

GCC Markets Monthly Report

June-2016

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Event specific trading dominates markets during slow Ramadan month...

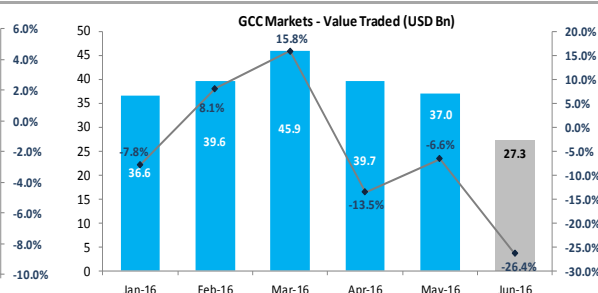
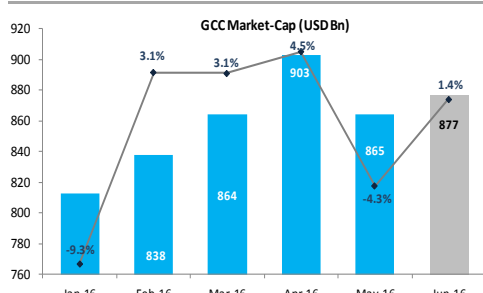
Global financial markets were shaken during the month, as Britain surprisingly voted to leave the European Union, resulting in sharp moves across asset classes. Total loss for the financial markets globally was pegged at approximately USD 2 Trillion following the vote, with the USD strengthening against key currencies. A strengthening greenback could also mean that Fed rate hike may not happen this year as it would make it all the more difficult for the US manufacturing and export sector that was gradually moving towards more sustainable growth.

In addition, the European Central Bank will have to extend its quantitative easing program to further support an even fragile recovery post Brexit, whereas the Bank of England may lower rates among other measures aimed at stimulating growth. **Nevertheless, as the anxiety over the impact of Brexit eased, markets bounced back after two days of selling with the S&P 500 Index posting its strongest two day climb in four months.**

GCC equity markets were also affected resulting in a single-day market cap loss of USD 11.5 Bn or 1.3% and an equivalent decline in the MSCI GCC index. Markets continued to remain weak the following day, but, majority of the markets recovered on Tuesday after ascertaining that the likely impact of Brexit on the GCC may in fact be mixed (see our report [Brexit & Impact on the GCC: Asymmetric Risks?](#)).

Monthly market performance was mixed in the GCC with Kuwait leading the decline with a fall of 1.7% in its Weighted Index, followed by marginal declines in Muscat and Dubai. On the other hand, Abu Dhabi clocked the best monthly gain of 5.8% after surging 1.8% on the last day of the month buoyed the banking index that surged 3.2%. In terms of trading activity, the impact of the month of Ramadan was apparent as seen from the 26.4% decline in value traded during the month as compared to May-16.

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	351.4	(1.7%)	(7.9%)	80.4	750.0	15.3	1.1	4.3%
Kuwait - 15 Index	805.7	(2.5%)	(10.5%)					
Kuwait - Price Index	5,364.6	(0.7%)	(4.5%)					
Saudi Arabia	6,499.9	0.8%	(6.0%)	401.4	22,474.4	11.9	1.5	4.6%
Abu Dhabi	4,497.6	5.8%	4.4%	124.4	1,043.3	10.7	1.3	5.6%
Dubai	3,311.1	(0.1%)	5.1%	88.0	1,904.8	8.2	1.1	4.8%
Qatar	9,885.2	3.6%	(5.2%)	146.2	901.3	12.8	1.5	4.1%
Bahrain	1,118.4	0.6%	(8.0%)	17.5	47.9	9.2	0.8	4.4%
Oman	5,777.3	(0.6%)	6.9%	18.8	153.1	10.0	1.1	6.4%
Total GCC				876.8	27,274.8	11.2	1.4	4.7%



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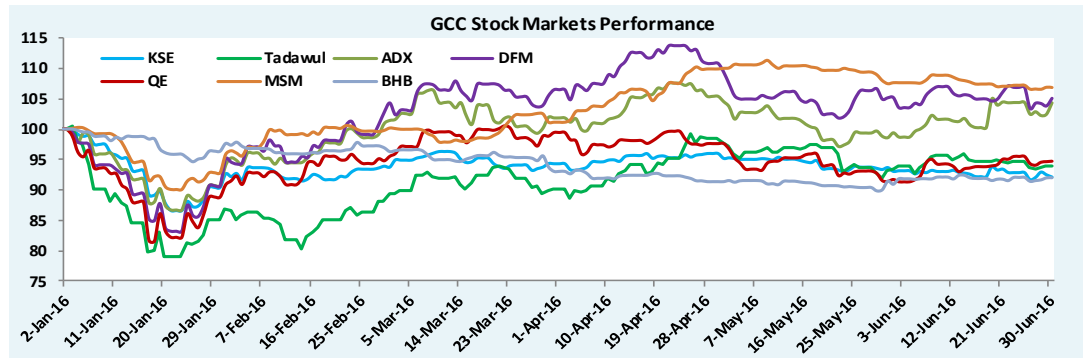
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Source: GCC Stock Exchanges, KAMCO Research

Kuwait Stock Exchange

Monthly Indicators	Jul-15	Aug-15	Sep-15	Oct-15	Nov-15	Dec-15	Jan-16	Feb-16	Mar-16	Apr-16	May-16	Jun-16
KSE Price Index	6,253.7	5,820.6	5,726.0	5,775.4	5,802.4	5,615.1	5,114.5	5,207.4	5,228.8	5,391.8	5,400.3	5,364.6
Monthly % Change	0.8%	(6.9%)	(1.6%)	0.9%	0.5%	(3.2%)	(8.9%)	1.8%	0.4%	3.1%	0.2%	(0.7%)
KSE Weighted Index	418.9	385.3	388.4	388.4	393.0	381.7	353.4	358.3	359.8	366.3	357.4	351.4
Monthly % Change	(0.2%)	(8.0%)	0.8%	(0.0%)	1.2%	(2.9%)	(7.4%)	1.4%	0.4%	1.8%	(2.4%)	(1.7%)
Kuwait 15 Index	1,014.9	919.2	935.1	924.3	929.6	900.4	829.8	841.0	850.5	863.3	826.2	805.7
Monthly % Change	(0.2%)	(9.4%)	1.7%	(1.2%)	0.6%	(3.1%)	(7.8%)	1.4%	1.1%	1.5%	(4.3%)	(2.5%)
Market Cap (KWD Mn)	28,647	26,372	26,585	26,586	26,894	26,159	24,224	24,557	24,875	25,025	24,857	24,293
P/E (X) - TTM	16.61	15.32	15.29	14.86	15.04	15.50	14.30	13.20	13.24	15.40	15.56	15.32
P/BV (X) - TTM	1.23	1.14	1.13	1.14	1.16	1.13	1.04	1.07	1.05	1.09	1.09	1.06
Dividend Yield (%)	3.61%	3.91%	3.92%	3.89%	3.84%	3.95%	4.57%	4.67%	4.00%	4.14%	4.24%	4.30%
Volume (Mn Shares)	2,228	3,073	2,784	2,812	2,997	2,340	2,697	2,773	3,983	3,929	2,931	2,166
Value (KD Mn)	219	300	248	230	313	242	282	225	329	277	246	227
Trades ('000)	50.7	76.1	65.3	64.1	74.9	59.3	64.7	67.5	84.8	81.2	68.9	49.3

