

## GCC Markets Monthly Report

May-2015

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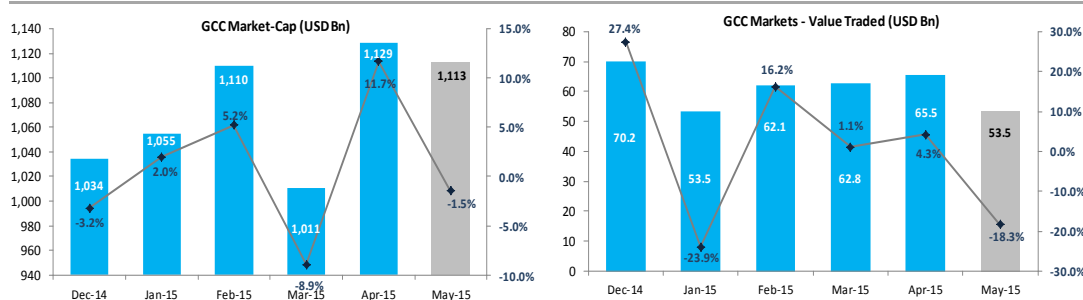
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**Negative sentiments prevailed in the GCC equity markets during May-15 as a largely muted Q1-15 earnings performance failed to maintain positive investor sentiments that was seen during the previous month.** Q1-15 earnings for a majority of the markets saw only a marginal growth although the core Banking sector saw an overall strong first quarter. Moreover, negative sentiments were exacerbated by oil price that trended downward during May-15. External factors like the concerns over Yemen and its impact on the political situation in the GCC, in addition to global events like the Greece situation and its impact on Europe, the relatively weakening USD as compared to the more recent uptrend as well as the uncertainty and delay in rate hike in the US also affected markets in the GCC.

**Nevertheless, there were also several positive data points across the GCC that provided strong support to market indices.** On one hand the euphoria over Saudi market opening up on 15th June, 2015 led to hopes of higher fund raising activity in the primary market with two IPOs already executed on the Tadawul and the one more in the pipeline (Saudi Ground Services). The Saudi CMA also announced measures that would lead to higher allocation to institutional investors in IPO on a case by case basis. Moreover, there were also speculations that shareholders of Network International LLC, Emirates NBD and Abraaj Group, are mulling an IPO of the payment processing firm.

**Meanwhile, the MSCI in its semi-annual review announced several changes and adjusted weightages of constituent companies.** The index aggregator added Emaar Malls to its UAE Index whereas Ezzan Holding and Qatar Insurance were added to the Qatar Index. Meanwhile, the weightages of ADCB and Doha Bank were increased in their respective indices. MSCI also published a standalone index for Saudi Arabia which included 19 stocks.

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	421.8	(3.0%)	(3.9%)	100.8	1,163.4	16.8	1.2	3.6%
Kuwait - TRW Index	2,688.7	(1.9%)	(2.4%)					
Kuwait - Price Index	6,292.5	(1.3%)	(3.7%)					
Saudi Arabia	9,688.7	(1.5%)	16.3%	573.1	43,303.2	19.1	2.1	2.8%
Abu Dhabi	4,527.6	(2.6%)	(0.0%)	120.4	1,237.9	8.3	1.4	4.4%
Dubai	3,923.2	(7.2%)	4.0%	100.1	3,871.5	12.6	1.4	2.0%
Qatar	12,048.3	(1.0%)	(1.9%)	176.3	3,736.0	15.0	2.0	3.5%
Bahrain	1,363.7	(1.9%)	(4.4%)	21.0	43.5	10.0	1.0	3.6%
Oman	6,387.9	1.0%	0.7%	20.9	181.8	10.4	1.5	3.7%
<b>Total GCC</b>				<b>1,112.6</b>	<b>53,537.3</b>	<b>14.9</b>	<b>1.8</b>	<b>3.1%</b>



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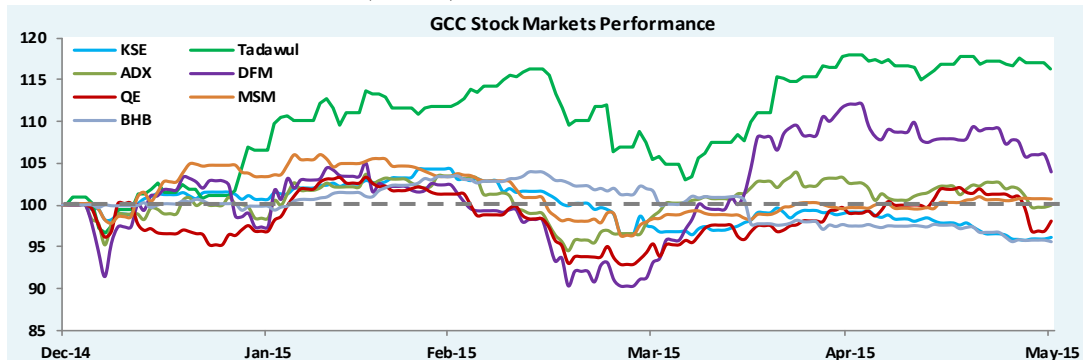
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Source: GCC Stock Exchanges, KAMCO Research

