

## GCC Markets Monthly Report

July-2016

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### Markets shunned oil weakness to focus on earnings...

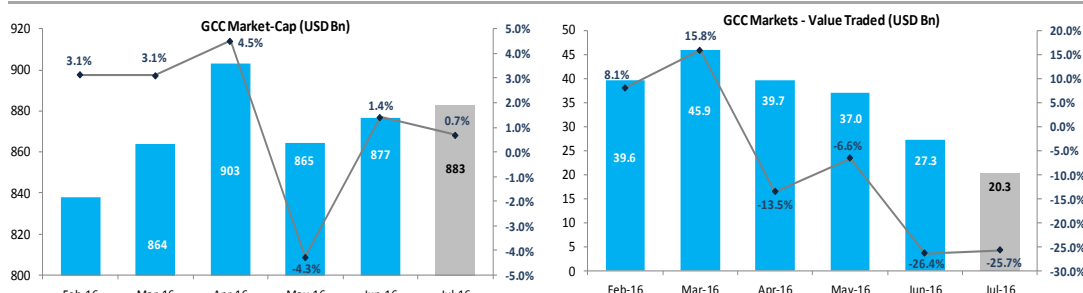
**GCC equity markets shunned the prolonged weakness in the oil market during July-16 as a majority of the exchanges in the oil-dependent region posted positive returns during the month.** Oil declined to new yearly lows during the month on the back of inventory build-up and a threat of rising oil supply which had its fair share of impact on Saudi Arabia. However, the remaining markets posted positive monthly returns of as high as 7.3% as seen in the case of Qatar driven primarily by earnings momentum.

**The Q2-16 earnings season saw banks reporting upbeat earnings despite economic woes** due to the decline in oil earnings, which, according to S&P, would result in a combined fiscal deficit of USD 100 Bn or 9.2% of GDP in 2016 for the GCC. **Banking earnings improved by more than 4% q-o-q by the time we wrote this report as most of the regional banks posted positive earnings growth during the quarter.**

**On the global front, trading activity and markets improved during the month on the back of positive economic indicators in the US, a stabilizing commodity market globally (excluding oil) as well as positive Q2-16 economic growth in China indicating a favorable economic outlook, although the growth was fueled by higher state spending vis-à-vis private investment.** During the month, the IMF updated its World Economic Outlook which also pointed to the aforementioned positive development so far in 2016.

**Trading activity in the GCC took a hit during July-16 primarily due to the Eid holidays.** Monthly volume and value traded on GCC exchanges declined by almost a third for most markets that was partially offset by improvement in average daily value traded on Dubai and Qatar exchanges during the month as compared to June-16. We believe that earnings would continue determine the course of the GCC markets during August-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	350.7	(0.2%)	(8.1%)	80.3	435.6	15.3	1.1	4.3%
Kuwait - 15 Index	810.7	0.6%	(10.0%)					
Kuwait - Price Index	5,451.0	1.6%	(2.9%)					
Saudi Arabia	6,302.2	(3.0%)	(8.8%)	389.0	15,855.6	11.8	1.5	4.7%
Abu Dhabi	4,575.3	1.7%	6.2%	129.0	796.6	11.0	1.4	5.5%
Dubai	3,484.3	5.2%	10.6%	91.3	1,992.3	8.9	1.3	4.9%
Qatar	10,604.0	7.3%	1.7%	156.1	1,039.7	13.6	1.6	3.8%
Bahrain	1,155.6	3.3%	(5.0%)	18.1	21.3	9.7	0.8	4.3%
Oman	5,843.8	1.2%	8.1%	19.0	119.1	9.8	1.1	6.3%
<b>Total GCC</b>				<b>882.8</b>	<b>20,260.2</b>	<b>11.7</b>	<b>1.4</b>	<b>4.7%</b>



**Faisal Hasan, CFA**

Head - Investment Research

+(965) 2233 6907

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

**Junaid Ansari**

Assistant Vice President

+(965) 2233 6912

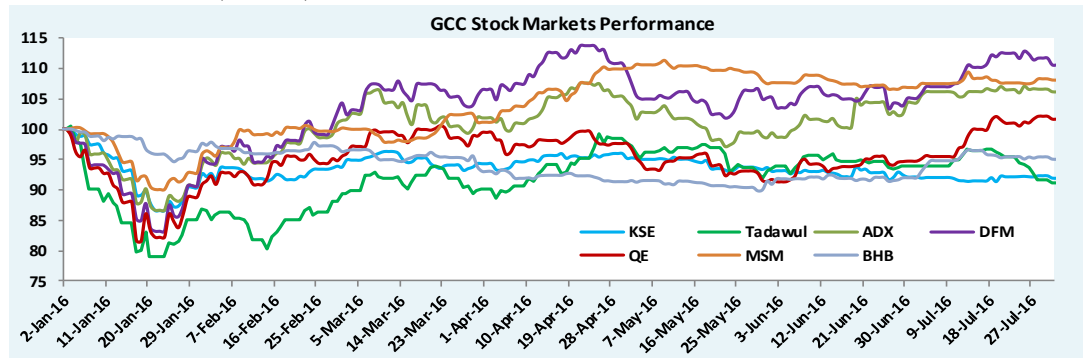
[junaid.ansari@kamconline.com](mailto:junaid.ansari@kamconline.com)

