

## GCC Markets Monthly Report

March-2017

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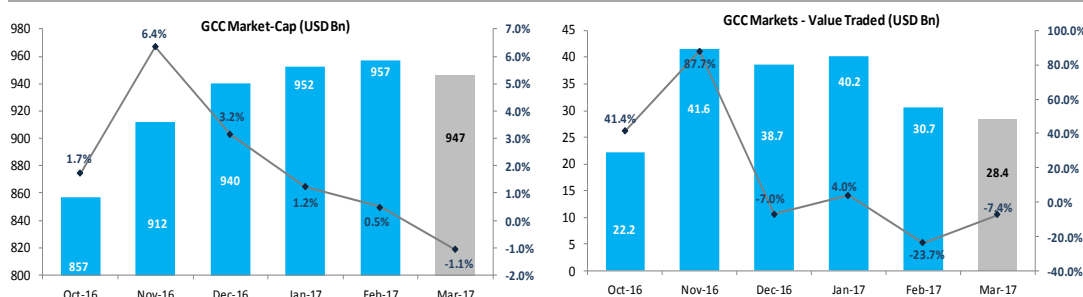
### GCC markets pull back as stocks go ex-dividend

Large-cap stocks in the GCC went ex-dividend during March-17 adding to the softer market sentiments in the GCC markets. The decline was also reflected in the MSCI GCC index that declined by 1.3% during the month. A total of 43% of the companies by market cap have gone ex-dividend by the end of March-17. Bahrain and Saudi Arabia were the only two positive performing market with an index return of 0.5% and 0.4%, respectively. On the other hand, Dubai witnessed the biggest monthly decline of 4.1% as large-cap indices, including Bank and Real Estate, declined. Lower oil prices added to the market pressure as crude slid almost 6% during the month on the back of rising production in the US, although talks of an extension to the ongoing OPEC production agreement provided interim relief to falling prices.

Trading activity continued to decline for the second consecutive month with total value traded down by 7.4% to reach USD 28.4 Bn. Qatar and Bahrain were the only markets that recorded higher value traded during the month with increase of 53% and 35%, respectively. On the other hand, Dubai recorded the steepest decline of 39%. Volume traded on the GCC exchanges also declined by almost a third to 18.9 Bn shares during the month as compared to February-17.

On the economic front, Fitch ratings slashed Saudi Arabia's credit rating by one notch to A+ with a Stable Outlook. As reasons for the downgrade, the agency highlighted continued deterioration of public and external balance sheets, wider-than-expected fiscal deficit in 2016 with the low oil prices being the key underlying factor. On the regulatory front, the Kingdom took another step towards its efforts to join the MSCI Emerging Market index. The Saudi exchange said it would extend the period for settling trades and introduce short-selling on April 23. In addition, Kuwait also announced similar efforts including introduction of T+3 settlement, a reorganization and a new benchmark by next year.

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	413.3	(2.5%)	8.7%	93.9	2,162.9	18.2	1.2	3.4%
Kuwait - 15 Index	933.8	(3.1%)	5.5%					
Kuwait - Price Index	7,029.4	3.6%	22.3%					
Saudi Arabia	7,001.6	0.4%	(2.9%)	437.4	19,336.9	14.6	1.7	4.3%
Abu Dhabi	4,443.5	(2.4%)	(2.3%)	125.0	1,206.8	10.8	1.3	5.6%
Dubai	3,480.4	(4.1%)	(1.4%)	101.1	2,608.9	9.4	1.2	5.0%
Qatar	10,390.6	(2.9%)	(0.4%)	152.8	2,826.7	14.6	1.4	4.0%
Bahrain	1,356.0	0.5%	11.1%	20.4	63.7	10.1	0.9	5.0%
Oman	5,550.6	(4.0%)	(4.0%)	16.0	190.8	9.6	1.1	5.7%
Total GCC				946.5	28,396.7	13.4	1.4	4.4%



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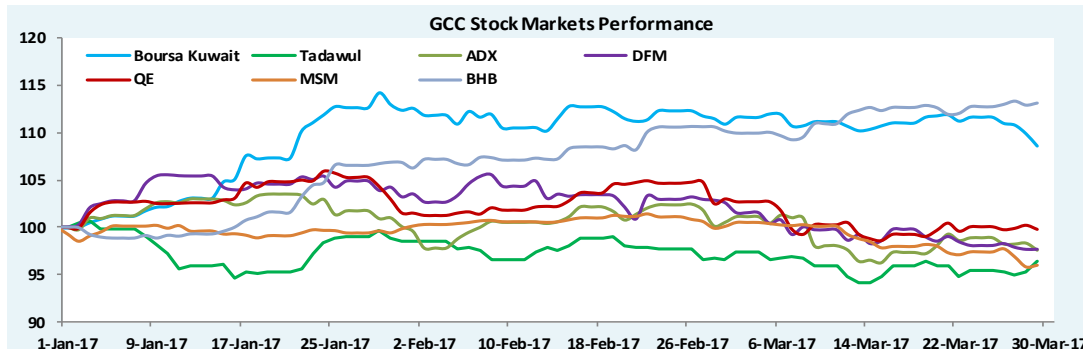
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Source: GCC Stock Exchanges, KAMCO Research

## Boursa Kuwait

Monthly Indicators	Apr-16	May-16	Jun-16	Jul-16	Aug-16	Sep-16	Oct-16	Nov-16	Dec-16	Jan-17	Feb-17	Mar-17
<b>Price Index</b>	<b>5,391.8</b>	<b>5,400.3</b>	<b>5,364.6</b>	<b>5,451.0</b>	<b>5,419.7</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>
Monthly % Change	3.1%	0.2%	(0.7%)	1.6%	(0.6%)	(0.4%)	0.0%	2.8%	3.5%	18.9%	(0.7%)	3.6%
<b>Weighted Index</b>	<b>366.3</b>	<b>357.4</b>	<b>351.4</b>	<b>350.7</b>	<b>347.3</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>
Monthly % Change	1.8%	(2.4%)	(1.7%)	(0.2%)	(1.0%)	1.3%	0.6%	3.7%	3.5%	12.4%	(0.8%)	(2.5%)
<b>Kuwait 15 Index</b>	<b>863.3</b>	<b>826.2</b>	<b>805.7</b>	<b>810.7</b>	<b>801.8</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>
Monthly % Change	1.5%	(4.3%)	(2.5%)	0.6%	(1.1%)	1.5%	1.5%	3.5%	3.5%	11.3%	(2.2%)	(3.1%)
<b>Market Cap (KWD Mn)</b>	<b>25,025</b>	<b>24,857</b>	<b>24,293</b>	<b>24,252</b>	<b>24,010</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>
P/E (X) - TTM	15.40	15.56	15.32	15.29	15.30	15.63	15.72	16.30	16.80	18.80	18.70	18.16
P/BV (X) - TTM	1.09	1.09	1.06	1.06	1.05	1.06	1.07	1.11	1.13	1.27	1.26	1.23
Dividend Yield (%)	4.14%	4.24%	4.30%	4.30%	4.37%	4.30%	4.27%	4.12%	3.98%	3.67%	3.67%	3.42%
Volume (Mn Shares)	3,929	2,931	2,166	1,327	1,430	902	1,679	2,908	3,594	13,858	8,857	7,105
Value (KD Mn)	277	246	227	132	152	87	258	328	321	1,185	866	653
Trades ('000)	81.2	68.9	49.3	35.7	40.1	27.2	45.2	70.6	75.6	229.8	171.8	147.7

