

GCC Markets Monthly Report

July-2015

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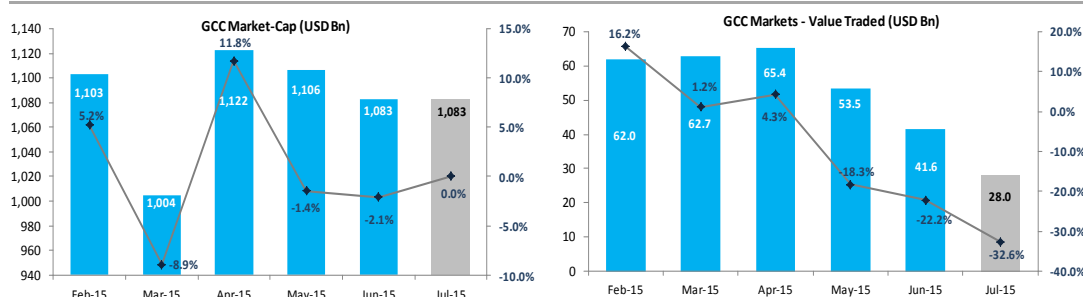
GCC markets remained range bound during July-15 with minimal volatility as investor participation declined significantly across the region owing to the month of Ramadan, also affecting the overall trading activity in the market. Stock picking by investors favored large-cap fundamental stocks with an eye on 1H-15 earnings. Meanwhile, factors like oil prices, US policies, China and the Greek situation, which had affected GCC markets during the past months, had limited impact during July-15, although these factors had a significant bearing on the performance of most of the other equity markets.

Oil prices continued to decline in July-15 with OPEC prices down by almost 14% by the end of the month. On the other hand, China's stock market saw significant volatility during the month declining by almost 30% since June-15. The Shanghai Composite Index plunged by 8.5% on 27-July-15 led by concerns that the government's participation and support for the stock market would reduce going forward. This also comes after the government implemented a number of measures to curb a major selloff in the market as the Chinese stock market continues to show double digit YTD-15 returns.

The 1H-15 earnings performance of listed GCC stocks indicated improvement in key sectors like Banking and Financial Services. However, in the case of Saudi Arabia, the overall positive performance was offset by steep decline in profits of petrochemical companies resulting in a decline in overall corporate profitability for 1H-15. Moreover, earning announcements for companies listed on Qatar, Bahrain, Oman and Dubai by the end of July-15 indicated signs of improvement as compared to 1H-14.

Trading activity plunged during the month with monthly volume decline of 41% and an almost one third decline in monthly value traded. The share of Saudi Arabia in total monthly value traded increased to 80% as compared to 72% in the previous month whereas that of UAE declined to 13% from 20%.

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	418.9	(0.2%)	(4.6%)	94.8	723.2	16.6	1.2	3.6%
Kuwait - 15 Index	1,014.9	(0.2%)	(4.2%)					
Kuwait - Price Index	6,253.7	0.8%	(4.3%)					
Saudi Arabia	9,098.3	0.1%	9.2%	540.4	22,508.5	18.9	2.1	2.4%
Abu Dhabi	4,834.2	2.3%	6.7%	128.4	1,058.9	8.8	1.5	4.0%
Dubai	4,143.2	1.4%	9.8%	105.2	2,646.5	12.7	1.5	2.2%
Qatar	11,785.2	(3.4%)	(4.1%)	171.9	949.3	13.8	2.1	4.1%
Bahrain	1,331.7	(2.6%)	(6.7%)	20.8	13.2	9.7	1.0	3.6%
Oman	6,558.2	2.1%	3.4%	21.5	141.2	10.9	1.5	3.8%
Total GCC				1,083.0	28,040.7	16.0	2.1	2.7%



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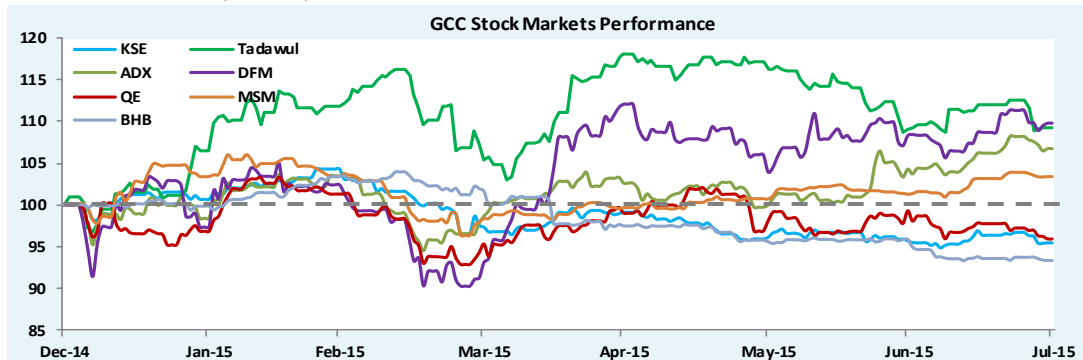
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Source: GCC Stock Exchanges, KAMCO Research

Kuwait Stock Exchange

Monthly Indicators	Aug-14	Sep-14	Oct-14	Nov-14	Dec-14	Jan-15	Feb-15	Mar-15	Apr-15	May-15	Jun-15	Jul-15
KSE Price Index	7,430.5	7,621.5	7,361.6	6,752.9	6,535.7	6,572.3	6,601.4	6,282.5	6,377.0	6,292.5	6,203.0	6,253.7
Monthly % Change	4.2%	2.6%	(3.4%)	(8.3%)	(3.2%)	0.6%	0.4%	(4.8%)	1.5%	(1.3%)	(1.4%)	0.8%
KSE Weighted Index	492.1	494.4	482.2	454.5	438.9	441.8	457.7	427.2	435.1	421.8	419.9	418.9
Monthly % Change	2.1%	0.5%	(2.5%)	(5.7%)	(3.4%)	0.7%	3.6%	(6.7%)	1.8%	(3.0%)	(0.4%)	(0.2%)
Kuwait 15 Index	1,200.4	1,203.8	1,170.7	1,105.8	1,060.0	1,072.7	1,116.9	1,021.4	1,059.7	1,016.3	1,017.0	1,014.9
Monthly % Change	2.0%	0.3%	(2.8%)	(5.5%)	(4.1%)	1.2%	4.1%	(8.5%)	3.7%	(4.1%)	0.1%	(0.2%)
Market Cap (KWD Mn)	32,860	33,021	32,178	30,432	29,706	29,914	30,995	28,437	29,418	28,550	28,755	28,647
P/E (X) - TTM	20.05	20.10	20.20	19.01	18.48	17.80	18.43	17.05	17.28	16.11	16.68	16.61
P/BV (X) - TTM	1.45	1.46	1.43	1.35	1.32	1.30	1.34	1.23	1.27	1.24	1.24	1.23
Dividend Yield (%)	2.98%	2.96%	3.04%	3.21%	3.26%	3.23%	3.16%	3.68%	3.47%	3.59%	3.59%	3.61%
Volume (Mn Shares)	4,101	6,135	3,263	3,271	5,781	5,450	3,932	3,267	5,362	3,876	3,420	2,228
Value (KD Mn)	417	622	382	383	689	502	460	367	414	329	338	219
Trades ('000)	93.2	133.5	70.9	72.6	166.6	126.4	96.4	84.9	106.9	84.8	71.7	50.7