Source: Kuwait Stock Exchange, KAMCO Research

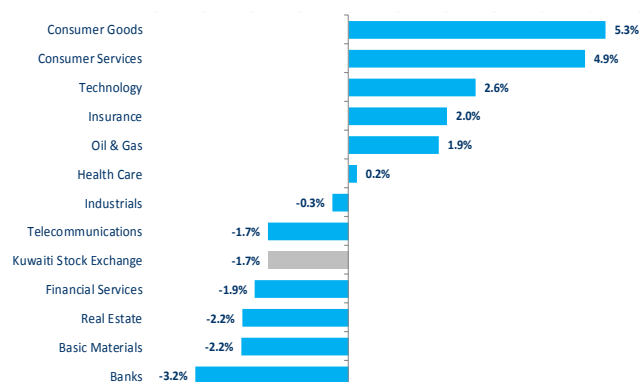
KSE indices declined for the second consecutive month during June-16 amid a broad sell-off with all the three indices in the red as investors cashed out before the vacation after the month of Ramadan. Large cap stocks led the decline as seen in the 2.5% fall in the KSE 15 index, whereas the KSE Weighted Index and the Price Index declined by 1.7% and 0.7%, respectively.

In terms of sector performance, the large-cap Banking index led the monthly decline with a fall of 3.2% as all the listed banks, with the only exception of Gulf Bank that was up 2.7%, declined during the month. Kuwait International Bank led the monthly decline in the banking sector with a fall of 9.9% despite the bank's 'A+' rating being reaffirmed by Fitch reflecting KIB's modest but improving franchise, its evolving strategy and relatively high concentration of financing to domestic real estate. On the other hand, NBK recorded the second highest monthly decline of 7.1% in a broader blue-chip sell-off despite the bank's rights issue being oversubscribed during the month. The Basic Materials index and the Real Estate index recorded monthly declines of 2.2% each followed by the Financial Services index that recorded a decline of 1.9%.

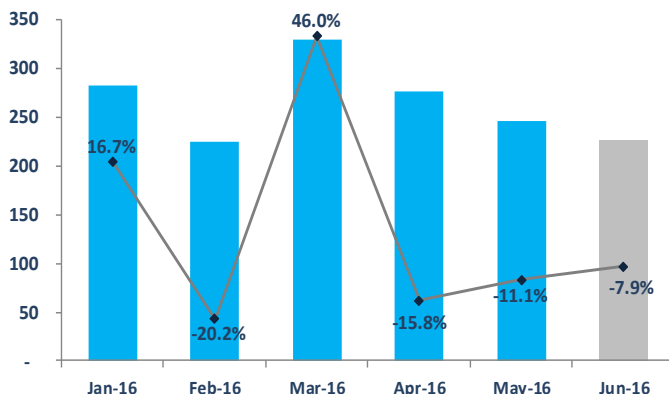
Trading activity declined during the month due to the month of Ramadan. Total volume traded declined by 26.1% to 2.2 Bn shares as compared to 2.9 Bn shares during the previous month, whereas monthly value traded declined at a much slower pace of 7.9% to KWD 227 Mn as compared to KWD 246 Mn during May-16, highlighting higher trades in large-cap stocks. The monthly gainers chart was topped by Kuwait National Cinema with a return of 21.4% closely followed by Al Kout For Industrial Projects Co. with a return of 21.3% although trades in these stocks was minimal. Other gainers included Ektitab Holding Co. (+14.5%) and Al Rai Media (+14.3%). On the decliners side, the list was topped by Al Dar National Real Estate Co. (-24.1%) followed by Real Estate Trade Centers Co. (-19.6%) and Enmaa Real Estate Co. (-18.9%). The market breadth remained skewed towards decliners that included 92 companies as against 47 gainers, whereas prices of 42 stocks remained unchanged. In terms of most active stocks, NBK topped the monthly value chart with KWD 33.9 Mn worth of shares traded during the month followed by KFH and Americana with KWD 14.6 Mn and KWD 13.4 Mn worth of shares traded, respectively. The monthly volume chart was topped by Hits Telecom with 211.9 Mn shares traded during the month.

In a positive development on the economic front, the Kuwait National Assembly passed a long awaited law that will allow foreign investors to bid for public projects in Kuwait without the need for a local agent. The law also gives additional powers to the Central Tenders Committee (CTC) to pick the second lowest bid for a project if it feels that the bidder is technically superior. This law is expected to provide further boost to the investment environment in Kuwait, boost FDI in Kuwait by the foreign investors and at the same time provide additional impetus to the economic activity and employment.

