

GCC Markets Monthly Report

September-2015

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The keenly anticipated Fed policy meeting in Sept-15 saw the Fed leave federal funds rates unchanged.

The FOMC mentioned that the economy was improving and unemployment rates were lower q-o-q, but highlighted that low levels of inflation were a concern, and indicated that recent global economic woes, mainly from China, are likely to put downward pressure on inflation in the near term. The FOMC however mentioned that they would look at their rate policy, when there is further improvement in the labor market, and there is confidence that inflation will move back to the Fed's target of 2% over the medium term. US equity markets declined in Sept-15, as the S&P 500 & DJIA receded by 2.6% and 1.4% m-o-m.

In Europe, the FTSE 100 and DAX declined by 3% and 6.2% respectively in Sept-15 m-o-m. Eurozone inflation turned negative to -0.1% m-o-m in Sept-15 from 0.1% in Aug-15, driven by week data from Spain and Germany. The ECB mentioned that it is closely watching deflationary trends in the region and would employ quantitative-easing, if needed, to negate deflation. Main Asian indices continued to witness sell-offs, led by Shanghai Composite Index & Nikkei, which fell by 4.8% & 8.0% respectively in Sept-15.

GCC markets barring Kuwait & Abu Dhabi witnessed declines, albeit marginally, during the month of Sept-15, receding by 1.4% on average. Trading activity in the region remained subdued during the month, primarily due to the EID holidays, as volumes and value traded witnessed double-digit declines. Oil continued to trend lower with OPEC crude and Brent falling by 7.3% and 12% respectively during Sept-15, driven by a rise in OPEC supply, mainly from Iraq. Fitch Ratings in their latest GCC report mentioned that GCC sovereigns are unlikely to close their aggregate fiscal budget gap, as they highlighted that efforts to boost non-oil revenues have been modest.

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	388.4	0.8%	(11.5%)	87.3	993.2	15.3	1.1	3.9%
Kuwait - 15 Index	935.1	1.7%	(11.8%)					
Kuwait - Price Index	5,726.0	(1.6%)	(12.4%)					
Saudi Arabia	7,404.1	(1.6%)	(11.1%)	451.9	31,006.7	15.6	1.8	2.9%
Abu Dhabi	4,502.8	0.2%	(0.6%)	119.2	1,352.2	8.2	1.4	4.2%
Dubai	3,593.3	(1.9%)	(4.8%)	94.0	3,431.6	11.2	1.3	2.5%
Qatar	11,465.2	(0.9%)	(6.7%)	166.8	1,853.5	13.3	2.0	4.3%
Bahrain	1,275.9	(1.8%)	(10.6%)	20.3	13.1	9.3	1.0	3.8%
Oman	5,787.7	(1.4%)	(8.8%)	19.8	193.2	9.9	1.4	4.2%
Total GCC				959.2	38,843.5	14.0	1.6	3.3%

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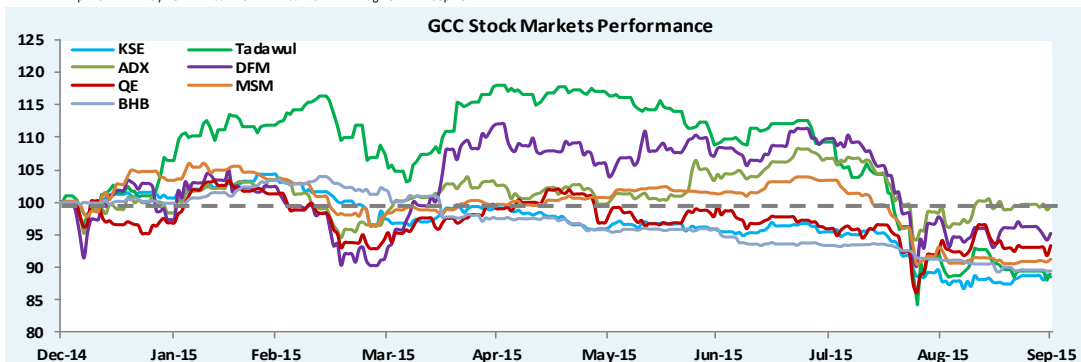
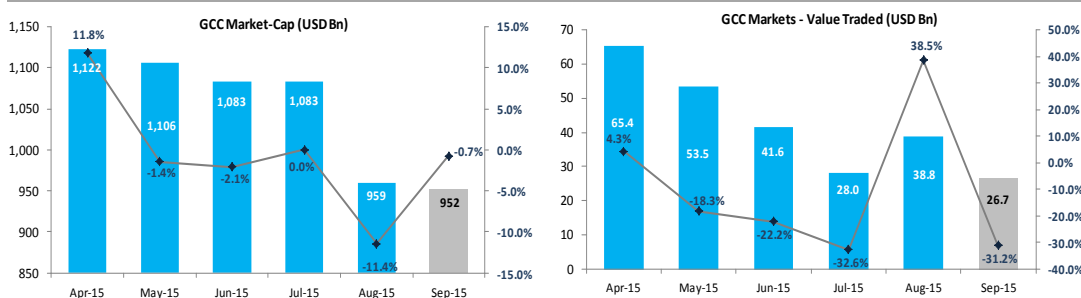
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Source: GCC Stock Exchanges, KAMCO Research