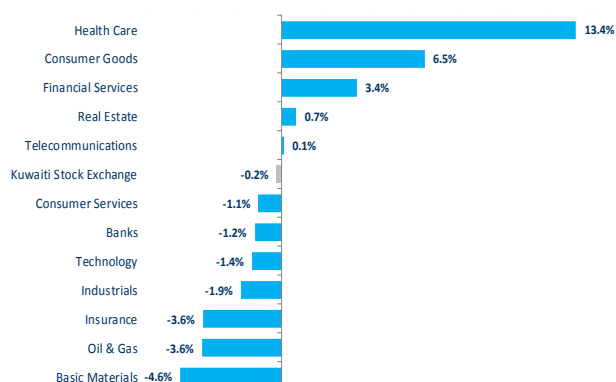
Source: Kuwait Stock Exchange, KAMCO Research

The effect of the month of Ramadan was apparent in Kuwait with all the KSE indices recording marginal changes during July-15 as seen in most of the other markets in the GCC. The KSE Weighted Index closed the month with a decline of 0.2%, in line with the monthly decline in the large-cap KSE-15 Index, touching its lowest point since December-14. Contrastingly, the KSE Price index ended the month with a positive monthly return of 0.8%. Trading activity on the exchange reached a new monthly low with volumes traded reaching its lowest point since November-11 at 2.2 Bn in July-15 as compared to 3.4 Bn during the previous month whereas value traded reached its lowest historical point of KWD 219 Mn as compared to KWD 338 Mn during the previous month. The average daily volume traded during the month declined to 111.4 Mn as compared to 155.4 Mn during the previous month. The average daily value traded during the month declined to KWD 10.9 Mn as compared to KWD 15.3 Mn during June-15. Market breadth was slightly skewed towards gainers which included 76 companies as compared to 68 losers.

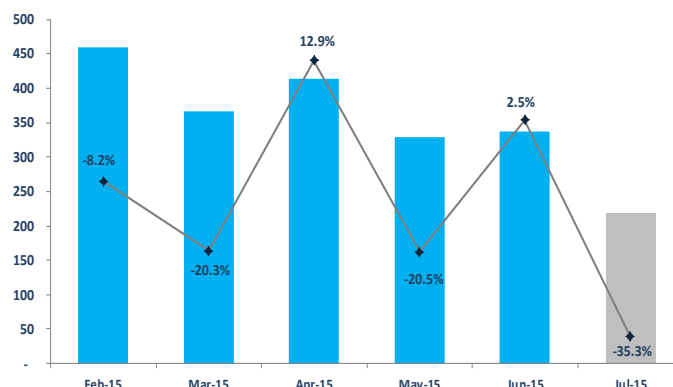
The 1H-15 earnings season for KSE listed companies has remained slightly positive so far led by the Banking sector that reported 1H-15 net profit increase of 13.3% y-o-y to KWD 371 Mn for the 10 Kuwaiti banks. Most notably, all of the ten Kuwaiti banks reported positive y-o-y growth in 1H-15 earnings led by improving operating environment and higher government spending and support on infrastructure and development projects. NBK recorded a 12.8% increase in half yearly profits that reached KWD 163.4 Mn on the back of the sale of its stake in IBQ during Q1-15. The bank's Q2-15 profits increased by 9.9% to 66.9 Mn on the back of improvement in its core business. On the other hand, CBK reported a 26.4% increase in net profits for the first half of 2015 whereas KFH's net profit increased by 27.6%. Also during the month, ABK acquired 98.5% stake in Piraeus Bank Egypt for USD 150 Mn. The bank expects to close the acquisition by the end of 2015. Meanwhile, the telecom sector continues to record declining profitability as seen in the 37.6% decline in the combined profits of Zain and Ooredoo Kuwait.

Sectoral index performance reflected largely negative returns with the Basic Materials and Oil and Gas indices, both related to the oil market, reporting steepest monthly decline during July-15 on the back of weak results by oil companies due to the oil price weakness. On the positive side, the Health Care index posted a monthly return of 13.4% on the back of strong returns in Al Mowasat (+33.3%) which reported a 52.4% increase in 1H-15 earnings and Yiacor Medial (+24.6%). The two stocks also topped the monthly gainers chart in the same order. Meanwhile, the Consumer Goods index recorded a monthly return of 6.5% on the back of strong returns in the two biggest stocks in the sector i.e. Americana (+4.4%) and recently listed Mezzan Holding (+15.4%). Other notable gainers for the month included Al Dar National Real Estate with a monthly gain of 21.5% also topping the volume and value chart with monthly trades valued at KWD 24.1 Mn.

