

GCC Markets Monthly Report

June-2017

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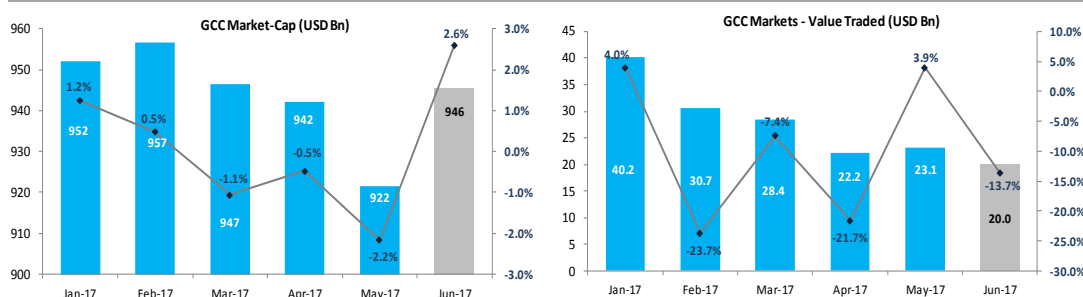
Saudi Arabia's MSCI qualification boosts market in an otherwise quite Ramadan season...

After reporting muted performance for the previous two months, **TASI bounced 8.1% during June-17 recording the best monthly performance in the GCC after global index compiler MSCI said it would consider Saudi Arabia for an upgrade to emerging market status. In addition, the elevation of Deputy Crown Prince, Mohammed bin Salman, to the post of Crown Prince also provided cheers to the market that surged more than 3% after the news.** The new crown prince is said to be the architect of the ongoing Saudi reforms and his elevation provides a big boost to the reform process and encouragement for the speed of diversification efforts in the Kingdom.

On the other hand, softer oil prices that was down more than 8% during the month, added bearish pressure on the markets although other positive factors muted the impact. Also, the ongoing diplomatic issues concerning Qatar and other GCC members affected the performance of the Qatari exchange that declined by 8.8% during the month, making it the worst performing market in the region. On the economic front, the second rate hike for 2017 announced by the US Fed during mid-June was followed by an equivalent repo rate hike in UAE, reverse repo rate hike in Saudi Arabia and policy interest rate hike in Bahrain. Kuwait skipped a rate hike for the first time since 2015 citing marginal economic growth in the country due to lower oil prices.

Globally, markets remained positive with a gain of almost 1% for MSCI World and for the US equity market. The MSCI GCC index also gained 4.9% during the month following solid gains in Saudi Arabia and marginal gains in the UAE. Market activity declined in most of the GCC markets, with overall value traded in the region receding 14% to USD 20.0 Bn. Higher trading in Qatar due to selling pressure and marginal gains in Abu Dhabi, failed to offset the decline in trading in the GCC.

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	399.3	(1.3%)	5.1%	90.2	499.2	15.6	1.2	4.1%
Kuwait - 15 Index	910.1	(0.6%)	2.8%					
Kuwait - Price Index	6,762.8	(0.3%)	17.7%					
Saudi Arabia	7,425.7	8.1%	3.0%	471.0	14,593.1	15.1	1.9	4.2%
Abu Dhabi	4,425.4	(0.0%)	(2.7%)	124.2	1,019.6	10.3	1.5	5.5%
Dubai	3,392.0	1.6%	(3.9%)	94.9	1,939.1	9.5	1.1	5.1%
Qatar	9,030.4	(8.8%)	(13.5%)	133.9	1,803.3	12.8	1.3	4.5%
Bahrain	1,310.0	(0.7%)	7.3%	19.7	24.6	9.3	0.8	5.1%
Oman	5,118.3	(5.6%)	(11.5%)	11.6	75.8	10.2	1.0	6.2%
Total GCC				945.5	19,954.8	13.0	1.5	4.5%



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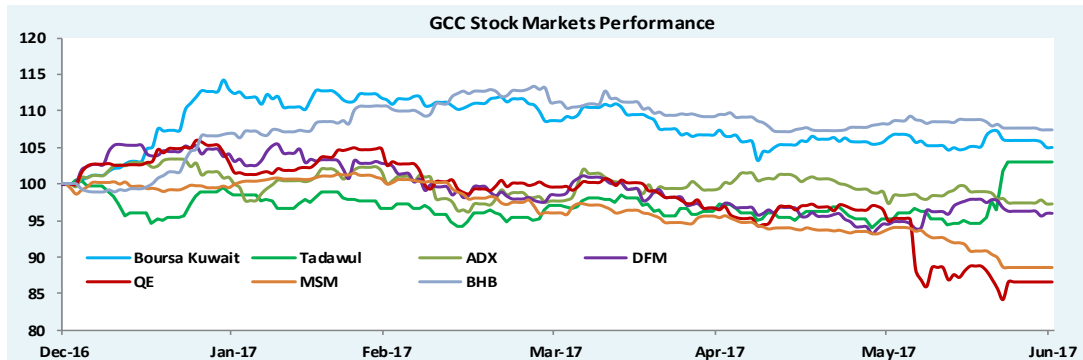
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Source: GCC Stock Exchanges, KAMCO Research