**Thomas Mathew**

Senior Financial Analyst

+(965) 2233 6914

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



Source: GCC Stock Exchanges, KAMCO Research

## Kuwait Stock Exchange

Monthly Indicators	Aug-15	Sep-15	Oct-15	Nov-15	Dec-15	Jan-16	Feb-16	Mar-16	Apr-16	May-16	Jun-16	Jul-16
<b>KSE Price Index</b>	<b>5,820.6</b>	<b>5,726.0</b>	<b>5,775.4</b>	<b>5,802.4</b>	<b>5,615.1</b>	<b>5,114.5</b>	<b>5,207.4</b>	<b>5,228.8</b>	<b>5,391.8</b>	<b>5,400.3</b>	<b>5,364.6</b>	<b>5,451.0</b>
Monthly % Change	(6.9%)	(1.6%)	0.9%	0.5%	(3.2%)	(8.9%)	1.8%	0.4%	3.1%	0.2%	(0.7%)	1.6%
<b>KSE Weighted Index</b>	<b>385.3</b>	<b>388.4</b>	<b>388.4</b>	<b>393.0</b>	<b>381.7</b>	<b>353.4</b>	<b>358.3</b>	<b>359.8</b>	<b>366.3</b>	<b>357.4</b>	<b>351.4</b>	<b>350.7</b>
Monthly % Change	(8.0%)	0.8%	(0.0%)	1.2%	(2.9%)	(7.4%)	1.4%	0.4%	1.8%	(2.4%)	(1.7%)	(0.2%)
<b>Kuwait 15 Index</b>	<b>919.2</b>	<b>935.1</b>	<b>924.3</b>	<b>929.6</b>	<b>900.4</b>	<b>829.8</b>	<b>841.0</b>	<b>850.5</b>	<b>863.3</b>	<b>826.2</b>	<b>805.7</b>	<b>810.7</b>
Monthly % Change	(9.4%)	1.7%	(1.2%)	0.6%	(3.1%)	(7.8%)	1.4%	1.1%	1.5%	(4.3%)	(2.5%)	0.6%
<b>Market Cap (KWD Mn)</b>	<b>26,372</b>	<b>26,585</b>	<b>26,586</b>	<b>26,894</b>	<b>26,159</b>	<b>24,224</b>	<b>24,557</b>	<b>24,875</b>	<b>25,025</b>	<b>24,857</b>	<b>24,293</b>	<b>24,252</b>
P/E (X) - TTM	15.32	15.29	14.86	15.04	15.50	14.30	13.20	13.24	15.40	15.56	15.32	15.29
P/BV (X) - TTM	1.14	1.13	1.14	1.16	1.13	1.04	1.07	1.05	1.09	1.09	1.06	1.06
Dividend Yield (%)	3.91%	3.92%	3.89%	3.84%	3.95%	4.57%	4.67%	4.00%	4.14%	4.24%	4.30%	4.30%
Volume (Mn Shares)	3,073	2,784	2,812	2,997	2,340	2,697	2,773	3,983	3,929	2,931	2,166	1,327
Value (KD Mn)	300	248	230	313	242	282	225	329	277	246	227	132
Trades ('000)	76.1	65.3	64.1	74.9	59.3	64.7	67.5	84.8	81.2	68.9	49.3	35.7

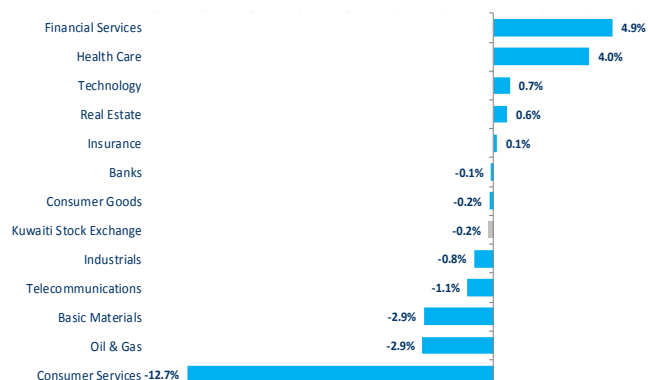
Source: Kuwait Stock Exchange, KAMCO

KSE witnessed mixed performance during the month with the Weighted Index declining marginally by 0.2%, whereas the KSE Price Index and the KSE-15 Index closed with a gain of 1.6% and 0.6%, respectively. Trading activity on the exchange continued to remain subdued primarily due to the Eid holidays as well as the continued slowdown following the month of Ramadan. The volume and value of shares traded during the month declined to one of the lowest recorded monthly levels. Monthly volume declined by 38.7% to 1.3 Bn shares as compared to 2.2 Bn shares during the previous month. On the other hand, monthly value traded declined by an even steeper 42% to reach KWD 132 Mn in July-16 as compared to KWD 227 Mn during the previous month. Investors Holding Group topped the monthly volume chart with 102.7 Mn shares traded during the month followed by Al-Mal al Kuwait Co. (100 Mn shares) and Zima Holding (94.6 Mn shares). The value traded chart was topped by NBK (KWD 23.7 Mn) followed by KFH (KWD 13.7 Mn) and Zain (KWD 7.9 Mn).

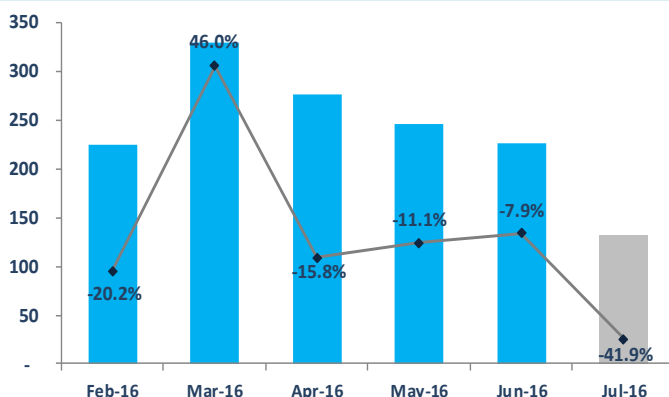
In terms of sector performance, the Financial Services Index led the monthly performance chart with a return of 4.9% followed by the Health Care index that closed with a gain of 4.0%. The large cap Banking index was essentially flat during the month with a marginal decline of 0.1%, whereas the Telecom index slipped 1.1% as three out of the four listed telcos reported monthly declines with the exception of Viva which reported a monthly gain of 1.1%. Shares of Zain dropped 1.5% after a marginal surge when the company was said to have approached the telecom regulator in Egypt to apply for a 4G license. In the Banking sector, shares of CBK declined by almost 10% followed by ABK and KFH which saw monthly declines of 1.3% and 2.2%, respectively. These declines were offset by positive lower single digit returns for the rest of the Kuwait banks. On the negative side, the Consumer Services index plunged the most during the month by almost 13% following steep decline in shares of Kuwait National Cinema (-44.7%) that had surged more than 20% during June-16. The sector performance was also affected by 6.7% decline in shares of Jazeera Airways that declined despite getting approval from the government to construct its own dedicated terminal at the airport. Other sectoral decliners included the Oil & Gas and the Basic Materials indices with declines of 2.9% for both the indices as none of the stocks in these sectors reported positive returns for the month. Both these sectors continue to reel under the impact of low oil prices.

On the economic front, the government announced a number of big ticket projects in order to shape-up the economy to deal with low oil prices. According to the Central Tenders Committee, the country approved 54 tenders worth KWD 753.5 Mn during Q2-16 including projects related to the government and oil sectors. A majority of these tenders were also from the housing sector as the country gears up to build new homes for its citizens. Earlier during the month, the government also announced plans to privatize almost four oil services companies as a part of the reform process.

