

GCC Markets Monthly Report

June-2015

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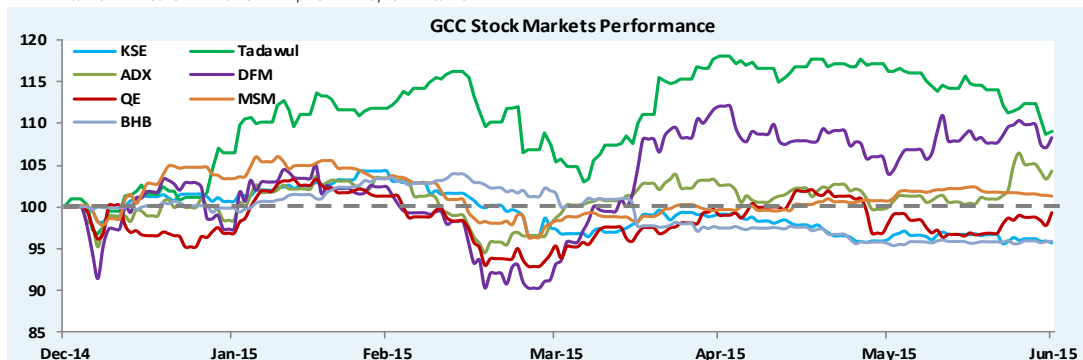
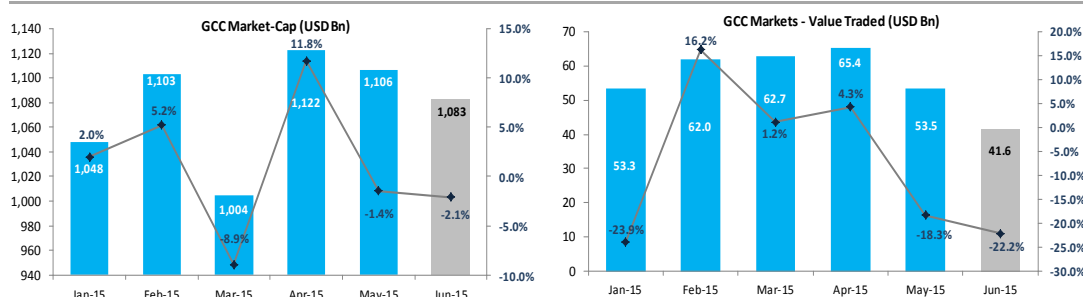
GCC markets saw mixed performance during June-15 with Saudi Arabia and Kuwait witnessing a downward trend since the beginning of the month whereas the rest of the markets ended with a positive monthly return. The steep decline in the Saudi stock indices and total trading activity came despite the stock exchange opening up to foreign investors owing to multiple factors that included continued weakness in oil price, minimal response from QFI to the new foreign investment norms as well as the Greece crisis that affected stock markets across the globe during the last week of the month.

The opening of the Saudi stock market to foreign investor saw lackluster response as investors expressed interest but did not rush to take positions. Only two QFIs were granted licenses by the end of the month and around six more applications were under process. The general view was that the market would attract additional investment but it would be gradual and not immediately in the short term.

Oil price, which declined by almost 3% during the month, continued to weigh on Saudi stock market's performance. Greece's default on IMF loan affected Euro exchange rate against the USD resulting in oil price adjustment, which is an added concern for oil-based economies like Saudi Arabia and Kuwait. Moreover, market performance was also influenced by limited individual investor participation owing to the month of Ramadan.

Trading activity during 1H-15 was reported significantly below the corresponding period in 2014. Total value traded declined from USD 437.1 Bn in 1H-14 to USD 328.4 Bn in 1H-15, a decline of almost 25%. Total value traded declined for all the GCC markets with the steepest decline seen in the UAE that recorded a USD 57 Bn decline in value traded during 1H-15 to reach USD 93 Bn followed by Saudi Arabia that recorded a decline of USD 33 Bn to reach USD 266.3 Bn.

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	419.9	(0.4%)	(4.3%)	95.2	1,117.7	16.7	1.2	3.6%
Kuwait - TRW Index	2,684.8	(0.3%)	(2.6%)					
Kuwait - Price Index	6,203.0	(1.4%)	(5.1%)					
Saudi Arabia	9,086.9	(6.2%)	9.0%	537.9	30,080.4	18.8	2.1	3.0%
Abu Dhabi	4,723.2	4.3%	4.3%	125.7	1,115.9	8.6	1.5	4.1%
Dubai	4,086.8	4.2%	8.3%	104.0	7,118.9	12.6	1.5	1.9%
Qatar	12,201.0	1.3%	(0.7%)	178.0	1,997.4	14.3	2.2	4.0%
Bahrain	1,367.8	0.3%	(4.1%)	21.0	19.7	9.8	1.0	4.6%
Oman	6,424.6	0.6%	1.3%	21.2	169.1	10.7	1.5	3.7%
Total GCC				1,083.0	41,619.2	16.0	2.1	3.0%