# Kuwait Stock Exchange

Monthly Indicators	Jun-14	Jul-14	Aug-14	Sep-14	Oct-14	Nov-14	Dec-14	Jan-15	Feb-15	Mar-15	Apr-15	May-15
<b>KAMCO TRWI</b>	<b>2,879.0</b>	<b>2,931.9</b>	<b>2,974.5</b>	<b>2,985.4</b>	<b>2,931.1</b>	<b>2,816.7</b>	<b>2,755.4</b>	<b>2,767.7</b>	<b>2,834.5</b>	<b>2,707.4</b>	<b>2,739.6</b>	<b>2,688.7</b>
Monthly % Change	(3.3%)	1.8%	1.5%	0.4%	(1.8%)	(3.9%)	(2.2%)	0.4%	2.4%	(4.5%)	1.2%	(1.9%)
<b>KSE Price Index</b>	<b>6,971.4</b>	<b>7,130.9</b>	<b>7,430.5</b>	<b>7,621.5</b>	<b>7,361.6</b>	<b>6,752.9</b>	<b>6,535.7</b>	<b>6,572.3</b>	<b>6,601.4</b>	<b>6,282.5</b>	<b>6,377.0</b>	<b>6,292.5</b>
Monthly % Change	(4.4%)	2.3%	4.2%	2.6%	(3.4%)	(8.3%)	(3.2%)	0.6%	0.4%	(4.8%)	1.5%	(1.3%)
<b>KSE Weighted Index</b>	<b>469.8</b>	<b>481.8</b>	<b>492.1</b>	<b>494.4</b>	<b>482.2</b>	<b>454.5</b>	<b>438.9</b>	<b>441.8</b>	<b>457.7</b>	<b>427.2</b>	<b>435.1</b>	<b>421.8</b>
Monthly % Change	(4.7%)	2.6%	2.1%	0.5%	(2.5%)	(5.7%)	(3.4%)	0.7%	3.6%	(6.7%)	1.8%	(3.0%)
<b>Kuwait 15 Index</b>	<b>1,140.1</b>	<b>1,176.6</b>	<b>1,200.4</b>	<b>1,203.8</b>	<b>1,170.7</b>	<b>1,105.8</b>	<b>1,060.0</b>	<b>1,072.7</b>	<b>1,116.9</b>	<b>1,021.4</b>	<b>1,059.7</b>	<b>1,016.3</b>
Monthly % Change	(5.7%)	3.2%	2.0%	0.3%	(2.8%)	(5.5%)	(4.1%)	1.2%	4.1%	(8.5%)	3.7%	(4.1%)
<b>Market Cap (KWD Mn)</b>	<b>31,328</b>	<b>32,174</b>	<b>32,860</b>	<b>33,021</b>	<b>32,178</b>	<b>30,432</b>	<b>29,706</b>	<b>29,914</b>	<b>30,995</b>	<b>28,437</b>	<b>29,418</b>	<b>28,550</b>
P/E (X) - TTM	19.02	19.63	20.05	20.70	20.20	19.01	18.48	17.80	18.43	17.03	17.28	16.77
P/BV (X) - TTM	1.38	1.42	1.45	1.46	1.43	1.35	1.32	1.30	1.34	1.23	1.27	1.24
Dividend Yield (%)	3.12%	3.04%	2.98%	2.96%	3.04%	3.21%	3.26%	3.23%	3.16%	3.68%	3.47%	3.59%
Volume (Mn Shares)	2,962	2,423	4,101	6,135	3,263	3,271	5,781	5,450	3,932	3,267	5,362	3,876
Value (KD Mn)	441	247	417	622	382	383	689	502	460	367	414	329
Trades ('000)	76.9	52.8	93.2	133.5	70.9	72.6	166.6	126.4	96.4	84.9	106.9	84.8

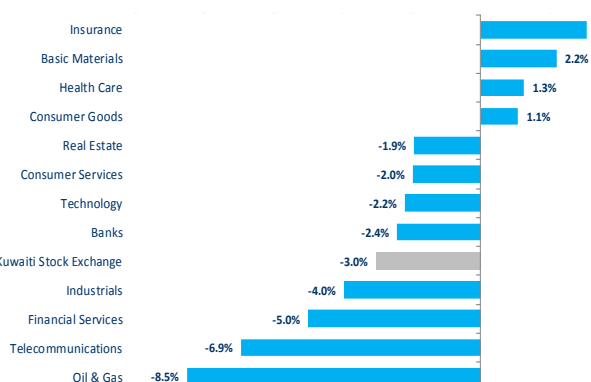
Source: Kuwait Stock Exchange, KAMCO Research

KSE witnessed a steep downturn during May-15 as investors remained on the sidelines leading to low trading activity during the month. The stock market saw a declining trend since the beginning of the month after lackluster earnings results resulted in depressed investor sentiments. Q1-15 earnings reported by listed companies on the KSE declined by 2.0% to KWD 492.3 Mn as compared to KWD 502.5 Mn during Q1-14. A majority of the oil-related companies recorded a steep decline in Q1-15 earnings as seen in 17.8% decline in total earnings for the Oil & Gas sector. Nevertheless, the Banking and the Financial Services sector recorded higher quarterly earnings with a growth of 13.9% and 38.5%, respectively, during Q1-15.

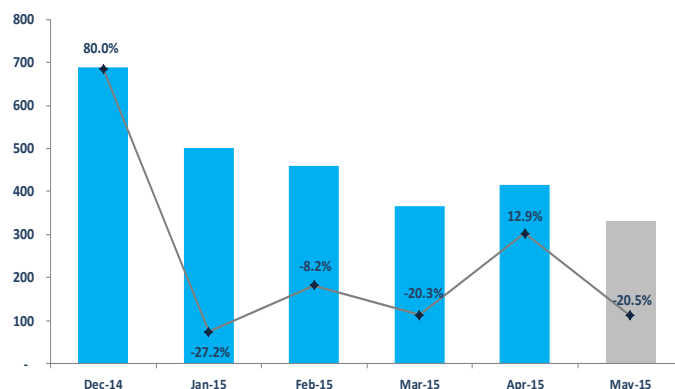
KSE indices declined during the month with the KSE Weighted Index witnessing a steep decline of 3.0% to close at 421.83 points by the end of the month. As a contrast to the previous month, investors primarily sold large-cap stocks which was evident from the 4.1% monthly decline for the KSE 15 Index for May-15 as compared to a strong monthly return during the previous month. A majority of the constituent stocks in the KSE-15 index declined during the month (a total of 10 stocks declined as against 3 gainers and 2 stocks ended flat) led by the Zain which declined by 10.31% due to a 26.5% decline in Q1-15 earnings. Agility was the second largest decliner in the index with a monthly fall of 8.9% despite recording improvement in quarterly earnings during Q1-15. Meanwhile, the KSE Price Index was down by almost 1.3% whereas the KAMCO TRW Index declined by 1.9% trailing the decline in KSE Weighted Index. YTD-15 index performance that saw some improvement after the positive market performance in the previous month once again plunged to negative 3.9% for the KSE Weighted Index and 3.7% for the KSE Price Index. On the other hand, total market capitalization also slid by 7.8% for YTD-15 overtaking 7.7% decline during full year 2014 primarily on the back of several delistings during the year.

In terms of sector performance, a majority of the large-cap sectors i.e. Banking, Telecom, Financial Services and Real Estate all closed the month with negative returns, whereas the Insurance, Basic Materials, Health Care and Consumer Goods sectors recorded positive performance. The decline in sectoral indices was led by the Oil & Gas Index due to the ongoing concerns related to oil prices whereas a majority of the banking stocks declined solely on the back of low investor sentiments. The monthly gainers chart was topped by ISKAN that resumed trading after being suspended since December-14. Other gainers included Al Deera (+42.5%) that recorded earnings improvement during Q1-15 and Al Qurain Holding (+36.0%) which reported losses for Q1-15. The losers chart was topped by IPG (-23.4%) due to the fall in oil related earnings followed by Salbookh Trading (-22.4%) and Zima Holding (-16.9%).

