

GCC Markets Monthly Report

October-2014

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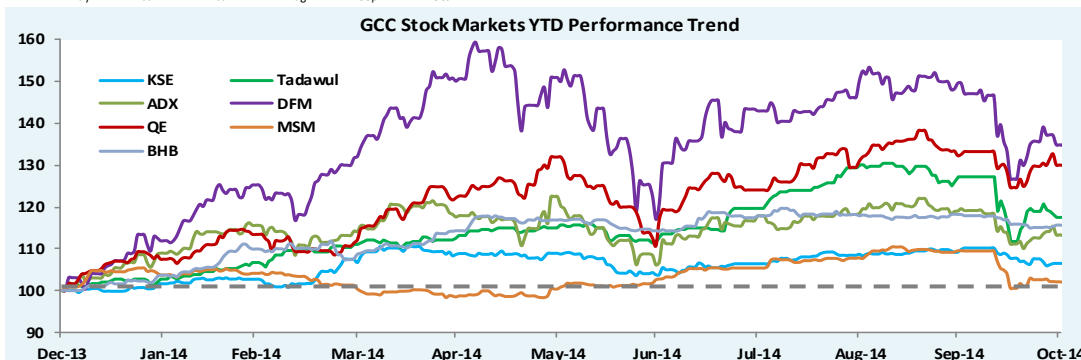
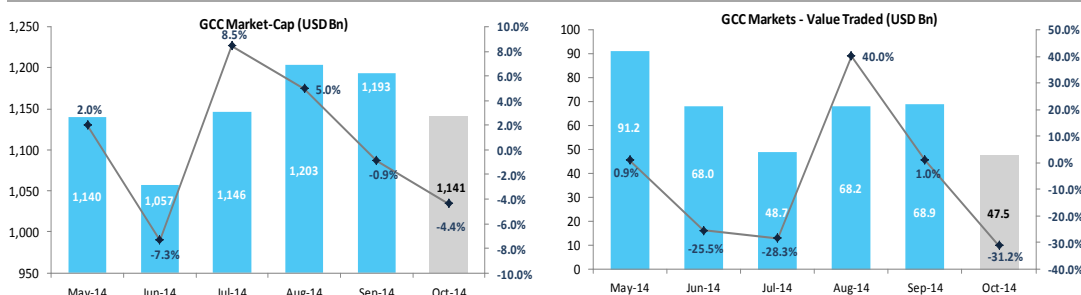
Markets plunged across the GCC during October-2014 on the back of panic selling triggered by a global sell-off seen during the first half of the month. The bearish sentiments were exacerbated by historical low oil prices that prompted response from economic agencies across the globe. The most active markets in the GCC, the Dubai Financial Market and the Tadawul, reported record weekly declines not seen since the financial crisis.

Nevertheless, the equity market weakness did not affect new listing announcements across the GCC which now stands at close to 9 expected IPOs over the next few months. A majority of these companies are expected to list on the DFM and ADX followed by a few companies on the Tadawul stock market.

Meanwhile, oil prices, which has a significant impact on economic health of the GCC countries, continued to decline with the OPEC basket price down by 23.3% for YTD-14 and Kuwait oil spot price declined by 25.6% for YTD-14. The International Energy Agency predicted lowest demand growth for oil since 2009. The continued weakness in oil prices triggered a response from the IMF urging the Gulf oil producers to restrain spending and speed up economic reforms to reduce the fiscal risks of a sustained period of lower oil prices.

Total liquidity in the GCC equity markets, in terms of total value traded, saw a steep decline of 31.2% during October-14 to USD 47.4 Bn as compared to USD 68.9 Bn during September-14. Tadawul continued to account for the lion's share of total trading activity in the GCC pegged at 74.7% or USD 35.4 Bn in total value during the month. UAE exchanges accounted for 15.5% of total value traded in the GCC, up from 12.7% and 8.6% seen during August-14 and September-14, respectively.

GCC Equity Markets	Index Closing	MTD Chg%	YTD Chg%	M-Cap (USD Bn)	Monthly Value Traded (USD Mn)	P/E (x)	P/B (x)	Div. Yield
Kuwait - Weighted Index	482.2	(2.5%)	6.5%	113.7	1,348.9	20.2	1.4	3.0%
Kuwait - TRW Index	2,931.0	(1.8%)	4.4%					
Kuwait - Price Index	7,361.6	(3.4%)	(2.5%)					
Saudi Arabia	10,034.9	(7.6%)	17.6%	547.1	35,434.4	18.5	2.4	2.9%
Abu Dhabi	4,861.5	(4.8%)	13.3%	132.9	1,435.8	13.3	1.6	4.0%
Dubai	4,545.4	(9.9%)	34.9%	103.6	5,897.8	16.5	1.6	1.9%
Qatar	13,498.9	(1.7%)	30.1%	200.0	2,937.1	17.9	2.5	3.1%
Bahrain	1,444.1	(2.2%)	15.6%	21.7	55.5	12.9	1.0	3.5%
Oman	6,974.6	(6.8%)	2.0%	21.9	343.6	11.2	1.7	3.6%
Total GCC				1,140.9	47,453.1	17.2	2.0	3.0%



