

GCC Markets Monthly Report

August-2015

In this Report...

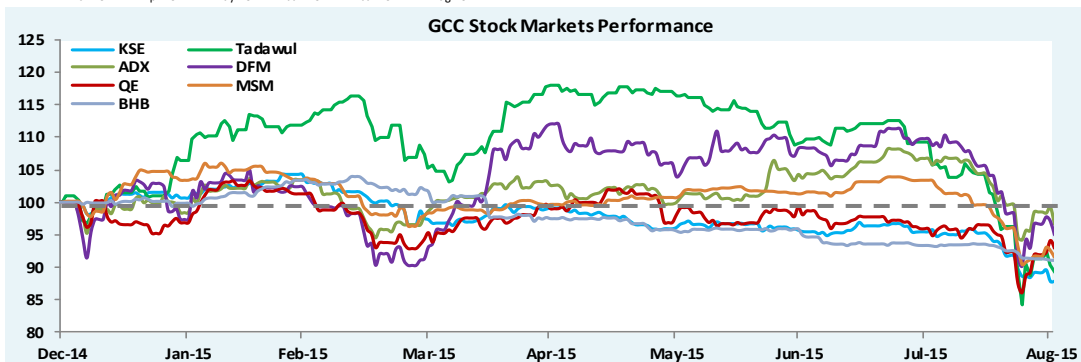
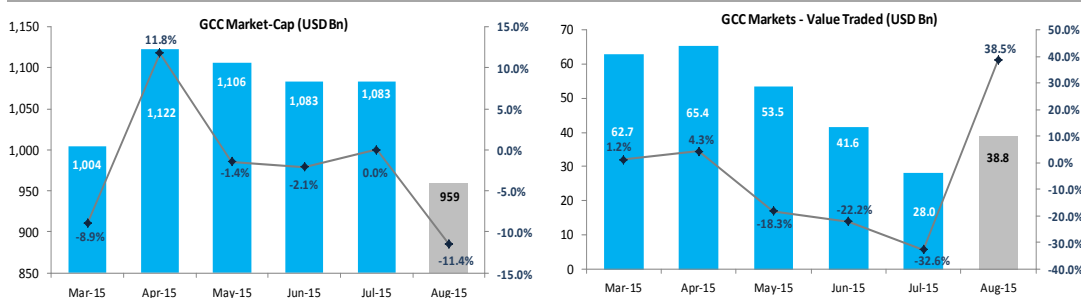
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The devaluation of the Chinese Yuan followed by an interest rate cut and similar efforts by the government to arrest the slide in stock market by pouring liquidity with additional funds failed to lift sentiments as the markets continued to slide with an unprecedented impact on global equity markets. Moreover, weak trade data from China coupled with a slowdown in Japan's economy stoked global fear as investors started parking money in safer bets. This triggered a huge selling activity across global equity markets with most of the markets seeing record weekly declines during the third week of August-2015, thereby completely wiping off or a huge chunk of the gains made during YTD-15. The Chinese situation also resulted in a near currency war as seen in competitive devaluation by Vietnam and Kazakhstan and pushed currencies of other export dependent economies lower as seen in the case of Won, Rupiah and Yen.

Apart from China, other factors that led to the global sell-off included a moderate recovery in the US and the lack of clarity on the economic growth in Europe. Moreover, with the current global financial situation the interest rate hike by the US Fed, which was expected during the third quarter of 2015 is not expected to be pushed until early next year.

GCC equity markets got a double whammy with stock markets in a free fall in addition to the continued decline in oil prices. Investor sentiment took a severe hit and the seven market in the GCC lost USD 123 Bn in market cap during the month. Markets touched historical low level since the financial crisis as the global financial market sell-off and the decline in oil prices raises concerns on the ability of the GCC economies to spend on infrastructure projects as per their respective strategic plans. Markets remained volatile throughout the month. Bloomberg data highlighted that, over the past 30 days, Saudi Arabia remained the most volatile market after China and the Oil market.

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	385.3	(8.0%)	(12.2%)	87.5	993.2	15.3	1.1	3.9%
Kuwait - 15 Index	919.2	(9.4%)	(13.3%)					
Kuwait - Price Index	5,820.6	(6.9%)	(10.9%)					
Saudi Arabia	7,522.5	(17.3%)	(9.7%)	451.9	31,006.7	15.8	1.8	2.8%
Abu Dhabi	4,493.9	(7.0%)	(0.8%)	119.2	1,352.2	8.1	1.4	4.3%
Dubai	3,662.6	(11.6%)	(3.0%)	94.0	3,431.6	11.4	1.3	2.5%
Qatar	11,563.6	(1.9%)	(5.9%)	166.8	1,853.5	13.4	2.0	4.2%
Bahrain	1,299.2	(2.4%)	(8.9%)	20.3	13.1	9.4	1.0	3.7%
Oman	5,871.6	(10.5%)	(7.4%)	19.8	193.2	10.0	1.4	4.1%
Total GCC				959.4	38,843.5	14.1	1.7	3.3%



Source: GCC Stock Exchanges, KAMCO Research

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Kuwait Stock Exchange

Monthly Indicators	Sep-14	Oct-14	Nov-14	Dec-14	Jan-15	Feb-15	Mar-15	Apr-15	May-15	Jun-15	Jul-15	Aug-15
KSE Price Index	7,621.5	7,361.6	6,752.9	6,535.7	6,572.3	6,601.4	6,282.5	6,377.0	6,292.5	6,203.0	6,253.7	5,820.6
Monthly % Change	2.6%	(3.4%)	(8.3%)	(3.2%)	0.6%	0.4%	(4.8%)	1.5%	(1.3%)	(1.4%)	0.8%	(6.9%)
KSE Weighted Index	494.4	482.2	454.5	438.9	441.8	457.7	427.2	435.1	421.8	419.9	418.9	385.3
Monthly % Change	0.5%	(2.5%)	(5.7%)	(3.4%)	0.7%	3.6%	(6.7%)	1.8%	(3.0%)	(0.4%)	(0.2%)	(8.0%)
Kuwait 15 Index	1,203.8	1,170.7	1,105.8	1,060.0	1,072.7	1,116.9	1,021.4	1,059.7	1,016.3	1,017.0	1,014.9	919.2
Monthly % Change	0.3%	(2.8%)	(5.5%)	(4.1%)	1.2%	4.1%	(8.5%)	3.7%	(4.1%)	0.1%	(0.2%)	(9.4%)
Market Cap (KWD Mn)	33,021	32,178	30,432	29,706	29,914	30,995	28,437	29,418	28,550	28,755	28,647	26,423
P/E (X) - TTM	20.70	20.20	19.01	18.48	17.80	18.43	17.03	17.28	16.77	16.68	16.61	15.32
P/BV (X) - TTM	1.46	1.43	1.35	1.32	1.30	1.34	1.23	1.27	1.24	1.24	1.23	1.14
Dividend Yield (%)	2.96%	3.04%	3.21%	3.26%	3.23%	3.16%	3.68%	3.47%	3.59%	3.59%	3.61%	3.91%
Volume (Mn Shares)	6,135	3,263	3,271	5,781	5,450	3,932	3,267	5,362	3,876	3,420	2,228	3,073
Value (KD Mn)	622	382	383	689	502	460	367	414	329	338	219	300
Trades ('000)	133.5	70.9	72.6	166.6	126.4	96.4	84.9	106.9	84.8	71.7	50.7	76.1