## KSE Monthly Sector Performance



## Monthly Value Traded (KWD Mn)



Source: Kuwait Stock Exchange, KAMCO Research

## Saudi Arabia (Tadawul)

Monthly Indicators	Jun-14	Jul-14	Aug-14	Sep-14	Oct-14	Nov-14	Dec-14	Jan-15	Feb-15	Mar-15	Apr-15	May-15
<b>Tadawul All Share Index</b>	<b>9,513.0</b>	<b>10,214.7</b>	<b>11,112.1</b>	<b>10,854.8</b>	<b>10,034.9</b>	<b>8,624.9</b>	<b>8,333.3</b>	<b>8,878.5</b>	<b>9,313.5</b>	<b>8,778.9</b>	<b>9,834.5</b>	<b>9,688.7</b>
Monthly % Change	(3.2%)	7.4%	8.8%	(2.3%)	(7.6%)	(14.1%)	(3.4%)	6.5%	4.9%	(5.7%)	12.0%	(1.5%)
<b>Market Cap (SAR Bn)</b>	<b>1,944.6</b>	<b>2,108.8</b>	<b>2,269.2</b>	<b>2,210.4</b>	<b>2,051.9</b>	<b>1,874.2</b>	<b>1,816.0</b>	<b>1,918.8</b>	<b>2,036.6</b>	<b>1,818.3</b>	<b>2,165.1</b>	<b>2,149.2</b>
P/E (X) - TTM	18.30	19.82	21.33	19.93	18.50	15.38	14.90	15.30	16.24	16.17	19.26	19.08
P/BV (X) - TTM	2.17	2.36	2.54	2.57	2.40	2.07	2.00	2.10	2.21	1.79	2.13	2.11
Dividend Yield (%)	3.07%	2.83%	2.63%	2.70%	2.90%	3.19%	3.29%	3.10%	2.93%	3.28%	2.76%	2.78%
Volume (Mn Shares)	5,352	3,529	6,011	6,090	4,065	4,559	7,718	6,738	7,670	7,513	7,545	5,560
Value (SAR Mn)	180,033	122,639	208,390	201,646	132,885	153,409	203,019	162,456	194,325	206,269	197,358	162,395
Trades ('000)	3,119	2,412	3,299	2,999	2,124	2,594	3,830	3,067	3,083	3,353	3,154	2,876

Source: Tadawul, KAMCO Research

After a strong run during April-15, the Saudi stock market saw profit taking during May-15 that resulted in a slight market contraction of 1.5% to close at 9,688.7 points. Moreover, concerns regarding Yemen also affected markets, but the euphoria surrounding the opening up of the Saudi market to foreigners, which is expected to start from 15th June, 2015, largely offset some of the other concerns. Nevertheless, the Saudi market still leads the GCC in terms of YTD-15 performance that stood at 16.3% by the end of May-15. The decline in market capitalization was slightly less than the TASI owing to the listing of two companies during the month, i.e. Middle East Paper Co. (MEPCO) and Saudi Company for Hardware (SACO).

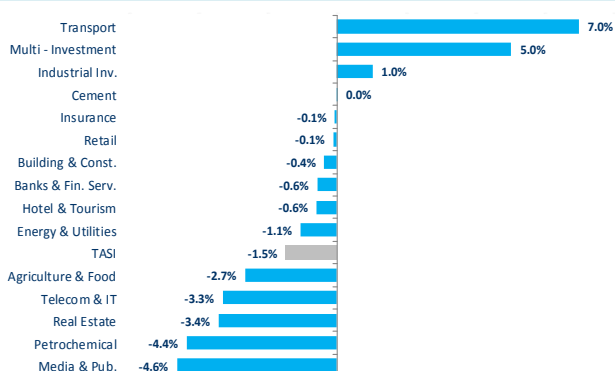
The IPO pipeline for Saudi Arabia remains strong with a number of new companies already planning to list on the exchange. The most recent IPO announcement comes from Saudi Ground Services Co., a unit of national carrier Saudi Arabian Airlines, that plans to raise SAR 2.8 Bn in a 30% initial share sale transaction. Moreover, in a related regulatory development, Saudi Arabia's CMA announced that it would raise the proportion of shares allocated to institutional investors in IPOs in order to reduce volatility in the market. Although the regulator did not specify the exact proportion, but said that 90% of institutional shares would be allocated institutions that cater to retail investors in order that the retail investors could indirectly own the equity. According to the final rules governing foreign ownership, QFIs with an assets under management of SAR 18.75 Bn would be allowed to participate in the market but will be prohibited from owning more than 10% of the total market.

Trading activity suffered during the month with a 26.1% decline in total traded volumes that stood at 5.56 Bn shares as compared to 7.5 Bn shares during the previous month. Total value traded also declined but at a slower rate of 17.7% to SAR 162.4 Bn as compared to SAR 197.4 Bn during the previous month. Meanwhile, market breadth favoured losers, in line with the rest of the GCC markets, with a total of 96 losers as against 67 gainers.

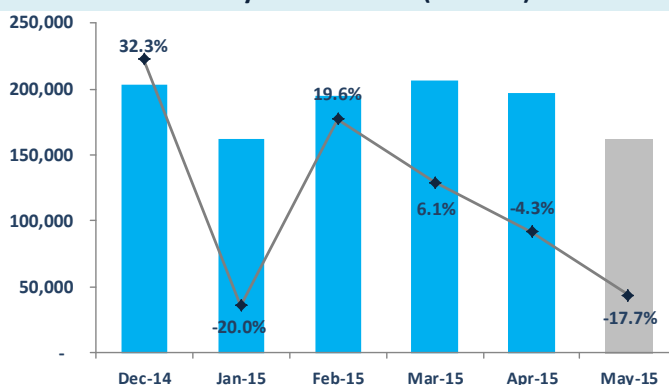
The monthly gainers chart was topped by the newly listed companies SACO and MEPCO that recorded monthly returns of 104.5% and 56.4%, respectively, indicating a strong investor interest in new IPOs. Other gainers included Saudi Transport & Investment Co. and SABB Takaful with monthly returns of 56.4% and 31.3%, respectively. On the other hand, the losers chart primarily featured insurance companies with three out of the top five losers being insurance companies. The list was topped by MetLife AIG ANB Coop Insurance with a monthly decline of 18% followed by Arabia Insurance Coop. and Makkah Construction with monthly declines of 15.0% and 10.8%, respectively.

In terms of sector performance, the Transport index topped the list with a monthly gain of 7.0% followed by the Multi-Investment Index with a gain of 5% whereas the Petrochemical Index saw the second worst performance during the month with a monthly decline of 4.4%. Meanwhile, the large-cap Banking & Financial Services index declined marginally by 0.6%.