KSE Monthly Sector Performance



Monthly Value Traded (KWD Mn)



Source: Kuwait Stock Exchange, KAMCO Research

Saudi Arabia (Tadawul)

Monthly Indicators	Aug-14	Sep-14	Oct-14	Nov-14	Dec-14	Jan-15	Feb-15	Mar-15	Apr-15	May-15	Jun-15	Jul-15
Tadawul All Share Index	11,112.1	10,854.8	10,034.9	8,624.9	8,333.3	8,878.5	9,313.5	8,778.9	9,834.5	9,688.7	9,086.9	9,098.3
Monthly % Change	8.8%	(2.3%)	(7.6%)	(14.1%)	(3.4%)	6.5%	4.9%	(5.7%)	12.0%	(1.5%)	(6.2%)	0.1%
Market Cap (SAR Bn)	2,269.2	2,210.4	2,051.9	1,874.2	1,816.0	1,918.8	2,036.6	1,818.3	2,165.1	2,149.2	2,017.2	2,026.6
P/E (X) - TTM	21.33	19.93	18.50	15.38	14.90	15.30	16.24	16.17	19.26	19.08	18.82	18.91
P/BV (X) - TTM	2.54	2.57	2.40	2.07	2.00	2.10	2.21	1.79	2.13	2.11	2.14	2.15
Dividend Yield (%)	2.63%	2.70%	2.90%	3.19%	3.29%	3.10%	2.93%	3.28%	2.76%	2.78%	3.03%	2.38%
Volume (Mn Shares)	6,011	6,090	4,065	4,559	7,718	6,738	7,670	7,513	7,545	5,560	3,515	2,593
Value (SAR Mn)	208,390	201,646	132,885	153,409	203,019	162,456	194,325	206,269	197,358	162,395	112,807	84,411
Trades ('000)	3,299	2,999	2,124	2,594	3,830	3,067	3,083	3,353	3,154	2,876	2,151	1,615

Source: Tadawul, KAMCO Research

The Tadawul index saw marginal gains during the month and remained above the psychologically important 9,000 mark despite falling as much as 3.0% after the markets reopened post Ramadan holidays. The index dropped by 2.4% on 27-July-15 due to weakness in oil price and the global equity markets. Nevertheless, Tadawul continues to report the second highest return for YTD-15 in the GCC, which stood at 9.2% at the end of the month.

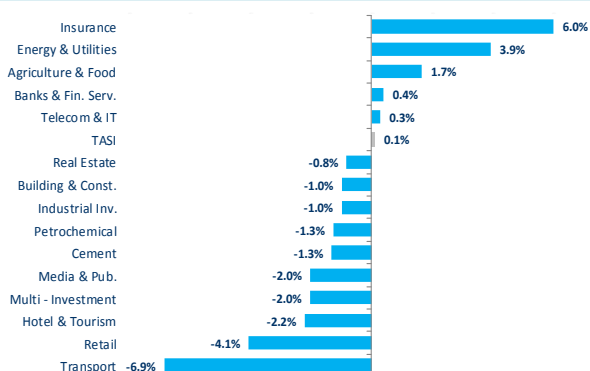
The performance of the market remained largely unaffected by the 1H-15 corporate earnings announcements. First half net profits for Saudi-listed stocks declined by 9.4% primarily due to a steep decline in profits reported by petrochemical companies which more than offset the profitability improvement reported by the banking sector. 1H-15 net profits for Petrochemical companies was reported at SAR 12.8 Bn, a decline of 30.9% as compared to SAR 18.5 Bn during 1H-14. SABIC, which has been hit hard by the decline in oil prices, reported a 21.6% decline in profits for 1H-15 that reached SAR 10.1 Bn, although the company reported a relatively small decline of 4.5% in its net profit for Q2-15 at SAR 6.2 Bn. The company said that average product prices were up by almost 20% during Q2-15 as compared to Q1-15. Meanwhile, Saudi Kayan reported a higher loss of SAR 605.1 Mn as compared to a loss of SAR 123.1 Mn during 1H-14, whereas, SAFCO reported a 19.9% decline in 1H-15 profits that stood at SAR 1.2 Bn.

The Banks & Financial sector reported profitability improvement to the tune of 6.7% powered by positive net profit growth for all the companies within the sector with the exception of Al Rajhi Bank that reported 5.3% decline in net profits although the decline in Q2-15 net profit was marginal. NCB reported flat 1H-15 earnings at SAR 5 Bn but Q2-15 net profit drop stood at 2.6% due to higher operating expenses and lower fee income. The biggest percentage increase in earnings was reported by Bank Al Jazira that reported a 195% increase in 1H-15 net profits whereas the increase in Samba's profits was 4.5%.

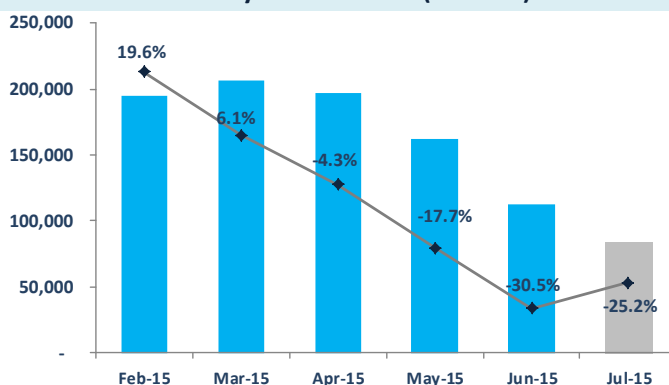
Trading activity took a hit due to the month of Ramadan but not as severe as seen in other markets in the GCC. Total volume traded declined by 26% to 2.6 Bn traded shares as compared to 3.5 Bn shares in the previous month. Total monthly value traded declined to SAR 84.4 Bn as compared to SAR 112.8 Bn during June-15. Consequently the average daily volume traded declined from 159.8 Mn shares in June-15 to 144 Mn shares in the previous month whereas average daily value traded declined from SAR 5.1 Bn in the previous month to SAR 4.7 Bn in July-15.

Insurance companies dominated the monthly gainers chart which was also reflected in the 6.0% return for the Insurance index. Tawuniya, which reported a 35.7% increase in 1H-15 net profits, topped the gainers chart with a monthly return of 15.5% followed by Alamiya which reported profits of SAR 11.8 Mn as compared to losses in 1H-14. Total net profits for the insurance sector increased by a strong 88.1% in 1H-15 with a majority of the companies reporting growth in net profits. SABIC topped the chart for the most actively traded stocks during the month with SAR 10.3 Bn worth of shares traded during the month.