### KSE Monthly Sector Performance



### Monthly Value Traded (KWD Mn)



Source: Kuwait Stock Exchange, KAMCO Research

## Saudi Arabia (Tadawul)

Monthly Indicators	Aug-15	Sep-15	Oct-15	Nov-15	Dec-15	Jan-16	Feb-16	Mar-16	Apr-16	May-16	Jun-16	Jul-16
<b>Tadawul All Share Index</b>	<b>7,522.5</b>	<b>7,404.1</b>	<b>7,124.8</b>	<b>7,239.9</b>	<b>6,911.8</b>	<b>5,996.6</b>	<b>6,092.5</b>	<b>6,223.1</b>	<b>6,805.8</b>	<b>6,448.4</b>	<b>6,499.9</b>	<b>6,302.2</b>
Monthly % Change	(17.3%)	(1.6%)	(3.8%)	1.6%	(4.5%)	(13.2%)	1.6%	2.1%	9.4%	(5.3%)	0.8%	(3.0%)
<b>Market Cap (SAR Bn)</b>	<b>1,694.7</b>	<b>1,670.3</b>	<b>1,630.4</b>	<b>1,659.1</b>	<b>1,580.7</b>	<b>1,373.3</b>	<b>1,403.9</b>	<b>1,439.0</b>	<b>1,560.3</b>	<b>1,489.4</b>	<b>1,505.3</b>	<b>1,458.9</b>
P/E (X) - TTM	15.81	15.59	15.22	12.93	12.30	10.73	10.88	12.29	13.41	12.76	11.87	11.77
P/BV (X) - TTM	1.80	1.77	1.73	1.58	1.50	1.31	1.33	1.49	1.64	1.55	1.53	1.48
Dividend Yield (%)	2.84%	2.88%	2.96%	4.14%	4.28%	4.94%	4.84%	4.52%	3.65%	3.74%	4.60%	4.71%
Volume (Mn Shares)	4,971	3,575	4,594	5,336	6,013	6,425	6,817	7,373	6,705	6,110	5,228	3,518
Value (SAR Mn)	116,281	79,409	102,429	107,616	126,338	115,145	120,712	131,199	117,608	117,944	84,283	59,461
Trades ('000)	2,473	1,638	2,039	2,140	2,688	2,766	3,054	2,994	2,625	2,761	1,828	1,347

Source: Tadawul, KAMCO Research

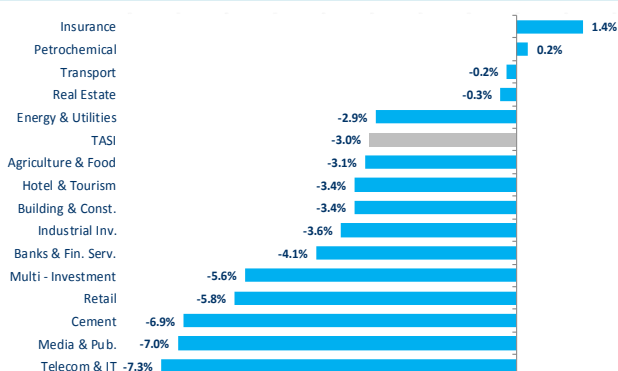
Saudi Arabia was the only market in the GCC that reported a decline during July-16. TASI declined by 3.0% during the month bringing the YTD-16 decline to 8.8%, the highest in the GCC. Trading activity on the exchange declined as a result of holidays with volume and value traded during the month down by almost a third to 3.5 Bn and SAR 59.5 Bn, respectively. The monthly benchmark decline reflected negative returns for almost all of the sectoral indices, with the only exception of the Insurance and Petrochemical indices that saw marginally positive monthly returns of 1.4% and 0.2%, respectively.

Shares of insurance companies surged on the back of strong 1H-16 earnings for the sector that increased by more than three fold to SAR 870 Mn. In a related news for the insurance sector, during the month SAMA reached an agreement with the Ministry of Commerce and Investment to close insurance companies that have reported losses of more than 50% of their capital. Company that reach such high losses will have to rectify their financial position by restructuring, inject more money and come up with a mechanism to function and curb losses. Meanwhile, on the negative side, the Telecom & IT index declined the most during the month by 7.3% followed by the Media and Publishing and Cement Indices with declines of 7.0% and 6.9%, respectively. All the stocks in the Telecom & IT and the Media & Publishing sectors saw negative returns during the month led by Zain KSA that declined by 14% after reporting higher losses for the second quarter followed by 13.4% decline in shares of Mobily.

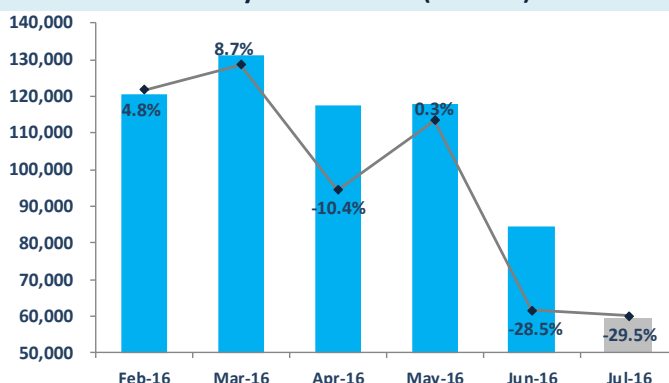
The overall 1H-16 earnings saw a sharp decline of 9.1% to reach SAR 48.2 Bn as compared to SAR 53 Bn during 1H-15. The decline was primarily due to a fall of SAR 1.9 Bn in earnings for the Petrochemical sector followed by the Multi Investment sector that reported a profit decline of SAR 1.23 Bn. Earnings for the Banking sector increased marginally by 0.8% to SAR 23.3 Bn during 1H-16 as an earnings decline of -3.2% during Q2-16 was offset by a 5% increase during Q1-16. Similarly, the bulk of the profit decline for the Petrochemical and the Multi Investment sector was recorded in Q2-16 which added to the profit decline during the first quarter.

The monthly gainers chart primarily included Insurance stocks (3 out of the top 5 gainers) with Sagr Insurance recording top monthly performance of 32.3% followed by Tabouk Agriculture Development with a gain of 28% despite the company reporting losses for the second quarter. Mubarrad was the third highest gainer for the month with a return of 21.3% after the company reported higher profits for 1H-16. On the decliners side, Assir Trading topped the chart with a decline of 17.9% after the company failed to reverse losses reported during Q1-16 with a second quarter profit of SAR 15.1 Mn as against first quarter loss of SAR 50.8 Mn. Other major larger-cap decliners included Yamamah Saudi Cement (-16.6%) and Zain KSA (-14%) both reflecting poor earnings performance. Monthly market breadth was strongly skewed towards decliners with 118 companies as against 48 gainers. The monthly volume chart was topped Alinma Bank with a volume of 8.7 Bn shares followed by SABIC and Dar Al Arkan Real Estate with 8 Bn and 4.8 Bn shares traded during the month. The latter also topped the monthly value chart with SAR 703.6 Mn worth of shares traded during the month followed by Alinma Bank (SAR 645.8 Mn) and Saudi Kayan (SAR 328.2 Mn).