Kuwait Stock Exchange

Monthly Indicators	Oct-14	Nov-14	Dec-14	Jan-15	Feb-15	Mar-15	Apr-15	May-15	Jun-15	Jul-15	Aug-15	Sep-15
KSE Price Index	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	5,820.6	5,726.0
Monthly % Change	(3.4%)	(8.3%)	(3.2%)	0.6%	0.4%	(4.8%)	1.5%	(1.3%)	(1.4%)	0.8%	(6.9%)	(1.6%)
KSE Weighted Index	482.2	454.5	438.9	441.8	457.7	427.2	435.1	421.8	419.9	418.9	385.3	388.4
Monthly % Change	(2.5%)	(5.7%)	(3.4%)	0.7%	3.6%	(6.7%)	1.8%	(3.0%)	(0.4%)	(0.2%)	(8.0%)	0.8%
Kuwait 15 Index	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	919.2	935.1
Monthly % Change	(2.8%)	(5.5%)	(4.1%)	1.2%	4.1%	(8.5%)	3.7%	(4.1%)	0.1%	(0.2%)	(9.4%)	1.7%
Market Cap (KWD Mn)	32,178	30,432	29,706	29,914	30,995	28,437	29,418	28,550	28,755	28,647	26,372	26,585
P/E (X) - TTM	20.20	19.01	18.48	17.80	18.43	17.03	17.28	16.77	16.68	16.61	15.32	15.29
P/BV (X) - TTM	1.43	1.35	1.32	1.30	1.34	1.23	1.27	1.24	1.24	1.23	1.14	1.13
Dividend Yield (%)	3.04%	3.21%	3.26%	3.23%	3.16%	3.68%	3.47%	3.59%	3.59%	3.61%	3.91%	3.92%
Volume (Mn Shares)	3,263	3,271	5,781	5,450	3,932	3,267	5,362	3,876	3,420	2,228	3,073	2,784
Value (KD Mn)	382	383	689	502	460	367	414	329	338	219	300	248
Trades ('000)	70.9	72.6	166.6	126.4	96.4	84.9	106.9	84.8	71.7	50.7	76.1	65.3

Source: Kuwait Stock Exchange, KAMCO Research

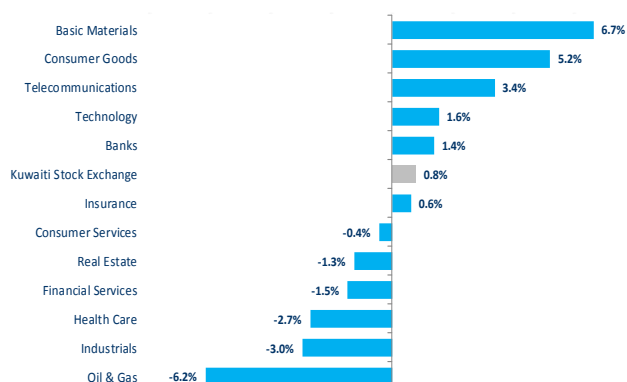
After four consecutive months of decline, the KSE Weighted Index saw an upward trend in September-15 rising by almost 1% by the end of the month. Trading pattern indicated three consecutive sessions of positive index growth just before the Eid holidays. The improvement during the month was primarily on the back of large-cap stocks and this was also reflected in the strong monthly gain of 1.7% for the KSE-15 Index. CBK (+9.1%), Zain (+6.8%), Americana (+6.5%) were among the top gainers in the KSE-15 index. NBK, which is considering issuing KWD 125 Mn in bonds to meet Basel III requirements, recorded a monthly return of +3.8% during the month. Nevertheless, despite the monthly gains, the indices continue to remain below the psychologically important levels (1,000 points for the KSE-15 Index and 400 points for the KSE Weighted Index). The KSE Price index, on the other hand, fell for the second consecutive month as it declined by 1.6% due to a focus on large cap stocks and a relative slowdown in buying of cheap stocks. Market cap also increased by 0.8% during the month to end at KWD 26.6 Bn (USD 88 Bn). In terms of YTD-15 performance, all the equity indices continue to remain in the red zone with declines in excess of 10%.

Despite positive index performance, trading activity took a hit during the month primarily due to the Eid holidays. Total volume traded declined by 9% to 2.8 Bn shares whereas the average daily volume traded increased from 139 Mn shares in August-15 to 147 Mn shares during September-15. Total monthly value traded also declined by 17.5% to KWD 248 Mn as compared to KWD 300 Mn for the previous month. Average daily value traded also declined from KWD 13.6 Mn in August-15 to KWD 13 Mn during September-15. Market breadth continued to favor losers that included 96 companies as compared to 66 gainers.

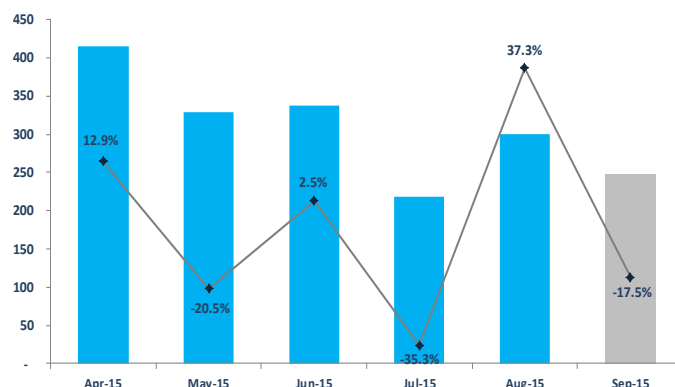
The monthly top performers list included Osos Holding Group (formerly Al Safat Tec) with a monthly return of 52.9% after it resumed trading in September. Trading in the company was suspended in August-15 after the company announced capital reduction from KWD 4 Mn to KWD 2.68 Mn. The monthly gainers chart also included Sultan Center and First Investment with monthly returns of 27.9% and 19.3%, respectively. On the monthly losers side, shares of National Slaughter House declined by more than 50% during the month with minimal trading in the stock whereas last month's top gainer, Zima Holding, came in second on the list with a decline of 48.7% during September-15. Stocks that attracted the maximum funds included Zain with a total monthly traded value of KWD 21.9 Mn followed by Al Dar National Real Estate and CBK with total monthly trades of KWD 16.5 Mn and KWD 15.8 Mn, respectively.

On the economic front, due to the ongoing decline in oil revenues, the Finance Ministry in Kuwait said it would start reviewing the draft tax law by the IMF by next December. The government is also considering rationalization of subsidies and has collaborated with Ernst & Young for a study on the subject.