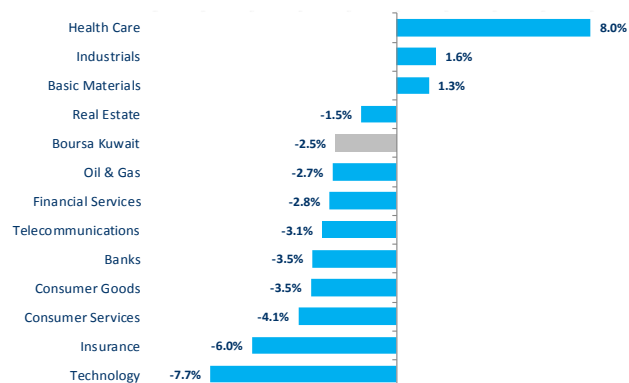
Source: Kuwait Stock Exchange, KAMCO Research

Boursa Kuwait retracted during March-17 amid a broader sell-off in the GCC. The Weighted index dropped 2.5% during the month but continued to trade above the 400 points support level to close at 413.27 points. Contrastingly, the Price Index surged during the month by 3.6% indicating demand for small cap stocks in the market as against blue chips. In terms of YTD-17 performance, the Kuwait Price index leads in the GCC with a return of 22.3% whereas the Weighted index reported a rise of 8.7%, third in the GCC. The monthly performance of the weighted index reflected a decline in most major sectoral indices including Banks and Telecom that declined by 3.5% and 3.1%, respectively. The banking index performance primarily reflected 10.8% and 13.1% fall in shares of NBK and Kuwait Finance House, respectively, while AUB and Burgan Bank were the only banking stocks that reported positive performance during the month. Moreover, 8 out of the 10 banks went ex-dividend during the month which also reflected the poor sector performance. In the Telecom sector, Viva was the only positive performing stock with a return of 10.6%, while Zain and Ooredoo dropped 5.2% and 4.8%, respectively. The Technology index recorded the steepest decline of 7.7%, while the Healthcare index topped monthly performance with a surge of 8%.

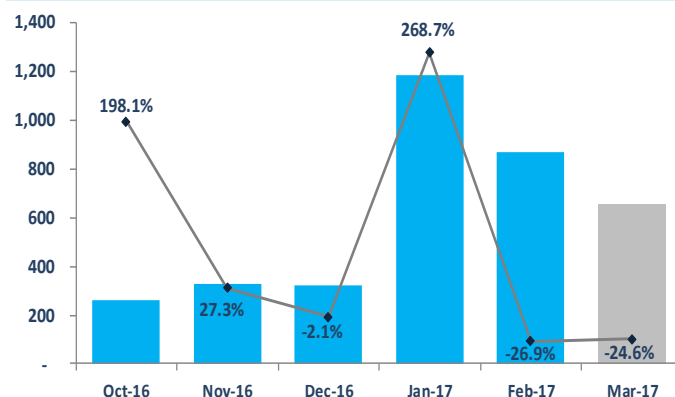
Trading activity continued to drop for the second consecutive month. Monthly volumes traded on the exchange declined by almost 20% to 7.1 Bn shares as compared to 8.6 Bn shares during the previous month. Value traded also declined at an even higher pace of 25% to KWD 653 Mn as compared to KWD 866 Mn during February-17. In terms of stocks, Alimtiq topped the monthly value traded chart with KWD 58 Mn worth of shares traded during the month followed by KFH and Zain with KWD 44.8 Mn and KWD 41.8 Mn worth of shares changing hands, respectively. The monthly gainers chart primarily included small-cap stocks that was also reflected in the positive performance of the price index. Shares of NCCI and Amwal more than doubled during the month followed by 60% gain in shares of REAM and 32% gain in shares of Educational Holding.

On the regulatory front, Kuwait completed the long awaited sovereign international bond sale during the month achieving a pricing that was better than that of Qatar, Abu Dhabi and Saudi Arabia. According to reports, the government sold USD 3.5 Bn in 5-year notes at 75 bps over corresponding U.S. Treasuries and USD 4.5 Bn in 10-year bonds at a 100 bps spread after receiving bids worth USD 29 Bn, more than three times the total issuance size. On the regulatory front, the CMA Kuwait announced key reforms in its bid to qualify as an emerging market. The regulator said it would extend trade settlement cycle to 3 days by the end of April from the current 2 days for foreigners, whereas local traders trades would be settled the same day. The CMA also plans to introduce short-selling and derivative products allowing tradable rights issues and ETFs next year. The exchange would also group companies in segregated markets based on market cap and volumes.