### Tadawul Monthly Sector Performance



### Monthly Value Traded (SAR Mn)



Source: Tadawul, KAMCO Research

## Abu Dhabi Securities Exchange

Monthly Indicators	Aug-15	Sep-15	Oct-15	Nov-15	Dec-15	Jan-16	Feb-16	Mar-16	Apr-16	May-16	Jun-16	Jul-16
<b>ADX General Index</b>	<b>4,493.9</b>	<b>4,502.8</b>	<b>4,322.0</b>	<b>4,236.4</b>	<b>4,307.3</b>	<b>4,054.4</b>	<b>4,351.4</b>	<b>4,390.4</b>	<b>4,543.5</b>	<b>4,250.2</b>	<b>4,497.6</b>	<b>4,575.3</b>
Monthly % Change	(7.0%)	0.2%	(4.0%)	(2.0%)	1.7%	(5.9%)	7.3%	0.9%	3.5%	(6.5%)	5.8%	1.7%
<b>Market Cap (AED Bn)</b>	<b>437.7</b>	<b>442.0</b>	<b>431.4</b>	<b>424.2</b>	<b>428.1</b>	<b>411.6</b>	<b>435.4</b>	<b>449.2</b>	<b>461.9</b>	<b>433.4</b>	<b>457.1</b>	<b>473.9</b>
P/E (X) - TTM	8.15	8.23	8.02	10.14	10.41	9.84	10.54	10.70	11.14	10.35	10.66	10.96
P/BV (X) - TTM	1.39	1.40	1.37	1.37	1.38	1.32	1.38	1.40	1.45	1.35	1.34	1.37
Dividend Yield (%)	4.28%	4.24%	4.35%	5.16%	5.11%	5.35%	4.89%	5.09%	5.01%	5.38%	5.56%	5.47%
Volume (Mn Shares)	2,469	2,132	1,187	1,709	1,795	1,534	4,172	3,284	2,730	1,945	1,206	1,228
Value (AED Mn)	4,967	4,457	3,621	6,611	5,119	3,308	5,269	6,433	4,579	3,283	3,832	2,926
Trades	45,353	33,220	24,311	38,316	29,399	32,127	43,275	45,320	31,800	26,059	22,596	23,335

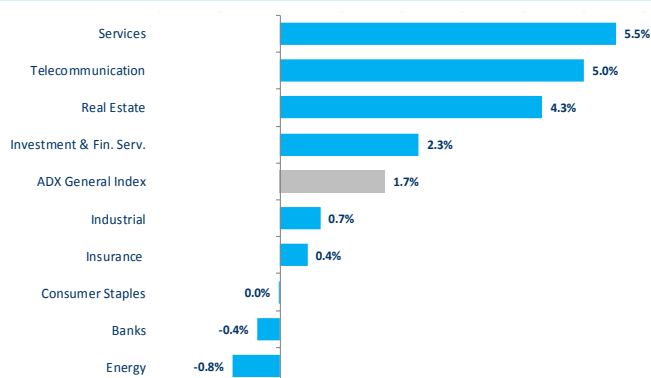
Source: Abu Dhabi Securities Exchange, KAMCO Research

After finishing as the best performing market in the GCC in June-16, ADX stabilized and grew by 1.7% for the current month. The index closed at by 4575.34 points. Services gained the most during the month, as the sector rose by 5.5%, followed by Telecoms and Real Estate indices, which went up by 5.0% and 4.3% respectively. The Services sector went up primarily due to double-digit increases witnessed by the share prices of Abu Dhabi National Hotels (+18.4%) and Abu Dhabi Aviation (+10.3%). All Telecom stocks ended in the green as Ooredoo went up by 15.2% and Etisalat witnessed a jump of 5.0%. Real Estate companies followed, as a 6.0% increase in the share price of Aldar was enough to buoy the index, despite declines in the share prices of other stocks. The Energy sector receded the most, albeit marginally during the month, with m-o-m losses of 0.8%, as Abu Dhabi National Energy saw its share price decline by 4% for the month of July-16.

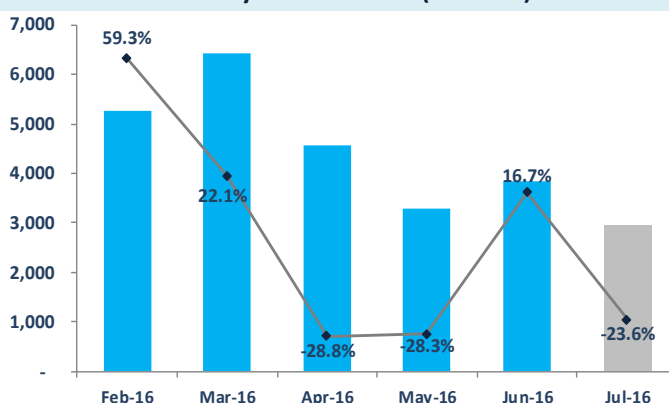
The banking index was other index, which ended lower in July-16, declining by 0.4%, following a strong month from the announcement of the merger between FGB & NBAD. Following strong gains in June-16, FGB saw its share price decline by 4.4%, following the announcement of its Q2-16 results. FGB, the UAE's third-largest lender by assets, reportedly posted a 10% y-o-y fall in Q2-16 net profits to AED 1.31 Bn. Net interest and Islamic financing income were down 3% during the same period, while impairments increased by 54% to AED 398 Mn. NBAD - the emirate's largest lender by assets on the other hand, saw its Q2-16 net profit fall by 4.8% y-o-y to AED 1.38 Bn. Impairments booked during the quarter went up by 79.2% from a year ago to AED 298 Mn, which was reportedly driven by a challenging operating environment and provisioning. In ratings related action during the month, Standard & Poor's (S&P) affirmed its 'A' long-term and 'A-1' short-term credit ratings of Abu Dhabi Commercial Bank (ADCB) and maintained the outlook as stable. The outlook reportedly reflects S&P's belief that ADCB's business and financial profiles will remain mostly stable over the next 24 months. S&P also affirmed its 'AA' long-term and 'A-1+' short-term issuer credit ratings on Mubadala Development Co. and kept the outlook as stable. The rating reportedly reflects the ratings agency's view that the Emirate of Abu Dhabi (AA/Stable/A-1+) would most likely provide timely and sufficient extraordinary support to Mubadala in the event of financial distress.

Trading trends were lower as compared to the previous month, as traded volumes declined by 8% m-o-m, while value traded decreased by a higher 24% during the same period. Total volumes decreased to 1.23 Bn shares as compared to 1.34 Bn shares during the previous month. Value traded during July-16 declined to AED 2.9 Bn. FGB was the largest traded stock in the ADX index as AED 538 Mn worth of the stock was traded during the month, while Etisalat finished second with AED 532 Mn worth of trades. Real estate developers (Ras Al Khaimah Properties, Eshraq and Aldar) witnessed the largest activity in terms of volumes traded. Fajairah Building Industrial Co led the gainers list and achieved a monthly return of 29.2%, followed by Al Khazna Insurance and Abu Dhabi National Hotels, which went up by 18.9% and 18.8% respectively during the month. Prominent decliners included National Marine Dredging with a monthly decline of 11.8%, followed by Abu Dhabi National Takaful and National Corp for Tourism & Hotels, as they saw their stock prices erode by 10% each.