Source: Kuwait Stock Exchange, KAMCO Research

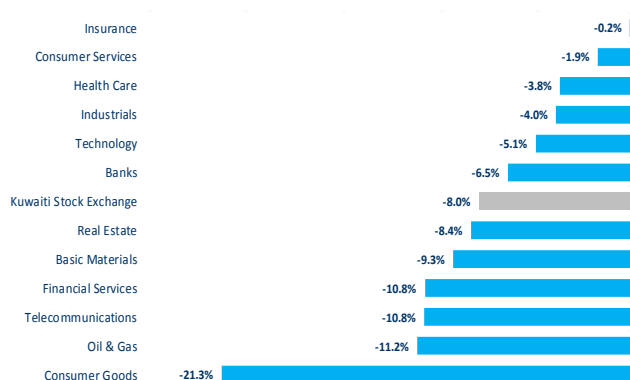
KSE indices plunged during August-15 going below the psychologically important levels across the three indices. The KSE Weighted index went below 400 points and closed the month with a decline of 8% at 385.34 points, the lowest level since July-10. Meanwhile, the KSE Price Index closed below the 6,000 mark after it touched its lowest level since November-12. The large-cap KSE 15 Index saw the steepest monthly decline of 9.4% and closed the month with just above the 900 points level as all the constituent stocks recorded steep monthly declines. In terms of YTD-15 performance, all the market indices ended in the red with the KSE-15 index showing the steepest decline of 13.3% followed by the KSE Weighted Index at 12.2%.

Among the sectoral indices, only the Health Care index continues to record positive YTD-15 gain of 4.3% whereas the rest of the sectors are already in the red. Among the large-cap stocks, Americana dropped the most during the month with a decline of 24.11% led by a 21.7% slump in 1H-15 profits that reached KWD 24.2 Mn due to a decline in sales during the month of Ramadan. As a consequence, the Consumer Goods Index recorded the steepest monthly decline of 21.3% also led by 17.5% and 7.8% decline in shares of Mezzan Holding and Danah Alsafat Foodstuff. Mezzan Holding, which was listed in June-15, was trading at KWD 0.990, 10 fils above its listing price of KWD 0.980, although the company recorded 65.8% increase in net profit for 1H-15. The Oil & Gas Index recorded the second highest drop of 11.2% followed by a 10.8% monthly decline for the Telecom Index. Both these sectors recorded steep decline in 1H-15 profitability (60.8% for the Oil & Gas sector and 31.8% decline for the Telecom sector). Nevertheless, total corporate profitability for Kuwait-listed companies increased by 6% during 1H-15 to reach KWD 958.4 Mn as all the sectors reported y-o-y growth in profits with the exception of Oil & Gas, Telecom and Technology sectors.

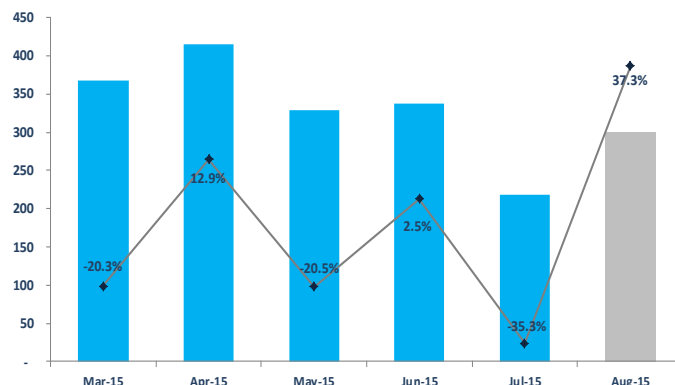
Meanwhile, the drop in oil prices continues to affect state budgets with the country mulling levying value added tax on companies as well as cut in budgeted expenses. According to reports, Kuwait is planning to reschedule its development plan citing deficit in budget due to the decline in oil revenues. The move is aimed at expediting the completion of the essential projects and suspending the rest until oil prices and revenues improves.

Trading activity on the exchange improved during the month on the back of higher selling pressure. Total volume traded increased by 38% to 3.1 Bn shares followed by a similar increase in value of shares traded that reached KWD 300 Mn. Market breadth continued to favor losers that included 139 companies as compared to 28 gainers. Zima Holding topped the gainers chart with a monthly gain of 89.9% whereas on the losers side, NCCI topped the chart with a loss of 34.4% followed by KBMMC with a drop of 32.9%. In terms of value of shares traded, KFH topped the chart with KWD 25.9 Mn worth of shares traded followed by NBK at KWD 24.3Mn.