Source: GCC Stock Exchanges, KAMCO Research

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Kuwait Stock Exchange

Monthly Indicators	Nov-13	Dec-13	Jan-14	Feb-14	Mar-14	Apr-14	May-14	Jun-14	Jul-14	Aug-14	Sep-14	Oct-14
KAMCO TRWI	2,832.4	2,808.2	2,840.2	2,862.1	2,938.5	2,977.7	2,978.5	2,879.0	2,931.9	2,974.5	2,985.4	2,931.1
Monthly % Change	(1.3%)	(0.9%)	1.1%	0.8%	2.7%	1.3%	0.0%	(3.3%)	1.8%	1.5%	0.4%	(1.8%)
KSE Price Index	7,785.5	7,549.5	7,755.8	7,692.8	7,572.8	7,407.7	7,291.1	6,971.4	7,130.9	7,430.5	7,621.5	7,361.6
Monthly % Change	(2.0%)	(3.0%)	2.7%	(0.8%)	(1.6%)	(2.2%)	(1.6%)	(4.4%)	2.3%	4.2%	2.6%	(3.4%)
KSE Weighted Index	459.0	452.9	460.1	465.0	483.1	491.8	493.1	469.8	481.8	492.1	494.4	482.2
Monthly % Change	(1.8%)	(1.3%)	1.6%	1.1%	3.9%	1.8%	0.3%	(4.7%)	2.6%	2.1%	0.5%	(2.5%)
Kuwait 15 Index	1,083.3	1,068.4	1,077.5	1,101.0	1,175.1	1,201.7	1,208.7	1,140.1	1,176.6	1,200.4	1,203.8	1,170.7
Monthly % Change	(1.7%)	(1.4%)	0.9%	2.2%	6.7%	2.3%	0.6%	(5.7%)	3.2%	2.0%	0.3%	(2.8%)
Market Cap (KWD Mn)	31,488	31,107	31,601	31,760	32,637	33,058	32,989	31,328	32,174	32,860	33,021	32,178
P/E (X)	20.70	19.80	19.60	20.00	18.90	19.90	20.02	19.02	19.63	20.05	20.70	20.20
P/BV (X)	1.44	1.40	1.43	1.43	1.43	1.46	1.43	1.38	1.42	1.45	1.46	1.43
Dividend Yield	2.72%	2.83%	2.78%	2.73%	3.00%	2.96%	2.73%	3.12%	3.04%	2.98%	2.96%	3.04%
Volume (Mn Shares)	4,975	5,128	8,106	4,520	4,698	4,518	3,510	2,962	2,423	4,101	6,135	3,263
Value (KD Mn)	531	516	718	535	620	626	439	441	247	417	622	382
Trades ('000)	120.1	118.7	142.1	95.2	107.5	110.0	76.2	76.9	52.8	93.2	133.5	70.9

Source: Kuwait Stock Exchange, KAMCO Research

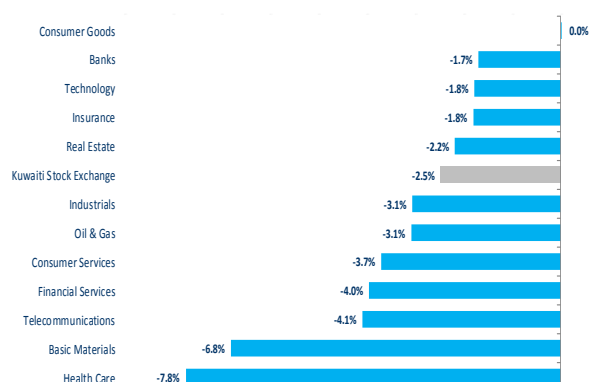
KSE benchmark indices declined during October-14 as the significant slide in oil prices overshadowed a strong 18.9% increase in 9M-14 net profits for the heavyweight Banking sector. The KSE Price index saw a relatively higher monthly decline of 3.4% as compared to other Kuwait indices that declined at lower pace. Moreover, among the GCC equity markets, the October-14 performance of the KSE was more resilient to the global equity market sell-off as the decline in KSE was less steep as compared to most of the other GCC markets. The declines during October-14 affected YTD-14 returns, sending the KSE Price Index back in the red zone with a YTD-14 decline reported at 2.5% by the end of October-14. The Index had posted a YTD-14 growth of 1.0% in the previous month after reporting five consecutive months of YTD-14 declines. Total market capitalization declined by 2.6% to KWD 32.2 Bn (USD 111.2 Bn).

Trading activity on the KSE also plunged during the month primarily due to lesser number of trading days on account of Eid holidays. Total volume traded almost halved to 3.3 Bn traded shares as compared to 6.1 Bn in the previous month. Total value traded declined by 38.6% to KWD 381.9 Mn. Average daily volume for the month declined from 278.9 Mn shares in September-14 to 192.0 Mn shares in October-14. On the other hand, average daily value traded declined from KWD 28.3 Mn in September-14 to KWD 22.5 Mn during October-14.

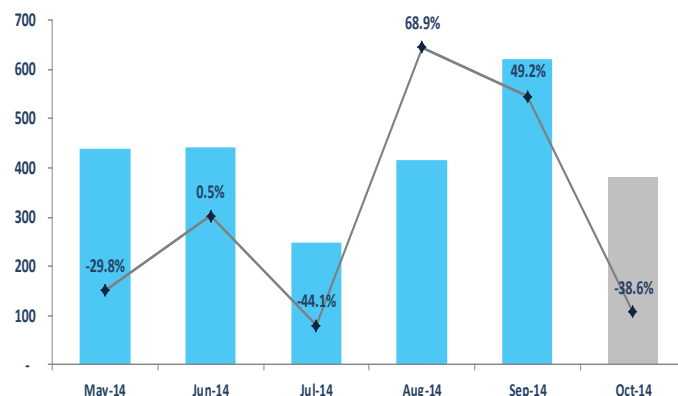
The monthly gainers list was topped by Tamdeen Real Estate with a monthly return of 28.6% followed by Kuwait Buildings Materials Manufacturing Co. (KBMMC) and Kuwait Reinsurance, with monthly returns of 25.4% and 11.9%, respectively. KBMMC reported a 20.1% increase in 9M-14 net profits to record at KWD 0.49 Mn. On the monthly losers side, Kuwait Hotels topped the list with a monthly decline of 31.3% followed by Gulf Finance House and Al Hilal Cement (which reported a net loss of KWD 0.28 Mn for 9M-14) with monthly declines of 20.3% and 18.6%, respectively. The overall market breadth for the month remained strongly skewed towards losers which included 140 companies as compared to 24 gainers. The performance of 30 companies remained unchanged. In line with previous month, small-cap stocks featured prominently on the monthly volumes chart with Gulf Finance House (GFH) at the top with a total volume of 431.7 Mn shares. On the monthly value chart, Kuwait Finance House topped the list with KWD 49.7 Mn in traded value followed by NBK at KWD 36.0 Mn and Zain at KWD 19.8 Mn.

Meanwhile, in its latest regional economic outlook for the MENA region, the IMF indicated that the GDP growth in the GCC region is expected to improve in 2014 to reach 4.4% after seeing healthy growth of 4.1% in 2013. IMF upgraded its GDP growth forecast for Saudi Arabia to 4.6% in 2014 compared to the previous estimates of 4.1% for the same year in May 2014. However, growth estimates for Kuwait was downgraded to 1.4%, a sharp decline from the May estimate of 2.6%.