KSE Monthly Sector Performance



Monthly Value Traded (KWD Mn)



Source: Kuwait Stock Exchange, KAMCO Research

Saudi Arabia (Tadawul)

Monthly Indicators	Jul-15	Aug-15	Sep-15	Oct-15	Nov-15	Dec-15	Jan-16	Feb-16	Mar-16	Apr-16	May-16	Jun-16
Tadawul All Share Index	9,098.3	7,522.5	7,404.1	7,124.8	7,239.9	6,911.8	5,996.6	6,092.5	6,223.1	6,805.8	6,448.4	6,499.9
Monthly % Change	0.1%	(17.3%)	(1.6%)	(3.8%)	1.6%	(4.5%)	(13.2%)	1.6%	2.1%	9.4%	(5.3%)	0.8%
Market Cap (SAR Bn)	2,026.6	1,694.7	1,670.3	1,630.4	1,659.1	1,580.7	1,373.3	1,403.9	1,439.0	1,560.3	1,489.4	1,505.3
P/E (X) - TTM	18.91	15.81	15.59	15.22	12.93	12.30	10.73	10.88	12.29	13.41	12.76	11.87
P/BV (X) - TTM	2.15	1.80	1.77	1.73	1.58	1.50	1.31	1.33	1.49	1.64	1.55	1.53
Dividend Yield (%)	2.38%	2.84%	2.88%	2.96%	4.14%	4.28%	4.94%	4.84%	4.52%	3.65%	3.74%	4.60%
Volume (Mn Shares)	2,593	4,971	3,575	4,594	5,336	6,013	6,425	6,817	7,373	6,705	6,110	5,228
Value (SAR Mn)	84,411	116,281	79,409	102,429	107,616	126,338	115,145	120,712	131,199	117,608	117,944	84,283
Trades ('000)	1,615	2,473	1,638	2,039	2,140	2,688	2,766	3,054	2,994	2,625	2,761	1,828

Source: Tadawul, KAMCO Research

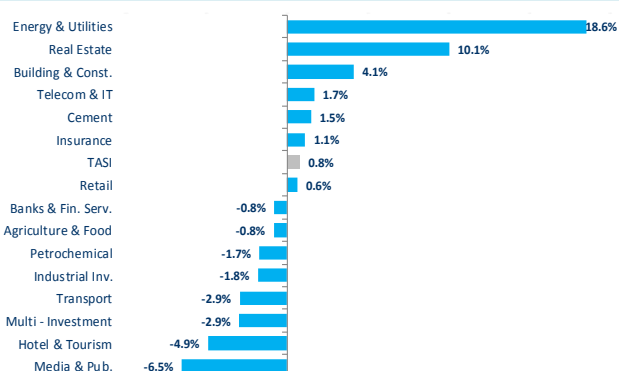
After witnessing one of the steepest declines in the GCC during May-16, the Tadawul All Share Index (TASI) saw marginal gains during June -16 as positive returns for the Real Estate, Energy & Utilities and Building & Construction sectors were partially offset by a decline in primarily Banks and Petrochemicals stocks. The TASI went up by 0.8% to slightly below the 6,500 mark resulting in a YTD-16 decline of 6.0%. On the positive side, Saudi Arabia continues to be the only active market in the GCC in terms of IPOs with one new listing of L'Azurde Company for Jewelry with a market cap of SAR 1.7 Bn during June-16.

In terms of sector performance, the Energy & Utilities index witnessed the best monthly performance with a surge of 18.6% on the back of 21.3% gain in shares of GASCO and 18.4% gain in shares of Saudi Electricity (SEC) which saw its shares surge on the back of getting USD 1.5 Bn financing from Industrial and Commercial Bank of China which would be used to finance part of SEC's capital projects. The Real Estate Index was the second best performer during the month with a gain of 10.1% primarily on the back of a new law related to taxing vacant land banks with real estate companies. According to the law, a new entity may be formed by the Housing Ministry to manage the vacant land fees program that will be operational by the end of 2016. According to JLL, a specialized real estate services company, the new law would result in a fundamental change in Saudi Arabia's real estate market that would be instrumental to stimulate development in order to address the severe shortage of middle income housing.

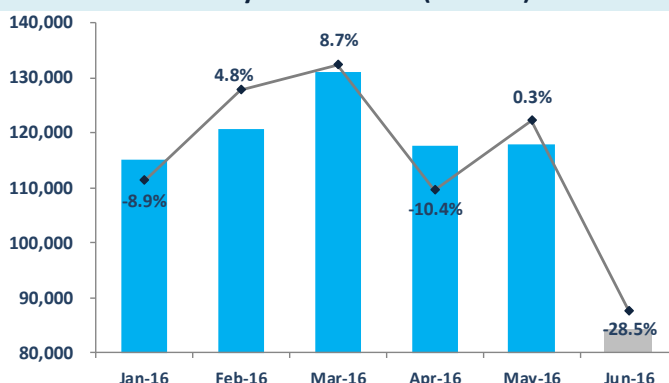
The monthly gainers chart was topped by Arabian Pipes Co. with a monthly gain of 33.4% as the company stands to benefit from the decline in oil prices. Shares of Dar Al Arkan surged 29.9% during the month after the property developer said it is negotiating a cooperation agreement with the Ministry of Housing to provide housing units under the kingdom's economic reform plan. On the decliners side, Amana Insurance topped the chart with a decline of 25.9% followed by recently listed Al Yamamah Steel (-14%).

On the economic front, during the first week of June-16, the Kingdom announced the much anticipated National Transformation Plan that enlists short term targets as part of the longer term Vision 2030 announced in April-16. The plan, which runs until 2020, envisages cut in state spending on salaries from 45% of GDP to 40% of GDP by 2020 (from SAR 480 Bn to SAR 456 Bn) encouraging locals to opt for private sector jobs. In terms employment, the plan aims at creating 0.45 Mn jobs outside the government sector by 2020 and thereby reduce the unemployment rate from 11.6% to 9%. Furthermore, it aims to raise non-oil revenues from SAR 163.5 Bn in 2015 to SAR 530 Bn by 2020 through an increase in government fees and taxes. Overall, the plans aims to balance the budget by 2020 with debt at 30% of the GDP by 2020 from 7.7% currently. In a related development and a largely anticipated outcome, MSCI did not set a date to review Saudi Arabia's inclusion in its Emerging Markets Index in its annual classification review. The index provider said that the Kingdom needs to implement reforms that would make it easier for foreign investors to invest in Saudi Arabian stock market which would boost its chances of being included in the index. The Kingdom is already in the process of reforming stock market rules that are expected to be implemented by mid-next year. This would mean that 2018 should be the earliest the Kingdom could make it to the coveted index.