KSE Monthly Sector Performance



Monthly Value Traded (KWD Mn)



Source: Kuwait Stock Exchange, KAMCO Research

Saudi Arabia (Tadawul)

Monthly Indicators	Sep-14	Oct-14	Nov-14	Dec-14	Jan-15	Feb-15	Mar-15	Apr-15	May-15	Jun-15	Jul-15	Aug-15
Tadawul All Share Index	10,854.8	10,034.9	8,624.9	8,333.3	8,878.5	9,313.5	8,778.9	9,834.5	9,688.7	9,086.9	9,098.3	7,522.5
Monthly % Change	(2.3%)	(7.6%)	(14.1%)	(3.4%)	6.5%	4.9%	(5.7%)	12.0%	(1.5%)	(6.2%)	0.1%	(17.3%)
Market Cap (SAR Bn)	2,210.4	2,051.9	1,874.2	1,816.0	1,918.8	2,036.6	1,818.3	2,165.1	2,149.2	2,017.2	2,026.6	1,694.7
P/E (X) - TTM	19.93	18.50	15.38	14.90	15.30	16.24	16.17	19.26	19.08	18.82	18.91	15.81
P/BV (X) - TTM	2.57	2.40	2.07	2.00	2.10	2.21	1.79	2.13	2.11	2.14	2.15	1.80
Dividend Yield (%)	2.70%	2.90%	3.19%	3.29%	3.10%	2.93%	3.28%	2.76%	2.78%	3.03%	2.38%	2.84%
Volume (Mn Shares)	6,090	4,065	4,559	7,718	6,738	7,670	7,513	7,545	5,560	3,515	2,593	4,971
Value (SAR Mn)	201,646	132,885	153,409	203,019	162,456	194,325	206,269	197,358	162,395	112,807	84,411	116,281
Trades ('000)	2,999	2,124	2,594	3,830	3,067	3,083	3,353	3,154	2,876	2,151	1,615	2,473

Source: Tadawul, KAMCO Research

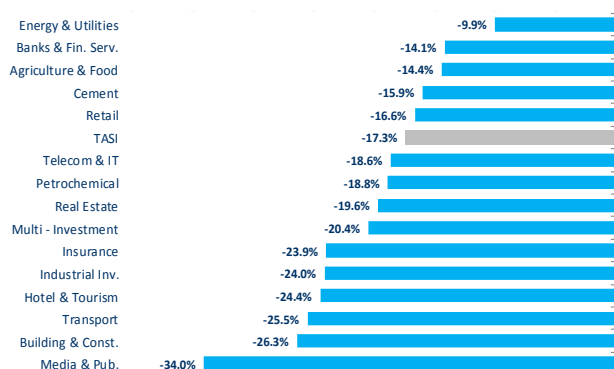
After marginal gains recorded during the previous month, the Tadawul All Share Index recorded the steepest monthly decline in the GCC with a fall of 17.3% during August-15. The index dropped by almost 1,600 points and closed just above the 7,500 mark after reaching a monthly close low of 7,024.6 points on 24-August-15. During the month, Saudi Arabia lost almost USD 90 Bn or 16.4% in market capitalization which stood at USD 451.8 Bn at the end of the month. In terms of YTD-15 performance, the TASI Index trails behind KSE indices with a decline of 9.7% by the end of August-15. TASI remained extremely volatile during the month (second only to the volatility seen in China's Shanghai Composite Index and Oil spot prices according to 30-day volatility measured by Bloomberg) and replicated the trend seen during December-14 when the market saw record single-day drop followed by a record single-day gain. On 23-August-15, the index plunged 6.9% followed by a drop of 5.9% on 24-August-15 only to recover by almost 7.4% on 25-August-15.

The selling spree during the month resulted in higher monthly value and volume traded. Total monthly volume almost doubled to 5 Bn shares as compared to 2.6 Bn shares during July-15 whereas value traded during the month increased by 37.8% to SAR 116.3 Bn. In a setback for Saudi Arabia, Fitch revised its outlook on Saudi Arabia's Issuer Default Ratings to Negative while it affirmed the rating at AA. The rating agency cited sharply lower revenue and higher spending as a percentage of GDP for the outlook revision. The agency also expects deficits in the mid-single digits in 2016 and 2017, but warned that deficits would likely stay in the double digits without fiscal consolidation. In a related development, in order to fill the budget deficit, Saudi Arabia issued its first government bonds since 2007. The government issued SAR 20 Bn (USD 5.3 Bn) of sovereign development bonds and according to FT and Reuters, the kingdom could issue more bonds till the end of the year with some pegging the size of the issue at USD 27 Bn in total issues this year.

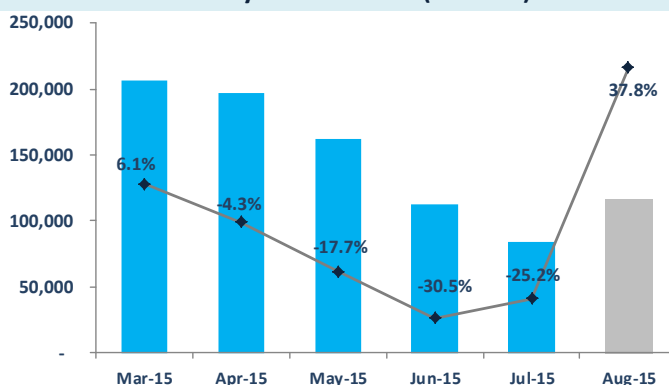
Investor sentiments were completely reflected in the trading charts that included no monthly gainers. The losers chart was topped by Takween with a loss of more than 50%. Shares of THIMAR and Tihama Advertising also fell by almost 50% whereas large-cap stocks like SABIC dropped by 16.5% during the month. Total market for the top 10 companies by market cap in Saudi Arabia dropped by 14.3% or SAR 149.4 Bn to SAR 892.5 Bn. In terms of monthly value traded, Alinma Bank topped the chart with monthly trades valued at SAR 13.7 Bn followed by SABIC and Dar Al Arkan Real Estate with trades valued at SAR 12.5 Bn and SAR 4.9 Bn, respectively. The Banks & Financial services sector continued to account for the biggest pie of total value of shares traded which stood at SAR 22 Bn or 18.9% or total value traded during the month, whereas the Petrochemical sector accounted for the second largest pie with trades valued at SAR 21 Bn or 18% of total value traded.

In terms of sector performance, the Media and Publishing Index fell by 34% followed by the Building & Construction Index that declined by 26.3%. Among the major indices, the Banking & Financial Services index declined by 14.1% whereas the Petrochemical and the Telecom indices declined by 18.8% and 18.6%, respectively. During the month, shares in Mobily, which were suspended after accounting issues starting trading and closed the month with a decline of 25.4%.