KSE Sector Performance



Value Traded (KWD Mn)



Source: Kuwait Stock Exchange, KAMCO Research

Saudi Arabia (Tadawul)

Monthly Indicators	Nov-13	Dec-13	Jan-14	Feb-14	Mar-14	Apr-14	May-14	Jun-14	Jul-14	Aug-14	Sep-14	Oct-14
Tadawul All Share Index	8,325.3	8,535.6	8,760.6	9,106.6	9,473.7	9,585.2	9,823.4	9,513.0	10,214.7	11,112.1	10,854.8	10,034.9
Monthly % Change	3.5%	2.5%	2.6%	3.9%	4.0%	1.2%	2.5%	(3.2%)	7.4%	8.8%	(2.3%)	(7.6%)
Market Cap (SAR Bn)	1,704.3	1,752.9	1,801.8	1,865.9	1,925.2	1,953.1	1,989.6	1,944.6	2,108.8	2,269.2	2,210.4	2,051.9
P/E (X)	17.80	17.64	18.13	18.76	18.68	18.95	19.31	18.30	19.82	21.33	19.93	18.50
P/BV (X)	2.15	2.04	2.10	2.17	2.32	2.35	2.40	2.17	2.36	2.54	2.57	2.40
Dividend Yield	3.23%	3.15%	3.06%	2.96%	3.09%	3.05%	2.99%	3.07%	2.83%	2.63%	2.70%	2.90%
Volume (Mn Shares)	3,428	4,335	4,922	5,188	7,125	7,546	8,011	5,352	3,529	6,011	6,090	4,065
Value (SAR Mn)	94,912	115,885	139,255	135,153	193,969	232,300	242,531	180,033	122,639	208,390	201,646	132,885
Trades ('000)	1,550	2,143	2,540	2,228	3,015	3,902	3,705	3,119	2,412	3,299	2,999	2,124

Source: Tadawul, KAMCO Research

The Saudi stock market saw the second highest monthly decline recorded at 7.6% as compared to other GCC markets during October-14 to close the month at slightly above the 10,000 mark. The decline came on the back of global stock market weakness during the first half of the month further affected by weakness in oil prices that declined to historical low levels due to demand supply concerns. The first day of trading after the Eid holidays saw markets plunge by almost 6.5% as all sectoral indices ended in red. The TASI index closed below the 10,000 mark for four trading sessions starting 15th October 2014. The lowest monthly close was recorded on 16th October when the index closed at 9,547.54 points, the lowest close since 30th June 2014. The declines registered during the month affected YTD-14 gains which stood at 17.6% by the end of the month, a decline of more than 10 percentage points since the end of previous month. Total market capitalization also declined by 7.2% to SAR 2.1 Trillion (USD 547.9 Bn) from SAR 2.2 Bn (USD 589.4 Bn) during the previous month.

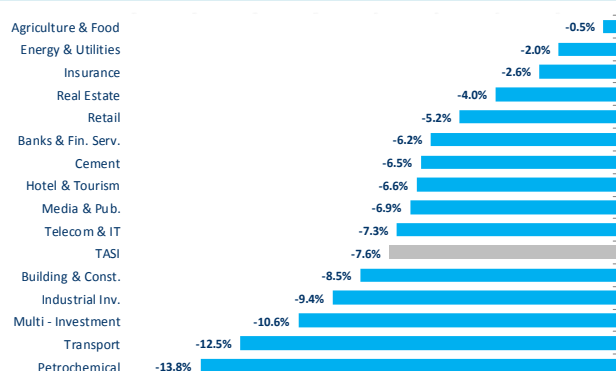
In the oil market, OPEC basket spot prices declined by almost 12.1% during the month on the back of oversupply concerns in the oil market. Declining oil prices coupled with rising expenditure has pushed breakeven oil prices for Saudi Arabia, which according to the IMF stood at \$80 a barrel. The rising breakeven prices in Saudi Arabia have reduced the country's fiscal flexibility.

On the sectoral front, the heavyweight Banking and Financial Services index declined by 6.2%, as all the listed banks saw negative monthly returns during the month. The steepest monthly decline was reported by Bank Al-Jazira at 12.8% as the bank posted a 25.4% decline in 9M -14 net profits. Al Rajhi Bank recorded the second steepest decline in the Banking sector at 8.3% due to a 9.8% decline in 9M-14 net profits on the back of higher operating expenses. The steepest monthly index decline was reported by the Petrochemical sector that declined by 13.8% with SABIC declining by as much as 15.5% during the month. The company reported a surprise decline quarterly profits due to lower volumes. The Transportation index posted the second-lowest decline of 12.5% followed by Multi-Investment index at 10.6%.

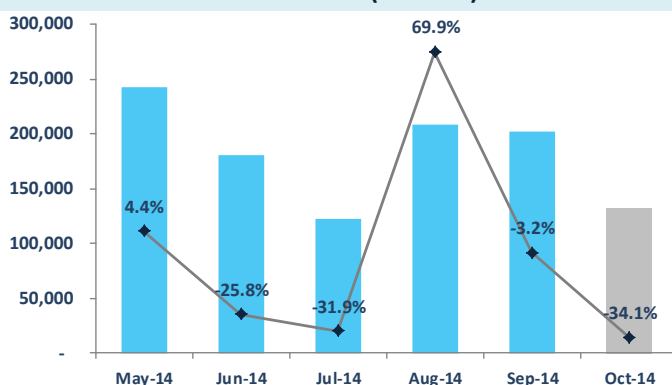
The overall trading activity for the month also plunged primarily due to the lesser number of trading days on account of Eid holidays in addition to the prevailing negative sentiments. Total volumes declined by a third to 4.1 billion traded shares, whereas market liquidity declined by 34.1% to SAR 132.9 Bn. Total trades saw declined by 29.2% to end the month at 2.1 million trades. Average daily volumes declined from 290 Mn shares in September-14 to 239.1 Mn shares in October-14, whereas average daily value traded declined from SAR 9.6 Bn in September-14 to SAR 7.8 Bn during October-14.

The monthly gainers list was topped by Abdullah A. M. Al-Khodari Sons Co. which gained 15.8% during the month despite reporting a slight decline in 9M-14 net profits. MedGulf and Tawuniya reported monthly returns of 12.6% and 8.6%, respectively. On the other hand, the losers list was topped by AXA Cooperative followed by Arabian Pipe and Sahara Petrochemicals. SABIC topped the liquidity chart with total value traded amounting to SAR 11.0 Bn followed by Alinma Bank and Dar Al Arkan Real Estate with monthly value traded amounting to SAR 10.9 Bn and SAR 5.1 Bn, respectively.