### ADX Monthly Sector Performance



### Monthly Value Traded (AED Mn)



Source: Abu Dhabi Securities Exchange, KAMCO Research

## Dubai Financial Market

Monthly Indicators	Aug-15	Sep-15	Oct-15	Nov-15	Dec-15	Jan-16	Feb-16	Mar-16	Apr-16	May-16	Jun-16	Jul-16
<b>DFM General Index</b>	<b>3,662.6</b>	<b>3,593.3</b>	<b>3,503.8</b>	<b>3,204.3</b>	<b>3,151.0</b>	<b>2,997.8</b>	<b>3,239.7</b>	<b>3,355.5</b>	<b>3,491.9</b>	<b>3,313.7</b>	<b>3,311.1</b>	<b>3,484.3</b>
Monthly % Change	(11.6%)	(1.9%)	(2.5%)	(8.5%)	(1.7%)	(4.9%)	8.1%	3.6%	4.1%	(5.1%)	(0.1%)	5.2%
<b>Market Cap (AED Bn)</b>	<b>345.2</b>	<b>341.2</b>	<b>336.0</b>	<b>310.8</b>	<b>301.2</b>	<b>289.5</b>	<b>307.0</b>	<b>319.0</b>	<b>334.3</b>	<b>324.9</b>	<b>323.2</b>	<b>335.5</b>
P/E (X) - TTM	11.38	11.24	11.07	9.50	9.19	8.16	8.68	8.98	9.36	8.90	8.16	8.87
P/BV (X) - TTM	1.32	1.30	1.28	1.24	1.20	1.14	1.19	1.24	1.28	1.24	1.12	1.27
Dividend Yield (%)	2.48%	2.51%	2.55%	3.35%	3.46%	3.60%	3.51%	3.60%	3.82%	3.97%	4.82%	4.91%
Volume (Mn Shares)	7,730	3,850	3,953	5,124	5,935	7,972	9,932	15,527	12,030	6,755	5,352	5,180
Value (AED Mn)	12,604	6,564	5,663	6,733	6,700	9,241	11,755	19,582	14,171	7,768	6,997	7,318
Trades	147,101	80,872	70,076	98,185	90,095	121,266	131,931	184,991	133,516	91,318	76,501	74,470

Source: Dubai Financial Market, KAMCO Research

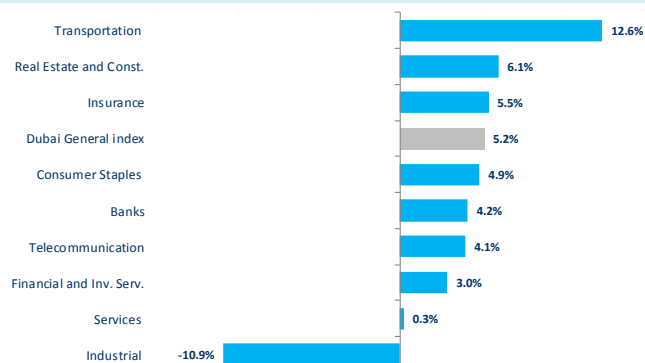
DFM index reversed the trend from the previous month and witnessed higher gains than its UAE counterpart ADX, and was the second best market in the GCC. As a result, DFM closed the month up by 5.2% for the month and closed at 3484.32 points. All sectoral indices barring Industrials gained ground during the month. The Telecom index jumped the most during the month of July-16, as it went up by almost 12.5%. Real Estate & Insurance indices followed with increases of 6.1% and 5.5% respectively. The only index that went down was the Industrials index, with a drop by 10.9%, driven by declines in the share price of National Cement Company.

In prominent Q2-16 earnings releases, Emaar's Q2-16 revenue was AED 3.73 Bn, up 7% from AED 3.50 Bn from Q2-15, which the company reportedly attributed to the achievement of new milestones that contributed to higher revenue recognition. The firm's shopping malls and hospitality businesses generated revenue of AED 1.36 Bn in the Q2-16, with its international operations making AED 533 Mn. H1-16 revenues came in at AED 7.2 Bn, 11% higher than the corresponding figure for the previous year. Net profit increased 12% to AED 2.4 Bn in the first six months of 2016, as compared to AED 2.2Bn during the same period last year. In the banking sector, Emirates NBD, the UAE's largest lender, saw its net profits move up 12% y-o-y in H1-16 to AED 3.7 Bn. The operating performance was aided by an increase in total income, driven by asset growth and higher core fee income, coupled with higher recoveries. Moody's reportedly upgraded Emirates NBD's long-term rating to A3, recognizing the Bank's improved and resilient financial profile.

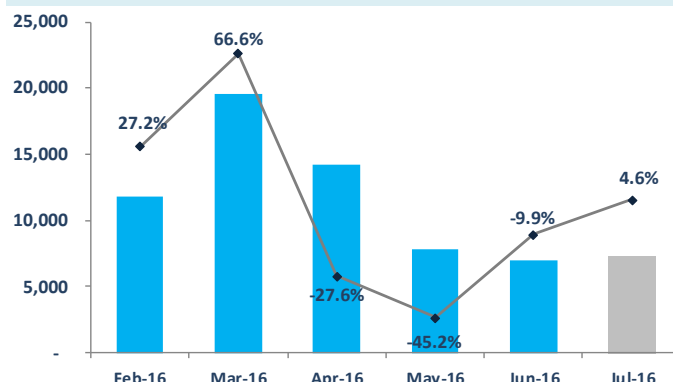
In rating related action, Fitch affirmed the Long-Term IDRs, Support Ratings and Support Rating Floors of Commercial Bank of Dubai, Dubai Islamic Bank (DIB) and Mashreq Bank, reflecting the extremely high probability of support available from the UAE authorities. The 'A' Support Rating Floors of DIB and Mashreq are at the UAE D-SIB Support Rating Floor of 'A', reflects their D-SIB status in the UAE and in particular Dubai. Commercial Bank of Dubai (CBD), Dubai Islamic Bank (DIB), Mashreq bank (Mashreq) – were given Support Ratings of '1', reflecting the extremely high probability of state support. Separately, business confidence in the corporate sector in Dubai reportedly recorded an upturn Q2-16, on the back of rising expectations about new projects, orders and hopes for an improvement in market conditions. The composite Business Confidence Index (BCI) of Dubai firms improved to 117.5 points during Q2-16, up 7.4 points from Q2-15.

Takaful Emarat topped the gainers list with a gain of 49.7% m-o-m for the month of July -16, followed by Takaful House and Aramex, which moved up by 28.6% & 26.5% m-o-m respectively. Aramex saw increased interest while its founder Ghandour sold his holding in the company, which he owned through a stake in Levant Logistics, to two companies backed by Mohamed Alabbar, the chairman of Emaar Properties PJSC. On the other hand, shares of Agility led the monthly losers chart as it declined by 18.8%. National General Insurance and National Cement Co. followed with declines of 13.6% and 10.9% for the month. Emaar Properties was the most actively traded stock on the exchange as AED 1.2 Bn worth of stock was traded, followed by Arabtec with a value traded of AED 1.07 Bn.