Tadawul Monthly Sector Performance



Monthly Value Traded (SAR Mn)



Source: Tadawul, KAMCO Research

Abu Dhabi Securities Exchange

Monthly Indicators	Aug-14	Sep-14	Oct-14	Nov-14	Dec-14	Jan-15	Feb-15	Mar-15	Apr-15	May-15	Jun-15	Jul-15
ADX General Index	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	4,723.2	4,834.2
Monthly % Change	0.5%	0.5%	(4.8%)	(3.8%)	(3.1%)	(1.6%)	5.1%	(4.7%)	4.0%	(2.6%)	4.3%	2.3%
Market Cap (AED Bn)	510.3	509.5	488.0	468.1	463.9	455.5	477.9	442.7	450.1	442.3	461.7	471.6
P/E (X) - TTM	14.76	13.90	13.30	12.77	12.66	12.39	13.00	8.16	8.41	8.27	8.59	8.78
P/BV (X) - TTM	1.72	1.68	1.60	1.55	1.53	1.43	1.50	1.41	1.44	1.41	1.46	1.49
Dividend Yield (%)	3.84%	3.85%	4.00%	4.19%	4.23%	4.30%	4.10%	4.43%	4.36%	4.43%	4.06%	3.98%
Volume (Mn Shares)	1,509	2,158	1,816	3,590	5,188	1,848	1,873	1,609	4,510	1,951	2,006	2,347
Value (AED Mn)	4,327	6,891	5,274	6,984	8,691	4,233	4,265	4,929	7,635	4,547	4,099	3,889
Trades	37,017	45,493	43,163	53,397	71,913	39,052	33,441	37,722	54,186	36,947	32,836	32,127

Source: Abu Dhabi Securities Exchange, KAMCO Research

Abu Dhabi stock market remained pretty resilient during July-15 with the ADX index recording the highest monthly return of 2.3% to close the month at 4,834.2 points. This is the second consecutive month of positive performance of the ADX which pushed YTD-15 returns to 6.7% above the full year returns of 5.6% in 2014. The trend in the index remained positive since the start of the month and declined only during the last week after it touched a peak of just above the 4,900 points on 22-July-15.

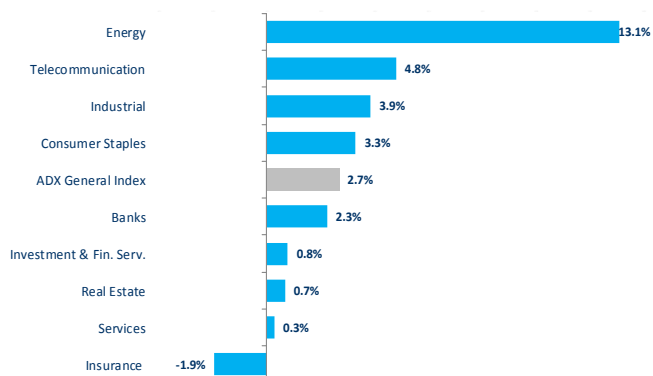
The sectoral index performance also reflected the positive investor sentiment in the market with all the sectoral indices showing positive monthly returns with the only exception of the insurance index that declined by 1.9%. The Energy index topped the sector performance chart with a monthly return of 13.1% on the back of 19.6% monthly return in shares of Dana Gas, partially offset by 2.3% decline in shares of Taqa. Both the energy stocks are yet to disclose their 1H-15 earnings.

The Telecom Index saw second highest monthly return of 4.8% on the back of an equivalent gain in shares of Etisalat although it reported an 18.1% decline in 1H-15 net profits. The telecom operator reported an even larger 40% fall in Q2-15 net profits that reached AED 1.5 Bn on the back of charges related to the accounting errors of Mobily, its Saudi Arabian subsidiary. The telco, however, reported a 6% increase in revenues during the second quarter.

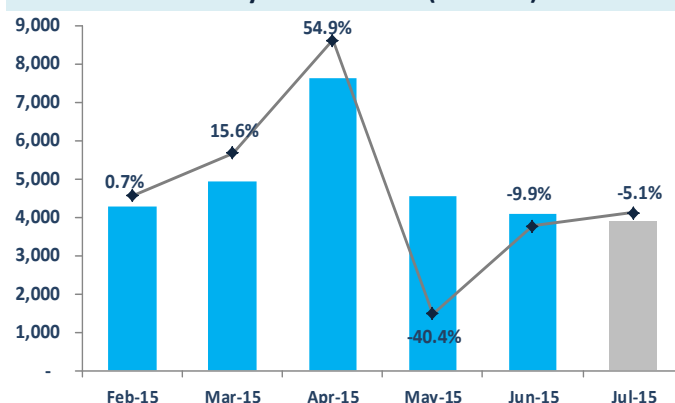
The Banking Index, which was up by 2.3% during the month, saw share gains in some of large-cap banking stocks. For instance, ADCB recorded a monthly return of 7.7%, whereas FGB recorded a gain of 2% during the month. Both the banks reported strong improvement in 1H-15 net profits. ADCB's 1H-15 net profit increased by 17% to AED 2.53 Bn on the back of a 22% increase in net fees and commission income, 14% increase in net interest income and 7% increase in non-interest income. FGB, meanwhile, reported a 7% increase in 1H-15 net profits that reached AED 2.9 Bn. The earnings improvement came on the back of new loans (16% year-on-year increase in loans and advances), strong growth in non interest revenue and a decline in bad loans. On the other hand, NBAD reported a monthly decline of 2.7% during July-15. The bank posted a marginal increase of 1% in 1H-15 net profits. The Bank reported an outflow of government deposits during the quarter to the tune of AED 10 Bn that affected the bank's total deposits. However, the bank reported AED 25 Bn in new deposits during the year.

In terms of trading activity, Abu Dhabi was the only market in the GCC that recorded positive growth in volume of shares traded although monthly value traded declined month-on-month, in line with the rest of the GCC markets. The market closed the month with a total market capitalization of AED 471.6 Mn. Total monthly volume traded increased by 17% to 2.3 Bn shares during July-15 as compared to 2 Bn shares during June-15. Consequently, average daily volume traded increased from 91.2 Mn in June-15 to 117.2 Mn during July-15. Meanwhile, total monthly value traded declined for the third consecutive month to AED 3.9 Bn in July-15 as compared to AED 4.1 Bn during the previous month resulting in an average daily traded value of AED 194.5 Mn as compared to AED 186.3 Mn during June-15.