Tadawul Sector Performance



Value Traded (SAR Mn)



Source: Tadawul, KAMCO Research

Abu Dhabi Securities Exchange

Monthly Indicators	Nov-13	Dec-13	Jan-14	Feb-14	Mar-14	Apr-14	May-14	Jun-14	Jul-14	Aug-14	Sep-14	Oct-14
ADX General Index	3,849.8	4,290.3	4,673.1	4,958.7	4,894.4	5,044.6	5,253.4	4,551.0	5,055.0	5,082.7	5,106.3	4,861.5
Monthly % Change	0.1%	11.4%	8.9%	6.1%	(1.3%)	3.1%	4.1%	(13.4%)	11.1%	0.5%	0.5%	(4.8%)
Market Cap (AED Bn)	408.0	447.3	484.4	505.1	496.9	507.4	537.3	471.3	510.4	510.3	509.5	488.0
P/E (X)	12.08	13.14	14.23	14.84	15.17	15.50	16.41	13.63	14.76	14.76	13.90	13.30
P/BV (X)	1.42	1.53	1.66	1.73	1.66	1.70	1.80	1.59	1.72	1.72	1.68	1.60
Dividend Yield	4.34%	3.96%	3.66%	3.51%	3.73%	3.84%	3.65%	4.16%	3.84%	3.84%	3.85%	4.00%
Volume (Mn Shares)	3,703	9,457	10,697	6,310	4,747	8,600	5,400	4,930	3,509	1,509	2,158	1,816
Value (AED Mn)	6,550	15,225	22,923	16,969	12,266	22,768	17,732	12,678	7,838	4,327	6,891	5,274
Trades	42,402	88,765	114,266	86,229	67,478	105,996	94,134	81,625	62,310	37,017	45,493	43,163

Source: Abu Dhabi Securities Exchange, KAMCO Research

ADX General Index declined by 4.8% amid volatile market during October-14 after seeing three consecutive months of marginal growth. The index plunged by almost 3.5% on 12th October 2014, its steepest daily decline since January 2011. The index closed below the psychological mark of 5,000 points that it breached after the global sell-off and continued to remain at the subdued levels till the close of the month. The YTD-14 return on the index declined from 19.0% at the end of the previous month to 13.3% at the end of October-14. Meanwhile, total market capitalization for the exchange declined by 4.2% to AED 488.9 Bn (USD 133.0 Bn).

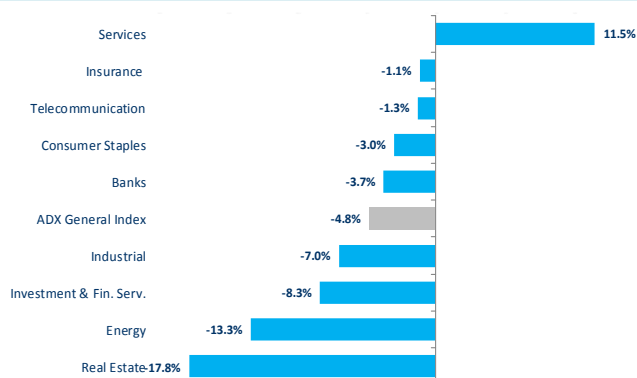
Trading activity also declined in line with other markets as monthly volumes declined by 15.9% to 1.8 Bn traded shares resulting in average daily trading volume of 90.8 Mn shares as compared to 98.1 Mn shares during September-14. On the other hand, total monthly value traded declined by an even steeper rate of 23.5% to record at AED 5.3 Bn resulting in average daily trading value of AED 263.7 Mn down from AED 313.2 Mn during the previous month. Market breadth remained skewed towards losers that included 34 stocks as compared to 16 gainers. Prices of 15 stocks remained unchanged during the month.

The monthly gainers list was topped by National Marine Dredging with a monthly return of 20.3% after the company won a AED 5.5 Bn (USD 1.5 Bn) project in Egypt for the expansion of the Suez Canal as part of a consortium. Abu Dhabi National Hotels reported the second highest monthly return of 16.7% followed by National Corp. for Tourism & Hotels with monthly return of 14.6%. On the other hand, the losers chart was topped by previous month's top gainer International Fish Farming Co. (ASMAK) which reported a monthly decline of 27.2% after it gained 18.4% during September-14. FOODCO continued to feature in the losers list with a monthly decline of 25.9% followed by Aldar properties that declined by 18.4%.

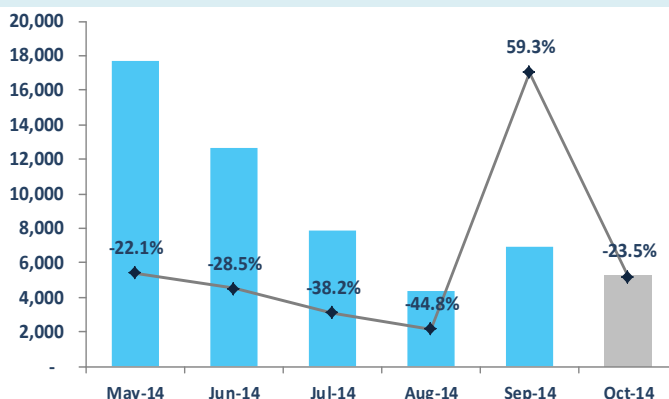
As a normal trend, trading continued to remain concentrated on the Real Estate sector which accounted for AED 2.2 Bn or 42.3% of the total monthly traded value followed by the Banking sector which garnered AED 2.0 Bn in trades or 37.8% of total stock exchange traded value. Total market liquidity was topped by Abu Dhabi government-owned Aldar Properties which garnered total trades valued at AED 1.4 Bn (26.1% of total monthly market liquidity) during October-14 as the company announced several positive datapoints regarding new projects and fully leasing out existing projects. Shares in the company, however, remained among the top losers for the second consecutive month. Other companies that featured on the most liquid stocks list included First Gulf Bank that recorded trades valued at AED 0.9 Mn followed by Eshraq Properties with trades totaling AED 738.5 Mn during October-14.

In terms of sectoral performance, the Services Index was the only sector to report positive monthly returns of 11.5% with three out of the six companies in the sector featuring on the monthly top gainers list. On the other hand, the Real Estate Index reported steep decline of 17.8% during the month followed by Energy Index with a decline of 13.3%. During the month, RAK Properties declined by 17% despite reporting 5.2% increase in 9M-14 net profits.