Source: GCC Stock Exchanges, KAMCO Research

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Kuwait Stock Exchange

Monthly Indicators	Jul-14	Aug-14	Sep-14	Oct-14	Nov-14	Dec-14	Jan-15	Feb-15	Mar-15	Apr-15	May-15	Jun-15
KAMCO TRWI	2,931.9	2,974.5	2,985.4	2,931.1	2,816.7	2,755.4	2,772.0	2,839.6	2,714.0	2,739.6	2,692.3	2,684.8
Monthly % Change	1.8%	1.5%	0.4%	(1.8%)	(3.9%)	(2.2%)	0.6%	2.4%	(4.4%)	0.9%	(1.7%)	(0.3%)
KSE Price Index	7,130.9	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
Monthly % Change	2.3%	4.2%	2.6%	(3.4%)	(8.3%)	(3.2%)	0.6%	0.4%	(4.8%)	1.5%	(1.3%)	(1.4%)
KSE Weighted Index	481.8	492.1	494.4	482.2	454.5	438.9	441.8	457.7	427.2	435.1	421.8	419.9
Monthly % Change	2.6%	2.1%	0.5%	(2.5%)	(5.7%)	(3.4%)	0.7%	3.6%	(6.7%)	1.8%	(3.0%)	(0.4%)
Kuwait 15 Index	1,176.6	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
Monthly % Change	3.2%	2.0%	0.3%	(2.8%)	(5.5%)	(4.1%)	1.2%	4.1%	(8.5%)	3.7%	(4.1%)	0.1%
Market Cap (KWD Mn)	32,174	32,860	33,021	32,178	30,432	29,706	29,914	30,995	28,437	29,418	28,550	28,755
P/E (X) - TTM	19.63	20.05	20.70	20.20	19.01	18.48	17.80	18.43	17.03	17.28	16.77	16.68
P/BV (X) - TTM	1.42	1.45	1.46	1.43	1.35	1.32	1.30	1.34	1.23	1.27	1.24	1.24
Dividend Yield (%)	3.04%	2.98%	2.96%	3.04%	3.21%	3.26%	3.23%	3.16%	3.68%	3.47%	3.59%	3.59%
Volume (Mn Shares)	2,423	4,101	6,135	3,263	3,271	5,781	5,450	3,932	3,267	5,362	3,876	3,420
Value (KD Mn)	247	417	622	382	383	689	502	460	367	414	329	338
Trades ('000)	52.8	93.2	133.5	70.9	72.6	166.6	126.4	96.4	84.9	106.9	84.8	71.7

Source: Kuwait Stock Exchange, KAMCO Research

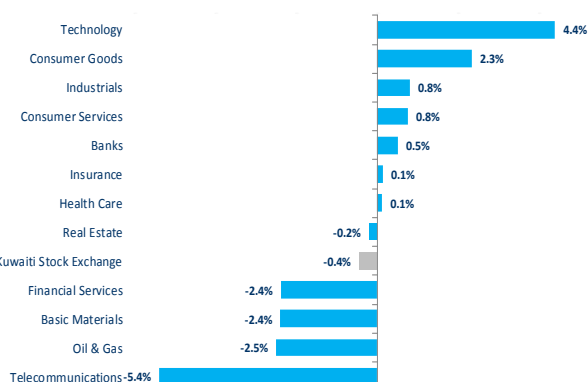
Investor sentiments continued to remain bearish in Kuwait with KSE indices bouncing at the bottom. There was minimal monthly volatility in the market that resulted in only marginal decline in market indices. Moreover, the month of Ramadan also had its fair share of impact on the trading activity with total monthly volumes reaching its lowest point in over three months. Among the indices, the KSE Price index saw the steepest monthly decline of 1.4% followed by the KSE Weighted index that declined by 0.4%. On the other hand, the large cap KSE -15 index closed with an almost flat month-on-month performance with positive returns on NBK, Mabanee and CBK almost fully offset by steep decline in shares of Warba Bank, National Industries, Zain and Boubyan Bank. Other stocks in the KSE-15 index saw minimal returns during the month.

Total monthly volume during June-15 declined by 11.8% to 3.42 Bn shares as compared to 3.88 Bn shares during May-15 resulting in average daily volume of 155.5 Mn shares as compared to 184.6 Mn shares in the previous month. Contrastingly, total monthly value traded increased by a small margin as compared to the previous month to KWD 338 Mn implying higher trades in large-cap stocks. Total average daily value traded stood at KWD 15.3 Mn as compared to KWD 15.7 Mn during May-15. Market breadth favored losers which included 96 stocks as compared to 56 gainers. The month also saw the listing of Mezzan Holding on the KSE after almost six months of the previous IPO (Viva Kuwait in December-14). Shares in Mezzan, which had a market cap of KWD 308 Mn, were up by 6.1% by the end of the month.

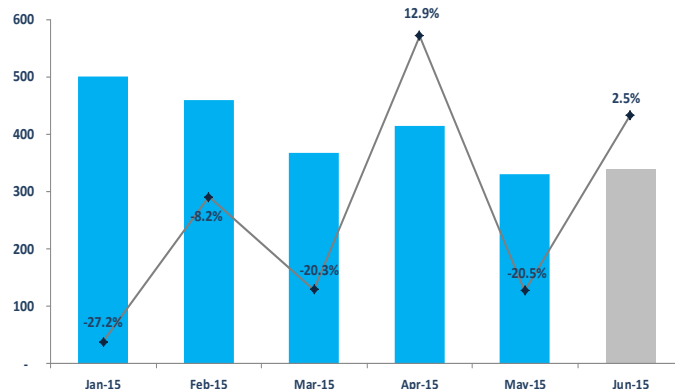
In a positive development during the month, Fitch Ratings affirmed Kuwait's Long-term foreign and local currency Issuer Default Ratings at "AA" with a Stable Outlook. The rating reflected Kuwait's exceptionally strong fiscal and external position, balanced against a heavily oil-dependent economy, a degree of geopolitical risk, and weak scores on measures of governance and ease of doing business. The rating agency calculated Kuwait's fiscal break-even oil price at USD 57/b. The agency also warned that a sustained low oil prices could erode fiscal and external buffers, which in addition to geopolitical risk could result in a negative rating action.

Sector performance was topped by the Technology index with a monthly gain of 4.4%. On the other hand, the Telecom index saw the largest monthly decline of 5.4% as all the four stocks within the sector declined during the month. The Oil and Gas index also declined for the third consecutive month owing to uncertainty and weakness surrounding oil prices. Top gainers of the month included Al Rai Media and Future Kid with monthly returns of 31% and 29% whereas Mezzan, NBK and Zain topped the value traded chart.