KSE Monthly Sector Performance



Monthly Value Traded (KWD Mn)



Source: Kuwait Stock Exchange, KAMCO Research

Saudi Arabia (Tadawul)

Monthly Indicators	Oct-14	Nov-14	Dec-14	Jan-15	Feb-15	Mar-15	Apr-15	May-15	Jun-15	Jul-15	Aug-15	Sep-15
Tadawul All Share Index	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	7,522.5	7,404.1
Monthly % Change	(7.6%)	(14.1%)	(3.4%)	6.5%	4.9%	(5.7%)	12.0%	(1.5%)	(6.2%)	0.1%	(17.3%)	(1.6%)
Market Cap (SAR Bn)	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	1,694.7	1,670.3
P/E (X) - TTM	18.50	15.38	14.90	15.30	16.24	16.17	19.26	19.08	18.82	18.91	15.81	15.59
P/BV (X) - TTM	2.40	2.07	2.00	2.10	2.21	1.79	2.13	2.11	2.14	2.15	1.80	1.77
Dividend Yield (%)	2.90%	3.19%	3.29%	3.10%	2.93%	3.28%	2.76%	2.78%	3.03%	2.38%	2.84%	2.88%
Volume (Mn Shares)	4,065	4,559	7,718	6,738	7,670	7,513	7,545	5,560	3,515	2,593	4,971	3,575
Value (SAR Mn)	132,885	153,409	203,019	162,456	194,325	206,269	197,358	162,395	112,807	84,411	116,281	79,409
Trades ('000)	2,124	2,594	3,830	3,067	3,083	3,353	3,154	2,876	2,151	1,615	2,473	1,638

Source: Tadawul, KAMCO Research

TASI declined for the second consecutive month during September-15 after it lost another 118.33 points to reach 7,404.14 points, a fall of 1.6%, as investor sentiments failed to recover on the back of continued weak oil prices. The decline in market cap stood at SAR 17.9 Bn or 1.1% to close the month at SAR 1.67 Trillion (USD 445.4 Bn). Saudi Arabia now reports one of the highest YTD-15 declines that stood at 11.1% by the end of September-15.

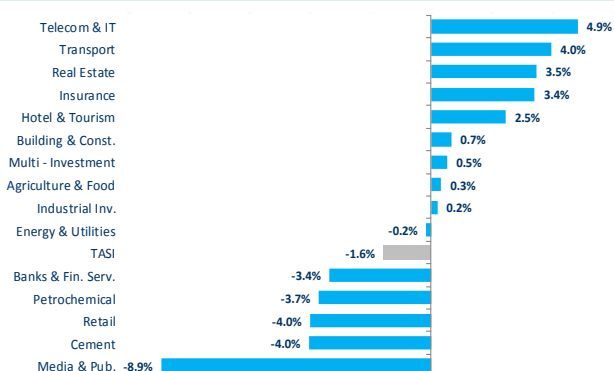
The weakness in the oil prices has already put a dent in state budgets and according to reports, the Kingdom is withdrawing money from foreign investments. According to Insight Discovery, the Kingdom has withdrawn almost USD 50 Bn to USD 70 Bn over the past six months, although Financial Times notes some of this cash is used to fund the deficit whereas the central bank is also looking at reinvestment opportunities in less and more liquid assets. This comes after an almost USD 4 Bn in bond issuances over the past couple of months, the first by the Kingdom in almost eight years.

Nevertheless, in a positive development for the market, Citigroup and Ashmore Group were given permission by the Saudi Capital Markets Authority (CMA) to directly trade in Saudi-listed shares. Although the list is not official, according to Reuters, almost 6 institutions have been given licenses to trade in Saudi Arabia since the market opened to foreign investors earlier this year. Moreover, in a bid to develop a debt market in Saudi Arabia, the CMA also issued licenses to six credit rating agencies that applied to operate/continue to operate in Saudi Arabia. The move was aimed at reforming the debt market and encouraging corporates to issue more bonds and reduce dependence on traditional bank loans.

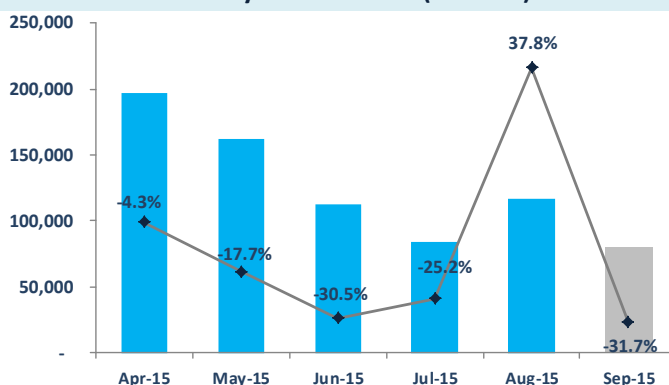
Trading activity, which recovered last month, declined during September-15 to one of the lowest monthly aggregates since the past 4 years. Total monthly value traded declined by almost a third or SAR 36.9 Bn to SAR 79.4 Bn, the lowest monthly value traded since September-11. As a result, average daily value traded also declined from SAR 5.3 Bn in August-15 to SAR 4.7 Bn in September-15. Meanwhile, the volume shares traded during the month also declined by 28.1% to reach 3.6 Bn traded shares resulting in average daily shares of 210.3 Mn as compared to an average of 226 Mn shares during the previous month.

In terms of sector performance, the Telecom & IT index recorded the best monthly return of 4.9% followed by Transport and Real Estate indices with monthly returns of 4.0% and 3.5%, respectively. The growth in telecom sector during the month was supported by Mobily (+10.7%), Etihad Atheeb (+2.75%) and STC (+2.17%), partially offset by Zain KSA (-2.15%). Nevertheless, the Telecom sector remains one of the worst performing indices in terms of YTD-15 returns which stood at -21.3%. Meanwhile, the positive return in the Real Estate sector was supported by positive returns in all the stocks within the sector with the exception of Makkah Construction (-5.6%) and Knowledge Economic City (-13.2%). Among the other major sectors, the Banking and Petrochemical indices plunged 3.4% and 3.7%, respectively. In a report, Fitch highlighted a slowdown in credit growth in the Kingdom and expectations of a continued slow growth in 2015 and 2016.