Tadawul Monthly Sector Performance



Monthly Value Traded (SAR Mn)



Source: Tadawul, KAMCO Research

Abu Dhabi Securities Exchange

Monthly Indicators	Sep-14	Oct-14	Nov-14	Dec-14	Jan-15	Feb-15	Mar-15	Apr-15	May-15	Jun-15	Jul-15	Aug-15
ADX General Index	5,106.3	4,861.5	4,675.0	4,528.9	4,456.8	4,686.2	4,467.9	4,647.1	4,527.6	4,723.2	4,834.2	4,493.9
Monthly % Change	0.5%	(4.8%)	(3.8%)	(3.1%)	(1.6%)	5.1%	(4.7%)	4.0%	(2.6%)	4.3%	2.3%	(7.0%)
Market Cap (AED Bn)	509.5	488.0	468.1	463.9	455.5	477.9	442.7	450.1	442.3	461.7	471.6	437.7
P/E (X) - TTM	13.90	13.30	12.77	12.66	12.39	13.00	8.16	8.41	8.27	8.59	8.78	8.15
P/BV (X) - TTM	1.68	1.60	1.55	1.53	1.43	1.50	1.41	1.44	1.41	1.46	1.49	1.39
Dividend Yield (%)	3.85%	4.00%	4.19%	4.23%	4.30%	4.10%	4.43%	4.36%	4.43%	4.06%	3.98%	4.28%
Volume (Mn Shares)	2,158	1,816	3,590	5,188	1,848	1,873	1,609	4,510	1,951	2,006	2,347	2,469
Value (AED Mn)	6,891	5,274	6,984	8,691	4,233	4,265	4,929	7,635	4,547	4,099	3,889	4,967
Trades	45,493	43,163	53,397	71,913	39,052	33,441	37,722	54,186	36,947	32,836	32,127	45,353

Source: Abu Dhabi Securities Exchange, KAMCO Research

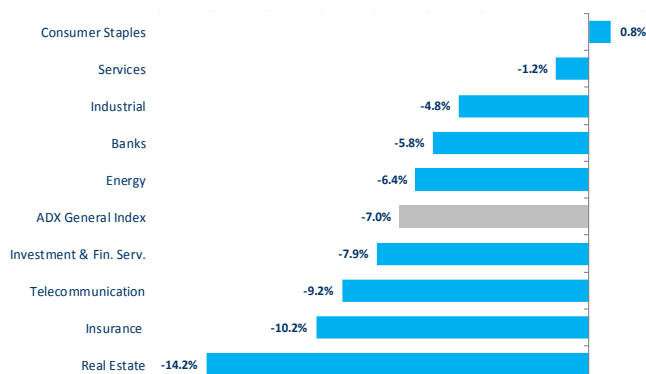
After demonstrating resilient performance during the past two months, the ADX market cracked during August-15 led by the overall weakness in the global equity market. The ADX General Index plunged by 7% during the month to close at 4,493.9 points on the back of negative performance in all the sectoral indices with the only exception of the Consumer Staples Index that went up marginally during the month. The Real Estate Index saw the steepest monthly decline of 14.2% followed by the Insurance and Telecom indices with monthly declines of 10.2% and 9.2%, respectively. Within the Real Estate sector, which recorded 1H-15 earnings growth of 9.5%, shares of Aldar Properties declined by 13.4% whereas the other two smaller real estate players, Eshraq Properties and RAK Properties, recorded even higher share price decline of 20.2% and 15.2%, respectively. The decline in shares of Aldar Properties came despite the firm reporting a healthy growth of 21.8% in 1H-15 net profits that reached AED 1.2 Bn.

The drop in the Insurance Index was led by a 33.8% decline in shares of Abu Dhabi National Insurance, the largest insurance by market cap, after the company swung to a 1H-15 loss of AED 299 Mn as compared to a 1H-14 net profit of AED 104 Mn primarily due to net underwriting loss during the first half of 2015 further due to a decline in net investment income and other income. The decline in the Telecom Index came on the back of the continued decline in profitability for telecom companies. Total 1H-15 profits for the three telecom companies listed on ADX declined by 24.2% to AED 4.8 Bn as compared to AED 6.4 Bn during 1H-14. Meanwhile, total 1H-15 profits for ADX listed companies declined by 5.6% to AED 19.8 Bn. The drop was primarily due to profit decline for Energy, Telecom, Insurance and Investment & Financial Services sectors.

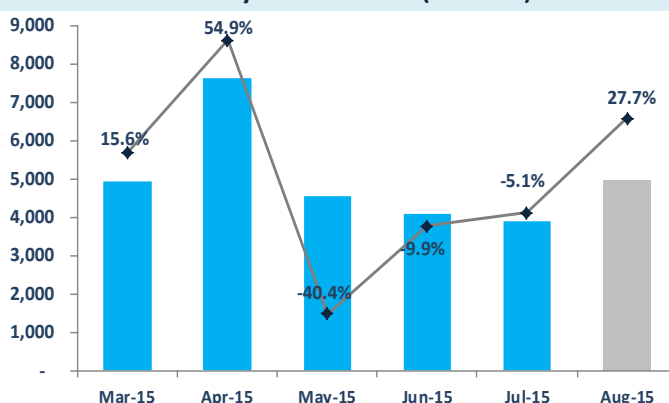
The move to remove fuel subsidies during July-15, which was lauded by IMF, did not help to curb the decline as investor sentiments continue to remain bearish owing to the global equity market sell-off. Nevertheless, the decision on fuel subsidies could be followed by other ways of widening state revenues, which includes levying value-added and corporate taxes. The UAE's cabinet has already approved a draft law for corporate taxation and the government is also preparing a value-added tax law. In a positive development, S&P affirmed Abu Dhabi's long-term debt rating at AA and said that the exceptional strength of its net asset position provides a buffer to counter the negative impact of oil price declines on economic growth and government revenues. Nevertheless, the rating agency now projects Abu Dhabi's annual average fiscal deficit at 1.5% of GDP between 2015 and 2018 as compared to a previous estimate of a surplus of 2% of GDP over the same period. In another development, the CEO of ADX said that the exchange is eyeing expansion through the launch of a derivatives market in the next few years in order to diversify financial instruments. The plan is aimed at bringing more institutional investors to reduce volatility and support new IPOs.

In terms of monthly trading performance, Abu Dhabi Ship Building topped the gainers chart with a monthly gain of 35.7% followed by Invest Bank and National Takaful Co. with monthly gains of 15.0% and 13.3%, respectively. The most active stocks by valued traded included Aldar Properties (AED 1.1 Bn), FGB (AED 856 Mn) and ADCB (AED 672 Mn).