Tadawul Monthly Sector Performance



Monthly Value Traded (SAR Mn)



Source: Tadawul, KAMCO Research

Abu Dhabi Securities Exchange

Monthly Indicators	Jul-15	Aug-15	Sep-15	Oct-15	Nov-15	Dec-15	Jan-16	Feb-16	Mar-16	Apr-16	May-16	Jun-16
ADX General Index	4,834.2	4,493.9	4,502.8	4,322.0	4,236.4	4,307.3	4,054.4	4,351.4	4,390.4	4,543.5	4,250.2	4,497.6
Monthly % Change	2.3%	(7.0%)	0.2%	(4.0%)	(2.0%)	1.7%	(5.9%)	7.3%	0.9%	3.5%	(6.5%)	5.8%
Market Cap (AED Bn)	471.6	437.7	442.0	431.4	424.2	428.1	411.6	435.4	449.2	461.9	433.4	457.1
P/E (X) - TTM	8.78	8.15	8.23	8.02	10.14	10.41	9.84	10.54	10.70	11.14	10.35	10.66
P/BV (X) - TTM	1.49	1.39	1.40	1.37	1.37	1.38	1.32	1.38	1.40	1.45	1.35	1.34
Dividend Yield (%)	3.98%	4.28%	4.24%	4.35%	5.16%	5.11%	5.35%	4.89%	5.09%	5.01%	5.38%	5.56%
Volume (Mn Shares)	2,347	2,469	2,132	1,187	1,709	1,795	1,534	4,172	3,284	2,730	1,945	1,206
Value (AED Mn)	3,889	4,967	4,457	3,621	6,611	5,119	3,308	5,269	6,433	4,579	3,283	3,832
Trades	32,127	45,353	33,220	24,311	38,316	29,399	32,127	43,275	45,320	31,800	26,059	22,596

Source: Abu Dhabi Securities Exchange, KAMCO Research

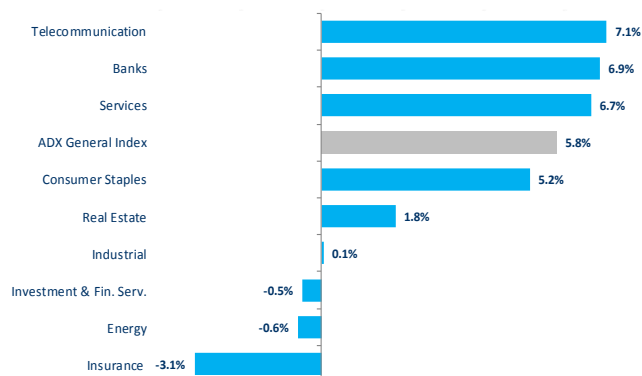
After a month of decline, the ADX General Index showed a strong reversal in trend and was the best performing market in the GCC in June-16. The index was able to reverse significant amount of declines which it accrued in May-16, and grew to 4,497.6 points. Telecoms gained the most during the month, as the sector rose by 7.1%, followed by Banks and Services indices which went up by 6.9% and 6.7% respectively. Telecoms went up predominantly due to Etisalat gaining by over 7% m-o-m, which was able to more than offset the 9.8% and 2% m-o-m declines posted by Ooredoo & Sudatel Telecom. Banks went up primarily due to the merger discussions regarding National Bank of Abu Dhabi & First Gulf Bank, and other merger anticipations and rumors on the street in the sector. All but one stock – Abu Dhabi Aviation in the Services index was able to gain ground during the month of June -16. The Insurance index was the sector which lost the most ground during the month, with m-o-m losses of 3.5%. The decline was largely as a result of a 24% decline in its major index constituent – Abu Dhabi National Insurance Co.

In M&A related developments, National Bank of Abu Dhabi (NBAD) & First Gulf Bank (FGB) are in talks for a possible merger to create the largest lender by assets in the MENA region. Synergies in product offering, costs savings and existing competitive pressures are reportedly the motivations behind the merger talks. Both FGB & NBAD have strong existing ties with the government of Abu Dhabi, as NBAD is majority owned by the government of Abu Dhabi and FGB's largest shareholder group is the ruling family of Abu Dhabi.

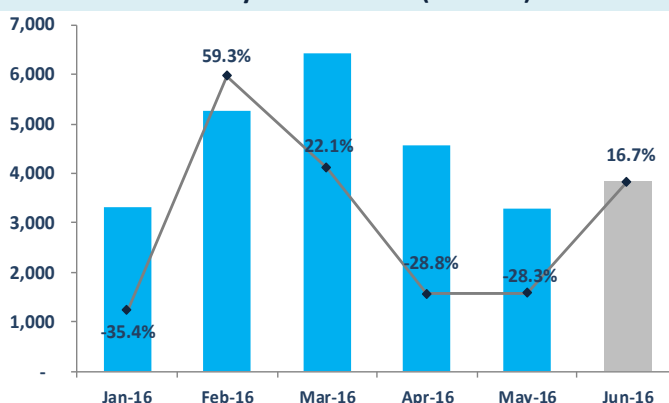
Abu Dhabi is also reportedly planning a merger between two of its largest sovereign investment funds – Petroleum Investment Co. & Mubadala Development Company. The combination of International Petroleum Investment Co. and Mubadala Development Company would reportedly pool assets of about USD 135 Bn and a debt of approximately USD 42 Bn, according to Bloomberg estimates. Mubadala investments include being the largest single investor in U.S. semiconductor company Advanced Micro Devices, Inc. with an 18% stake and a 30% ownership in Aldar Properties, Abu Dhabi's biggest developer, as per Bloomberg. It also has a 7.1% holding in First Gulf Bank. IPIC's investments are reportedly focused on energy and petrochemical companies including Spain's Cepsa SA and Vienna-based Borealis AG.

Trading trends were mixed, as traded volumes declined by closed to a third m-o-m, while value traded increased during the same period. Total volumes decreased by 31.2% to 1.3 Bn shares as compared to 1.9 Bn shares during the previous month. Value traded during June-16 improved by 16.7% m-o-m to AED 3.83 Bn. Etisalat was the largest traded stock in the ADX index as AED 1.22 Bn worth of the stock was traded during the month, while FGB finished with AED 541 Mn worth of trades. FOODCO Holding led the gainers list and achieved a monthly return of 29.3%, followed by NBAD and Union National Bank (UNB), which went up by 23.9% and 19.5% respectively during the month. UNB went up as there were possible merger related anticipations by the street for the bank, following other mergers news from the same sector. Prominent decliners included Abu Dhabi National Insurance Company with a monthly share price decline of 24.2%, followed by Abu Dhabi National Energy and Ooredoo, as they saw their stock prices erode by 15.3% and 9.8% respectively.