ADX Sector Performance



Value Traded (AED Mn)



Source: Abu Dhabi Securities Exchange, KAMCO Research

Dubai Financial Market

Monthly Indicators	Nov-13	Dec-13	Jan-14	Feb-14	Mar-14	Apr-14	May-14	Jun-14	Jul-14	Aug-14	Sep-14	Oct-14
DFM General Index	2,945.9	3,369.8	3,770.4	4,220.5	4,451.0	5,059.0	5,087.5	3,942.8	4,819.1	5,063.0	5,042.9	4,545.4
Monthly % Change	0.8%	14.4%	11.9%	11.9%	5.5%	13.7%	0.6%	(22.5%)	22.2%	5.1%	(0.4%)	(9.9%)
Market Cap (AED Bn)	261.2	267.1	287.9	318.8	331.7	369.7	370.2	301.7	356.6	367.6	369.0	380.6
P/E (X)	17.68	17.40	18.76	20.78	18.59	20.99	21.02	15.51	18.34	18.95	16.85	16.50
P/BV (X)	1.30	1.30	1.40	1.55	1.56	1.73	1.74	1.39	1.64	1.69	1.67	1.60
Dividend Yield	2.60%	2.55%	2.36%	2.13%	2.11%	1.91%	1.99%	2.44%	2.07%	2.01%	2.00%	1.90%
Volume (Mn Shares)	9,108	17,363	22,821	20,779	14,811	16,872	12,626	12,407	16,683	7,061	8,096	8,801
Value (AED Mn)	12,678	22,851	36,455	41,719	31,995	44,771	46,503	35,621	34,078	17,320	25,395	21,663
Trades	103,725	165,971	231,321	233,760	194,605	234,516	253,669	234,366	252,568	121,556	148,274	167,489

Source: Dubai Financial Market, KAMCO Research

DFM reported the worst monthly performance in the GCC during October-14 with the benchmark index declining by 9.9% to 4,545.4 points and remained below the psychological mark of 5,000 points since the beginning of the month. The index also witnessed its worst weekly drop since December 2008 for the week of 12th October 2014. The decline during the month pushed down YTD-14 gains to 34.9%. Market capitalization, however, increased by 6.7% to AED 380.6 Bn (USD 92.3 Bn) due to the listing of Emaar Malls Group.

On a positive side, the month saw one of the most successful debuts in the GCC with the listing of Emaar Malls Group with its shares jumping 21% on opening before easing back to 12.1% at AED 3.25 per share. The company attracted big interest from foreign institutional investors. Meanwhile, Amanat Holdings, a healthcare and education start-up, also announced AED 1.4 Bn (USD 374 Mn) share sale to retail and institutional investors starting 20th October 2014 priced at AED 1.02 per share, representing 55 percent of the company. The company said that the share sale, which ends on 4th November, was fully covered within a week since the subscriptions opened.

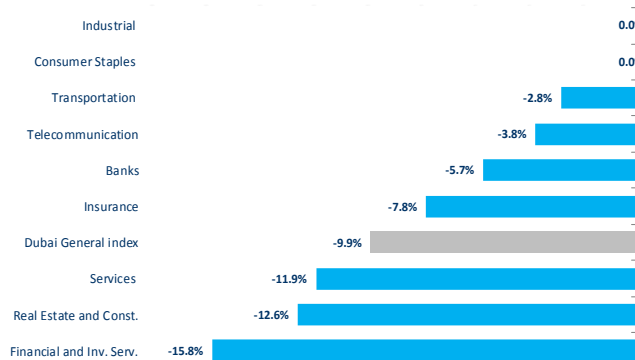
The listing story continued during the rest of the month with several other companies and government-owned entities announcing listing plans going for IPO in the coming months. Some of the new listing announcements include plans from Emaar Properties, after the successful listing of its malls unit, to list its hospitality business on the DFM within months. Other potential near-term share sales include the IPO plans from Meraas Holding, a state-owned developer, which is also planning a DFM listing for its theme parks division before the end of the year. Al Habtoor, a family conglomerate with interests in retail, construction and hospitality, is also believed to be mulling listing plans for early 2015.

In a contrast from other GCC markets during October-14, trading activity on the DFM picked up due to the listing of new shares on the market. Total volume traded increased by 8.7% to 8.8 Bn shares resulting in average daily traded volume of 440.1 Mn shares during October-14 as compared to 368 Mn shares during September-14. However, total monthly value declined by 14.7% to AED 21.7 Bn resulting in average daily traded value of AED 1.1 Bn as compared to AED 1.2 Bn during the previous month. Trading continued to be dominated by Real Estate, Banking and Investment & Financial Services sectors.

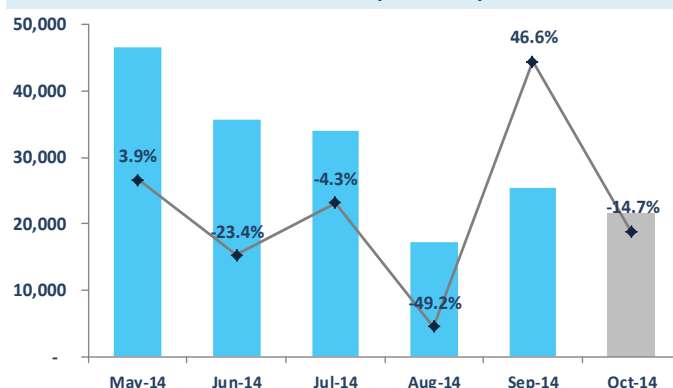
On the sectoral front, all the reportable sectors in the market reported flat to negative monthly returns. The decline was led by the Financial and Investment Services Index that dropped by 15.8% followed by the Real Estate & Construction and Services indices, with monthly declines of 12.6% and 11.9%, respectively. The heavyweight Banking Index also declined by 5.7%.

The market breadth remained skewed towards losers with 32 companies as compared to gainers that included 7 companies. The gainers chart primarily included small-cap companies with minimal trades led by United Kaipara Dairies and Dubai Refreshments. The losers chart featured Takaful House and Gulf Finance House with monthly declines of 22.2% and 19.4%, respectively. On the liquidity front, Arabtec, Emaar Properties and Emaar Malls Group reported monthly trades worth AED 5.4 Bn, AED 4.1 Bn and AED 3.3 Bn, respectively.