ADX Monthly Sector Performance



Monthly Value Traded (AED Mn)



Source: Abu Dhabi Securities Exchange, KAMCO Research

Dubai Financial Market

Monthly Indicators	Aug-14	Sep-14	Oct-14	Nov-14	Dec-14	Jan-15	Feb-15	Mar-15	Apr-15	May-15	Jun-15	Jul-15
DFM General Index	5,063.0	5,042.9	4,545.4	4,281.4	3,774.0	3,674.4	3,864.7	3,514.4	4,229.0	3,923.2	4,086.8	4,143.2
Monthly % Change	5.1%	(0.4%)	(9.9%)	(5.8%)	(11.9%)	(2.6%)	5.2%	(9.1%)	20.3%	(7.2%)	4.2%	1.4%
Market Cap (AED Bn)	367.6	369.0	380.6	367.4	335.2	341.1	361.8	331.3	385.8	367.7	382.1	386.2
P/E (X) - TTM	18.95	16.85	16.50	15.80	14.46	12.16	12.90	11.33	13.20	12.59	12.58	12.72
P/BV (X) - TTM	1.69	1.67	1.60	1.56	1.41	1.34	1.43	1.30	1.52	1.45	1.46	1.48
Dividend Yield (%)	2.01%	2.00%	1.90%	2.01%	2.20%	2.16%	2.04%	2.23%	1.91%	2.00%	1.94%	2.22%
Volume (Mn Shares)	7,061	8,096	8,801	7,243	12,333	8,859	8,175	6,926	17,350	9,600	14,249	6,426
Value (AED Mn)	17,320	25,395	21,663	19,574	23,162	15,266	13,343	9,596	24,815	14,221	26,148	9,721
Trades	121,556	148,274	167,489	130,553	210,161	159,224	130,854	110,813	216,339	134,211	227,235	102,255

Source: Dubai Financial Market, KAMCO Research

DFM managed to remain in the positive territory during July-15 with a monthly gain of 1.4% to close at 4,143.2 points. The index saw significant volatility during the month and it closed below the 4,000 mark on one of the trading sessions; however, it made a significant recovery thereafter. The July-15 gain has also pushed the index to a leading position in the GCC in terms of YTD-15 gains that stood at 9.8% at the end of July-15.

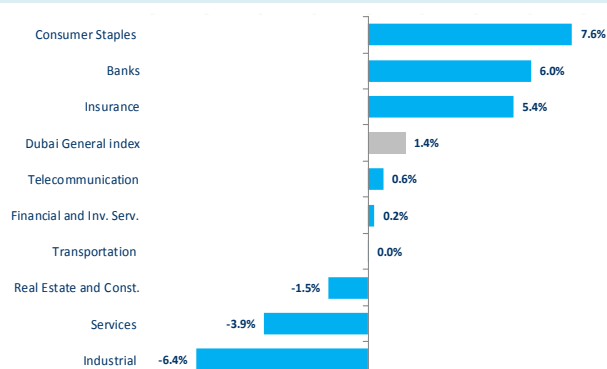
Despite the positive enthusiasm, the overall trading activity took a severe hit during the month due to the Ramadan holidays. Total volume more than halved to 6.4 Bn shares as compared to 14.3 Bn shares in June-15. Monthly value traded plunged by 62.8% during the month to AED 9.7 Bn as compared to AED 26.1 Bn during the previous month. Consequently, the average monthly volume traded declined to 321.3 Mn shares as compared to 647.7 Mn shares in the previous month, whereas the average monthly value traded plunged to AED 486 Mn as compared to AED 1.2 Bn during June-15.

The monthly index performance was led by the Consumer Staples sector with a monthly return of 7.6% followed by 6.0% and 5.4% returns for the Banking and the Insurance sectors, respectively. Within the Consumer Staples sector, Dubai Parks and Resorts posted a monthly return of 8.4% whereas Marka and United Kaipara Dairies added 1.6% and 15.0% during the month. The rest of the stocks in the sector ended flat during the month.

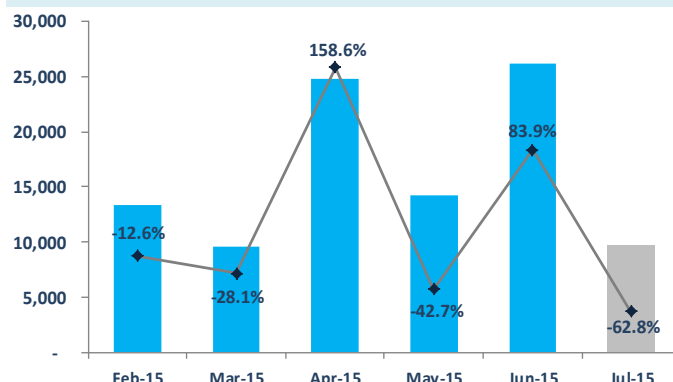
Meanwhile, only two stocks in the Banking sector, i.e. Emirates Investment Bank and Amlak Finance, declined during the month whereas all the other banks saw positive monthly returns. Among the major banks, Emirates NBD posted a monthly return of 7.3% led by more than 41% increase in net profits during 1H-15 on the back of higher income and a fall in provisions. The bank reported a 9% increase in net interest income led by a growth in retail assets and lower cost of funds whereas non interest income increased by 4% led by a growth in forex and derivative income and higher asset management fees. Meanwhile, overall profits for the banking sector has increased by 32% for the six banks that reported earnings by the end of the month.

In terms of sector activity, the Banking and Real Sectors continued to account for the bulk of trading in the exchange. The Real Estate sector accounted for AED 3.6 Bn or 37% of monthly value traded whereas the Banking sector, buoyed by trades in Amlak Finance for the second consecutive month, accounted for 39% or AED 3.8 Bn of monthly value traded. Top gainers during the month included Gulf Navigation Holding that saw a monthly return of 46.4% followed by Islamic Arab Insurance and Gulf General Investment Co. with monthly returns of 17.3% and 16.3%, respectively. On the losers side, National Industries Group led the decline with a loss of 26.9% followed by International Financial Advisors with a decline of 18.5% during the month, although the value of shares traded in the aforementioned losers were minimal. In terms of monthly value traded, Amlak Finance, which was also the third biggest monthly loser, topped the list with AED 2 Bn in value traded during the month followed by Emaar Properties at AED 1.1 Bn and GFH at AED 0.82 Bn in value traded.