ADX Monthly Sector Performance



Monthly Value Traded (AED Mn)



Source: Abu Dhabi Securities Exchange, KAMCO Research

Dubai Financial Market

Monthly Indicators	Sep-14	Oct-14	Nov-14	Dec-14	Jan-15	Feb-15	Mar-15	Apr-15	May-15	Jun-15	Jul-15	Aug-15
DFM General Index	5,042.9	4,545.4	4,281.4	3,774.0	3,674.4	3,864.7	3,514.4	4,229.0	3,923.2	4,086.8	4,143.2	3,662.6
Monthly % Change	(0.4%)	(9.9%)	(5.8%)	(11.9%)	(2.6%)	5.2%	(9.1%)	20.3%	(7.2%)	4.2%	1.4%	(11.6%)
Market Cap (AED Bn)	369.0	380.6	367.4	335.2	341.1	361.8	331.3	385.8	367.7	382.1	386.2	345.2
P/E (X) - TTM	16.85	16.50	15.80	14.46	12.16	12.90	11.33	13.20	12.59	12.58	12.72	11.38
P/BV (X) - TTM	1.67	1.60	1.56	1.41	1.34	1.43	1.30	1.52	1.45	1.46	1.48	1.32
Dividend Yield (%)	2.00%	1.90%	2.01%	2.20%	2.16%	2.04%	2.23%	1.91%	2.00%	1.94%	2.22%	2.48%
Volume (Mn Shares)	8,096	8,801	7,243	12,333	8,859	8,175	6,926	17,350	9,600	14,249	6,426	7,730
Value (AED Mn)	25,395	21,663	19,574	23,162	15,266	13,343	9,596	24,815	14,221	26,148	9,721	12,604
Trades	148,274	167,489	130,553	210,161	159,224	130,854	110,813	216,339	134,211	227,235	102,255	147,101

Source: Dubai Financial Market, KAMCO Research

In line with other GCC markets, the highly volatile DFM Index also dropped during August-15 after two consecutive months of gain owing to negative investor sentiments. The monthly index decline came in second only to Saudi Arabia at 11.6% owing to a decline in all the sectoral indices. The Services index fell the most with the decline recorded at 16.6% followed by the Industrial and the Financial and Investment Services Indices with monthly declines of 15.8% and 15.4%, respectively. The drop in the services index came solely on the back of a 13.5% decline in shares of Tabreed although the company reported 3.2% increase in 1H-15 profits. On the other hand, the drop in the industrial index came on the back of 15.8% and 11.1% decline in shares of National Cement and National Industries, respectively, despite both the companies reporting positive net profit growth in 1H-15.

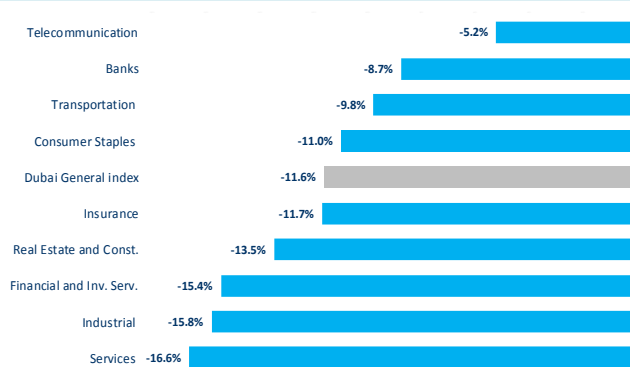
Meanwhile, shares in Shuaa Capital, within the Financial & Investment Services sector, dropped by 29% during the month on the back of significant decline in 1H-15 profitability. The company reported 1H-15 net profit of merely AED 0.12 Mn as against a profit of AED 14.43 Mn in 1H-14 primarily due to net loss reported during the first quarter of 2015. Other large-cap stocks within the financial services sector, DFM and Dubai Investment, also saw steep drop in share prices (10.9% and 15.8%, respectively) on the back of a significant decline in 1H-15 profits reported by these companies.

First half profits for the banking sector saw significant improvement with total profits up by 35.1% to AED 7.9 Bn as compared to AED 5.8 Bn in 1H-14. All the banks in Dubai reported positive earnings growth during the first half of the year. Nevertheless, despite positive earnings, investor sentiments continued to be swayed by the trend in the global equity markets as seen in the 8.7% decline in the Banks Index. The Real Estate index also saw a steep monthly drop of 13.5% as barring Damac Properties, all the companies within the sector recorded monthly share price decline. Shares in Damac Properties appreciated 10.7% during August-15 on the back of a 57% increase in 1H-15 net profits that reached AED 2.7 Bn, although a significant portion of the increase was due to accounting changes. The company also announced an interim cash dividend of 10% and 10% bonus shares. On the other hand, 1H-15 profits of Emaar Properties increased by 11.53% to AED 2.2 Bn. The developer also recorded a 16% increase in Q2-15 profits on the back of higher other income and higher income tax credits.

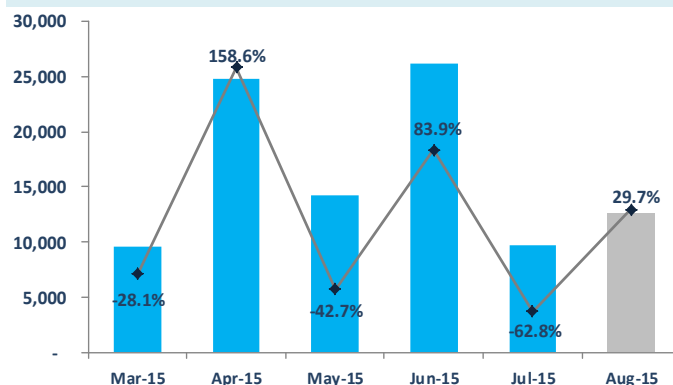
The Telecom sector in the UAE saw a structural change during the month when the regulator opened up the fixed-line consumer telecom market to competition. The move could be beneficial for Du which will now get access to areas where Etisalat operates. Nevertheless, both the stocks declined during the month resulting in 5.2% decline in the telecom index.

Trading activity picked up during the month with an increase of 20% in monthly volume traded that reached 7.73 Bn shares. Monthly value traded also increased by 30% to AED 12.6 Bn. Large cap gainers during the month included Damac Properties with a monthly return of 10.6%. The company also recorded second largest pie of monthly value traded which stood at AED 1.7 Bn trailing Emaar at AED 2.1 Bn.