KSE Monthly Sector Performance



Monthly Value Traded (KWD Mn)



Source: Kuwait Stock Exchange, KAMCO Research

Saudi Arabia (Tadawul)

Monthly Indicators	Jul-14	Aug-14	Sep-14	Oct-14	Nov-14	Dec-14	Jan-15	Feb-15	Mar-15	Apr-15	May-15	Jun-15
Tadawul All Share Index	10,214.7	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
Monthly % Change	7.4%	8.8%	(2.3%)	(7.6%)	(14.1%)	(3.4%)	6.5%	4.9%	(5.7%)	12.0%	(1.5%)	(6.2%)
Market Cap (SAR Bn)	2,108.8	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
P/E (X) - TTM	19.82	21.33	19.93	18.50	15.38	14.90	15.30	16.24	16.17	19.26	19.08	18.82
P/BV (X) - TTM	2.36	2.54	2.57	2.40	2.07	2.00	2.10	2.21	1.79	2.13	2.11	2.14
Dividend Yield (%)	2.83%	2.63%	2.70%	2.90%	3.19%	3.29%	3.10%	2.93%	3.28%	2.76%	2.78%	3.03%
Volume (Mn Shares)	3,529	6,011	6,090	4,065	4,559	7,718	6,738	7,670	7,513	7,545	5,560	3,515
Value (SAR Mn)	122,639	208,390	201,646	132,885	153,409	203,019	162,456	194,325	206,269	197,358	162,395	112,807
Trades ('000)	2,412	3,299	2,999	2,124	2,594	3,830	3,067	3,083	3,353	3,154	2,876	2,151

Source: Tadawul, KAMCO Research

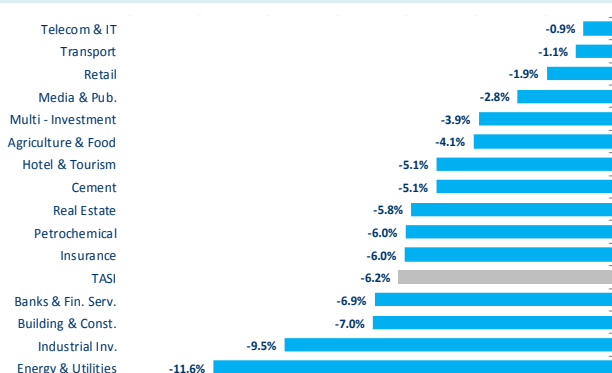
The Tadawul index declined for the second consecutive month wiping off a big portion of the YTD-15 gains seen during the first four months of the year. The index reached the lowest point since mid-April 2015 on 29th June 2015 but remained above the psychologically critical 9,000 mark and closed the month with a decline of 6.2%, the highest percentage decline since November-14. Nevertheless, the YTD -15 return of 9.0% still exceeds the rest of the GCC equity markets. The month also saw the listing of Saudi Ground Services, the logistics unit of Saudi Arabian Airlines, during the last week. The stock was up by 46% by the end of the month, also topping the monthly gainers chart. Other prominent monthly gainers included Saudi Automotive services with a monthly return of 14.7% followed by high single digit gains by Tihama Advertising, Takween and SABB Takaful. On the other hand, the top three companies on the monthly losers chart were insurance companies led by Allied Coop Insurance with a decline of 34.5% followed by Medgulf and Alamiya Coop Insurance with monthly declines of 25.3% and 23.3%, respectively.

The opening up of the market to Qualified Foreign Investors had minimal impact on the overall trading activity on the exchange as these investors remained on the sidelines with an eye on understanding the regulations. During the month, the regulator granted licenses to only two QFI with almost six other applications in the pipeline. The hype surrounding the opening of the Saudi market had led to a run up during the past few months. Moreover, the monthly decline during June-15 was also due to the ongoing weakness in oil prices as it failed to recover due to multiple negative factors in the international market.

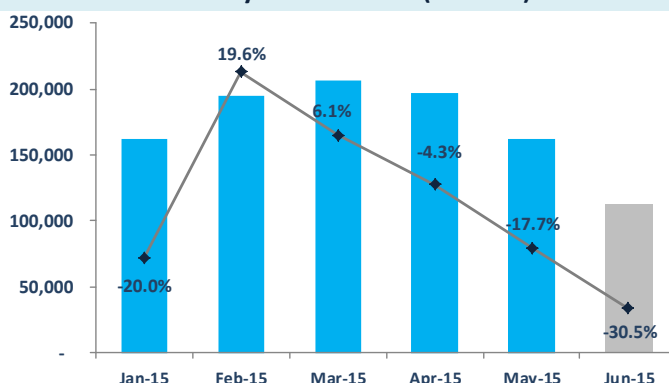
On the economic front, official Q1-15 numbers Saudi state statistics department showed that the economy accelerated during the quarter as the GDP grew at 2.4% year-on-year. The growth came despite the more than 50% plunge in oil prices as the Kingdom countered the fall with a combination of higher state spending and strong private sector. Oil GDP grew at 1.8% during the quarter as against a decline of 0.7% during the fourth quarter of the previous year. On the other hand, private sector grew at 3.3%, a slowdown from 4.7% in the previous quarter, on the back of strong retail and construction sectors.

Trading activity plunged during the month despite the opening up of the market to QFI primarily due to the month of Ramadan. Total volume declined by more than a third to 3.65 Bn shares as compared to 5.6 Bn shares during the previous month resulting in average trading volume of 159.8 Mn shares in June-15 as compared to 264.8 Mn during May-15. In terms of value traded, the number declined by 31% to SAR 112.8 Bn resulting in average trading volume of SAR 5.1 Bn as compared to SAR 7.7 Bn during May-15. The amount of shares bought by foreign investors totaled 2.3% of total shares purchased during June-15 as compared to 0.83% during the previous month. In terms of value traded, SAR 2.63 Bn worth of shares were purchased by overseas investors during the month as compared to 1.35 Bn during the previous month. Meanwhile, overseas investors offloaded a higher percentage of shares as markets declined which stood at SAR 3.57 Bn or 3.16% of total shares sold during June-15.

Tadawul Monthly Sector Performance



Monthly Value Traded (SAR Mn)



Source: Tadawul, KAMCO Research

Abu Dhabi Securities Exchange

Monthly Indicators	Jul-14	Aug-14	Sep-14	Oct-14	Nov-14	Dec-14	Jan-15	Feb-15	Mar-15	Apr-15	May-15	Jun-15
ADX General Index	5,055.0	5,082.7	5,106.3	4,861.5	4,675.0	4,528.9	4,456.8	4,686.2	4,467.9	4,647.1	4,527.6	4,723.2
Monthly % Change	11.1%	0.5%	0.5%	(4.8%)	(3.8%)	(3.1%)	(1.6%)	5.1%	(4.7%)	4.0%	(2.6%)	4.3%
Market Cap (AED Bn)	510.4	510.3	509.5	488.0	468.1	463.9	455.5	477.9	442.7	450.1	442.3	461.7
P/E (X) - TTM	14.76	14.76	13.90	13.30	12.77	12.66	12.39	13.00	8.16	8.41	8.27	8.59
P/BV (X) - TTM	1.72	1.72	1.68	1.60	1.55	1.53	1.43	1.50	1.41	1.44	1.41	1.46
Dividend Yield (%)	3.84%	3.84%	3.85%	4.00%	4.19%	4.23%	4.30%	4.10%	4.43%	4.36%	4.43%	4.06%
Volume (Mn Shares)	3,509	1,509	2,158	1,816	3,590	5,188	1,848	1,873	1,609	4,510	1,951	2,006
Value (AED Mn)	7,838	4,327	6,891	5,274	6,984	8,691	4,233	4,265	4,929	7,635	4,547	4,099
Trades	62,310	37,017	45,493	43,163	53,397	71,913	39,052	33,441	37,722	54,186	36,947	32,836