ADX Monthly Sector Performance



Monthly Value Traded (AED Mn)



Source: Abu Dhabi Securities Exchange, KAMCO Research

Dubai Financial Market

Monthly Indicators	Jul-15	Aug-15	Sep-15	Oct-15	Nov-15	Dec-15	Jan-16	Feb-16	Mar-16	Apr-16	May-16	Jun-16
DFM General Index	4,143.2	3,662.6	3,593.3	3,503.8	3,204.3	3,151.0	2,997.8	3,239.7	3,355.5	3,491.9	3,313.7	3,311.1
Monthly % Change	1.4%	(11.6%)	(1.9%)	(2.5%)	(8.5%)	(1.7%)	(4.9%)	8.1%	3.6%	4.1%	(5.1%)	(0.1%)
Market Cap (AED Bn)	386.2	345.2	341.2	336.0	310.8	301.2	289.5	307.0	319.0	334.3	324.9	323.2
P/E (X) - TTM	12.72	11.38	11.24	11.07	9.50	9.19	8.16	8.68	8.98	9.36	8.90	8.16
P/BV (X) - TTM	1.48	1.32	1.30	1.28	1.24	1.20	1.14	1.19	1.24	1.28	1.24	1.12
Dividend Yield (%)	2.22%	2.48%	2.51%	2.55%	3.35%	3.46%	3.60%	3.51%	3.60%	3.82%	3.97%	4.82%
Volume (Mn Shares)	6,426	7,730	3,850	3,953	5,124	5,935	7,972	9,932	15,527	12,030	6,755	5,352
Value (AED Mn)	9,721	12,604	6,564	5,663	6,733	6,700	9,241	11,755	19,582	14,171	7,768	6,997
Trades	102,255	147,101	80,872	70,076	98,185	90,095	121,266	131,931	184,991	133,516	91,318	76,501

Source: Dubai Financial Market, KAMCO Research

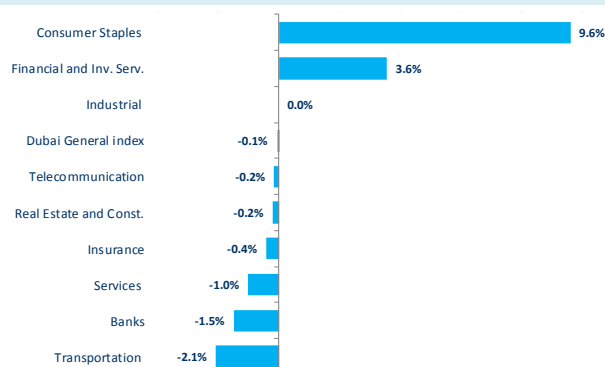
DFM index was however not able to keep up with its UAE counterpart ADX, as it witnessed the highest decline in the GCC during the first trading session following the Brexit vote, and fell by 3.3% in a single day. As a result, DFM closed the month down marginally by 0.1% and closed at 3,311.1 points. The Transportation index receded the most during the month of June-16, as it went down by almost 2.1%. Banks, Services indices followed with declines of 1.5% and 1.0% respectively. Indices which gained were led by Consumer Staples and Discretionary index which jumped by 9.6%, followed by Invest. & Financial Services names which went up by 3.6%, as compared to the previous month.

The Banking index could not recover post the Brexit day, as heavy weight names such as Mashreq Bank (-10.0%), Commercial Bank of Dubai (-4.3%), and Emirates NBD (-1.8%) declined during the month. Real Estate index recovered considerably post the Brexit day, and closed the month of June -16 just marginally down by 0.2%. Emaar Malls proved a relatively safer stock due to its stable cash flows as investor buying pushed the stock up by 3.3%, while Emaar Properties ended the month marginally down. After losing almost 3.2% on the first day following Brexit, Dubai Parks surged in the final days of trade for the month and ended Jun-16 up by 9.9% and led to the jump in the Consumer Staples and Discretionary index. DIC and DFM were mainly responsible for the Investment and Financial Services index moving up as the stocks moved up by 4.6% and 2.4%.

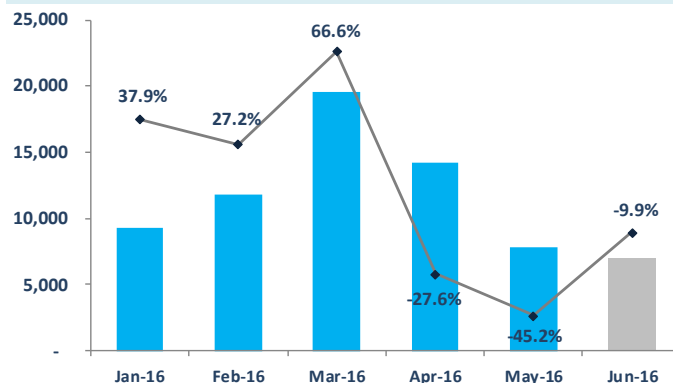
In listings related developments on the exchange, Afkar Capital listed their Exchange Traded Fund (ETF). The fund is designed to replicate the S&P UAE BMI Liquid 20/35 Capped Index, which includes the largest stocks by capitalization in the country. On the first trading day following the Brexit vote, all sectors in the index barring Industrials went down. Real Estate was the main laggard as the index went down by 4.8% for the single day, as large cap stocks such as Emaar went down by 4.7% while Mazaya and Arabtec lost the most ground, dropping by 7% and 5.7% respectively. The concerns around the sector was broadly around the pound's weakening, which could effectively mean that UK-based investors are likely to buy less assets in dollar-pegged currencies such as the UAE.

Takaful House topped the gainers list with a gain of 68.7% m-o-m for the month of June -16, followed by Al Salam Group Holding and Ektitab Holding, which moved up by 19.4% & 19% m-o-m respectively. On the other hand, shares of Dubai Refreshments Co. led the monthly losers chart as it declined by 18.6%. Al Salam Bank - Sudan and United Foods Co. followed with declines of 17.8% and 13.4% for the month. Dubai Islamic Bank was the most actively traded stock on the exchange as AED 1.3 Bn worth of stock was traded, followed by Dubai Parks and Resorts with a value traded of AED 0.96 Bn. Market breadth on the exchange was negative, as 15 stocks gained ground while 26 stocks declined during the month of February. The overall activity on the exchange was negative as well, on a monthly basis, as volumes traded decreased 20.8% m-o-m from 6.7 Bn shares to 5.4 Bn shares in June -16. Value traded went down by 9.8% m-o-m to AED 7.0 Bn. General investor participation also was negative, as the number of trades moved down by 16.2% m-o-m.