Boursa Kuwait

Monthly Indicators	Jul-16	Aug-16	Sep-16	Oct-16	Nov-16	Dec-16	Jan-17	Feb-17	Mar-17	Apr-17	May-17	Jun-17
Price Index	5,451.0	5,419.7	5,398.4	5,401.1	5,554.5	5,748.1	6,832.2	6,783.1	7,029.4	6,843.0	6,785.4	6,762.8
Monthly % Change	1.6%	(0.6%)	(0.4%)	0.0%	2.8%	3.5%	18.9%	(0.7%)	3.6%	(2.7%)	(0.8%)	(0.3%)
Weighted Index	350.7	347.3	351.9	354.0	367.1	380.1	427.4	424.0	413.3	408.3	404.5	399.3
Monthly % Change	(0.2%)	(1.0%)	1.3%	0.6%	3.7%	3.5%	12.4%	(0.8%)	(2.5%)	(1.2%)	(0.9%)	(1.3%)
Kuwait 15 Index	810.7	801.8	814.1	826.5	855.2	885.0	985.4	964.1	933.8	919.4	915.8	910.1
Monthly % Change	0.6%	(1.1%)	1.5%	1.5%	3.5%	3.5%	11.3%	(2.2%)	(3.1%)	(1.5%)	(0.4%)	(0.6%)
Market Cap (KWD Mn)	24,252	24,010	24,326	24,475	25,371	26,257	29,442	29,102	28,354	28,008	27,656	27,257
P/E (X) - TTM	15.29	15.30	15.63	15.72	16.30	16.80	18.80	18.70	18.16	16.01	15.90	15.60
P/BV (X) - TTM	1.06	1.05	1.06	1.07	1.11	1.13	1.27	1.26	1.23	1.24	1.23	1.22
Dividend Yield (%)	4.30%	4.37%	4.30%	4.27%	4.12%	3.98%	3.67%	3.67%	3.42%	3.76%	4.02%	4.09%
Volume (Mn Shares)	1,327	1,430	902	1,679	2,908	3,594	13,858	8,857	7,105	5,907	2,734	735
Value (KD Mn)	132	152	87	258	328	321	1,185	866	653	517	301	151
Trades ('000)	35.7	40.1	27.2	45.2	70.6	75.6	229.8	171.8	147.7	115.9	75.6	32.6

Source: Kuwait Stock Exchange, KAMCO Research

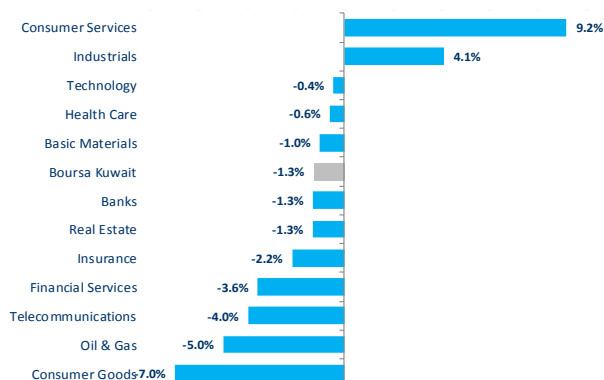
Kuwaiti indices declined for the third consecutive month during June-17 largely reflecting lack of catalysts during the slow period of Ramadan. The Weighted index declined by 1.3% and closed below the psychologically important 400 point mark at 399.33 points. The slide in oil prices during the month had an underlying impact on Kuwaiti shares, although the market traded within a tight range during the month with minimal fluctuation. The Price index witnessed marginal decline of 0.3% indicating a focus on selling large-cap stocks by investors during the month. Nevertheless, Kuwait continues to be the best performing market in the GCC with a robust YTD-17 return of 17.7% for the Price Index while that of the Weighted index stood at 5.1%. The large-cap Kuwait 15 Index also declined by 0.6% after undergoing the scheduled bi-annual change in constituents during June-17. The new constituents in the index includes Human Soft Holding and Qurain Petrochemicals that replaced Viva Kuwait and Warba Bank. Of the 15 stocks in the index, merely two stocks recorded positive gains during the month, namely Human Soft Holding (+13.1%) and Gulf Bank (3.78%).

In terms of sector performance, only two indices, i.e. Consumer Services and Industrials, recorded positive performance during the month with returns of 9.2% and 4.1%, respectively. The Consumer Services index was buoyed by positive performance recorded by large-cap stocks in the index. Shares of Eyas for Higher & Technical Education surged 31.8%, the second-largest monthly gainer during the month, after the company reported 5% increase in net profit for 9M-17 that reached KWD 4.2 Mn on a revenue growth of 1.6% that reached KWD 17.6 Mn. Shares of Kuwait National Cinema also surged 15.8% during the month although trades were minimal in the stock. On the other hand, the surge in the Industrial index was primarily led by 13.1% gains in shares of Agility followed by 11.3% gain in shares of Educational Holding Group.

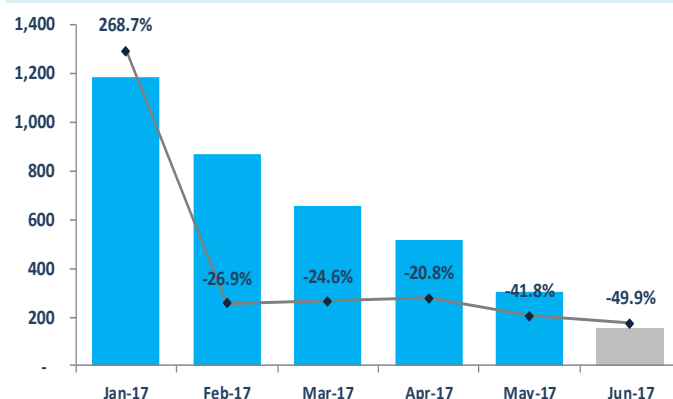
On the sectoral decliners side, the Consumer Goods index receded 7% as all four stocks in the index recorded declines during the month. The Oil & Gas index recorded the second highest decline of 5.0% primarily due to 13.4% decline in shares of NAPESCO, the biggest stock in the index. Among the large-cap indices, the Telecom index receded 4.0% as shares of all the three mainstream telecom operators Zain, Ooredoo Kuwait and Viva Kuwait declined during the month. The Banking index also declined during the month by 1.3% after a majority of the banks recorded decline in share prices.

Trading activity on the exchange continued to slide during June-17 for the fifth consecutive month. Monthly volumes declined to one of the lowest recorded levels on the exchange and reached 735 Mn shares as compared to 2.7 Bn shares during May-17. Similarly, monthly value traded also witnessed a steep decline and reached KWD 151 Mn, the lowest monthly level since September-16.