### Tadawul Monthly Sector Performance



### Monthly Value Traded (SAR Mn)



Source: Tadawul, KAMCO Research

## Abu Dhabi Securities Exchange

Monthly Indicators	Jun-14	Jul-14	Aug-14	Sep-14	Oct-14	Nov-14	Dec-14	Jan-15	Feb-15	Mar-15	Apr-15	May-15
ADX General Index	4,551.0	5,055.0	5,082.7	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
Monthly % Change	(13.4%)	11.1%	0.5%	0.5%	(4.8%)	(3.8%)	(3.1%)	(1.6%)	5.1%	(4.7%)	4.0%	(2.6%)
Market Cap (AED Bn)	471.3	510.4	510.3	509.5	488.0	468.1	463.9	455.5	477.9	442.7	450.1	442.3
P/E (X) - TTM	13.63	14.76	14.76	13.90	13.30	12.77	12.66	12.39	13.00	8.16	8.41	8.27
P/BV (X) - TTM	1.59	1.72	1.72	1.68	1.60	1.55	1.53	1.43	1.50	1.41	1.44	1.41
Dividend Yield (%)	4.16%	3.84%	3.84%	3.85%	4.00%	4.19%	4.23%	4.30%	4.10%	4.43%	4.36%	4.43%
Volume (Mn Shares)	4,930	3,509	1,509	2,158	1,816	3,590	5,188	1,848	1,873	1,609	4,510	1,951
Value (AED Mn)	12,678	7,838	4,327	6,891	5,274	6,984	8,691	4,233	4,265	4,929	7,635	4,547
Trades	81,625	62,310	37,017	45,493	43,163	53,397	71,913	39,052	33,441	37,722	54,186	36,947

Source: Abu Dhabi Securities Exchange, KAMCO Research

ADX General Index declined by 2.6% during May-15, the third steepest decline during the month as compared to other GCC equity markets. The decline was broad-based as seen from the negative performance of a majority of the large cap sectors. The Banking index declined by 2.2% as most of the banks recorded negative monthly returns with the exception of ADCB and CBI. NBAD fell by 4.1% during the month bringing the YTD-15 decline to 15.1% in spite of reporting upbeat results for FY14 and an almost flat Q1-15 net profits. Other large-cap banks that declined during the month included FGB (-2.6%), UNB (-5.1%) and National Bank of Ras Al Khaimah (-3.75%). Among the gainers, CBI gained 11.1% during the month although the trades in the stock remained very marginal (AED 89.7 thousand).

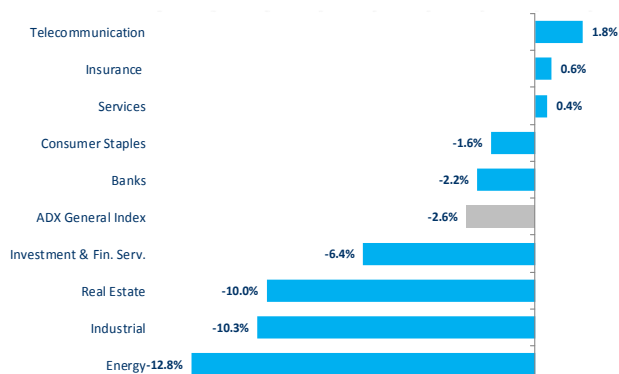
Energy Index saw the steepest relative decline during the month recorded at 12.8% primarily due to a 17.65% decline in shares of Dana Gas further exacerbated by 1.35% monthly decline in shares of TAQA. The Real Estate Index retreated by 10.0% as all the real estate stocks declined during the month. Eshraq Properties declined by a steep 30.1%, also topping the monthly decliners chart, after the company posted a loss of AED 7.2 Mn for Q1-15 due to steep decline in revenues as well as due to the termination of two agreed land sales. The company also said that it has ended negotiations to buy a shopping centre in Abu Dhabi after it failed to reach an agreement with the seller. Moreover, there was an audit issue raised by E&Y on the company's financials. On the other hand, Aldar Properties declined by 6.2% on the back of profit taking after the shares peaked at AED 2.89 during the month on the back of a 36.3% increase in net profit reported at AED 618 Mn. The property developer said that it benefited from a surge in rents from its flagship Yas Mall shopping centre as well as recorded profits from high-margin land plot sales.

In line with most of the other equity markets in the GCC, trading activity on ADX plunged with volumes more than halved to 1.95 Bn shares as compared to 4.5 Bn shares during the previous month. Total value traded fell by almost 40% to AED 4.5 Bn during May-15 as compared to AED 7.6 Bn during April-15. Consequently, average daily volume traded fell to 92.9 Mn shares as compared to 205 Mn shares during April-15 whereas average value traded fell to AED 216.5 Mn in May-15 as compared to AED 347 Mn in April-15. The market breadth remained strongly skewed toward losers that included 34 stocks as compared to 15 gainers.

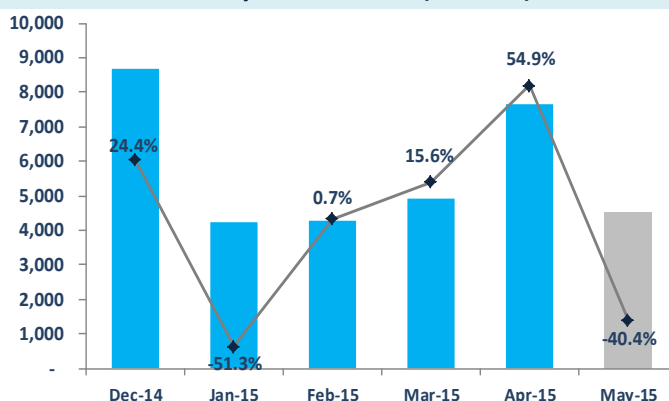
In terms of sector contribution, the Banking and Real Estate sectors continued to account for the lion's share of monthly value traded collectively accounting for more than 80% of the total value traded on the exchange. Aldar Properties topped the monthly value traded chart with total trades valued at AED 1.02 Bn followed by ADCB and Eshraq Properties with trades valued at AED 978.1 Mn and AED 711.3 Mn, respectively.

Monthly top gainers included Abu Dhabi Ship Building with a monthly return of 77.1% after touching its highest closing level since mid-September 2014 on the back of an almost 6 fold increase in net profits during Q1-15. On the other hand, the monthly losers chart included National Marine Dredging (-28.6%) and Arkan Building Materials (-20.0%).