DFM Monthly Sector Performance



Monthly Value Traded (AED Mn)



Source: Dubai Financial Market, KAMCO Research

Qatar Exchange

Monthly Indicators	Jul-15	Aug-15	Sep-15	Oct-15	Nov-15	Dec-15	Jan-16	Feb-16	Mar-16	Apr-16	May-16	Jun-16
QE 20 Index	11,785.2	11,563.6	11,465.2	11,604.6	10,090.8	10,429.4	9,481.3	9,892.3	10,376.2	10,186.2	9,538.8	9,885.2
Monthly % Change	(3.4%)	(1.9%)	(0.9%)	1.2%	(13.0%)	3.4%	(9.1%)	4.3%	4.9%	(1.8%)	(6.4%)	3.6%
Market Cap (QAR Bn)	625.7	607.4	604.6	608.0	532.7	553.3	506.7	523.3	556.7	548.2	516.8	532.2
P/E (X) - TTM	13.81	13.41	13.35	13.42	11.23	11.18	10.00	11.87	12.37	12.37	12.34	12.77
P/BV (X) - TTM	2.10	2.04	2.03	2.04	1.58	1.64	1.48	1.53	1.62	1.64	1.53	1.48
Dividend Yield (%)	4.11%	4.23%	4.25%	4.23%	5.04%	4.85%	5.31%	4.34%	3.76%	3.87%	4.10%	4.07%
Volume (Mn Shares)	77	153	128	167	158	516	150	202	269	216	163	89
Value (QAR Mn)	3,456	6,748	5,524	5,759	6,334	5,856	5,050	6,570	9,081	7,234	5,466	3,282
Trades	64,170	100,914	78,606	82,986	77,351	83,826	84,665	100,763	123,003	110,526	94,675	48,686

Source: Qatar Exchange, KAMCO Research

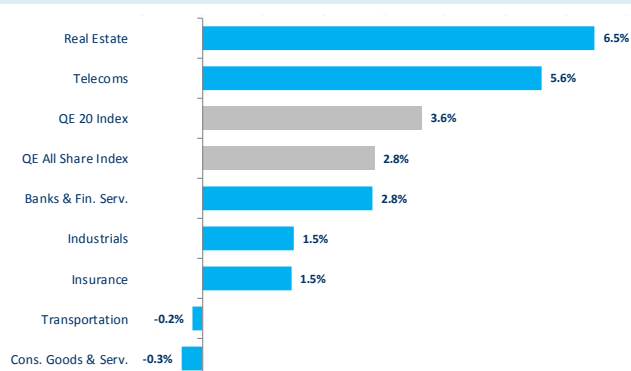
The QE 20 index was back in the green in June-16 after closing two consecutive months prior in the red, as it closed at 9,885.22 points. The Qatar All Share index also gained by 2.9% for the month, as most sectoral indices witnessed gains during June-16. Market breadth was broadly positive as 25 names gained ground, while 15 companies saw an erosion in their share prices. The move up was mostly supported by the Real Estate index, which went up by 6.5% for the month, followed by Telecoms, which went up by 5.6%. Banks and Financial services index also gained by 2.8% as compared to May-16. Indices, which closed in the red, were Consumer Goods & Services and Transportation which closed down by 0.34% and 0.15% respectively. The Real Estate index was buoyed by three out of its four large cap names gaining ground, led by Barwa, which went up by 8.9% followed by United Development & Ezdan as they moved up by 6.4% and 6.0% respectively. In Telecoms, Ooredoo moved up by 7.8% and was able to offset the declines in Vodafone. The Banking index was pushed into the green by heavyweights QNB & QIB, as they improved by 4.9% and 3.8% respectively. Medicare Group and Qatar Fuel – the largest stock in the index, were mainly responsible for the declines in the Consumer Goods & Services index as they declined by 8.8% and 0.26% respectively.

In corporate developments, Ooredoo successfully priced a USD 500 million issuance of senior unsecured notes. The Notes will mature on 22 June 2026 and will have a coupon of 3.75 % per year as per QSE. The transaction was reportedly priced at a margin of 2.27 % over the 10-year U.S. Treasury bond. The proceeds from issuance will reportedly be used for Ooredoo's general corporate purposes, including refinancing of its existing indebtedness. The Commercial Bank announced the successful issuance and pricing of a USD 750 Mn five-year senior unsecured bond under the Bank and its subsidiary, CBQ Finance Limited's USD 5 Bn European Medium Term Note ("EMTN") program, as per the QSE. The bond was issued at a spread of 215 basis points over mid-swaps, and carries a coupon of 3.250% and has a final reoffer yield of 3.385% per annum.

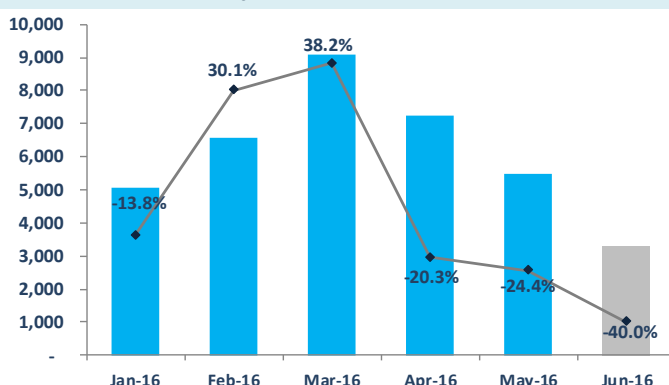
Trading value during June-16 decreased by 40% to reach QAR 3.2 Bn, compared to QAR 5.4 Bn May-16. Trading volume decreased by 45.3% to reach 89 Mn shares in June-16, as against 163 Mn shares during the previous month. Monthly gainers for the month of June-16 was topped by Dlala Brokerage, which ended the month up by 16.2%. Barwa Real Estate and Ooredoo followed with gains of 8.9% and 7.8% m-o-m respectively. The laggards during the month was led by Al Ahli Bank of Qatar which saw its price plunge by 10.5% m-o-m, while Medicare Group and Qatar German Co for Medical Devices followed closely, witnessing m-o-m declines of 8.8% and 6.5%.

In economic releases during the month, the Ministry of Development Planning and Statistics (MDPS) released Qatar Economic Outlook 2016-18. MDPS forecasts Qatar's real GDP growth at CAGR of 3.6% over 2016–2018, on the back of continued expansion in the non-hydrocarbon economy, which they mentioned will remain strong although moderating. Despite lower oil prices, they expect real GDP growth to rise to 3.9%, driven by growth in non-hydrocarbon sector, and from the boost to upstream hydrocarbon production from the Barzan gas project.