Source: Abu Dhabi Securities Exchange, KAMCO Research

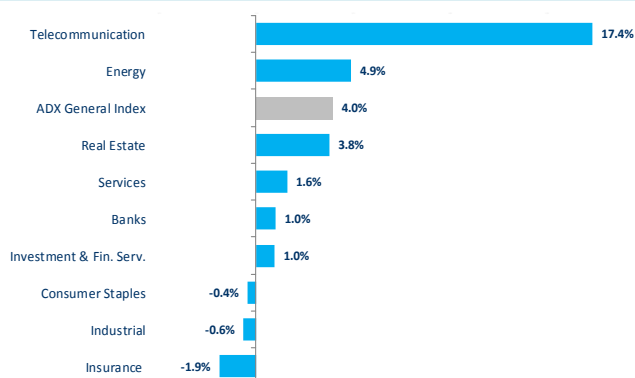
ADX General Index continued with the trading pattern seen over the past six months, showcasing a V-shaped recovery in June-15 to close at 4,707.80 points. The Index was up by 4.3% during the month on the back of gains seen in key sectors. The Telecom index topped the sectoral index chart with a monthly return of 17.4% on the back of Etisalat which was up by an identical return during the month. Meanwhile, the Energy and Real Estate sectors saw monthly returns of 4.9% and 3.8%, respectively. Gains in the energy sector was buoyed by Dana Gas that saw a monthly return of 9.5% as the company started drilling in Egypt partially offset by a 4.1% decline in shares of TAQA which is struggling heavy losses. Taqa also denied merger talks with another government company which dampened some run up in the shares of the company during the month.

The large-cap Banking index gained 1% during the month on the back of strong gains in large-cap banks that included FGB (+2.36%), NBAD (+3.3%) and UNB (4.6%) partially offset by a steep decline in shares of smaller banks National Bank of Fujairah (-19.0%) and Commercial Bank International (-8.3%). During the month, the Central Bank of UAE announced new regulations on liquidity risk management for the banking sector in the Emirates as part of the compliance requirements for the Basel III rules on capital and liquidity requirements for UAE banks.

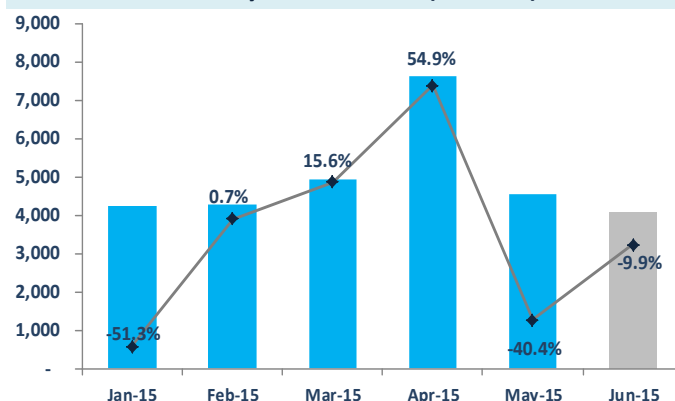
The monthly gainers chart was topped by National Takaful Co. with a monthly return of 26.8% followed by ASMAK and Gulf Medical Projects with a monthly return of 21.7% and 18.5%, respectively. Meanwhile, Etisalat was the fourth largest gainer during the month despite its Saudi Arabian subsidiary suffering losses on account of revisions and provisions. Shares in the telecom company was in huge demand as local investor flocked to buy in the company after the government decided to open it up to foreigners. The government had decided to allow foreign investors to buy 20% of the company's shares sending the shares limit up on the day of the announcement. On the other hand, the losers chart was topped by Abu Dhabi Ship Building with a monthly loss of 22.6% followed by NBF and Al Wathba National Insurance with monthly losses of -19% and -15.7%, respectively.

Trading activity indicators for the month showed mixed results as volumes increased on the back of higher trades in cheap stocks whereas value traded declined. Total monthly volume stood at 2 Bn shares, a slight increase as compared to 1.95 Bn shares traded during the previous month. On the other hand, monthly value traded declined by 9.9% to AED 4.1 Bn in June-15 as compared to AED 4.5 Bn during the previous month. The average daily volume traded declined from 92.9 Mn shares in May-15 to 91.2 Mn shares in June-15 on account of an additional trading day in June-15 whereas average daily value traded declined from AED 216.5 Mn in May-15 to AED 186.3 Mn during June-15. The list of most active stocks by value was topped by Al Dar Properties, in line with previous months, which traded AED 916.9 Mn shares followed by Etisalat and Eshraq Properties with AED 674 Mn and AED 666.5 Mn worth of shares traded. The real estate sector continued to account for the bulk of trading on the exchange with almost AED 1.7 Bn or 41.3% of total exchange value traded.