### ADX Monthly Sector Performance



### Monthly Value Traded (AED Mn)



Source: Abu Dhabi Securities Exchange, KAMCO Research

## Dubai Financial Market

Monthly Indicators	Jun-14	Jul-14	Aug-14	Sep-14	Oct-14	Nov-14	Dec-14	Jan-15	Feb-15	Mar-15	Apr-15	May-15
<b>DFM General Index</b>	<b>3,942.8</b>	<b>4,819.1</b>	<b>5,063.0</b>	<b>5,042.9</b>	<b>4,545.4</b>	<b>4,281.4</b>	<b>3,774.0</b>	<b>3,674.4</b>	<b>3,864.7</b>	<b>3,514.4</b>	<b>4,229.0</b>	<b>3,923.2</b>
Monthly % Change	(22.5%)	22.2%	5.1%	(0.4%)	(9.9%)	(5.8%)	(11.9%)	(2.6%)	5.2%	(9.1%)	20.3%	(7.2%)
<b>Market Cap (AED Bn)</b>	<b>301.7</b>	<b>356.6</b>	<b>367.6</b>	<b>369.0</b>	<b>380.6</b>	<b>367.4</b>	<b>335.2</b>	<b>341.1</b>	<b>361.8</b>	<b>331.3</b>	<b>385.8</b>	<b>367.7</b>
P/E (X) - TTM	15.51	18.34	18.95	16.85	16.50	15.80	14.46	12.16	12.90	11.33	13.20	12.59
P/BV (X) - TTM	1.39	1.64	1.69	1.67	1.60	1.56	1.41	1.34	1.43	1.30	1.52	1.45
Dividend Yield (%)	2.44%	2.07%	2.01%	2.00%	1.90%	2.01%	2.20%	2.16%	2.04%	2.23%	1.91%	2.00%
Volume (Mn Shares)	12,407	16,683	7,061	8,096	8,801	7,243	12,333	8,859	8,175	6,926	17,350	9,600
Value (AED Mn)	35,621	34,078	17,320	25,395	21,663	19,574	23,162	15,266	13,343	9,596	24,815	14,221
Trades	234,366	252,568	121,556	148,274	167,489	130,553	210,161	159,224	130,854	110,813	216,339	134,211

Source: Dubai Financial Market, KAMCO Research

The Dubai stock market plunged 7.2% during May-15 falling below the psychologically important 4,000 mark as lack of positive catalysts triggered investors to book profits after a successful bull run during the previous month. In addition to the fall in oil prices and the problems in Yemen, one of the other key factor that contributed to the market weakness was the lackluster earnings for Q1-15 which was almost flat year-on-year. With the decline in May-15, the YTD-15 gains for the DFM has currently pulled back to 4.0% by the end of the month.

Meanwhile, listed companies on the DFM recorded an almost flat Q1-15 earnings which stood at AED 7.1 Bn as compared to Q1-14. The Banking sector reported a strong 41% year-on-year increase in earnings primarily powered by 60.3% increase in Q1-15 net profits of Emirates NBD further supported by higher profits for the rest of the banks (with the exception of Amlak Finance and Al-Salam Bank).

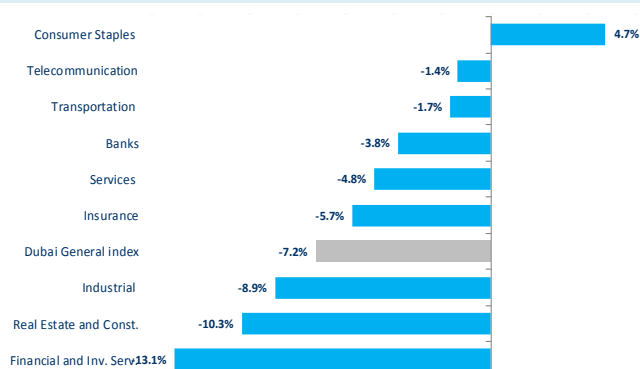
Sectoral performance also highlighted the selling pressure in the market with all the sectoral indices recording negative returns with the exception of the consumer staples index which was up 4.7% on the back of positive monthly returns for a number of stocks within the sector. Shares in Gulfa Mineral Water recorded a monthly return of 19.0% followed by 5% monthly return for shares of Dubai Parks & Resorts. On the other hand, the steepest sectoral index decline was recorded by the Financial & Investment Services Index at 13.1% as a majority of the large-cap stocks within the sector saw steep monthly declines. Gulf General Investment declined by 21.9% although the company recorded higher Q1-15 net profits whereas shares of DFM declined by 17.35% on profit taking.

The Real Estate & Construction Index saw the second steepest monthly decline of 10.3% after all the key real estate names saw steep share price decline during the month. Union Properties led the monthly decliners list within the sector at 27.5% triggered by 83.4% decline in net profits due to a decline in income from contracting activities during the quarter. The fall in Union Properties shares had a cascading effect on other real estate companies in the Dubai as well as in Abu Dhabi. Shares in Arabtec declined by 22.0% during the month on concerns regarding the company's housing unit contract in Egypt.

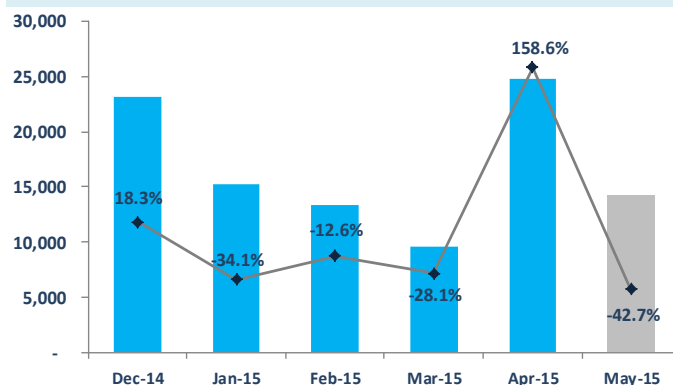
In terms of total trading activity, Dubai was no exception to the rest of the GCC markets, witnessing steep decline in all the trading indicators. Total monthly volume traded almost halved from the previous month to 9.6 Bn traded shares during May-15 whereas total value traded declined at almost the same pace at 42.7% to AED 14.2 Bn. Average daily volume traded slid from 788.6 Mn shares during April-15 to 457.1 Mn shares in May-15 whereas average daily value traded declined from AED 1.1 Bn in April-15 to AED 677.2 Mn during May-15. The market breadth was skewed towards decliners which included 32 companies as compared to 11 gainers. Prices of 17 stocks remained unchanged by the end of the month.

Notable top performers during the month included Tabreed which was up by 15.0% after the company sought shareholder approval to buyback AED 1 Bn bonds. GFH, Emaar Properties and Damac Properties were the most traded stocks by value during the month.