QE Monthly Sector Performance



Monthly Value Traded (QAR Mn)



Source: Qatar Exchange, KAMCO Research

Bahrain Bourse

Monthly Indicators	Jul-15	Aug-15	Sep-15	Oct-15	Nov-15	Dec-15	Jan-16	Feb-16	Mar-16	Apr-16	May-16	Jun-16
Bahrain All Share Index	1,331.66	1,299.24	1,275.89	1,250.37	1,232.57	1,215.89	1,187.10	1,178.23	1,131.11	1,110.53	1,111.56	1,118.37
Monthly % Change	(2.6%)	(2.4%)	(1.8%)	(2.0%)	(1.4%)	(1.4%)	(2.4%)	(0.7%)	(4.0%)	(1.8%)	0.1%	0.6%
Market Cap (BHD Mn)	7,840	7,645	7,494	7,410	7,319	7,196	7,025	6,973	6,694	6,573	6,574	6,615
P/E (X) - TTM	9.68	9.44	9.25	9.15	9.13	9.03	8.70	9.37	8.91	8.77	9.16	9.20
P/BV (X) - TTM	0.99	0.97	0.95	0.94	0.92	0.91	0.88	0.84	0.82	0.81	0.82	0.77
Dividend Yield (%)	3.62%	3.71%	3.78%	3.83%	4.99%	5.06%	5.25%	5.28%	5.72%	5.82%	5.79%	4.44%
Volume (Mn Shares)	19	26	87	28	63	40	23	38	33	22	26	75
Value (BHD Mn)	5	5	22	5	12	7	4	8	7	5	5	18
Trades	758	797	641	641	1,169	1,036	759	1,014	813	577	755	873

Source: Bahrain Bourse, KAMCO Research

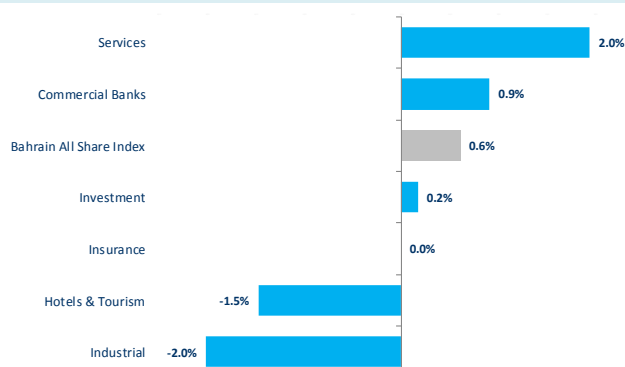
After posting its first m-o-m gains for 2016 in May-16, the Bahrain All Share Index was able to post a m-o-m gain in June-16 as well, albeit marginally, growing by 0.6% for the month. The index closed at 1118.37 points for the month of June -16. Market breadth was also broadly even between stocks as 12 stocks advanced while 11 stocks saw lower share prices during the month as compared to May -16.

Services and Commercial Banks indices were key gainers during the month moving up by over 2% & 0.9% respectively. In the Services index, Bahrain Cinema, Bahrain Duty Free and BMMI were more than able to offset the decline in value of Batelco. Ahli United Bank and National Bank of Bahrain were the key stocks which drove the Commercial Banks index higher with gains of 2.4% and 6% respectively. Industrial and Hotel indices were the key laggards in terms of sectoral performance. To enhance the liquidity and activity in the bourse, a number of initiatives were introduced during the month. Bahrain has reportedly launched a USD 100 Mn liquidity fund to enhance the depth in its illiquid stock markets. The Bahrain liquidity Fund is reportedly supported by a number of market participants and has been vested with assets in cash and shares. The fund will reportedly act as a market maker, as it will provide two way quotes on most of the listed stocks with a spread to allow the investors to trade more actively on their stocks. The Bahrain Bourse also introduced the Bahrain Islamic Index – which is the GCC's first Sharia-compliant index, the introduction of Real Estate Investment Trusts (REITs) rules and the offering of Bahraini government bonds and treasury bills.

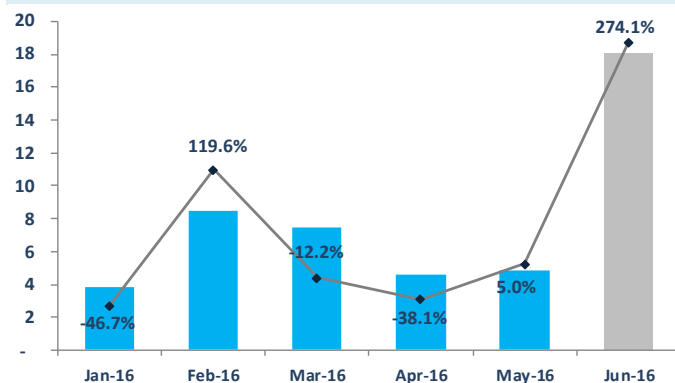
The exchange's figures of value and volumes traded moved up significantly as well in June-16 on an m-o-m basis, clocking another month of positive trading activity on the exchange. Volume traded in the exchange reached 83.1 Mn shares and improved by over three times m-o-m. Value traded jumped even more by over four times in the exchange to reach BHD 18 Mn in June -16, as compared to BHD 4.8 Mn shares in May-16. In addition, the number of trades made in the exchange increased to 873 trades, a 15.6% m-o-m jump from June-2016. Batelco was the most actively traded stock in June-16 with BHD 4.74 Mn worth of its shares traded on the exchange. BBK and Gulf Hotels Group followed with BHD 2.44 Mn and BHD 1.91 Mn worth of shares traded on the exchange. Bahrain Cinema topped the gainers list for the month of June-16, which reported a m-o-m increase of 30%, followed by Nass Corporation with a 12.5% monthly gain and BMMI, which went up by 9.2% as against May-16. Meanwhile, among the monthly decliners, Ithmaar Bank lost the most ground with its stock price plunging by 17.9% m-o-m.

In ratings related action, S&P Global Ratings affirmed Bahrain's 'BB/B' long- and short-term foreign and the local currency sovereign credit ratings of the country. The agency mentioned that their rating was mainly supported by the country's strong net external asset position and the assumption that Bahrain could receive additional support from Saudi Arabia, or from other GCC nations, in the event of further significant deterioration in its fiscal position or domestic political instability.