ADX Monthly Sector Performance



Monthly Value Traded (AED Mn)



Source: Abu Dhabi Securities Exchange, KAMCO Research

Dubai Financial Market

Monthly Indicators	Jul-14	Aug-14	Sep-14	Oct-14	Nov-14	Dec-14	Jan-15	Feb-15	Mar-15	Apr-15	May-15	Jun-15
DFM General Index	4,819.1	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
Monthly % Change	22.2%	5.1%	(0.4%)	(9.9%)	(5.8%)	(11.9%)	(2.6%)	5.2%	(9.1%)	20.3%	(7.2%)	4.2%
Market Cap (AED Bn)	356.6	367.6	369.0	380.6	367.4	335.2	341.1	361.8	331.3	385.8	367.7	382.1
P/E (X) - TTM	18.34	18.95	16.85	16.50	15.80	14.46	12.16	12.90	11.33	13.20	12.59	12.58
P/BV (X) - TTM	1.64	1.69	1.67	1.60	1.56	1.41	1.34	1.43	1.30	1.52	1.45	1.46
Dividend Yield (%)	2.07%	2.01%	2.00%	1.90%	2.01%	2.20%	2.16%	2.04%	2.23%	1.91%	2.00%	1.94%
Volume (Mn Shares)	16,683	7,061	8,096	8,801	7,243	12,333	8,859	8,175	6,926	17,350	9,600	14,249
Value (AED Mn)	34,078	17,320	25,395	21,663	19,574	23,162	15,266	13,343	9,596	24,815	14,221	26,148
Trades	252,568	121,556	148,274	167,489	130,553	210,161	159,224	130,854	110,813	216,339	134,211	227,235

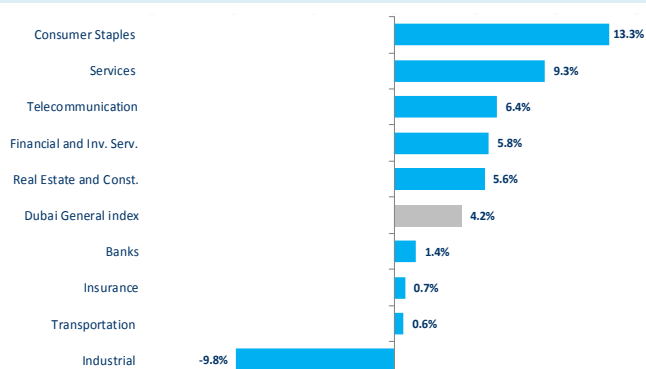
Source: Dubai Financial Market, KAMCO Research

Replicating the trend in Abu Dhabi stock market, the Dubai General Index recorded a monthly return of 4.2% during June-15 closing the month at above the 4,000 mark at 4,086.8 points. During the month, Amlak Finance started trading after almost six years of suspension. The company garnered maximum investor attention and gained almost 173% during the month accounting for the highest monthly value traded that stood at AED 8.7 Bn. The stock topped both the monthly gainers and the monthly most value traded stock charts. The liquid stock in terms of value traded also included (apart from Amlak Finance) Arabtec which traded AED 3.7 Bn worth of shares followed by three more real estate and construction companies namely Emaar Properties (AED 2.4 Bn), Union Properties (AED 2.3 Bn) and Dubai Parks and Resorts (AED 1.6 Bn).

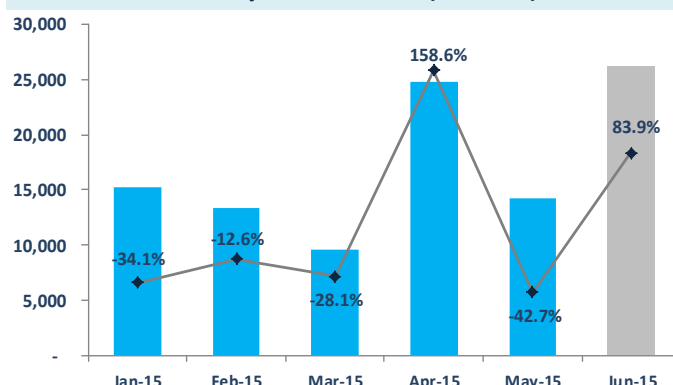
The positive investor sentiments also reflected in total monthly trading activity. Total volume increased by almost 50% to 14.2 Bn shares as compared to 9.6 Bn shares in May-15. Monthly value traded almost doubled to AED 26 Bn as compared to AED 14.2 Bn during the previous month. In terms of sector activity, the Banking and Real Sectors continued to account for the bulk of trading in the exchange. The Real Estate sector accounted for 41% or AED 10.7 Bn of monthly value traded whereas the Banking sector, buoyed by trades in Amlak Finance, accounted for 42% or AED 11 Bn of monthly value traded. In terms of half yearly trading performance, Dubai stock market lagged behind the rest of the GCC markets with the steepest fall in total value traded. Total value traded on the exchange declined from AED 237 Bn (USD 64.5Bn) during 1H-14 to AED 103 Bn (USD 28.1 Bn) in 1H-15, a decline of almost 56%.

Three out of the five top five stocks by monthly return were from the real estate sector with Arabtec recording a monthly return of 19.5% followed by Union Properties and Dubai Parks and Resorts with monthly gains of 16.2% and 15.5%. The run in shares of Dubai Parks and Resorts came on the back of the government's decision to build an access road leading up to the theme park. The run up in the shares of Arabtec in which it gained almost 27% in two days came on the back of a news that the company is set finalize a big developmental project in Egypt. However, it pared some of the gains in subsequent trading session. In a related development, the IPO of Emaar Misr received strong response with the second tranche being oversubscribed by almost 36 times. The listing of Emaar's Egyptian arm is expected to be the largest flotation on the Cairo exchange since 2007. On the other hand, stocks that declined during the month included National Cement with a monthly loss of -9.8% followed by Emirates Investment Bank and Dubai National Insurance and Reinsurance with monthly declines of -9.6% and -9.3%, respectively. The market breadth was positively skewed towards gainers which included 25 companies as compared to 19 losers. Price of 16 shares remained unchanged. Sectoral performance was mostly positive with the only exception of the Industrials Index that declined by 9.8% on the back of fall in share in National Cement. On the positive side, the Consumer Staples index recorded a monthly return of 13.3% buoyed by a 15.5% increase in shares price of Dubai Parks and Resorts, the largest company in the sector partially offset by fall in prices of Dubai Refreshments (-6.67%), Gulfa Mineral Water (-1.96%) and Marka (-0.78%). The Services index was up by 9.3% followed by the Telecom index that gained 6.4% during the month buoyed by gains in shares of Du.