Tadawul Monthly Sector Performance



Monthly Value Traded (SAR Mn)



Source: Tadawul, KAMCO Research

Abu Dhabi Securities Exchange

Monthly Indicators	Oct-14	Nov-14	Dec-14	Jan-15	Feb-15	Mar-15	Apr-15	May-15	Jun-15	Jul-15	Aug-15	Sep-15
ADX General Index	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	4,493.9	4,502.8
Monthly % Change	(4.8%)	(3.8%)	(3.1%)	(1.6%)	5.1%	(4.7%)	4.0%	(2.6%)	4.3%	2.3%	(7.0%)	0.2%
Market Cap (AED Bn)	488.0	468.1	463.9	455.5	477.9	442.7	450.1	442.3	461.7	471.6	437.7	442.0
P/E (X) - TTM	13.30	12.77	12.66	12.39	13.00	8.16	8.41	8.27	8.59	8.78	8.15	8.23
P/BV (X) - TTM	1.60	1.55	1.53	1.43	1.50	1.41	1.44	1.41	1.46	1.49	1.39	1.40
Dividend Yield (%)	4.00%	4.19%	4.23%	4.30%	4.10%	4.43%	4.36%	4.43%	4.06%	3.98%	4.28%	4.24%
Volume (Mn Shares)	1,816	3,590	5,188	1,848	1,873	1,609	4,510	1,951	2,006	2,347	2,469	2,132
Value (AED Mn)	5,274	6,984	8,691	4,233	4,265	4,929	7,635	4,547	4,099	3,889	4,967	4,457
Trades	43,163	53,397	71,913	39,052	33,441	37,722	54,186	36,947	32,836	32,127	45,353	33,220

Source: Abu Dhabi Securities Exchange, KAMCO Research

The ADX General Index was one of the only two GCC indices which was in the green in Sept-15, albeit marginally. The index improved by 0.2% during the month to close at 4502.8, as the Telecoms, Real Estate & Industrial sectoral indices were top gainers for the month. Telecoms went up by 10.5% m-o-m, while Real Estate and Industrials moved up by 3.7% and 2.7% respectively. Etisalat, which remained the top performer YTD in 2015 (+42.6%) continued its positive performance in Sep-15, as its price jumped by 10.5% during Sept-15. Services and Financials (Banks, Investment & Financial Services and Insurance) indices led the laggards in the ADX General Index during the month. Services index plunged by 5.2% while Banks (-3.2%), Investment & Financial Services (-2.6%) indices pulled the Financials pack lower. Trading activity in Sept -15 was lower m-o-m, primarily due to the Eid Holidays, as both trading volumes and value traded were lower by 13.7% and 10.3% respectively, than the prior month.

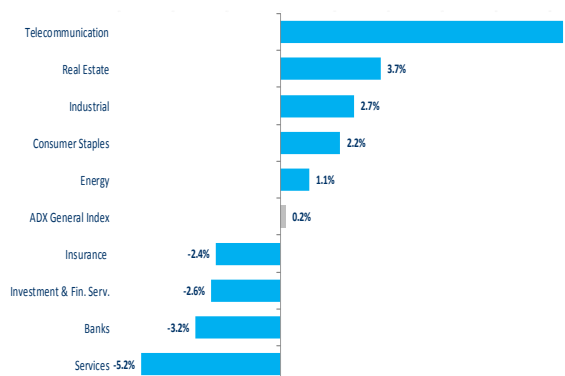
Telecom bellwether, Etisalat's shares gained in Sep-15, as the government-controlled entity opened its shares to foreign individuals and institutional investors during the month. The company also remains the top performing stock in the ADX YTD, gaining by 42.6% in the first nine months of the year. The Real Estate Index exhibited positive performance during the month of September as all its constituents exhibited gains during the month, led by Ras Al Khaimah Properties, which saw its price surge by 8.9%. Ras Al Khaimah White Cement led the Industrials index posting gains of 24.4% for the month followed by Ras Al Khaimah Ceramic (+12.5%).

The Services index was pulled down m-o-m, as heavyweights in the index National Corp for Tourism & Hotels and Abu Dhabi National Hotels were down by 18.5% and 8.8% respectively. Banks closed at lower levels as large caps NBAD (-8.5%), ADCB (-4.4%) and FGB (-2.8%) all ended the month lower, as compared to the previous month. The largest stock in the Insurance index, Abu Dhabi National Insurance, saw its stock price fall by around 10% m-o-m, and replaced Ooredoo as the worst performing stock YTD, declining by a cumulative 47.8%.

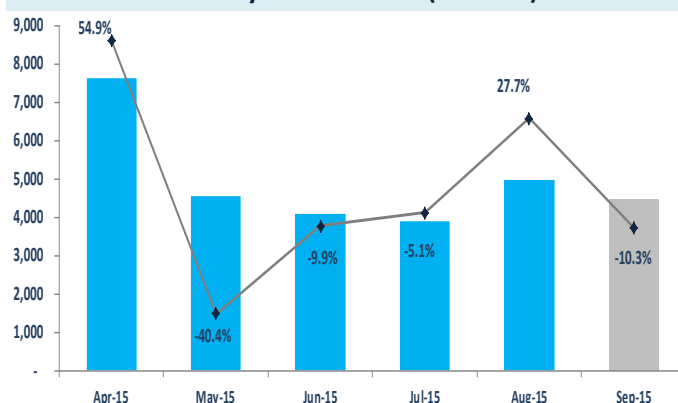
Ratings agency Fitch assigned Emirates Islamic Bank a long term Issuer Default Rating (IDR) of 'A+' with a Stable Outlook and a short-term IDR of 'F1', and a Viability Rating (VR) at 'bb-'. Post the rating, Emirates Islamic is amongst the highest ranked banks in the UAE. Abu Dhabi Islamic bank (ADIB) raised AED 504 Mn from a rights issue that was reportedly oversubscribed nearly three times as AED 1.46 Bn in subscriptions received. The rights traded on the Abu Dhabi Securities Exchange, offered ADIB shares at a price of AED 3 per share, and are reportedly part of the bank's plan to raise capital to support its expansion plans.

In terms of monthly trading performance, Ras Al Khaimah White Cement topped the gainers chart with a monthly gain of 24.4% followed by Abu Dhabi Aviation Co. and National Bank of Fujairah with monthly gains of 14.9% and 13.9%, respectively. Abu Dhabi Ship Building Company was the worst performer during the month falling by 25.7% followed by National Corp for Tourism & Hotels which declined by 18.5% m-o-m. The most active stocks by valued traded included Etisalat (AED 1.6 Bn), Aldar properties (AED 575 Mn) and ADCB (AED 397 Mn).