DFM Monthly Sector Performance



Monthly Value Traded (AED Mn)



Source: Dubai Financial Market, KAMCO Research

Qatar Exchange

Monthly Indicators	Aug-14	Sep-14	Oct-14	Nov-14	Dec-14	Jan-15	Feb-15	Mar-15	Apr-15	May-15	Jun-15	Jul-15
QE 20 Index	13,596.7	13,728.3	13,498.9	12,760.5	12,285.8	11,899.6	12,445.3	11,711.4	12,164.5	12,048.3	12,201.0	11,785.2
Monthly % Change	5.7%	1.0%	(1.7%)	(5.5%)	(3.7%)	(3.1%)	4.6%	(5.9%)	3.9%	(1.0%)	1.3%	(3.4%)
Market Cap (QAR Bn)	721.2	736.1	728.3	698.1	676.8	648.8	675.3	630.0	653.0	641.8	648.0	625.7
P/E (X) - TTM	17.34	18.11	17.90	17.20	16.65	15.28	15.93	14.75	15.29	15.03	14.31	13.81
P/BV (X) - TTM	2.50	2.53	2.50	2.40	2.32	2.11	2.20	2.01	2.07	2.03	2.17	2.10
Dividend Yield (%)	3.15%	3.08%	3.10%	3.30%	3.36%	3.50%	3.36%	3.60%	3.48%	3.54%	3.97%	4.11%
Volume (Mn Shares)	391	319	232	281	367	208	337	171	200	394	164	77
Value (QAR Mn)	18,131	13,803	10,694	18,760	16,586	10,167	12,434	8,136	8,362	13,602	7,272	3,456
Trades	174,576	134,960	107,598	157,169	174,100	126,765	135,557	107,902	108,714	139,246	84,557	64,170

Source: Qatar Exchange, KAMCO Research

Qatar exchange recorded the steepest monthly decline in the GCC of almost 3.4% during July-15, thereby closing the month below the 12,000 mark at 11,785.2 points. The decline was broad-based as seen in the 3.0% decline recorded in the Qatar All Share Index. The monthly decline was led by the Telecom index that plunged 6.1% during the month followed by a 5.5% decline recorded by the Industrial Index. The decline in the Telecom Index came on the back of 7.4% and 4.4% monthly share price drop reported by the two telecom companies in Qatar, Ooredoo and Vodafone Qatar, due to continued declining profitability. Second quarter profits for Ooredoo took a significant hit from its Iraqi operations as well as due to forex losses. On the other hand, Vodafone Qatar continued to record quarterly losses that widened to QAR 100 Mn for the June-15 quarter as compared to QAR 27 Mn for the corresponding quarter in the previous year. Losses came on the back of extreme competition in the Qatari telecom market.

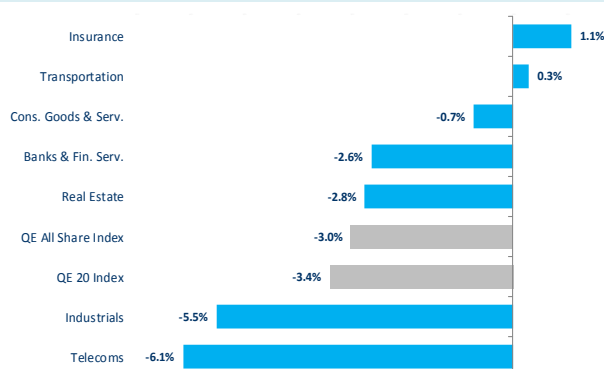
Moreover, all the stocks in the Industrial sector (with the only exception of Qatar Industrial Manufacturing Co.) declined during the month. The monthly decline was led by GISS that declined by 13.8% followed by QIGD (-7.2%) and Industries Qatar (-6.0%). Although Industries Qatar is yet to announce its results for the first half of the year, other companies within the sector had an overall positive 1H-15 earnings that saw a year-on-year increase of 7.6% for the five companies that have announced earnings so far.

On the other hand, the Banks and Financial services index declined by 2.6% during the month as a majority of the stocks in the sector closed the month in the red zone. Nevertheless, the sector recorded a healthy profit growth of 9.0% during 1H-15 highlighting an overall positive picture in the banking sector in Qatar. QNB, which declined by 5.4% during the month, recorded a strong 10% increase in first half 2015 as well as Q2-15 profits. The bank recorded 10% increase in its assets base reaching its highest recorded level. The Bank also recorded 13% increase in net fee and commission income and a 7% increase in net interest income. Meanwhile, CBQ (-1.3% during the month) recorded flat year-on-year earnings during 1H-15 which stood at QAR 1 Bn. However, the bank posted 17.3% increase in Q2-15 profits on the back of associates' performance that helped it offset domestic competition as well as the impact of volatility in the Turkish Lira (the Bank owns Alternatifbank in Turkey).

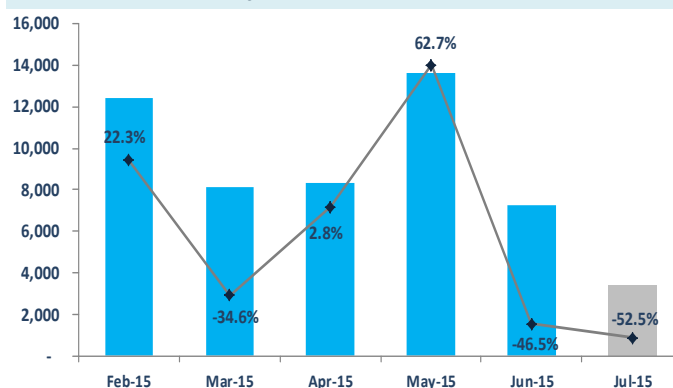
In line with the other GCC markets, monthly trading activity in Qatar saw a steep decline during the month with volume and value traded declining by more than 50%. Total monthly volume traded declined by 52.5% to its lowest level since December-12 to 77.6 Mn shares as compared to 164 Mn shares in June-15 resulting in a daily average volume of 4.1 Mn shares as compared to 7.4 Mn shares during June-15. Total value traded also declined by 52.5% to its lowest level since December-12 to QAR 3.5Bn during July-15 as compared to QAR 7.3 Bn during June-15. The average daily value traded declined from QAR 331 Mn in June-15 to QAR 181.9 Mn during July-15.

The monthly gainers chart was topped by Al Ahli Bank of Qatar with a monthly return of 7.4% after the company reported 12% increase in 1H-15 profits. On the losers side, which included a total of 32 companies, GISS topped the list with a monthly decline of 13.8% followed by National Leasing Holding that saw a decline of 13.2%.