DFM Sector Performance



Value Traded (AED Mn)



Source: Dubai Financial Market, KAMCO Research

Qatar Exchange

Monthly Indicators	Nov-13	Dec-13	Jan-14	Feb-14	Mar-14	Apr-14	May-14	Jun-14	Jul-14	Aug-14	Sep-14	Oct-14
QE 20 Index	10,375.1	10,379.6	11,155.7	11,771.8	11,639.8	12,677.6	13,694.2	11,488.9	12,865.5	13,596.7	13,728.3	13,498.9
Monthly % Change	5.5%	0.0%	7.5%	5.5%	(1.1%)	8.9%	8.0%	(16.1%)	12.0%	5.7%	1.0%	(1.7%)
Market Cap (QAR Bn)	555.0	555.6	589.4	683.5	650.4	732.0	736.9	632.2	690.1	721.2	736.1	728.3
P/E (X)	13.83	14.05	14.90	17.28	15.82	17.80	17.92	15.20	16.60	17.34	18.11	17.90
P/BV (X)	1.96	1.94	2.05	2.38	2.16	2.43	2.45	2.19	2.39	2.50	2.53	2.50
Dividend Yield	3.64%	3.63%	3.42%	2.95%	3.54%	3.15%	3.08%	3.59%	3.29%	3.15%	3.08%	3.10%
Volume (Mn Shares)	256	225	225	287	336	732	560	399	304	391	319	232
Value (QAR Mn)	8,659	7,340	10,942	38,665	15,298	25,951	25,591	17,718	12,568	18,131	13,803	10,694
Trades	120,824	104,081	114,651	124,365	200,230	285,219	239,685	199,130	146,915	174,576	134,960	107,598

Source: Qatar Exchange, KAMCO Research

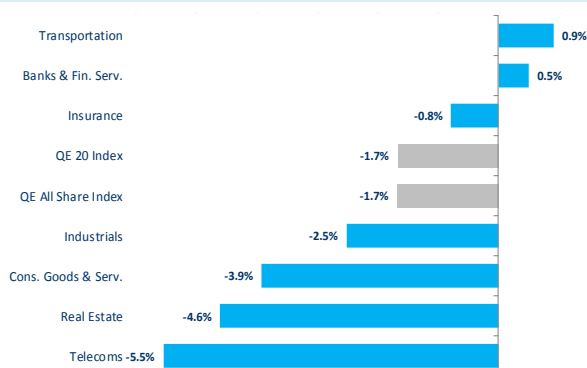
Qatar market witnessed downward trend in October-14 as the representative QE Price index recorded a monthly decline of 1.7% as it ended the month at 13,498.8 points. The index went down to as low as 12,942 points in the mid-month before recovering toward the end. The market capitalization of the Qatar exchange fell by around 1.1% to end October-14 at QAR 728.3 Bn (USD 200.3 Bn) as compared to QAR 736.1 Bn (USD 202.4 Bn) recorded in the previous month. The index has recorded a strong YTD growth of 30.1% on the back of 24.2% growth recorded in 2013. The market breadth was decidedly negative as there were 30 decliners as compared to only 12 advancing stocks during the month and price of one stock remained unchanged. Among the sectoral indices major declines was seen in Telecom sector index which was down 5.5% in the month mainly due to 6.8% decline in Ooredoo stock. Real estate sector index too was down by 4.6% due to decline in UDC stock which was down -8.1% and Ezdan Holding which recorded a monthly decline of 7.7%.

The trading activity declined during the month, possibly due to lesser number of trading days due to Eid, as only 232.1 Mn shares got traded on the exchange as compared to 323.2 Mn in the previous month, registering a decline of 27.3%. The traded value of stock too declined by 22.5% as it reached QAR 10.7 Bn in the month. Among the sectors, the Banks and Financial Services sector led the trading value and accounted for 37.3% of the total value of shares traded on the exchange. It was followed by real estate sector (24.3% of total value) and Industrial sector (20.3% of total value). However the real estate sector led in terms of number of shares traded on the exchange with 110 Bn shares traded which accounted for 47.4% of the total trading volume of the exchange.

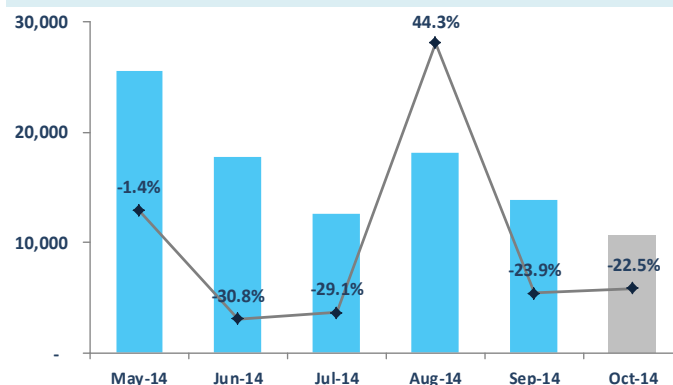
The stock of Islamic holding Group recorded the highest monthly gain registering a growth of 23.9% as it ended the month at QAR 151.4. The stock is also the leader in terms of YTD gains as it has gone up by a whopping 229.1% this year. Among the other gainers during the month were Gulf Warehousing (+10.9%), QNB (+5.7%) and CBQ (+5.3%). The corporate profits of these companies too showed strong growth as Barwa reported a 44% rise in 9M-14 net profit while CBQ reported a 19% increase in profitability in 9M-2014. Investors also seemed to be buoyed by the news that Barwa will sell land worth USD 697.4 Mn to the government. QNB, the largest bank reported net profit for the first nine months of 2014 of QAR 8 Bn, up by 12.6 percent, compared to same period last year. Among the major losers were Qatari Investor Group (-15.5%), Qatari Cinema (-10.8%) and Qatari German Co for Medical Devices (-10.7%). Masraf Al Rayan bucked the trend in the banking sector and its stock was down 8.4% in Oct-2014.

In the economic news, Qatar's government spending fell 6.6% from a year ago to QAR 38.8 Bn in Q1 of the current fiscal year, while revenue soared to a record high. The budget surplus in April-June was QAR 79.0 Bn, compared with a deficit of QAR 24.4 Bn a year earlier. The surplus was equivalent to 41.7 percent of GDP. In its recently released regional economic outlook, the IMF has revised upward the GDP growth expectation of Qatar for 2015 by 0.6% to 7.7%, the highest in the GCC region. Qatar, along with other GCC countries, has also told IMF that it is looking for the Fund's help to develop a better 'inclusive development strategy'.