ADX Monthly Sector Performance



Monthly Value Traded (AED Mn)



Source: Abu Dhabi Securities Exchange, KAMCO Research

Dubai Financial Market

Monthly Indicators	Oct-14	Nov-14	Dec-14	Jan-15	Feb-15	Mar-15	Apr-15	May-15	Jun-15	Jul-15	Aug-15	Sep-15
DFM General Index	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	3,662.6	3,593.3
Monthly % Change	(9.9%)	(5.8%)	(11.9%)	(2.6%)	5.2%	(9.1%)	20.3%	(7.2%)	4.2%	1.4%	(11.6%)	(1.9%)
Market Cap (AED Bn)	380.6	367.4	335.2	341.1	361.8	331.3	385.8	367.7	382.1	386.2	345.2	341.2
P/E (X) - TTM	16.50	15.80	14.46	12.16	12.90	11.33	13.20	12.59	12.58	12.72	11.38	11.24
P/BV (X) - TTM	1.60	1.56	1.41	1.34	1.43	1.30	1.52	1.45	1.46	1.48	1.32	1.30
Dividend Yield (%)	1.90%	2.01%	2.20%	2.16%	2.04%	2.23%	1.91%	2.00%	1.94%	2.22%	2.48%	2.51%
Volume (Mn Shares)	8,801	7,243	12,333	8,859	8,175	6,926	17,350	9,600	14,249	6,426	7,730	3,850
Value (AED Mn)	21,663	19,574	23,162	15,266	13,343	9,596	24,815	14,221	26,148	9,721	12,604	6,564
Trades	167,489	130,553	210,161	159,224	130,854	110,813	216,339	134,211	227,235	102,255	147,101	80,872

Source: Dubai Financial Market, KAMCO Research

The volatile DFM Index was the worst performing market during Sept-15, continuing its losing trend from Aug -15, but went down by a lower extent. The benchmark index declined by 1.9% with heavyweight indices such as Real Estate & Construction & the Financials pack (Banks, Investment & Financial Services and Insurance) losing ground during the month of September. Damac Properties was the main laggard in the Real Estate & Construction Index, as it saw its share price plummet by 11.4% m-o-m during the month of Sept-15. However, Industrials & Consumer Staples indices saw higher levels from a month prior, as they increased by 9.4% and 7.3% m-o-m, but were unable to offset losses from other indices. Trading activity remained particularly muted during the month as volumes and value traded were the lowest recorded since Apr-13, and were lower by 50.2% and 47.9% respectively m-o-m.

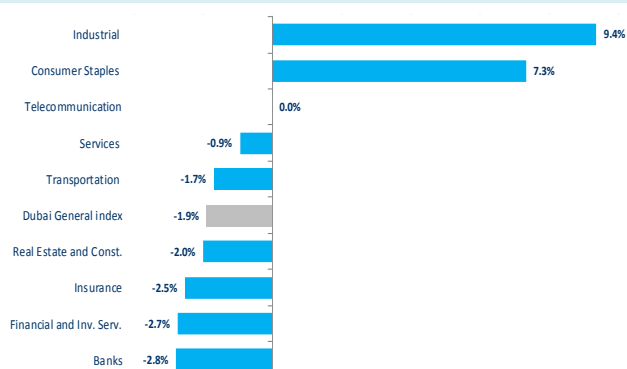
Banks Index witnessed pressure during the month, closing lower by 2.8% for Sept-15, as no bank was able to close the month in the green. Ajman Bank and Gulf Finance House saw its share prices dip the most at 7.9% each. Despite an 8.4% jump in price of Emaar Malls, and a moderate increase of 3.8% in Drake & Scull, the Real Estate index closed in the red, as all other top names fell during the month of Sept-15. All stocks in the Insurance index barring Arab Insurance Group (+5.3%) moved downward during the month.

As per real estate consultant JLL, Dubai's real estate market continued to witness a slowdown in Q3-15, and they expect the trend to continue in Q4-15. Apartment & villa sales prices reportedly fell by 3% q-o-q, while apartment and villa rents declined by 2% and 3% respectively by the end of Sept-15. They mentioned that the office market remains largely fragmented, as tenants continue to prefer to upgrade to better quality office spaces, and the Central Business District (CBD) continues to see strong demand and is able to command higher rents due to better amenities and parking, while secondary office spaces suffer from lower occupancy rates and rents. JLL mentioned that activity in the retail market remained subdued over Q3-15, as annual rental growth slowed down. They further highlighted that growth in retail sales figures remains sluggish, and expect retail rents to drop over the Q4-15, and 2016 as a result.

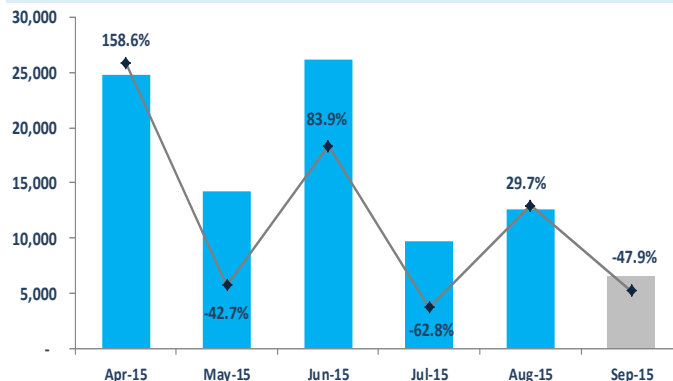
The Indonesian government had four sukuk listings valued at USD 6 Bn on Nasdaq Dubai, the largest Islamic bond listings carried out by a sovereign issuer in Dubai. The four sukuk listings by the country comprise of one issuance of USD 2 Bn, two of USD 1.5 Bn each, and one of USD 1Bn. Al Shafar General Contracting (ASGC), the Dubai-based company, whose projects include Waldorf Astoria hotel on the emirate's manmade palm-shaped island, has reportedly hired Goldman Sachs and two regional banks for its IPO on the Dubai Financial Market.

Trading activity, which fell drastically due to the holiday season in Sept-15, only reached 3850 Mn shares for the month. Top gainers chart for Sept-15 was led by Shuaa Capital, which increased by 26% by the end of the month. Damac Properties and Takaful Emarat were the primary laggards as their share prices dropped by 11.4% and 9.7% respectively. Damac Properties also featured as the most widely traded scrip in the exchange (AED 1.4 Bn) followed by Emaar Properties (AED 1.0 Bn). Market breadth was particularly weak as only 11 stocks advanced whereas 27 declined for the month of Sept-15.