### DFM Monthly Sector Performance



### Monthly Value Traded (AED Mn)



Source: Dubai Financial Market, KAMCO Research

## Qatar Exchange

Monthly Indicators	Jun-14	Jul-14	Aug-14	Sep-14	Oct-14	Nov-14	Dec-14	Jan-15	Feb-15	Mar-15	Apr-15	May-15
<b>QE 20 Index</b>	<b>11,488.9</b>	<b>12,865.5</b>	<b>13,596.7</b>	<b>13,728.3</b>	<b>13,498.9</b>	<b>12,760.5</b>	<b>12,285.8</b>	<b>11,899.6</b>	<b>12,445.3</b>	<b>11,711.4</b>	<b>12,164.5</b>	<b>12,048.3</b>
Monthly % Change	(16.1%)	12.0%	5.7%	1.0%	(1.7%)	(5.5%)	(3.7%)	(3.1%)	4.6%	(5.9%)	3.9%	(1.0%)
<b>Market Cap (QAR Bn)</b>	<b>632.2</b>	<b>690.1</b>	<b>721.2</b>	<b>736.1</b>	<b>728.3</b>	<b>698.1</b>	<b>676.8</b>	<b>648.8</b>	<b>675.3</b>	<b>630.0</b>	<b>653.0</b>	<b>641.8</b>
P/E (X) - TTM	15.20	16.60	17.34	18.11	17.90	17.20	16.65	15.28	15.93	14.75	15.29	15.03
P/BV (X) - TTM	2.19	2.39	2.50	2.53	2.50	2.40	2.32	2.11	2.20	2.01	2.07	2.03
Dividend Yield (%)	3.59%	3.29%	3.15%	3.08%	3.10%	3.30%	3.36%	3.50%	3.36%	3.60%	3.48%	3.54%
Volume (Mn Shares)	399	304	391	319	232	281	367	208	337	171	200	394
Value (QAR Mn)	17,718	12,568	18,131	13,803	10,694	18,760	16,586	10,167	12,434	8,136	8,362	13,602
Trades	199,130	146,915	174,576	134,960	107,598	157,169	174,100	126,765	135,557	107,902	108,714	139,246

Source: Qatar Exchange, KAMCO Research

Among the active GCC equity markets, the Qatar Stock Exchange saw the smallest monthly decline during May-15 recorded at 1.0% for the QE20 Index and 0.9% for the Qatar All Share Index indicating a broad-based decline especially during the last week of the month due to negative newsflow surrounding Fifa. The QE20 Index briefly plunged below the 12,000 mark due to steep consecutive declines on 27th and 28th May 2015 (a total decline of almost 4.1% for the two trading sessions) after news related to Fifa shook investor confidence in the economy that is seeing large scale infrastructure development as it prepares to host the Fifa World Cup in 2022. Banking and Real Estate stocks were the hardest hit stocks due to their exposure to the Qatari infrastructure market. Nevertheless, the index saw strong support and it recovered on the final day of the month closing above the 12,000 mark. The decline in market capitalization was even higher during the month at 1.7% to record QAR 641.8 Bn.

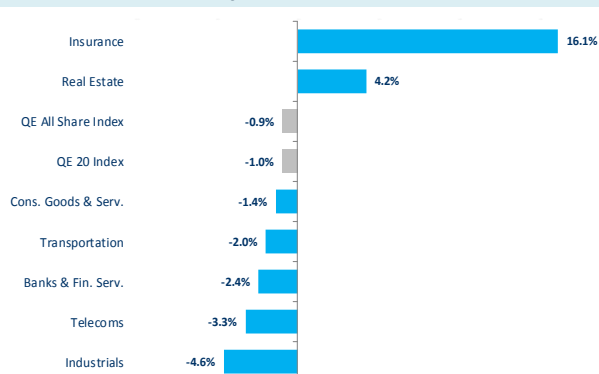
Trading activity on the Qatar exchange remained upbeat during the month with volumes that almost doubled to 394 million shares during May-15 as compared to 199.9 Mn shares during April-15. On the other hand, total value traded increased marginally by 62.7% to QAR 13.6 Bn as compared to QAR 8.4 Bn during the previous month. Average daily traded volume increased from 9.1 Mn shares during April-15 to 18.8 Mn shares in May-15 whereas average daily value traded increased from QAR 380 Mn to QAR 647.7 Mn. Market breadth remained almost equally divided between losers and gainers with 20 gainers as compared to 22 decliners.

Sector performance was led by the Insurance Index that gained almost 16.1% during the month primarily on the back of a 23.8% jump in shares of Qatar Insurance Co. The Qatar's largest insurer also featured on the monthly top gainers chart with the second highest monthly return trailing Qatari German Co. For Medical Devices (QGMS) that was the largest monthly gainer with a monthly return of 40.6%. Meanwhile, the Real Estate sector continued with the positive momentum seen during April-15 and was up by 4.2% during May-15. All the stocks within the Insurance and the Real Estate sectors saw positive monthly returns during the month. Other prominent gainers during the month included Islamic Holding Group and Qatar Investors Group which gained 15.0% and 9.6%, respectively.

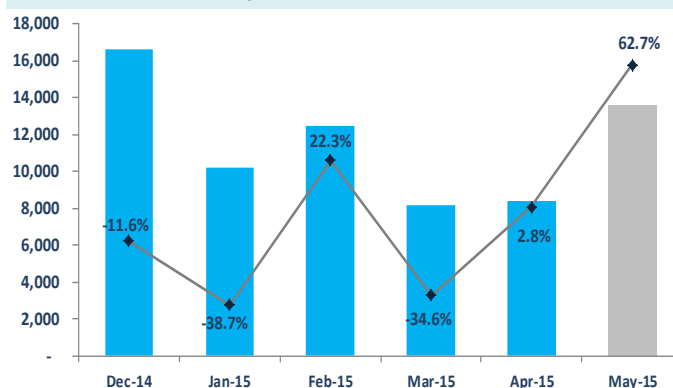
On other hand, the Industrials Index saw the steepest monthly decline of 4.6% primarily due to 5.4% decline in Industries Qatar shares after the company reported a 40% decline in Q1-15 net profits on the back of oil price weakness. Other decliners in the sector included Gulf International Services (-12.78%) and Aamal Co. (-9.65%), which also topped the monthly top losers chart despite reporting improvement in quarterly earnings.

The list of most active stocks during the month was topped by real estate stocks Ezdan Holding and Barwa Real Estate that garnered trades valued at QAR 3.3 Bn and QAR 1.3 Bn, respectively, followed by Qatar Insurance with value traded amounting to QAR 1.2 Bn. The real estate sector continued to account for the lion's share of the total trading activity on the exchange with total trades worth QAR 5.1 Bn or 37.5% of total value traded on the exchange, whereas the Banking and Financial Services sector accounted for QAR 3.7 Mn or 27.3% of total value traded.