Boursa Kuwait Monthly Sector Performance



Monthly Value Traded (KWD Mn)



Source: Kuwait Stock Exchange, KAMCO Research

Saudi Arabia (Tadawul)

Monthly Indicators	Jul-16	Aug-16	Sep-16	Oct-16	Nov-16	Dec-16	Jan-17	Feb-17	Mar-17	Apr-17	May-17	Jun-17
Tadawul All Share Index	6,302.2	6,079.5	5,623.3	6,012.2	7,000.2	7,210.4	7,101.9	6,972.4	7,001.6	7,013.5	6,871.2	7,425.7
Monthly % Change	(3.0%)	(3.5%)	(7.5%)	6.9%	16.4%	3.0%	(1.5%)	(1.8%)	0.4%	0.2%	(2.0%)	8.1%
Market Cap (SAR Bn)	1,458.9	1,419.4	1,326.2	1,420.7	1,637.3	1,682.5	1,659.9	1,635.3	1,640.4	1,647.0	1,624.2	1,766.4
P/E (X) - TTM	11.77	11.49	10.75	12.31	13.44	14.73	14.79	14.54	14.64	14.56	14.09	15.10
P/BV (X) - TTM	1.48	1.43	1.32	1.42	1.65	1.70	1.67	1.59	1.73	1.74	1.73	1.85
Dividend Yield (%)	4.71%	4.91%	5.24%	4.90%	4.17%	4.04%	4.05%	4.17%	4.27%	4.26%	4.25%	4.20%
Volume (Mn Shares)	3,518	3,840	2,521	4,703	7,491	6,927	5,442	4,168	3,643	3,245	4,143	2,904
Value (SAR Mn)	59,461	67,974	41,736	65,664	118,645	114,984	98,782	75,232	72,517	61,469	64,660	54,727
Trades ('000)	1,347	1,684	1,070	1,833	2,608	2,685	2,664	2,040	2,053	1,698	1,547	929

Source: Tadawul, KAMCO Research

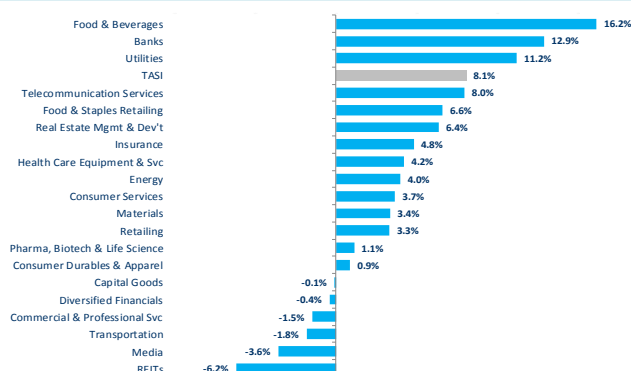
Saudi Arabia recorded best monthly performance in seven months after a wave of positive developments during June-17 provided a boost to investor sentiments in an otherwise muted month of Ramadan. The benchmark TASI Index surged 8.1% during the month to reach a 21-month high level of 7,425.72 points. The news that MSCI would consider Saudi Arabia for an upgrade to emerging market pushed TASI by 5.5% on the day of the announcement, the largest single-day gain in the index in almost a year. In addition, the MSCI announcement was preceded by news of elevation of Deputy Crown Prince, Mohammed bin Salman, to the post of Crown Prince that also provided cheers to the market pushing indices by more than 3%. Total gains post the aforementioned announcements during the second half of the month was close to 9%, pushing YTD-17 gains to 3.0% for TASI.

The new crown prince is said to be the architect of the ongoing Saudi reforms and his elevation provides a big boost to the reform process and encouragement for the speed of diversification efforts in the Kingdom. The selection of the new crown prince also ends any doubts over the continuation of the new policies and the reform process in the Kingdom, specifically the Vision 2030 program, and provides long term visibility in investment in key economic areas, especially the non-oil sectors. Moreover, banks are said to be the biggest beneficiary of the reform process in the Kingdom as the reform process would require funding from banks. This resulted in the second biggest monthly gain of 12.9% for the Banking index as all the listed banks in the Kingdom recorded gains during the month. Moreover, amongst the banks, NCB is expected to get a bigger share of funding for non-oil sector, and as a result, shares of the bank witnessed the biggest monthly gain of 27.64% pushing its share price to SAR 53.11, the highest closing level in 18-months.

Furthermore, according to the MSCI announcement, 32 large-cap Saudi-listed stocks could potentially gain the emerging market status post the Kingdom's inclusion which is said to happen earliest by 2019 if all the requirements are met. This would result in a weight of 2.4% for Saudi Arabia in the index. However, this excludes the planned listing of Aramco that could double the Kingdom's weight in the index. In addition, the expected MSCI upgrade along with a successful upgrade from FTSE in September-17 to secondary emerging market status, could attract passive funds in excess of USD 50 Bn in the Kingdom.

Trading activity on the exchange took a hit during June-17 due to the lesser number of trading days (16 days in June-17 as compared to 23 days in May-17) as well as due to the month of Ramadan. Total volume traded declined 30% to reach 2.9 Bn shares as compared to 4.1 Bn shares during the previous month. Total value traded also declined but at a much lower pace of 15% to reach SAR 54.7 Bn as compared to SAR 64.6 Bn during May-17. However, average daily value traded surged 22% to SAR 3.4 Bn during the month due to the holidays. SABIC topped the monthly value chart with SAR 8.1 Bn worth of trades during the month followed by Alinma Bank and Dar al Arkan Real Estate with SAR 7.9 Bn and SAR 7.5 Bn worth of trades in these stocks, respectively. Savola was the second-biggest monthly gainer during the month, after NCB, with a surge of 22.6% followed by SABB and Al Marai with monthly gains of 19.8% and 18.6%, respectively. The Food and Beverage index topped monthly index performance with a gain of 16.2% during the month.

Tadawul Monthly Sector Performance



Monthly Value Traded (SAR Mn)



Source: Tadawul, KAMCO Research

Abu Dhabi Securities Exchange

Monthly Indicators	Jul-16	Aug-16	Sep-16	Oct-16	Nov-16	Dec-16	Jan-17	Feb-17	Mar-17	Apr-17	May-17	Jun-17
ADX General Index	4,575.3	4,471.0	4,476.3	4,300.2	4,308.8	4,546.4	4,548.8	4,552.1	4,443.5	4,522.6	4,427.3	4,425.4
Monthly % Change	1.7%	(2.3%)	0.1%	(3.9%)	0.2%	5.5%	0.1%	0.1%	(2.4%)	1.8%	(2.1%)	(0.0%)
Market Cap (AED Bn)	473.9	463.8	464.8	447.0	445.2	467.6	465.0	466.6	459.1	467.7	460.5	456.1
P/E (X) - TTM	10.96	10.73	10.74	10.24	10.19	10.77	10.75	11.06	10.80	10.61	10.33	10.30
P/BV (X) - TTM	1.37	1.34	1.34	1.29	1.29	1.36	1.36	1.34	1.31	1.54	1.49	1.49
Dividend Yield (%)	5.47%	5.68%	5.67%	5.91%	5.91%	5.60%	5.60%	5.53%	5.62%	5.26%	5.47%	5.46%
Volume (Mn Shares)	1,228	1,307	1,191	1,011	3,991	1,454	4,837	2,811	1,656	1,553	1,441	3,000
Value (AED Mn)	2,926	3,148	2,443	2,278	5,863	3,179	7,111	4,993	4,433	3,287	3,619	3,745
Trades	23,335	24,668	19,554	20,129	45,297	26,669	57,936	39,116	30,365	24,726	22,671	30,718