QE Sector Performance



Value Traded (QAR Mn)



Source: Qatar Exchange, KAMCO Research

Bahrain Bourse

Monthly Indicators	Nov-13	Dec-13	Jan-14	Feb-14	Mar-14	Apr-14	May-14	Jun-14	Jul-14	Aug-14	Sep-14	Oct-14
Bahrain All Share Index	1,208.6	1,248.9	1,294.3	1,372.7	1,356.9	1,427.3	1,459.3	1,427.6	1,471.7	1,472.2	1,476.02	1,444.13
Monthly % Change	0.6%	3.3%	3.6%	6.1%	(1.1%)	5.2%	2.2%	(2.2%)	3.1%	0.0%	0.3%	(2.2%)
Market Cap (BHD Mn)	6,663	6,886	7,200	7,655	7,567	8,101	8,281	8,101	8,351	8,354	8,376	8,193
P/E (X)	9.49	9.48	9.92	10.54	11.32	12.12	12.39	13.66	14.08	14.08	13.21	12.90
P/BV (X)	0.90	0.91	0.95	1.02	0.99	1.06	1.08	1.06	1.09	1.09	1.07	1.00
Dividend Yield	3.75%	3.63%	3.47%	3.26%	3.78%	3.53%	3.45%	3.53%	3.42%	3.42%	3.41%	3.50%
Volume (Mn Shares)	273	114	140	186	169	115	198	67	25	58	51	64
Value (BHD Mn)	22	16	28	32	32	45	51	15	7	13	12	21
Trades	1,027	1,140	1,954	2,609	2,069	1,892	1,707	1,050	706	897	1,069	609

Source: Bahrain Bourse, KAMCO Research

Bahrain market ended the month of October-14 on a weak note as the benchmark Bahrain All Share Index recorded a monthly decline of 2.2% as it ended the month at 1,444.1 points. The market index recorded an YTD growth of 15.64% at the end of the month. The market capitalization of the Bahrain bourse declined by 1.8% to end the month at BHD 8.2 Bn (USD 22.1 Bn). The market breadth was negative as the number of declining stocks were 18 as compared to only 8 stocks that reported monthly gains. Prices of 21 stocks remain unchanged. It is to be noted that Bahrain market has recorded listless performance in last three month with the index showing roughly flat growth in August and September as well.

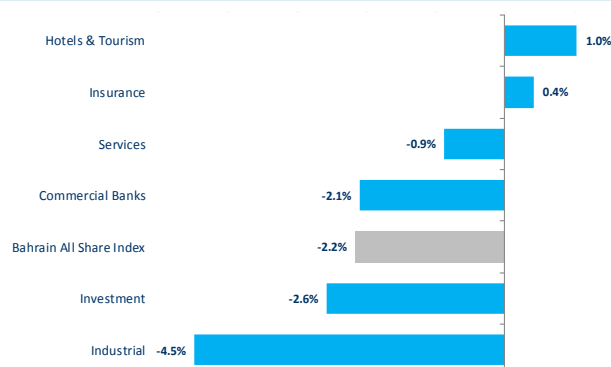
The trading activity though notched a growth despite Eid holidays as volume of shares traded on the exchange reached 64.2 Mn shares (+26.8%) and the value of shares traded reached BHD 20.1 Mn (+78.1%) in the month. However, the number of transaction declined by 43% as only 609 transactions were recorded on the exchange which can be attributed to lack of participation of retail investors and also the holidays during the month. The trading activity continued to be concentrated in the Commercial Banks stocks followed by Investment stocks. They together accounted for more than 94% of total value of shares traded on the exchange.

Among the sector indices, Industrial Index led the decliners as it fell by 4.5% followed by Investments sector (-2.6%) and Commercial Banks sector index (-2.1%). However Hotel & Tourism sector index recorded a growth of 1.04% during the month followed by Insurance Index which went up by 0.4%. Hotel sector recorded the biggest gainer in National Hotel Co. stock which recorded a monthly gain of 9.5%. In the stock investor seems to be bottom fishing as the still is down 18.9% on YTD basis. In the sector, Gulf Hotel Group is among the leaders in terms of YTD growth as it ended the month at BHD0.880 notching the YTD growth of 35.4%. However, Banader Hotel stock was among the major decliners losing 6.7% in the month. Among the other gainers is Delmon Poultry which was up 6.7% in Oct-2013 and also is up 36.8% year to date. Among the major decliners were Inovest (-8.9%), Al Salam Bank (5.9%) and TRAFICO (-5.8%).

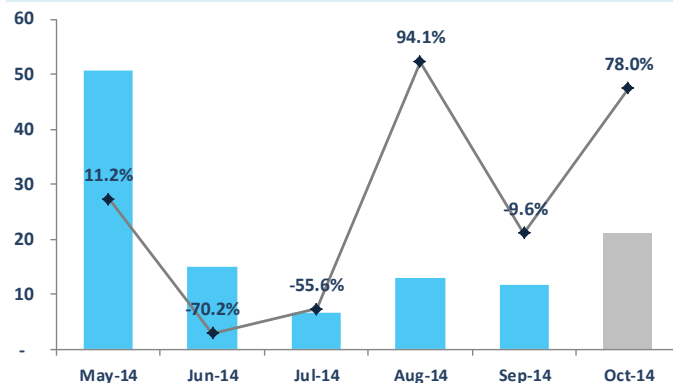
Among the corporate news, Investcorp announced that the company along with Mumtalakat acquired US-based workforce management solution provider, PRO Unlimited. Among the large-caps, Batelco posted a 40% rise in 3Q-14 net profit due to an improved performance in some of its foreign units and a group-wide cost-cutting program. However, Batelco stock was down 1.7% in the month. AUB too posted a 14.8% increase in its 3Q-14 net profit. The stock has been among major gainers in terms of YTD growth with 23.6% gains till October.

In order to boost the economic activity, Bahrain will invest \$22 billion in infrastructure over the next four years covering various sectors according to acting CEO of the Bahrain Economic Development Board (EDB). The projects include the Bahrain International Airport modernization project, the development of Al Jazair Beach, investment projects in Durrat Al Bahrain, expansion of the Aluminum Bahrain (ALBA) smelter, and the modernization project being carried out by Bahrain Petroleum Company as well as other projects. This is needed to improve the economic growth and competitiveness.

