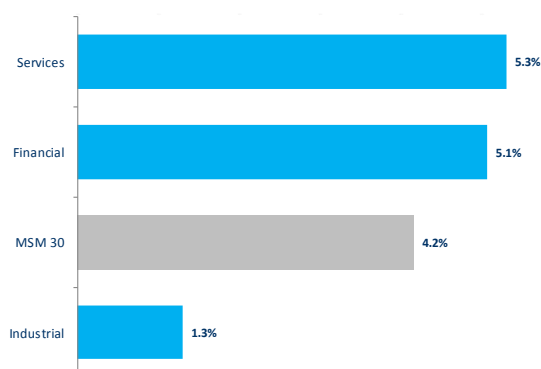
After three consecutive months of decline, the MSM 30 Index gained 4.2% during February-16 to close at 5,395.1 points. The gains were broad-based as reflected in positive monthly returns for all the three sectoral indices. The Services Index and the Financial Index surged more than 5% whereas the Industrial index gained 1.3%. A majority of the stocks in the financial sector saw strong positive gains during the month with only four decliners as compared to 13 gainers in the regular market. However, a 3.2% decline in shares of Bank Muscat, the biggest stock in the sector, partially offset the overall sector's performance. The Bank had its long-term and short-term counterparty credit ratings downgraded by S&P to BBB-/A-3 from BBB+/A-2 as a consequence of the rating downgrade of Oman. Nevertheless, the rating agency said it assesses the bank's business position as strong, reflecting its dominant market position in Oman and well-balanced business model.

In terms of trading activity, the exchange saw strong improvement with significantly higher volume and value traded during the month. Total monthly volume increased by 27% to 338.6 Mn shares as compared to 267 Mn shares during the previous month. The average daily volume traded increased from 12.7 Mn shares during January-16 to 16.1 Mn shares during February-16. On the other hand, monthly value traded increased by 15.1% to OMR 84 Mn as compared to OMR 73 Mn during the previous month whereas the average daily value traded improved to OMR 4 Mn as compared to OMR 3.5 Mn during January-16. Al Anwar Holding topped the monthly volume chart recording total volumes of 48.9 Mn shares followed by Galfar Engineering and Bank Sohar at 43 Mn shares and 34 Mn shares, respectively. In terms of value traded, Bank Muscat topped the chart with OMR 13.5 Mn worth of shares traded followed by Al Anwar Holding and Oman Telecom at OMR 8.6 Mn and OMR 7.9 Mn, respectively.

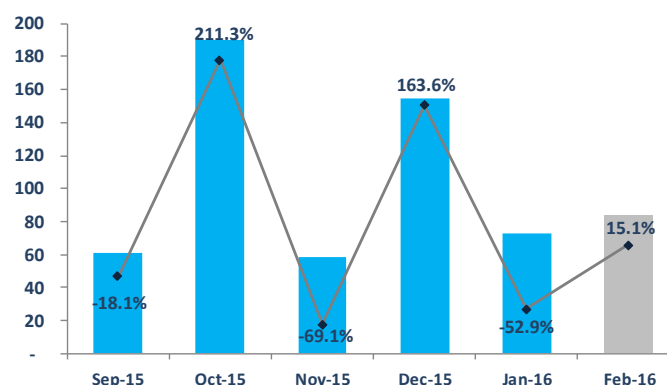
The monthly gainers chart was topped by last month's top decliner Renaissance Services with a return of 31.5% despite it reporting a net loss for FY-15 amounting to OMR 30 Mn due to a one off impairment. United Power and Oman United Insurance followed with monthly gains of 27.5% and 27.4%, respectively. On the losers chart, Al Jazeera Steel Products topped with a loss of 8.9% followed by Ahli Bank and Dhofar Intl. Dev. & Investment with monthly declines of 5.3% and 4.5%, respectively. The market breadth was strongly skewed towards gainers which included 27 stocks in the regular market as against 11 decliners, whereas prices of 17 stocks remained unchanged.

During the month, the Sultanate saw rating downgrade by both Moody's and S&P sighting weaker asset cushion to deal with the ongoing weakness in oil prices that is exerting excessive pressure on Oman's state finances. According to Moody's, the Sultanate is expected to post a current account deficit equivalent to almost 25% of GDP, improving only slowly to a deficit of 16% by the end of 2018. The rating downgrades come at a time when the country's banking system is grappling with a liquidity crunch and is considering tapping the international debt market. In fact Oman is already in talks with banks about a sovereign USD bond issue by 2Q-16 as part of a plan to borrow up to USD 10 Bn internationally.

MSM Monthly Sector Performance



Monthly Value Traded (OMR Mn)



Source: Muscat Securities Market, KAMCO Research

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