Source: Abu Dhabi Securities Exchange, KAMCO Research

The ADX index ended flat during June-17 to close at 4,425.4 points after reaching a monthly peak of 4,537.6 points (+2.5% MTD) by mid month. The index direction was mostly downwards during the second half of the month primarily due to weak trends in the banking stocks. This was also reflected in the 1.3% decline in the banking index with merely two banks recording gain in share priced during June-17. Within the sector, Commercial Bank International saw the steepest decline of 23.7%, also topping the monthly decliners chart for the exchange, due to concerns related to its 40% majority shareholder QNB. Gainers in the sector included National Bank of Fujairah and National Bank of Umm Al-Qaiwain with monthly gains of 10.0% and 6.9%, respectively.

Sectoral performance chart also highlighted 37.1% gains for the Energy Index primarily due to gain in shares of Dana Gas followed by marginally positive returns for Real Estate, Telecom and Insurance indices. On the decliners side, the Services index recorded the steepest fall of 3.4% followed by Consumer Staples and Banks recording declines of 1.8% and 1.3%, respectively.

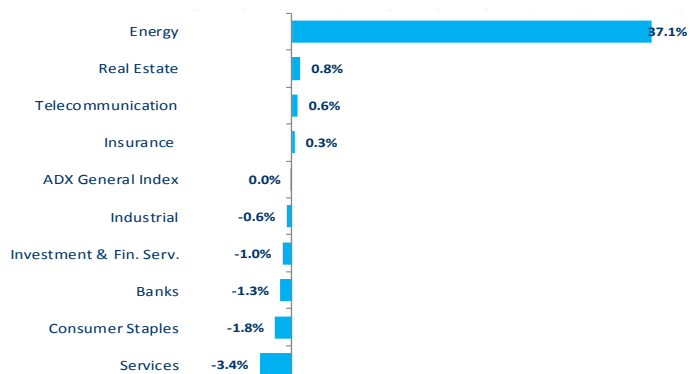
The monthly gainers chart was topped by Dana Gas with its shares up 56.1% followed by 17.6% gains in shares of Abu Dhabi Ship Building and 13.8% gain in shares of National Takaful Co. The gain in shares of Dana Gas came after the company declared its Sukuk payable in October-17 as unlawful amid negotiations with its sukuk holders and proposed to replace it with another Shariah compliant Sukuk with a tenor of 4 years with a significantly reduced profit rate. The company's USD 690 Mn sukuk was due in October-17 but its repayment was a concern as the company had insufficient cash on its balance sheet.

On the decliners side, Commercial Bank International topped the chart followed by Oman & Emirates Investment Holding and Eshraq Properties, with declines of 18.3% and 18.1%, respectively. Eshraq Properties announced during the month that it has entered into an agreement to divest its equity of 4.55% in Ward Holdings Ltd for AED 68 Mn. Overall, the market breadth during the month was skewed towards decliners that included 28 stocks as compared to 20 gainers.

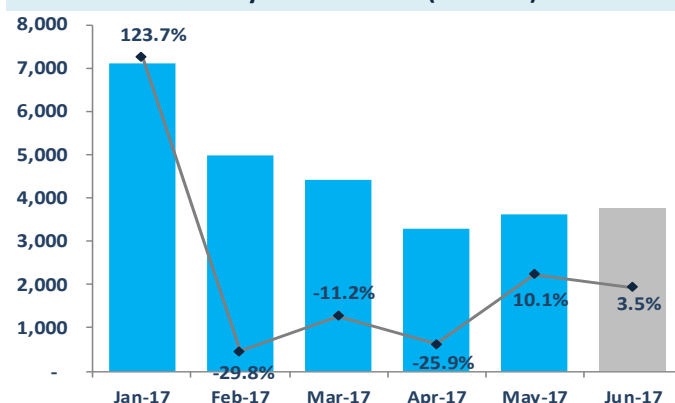
Trading activity on the exchange remained resilient during June-17 despite the holidays. Total volume of shares traded during the month more than doubled to 3 Bn shares as compared to 1.44 Bn shares during the previous month. However, the increase was solely led by 1.75 Bn shares of Dana Gas traded during the month. Moreover, due to the low share price of Dana Gas, the surge in value traded during the month was minimal at 3.5% to reach AED 3.7 Bn as compared to AED 3.6 Bn during May-17. The growth in the average daily volume and value traded during the month was strong at 166% and 32.2%, respectively, reflecting the lesser number of trading days.

Dana Gas topped both the volume and value traded charts with a total value of AED 1.11 Bn. Abu Dhabi Commercial Bank and First Abu Dhabi Bank followed in terms of monthly value traded with shares worth AED 457.9 Mn changing hands each for the two banks during the month. In terms of monthly volumes, Eshraq Properties was the second largest traded stock with 340.6 Mn shares changing hands during the month followed by RAK Properties (233 Mn shares) and Al Dar Properties (187.6 Mn shares).