DFM Monthly Sector Performance



Monthly Value Traded (AED Mn)



Source: Dubai Financial Market, KAMCO Research

Qatar Exchange

Monthly Indicators	Oct-14	Nov-14	Dec-14	Jan-15	Feb-15	Mar-15	Apr-15	May-15	Jun-15	Jul-15	Aug-15	Sep-15
QE 20 Index	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	11,563.6	11,465.2
Monthly % Change	(1.7%)	(5.5%)	(3.7%)	(3.1%)	4.6%	(5.9%)	3.9%	(1.0%)	1.3%	(3.4%)	(1.9%)	(0.9%)
Market Cap (QAR Bn)	728.3	698.1	676.8	648.8	675.3	630.0	653.0	641.8	648.0	625.7	607.4	604.6
P/E (X) - TTM	17.90	17.20	16.65	15.28	15.93	14.75	15.29	15.03	14.31	13.81	13.41	13.35
P/BV (X) - TTM	2.50	2.40	2.32	2.11	2.20	2.01	2.07	2.03	2.17	2.10	2.04	2.03
Dividend Yield (%)	3.10%	3.30%	3.36%	3.50%	3.36%	3.60%	3.48%	3.54%	3.97%	4.11%	4.23%	4.25%
Volume (Mn Shares)	232	281	367	208	337	171	200	394	164	77	153	128
Value (QAR Mn)	10,694	18,760	16,586	10,167	12,434	8,136	8,362	13,602	7,272	3,456	6,748	5,524
Trades	107,598	157,169	174,100	126,765	135,557	107,902	108,714	139,246	84,557	64,170	100,914	78,606

Source: Qatar Exchange, KAMCO Research

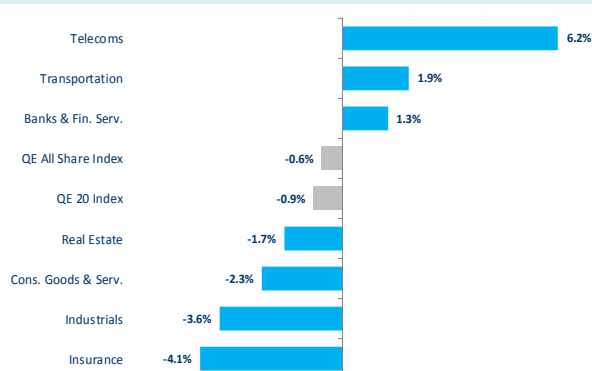
Qatar Exchange, which recorded the smallest decline in the GCC during August-15, declined marginally in September-15. The QE 20 Index declined by 0.9% during the month to reach 11,465.2 points whereas the Qatar All Share Index dropped by a lower 0.6%. Total market capitalization reached QAR 604.6 Bn (USD 166.05 Bn), witnessing a drop of 0.5% as compared to the previous month. The Insurance & Industrials indices led the drop as they lost 4.1% and 3.6%, respectively, during September-15. Market decline was partially offset by positive performance recorded for Telecom stocks, as seen in the rest of the GCC markets as well as marginally positive monthly returns recorded by the Banks & Financial Services Index. The Telecom index was able to reverse its losing trend from August-15 (-12.7%), and gained 6.2% m-o-m in September-15, as Ooredoo (+10.8%) was able to more than offset losses in Vodafone Qatar share prices.

Among the major sectors, the Bank & Financial Services index also recorded positive performance with a monthly return of 1.3% primarily on the back of 4.7% return recorded by QNB, although seven out of the 12 listed banks on the exchange closed the month with a negative return. Meanwhile, the Industrial index declined by 3.7% during the month as a majority of the large cap stocks in the sector recorded negative monthly returns (Qatar Industrial -4.1%, Industries Qatar -7.5%, Qatar Electricity & Water -4.4% and Mesaieed Petrochemicals -1.6%). The Insurance Index recorded the steepest monthly decline of 4.1% during the month owing to negative returns recorded by four out of the five listed insurance stocks on the exchange.

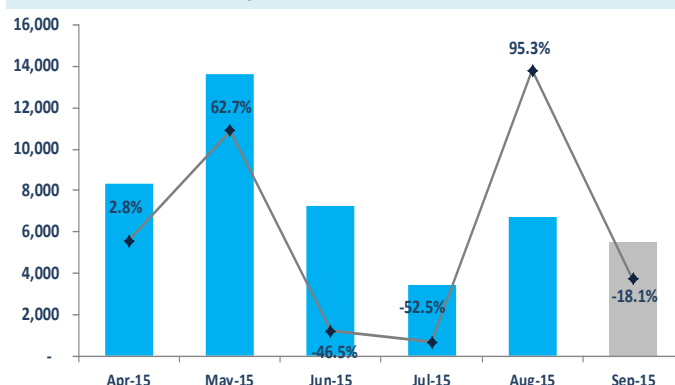
Trading activity took a hit during the month, in line with the rest of the GCC markets, due to holidays. Total volume traded declined by 25.4 Mn shares or 16.6% to 127.5 Mn shares in September-15. Average daily traded shares increased marginally from 7 Mn shares in August-15 to 7.1 Mn shares during September-15. Total monthly value traded also saw a similar decline of 18.1% to reach QAR 5.5 Bn during September-15 as compared to QAR 6.7 Bn during the previous month. Average daily value traded increased marginally from QAR 306.7 Mn in August-15 to QAR 306.9 Mn during September-15. Market breadth during the month remained skewed towards losers that included 26 companies as against 17 gainers. In terms of sector contribution, the Banking & Financial Services sector contributed 37.6% to total monthly value traded with QAR 2.1 Bn worth of shares traded in the sector followed by QAR 1.4 Bn (24.7%) for the Industrial sector and QAR 1.1 Bn (19.2%) for the Real Estate sector.

Monthly gainers chart for September-15 was topped by Ooredoo (+10.8%) as a result of a general positive sentiments towards the telecom sector within the GCC. Other gainers included Gulf International Services (+8.3%), Al Khaleej Takaful (+5.9%) and QNB (+4.7%). QNB also remained the most actively traded stock with QAR 629 Mn worth of shares traded during the month. On the losers side, Qatari Investors Group topped the chart with a decline of 9.3% followed by Industries Qatar and Doha Bank with monthly declines of 7.5% and 5.1%, respectively. On the economic front, rating agency Fitch said that Qatar would incur a budget deficit of 0.6% of GDP in 2015, and 5.3% of GDP in 2016. They further highlighted that Qatar would be able to maintain its capital expenditure requirements in the face of lower oil prices, as they have the lowest fiscal breakeven oil prices among GCC sovereigns at USD 55/b.