### DFM Monthly Sector Performance



### Monthly Value Traded (AED Mn)



Source: Dubai Financial Market, KAMCO Research



## Qatar Exchange

Monthly Indicators	Aug-15	Sep-15	Oct-15	Nov-15	Dec-15	Jan-16	Feb-16	Mar-16	Apr-16	May-16	Jun-16	Jul-16
<b>QE 20 Index</b>	<b>11,563.6</b>	<b>11,465.2</b>	<b>11,604.6</b>	<b>10,090.8</b>	<b>10,429.4</b>	<b>9,481.3</b>	<b>9,892.3</b>	<b>10,376.2</b>	<b>10,186.2</b>	<b>9,538.8</b>	<b>9,885.2</b>	<b>10,604.0</b>
Monthly % Change	(1.9%)	(0.9%)	1.2%	(13.0%)	3.4%	(9.1%)	4.3%	4.9%	(1.8%)	(6.4%)	3.6%	7.3%
<b>Market Cap (QAR Bn)</b>	<b>607.4</b>	<b>604.6</b>	<b>608.0</b>	<b>532.7</b>	<b>553.3</b>	<b>506.7</b>	<b>523.3</b>	<b>556.7</b>	<b>548.2</b>	<b>516.8</b>	<b>532.2</b>	<b>568.2</b>
P/E (X) - TTM	13.41	13.35	13.42	11.23	11.18	10.00	11.87	12.37	12.37	12.34	12.77	13.55
P/BV (X) - TTM	2.04	2.03	2.04	1.58	1.64	1.48	1.53	1.62	1.64	1.53	1.48	1.58
Dividend Yield (%)	4.23%	4.25%	4.23%	5.04%	4.85%	5.31%	4.34%	3.76%	3.87%	4.10%	4.07%	3.82%
Volume (Mn Shares)	153	128	167	158	516	150	202	269	216	163	89	98
Value (QAR Mn)	6,748	5,524	5,759	6,334	5,856	5,050	6,570	9,081	7,234	5,466	3,282	3,785
Trades	100,914	78,606	82,986	77,351	83,826	84,665	100,763	123,003	110,526	94,675	48,686	58,170

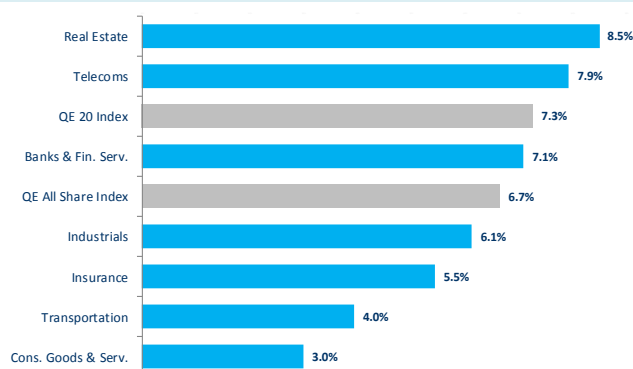
Source: Qatar Exchange, KAMCO Research

The QE 20 index was the best performing index in the GCC, jumping by 7.3% for the month of July-16, as it closed at 10603.96 points. The Qatar All Share index also gained by 6.7% for the month, as all sectoral indices witnessed gains during July-16. The strong move also meant that Qatar now stands as the best performing market in the GCC YTD. Market breadth was understandably positive as 39 names gained ground, while 5 companies saw an erosion in their share prices. The move up was mostly supported by the Real Estate index, which went up by 8.5% for the month, followed by Telecoms, which went up by 7.9%. Banks and Financial services index also gained by 7.1%, as compared to June-16.

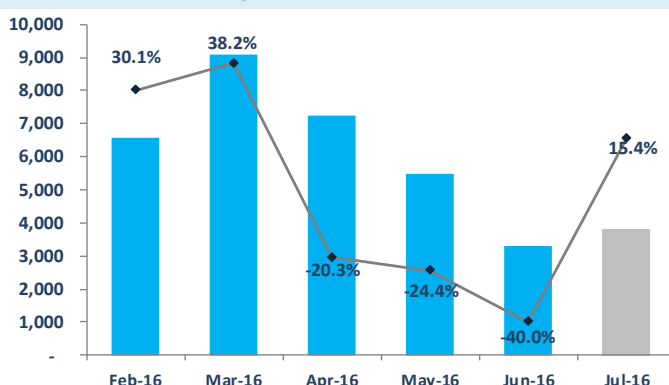
In key earnings announcements for H1-16, QNB reported a net profit of QAR 6.2 Bn, up by 12% as compared to H1-15. The increase was driven by operating income, which increased to QAR 11.5 Bn, up by 40% compared to the previous year, driven by net interest income, which increased by 40% to reach QAR 8.9 Bn. After completing the acquisition of Finansbank during June 2016, QNB Group reported total assets of QAR 692 Bn, up by 36% from June 2015. Ooredoo, the telecom bellwether reported H1-16 revenues of QAR 16 Bn, a 1% decline on a y-o-y basis, which was negatively impacted by FX translation effects, as local currency growth was registered in Qatar, Oman, Indonesia, Myanmar, Algeria, Kuwait, Palestine and the Maldives. Group net profit increased by 46% to QAR 1.5 Bn driven by strong contributions from Indonesia, Myanmar and Algeria. In ratings related developments, S&P has affirmed its long-term corporate credit rating on Ooredoo at 'A-' with a "stable" outlook. The agency ascribed its view of Ooredoo to its significant revenue and EBITDA geographic diversification, its leading market positions, and improving leverage in 2016 and thereafter. Trading activity was particularly strong during the month on a sequential basis, albeit from a lower base, despite Ramadan and Eid holidays during the month. Trading value during July-16 increased by 18.1% to reach QAR 3.9 Bn, compared to QAR 3.3 Bn in June-16. Trading volume increased by a higher 10% to reach 98 Mn shares in July-16, as against 89 Mn shares during the previous month. Monthly gainers for the month of June-16 was topped by Qatar German Medical Devices, which ended the month up by 11.0%. Qatar Islamic Bank and Qatari Investors Group followed with gains of 10.4% and 10.1% m-o-m respectively. The laggards although few during the month, was led by Qatar General Insurance which saw its price decline by 3.1% m-o-m, while Medicare Group and Qatar German Co for Medical Devices followed closely, witnessing m-o-m declines of 1.0% and 0.7%.

In economic releases during the month, the World Bank now estimates Qatar to run a budget deficit of USD 8 Bn, equivalent to 5% of GDP in 2016 - reportedly the smallest among the GCC countries. However, they alluded to the fact that this was based on a breakeven oil price of USD 48/bbl, and that lower oil prices could lead to a widening gap in budget finances. The World Bank however acknowledged Qatar's ambitious reform goals to counter budget and state finance deficits. Separately BMI Research reportedly mentioned that the fuel subsidy reform in Qatar would not increase revenues for the government, but allow spending to decrease and thus reduce the budget deficit.