ADX Monthly Sector Performance



Monthly Value Traded (AED Mn)



Source: Abu Dhabi Securities Exchange, KAMCO Research

Dubai Financial Market

Monthly Indicators	Jul-16	Aug-16	Sep-16	Oct-16	Nov-16	Dec-16	Jan-17	Feb-17	Mar-17	Apr-17	May-17	Jun-17
DFM General Index	3,484.3	3,504.4	3,474.4	3,332.4	3,360.9	3,530.9	3,642.9	3,630.3	3,480.4	3,414.9	3,339.4	3,392.0
Monthly % Change	5.2%	0.6%	(0.9%)	(4.1%)	0.9%	5.1%	3.2%	(0.3%)	(4.1%)	(1.9%)	(2.2%)	1.6%
Market Cap (AED Bn)	335.5	334.8	331.4	316.9	316.3	332.2	352.1	384.0	371.5	360.6	346.7	348.6
P/E (X) - TTM	8.87	9.09	9.01	8.77	8.71	9.25	9.92	9.89	9.39	9.37	9.30	9.50
P/BV (X) - TTM	1.27	1.28	1.27	1.22	1.23	1.29	1.28	1.25	1.15	1.13	1.11	1.13
Dividend Yield (%)	4.91%	4.76%	4.80%	4.99%	4.97%	4.70%	4.66%	4.56%	4.98%	5.15%	5.18%	5.08%
Volume (Mn Shares)	5,180	5,115	5,574	5,102	16,016	11,219	18,618	10,396	5,785	4,969	6,123	6,019
Value (AED Mn)	7,318	7,643	6,744	6,828	20,240	14,659	22,962	15,587	9,583	6,593	7,745	7,123
Trades	74,470	75,179	61,878	68,423	163,506	118,274	196,901	130,998	82,856	69,986	81,311	73,528

Source: Dubai Financial Market, KAMCO Research

Dubai was the only other market apart from Saudi Arabia that recorded positive performance during June-17. The benchmark DFM General Index surged 1.6% during the month after four consecutive months of decline. As a result of the gain, the YTD-17 return for the index was recorded at -3.9%. The positive performance of the market was primarily led by positive performance of the real estate stocks that more than offset decline in other large cap stocks during the month.

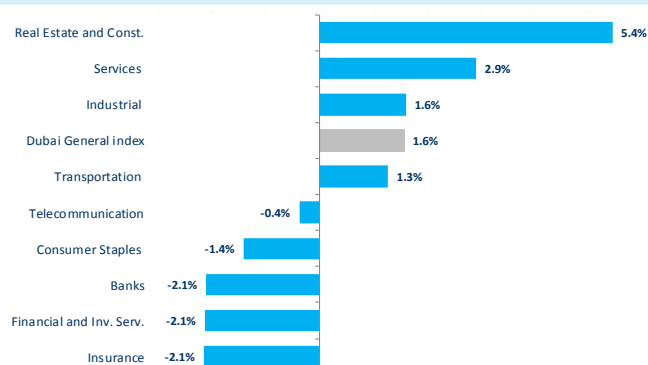
The sectoral performance chart also reflected strong demand for real estate stocks with the related Real Estate & Construction Index surging the most during the month by 5.4% followed by Services and Industrial indices with returns of 2.9% and 1.6%. Within the real estate sector, large-cap stock Emaar Properties recorded the biggest gain of 9.4% during the month following the company's announcement that it plans to list its UAE Real Estate Development business. The company plans to offer up to 30% in the said business and would use the proceeds to give dividends to Emaar's shareholders. Towards the end of the month, the company also announced the appointment of Amit Jain as its CEO, who served as acting CEO before the elevation. Other gainers in the index included shares of Drake and Scull International (DSI) with gains of 7.8% followed by Damac Properties with a monthly gain of 5.6%. Shares of the latter surged after the property developer signed an agreement to participate in a USD 1 Bn project to develop a waterfront in Oman. Gain in shares of DSI came after the company announced that it is in talks with banks to divest some of its assets, including some of its land banks.

Decliners in the real estate sector included Arabtec and Union Properties recording declines of 7.6% and 1.2%, respectively. Shares of Arabtec declined after the company's capital reduction became effective which comes as a part of the company's recapitalization programme aimed at improving financial performance and reduce losses.

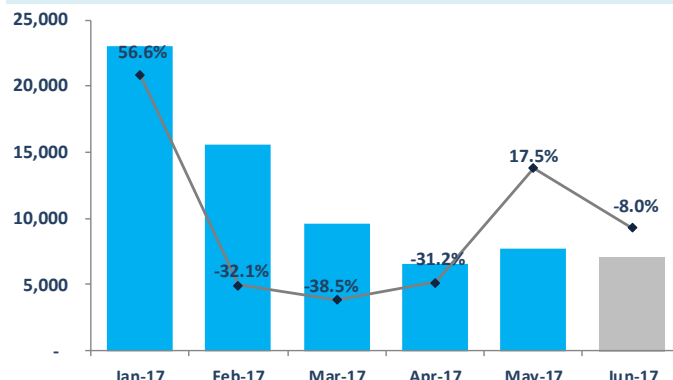
Sectors that declined during the month included Banks, Financial & Investment Services and Insurance each recording a decline of 2.1%, followed by Consumer Staples and Telecom with declines of 1.4% and 0.4%, respectively. Within the banking sector, which is undergoing a margin squeeze despite higher lending, Emirates NBD was the only bank that recorded positive performance during the month with its shares marginally up by 0.5%. On the other hand, prominent decliners included Mashreq Bank (-9.2%), Commercial Bank of Dubai (-5.6%), Emirates Islamic Bank (-4.6%) and Dubai Islamic Bank (-1.9%). In the Financial & Investment Services sector, the 27.0% decline in shares of Shuaa Capital more than offset the gains in other stocks in the sector. Shuaa Capital, which was in talks with GFH to sell a majority stake in the company, declined after GFH said it was postponing discussions to acquire the Shuaa stake.

The monthly gainers chart was topped by Al Madina for Finance and Investment that recorded a gain of 23.7% followed by Tabreed which surged 11.7% after a French company Engie bought a Mubadala's 40% stake in the company. The monthly trading activity witnessed a relatively smaller decline as compared to other GCC markets. Monthly volume declined by 1.7% to reach 6 Bn shares, while monthly value traded declined by 8.0% to reach AED 7.1 Bn.