QE Monthly Sector Performance



Monthly Value Traded (QAR Mn)



Source: Qatar Exchange, KAMCO Research

Bahrain Bourse

Monthly Indicators	Oct-14	Nov-14	Dec-14	Jan-15	Feb-15	Mar-15	Apr-15	May-15	Jun-15	Jul-15	Aug-15	Sep-15
Bahrain All Share Index	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	1,299.24	1,275.89
Monthly % Change	(2.2%)	(1.1%)	(0.1%)	(0.2%)	3.5%	(1.7%)	(4.1%)	(1.9%)	0.3%	(2.6%)	(2.4%)	(1.8%)
Market Cap (BHD Mn)	8,193	8,105	8,099	8,086	8,378	8,242	7,917	7,904	7,928	7,840	7,645	7,494
P/E (X) - TTM	12.90	12.78	12.71	11.90	12.32	10.43	10.02	10.00	9.79	9.68	9.44	9.25
P/BV (X) - TTM	1.00	1.03	1.02	1.01	1.04	1.01	0.97	0.97	1.01	0.99	0.97	0.95
Dividend Yield (%)	3.50%	3.53%	3.53%	3.53%	3.41%	3.47%	3.61%	3.62%	4.59%	3.62%	3.71%	3.78%
Volume (Mn Shares)	64	22	29	14	27	24	79	82	28	19	26	87
Value (BHD Mn)	21	6	9	4	8	6	15	16	7	5	5	22
Trades	609	628	1,065	626	1,029	1,005	1,194	1,526	866	758	797	641

Source: Bahrain Bourse, KAMCO Research

Bahrain All Share Index dropped for the third consecutive month by 1.8% during September-15 to reach 1,275.89 points as a result of a broad-based fall recorded across all the sectors on the exchange. The decline was steepest for the Investment sector with the index declining by 5.3% primarily due to 20.5% decline in shares of GFH. The Hotels & Tourism index ranked second in terms of monthly decline with a fall of 2.6% on the back of 3.6% and 1.6% fall in shares of Gulf Hotels Group and Bahrain Tourism, respectively.

On the positive side, trading activity continued to rise for the third consecutive month in September-15. Monthly volume traded more than doubled during the month to 87 Mn shares as compared to 26 Mn shares during August-15. The resulting average daily shares traded stood at 4.6 Mn shares as compared to 1.2 Mn shares during the previous month. The value of shares traded during the month increased more than three times during the month to BHD 21.9 Mn as compared to BHD 5 Mn during the previous month resulting in average daily trades of BHD 1.14 Mn as compared to BHD 0.23 Mn during August-15.

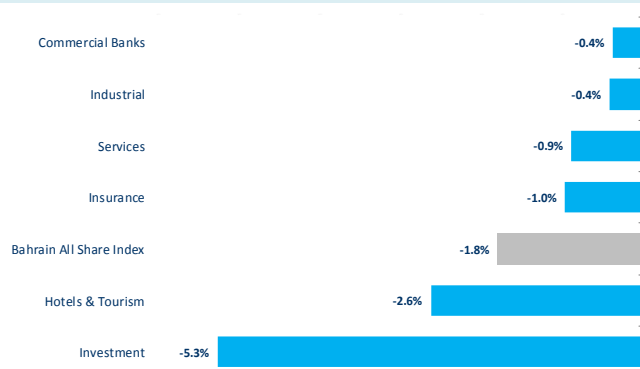
Investcorp S.A. announced in Sept-15, that the sale of a 9.9% ownership stake to a new Gulf-based institutional shareholder for an aggregate consideration of USD 137.8 Mn had been completed. Dagong Global Credit Rating Company Limited (Dagong) and Islamic International Rating Agency (IIRA) reaffirmed the international investment grade credit rating of Baraka Banking Group at 'BBB+/A3' (BBB + / A3).

Bahrain Tourism Company has signed separate MOUs with Gulf Hotels Group and Al Jazeera Tourism Company in Sep-15 to evaluate the feasibility of a merger. Gulf Hotels Group reportedly has expressed an intent to acquire 100% of the outstanding shares of Bahrain Tourism Company through a securities exchange offer. Al Jazeera Tourism Company also expressed an intent to merge its operations with Bahrain Tourism Company through a securities exchange offer.

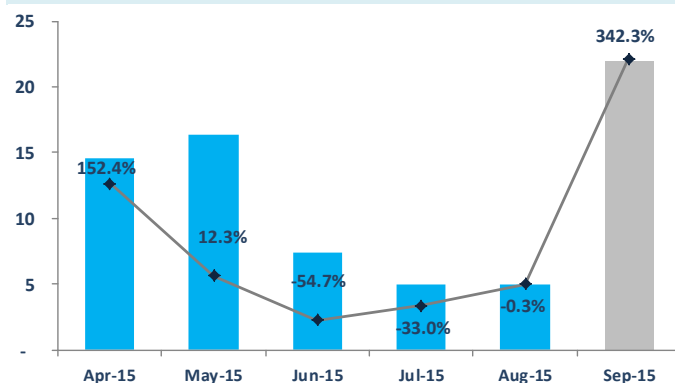
Bahrain has postponed its plan to remove government subsidies on meat yet again. The plan to remove the subsidies was supposed to take effect on 1 Aug -15, further got postponed to 1 Sept-15 and now reportedly to 1-Oct-15. The Government has been looking for potentially other goods such as fuel and energy to cut subsidies, in order to restrict further deterioration of their fiscal budget.

The best performer for the month of Sept -15 was Ithmar Bank with a monthly return of 15.4%. Bahrain & Kuwait Insurance followed with gains of 7.0% m-o-m for the month. On the losers chart, Gulf Finance House was the main laggard with a monthly decline of 20.5% followed by Bahrain Repairing & Eng. (-10.0%) and Arab Banking Corporation (-13.5%). Ahli United Bank featured as the most widely traded scrip in the exchange (BHD 17.7 Mn) followed by Investcorp Bank (BHD 1.2 Mn). Market breadth was significantly weak as only 3 stocks advanced whereas 20 declined for the month of Sept-15.