### Boursa Kuwait Monthly Sector Performance



### Monthly Value Traded (KWD Mn)



Source: Kuwait Stock Exchange, KAMCO Research

## Saudi Arabia (Tadawul)

Monthly Indicators	Apr-16	May-16	Jun-16	Jul-16	Aug-16	Sep-16	Oct-16	Nov-16	Dec-16	Jan-17	Feb-17	Mar-17
<b>Tadawul All Share Index</b>	<b>6,805.8</b>	<b>6,448.4</b>	<b>6,499.9</b>	<b>6,302.2</b>	<b>6,079.5</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>
Monthly % Change	9.4%	(5.3%)	0.8%	(3.0%)	(3.5%)	(7.5%)	6.9%	16.4%	3.0%	(1.5%)	(1.8%)	0.4%
<b>Market Cap (SAR Bn)</b>	<b>1,560.3</b>	<b>1,489.4</b>	<b>1,505.3</b>	<b>1,458.9</b>	<b>1,419.4</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>
P/E (X) - TTM	13.41	12.76	11.87	11.77	11.49	10.75	12.31	13.44	14.73	14.79	14.54	14.64
P/BV (X) - TTM	1.64	1.55	1.53	1.48	1.43	1.32	1.42	1.65	1.70	1.67	1.59	1.73
Dividend Yield (%)	3.65%	3.74%	4.60%	4.71%	4.91%	5.24%	4.90%	4.17%	4.04%	4.05%	4.17%	4.27%
Volume (Mn Shares)	6,705	6,110	5,228	3,518	3,840	2,521	4,703	7,491	6,927	5,442	4,168	3,643
Value (SAR Mn)	117,608	117,944	84,283	59,461	67,974	41,736	65,664	118,645	114,984	98,782	75,232	72,517
Trades ('000)	2,625	2,761	1,828	1,347	1,684	1,070	1,833	2,608	2,685	2,664	2,040	2,053

Source: Tadawul, KAMCO Research

After two consecutive months of decline, TASI recorded marginal gains of 0.4% during March-17 as the positive performance of banks and telecom stocks were partially offset by a decline in energy stocks. The benchmark mostly traded below the 7,000 mark during the month only to surge 0.8% and regain this key support level on the last trading session to close at 7,001.63 points. Food, Healthcare and Retail were the best performing sectors during the month in addition to 2.8% return for the Telecom index and 1% for the Banks index. On the decliners side, Insurance and Utilities indices recorded the steepest monthly decline of 4.2% each, while the Energy index declined by 3.1% as oil prices were under significant pressure during the month led higher production in the US.

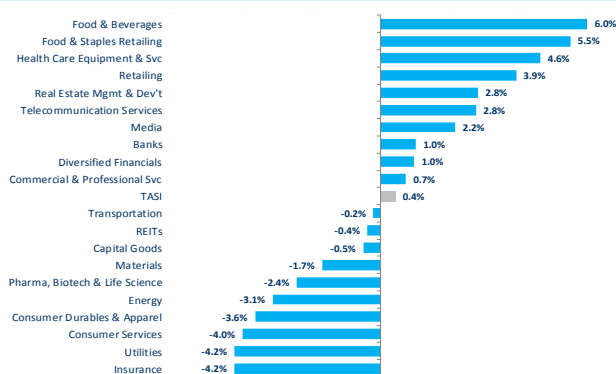
Monthly trading activity declined in line with the rest of the GCC markets. Monthly volume declined by 12.6% to 3.6 Bn shares as compared to 4.2 Bn shares during the previous month. Monthly value traded also declined but at a significantly lower pace of 3.6% to reach SAR 72.5 Bn in March-17 as compared to SAR 75.2 Bn during the previous month. Alinma Bank topped the monthly value traded chart recording trades worth SAR 8.2 Bn during the month followed by SABIC and Al-Tayyar Travel recording trades worth SAR 6.8 Bn and SAR 3.3 Bn, respectively.

The monthly gainers chart was topped by United Electronics recording a gain of 26.5% although trades in the stock was marginal at SAR 0.6 Mn. Bank Al Jazira followed with a gain of 23% after the bank proposed a 30% capital increase. NADEC surged 22.8% and was third on the list. The decliners side was topped by Emaar Economic City recording a decline of 13.5% followed by Qassim Cement and Sagr Coop Insurance with declines of 12.8% and 12.3%, respectively.

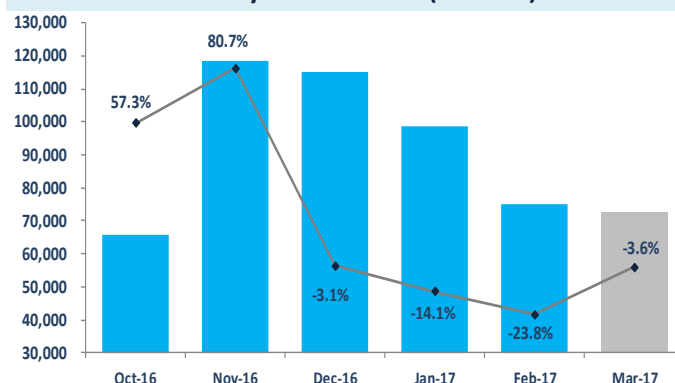
On the economic front, Fitch ratings slashed Saudi Arabia's credit rating by one notch to A+ with a Stable Outlook. As reasons for the downgrade, the agency highlighted continued deterioration of public and external balance sheets, wider-than-expected fiscal deficit in 2016 with the low oil prices being the key underlying factor. Nevertheless, the Fitch downgrade brings the Kingdoms rating in line with that of Moody's whereas S&P rates it at two notches below the corresponding rating of Moody's and Fitch. Moody's highlighted its A1 rating outlook on the Kingdom that is supported by the country's strong fiscal position, large oil and gas reserves at low production costs and significant external liquidity. The Ministry of Finance said that the downgrade was anticipated and is based on quantitative analysis although the fundamentals of the economy remains strong.

On the regulatory front, the exchange, as part of its efforts to be included in the MSCI Emerging Markets index, said it would extend the earlier announced period for settling trades and introduce short-selling on 23-April-17. These reforms are requirements for the MSCI inclusion. In addition, the timing of the reform is also crucial as it would be considered during the June-17 review by the MSCI that would decide whether to included Saudi Arabia on its review list, one of the first steps in the direction towards inclusion. Nevertheless, even if included in the review list, the Kingdom would be able to join the index not until mid-2019 as per the normal MSCI schedule.