DFM Monthly Sector Performance



Monthly Value Traded (AED Mn)



Source: Dubai Financial Market, KAMCO Research

Qatar Exchange

Monthly Indicators	Sep-14	Oct-14	Nov-14	Dec-14	Jan-15	Feb-15	Mar-15	Apr-15	May-15	Jun-15	Jul-15	Aug-15
QE 20 Index	13,728.3	13,498.9	12,760.5	12,285.8	11,899.6	12,445.3	11,711.4	12,164.5	12,048.3	12,201.0	11,785.2	11,563.6
Monthly % Change	1.0%	(1.7%)	(5.5%)	(3.7%)	(3.1%)	4.6%	(5.9%)	3.9%	(1.0%)	1.3%	(3.4%)	(1.9%)
Market Cap (QAR Bn)	736.1	728.3	698.1	676.8	648.8	675.3	630.0	653.0	641.8	648.0	625.7	607.4
P/E (X) - TTM	18.11	17.90	17.20	16.65	15.28	15.93	14.75	15.29	15.03	14.31	13.81	13.41
P/BV (X) - TTM	2.53	2.50	2.40	2.32	2.11	2.20	2.01	2.07	2.03	2.17	2.10	2.04
Dividend Yield (%)	3.08%	3.10%	3.30%	3.36%	3.50%	3.36%	3.60%	3.48%	3.54%	3.97%	4.11%	4.23%
Volume (Mn Shares)	319	232	281	367	208	337	171	200	394	164	77	153
Value (QAR Mn)	13,803	10,694	18,760	16,586	10,167	12,434	8,136	8,362	13,602	7,272	3,456	6,748
Trades	134,960	107,598	157,169	174,100	126,765	135,557	107,902	108,714	139,246	84,557	64,170	100,914

Source: Qatar Exchange, KAMCO Research

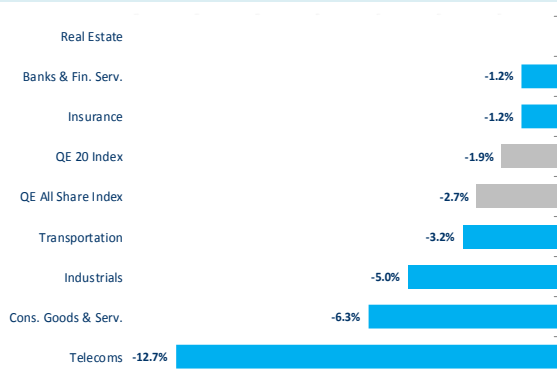
Qatar Exchange, which recorded the steepest monthly decline in the GCC during July-15, saw the smallest decline in GCC during Aug-15. The QE 20 Index declined by 1.9% during the month to 11,563.6 points whereas the Qatar All Share Index dropped by a slightly higher 2.7%. Total market capitalization reached QAR 607.4 Bn (USD 166.8 Bn) witnessing a drop of 2.9% or QAR 18.4 Bn as compared to the previous month. All the sectoral indices ended the month in the negative territory with the exception of the Real Estate index that gained marginally by the end of the month. The steepest decline was recorded by the Telecom index that declined by 12.7%, followed by the Consumer Goods & Services and Industrial indices, that declined by 6.3% and 5%, respectively.

The broader market witnessed slightly higher declines than the benchmark index, as the Qatar All Share Index slipped by 2.7% m-o-m. Most stocks in the QE-20 receded during the month of Aug-15, barring four stocks. Global themes of slumping oil prices and concerns regarding China continued to weigh on trading sentiment in August-15. The monthly decline was led by telcos for the third month in a row, as the Telecom Index fell by 12.7% during the month, followed by Consumer Goods & Services and Industrials indices. The sharp drop in the Telecom Index was driven by steep declines in Ooredoo and Vodafone Qatar share prices, which fell by 13.8 % and 4.4% respectively, as negative sentiment towards Telecom stocks continued in the region. All stocks in the Consumer Goods & Services index declined with stocks such as Widam (Qatar Meat & Livestock Co.) and Qatari German Co. for Medical Devices, leading the slide with declines of 13.3% and 13.0%, respectively. The Industrials index also saw decline of 5.0% m-o-m, as all stocks in the index receded during the month of August-15. Stocks such as GISS (-13.0%) and Qatar National Cement (-12.7%) came under severe pressure. The decline in GISS for the month, which operates in insurance, aviation, oil and gas services and catering, was mainly due to the 9.2% q-o-q drop in Q2-15 earnings, driven by drilling and catering segments.

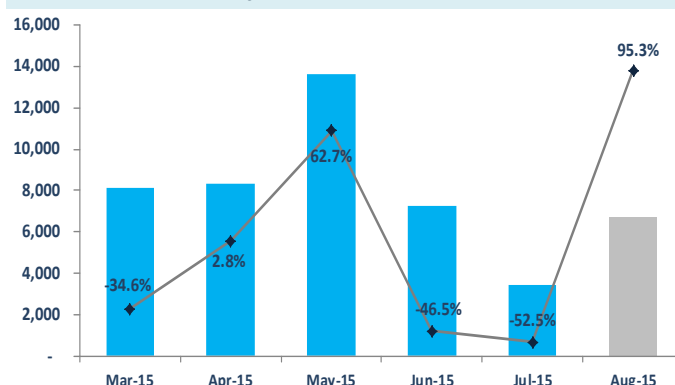
On the other hand, the Real Estate Index remained broadly stable during the month (+0.3%), as the increase in price of Ezdan Holding (+8.2%) offset declines in other index constituents. The jump in the price of Ezdan Holding was mainly because MSCI increased its weighting in its emerging markets index at the end of August. The Banks and Financial services declined by 1.2% during the month, as only CBQ (+5.9%) and Qatar Islamic Bank (+3.2%) were able to close the month in the green. The increase witnessed in the price of CBQ is largely ascribed to MSCI increasing its weighting in the scrip. Financial services stocks came under severe pressure, following their sequential decline in earnings, as stocks such as Dlala and Qatar Oman Investment witnessed declines of 23.4% and 12.6%, respectively.

In line with the other GCC markets, monthly trading activity in Qatar jumped during the month of August with volume and value traded increasing significantly by more than 95%. Total monthly volume traded increased by 97% m-o-m to 153 Mn shares in Aug-15 as compared to 77 Mn shares in Jul-15, resulting in a daily average volume of approximately 7.0 Mn shares as compared to 4.1 Mn shares during Jul-15. Total value traded also went up by 95% to QAR 6.7Bn during Aug-15 as compared to QAR 3.5Bn during Jul-15. The average daily value traded grew from QAR 181.9 Mn in Jul-15 to QAR 306.7 during Aug-15.