**QE Monthly Sector Performance**



**Monthly Value Traded (QAR Mn)**



Source: Qatar Exchange, KAMCO Research



## Bahrain Bourse

Monthly Indicators	Jun-14	Jul-14	Aug-14	Sep-14	Oct-14	Nov-14	Dec-14	Jan-15	Feb-15	Mar-15	Apr-15	May-15
<b>Bahrain All Share Index</b>	<b>1,427.6</b>	<b>1,471.7</b>	<b>1,472.2</b>	<b>1,476.02</b>	<b>1,444.13</b>	<b>1,428.67</b>	<b>1,426.57</b>	<b>1,424.37</b>	<b>1,474.81</b>	<b>1,449.98</b>	<b>1,390.62</b>	<b>1,363.67</b>
Monthly % Change	(2.2%)	3.1%	0.0%	0.3%	(2.2%)	(1.1%)	(0.1%)	(0.2%)	3.5%	(1.7%)	(4.1%)	(1.9%)
<b>Market Cap (BHD Mn)</b>	<b>8,101</b>	<b>8,351</b>	<b>8,354</b>	<b>8,376</b>	<b>8,193</b>	<b>8,105</b>	<b>8,099</b>	<b>8,086</b>	<b>8,378</b>	<b>8,242</b>	<b>7,917</b>	<b>7,904</b>
P/E (X) - TTM	13.66	14.08	14.08	13.21	12.90	12.78	12.71	11.90	12.32	10.43	10.02	10.00
P/BV (X) - TTM	1.06	1.09	1.09	1.07	1.00	1.03	1.02	1.01	1.04	1.01	0.97	0.97
Dividend Yield (%)	3.53%	3.42%	3.42%	3.41%	3.50%	3.53%	3.53%	3.53%	3.41%	3.47%	3.61%	3.62%
Volume (Mn Shares)	67	25	58	51	64	22	29	14	27	24	79	82
Value (BHD Mn)	15	7	13	12	21	6	9	4	8	6	15	16
Trades	1,050	706	897	1,069	609	628	1,065	626	1,029	1,005	1,194	1,526

Source: Bahrain Bourse, KAMCO Research

Bahrain Bourse continued to decline during May-15 falling by almost 1.9% during the month although the stock exchange witnessed improvement in monthly trading activity, an exception as compared to the other GCC markets. The YTD-15 returns currently stands at 4.4% for the Bahrain All Share Index and 2.7% for total market capitalization which stood at BHD 7.9 Bn at the end of the month. The weakness was broad based as reflected in the sectoral index performance which recorded negative returns for all the sectors except for the Investments index that saw marginal monthly returns during the month.

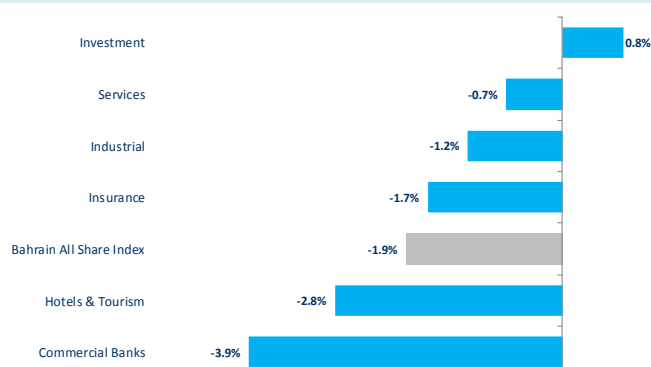
The Commercial Banks Index saw the steepest monthly decline of 3.9% as all the banks, with the exception of Al Khaleeji Commercial Bank, recorded negative monthly returns during May-15. NBB shares fell by 11.24% during the month despite reporting 2.4% increase in Q1-15 net profits. Meanwhile, Bahrain's largest lender, AUB, also declined by 1.38% during the month although the company reported 7.8% increase in Q1-15 net profits. The bank's results highlighted higher fee income during the quarter, however, interest income continues to see pressure and increased by merely 0.7%. Moreover, shares in Al Salam Bank recorded a monthly decline of 2.8% after the bank recorded 5.6% decline in Q1-15 net profits.

The mixed performance in the Investment sector resulted in marginal gains of 0.8% for the sector index. A majority of the companies within the sector declined including Bahrain Middle East Bank (-8.82%) and Arab Banking Corp. (-4.55%); however, these declines were offset by a 25.7% positive monthly return recorded in shares of GFH after the company acquired a the Events Mall in Saudi Arabia for a total consideration of SAR 180 Mn in order tap the growing retail sector opportunities in Saudi Arabia. Moreover, during the month there were speculations that Arab Banking Corp. is looking at buying HSBC's operations in Turkey.

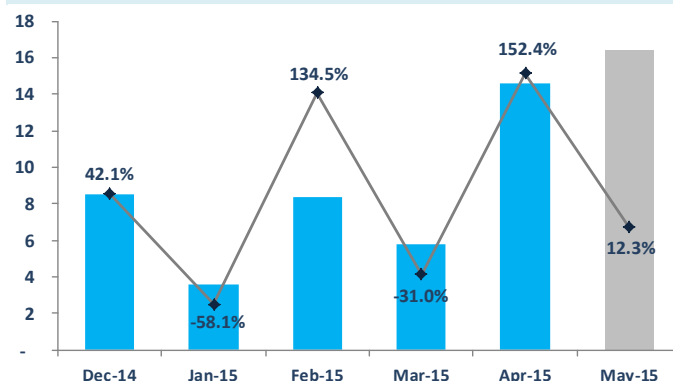
The overall trading activity on the exchange saw slight improvement with monthly volumes up by 4.0% to 82 Mn shares as compared to 79 Mn shares during the previous month. Total monthly value traded increased at a relatively faster pace of 12.4% to reach BHD 16.4 Mn during May-15 as compared to BHD 14.5 Mn during April-15. Average daily volume traded increased from 3.6 Mn shares during April-15 to 3.9 Mn shares during May-15 whereas average daily value of trades increased from BHD 0.66 Mn to 0.78 Mn in May-15. Market breadth favoured decliners that included 17 companies as against 6 gainers during the month. The monthly gainers chart was led by GFH followed by Al Khaleeji bank (+12.5%) and Bahrain Ship Repairing and Engineering Co. (+5.0%). The decliners list was topped by NBB (-11.2%) followed by Bahrain Middle East Bank and AIG with monthly loss of 8.8% and 6.7%, respectively.

There were several positive developments on the economic and regulatory front. First, the Bahrain Economic Development Board announced that the country's GDP grew by 4.5% during 2014 as non-oil activity surged at a faster pace. On the economic front, the Commercial Companies Law of Bahrain was amended and several business friendly changes were made to the law to achieve swifter procedures and attract investments.