### Tadawul Monthly Sector Performance



### Monthly Value Traded (SAR Mn)



Source: Tadawul, KAMCO Research

# Abu Dhabi Securities Exchange

Monthly Indicators	Apr-16	May-16	Jun-16	Jul-16	Aug-16	Sep-16	Oct-16	Nov-16	Dec-16	Jan-17	Feb-17	Mar-17
<b>ADX General Index</b>	<b>4,543.5</b>	<b>4,250.2</b>	<b>4,497.6</b>	<b>4,575.3</b>	<b>4,471.0</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>
Monthly % Change	3.5%	(6.5%)	5.8%	1.7%	(2.3%)	0.1%	(3.9%)	0.2%	5.5%	0.1%	0.1%	(2.4%)
<b>Market Cap (AED Bn)</b>	<b>461.9</b>	<b>433.4</b>	<b>457.1</b>	<b>473.9</b>	<b>463.8</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>
P/E (X) - TTM	11.14	10.35	10.66	10.96	10.73	10.74	10.24	10.19	10.77	10.75	11.06	10.80
P/BV (X) - TTM	1.45	1.35	1.34	1.37	1.34	1.34	1.29	1.29	1.36	1.36	1.34	1.31
Dividend Yield (%)	5.01%	5.38%	5.56%	5.47%	5.68%	5.67%	5.91%	5.91%	5.60%	5.60%	5.53%	5.62%
Volume (Mn Shares)	2,730	1,945	1,206	1,228	1,307	1,191	1,011	3,991	1,454	4,837	2,811	1,656
Value (AED Mn)	4,579	3,283	3,832	2,926	3,148	2,443	2,278	5,863	3,179	7,111	4,993	4,433
Trades	31,800	26,059	22,596	23,335	24,668	19,554	20,129	45,297	26,669	57,936	39,116	30,365

Source: Abu Dhabi Securities Exchange, KAMCO Research

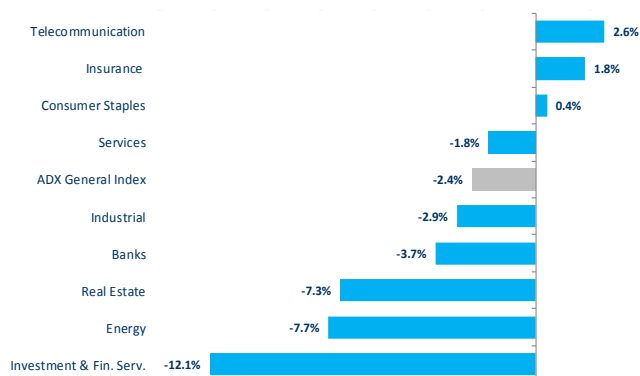
ADX followed broad GCC market cues and retraced lower in March-17 after closing mostly flat in the first two months of the year. The index was down 2.4% m-o-m and closed at 4,443.53 points, as most major sectoral indices closed lower. Investment & Financial Services was the worst performing index as it plunged by 12.1% m-o-m, followed by Energy & Real Estate indices, that declined by 7.7% and 7.3%, respectively. Waha Capital largely led the decline of the Investment & Financial Services index as it went down by 12.2% m-o-m, while large-cap Aldar Properties declined by 5.8% and pulled the Real Estate index down. In terms of gainers, the Telecom index led all indices with a monthly gain of 2.6%, as Etisalat was up by 2.6% m-o-m. The Insurance index followed and moved up 1.8% m-o-m.

In prominent earnings, Etisalat reported FY 2016 revenues of AED 52.4 Bn, a 2% y-o-y increase from 2015, despite a 1% decline in subscriber base to 162 Mn. Consolidated EBITDA came in at AED 26.3 Bn, a 1% y-o-y decline in 2016 driven mainly by unfavorable FX in Egypt, competitiveness pressure in Morocco and non-telecom operations. Net Income came in at AED 8.4 Mn which increased by 2% y-o-y. In the Real Estate sector, Aldar announced the components of their AED 1.9 Bn capex which would comprise of mid-market residential, hospitality & leisure, and retail assets on Yas Island and Reem Island. The capex program follows the AED 1.1 Bn already invested in the Daman House acquisition, Al Jimi Mall extension, Al Mamoura school and Repton school. All projects announced are scheduled to start construction this year and be complete during 2019 and 2020. In merger related developed the NBAD-FGB became effective with new NBAD ordinary shares of 5,643,000,000 been issued to those shareholders of FGB. The new number of outstanding NBAD ordinary shares following the capital increase is 10,897,545,318.

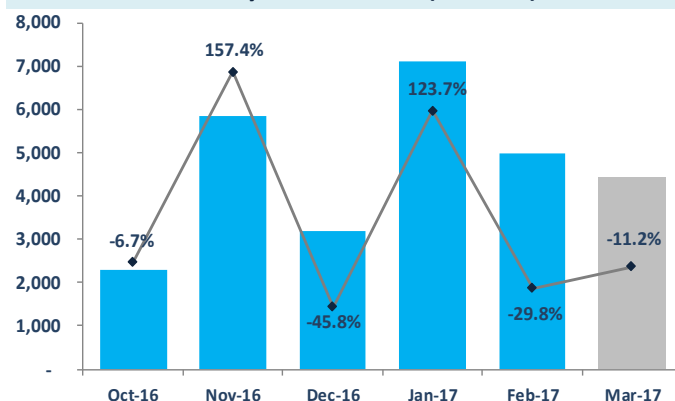
Market breadth was skewed towards losers as 33 stocks declined during the month, while 19 names gained ground. Trading trends dropped in the current month, as traded volumes & value traded declined by over 40% and 11.2% respectively m-o-m, during the same period. Total volumes receded to 1.7 Bn shares while value traded during March-17 declined to AED 4.4 Bn. Ras Al Khaimah Poultry & Feeding Co led the gainers list and achieved a monthly return of 32.1%, followed by National Takaful Co. and Invest Bank, which went up by 20.0% and 15.9% respectively. Prominent decliners included Ras Al Khaimah Properties with a monthly share price decline of 18.2%, followed by Gulf Medical Projects and Umm Al-Qaiwain, as they saw their stock prices erode by 17.9% & 17.4% respectively.

In funding related initiatives, NBAD is reportedly selling USD 587 Mn of debt to fund environmental projects, which is the first issue of green bonds from a region where governments are looking to reduce its dependence oil as an energy source. The state-owned bank is reportedly offering five-year securities at 98 basis points over the mid-swap rate, while initial guidance was for 105 bps over the benchmark. Along similar lines, Abu Dhabi will begin tendering projects in order to help reduce energy and water consumption at up to 3,000 non-residential buildings throughout the emirate over the next five years. According to Department of Economic Development, the initiative covering government, commercial and institutional buildings, could save 445,000 megawatt hours per year, contributing to Abu Dhabi's target to reduce water and electricity consumption by 20% by 2030.