QE Monthly Sector Performance



Monthly Value Traded (QAR Mn)



Source: Qatar Exchange, KAMCO Research

Bahrain Bourse

Monthly Indicators	Sep-14	Oct-14	Nov-14	Dec-14	Jan-15	Feb-15	Mar-15	Apr-15	May-15	Jun-15	Jul-15	Aug-15
Bahrain All Share Index	1,476.02	1,444.13	1,428.67	1,426.57	1,424.37	1,474.81	1,449.98	1,390.62	1,363.67	1,367.83	1,331.66	1,299.24
Monthly % Change	0.3%	(2.2%)	(1.1%)	(0.1%)	(0.2%)	3.5%	(1.7%)	(4.1%)	(1.9%)	0.3%	(2.6%)	(2.4%)
Market Cap (BHD Mn)	8,376	8,193	8,105	8,099	8,086	8,378	8,242	7,917	7,904	7,928	7,840	7,645
P/E (X) - TTM	13.21	12.90	12.78	12.71	11.90	12.32	10.43	10.02	10.00	9.79	9.68	9.44
P/BV (X) - TTM	1.07	1.00	1.03	1.02	1.01	1.04	1.01	0.97	0.97	1.01	0.99	0.97
Dividend Yield (%)	3.41%	3.50%	3.53%	3.53%	3.53%	3.41%	3.47%	3.61%	3.62%	4.59%	3.62%	3.71%
Volume (Mn Shares)	51	64	22	29	14	27	24	79	82	28	19	26
Value (BHD Mn)	12	21	6	9	4	8	6	15	16	7	5	5
Trades	1,069	609	628	1,065	626	1,029	1,005	1,194	1,526	866	758	797

Source: Bahrain Bourse, KAMCO Research

Bahrain All Share Index dropped for the second consecutive month at almost the same pace as seen in July-15 (2.4% in August-15 as vs. 2.6% in Jul-15). The drop was primarily on account of the Industrial Index that declined by 6.3% and the Commercial Banks index that fell by 3.4%. The Hotels & Tourism Index gained marginally during the month.

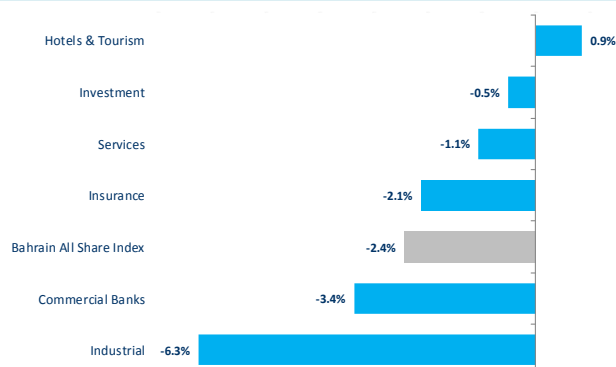
Trading activity picked up in Aug-15 on a m-o-m basis, increasing by 33.4% as against Jul-15, as monthly traded volume increased to 26 Mn shares, as compared to 19 Mn shares during Jul-15. The value of total shares traded during the month however declined marginally by 0.3% m-o-m to BHD 5 Mn, the lowest monthly traded value since January-15, stabilizing at levels witnessed during the previous month. The average daily volume traded inched higher from 1 Mn shares in Jul-15 to just over 1.2 Mn shares during Aug-15, whereas average monthly value traded declined from BHD 0.26 Mn to BHD 0.22 Mn.

In terms of earnings performance, the total earnings for companies listed on the Bahrain exchange went up by 8.9% y-o-y in 1H-15, led by the Industrials & Commercial Banks Sector. The increase in the Industrials sector is mainly ascribed to a doubling of earnings by Aluminum Bahrain in 1H-15 as against 1H-14. Batelco earnings dipped 6.5% q-o-q but posted a 27.5 % y-o-y increase in Q2-15. The y-o-y increase was reportedly because of cost savings and lower interest expenses that offset a decline in revenue over the same period.

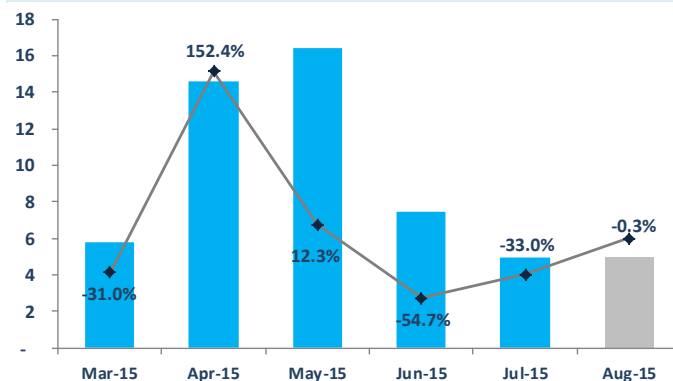
In terms of index performance, all the sectoral indices barring the Hotel & Tourism index ended in the red. The Commercial Banks Index continued its trend from Jul-15 and receded by 3.4% m-o-m in Aug-15 with all banks declining. Al Salam Bank led the laggards with a decline of 17.5% followed by AlKhaleeji Commercial Bank which saw its price recede by 6.2%. Meanwhile the Investment Sector remained mostly stable declining only by 0.5% m-o-m in Aug-15, as a 0.8% increase in Arab Banking Corporation – the scrip with the largest market capitalization in the sector, was able to offset declines in other stocks. Arab Insurance Group remained the only mover in the Insurance Sector witnessing declines of 8.5% m-o-m in Aug-15. The Services sector continued to recede for the fourth month running, as the index went down by 1.1% m-o-m. The negative return from the Services Sector is largely ascribed to heavyweight Batelco losing 2.4%. The marginal gains in the Hotel & Tourism Sector in Aug-15 (+0.9%), comes after the index lost 7.2% in Jul-15. BANADER Co. for Hotels (+10.0%) and Gulf Hotels Group (+1.2%) were instrumental in gains achieved by the sector during the month of August.

The monthly best performers chart was topped by TRAFICO, with a monthly return of 17.8% as the stock featured in the top performers list for a second month consecutively (Jul-15:+1.9%). BANADER Co. for Hotels followed with gains of 10% m-o-m for the month of August. On the losers chart, Al Salam Bank topped the list with a monthly decline of 17.5% followed by Arab Insurance Group (-8.5%) and Inovest BSC. (-7.9%). United Gulf Bank garnering BHD 1.2 Mn in trades during Aug-15 topped the list of most actively traded stocks for the month followed by Seef Properties and Ahli United Bank with trades valued at BHD 0.64 Mn and BHD 0.59 Mn, respectively.