DFM Monthly Sector Performance



Monthly Value Traded (AED Mn)



Source: Dubai Financial Market, KAMCO Research

Qatar Exchange

Monthly Indicators	Jul-16	Aug-16	Sep-16	Oct-16	Nov-16	Dec-16	Jan-17	Feb-17	Mar-17	Apr-17	May-17	Jun-17
QE 20 Index	10,604.0	10,989.8	10,435.5	10,173.0	9,793.8	10,436.8	10,597.2	10,702.1	10,390.6	10,064.4	9,901.4	9,030.4
Monthly % Change	7.3%	3.6%	(5.0%)	(2.5%)	(3.7%)	6.6%	1.5%	1.0%	(2.9%)	(3.1%)	(1.6%)	(8.8%)
Market Cap (QAR Bn)	568.2	588.1	560.3	548.5	526.6	563.5	568.6	577.7	556.3	542.4	528.6	487.5
P/E (X) - TTM	13.55	14.17	13.50	13.45	13.04	13.85	14.34	15.00	14.58	14.42	13.76	12.80
P/BV (X) - TTM	1.58	1.63	1.55	1.51	1.45	1.56	1.52	1.48	1.44	1.40	1.35	1.26
Dividend Yield (%)	3.82%	3.72%	3.91%	4.00%	4.18%	3.93%	3.91%	3.79%	3.97%	4.03%	4.14%	4.46%
Volume (Mn Shares)	98	164	132	121	188	190	190	188	287	183	231	249
Value (QAR Mn)	3,785	6,799	5,934	4,360	5,822	7,204	5,757	6,723	10,292	4,681	5,936	6,566
Trades	58,170	99,903	76,124	56,888	73,428	71,747	76,729	81,708	103,717	62,981	70,499	73,211

Source: Qatar Exchange, KAMCO Research

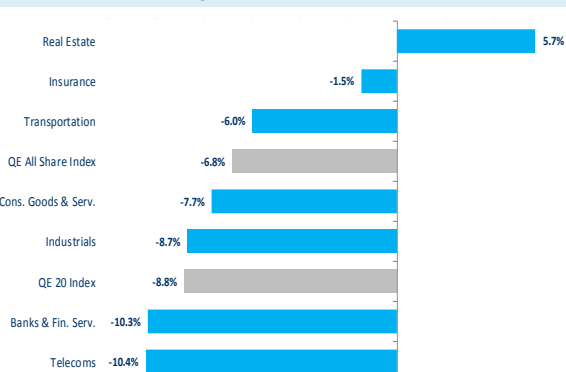
Qatar exchange witnessed the fourth consecutive month of decline in June-17 as bearish pressure owing to Ramadan was exacerbated by Qatar's ongoing diplomatic issues with the other GCC countries that pushed the QE20 index to a 17-month low level of 8,777.73 points. Nevertheless, the index recovered 2.9% on the last day of trading and regained the 9,000 mark to close at 9,030.44 points recording a monthly decline of 8.8%. The decline during the month was broad-based as seen from the 6.8% decline for the Qatar All Share Index which closed the month at 2,581.2 points. The decline during June-17 has also pushed down QE indices to the lowest in the GCC in terms of YTD-17 returns that stood at 13.5% for the QE 20 Index and 10.0% for the QE All Share Index.

In terms of sector performance, only the Real Estate sector witnessed positive returns during the month recording a gain of 5.7% solely led by 15.2% gain in shares of Ezdan Holding, the biggest stock in the sector, while the remaining three real estate stocks declined during the month. Shares of the property firm has been seeing a rout after the company's management announced its decision to delist the company. However, after declining as much as QAR 10.96 per share in early June-17, the shares rebounded after the company's board said that the company will prepare a statement of the fair value per share to be presented to shareholders at a subsequent meeting. Post the announcement, there has been speculations that the said fair value could end being higher than the price at which the company is currently trading.

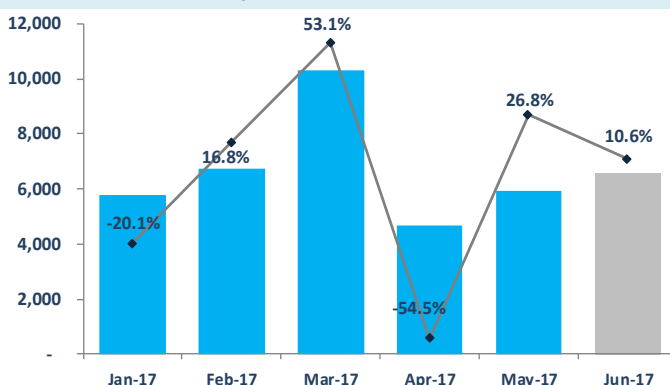
On the other hand, the Telecom index recorded the steepest decline of 10.4% followed by Banks & Financial Services at 10.3% and the Industrials index at -8.7%. Both Telecom stocks declined during the month with Ooredoo falling 11.9% while shares of Vodafone Qatar declined by 2.2%. The decline in the Banks & Financial Services sector came on the back of a sector wide weakness led by concerns relating to the diplomatic situation. Ahli Bank was the only stock that recorded positive gains of 7.8%, while Djala Brokerage and Islamic Holding Group saw double digit declines of 24.5% and 21.1%, respectively. Among the major banks, shares of QNB declined the most falling by 13.6% followed by -9.5% for Qatar Islamic Bank and -8.85% for Qatar International Islamic Bank. The banking system for the country is sound with low NPL to total loans ratio and sound capital adequacy ratio, however, risk liquidity pressures could increase if the government decides to use deposits with domestic banks for funding its deficits. In a related development, Qatar's 5-year CDS rose sharply during June-17 rising to a 16-month high level, in addition to one of the sharpest decline in the exchange rate of Qatari Riyal. The pressure on the country's banking sector comes as smaller banks Masraf Al Rayan, Barwa Bank and International Bank of Qatar are pushing ahead to create the country's second-largest through a three-way merger.

Trading activity during the month was positive due to heavy selling pressure. Total monthly volume increased by 8% to reach 249 Mn shares as compared to 231 Mn shares during the previous month, while value traded increased by a slightly higher 10.6% to reach QAR 6.6 Bn as compared to QAR 5.9 Bn during the previous month, indicating higher trades in large-cap stocks. QNB topped the monthly value chart with QAR 1.04 Bn worth of trades followed by Masraf Al Rayan (QAT 594 Mn) and Vodafone Qatar (QAR 440 Mn).