## ADX Monthly Sector Performance



## Monthly Value Traded (AED Mn)



Source: Abu Dhabi Securities Exchange, KAMCO Research

## Dubai Financial Market

Monthly Indicators	Apr-16	May-16	Jun-16	Jul-16	Aug-16	Sep-16	Oct-16	Nov-16	Dec-16	Jan-17	Feb-17	Mar-17
<b>DFM General Index</b>	<b>3,491.9</b>	<b>3,313.7</b>	<b>3,311.1</b>	<b>3,484.3</b>	<b>3,504.4</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>
Monthly % Change	4.1%	(5.1%)	(0.1%)	5.2%	0.6%	(0.9%)	(4.1%)	0.9%	5.1%	3.2%	(0.3%)	(4.1%)
<b>Market Cap (AED Bn)</b>	<b>334.3</b>	<b>324.9</b>	<b>323.2</b>	<b>335.5</b>	<b>334.8</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>
P/E (X) - TTM	9.36	8.90	8.16	8.87	9.09	9.01	8.77	8.71	9.25	9.92	9.89	9.39
P/BV (X) - TTM	1.28	1.24	1.12	1.27	1.28	1.27	1.22	1.23	1.29	1.28	1.25	1.15
Dividend Yield (%)	3.82%	3.97%	4.82%	4.91%	4.76%	4.80%	4.99%	4.97%	4.70%	4.66%	4.56%	4.98%
Volume (Mn Shares)	12,030	6,755	5,352	5,180	5,115	5,574	5,102	16,016	11,219	18,618	10,396	5,785
Value (AED Mn)	14,171	7,768	6,997	7,318	7,643	6,744	6,828	20,240	14,659	22,962	15,587	9,583
Trades	133,516	91,318	76,501	74,470	75,179	61,878	68,423	163,506	118,274	196,901	130,998	82,856

Source: Dubai Financial Market, KAMCO Research

DFM continued its declining trends from February-17 into March-17, and was the worst performing market for the month that passed. For March-17, DFM was down by 4.1% and closed at 3480.43 points. Sectoral trends were mixed, but was skewed towards losers. The Financials pack plunged as Banks were down by 6.3% m-o-m, Insurance was down by 6.2% m-o-m, while Investment & Financial Services dropped by 5.3%. The Consumer Staples & Discretionary sector index also declined by 6.2% m-o-m, mostly due to DXB Entertainments losing ground by 5.6%. The Real Estate & Construction continued to slip in March-17 similar to February-17, as it fell by 2.5% m-o-m. Indices, which witnessed higher levels, were led by Industrials, which was up 6.9% m-o-m, single-handedly due to National Cement Company, which was up by 6.9% as well. Telecom also moved higher by 1.3%, driven by DU (+1.3%).

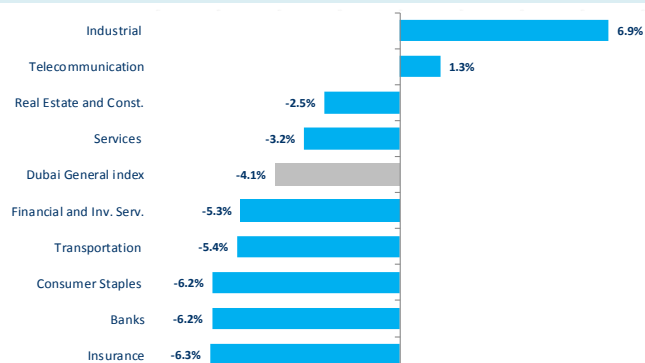
In prominent earnings, Arabtec reported revenues of AED 8.2 Bn for FY 2016, up 7.1% y-o-y from FY 2015. The company announced that order backlog stands at AED 18 Bn, which is more than two years of book-to-bill based on current year revenues. Group net loss came in at AED 3.5 Bn, higher than the AED 2.8 Bn loss reported in 2015, mainly attributed to AED 1.9 Bn of impairment of receivables for the current year. Arabtec mentioned that the group plans to raise AED 1.5 Bn through a rights offering.

Telecom operator DU reported full year revenues of AED 12.73 Bn for FY 2016, a 3.2% increase from 2015 driven by a 12% increase in number of mobile subscribers and a 4.4% increase in y-o-y fixed line revenues. Net profit after royalty however declined by 9.7% y-o-y, due to a 10% rise in royalty paid to the government. The proposed final AED 0.21 per share, bringing the annual dividend payment for 2016 to AED 0.34 per share.

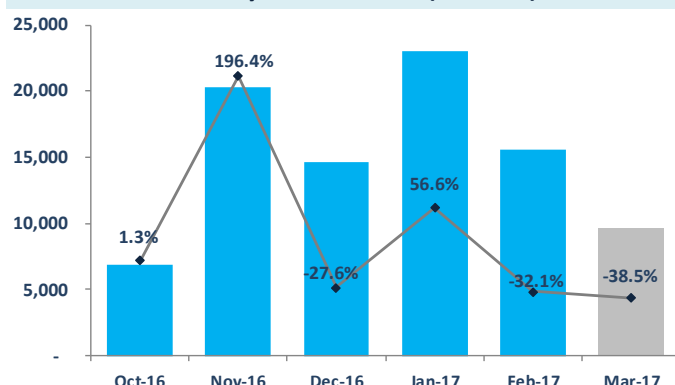
Arab Insurance Group was the top performing stock in the index for the month, as its share price surged by 18.6% in March-17. National General Insurance followed along with Mazaya, as their stock prices moved up by 15.0% and 14.5% respectively. On the other hand, shares of Islamic Arab Insurance led the monthly losers chart as its share price declined by 20.9% m-o-m. Al Salam Bank- Bahrain and Dubai Islamic Ins. & Reins Co. followed with declines of 15.4% and 15.1% respectively for the month. Gulf Finance House (GFH) was the most actively traded stock yet again on the exchange as AED 2.4 Bn worth of stock was traded, followed by Emaar Properties with value traded of AED 0.9 Bn. Market breadth on the exchange favored decliners, as 14 stocks gained ground while 29 stocks declined during the month of March-17. Overall activity on the exchange on a monthly basis dropped, as volumes traded declined by 44% m-o-m from February -16 to reach 5.8 Bn shares, while value traded was down close to 38.5% as well m-o-m to reach AED 9.6 Bn.

Data for February-17 from Emirates NBD Economy Tracker index signaled a further improvement in overall business conditions across Dubai's private sector, driven by sharp rises in output and incoming new work, with the growth of the latter picking up to a 24-month high. At 56.2 in February, the tracker registered above the crucial 50.0 threshold for the twelfth month in a row, but was down from the January -17 high of 57.1. Wholesale & retail was the best performing category, a first in the past six months, followed by travel & tourism. On the other hand, construction companies recorded a slowdown in growth momentum during February-17.