### QE Monthly Sector Performance



### Monthly Value Traded (QAR Mn)



Source: Qatar Exchange, KAMCO Research

## Bahrain Bourse

Monthly Indicators	Aug-15	Sep-15	Oct-15	Nov-15	Dec-15	Jan-16	Feb-16	Mar-16	Apr-16	May-16	Jun-16	Jul-16
<b>Bahrain All Share Index</b>	<b>1,299.24</b>	<b>1,275.89</b>	<b>1,250.37</b>	<b>1,232.57</b>	<b>1,215.89</b>	<b>1,187.10</b>	<b>1,178.23</b>	<b>1,131.11</b>	<b>1,110.53</b>	<b>1,111.56</b>	<b>1,118.37</b>	<b>1,155.62</b>
Monthly % Change	(2.4%)	(1.8%)	(2.0%)	(1.4%)	(1.4%)	(2.4%)	(0.7%)	(4.0%)	(1.8%)	0.1%	0.6%	3.3%
<b>Market Cap (BHD Mn)</b>	<b>7,645</b>	<b>7,494</b>	<b>7,410</b>	<b>7,319</b>	<b>7,196</b>	<b>7,025</b>	<b>6,973</b>	<b>6,694</b>	<b>6,573</b>	<b>6,574</b>	<b>6,615</b>	<b>6,836</b>
P/E (X) - TTM	9.44	9.25	9.15	9.13	9.03	8.70	9.37	8.91	8.77	9.16	9.20	9.66
P/BV (X) - TTM	0.97	0.95	0.94	0.92	0.91	0.88	0.84	0.82	0.81	0.82	0.77	0.80
Dividend Yield (%)	3.71%	3.78%	3.83%	4.99%	5.06%	5.25%	5.28%	5.72%	5.82%	5.79%	4.44%	4.27%
Volume (Mn Shares)	26	87	28	63	40	23	38	33	22	26	75	36
Value (BHD Mn)	5	22	5	12	7	4	8	7	5	5	18	8
Trades	797	641	641	1,169	1,036	759	1,014	813	577	755	873	996

Source: Bahrain Bourse, KAMCO Research

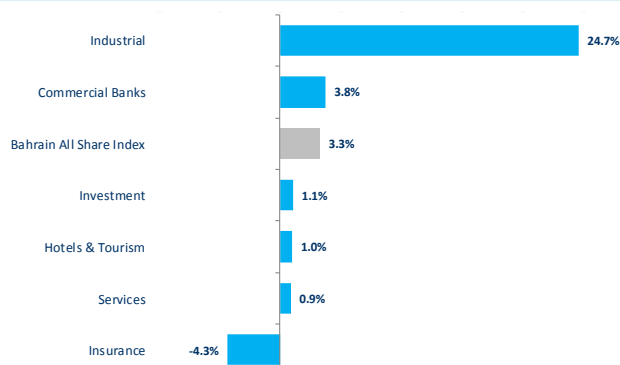
The Bahrain All Share Index kept its momentum going from its previous two months, and was able to post a m-o-m gain in July-16 as well, growing by 3.3% for the month as compared to June-16. Market breadth was also broadly even between stocks as 11 stocks advanced while 12 stocks saw lower share prices during the month as compared to June -16.

The Industrials index was the standout sector during the month jumping by over 24.7% respectively. The increase was solely due to the 25.9% increase in the share price of Aluminum Bahrain, even as the company has received strong support from banks for a loan to part-finance its expansion plans in the form of the Line 6 expansion project, and may increase the amount it borrows from an original USD 750 Mn target. The increase in share price recorded was despite a 45% decline in Q2-16 net profits y-o-y. Banks also went up by over 3%, driven mainly by a 14.5% run up by National Bank of Bahrain. National Bank of Bahrain recorded a net profit of BHD 31.72 Mn for the H1-16, as profits grew by 6.9% y-o-y as compared to BHD 29.67 million in H1-15. Telecom operator Zain Bahrain posted a net profit of BHD 1.8 Mn for H1-16, as its customer base spiked 10% to record 881,298 customers, as of end June-16. Profit for first half of 2016 was down 11% y-o-y from BHD 2.1 Mn the previous year. The insurance industry was the only laggard in terms of sectoral performance on a monthly basis receding by 4.3%, driven by a 17.4% decline in Arab Insurance Group.

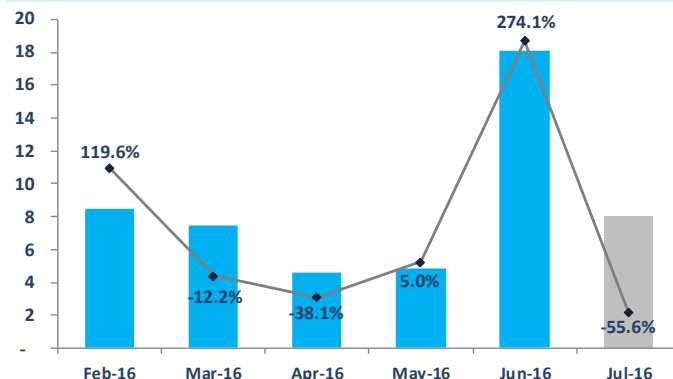
The exchange's figures of value and volumes traded retraced to post negative growth in July-16 on an m-o-m basis, after clocking two months of positive trading activity on the exchange. Volume traded on the exchange reached 36.2 Mn shares and declined by more than half m-o-m. Value traded witnessed similar declines (-55.6%) on the exchange to reach BHD 8 Mn in July -16, as compared to BHD 18 Mn shares in June-16. Nevertheless, the number of trades made in the exchange increased to 998 trades, a 14.1% m-o-m jump from June-2016. BBK was the most actively traded stock in July-16 with BHD 1.7 Mn worth of its shares traded on the exchange. AUB and Bahrain Commercial Facilities followed with BHD 1.3 Mn and BHD 0.8 Mn worth of shares traded on the exchange. Aluminum Bahrain topped the gainers list for the month of July-16, which reported a m-o-m increase of 25.9%, followed by Nass Corporation with a 15.7% monthly gain and NBB, which went up by 14.5% as against June-16. Meanwhile, among the monthly decliners, Arab Insurance Group lost the most ground with its stock price plunging by 17.4% m-o-m.

In economic releases, Bahrain's Economic Development Board (EDB) stated that economic growth in Bahrain rebounded in Q1-16, and grew by 0.9% q-o-q from 4Q15, and 4.5% y-o-y. The rebound was led by a 12.4% y-o-y increase in the oil sector while the non-oil sector grew at 2.7% y-o-y compared to previous year. The fastest growing sectors of the non-oil economy were Social and Personal Services (mainly private education and health care), Construction, and Financial Services as they expanded by 8.4%, 5.4%, and 3.1% YoY, respectively. However, EDB expects the fiscal deficit to remain in digits over 2016-18 and forecasts a fiscal deficit of 12.2% of GDP for 2016.