QE Monthly Sector Performance



Monthly Value Traded (QAR Mn)



Source: Qatar Exchange, KAMCO Research

Bahrain Bourse

Monthly Indicators	Jul-16	Aug-16	Sep-16	Oct-16	Nov-16	Dec-16	Jan-17	Feb-17	Mar-17	Apr-17	May-17	Jun-17
Bahrain All Share Index	1,155.62	1,142.21	1,150.00	1,148.83	1,174.12	1,220.45	1,303.70	1,349.67	1,355.99	1,335.67	1,319.75	1,310.04
Monthly % Change	3.3%	(1.2%)	0.7%	(0.1%)	2.2%	3.9%	6.8%	3.5%	0.5%	(1.5%)	(1.2%)	(0.7%)
Market Cap (BHD Mn)	6,836	6,757	6,803	6,796	6,946	7,221	7,721	7,995	7,683	7,575	7,487	7,434
P/E (X) - TTM	9.66	9.67	9.47	9.70	9.29	9.68	9.97	9.92	10.06	9.60	9.30	9.27
P/BV (X) - TTM	0.80	0.78	0.77	0.78	0.80	0.83	0.89	0.89	0.87	0.86	0.85	0.85
Dividend Yield (%)	4.27%	4.45%	4.88%	4.47%	4.39%	4.22%	3.95%	4.44%	4.96%	5.03%	5.10%	5.13%
Volume (Mn Shares)	36	75	37	29	55	211	136	86	96	141	61	39
Value (BHD Mn)	8	21	6	6	12	10	26	18	24	19	14	9
Trades	996	1,080	789	750	998	1,163	2,164	1,621	1,864	1,684	1,146	926

Source: Bahrain Bourse, KAMCO Research

The Bahrain All Share Index declined for the third consecutive month, albeit marginally by 0.7% during June-17 to close at 1,310.0 points. The index stayed afloat for most part of the month but sank especially during the last few trading sessions by almost 1.1% to close the month in the red. Nevertheless, gains recording during the first quarter of the year has enabled the index to stay in the green zone in terms of YTD-17 returns that stood at 7.3%, the second highest in the GCC after Kuwait.

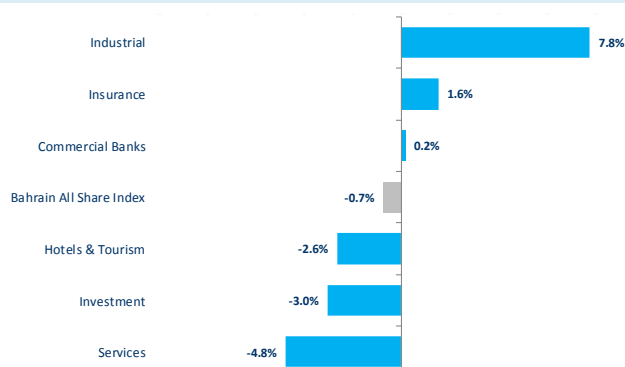
In terms of sector performance, the Industrial index topped the chart recording a gain of 7.8% solely led by gain in shares of Aluminum Bahrain. The Insurance Index surged 1.6% on the back of gain in shares of Bahrain National Holding, the only stock that traded in the sector. The Commercial Banks index remained almost flat with marginal gains of 0.2% after decline in shares of NBB (-2.2%), AlKhaleeji Bank (-9.9%) and Al Salam Bank (-1%) were completely offset by gain recorded by AUB (+1.5%) and BBK (+1%). In a related news, Gulf International Bank, which is owned by GCC governments and provides financial products and investment services, said it has been granted a conventional retail banking license in Bahrain by the Kingdom's central bank. It would operate a digital banking platform in Bahrain from 2018 under the Meem brand. On the decliners side, the Services index sank 4.8% during the month led by decline in shares of BMMI (-2.5%) and Batelco (-10.4%) partially offset by 1.7% gain in shares of Seef Properties.

Trading activity during June-17 remained thin, in line with the rest of the GCC markets. Total volume of shares declined by more than a third to reach an 8-month low level of 39 mn shares as compared to 61 Mn shares during the previous month. Value traded also declined at almost the same pace to reach BHD 9.0 Mn as compared to BHD 14 Mn during May-17, once again the lowest since October-16. Monthly average volume and value also declined despite the holidays to reach 2.2 Mn shares and BHD 0.5 Mn, respectively.

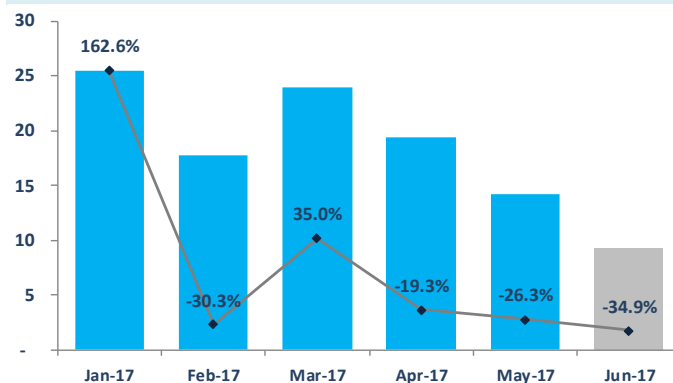
The monthly gainers chart was topped by Inovent which recorded a gain of 18.2% although trades in the stock was minimal at BHD 35 thousand. Aluminum Bahrain recorded the second-largest gain for the month at 8.1% followed by Bahrain National Holding Co. and Ithmaar Bank with gains of 4.9% and 3.6%, respectively. On the decliners side, Batelco topped the list with a decline of 10.4% followed by AlKhaleeji Commercial Bank and GFH with monthly declines of 9.9% and 9.2%, respectively. The latter declined after it withdrew from talks to buy Dubai's Shuaa Capital after both the parties failed to reach common acquisition terms. GFH said that it would continue to seek strategic opportunities. The monthly market breadth was skewed towards decliners that included 10 companies as against 8 gainers. Shares of 22 companies remained unchanged.

In terms of monthly volume, Arab Banking Corp. topped the list with 7.2 Mn shares changing hands during the month followed by Aluminum Bahrain at 6.7 Mn shares and Ahli United Bank with 6 Mn shares. On the monthly value chart, Aluminum Bahrain topped the list with BHD 2.9 Mn worth of shares changing hands during the month followed by Ahli United Bank and Arab Banking Corp. with BHD 1.6 Mn and BHD 0.8 Mn in trades, respectively.