### DFM Monthly Sector Performance



### Monthly Value Traded (AED Mn)



Source: Dubai Financial Market, KAMCO Research

## Qatar Exchange

Monthly Indicators	Apr-16	May-16	Jun-16	Jul-16	Aug-16	Sep-16	Oct-16	Nov-16	Dec-16	Jan-17	Feb-17	Mar-17
<b>QE 20 Index</b>	<b>10,186.2</b>	<b>9,538.8</b>	<b>9,885.2</b>	<b>10,604.0</b>	<b>10,989.8</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>
Monthly % Change	(1.8%)	(6.4%)	3.6%	7.3%	3.6%	(5.0%)	(2.5%)	(3.7%)	6.6%	1.5%	1.0%	(2.9%)
<b>Market Cap (QAR Bn)</b>	<b>548.2</b>	<b>516.8</b>	<b>532.2</b>	<b>568.2</b>	<b>588.1</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>
P/E (X) - TTM	12.37	12.34	12.77	13.55	14.17	13.50	13.45	13.04	13.85	14.34	15.00	14.58
P/BV (X) - TTM	1.64	1.53	1.48	1.58	1.63	1.55	1.51	1.45	1.56	1.52	1.48	1.44
Dividend Yield (%)	3.87%	4.10%	4.07%	3.82%	3.72%	3.91%	4.00%	4.18%	3.93%	3.91%	3.79%	3.97%
Volume (Mn Shares)	216	163	89	98	164	132	121	188	190	190	188	287
Value (QAR Mn)	7,234	5,466	3,282	3,785	6,799	5,934	4,360	5,822	7,204	5,757	6,723	10,292
Trades	110,526	94,675	48,686	58,170	99,903	76,124	56,888	73,428	71,747	76,729	81,708	103,717

Source: Qatar Exchange, KAMCO Research

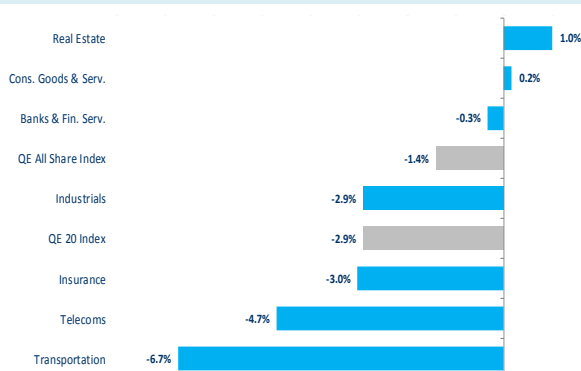
The QE 20 index reversed its positive trends exhibited in the first two months of the year to decline in March-17, as the index receded by 2.9% m-o-m, and closed at 10390.60 points. The Qatar All Share index dropped by a lower 1.4% for the third month of 2017, while sectoral trends were mixed. Indices such as Transportation, Telecoms and Insurance were among the main laggards for the month of March-17. Transportation index was the index, which receded the most as all stocks in the index declined, witnessing an average drop of 9.7%. Ooredoo was responsible for the decline in the Telecoms index as the stock declined by over 8.8% m-o-m. Amongst the indices which gained during the month was the Real Estate index which gained by 1.0% m-o-m for the month as Ezdan (+3.8% m-o-m) was able to negate the declines in Union Development and Barwa (-10.3% m-o-m).

In corporate ratings related action Capital Intelligence Ratings announced that it has affirmed Doha Bank's Financial Strength Rating (FSR) at 'A'. Key drivers supporting the rating were the Bank's good capital base, currently being further augmented by a rights issue and good overall asset quality. They mentioned that the NPL ratio is above average for the peer group, along with more than a full loan-loss reserve coverage, which points towards a sound asset quality position. In funding initiatives, developer Ezdan Holding Group has mandated HSBC and Mashreqbank as joint global coordinators, and Dubai Islamic Bank, Emirates NBD Capital, HSBC, Mashreqbank, Natixis and Standard Chartered Bank as Joint Lead Managers and Bookrunners to arrange a series of fixed income investor meetings in Asia, the UAE and the UK. A benchmark USD Reg S senior unsecured sukuk offering under Ezdan Sukuk Company Limited's USD 2 Bn Trust Certificate Issuance Program may follow subject to market conditions, as per the announcement on the stock exchange. Qatar Insurance Company's reinsurance subsidiary -Qatar Re (Bermuda) Limited, successful placed USD 450 Mn of reg S perpetual non-call 5.5 subordinated Tier 2 notes, and the issue attracted more than USD 6.5 Bn. The initial coupon has been set at 4.95% per annum.

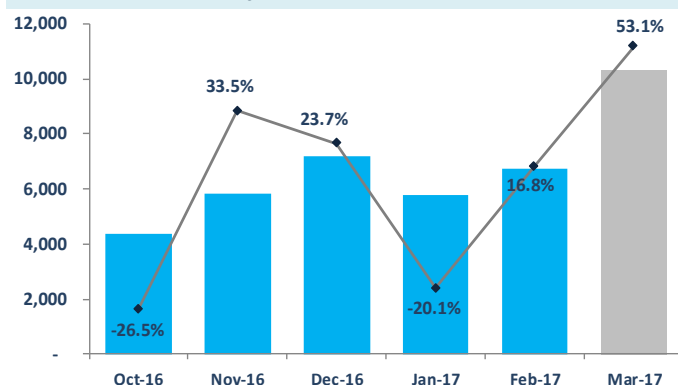
Trading activity was positive, as value traded during March-17 increased by 53.1% to reach QAR 10.3 Bn while volumes improved by 52.8% m-o-m to reach 286 Mn shares. Qatar National Bank topped the monthly value traded chart with QAR 1.2 Bn worth of shares traded, followed by Industries Qatar and Masraf Al Rayan recording QAR 825.6 Mn and QAR 823.8 Mn in monthly value traded. In terms of volumes Vodafone Qatar led all stocks with traded volumes of 49.7 Mn shares. Ezdan holding and National Leasing followed with traded volumes of 25.8 Mn shares and 20.4 Mn shares respectively. Medicare Group was the top performing stock in the index for the month as its share price surged by 19.6%. National Leasing Holding followed along with Dlala Brokerage, which their stock prices moved up by 17.6% and 11.7% respectively. On the other hand, shares of Doha Bank led the monthly losers chart with its stock losing 19.2% m-o-m. Qatar Navigation and Qatar Industrial Manufacturing followed with declines of 12.3% and 10.8% respectively for the month.

S&P downgraded its outlook on Qatar to negative from stable on concern that the growth of the country's external debts may be faster than the growth of the size of its investments internationally. They mentioned that this would reduce the quantum of cash the country would need to finance its budget and would prompt it to take on even more debt, increasing the risk for existing investors of the country's sovereign bonds. S&P however maintained its AA/A-1+ rating on Qatar.