**BSE Monthly Sector Performance**



**Monthly Value Traded (BHD Mn)**



Source: Bahrain Bourse, KAMCO Research

# Muscat Securities Market

Monthly Indicators	Aug-15	Sep-15	Oct-15	Nov-15	Dec-15	Jan-16	Feb-16	Mar-16	Apr-16	May-16	Jun-16	Jul-16
<b>MSM 30 Index</b>	<b>5,871.6</b>	<b>5,787.7</b>	<b>5,928.2</b>	<b>5,547.9</b>	<b>5,406.2</b>	<b>5,179.4</b>	<b>5,395.1</b>	<b>5,467.4</b>	<b>5,942.7</b>	<b>5,811.0</b>	<b>5,777.3</b>	<b>5,843.8</b>
Monthly % Change	(10.5%)	(1.4%)	2.4%	(6.4%)	(2.6%)	(4.2%)	4.2%	1.3%	8.7%	(2.2%)	(0.6%)	1.2%
<b>Market Cap (OMR Mn)</b>	<b>7,622</b>	<b>7,558</b>	<b>7,645</b>	<b>6,861</b>	<b>6,913</b>	<b>6,636</b>	<b>6,870</b>	<b>6,961</b>	<b>7,444</b>	<b>7,428</b>	<b>7,233</b>	<b>7,313</b>
P/E (X) - TTM	9.99	9.91	10.02	10.04	9.74	9.08	9.49	10.06	10.67	10.53	9.99	9.79
P/BV (X) - TTM	1.41	1.40	1.41	1.20	1.18	1.14	1.14	1.14	1.22	1.22	1.13	1.14
Dividend Yield (%)	4.12%	4.16%	4.11%	4.90%	4.99%	5.15%	4.96%	5.38%	5.06%	5.10%	6.43%	6.29%
Volume (Mn Shares)	235	202	1,286	184	381	267	339	336	575	347	254	179
Value (OMR Mn)	74	61	190	59	155	73	84	83	113	96	59	46
Trades	15,789	11,430	13,690	8,595	9,734	12,401	18,699	18,194	26,093	19,226	11,527	12,377

Source: Muscat Securities Market, KAMCO Research

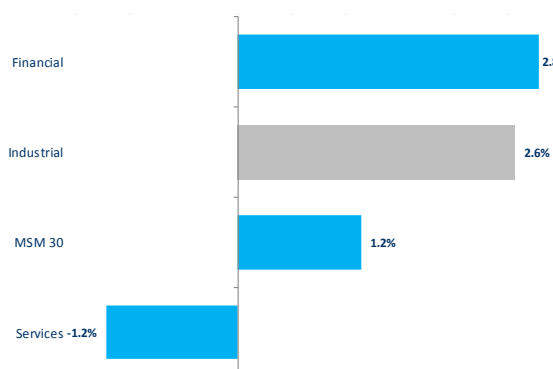
After two consecutive months of decline, the MSM 30 Index surged 1.2% during Jul-16 pushing YTD-16 returns to 8.1%, the second highest index return in the GCC after Dubai. The monthly surge came on the back of 2.8% return for the Financial index, followed by a 2.6% return for the Industrial index partially offset by 1.2% fall in Services index. A majority of the companies in the Financial index saw strong positive returns, especially some of the bigger banks, on the back of earnings improvement during Q2-16. The Financial Index was also the best performing sector in terms of YTD-16 returns which stood at +15.3% at the end of July-16 followed by +10.7% for the Industrial Index and +4.6% for the Services Index.

Noticeable gainers in the Financial sector included NBO (+7.1%) , Bank Sohar (+6.4%) and Bank Dhofar (+3.9%), whereas decliners included Ominvest (-3.2%), HSBC Bank Oman (-2%) and United Finance (-1.9%). The surge in the shares of NBO came after the bank reported a 4.8% increase in 1H-16 net profit although Q2-16 profits remained flat year-on-year. The Bank's customer deposits declined by 1% to OMR 2.44 Bn whereas loans and advances increased by a strong 15% to OMR 2.79 Bn. During the month, NBO also announced the issue of additional USD 100 Bn of bonds maturing in 2019.

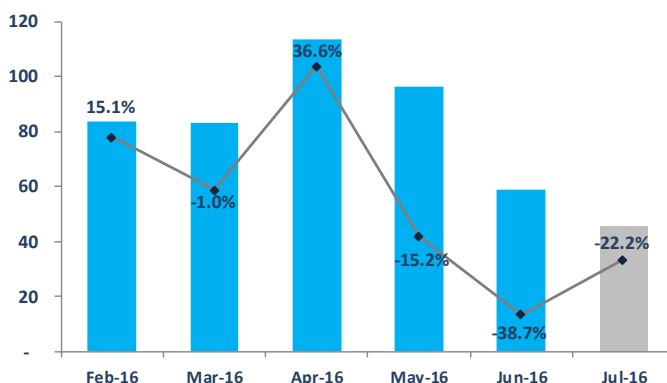
Trading activity on the exchange declined to historical low levels during the month, as seen in some of the other GCC markets, primarily due to the Eid holidays that followed a week of the month Ramadan. Monthly volume traded declined by 29.5% to 179 Mn shares from 254 Mn shares in June-16. The average daily volume traded during the month declined from 11.6 Mn shares during the previous month to 10.5 Mn during July-16. The monthly value traded also declined to one of the lowest recorded levels to OMR 46 Mn as compared to OMR 59 Mn in June-16; however, the average daily value traded remained almost flat at OMR 2.7 Mn during the month. Trading by nationalities continued to be dominated by Omanis accounting for 87.3% of total value of buy trades (87.9% during the previous month) and 77.6% of the value of sell trades (82.5% during June-16). Foreign investors were largely sellers during the month accounting for 17.7% of the value of sell trades, higher than the 11.5% recorded during the previous month. In terms of sector contribution, the Financial sector accounted for the lion's share of total value traded during the month with a total value of OMR 25.4 Mn contributing 55.6% to the total market, whereas the Services sector accounted for OMR 11.2 Mn or 25% of the value traded during the month.

The monthly gainers chart was topped by Al Jazeera Steel Products with a monthly gain of 28.4% after the company's net profits almost doubled year-on-year to OMR 2.71 Mn. Other monthly gainers included Global Financial Investment and Al Batinah Dev. Inv. Holding with returns of 15.4% and 14.8%, respectively, although trades in these stocks were minimal during the month. On the monthly decliners chart, noticeable decliners included Al Anwar Ceramic Tiles (-11.1%), Al Batinah Power (-7.3%) and Al Suwaidi Power (-7.2%). In terms of liquidity, Bank Muscat topped the value traded chart with OMR 9.8 Mn worth of shares traded during the month followed by Al Anwar Holding (OMR 4.3 Mn) and Al Jazeera Steel Products (OMR 3.8 Mn).

**MSM Monthly Sector Performance**



**Monthly Value Traded (OMR Mn)**



Source: Muscat Securities Market, KAMCO Research



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

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

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

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

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

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