BSE Monthly Sector Performance



Monthly Value Traded (BHD Mn)



Source: Bahrain Bourse, KAMCO Research

Muscat Securities Market

Monthly Indicators	Jul-16	Aug-16	Sep-16	Oct-16	Nov-16	Dec-16	Jan-17	Feb-17	Mar-17	Apr-17	May-17	Jun-17
MSM 30 Index	5,843.8	5,735.0	5,726.2	5,481.4	5,487.7	5,782.7	5,776.2	5,780.0	5,550.6	5,513.5	5,422.0	5,118.3
Monthly % Change	1.2%	(1.9%)	(0.2%)	(4.3%)	0.1%	5.4%	(0.1%)	0.1%	(4.0%)	(0.7%)	(1.7%)	(5.6%)
Market Cap (OMR Mn)	7,313	7,351	7,555	7,930	7,946	5,055	4,959	4,944	6,153	5,991	4,705	4,461
P/E (X) - TTM	9.79	9.67	9.66	9.35	9.54	10.08	10.21	9.91	9.57	10.76	10.72	10.21
P/BV (X) - TTM	1.14	1.12	1.13	1.08	1.08	1.15	1.13	1.12	1.06	1.07	1.05	0.99
Dividend Yield (%)	6.29%	6.35%	6.34%	5.38%	5.39%	5.11%	5.23%	5.33%	5.70%	5.68%	5.80%	6.17%
Volume (Mn Shares)	179	199	227	127	187	147	192	280	258	203	232	115
Value (OMR Mn)	46	52	45	43	58	44	52	99	73	45	43	29
Trades	12,377	13,074	5,563	7,975	5,847	8,793	11,583	12,280	12,395	10,204	9,848	5,549

Source: Muscat Securities Market, KAMCO Research

Oman continued to slide for the fourth consecutive month witnessing the second biggest decline in the GCC in June-17. The MSM 30 index reached 5,118.3 points, the lowest level in the past 17 months, after receding 5.6% during the month. This was also the biggest monthly decline in 19-months that came on the back of decline in all the sectoral indices. The index trend remained downward for almost the whole of the month, gaining on merely two out of the sixteen trading sessions, pushing YTD-17 decline to 11.5%. The monthly performance chart also reflected the selling pressure with merely one monthly gainer (Voltamp Energy) and 23 decliners.

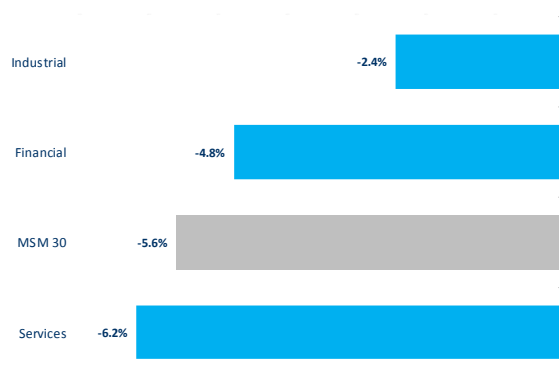
In terms of sector performance, the Services index recorded the steepest decline of 6.2% followed by the Financial and the Industrial indices with declines of 4.8% and 2.4%, respectively. All the stocks that traded in the services sector declined during the month, primarily the Telecom stocks. Shares of Ooredoo Declined by 9.3%, while Omantel shares declined by 8.5% during the month. The Financial Services sector also witnessed a broad-based decline with all the stocks closing the month in the red. Al Anwar Holding witnessed the steepest decline of 23% followed by 8.2% decline in shares of Al Madina Investment Company. Shares of Al Anwar Holding declined after the company's AGM in which the company's board approved a cash dividend of 10% and bonus shares of 14.3%.

Banking stocks also declined during June-17 with shares of Bank Muscat receding 7.4% followed by HSBC Bank Oman (-6.1%) and NBO (-4.9%). In a related news, Alizz Islamic Bank expressed interest in merging with United Finance Company aiming to take the advantage of a growing demand for Islamic banking products in Oman coupled with opportunities in the leasing sector. Furthermore, Fitch Ratings affirmed the long-term issuer default ratings on six Omani banks and has kept a "Stable" rating on these banks. The agency said that it believes that the government has the financial flexibility and the willingness to support its domestic banking system despite the oil related weakness. The support is also partly due to the high contagion risk related to few banks and high concentration as well as due to the importance of the banking system in building the local economy.

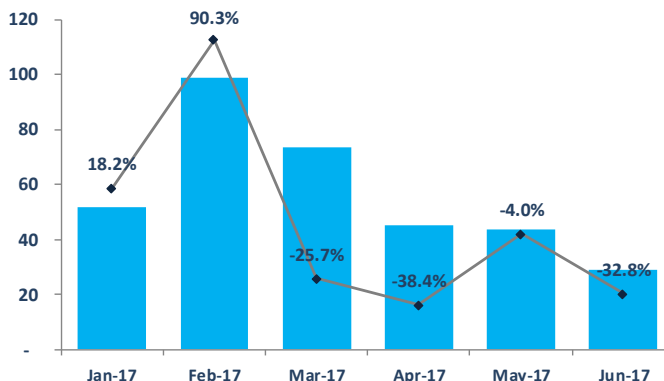
In the Industrial sector, Voltamp Energy was the only stock which recorded a monthly gain of 8.6% while all the other stocks in the sector ended the red zone. Shares of Al Anwar Ceramic Tiles receded the most by 8.4% followed by Al Maha Ceramics and Raysut Cement recording declines of 6.9% and 6.4%, respectively.

The monthly trading activity also declined, in line with the rest of the GCC markets. Monthly volume traded more than halved month-on-month to reach 115 Mn shares in the regular market, while monthly value traded declined by a third to reach OMR 29 Mn. Bank Muscat topped the monthly value traded chart with shares worth OMR 8.1 Mn changing hands during the month. Ooredoo followed with OMR 4.5 Mn worth of trades followed by Raysut Cement at OMR 3.0 Mn. Bank Muscat also topped the monthly volume chart with 21 Mn shares traded during the month followed by Al Madina Investment Company and Al Madina Takaful with 20.8 Mn and 16.6 Mn shares, respectively.

MSM Monthly Sector Performance



Monthly Value Traded (OMR Mn)



Source: Muscat Securities Market, KAMCO Research

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