BHB Sector Performance



Value Traded (BHD Mn)



Source: Bahrain Bourse, KAMCO Research

Muscat Securities Market

Monthly Indicators	Nov-13	Dec-13	Jan-14	Feb-14	Mar-14	Apr-14	May-14	Jun-14	Jul-14	Aug-14	Sep-14	Oct-14
MSM 30 Index	6,726.3	6,834.6	7,087.3	7,113.9	6,856.9	6,727.2	6,857.4	7,008.3	7,200.7	7,367.2	7,484.2	6,974.6
Monthly % Change	0.8%	1.6%	3.7%	0.4%	(3.6%)	(1.9%)	1.9%	2.2%	2.7%	2.3%	1.6%	(6.8%)
Market Cap (OMR Mn)	7,098	7,253	7,543	7,623	7,320	7,208	8,272	8,448	8,661	8,858	8,991	8,436
P/E (X)	10.13	10.05	10.45	11.80	11.13	10.96	11.16	11.83	12.12	12.40	11.98	11.24
P/BV (X)	1.49	1.46	1.52	1.66	1.56	1.54	1.63	1.71	1.75	1.79	1.75	1.65
Dividend Yield	4.68%	4.58%	4.41%	3.84%	4.19%	4.35%	3.63%	3.56%	3.47%	3.39%	3.34%	3.60%
Volume (Mn Shares)	446	584	951	510	360	488	302	347	258	284	377	370
Value (OMR Mn)	155	206	297	180	132	231	133	145	107	113	140	132
Trades	25,100	27,758	44,977	28,436	21,864	34,313	22,761	20,670	14,040	18,119	18,968	18,170

Source: Muscat Securities Market, KAMCO Research

MSM reported the third-biggest monthly benchmark decline of 6.8% during October-14 ending the growth streak seen over the past five month since May-14 to end below the psychological mark of 7,000 points. The market saw consistent declines during the first half of the month declining by almost 8.1% by 16th October. The market although recovered some of the losses in the subsequent sessions, but it ended up declining in 12 out of the 16 trading sessions by the end of the month. The market capitalization also declined by 4.8% to OMR 8.4 Bn (USD 21.9 Bn) as compared to OMR 9.0 Bn (USD 23.3Bn) at the end of September-14.

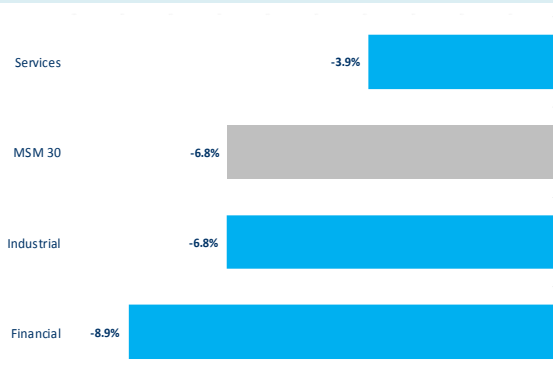
Nevertheless, trading activity indicators saw only slight decline during the month as compared to steep declines seen for the rest of the GCC markets. Volume traded declined by 2.2% to 368.9 Mn shares for October-14 after reaching a five-month high level of 377.2 Mn shares at the end of September-14. The average daily volume traded stood at 23.11 Mn during October-14 as compared to 17.1 Mn during September-11. Meanwhile, monthly value traded declined by 5.6% to record OMR 132.3 Mn compared to last month's OMR 140.1 Mn resulting in average daily value traded of OMR 8.3 Mn as compared to OMR 6.4 Mn during the previous month. Furthermore, the number of trades declined by 4.2% to 18,170 transactions executed during the month of October-14. In line with previous months, more than 70% of the trades were undertaken by Omani investors followed by GCC investors.

The monthly gainers list included only three stocks namely, Dhofar Cattlefeed, Oman Telecom Co. and Shell Oman Marketing with monthly returns of 11.4%, 0.3% and 0.2%, respectively. On the monthly losers side, Galfar Engineering topped the chart with a monthly decline of 26.9% followed by Gulf Investment Services and Port Services Corporation, with monthly declines of 19.3% and 17.5%, respectively. The market breadth was strongly skewed towards losers with 44 companies as against gainers which included 3 companies. Prices of six companies remained unchanged by the end of the month.

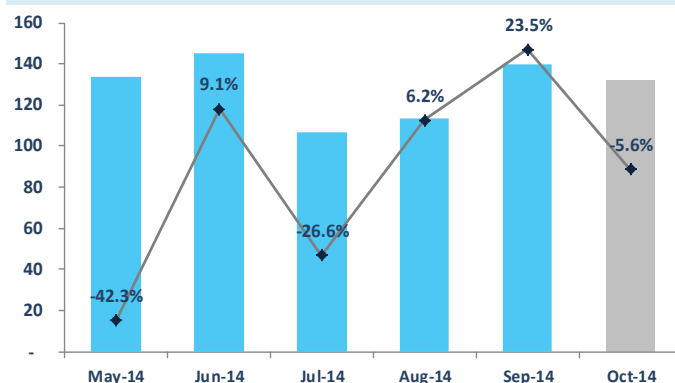
In terms of volumes, Taageer Finance topped the chart with a total of 85.4 Mn shares traded during the month followed by Al Anwar Holding and Oman and Emirates Investment with monthly volume of 67.2 Mn and 39.7 Mn shares, respectively. Whereas, on the liquidity front, Oman Telecom, which saw marginal monthly returns, topped the list with total value of OMR 21.4 Mn, slightly below the OMR 21.9 Mn value traded in the previous month. Bank Muscat, which posted 23.6% increase in 9M-14 net profits, continued to remain at the second spot in terms of monthly value traded with shares worth OMR 21.3 Mn traded during the month. Al Anwar Holding also retained its third position with monthly liquidity of OMR 19.0 Mn, up from OMR 16.8 Mn during the previous month.

In terms of sectoral performance, all the sectors ended in the red with negative monthly returns during the month. The decline was led by Financial index that declined by 8.9% during the month followed by Industrial index at 6.8%. The quarterly earnings season so far indicates marginal improvement in 9M-14 profits for the Financial and Industrial sectors and significant weakness in Service sector profitability led by decline in 9M-14 profits for Sembcorp Salalah (-61.7%) and Al Suwaidi Power (59.3%).

MSM Sector Performance



Value Traded (OMR Mn)



Source: Muscat Securities Market, KAMCO Research

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