QE Monthly Sector Performance



Monthly Value Traded (QAR Mn)



Source: Qatar Exchange, KAMCO Research

Bahrain Bourse

Monthly Indicators	Aug-14	Sep-14	Oct-14	Nov-14	Dec-14	Jan-15	Feb-15	Mar-15	Apr-15	May-15	Jun-15	Jul-15
Bahrain All Share Index	1,472.2	1,476.02	1,444.13	1,428.67	1,426.57	1,424.37	1,474.81	1,449.98	1,390.62	1,363.67	1,367.83	1,331.66
Monthly % Change	0.0%	0.3%	(2.2%)	(1.1%)	(0.1%)	(0.2%)	3.5%	(1.7%)	(4.1%)	(1.9%)	0.3%	(2.6%)
Market Cap (BHD Mn)	8,354	8,376	8,193	8,105	8,099	8,086	8,378	8,242	7,917	7,904	7,928	7,840
P/E (X) - TTM	14.08	13.21	12.90	12.78	12.71	11.90	12.32	10.43	10.02	10.00	9.79	9.68
P/BV (X) - TTM	1.09	1.07	1.00	1.03	1.02	1.01	1.04	1.01	0.97	0.97	1.01	0.99
Dividend Yield (%)	3.42%	3.41%	3.50%	3.53%	3.53%	3.53%	3.41%	3.47%	3.61%	3.62%	4.59%	3.62%
Volume (Mn Shares)	58	51	64	22	29	14	27	24	79	82	28	19
Value (BHD Mn)	13	12	21	6	9	4	8	6	15	16	7	5
Trades	897	1,069	609	628	1,065	626	1,029	1,005	1,194	1,526	866	758

Source: Bahrain Bourse, KAMCO Research

After seeing marginal gains during June-15, Bahrain Bourse once again declined during July-15 to reach 1,331.66 points, a monthly decline of 2.6%. The market continues to see depressed trading activity as seen in the monthly traded volume that decline to merely 19 Mn shares, it's lowest level since January-15, as compared to 28 Mn shares during June-15. The value of total shares traded during the month also declined to BHD 5 Mn, the lowest monthly traded value since January-15, as compared to BHD 7 Mn during the previous month. The average daily volume traded declined from 1.3 Mn shares in June-15 to just over 1 Mn shares during July-15, whereas, monthly value traded declined from BHD 0.34 Mn to BHD 0.26 Mn.

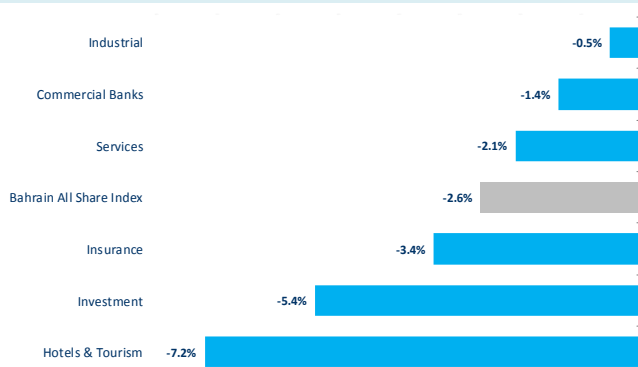
In terms of earnings performance, total 1H-15 net profits for companies that have reported number increased by 16.6%. The Commercial Banking sector recorded a strong net profit growth of 16.6% on the back of profitability improvement reported by four banks. The biggest improvement was reported by Al Khaleeji Bank for which 1H-15 net profit increased by 236% to BHD 4.12 Mn. Consequently, shares in the company was up by 1.6% during the month. Meanwhile, profits for Bahrain Islamic Bank also more than doubled to BHD 8.2 Mn in 1H -15 as compared to BHD 4.05 Mn in 1H-14.

Earnings for the Investment sector took a hit during 1H-15 declining by 23.3% to BHD 45.8 Mn, although only three companies in the sector reported 1H-15 numbers. The decline in earnings was solely due to a 30% fall in 1H-15 profits of Arab Banking Group whereas Bahrain Commercial Facilities and Esterad Investment Co. reported 18.1% and 33.3% increase in 1H-15 profits. Meanwhile in the Industrial sector, Aluminum Bahrain reported 107% improvement in 1H-15 net profits that reached BHD 67 Mn supported by higher sales volume. The company, which is also gearing up for expansion that will make it the largest single-site aluminum smelter in the world, said it expects a steep decline in aluminum prices for the remainder of the year. The company also declared an interim dividend of 5.5 fils per share to be paid in September-15.

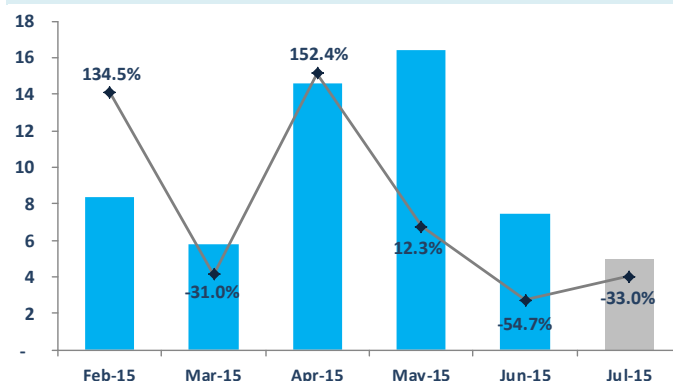
In terms of index performance, all the sectoral indices ended in the red zone with the Hotel & Tourism index recording the steepest monthly decline of 7.2% followed by 5.4% decline in the Investment index and 3.4% decline in the Insurance index. Meanwhile, the Commercial Banks index declined by 1.4%.

The monthly best performers chart was topped by Bahrain Islamic Bank with a monthly return of 7.7% but with minimal trades in the stock (BHD 21,700). TRAFICO with an even small trade (BHD 7,300) stood second on the list with a monthly return of 1.9% followed by Al Khaleeji Commercial Bank with a monthly return of 1.6%. On the losers chart, the list was topped by Ithmar Bank with a monthly decline of 10% followed by Bahrain and Kuwait Insurance and Gulf Hotels Group with monthly losses of 9.5% and 8.9%, respectively. The list of monthly most actively traded stocks was topped by AUB garnering BHD 1.0 Mn in trades during the month followed by Al Ahlia Insurance and Aluminum Bahrain with trades valued at BHD 0.92 Mn and BHD 0.57 Mn, respectively.