### QE Monthly Sector Performance



### Monthly Value Traded (QAR Mn)



Source: Qatar Exchange, KAMCO Research

## Bahrain Bourse

Monthly Indicators	Apr-16	May-16	Jun-16	Jul-16	Aug-16	Sep-16	Oct-16	Nov-16	Dec-16	Jan-17	Feb-17	Mar-17
<b>Bahrain All Share Index</b>	<b>1,110.53</b>	<b>1,111.56</b>	<b>1,118.37</b>	<b>1,155.62</b>	<b>1,142.21</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>
Monthly % Change	(1.8%)	0.1%	0.6%	3.3%	(1.2%)	0.7%	(0.1%)	2.2%	3.9%	6.8%	3.5%	0.5%
<b>Market Cap (BHD Mn)</b>	<b>6,573</b>	<b>6,574</b>	<b>6,615</b>	<b>6,836</b>	<b>6,757</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>
P/E (X) - TTM	8.77	9.16	9.20	9.66	9.67	9.47	9.70	9.29	9.68	9.97	9.92	10.06
P/BV (X) - TTM	0.81	0.82	0.77	0.80	0.78	0.77	0.78	0.80	0.83	0.89	0.89	0.87
Dividend Yield (%)	5.82%	5.79%	4.44%	4.27%	4.45%	4.88%	4.47%	4.39%	4.22%	3.95%	4.44%	4.96%
Volume (Mn Shares)	22	26	75	36	75	37	29	55	211	136	86	96
Value (BHD Mn)	5	5	18	8	21	6	6	12	10	26	18	24
Trades	577	755	873	996	1,080	789	750	998	1,163	2,164	1,621	1,864

Source: Bahrain Bourse, KAMCO Research

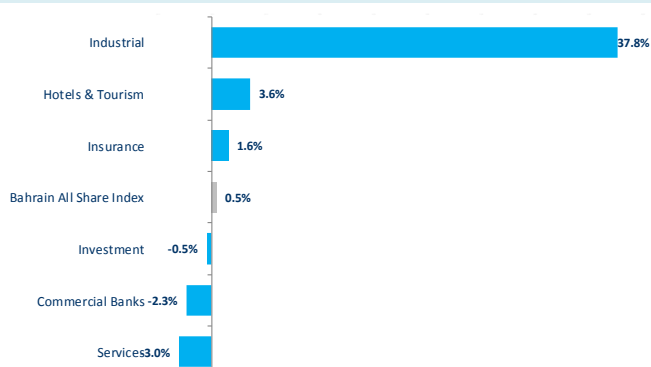
Bahrain All Share Index continued as one of the best performing markets YTD -2017, and was the best performing market in the GCC in March-17. The index rose, albeit marginally and closed 0.5% higher on a m-o-m basis. The index closed at 1355.99 points at the end of the month. Sectoral performance was mixed as there were indices which gained and receded. Market breadth for the index was positive, as 9 stocks gained ground, while 7 stocks witnessed declines in their share prices. Industrials was the main sector which drove the index up as the sector was up 37.8% for the month, singlehandedly pushed up by Aluminum Bahrain which was the best performing index in the overall index. The Hotels & Tourism sector went up as well by 3.6%, followed by Insurance names which went up by 1.6% m-o-m in March -17. Services stocks and Commercial Banks were the two sectors which were key laggards for the index as it went down by 3.0% and 2.3% respectively for the current month.

In earning releases, Al Ahlia Insurance reported a net profit of BHD 31,808 for FY 2016 as compared to a net loss of BD 622,699 for FY 2015. The muted performance was ascribed to the continued unfavorable investment climate during the year. The net profit from the company's insurance operations for FY 2016 came in at BHD 1.39 Mn compared to BHD 1.42 Mn, a marginal decrease despite heightened claims activity, as a result of company's prudent underwriting and sound claims management. The gross premiums stood at BHD 13.5 Mn for FY 2016 as compared to BHD 10.9 Mn for FY 2015. Bahrain Commercial Facilities Company reported a net profit of BHD 19.9 Mn for the FY 2016 up 14.4% than BHD 17.4 million earned in 2015. Net profit for Q4-16 was BHD 5.3 Mn as compared to BHD 4.4Mn in Q4-15. The board recommended a cash dividend of 50% (2015: 45%).

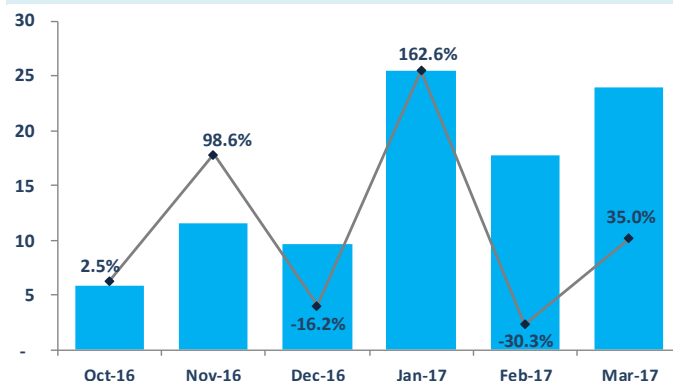
The exchange's figures of value and volumes traded in March-17 exhibited improving trends on an m-o-m basis, as compared to the previous month. Volumes traded in the exchange reached 96 Mn and moved up by over 11.9% m-o-m as compared to 86 Mn shares in February-17. Value traded improved by over 35% in the exchange to reach BHD 24.0 Mn in March -17, as compared to BHD 17.8 Mn in February-17. Furthermore, the number of trades made in the exchange increased to 1,865 trades, a 15% m-o-m jump from February-17. Ahli United Bank was the most actively traded stock in March-17 with BHD 5.8 Mn worth of its shares traded on the exchange. Aluminum Bahrain and Bank of Bahrain and Kuwait followed with BHD 5.3 Mn and BHD 4.5 Mn worth of shares traded on the exchange. Aluminum Bahrain topped the gainers list for the month of March -17, which reported a m-o-m increase of 39.7%, followed by Al Khaleeji Commercial Bank and Arab Insurance Group with monthly gains of 12.4% and 8.6% respectively.