DFM Monthly Sector Performance



Monthly Value Traded (AED Mn)



Source: Dubai Financial Market, KAMCO Research

Qatar Exchange

Monthly Indicators	Jul-14	Aug-14	Sep-14	Oct-14	Nov-14	Dec-14	Jan-15	Feb-15	Mar-15	Apr-15	May-15	Jun-15
QE 20 Index	12,865.5	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
Monthly % Change	12.0%	5.7%	1.0%	(1.7%)	(5.5%)	(3.7%)	(3.1%)	4.6%	(5.9%)	3.9%	(1.0%)	1.3%
Market Cap (QAR Bn)	690.1	721.2	736.1	728.3	698.1	676.8	648.8	675.3	630.0	653.0	641.8	648.0
P/E (X) - TTM	16.60	17.34	18.11	17.90	17.20	16.65	15.28	15.93	14.75	15.29	15.03	14.31
P/BV (X) - TTM	2.39	2.50	2.53	2.50	2.40	2.32	2.11	2.20	2.01	2.07	2.03	2.17
Dividend Yield (%)	3.29%	3.15%	3.08%	3.10%	3.30%	3.36%	3.50%	3.36%	3.60%	3.48%	3.54%	3.97%
Volume (Mn Shares)	304	391	319	232	281	367	208	337	171	200	394	164
Value (QAR Mn)	12,568	18,131	13,803	10,694	18,760	16,586	10,167	12,434	8,136	8,362	13,602	7,272
Trades	146,915	174,576	134,960	107,598	157,169	174,100	126,765	135,557	107,902	108,714	139,246	84,557

Source: Qatar Exchange, KAMCO Research

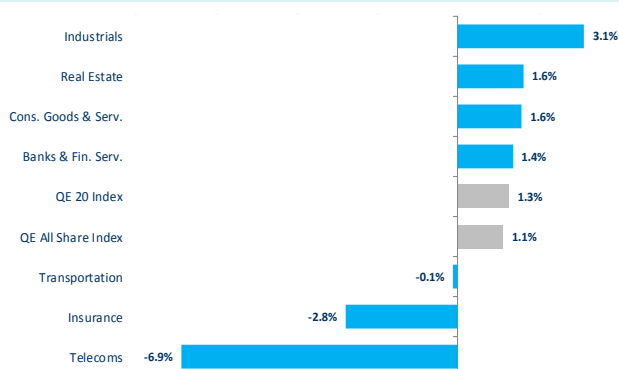
Qatar exchange recorded the third best monthly performance trailing the two UAE exchanges with a monthly index gain of 1.3% for the QE 20 Index. The Qatar All Share Index also ended the month with a 1.1% monthly return indicating a broad based positive performance. The index saw wide volatility during the month as it traded below the psychologically important 12,000 level for almost most of mid-month. The market was marred worries regarding the Fifa World Cup 2022 after the president of the body resigned unexpectedly casting doubts on the event in Qatar. However, markets recovered during the last two weeks of June-15 and crossed the 12,000 mark closing the month with a positive return. Notably the last day of the month saw strong buying interest from foreign institutions snapping a three-day bearish spell and pushing the index up by 187.5 points or 1.6%.

Sectoral index performance was led by the Industrials index that gained 3.1% during the month supported primarily by positive returns in the two largest stocks in the sector, i.e. Industries Qatar and Qatar Electricity & Water, with monthly returns of 5.0% and 6.5%, respectively, partially offset by a 4.3% decline in shares of Mesaieed Petrochemicals. Shares in Industries Qatar got a push after rating agencies S&P and Moody's affirmed their respective ratings both with a stable outlook on the company sighting the company's liquidity profile, robust cash flow generation ability, strong competitive market position, greater integration with the parent entity and its close relationship with the government of State of Qatar. Meanwhile, the Banking & Financial Services Index gained 1.4% during the month as a majority of the stocks in the sector recorded positive performance.

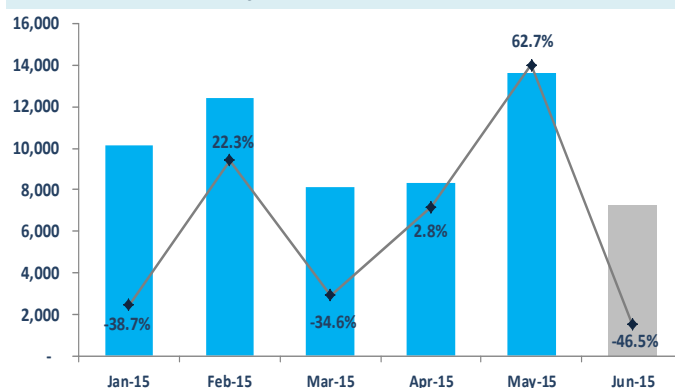
Despite positive index performance, monthly trading activity saw a steep decline during the month with volumes declining by almost 60% to 164 Mn shares as compared to 394 Mn shares in May-15 resulting in daily average volume of 7.4 Mn shares as compared to 18.8 Mn shares during May-15. Total value traded also declined by 47% to QAR 7.3 Bn during June-15 as compared to QAR 13.6 Bn during May-15. The average daily value traded also declined from QAR 648 Mn in May-15 to QAR 331 Mn during June-15. Total number of transactions declined by 39% to 84,557 trades during the month. Market breadth was almost equally divided between gainers and losers with 22 gainers as against 20 losers. In line with the rest of the GCC equity markets, the 1H-15 trading activity on the Qatar exchange declined as compared to the previous year. Total 1H-15 value traded on the exchange stood at USD 16.5 Bn as compared to USD 29.8 Bn during 1H-14, a decline of 44.7%.

The list of most active stocks during the month was topped by Medicare Group with a monthly return of 10.1% followed by United Development Co. and Qatar Electricity & Water Co. with monthly returns of 6.6% and 6.5%, respectively. On the monthly losers side, Qatari German Co. for Medical Devices topped the list with a decline of 9.7%, followed by 7.9% decline in Ooredoo shares and a 4.2% fall in shares of Mesaieed Petrochemicals. Barwa Real Estate continued to remain one of the most active stocks by monthly value traded as seen in the past few months garnering trades valued at QAR 1.0 Bn followed by QNB with monthly trades valued at QAR 0.92 Bn. Ezdan Holdings was third on the list with monthly trades valued at QAR 0.67 Bn.