### BSE Monthly Sector Performance



### Monthly Value Traded (BHD Mn)



Source: Bahrain Bourse, KAMCO Research

## Muscat Securities Market

Monthly Indicators	Jun-14	Jul-14	Aug-14	Sep-14	Oct-14	Nov-14	Dec-14	Jan-15	Feb-15	Mar-15	Apr-15	May-15
<b>MSM 30 Index</b>	<b>7,008.3</b>	<b>7,200.7</b>	<b>7,367.2</b>	<b>7,484.2</b>	<b>6,974.6</b>	<b>6,506.0</b>	<b>6,343.2</b>	<b>6,558.5</b>	<b>6,559.3</b>	<b>6,238.0</b>	<b>6,322.5</b>	<b>6,387.9</b>
Monthly % Change	2.2%	2.7%	2.3%	1.6%	(6.8%)	(6.7%)	(2.5%)	3.4%	0.0%	(4.9%)	1.4%	1.0%
<b>Market Cap (OMR Mn)</b>	<b>8,448</b>	<b>8,661</b>	<b>8,858</b>	<b>8,991</b>	<b>8,436</b>	<b>7,882</b>	<b>7,734</b>	<b>7,985</b>	<b>7,997</b>	<b>7,582</b>	<b>7,623</b>	<b>8,034</b>
P/E (X) - TTM	11.83	12.12	12.40	11.98	11.24	10.50	10.31	10.48	10.49	10.05	10.10	10.36
P/BV (X) - TTM	1.71	1.75	1.79	1.75	1.65	1.54	1.51	1.50	1.50	1.41	1.42	1.45
Dividend Yield (%)	3.56%	3.47%	3.39%	3.34%	3.60%	3.81%	3.88%	3.76%	3.76%	3.92%	3.90%	3.67%
Volume (Mn Shares)	347	258	284	377	370	492	498	343	493	434	332	229
Value (OMR Mn)	145	107	113	140	132	177	158	96	166	121	97	70
Trades	20,670	14,040	18,119	18,968	18,170	19,532	29,868	23,924	27,345	24,653	16,525	11,991

Source: Muscat Securities Market, KAMCO Research

As an exception to the rest of the GCC markets, the MSM remained the only stock market to record positive monthly performance during May-15. The MSM30 Index recorded a positive monthly return of 1.0% resulting in positive YTD-15 gains of 0.7% by month end. However, total trading activity saw a steep decline during the month with volumes declining by almost a third to 229 Mn shares during May-15 as compared to 332 Mn shares during the previous month. Total value traded also declined by almost OMR 27.2 Mn or 28.14% to OMR 69.5 Mn as compared to OMR 97 Mn during April-15. Consequently, average daily value traded declined from 15.1 Mn shares to 11.5 Mn shares and average value traded fell from OMR 4.4 Mn during April-15 to OMR 3.5 Mn during May-15.

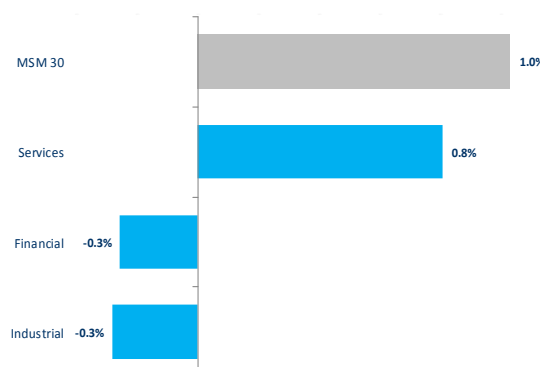
The Financial sector continued to account for the bulk of the trading activity recorded at OMR 35.3 Mn or 51.0% of total value traded on the exchange whereas the Services sector accounted for OMR 28.2 Mn or 40.5% of total value traded. The remaining OMR 6.0 Mn worth of trading was accounted for the Industrial sector. The number of transactions declined by 27.9% to 11,736 transactions in May-15 from 16,525 transactions in the previous month. Total value of shares bought by Omanis declined to OMR 52.2 Mn or 69.6% of total purchases during May-15 whereas the total value of shares sold by Omanis improved 69.7% to 72.8% or OMR 54.6 Mn during May-15. Market breadth highlighted a slight decline in number of shares traded and was skewed towards decliners that included 19 companies as against 15 monthly gainers. Prices of 22 companies remained unchanged as against 13 companies in the previous month.

The monthly gainers list was topped by Al Madina Investment Co. with a monthly return of 31.1% followed by United Finance and Al Madina Takaful with monthly returns of 9.7% and 8.5%, respectively. On the other hand, the monthly decliners list was topped by Al Batineh Development & Investment Holding Co. with a negative monthly return of 10.4% followed by United Poer and Al Sharqia Investment Holding with monthly returns of 10.0% and 9.7%, respectively. Bank Muscat continued to record significant liquidity with almost OMR 14.0 worth of shares traded during the month thereby leading the chart for the most active stocks by value traded. The list also included Oman telecom, Ooredoo and Bank Sohar with monthly value traded amounting to OMR 9.6 Mn, OMR 6.8 Mn and OMR 4.4 Mn, respectively.

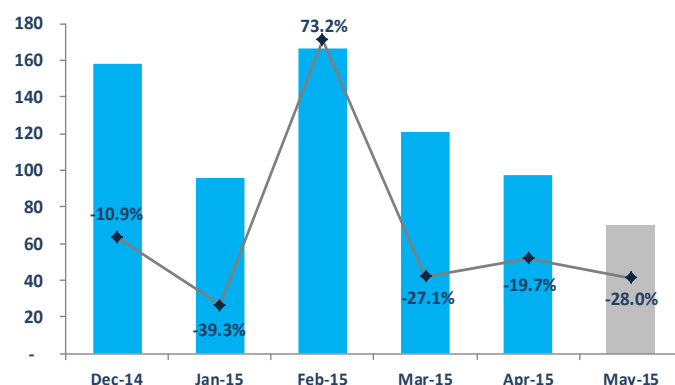
The Q1-15 earnings season for listed Omani companies also reflected the lackluster growth as seen in most of the other GCC markets. Total quarterly net profits for MSM-listed companies declined by 1.2% to OMR 142.3 Mn as the earnings improvement in the Financial and Industrial sectors were offset by earnings decline for the Services sector.

On the ongoing consolidation in Oman, shareholders of Ominvest and ONIC Holding approved the proposed merger of the two companies. Under the plan, ONIC Holding shareholders would receive 1.052 Ominvest shares for every share they currently hold. Meanwhile, in a related development, Bank Nizwa withdrew its proposal for a merger with United Finance leaving two other potential bidders, National Bank of Oman and Al Omaniya Financial Services, for the proposed merger.

**MSM Monthly Sector Performance**



**Monthly Value Traded (OMR Mn)**



Source: Muscat Securities Market, KAMCO Research



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