In economic developments, ratings agency Moody's mentioned that pressure is building on the currency peg of the country as the country has low FX reserves. Bahrain reportedly has been borrowing from international markets in recent years, raising its external debt levels to around 147% of GDP. They further mentioned that if market access were to become more difficult for Bahrain, questions surrounding whether stronger GCC countries would need to step in through deposits or soft loans would arise. Bahrain's foreign exchange reserves reportedly fell to USD 1.5 Bn between December-15 and September-16, amounting to little more than one month's imports cover.

**BSE Monthly Sector Performance**



**Monthly Value Traded (BHD Mn)**



Source: Bahrain Bourse, KAMCO Research

# Muscat Securities Market

Monthly Indicators	Apr-16	May-16	Jun-16	Jul-16	Aug-16	Sep-16	Oct-16	Nov-16	Dec-16	Jan-17	Feb-17	Mar-17
<b>MSM 30 Index</b>	<b>5,942.7</b>	<b>5,811.0</b>	<b>5,777.3</b>	<b>5,843.8</b>	<b>5,735.0</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>
Monthly % Change	8.7%	(2.2%)	(0.6%)	1.2%	(1.9%)	(0.2%)	(4.3%)	0.1%	5.4%	(0.1%)	0.1%	(4.0%)
<b>Market Cap (OMR Mn)</b>	<b>7,444</b>	<b>7,428</b>	<b>7,233</b>	<b>7,313</b>	<b>7,351</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>
P/E (X) - TTM	10.67	10.53	9.99	9.79	9.67	9.66	9.35	9.54	10.08	10.21	9.91	9.57
P/BV (X) - TTM	1.22	1.22	1.13	1.14	1.12	1.13	1.08	1.08	1.15	1.13	1.12	1.06
Dividend Yield (%)	5.06%	5.10%	6.43%	6.29%	6.35%	6.34%	5.38%	5.39%	5.11%	5.23%	5.33%	5.70%
Volume (Mn Shares)	575	347	254	179	199	227	127	187	147	192	280	258
Value (OMR Mn)	113	96	59	46	52	45	43	58	44	52	99	73
Trades	26,093	19,226	11,527	12,377	13,074	5,563	7,975	5,847	8,793	11,583	12,280	12,395

Source: Muscat Securities Market, KAMCO Research

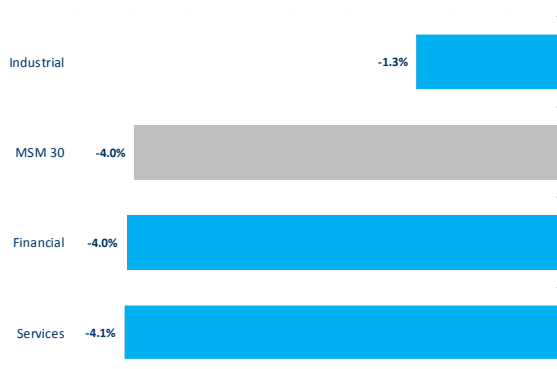
After minimal volatility since the start of the year with the index being flat at the end of the first two months of the year, the MSM30 index recorded the second highest monthly decline of 4% during March-17. The decline was broad-based as seen in declines in all the three sectoral indices with Services sector falling by 4.1% followed by 4.0% decline in Financial index and 1.3% decline in the industrial index. Al Anwar Holding was the only Financial stock in the regular market that closed with a gain of 5.7% during the month. Banks in particular had a weak month with Bank Muscat, the largest stock on the exchange, recorded a decline of 19.7%, the second-highest fall during the month. The stock going ex-dividend added to the already weak trends in the sector. Shares of NBO also declined by 8.9% due to the cash dividends announced during the month.

Banks in the Sultanate continue to face tight liquidity conditions, in line with most of the other GCC countries. According to the latest monthly report from the Central Bank of Oman (CBO), the prevailing liquidity conditions has led to an increase in average interest rates with lending rate rising by as much as 34 bps year-on-year in January-17 and deposit rates increasing by 63 bps. However, the funds raised in the international market has alleviated some pressure from the domestic banking system. Contrastingly, credit facilities by the banking sector was upbeat with the CBO reporting an 8.9% year-on-year increase in credit facilities in January-17. Credit to the private sector increased by 10.6% on the back of diversifications initiatives undertaken by the government. Deposits also increased but at a lower pace of 6.7% with private sector adding 5.3% as compared to the previous year.

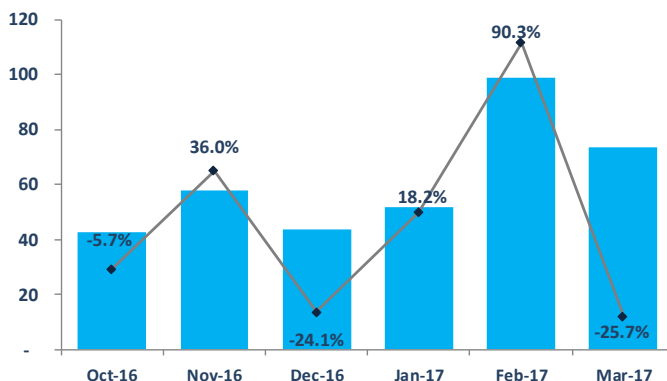
The trends in the Services sector was similar, with only Omantel, in the regular market, reporting a monthly gain of 4.0%. Most of the other stocks in the sector had a weak trend, including Port Services Corp., which recorded the steepest decline of 24.2% during the month followed by 14% decline in shares of Sohar Power. The Industrial index, which recorded the smallest decline during the month, had a relatively balanced performance with Oman Textile holding gaining 28.2% during the month, topping the monthly gainers chart. The decliners in the sector included Al Jazeera Steel Products which dropped 10.8%. Overall, the market breadth during the month favored decliners with 22 stocks as against 5 gainers in the regular market.

Trading activity during the month had a mixed picture with volumes declining by 7.9% to 257.8 Mn shares as compared to 280 Mn shares during the previous month, while value traded increased by 16.7% to OMR 73.4 Mn as compared to OMR 99 Mn during February-17. The average daily volume and value traded during the month also had similar trend showing 16% decline in volume and 6.1% gain in value traded. Bank Muscat topped the monthly value traded chart with OMR 13.3 Mn worth of shares traded during the month followed by OmanTel and Bank Sohar recording OMR 11.2 Mn and OMR 9.7 Mn worth of shares changing hands. In terms of volume, Bank Sohar topped the chart with 61.2 Mn shares followed by Bank Muscat and Al Anwar Holding recording 32 Mn shares and 29.9 Mn shares traded, respectively.

## MSM Monthly Sector Performance



## Monthly Value Traded (OMR Mn)



Source: Muscat Securities Market, KAMCO Research

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