BSE Monthly Sector Performance



Monthly Value Traded (BHD Mn)



Source: Bahrain Bourse, KAMCO Research

Muscat Securities Market

Monthly Indicators	Oct-14	Nov-14	Dec-14	Jan-15	Feb-15	Mar-15	Apr-15	May-15	Jun-15	Jul-15	Aug-15	Sep-15
MSM 30 Index	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	5,871.6	5,787.7
Monthly % Change	(6.8%)	(6.7%)	(2.5%)	3.4%	0.0%	(4.9%)	1.4%	1.0%	0.6%	2.1%	(10.5%)	(1.4%)
Market Cap (OMR Mn)	8,436	7,882	7,734	7,985	7,997	7,582	7,623	8,034	8,155	8,291	7,622	7,558
P/E (X) - TTM	11.24	10.50	10.31	10.48	10.49	10.05	10.10	10.36	10.69	10.87	9.99	9.91
P/BV (X) - TTM	1.65	1.54	1.51	1.50	1.50	1.41	1.42	1.45	1.51	1.53	1.41	1.40
Dividend Yield (%)	3.60%	3.81%	3.88%	3.76%	3.76%	3.92%	3.90%	3.67%	3.73%	3.79%	4.12%	4.16%
Volume (Mn Shares)	370	492	498	343	493	434	332	229	227	192	235	202
Value (OMR Mn)	132	177	158	96	166	121	97	70	65	54	74	61
Trades	18,170	19,532	29,868	23,924	27,345	24,653	16,525	11,991	12,393	11,055	15,789	11,430

Source: Muscat Securities Market, KAMCO Research

MSM 30 index declined for the second consecutive month during September-15, recording a fall of 1.4% to reach 5787.7 points, pushing the decline for the first nine months of the year to 8.8%. All three indices declined during the month, with the Industrials Index declining the most at 3.9% followed by the Financials index at 2.5% decline and the Services Index with a decline of 1.1%. The market capitalization of the companies listed in the regular market dropped by 6.1% to OMR 7.6 Bn.

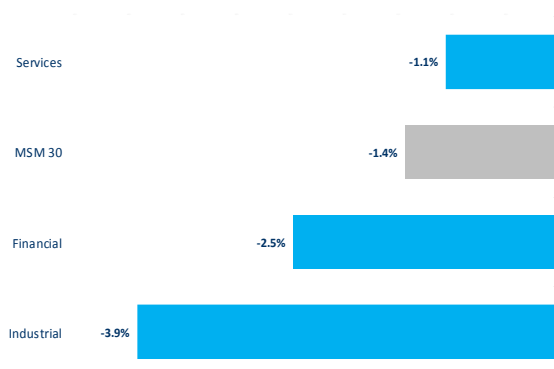
The monthly gainers list was topped by Al Jazeera Services with a monthly return of 11.2% after the board of the company gave an in-principle approval for the sale of 36.99% stake that the company holds in Al Anwar Ceramic Tiles to Oman Investment Fund (OIF) for OMR 0.375 per share. Total proceeds from the transaction would amount to approximately OMR 41.1 Mn although the agreement is subject to compliance clearance by OIF. Other monthly gainers included Sharqiyah Desalination with a monthly return of 8.5% (after a 6.9% gain during August-15) followed by Bank Muscat (+8.3%), Ominvest (+5.9%) and Ooredoo (+5.6%). On the other hand, the monthly losers chart primarily included stocks with marginal trades during the month. The list was topped by Port Services Corp. with a monthly decline of 14.1% followed by United Power and Al Batinah Development with monthly declines of 13.7% and 13.5%, respectively. The market breadth improved from last month but continued to favor loses that included 32 companies as against 11 gainers. Prices of 16 stocks remained unchanged during the month.

In terms of value of shares traded, Ominvest shares (+5.9) topped the chart with shares traded valued at OMR 9.2 Mn. Last month the company got the approval to merge with ONIC holding. Bank Muscat, which topped the chart last month, recorded second highest trades during September-15 totaling OMR 9.1 Mn. Oman Telecom was third in the list with OMR 6.1 Mn worth of trades followed by Al Anwar Holding with OMR 4.7 Mn in monthly value traded.

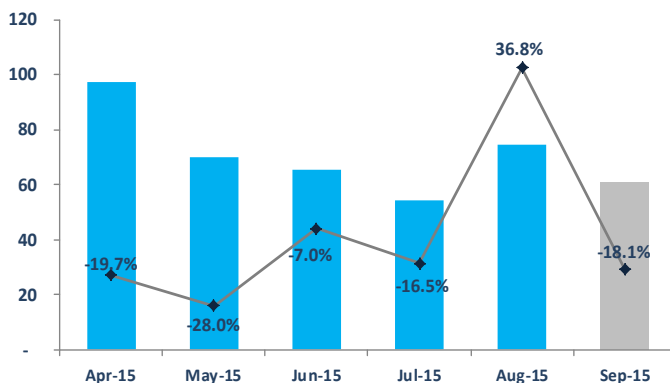
Total trading activity in terms of monthly value traded once again declined during September-15 after it picked up for the first time in five months in August-15. Monthly value traded declined by 18.1% or OMR 13.4 Mn to OMR 60.9 Mn in September-15. Total volume of shares traded also declined by 14.1% to 202 Mn shares in the regular market as compared to 235 Mn shares during August-15. The Financial sector continued to account for the biggest share of the total value of shares during the month accounting for almost 53.8% (or OMR 32.8 Mn) of the total market followed by the Services sector at 38.5% (or OMR 23.4 Mn).

The 9M-15 earnings season kick-started with NBO reporting net profits of OMR 43 Mn, an increase of 15.9% as compared to OMR 37.1 Mn in 9M-14 on the back of higher interest income and Islamic financing income, although total assets and customer reportedly declined. On the economic front, Fitch expects Oman to record double-digit deficits in 2015, but expect the deficit to narrow in 2016, as the government scales back capital expenditure, and as Fitch expects oil prices to recover. Nevertheless, the agency expects the government debt levels to rise in 2016, as it expects the Government to continue to borrow to finance deficits.

MSM Monthly Sector Performance



Monthly Value Traded (OMR Mn)



Source: Muscat Securities Market, KAMCO Research

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