BSE Monthly Sector Performance



Monthly Value Traded (BHD Mn)



Source: Bahrain Bourse, KAMCO Research

Muscat Securities Market

Monthly Indicators	Aug-14	Sep-14	Oct-14	Nov-14	Dec-14	Jan-15	Feb-15	Mar-15	Apr-15	May-15	Jun-15	Jul-15
MSM 30 Index	7,367.2	7,484.2	6,974.6	6,506.0	6,343.2	6,558.5	6,559.3	6,238.0	6,322.5	6,387.9	6,424.6	6,558.2
Monthly % Change	2.3%	1.6%	(6.8%)	(6.7%)	(2.5%)	3.4%	0.0%	(4.9%)	1.4%	1.0%	0.6%	2.1%
Market Cap (OMR Mn)	8,858	8,991	8,436	7,882	7,734	7,985	7,997	7,582	7,623	8,034	8,155	8,291
P/E (X) - TTM	12.40	11.98	11.24	10.50	10.31	10.48	10.49	10.05	10.10	10.36	10.69	10.87
P/BV (X) - TTM	1.79	1.75	1.65	1.54	1.51	1.50	1.50	1.41	1.42	1.45	1.51	1.53
Dividend Yield (%)	3.39%	3.34%	3.60%	3.81%	3.88%	3.76%	3.76%	3.92%	3.90%	3.67%	3.73%	3.79%
Volume (Mn Shares)	284	377	370	492	498	343	493	434	332	229	227	192
Value (OMR Mn)	113	140	132	177	158	96	166	121	97	70	65	54
Trades	18,119	18,968	18,170	19,532	29,868	23,924	27,345	24,653	16,525	11,991	12,393	11,055

Source: Muscat Securities Market, KAMCO Research

MSM recorded the fourth consecutive month of positive performance with the index up by 2.1% during July-15 resulting in a YTD-15 gain of 3.4%. The performance during the month was led by the Financial and Services sectors that recorded monthly gains of 3.6% and 1.7%, respectively, whereas the Industrial sector recorded marginal decline of 0.4% during the month. A majority of the stocks in the Financial sector recorded monthly gains during July-15. Notable gainers within the sector included NBO and Bank Sohar with a monthly return of 6.5% and 11.4%, respectively. There were only five stocks in the sector that declined during the month including Al Madina Investment Co. that declined by 5.6% followed by Gulf Investment Services and Oman & Emirates Investment with monthly declines of 3.7% and 3.4%, respectively.

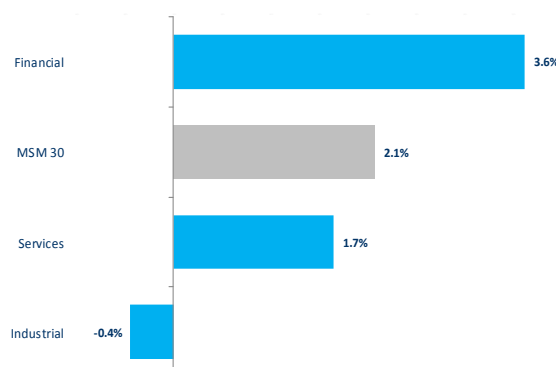
In the services sector, large-cap stocks saw strong monthly returns during July-15 that helped offset the decline in some of the small-cap stocks. Notable gainers within the sector included Al Suwadi Power and Al Batinah Power, both of which gained 16.2% during the month, followed by Oman Telecom and Ooredoo with positive monthly returns of 1.4% and 4.2%, respectively.

In terms of earnings performance, although a majority of the companies are yet to disclose 1H-15 earnings, results so far indicate a positive earnings season for the exchange. 1H-15 profits for companies that disclosed earnings in the Financial Sector was up by 5.1% whereas those in Services sector recorded earnings growth of 23.6%. On the other hand, Industrial companies recorded a net profit decline of 18.9% for 1H-15, also reflected in the sector's index performance during the month.

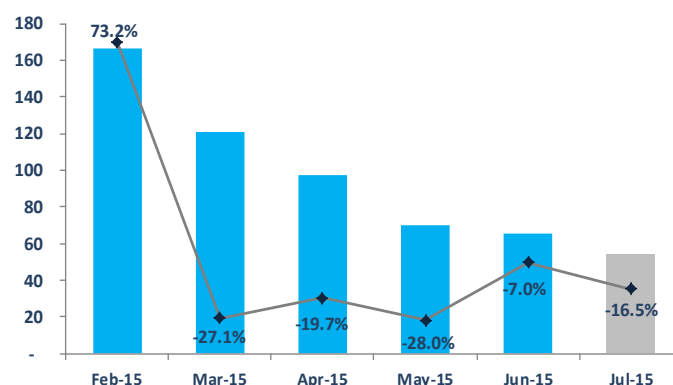
Earnings growth in the Financial sector was supported by higher earnings reported by Bank Muscat, NBO and Bank Dhofar. Bank Muscat recorded a 4% increase in net profit for 1H-15 that reached OMR 89.8 Mn. The Bank reported a relatively higher growth in income from Islamic financing which was up 12% in 1H-15 as compared to 2.9% increase in interest income from conventional banking as well as 3.6% increase in non-interest income. Meanwhile, NBO reported 21.8% increase in 1H-15 net profits and an almost equivalent increase in Q1-15 profits despite a 12% decline in customer deposits as compared to the end of 2014, whereas net loans and advances to customers increased by 10%. Bank Sohar reported a 14.1% drop in 1H-15 earnings on the back of a 16.5% drop in income from conventional banking whereas the Islamic banking operations posted a profit of OMR 0.3 Mn as against a loss in 1H-14.

The monthly best performers list was topped by Al Sharqia Investment Holding with a monthly return of 22.3% despite reporting an 18.9% fall in 1H-15 net profits followed by Gulf International Chemicals and Al Suwadi Power with monthly returns of 16.5% and 16.2%, respectively, on the back of improving profitability in 1H-15. On the other hand, the monthly worst performers chart was topped by Port Services Corp. with a loss of 11.6% followed by Oman Investment & Finance and Al Anwar Ceramic Tiles with monthly returns of -8.5% and -6.0%, respectively. The list of monthly most actively traded stocks was topped by Al Anwar Holding with trades valued at OMR 12.6 Mn followed by Bank Muscat and Oman Telecom with trades valued at OMR 9.2 Mn and OMR 3.6 Mn, respectively.

MSM Monthly Sector Performance



Monthly Value Traded (OMR Mn)



Source: Muscat Securities Market, KAMCO Research

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