BSE Monthly Sector Performance



Monthly Value Traded (BHD Mn)



Source: Bahrain Bourse, KAMCO Research

Muscat Securities Market

Monthly Indicators	Jul-15	Aug-15	Sep-15	Oct-15	Nov-15	Dec-15	Jan-16	Feb-16	Mar-16	Apr-16	May-16	Jun-16
MSM 30 Index	6,558.2	5,871.6	5,787.7	5,928.2	5,547.9	5,406.2	5,179.4	5,395.1	5,467.4	5,942.7	5,811.0	5,777.3
Monthly % Change	2.1%	(10.5%)	(1.4%)	2.4%	(6.4%)	(2.6%)	(4.2%)	4.2%	1.3%	8.7%	(2.2%)	(0.6%)
Market Cap (OMR Mn)	8,291	7,622	7,558	7,645	6,861	6,913	6,636	6,870	6,961	7,444	7,428	7,233
P/E (X) - TTM	10.87	9.99	9.91	10.02	10.04	9.74	9.08	9.49	10.06	10.67	10.53	9.99
P/BV (X) - TTM	1.53	1.41	1.40	1.41	1.20	1.18	1.14	1.14	1.14	1.22	1.22	1.13
Dividend Yield (%)	3.79%	4.12%	4.16%	4.11%	4.90%	4.99%	5.15%	4.96%	5.38%	5.06%	5.10%	6.43%
Volume (Mn Shares)	192	235	202	1,286	184	381	267	339	336	575	347	254
Value (OMR Mn)	54	74	61	190	59	155	73	84	83	113	96	59
Trades	11,055	15,789	11,430	13,690	8,595	9,734	12,401	18,699	18,194	26,093	19,226	11,527

Source: Muscat Securities Market, KAMCO Research

Muscat Securities Market recorded decline for the second consecutive month, although marginal, during June-16 with the MSM 30 index falling by 0.6% during the month. The decline comes despite a 2% gain in industrial index that was more than offset by 0.6% fall in the services index and more importantly due to the 2% decline in the Financial Index. The later declined for the second consecutive month as foreign investors sold some of their banking sector holdings. This was also apparent in monthly price change for listed banks with prices of five of the six listed bank ending the month with a decline with Bank Dhofar recording the sharpest monthly fall of 4.5%.

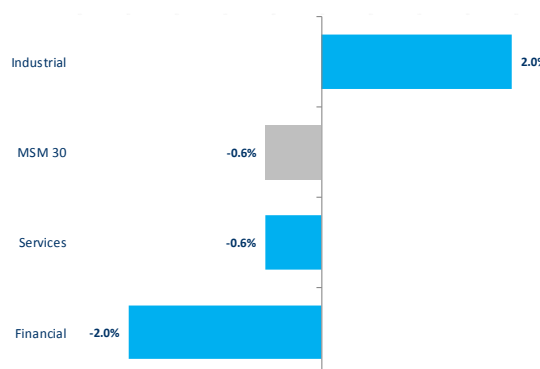
In a related development, the three-year pending merger of Bank Dhofar and Bank Sohar saw some progress after the boards of the two banks agreed on a share swap ratio for the proposed merger. Under the plan, each share of Bank Dhofar would be exchanged for 1.29 shares of Bank Sohar to create the second largest bank in Oman, behind Bank Muscat, with a combined asset base of OMR 58.8 Bn (approximately USD 16 Bn). According to Central Bank of Oman data, the banking sector in Sultanate continued to grow this year with key sector indicators pointing to a positive trend. Total assets for commercial banks increased by 7.7% year-on-year by the end of April-16 to OMR 28.6 Bn from OMR 26.5 Bn a year ago. During the same time, credit facilities increased by 9.4% to OMR 19.2 billion. Credit to the private sector registered an increase of 15.1% to OMR 18.8 Bn. Nevertheless, household sector, by way of personal loans, continues to account for a large chunk of private sector credits at 46%, whereas the share of the non-financial corporate sector stood at 45.8% of total private sector credits.

The monthly gainers chart was topped by Al Maha Ceramics with a gain of 11.5% followed by National Gas and Raysut Cement with returns of 10.5% and 6.9%, respectively. On the other hand, the decliners side was topped by Al Anwar Holding with a decline of -24.3% followed by Global Financial Investment (-7.1%) and Al Batineh Dev. Inv. Holding (-6.9%). The monthly market breadth remained skewed towards decliners with 24 stocks as against 16 gainers, whereas prices of 16 stocks remained unchanged by the end of the month.

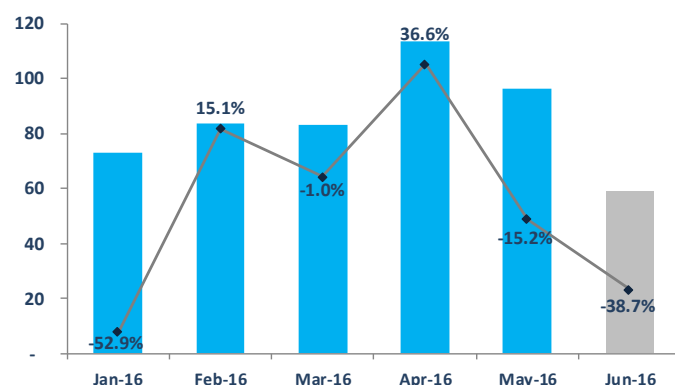
Trading activity on the exchange also declined, in line with the rest of the GCC markets, with volumes down by 27% to 254 Mn shares as compared to 347 Mn shares during the previous month whereas value traded declined by an even steeper 38.7% to OMR 58.9 Mn during June-16 as compared to OMR 96 Mn during the previous month. The monthly volume chart was topped by Bank Sohar (-2.2%) with 51.8 Mn shares traded during the month followed by Galfar Engineering (+2.8%) and HSBC Bank Oman (-3.9%) with 39.3 Mn shares and 27.9 Mn shares traded, respectively. Bank Sohar also topped the monthly value traded chart with OMR 9.2 Mn worth of shares traded during the month followed by Bank Muscat and Galfar Engineering with OMR 6.8 Mn and OMR 4.3 Mn in trades, respectively.

On the economic front, although there are no direct impact of Brexit on Oman, the country could suffer due to the expected temporary slowdown in economic growth in the UK as well as the European Union. Moreover, currency impact could have unforeseen impact on global trade that would affect Oman indirectly.

MSM Monthly Sector Performance



Monthly Value Traded (OMR Mn)



Source: Muscat Securities Market, KAMCO Research

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