BSE Monthly Sector Performance



Monthly Value Traded (BHD Mn)



Source: Bahrain Bourse, KAMCO Research

Muscat Securities Market

Monthly Indicators	Sep-14	Oct-14	Nov-14	Dec-14	Jan-15	Feb-15	Mar-15	Apr-15	May-15	Jun-15	Jul-15	Aug-15
MSM 30 Index	7,484.2	6,974.6	6,506.0	6,343.2	6,558.5	6,559.3	6,238.0	6,322.5	6,387.9	6,424.6	6,558.2	5,871.6
Monthly % Change	1.6%	(6.8%)	(6.7%)	(2.5%)	3.4%	0.0%	(4.9%)	1.4%	1.0%	0.6%	2.1%	(10.5%)
Market Cap (OMR Mn)	8,991	8,436	7,882	7,734	7,985	7,997	7,582	7,623	8,034	8,155	8,291	7,622
P/E (X) - TTM	11.98	11.24	10.50	10.31	10.48	10.49	10.05	10.10	10.36	10.69	10.87	9.99
P/BV (X) - TTM	1.75	1.65	1.54	1.51	1.50	1.50	1.41	1.42	1.45	1.51	1.53	1.41
Dividend Yield (%)	3.34%	3.60%	3.81%	3.88%	3.76%	3.76%	3.92%	3.90%	3.67%	3.73%	3.79%	4.12%
Volume (Mn Shares)	377	370	492	498	343	493	434	332	229	227	192	235
Value (OMR Mn)	140	132	177	158	96	166	121	97	70	65	54	74
Trades	18,968	18,170	19,532	29,868	23,924	27,345	24,653	16,525	11,991	12,393	11,055	15,789

Source: Muscat Securities Market, KAMCO Research

MSM 30 index saw its first monthly decline in five months with a steep decline of 10.5% wiping off all the gains made during the previous four months of positive index performance. The YTD-15 gain of 3.4% as of July-15 also turned negative at 7.4% due to the sell-off seen in August-15. All of the other three indices also declined during the month with the Financial Index declining the most at 11.9% followed by the Industrial index at 8.3% decline and the Services Index with a decline of 7.5%. The market capitalization of the companies listed in the regular market dropped by 5.3% or OMR 0.67 Bn to OMR 7.6 Bn (USD 19.8 Bn).

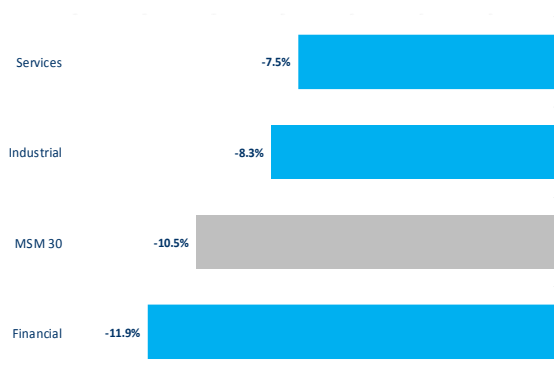
The monthly gainers list was topped by United Power that saw sharp gains on multiple consecutive trading sessions resulting in more than 122% increase in its share price. The 48% increase in 1H-15 net profit was one of the reasons for the increase in share prices of United Power, nevertheless, total value of trades in the stock remained minimal at OMR 0.18 Mn. Other gainers during the month included Sharqiyah Desalination with a monthly gain of 6.9% followed by Sembcorp Salalah and SMN Power Holding with monthly gains of 3.3% and 2.7%, respectively.

On the losers side, Renaissance Services topped the chart with a decline of 37.8% during the month after the company reported a 36.6% drop in 1H-15 net profits. Other monthly decliners included Al Sharqia Investment Holding with a monthly drop of 25.7% on the back of an 8.6% drop in 1H-15 profits, followed by Raysut Cement and Oman Investment & Finance Co. with monthly declines of 20.7% and 19.4%, respectively. The market breadth reflected the trend seen in other GCC markets which was strongly skewed towards decliners that included 39 companies as against 5 gainers. Prices of 15 companies remained unchanged.

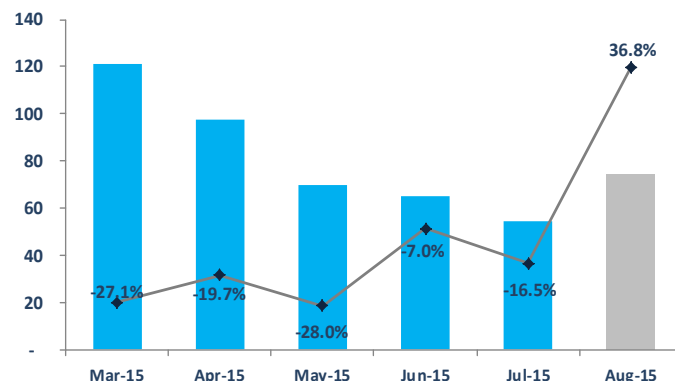
In terms of value of shares traded, Bank Muscat continued to feature in the top five chart with trades valued at OMR 11.7 Mn followed by Al Anwar Holding and Oman Telecom with trades valued at OMR 9.9 Mn and OMR 7.6 Mn, respectively. Shares in Ooredoo garnered OMR 5 Mn in monthly value traded. Total trading activity in terms of monthly value traded picked up on the exchange after five consecutive months of decline. Monthly value traded increased by 36.8% or OMR 20 Mn to OMR 74.4 Mn in August-15. Total volume of shares traded also increased by 22.7% to 235 Mn shares in the regular market as compared to 192 Mn shares during July-15. The Financial sector continued to account for the biggest share of the total value of shares during the month accounting for almost 50% of the total market followed by the services sector at 37.2%. The month also saw the approval of the merger between ONIC holding and Ominvest.

On the economic front, a report from Moody's said that the significant decline in oil prices could result in large fiscal and current account deficits in Oman starting this year. The agency added that a series of fiscal reforms are necessary in order to stabilize the country's public finances. For 2015, the government projects a budget deficit of OMR 2.5 Bn or 8% of GDP with an oil price of USD 75/b, due to increasing current expenditures and decline in oil prices. However, the actual average oil price is expected to be much lower for 2015.

MSM Monthly Sector Performance



Monthly Value Traded (OMR Mn)



Source: Muscat Securities Market, KAMCO Research

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