QE Monthly Sector Performance



Monthly Value Traded (QAR Mn)



Source: Qatar Exchange, KAMCO Research

Bahrain Bourse

Monthly Indicators	Jul-14	Aug-14	Sep-14	Oct-14	Nov-14	Dec-14	Jan-15	Feb-15	Mar-15	Apr-15	May-15	Jun-15
Bahrain All Share Index	1,471.7	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
Monthly % Change	3.1%	0.0%	0.3%	(2.2%)	(1.1%)	(0.1%)	(0.2%)	3.5%	(1.7%)	(4.1%)	(1.9%)	0.3%
Market Cap (BHD Mn)	8,351	8,354	8,376	8,193	8,105	8,099	8,086	8,378	8,242	7,917	7,904	7,928
P/E (X) - TTM	14.08	14.08	13.21	12.90	12.78	12.71	11.90	12.32	10.43	10.02	10.00	9.79
P/BV (X) - TTM	1.09	1.09	1.07	1.00	1.03	1.02	1.01	1.04	1.01	0.97	0.97	1.01
Dividend Yield (%)	3.42%	3.42%	3.41%	3.50%	3.53%	3.53%	3.53%	3.41%	3.47%	3.61%	3.62%	4.59%
Volume (Mn Shares)	25	58	51	64	22	29	14	27	24	79	82	28
Value (BHD Mn)	7	13	12	21	6	9	4	8	6	15	16	7
Trades	706	897	1,069	609	628	1,065	626	1,029	1,005	1,194	1,526	866

Source: Bahrain Bourse, KAMCO Research

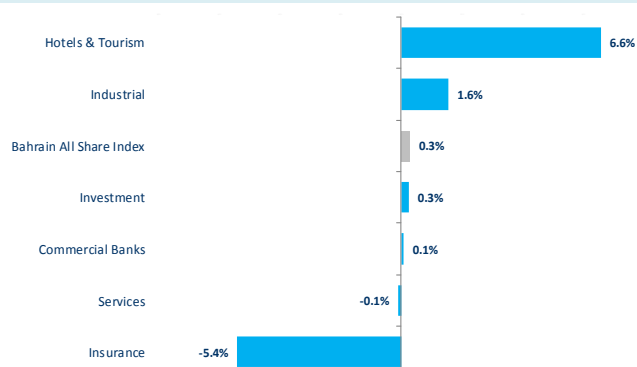
After three consecutive months of decline, the Bahrain Bourse saw a marginal positive performance during June-15 with an index gain of 0.3% reaching 1,367.83 points led by a 6.6% positive monthly return for the Hotel & Tourism index. This positive performance was buoyed by the only two traded stocks in the sector, namely Gulf Hotels Group and Bahrain Tourism, with monthly returns of 7.8% and 10%, respectively in June-15. The Commercial Banks and the Investment indices recorded marginal gains of 0.1% and 0.3%, respectively. According to reports, Arab Banking Corp. that was previously reported to be interested in buying HSBC's Turkish arm was reported as one of the early bidders for National Bank of Greece's Turkish arm Finansbank along with QNB that has also expressed interest in the unit. On the other hand, the Insurance Index saw a steep monthly decline of 5.4% as three out of the five stocks in the sector declined whereas there were no trades in the remaining two stocks (Al Ahlia Insurance and Takaful International). Bahrain and Kuwait Insurance Co. declined by 8.7% during the month whereas Bahrain National Holding and Arab Insurance Group declined by 8.3% and 1.0%, respectively on the back of a general selling pressure in the sector.

In line with most other markets, trading activity, which has already been bleak in the case of Bahrain, took a severe hit with volumes recorded at the lowest monthly levels since March-15. Around 28 Mn shares were traded on the exchange during June-15 as compared to 82 Mn shares during May-15. Commercial banks accounted for the bulk of these trades recorded at 69% or 19 Mn shares traded. Total value traded also declined from BHD 16 Mn during May-15 to merely BHD 7 Mn during June-15. The average daily volume traded reached 1.2 Mn shares during June-15 as compared to 3.9 Mn shares during the previous month. Daily average value traded also declined to BHD 0.34 Mn during June-15 from BHD 0.78 Mn during May-15.

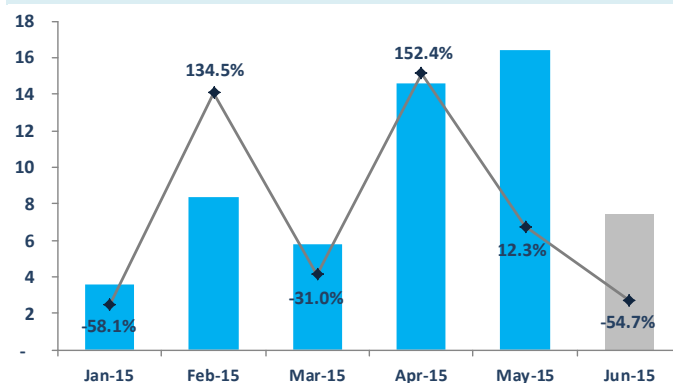
The half yearly performance of the Bahrain Bourse highlighted the declining investor participation in the market. Total value traded during 1H-15 saw the steepest percentage decline as compared to other markets in the GCC. Total value traded was recorded at USD 148.8 Mn in 1H-15 a 72.4% or USD 390 Mn decline as compared to USD 538.8 Mn in value traded during 1H-14. The poor performance came despite a very low base of market activity.

The monthly best performers chart was topped by Bahrain Tourism with a monthly return of 10% but with minimal trades in the stock (BHD 11,900). Gulf Hotels Group with an even small trade (BHD 2,700) stood second on the list with a monthly return of 7.8% followed by Al Baraka Banking Group with a corresponding return of 2.8%. Al Salam Bank which garnered relatively higher trades (BHD 0.57 Mn) was fourth on the list with a gain of 2.2%. On the losers chart, the list was topped by Inovent with a monthly decline of 9.5% followed by Bahrain and Kuwait Insurance and Bahrain National Holdings. The list of monthly most actively traded stocks was topped by Bahrain Duty Free Complex garnering BHD 1.63 Mn in trades during the month followed by Bank of Bahrain and Kuwait and BMMI with trades valued at BHD 1.5 Mn and BHD 1.17 Mn, respectively.

BSE Monthly Sector Performance



Monthly Value Traded (BHD Mn)



Source: Bahrain Bourse, KAMCO Research

Muscat Securities Market

Monthly Indicators	Jul-14	Aug-14	Sep-14	Oct-14	Nov-14	Dec-14	Jan-15	Feb-15	Mar-15	Apr-15	May-15	Jun-15
MSM 30 Index	7,200.7	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
Monthly % Change	2.7%	2.3%	1.6%	(6.8%)	(6.7%)	(2.5%)	3.4%	0.0%	(4.9%)	1.4%	1.0%	0.6%
Market Cap (OMR Mn)	8,661	8,858	8,991	8,436	7,882	7,734	7,985	7,997	7,582	7,623	8,034	8,155
P/E (X) - TTM	12.12	12.40	11.98	11.24	10.50	10.31	10.48	10.49	10.05	10.10	10.36	10.69
P/BV (X) - TTM	1.75	1.79	1.75	1.65	1.54	1.51	1.50	1.50	1.41	1.42	1.45	1.51
Dividend Yield (%)	3.47%	3.39%	3.34%	3.60%	3.81%	3.88%	3.76%	3.76%	3.92%	3.90%	3.67%	3.73%
Volume (Mn Shares)	258	284	377	370	492	498	343	493	434	332	229	227
Value (OMR Mn)	107	113	140	132	177	158	96	166	121	97	70	65
Trades	14,040	18,119	18,968	18,170	19,532	29,868	23,924	27,345	24,653	16,525	11,991	12,393

Source: Muscat Securities Market, KAMCO Research

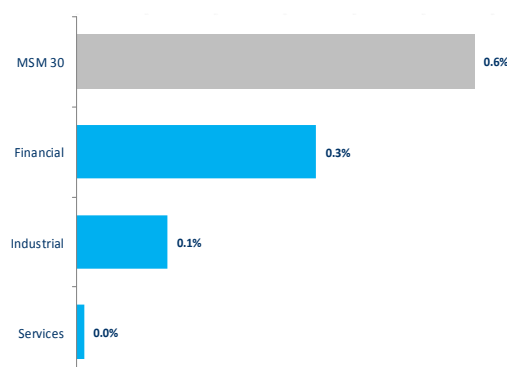
The MSM was the only exchange in the GCC that has recorded three consecutive months of gains over the past three month, although the gains were pretty marginal. The MSM 30 index has gained 3% during Q2-15 as compared to a 1.7% decline during Q1-15 resulting in YTD-15 gains of 1.3%. The MSM 30 index remained range bound during the month with minimal volatility and ended with a marginal gain of 0.6% to close at 6,424.6 points on the back of an overall marginally positive market performance. Sectoral performance also reflected the positive theme with all the three sectoral indices recording marginally positive returns. The Financial Index recorded a monthly gain of 0.3% followed by the industrial Index with monthly return of 0.1%.

Trading activity on the exchange saw only marginal decline of 2 Mn shares to reach 227 Mn shares during June-15. Total value traded declined by 7.1% to OMR 65 Mn as compared to OMR 70 Mn during the previous month. The daily average volume traded fell to 10.3 Mn shares in June-15 as compared to 11.5 Mn shares during May-15 whereas daily average value traded fell to OMR 2.96 Mn as compared to OMR 3.5 Mn in May-15. The Financial sector continued to account for the bulk of the trading on the exchange with total value traded amounting to OMR 33.5 Bn or 52% of total exchange value traded whereas the Services sector accounted for 35% of the total market or OMR 22.7 Bn in monthly value traded. The 1H-15 also declined as seen in other GCC markets with total value traded recorded at USD 1.55 Bn as compared to USD 2.9 Bn in 1H-14 resulting in a percentage decline of 46.6% or USD 1.35 Bn. Total value of shares bought by Omanis stood at OMR 90 Mn or 80.4% of total purchases during June-15 whereas the total value of shares sold by Omanis stood at OMR 83.56 Mn or 74.64% of total sale transaction during June-15. Market breadth was skewed towards gainers that included 23 companies as against 16 monthly losers. Prices of 16 companies remained unchanged during the month.

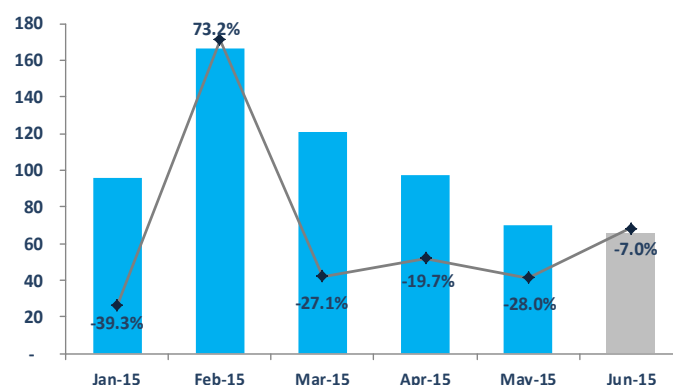
The monthly best performers list was topped by Sharqiyah Desalination with a monthly return of 10% followed by Al Maha Ceramics and Voltamp Energy with monthly returns of 8.1% and 7.5%, respectively. There was no major positive catalysts for the run up in these stocks. On the other hand, the monthly worst performers chart was topped by Renaissance Services with a loss of 17.2% followed by Al Madina Investment Co. and National Gas Co. with monthly returns of -11.3% and -8.8%, respectively. Meanwhile, Bank Muscat was the most active stocks by monthly value traded which stood at OMR 11.3 Bn followed by Oman Telecom and Al Anwar Holding with trades valued at OMR 9.5 Bn and OMR 5.7 Bn, respectively.

The month saw a lot of M&A activity in Oman . The latest news came from Bank Sohar and Bank Dhofar entering in a binding agreement on a proposed merger. Meanwhile, NBO decided not to buy United Finance with the latter's board considering a non-binding takeover offer from Al Omaniya Financial Services. Moreover, HSBC Bank Oman agreed to sell its banking business in Pakistan to Meezan Bank. Further, the central bank approved the merger of Ominvest and ONIC Holding. The month also saw the flotation of Phoenix Power in the parallel market that was widely received whereas Al Anwar Holding's insurance unit, Falcon Insurance, is also planning an IPO.

MSM Monthly Sector Performance



Monthly Value Traded (OMR Mn)



Source: Muscat Securities Market, KAMCO Research

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