

GCC Markets Monthly Report

August-2014

In this Report...

Kuwait	2
Saudi Arabia	3
Abu Dhabi	4
Dubai	5
Qatar	6
Bahrain	7
Oman	8

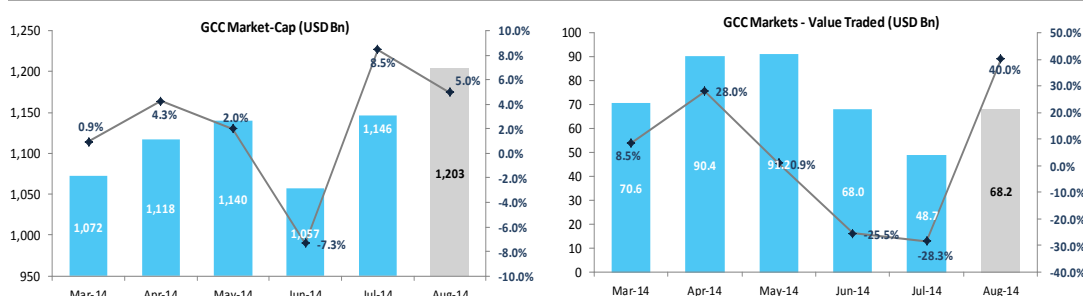
GCC markets continued on the upward trajectory during August-2014 with YTD-14 gains for 4 out of the 7 GCC equity markets now exceeding their full year 2013 returns. The month also marked the end of the 1H-14 earnings season which saw double digit year-on-year earnings growth for Saudi Arabia and UAE corporates. Earnings growth in the rest of the markets were modest or slightly below expectations in the case of Kuwait and Bahrain. Nevertheless, key heavyweight sector like banking and real estate (UAE) had a generally strong first half earnings.

The opening of the Tadawul to foreign investors and revision in weights in MSCI Emerging Markets Index for Qatari companies pushed the respective indices in these markets to historical high levels. During the month, the CMA in Saudi Arabia published draft regulations pertaining to QFIIs which was largely in-line with investor expectations. Investors have already started taking positions in key stocks in Tadawul, especially the banking sector, which resulted in a strong buying spree in the market.

Total liquidity in the GCC in terms of total value traded increased by an impressive 40% to USD 68.2 Bn in August-14. However, the proportion of individual exchanges saw a significant change during the month. The percentage of total value traded in UAE exchanges plunged from 23.4% (USD 11.4 Bn) during July-2014 to 8.6% (USD 5.9 Bn), although these exchanges reported positive benchmark returns during the month. On the other hand, the proportion of Tadawul jumped from 67.1% in July-14 to 81.4% in August-14.

KSE bounced back to growth during August-14, both in terms of monthly returns on indices as well as volume and liquidity. However, the YTD-14 performance of the KSE weighted index (+8.7%) continues to lag behind a majority of the GCC markets.

GCC Equity Markets	Index Closing	MTD Chg%	YTD Chg%	M-Cap (USD Bn)	Monthly Value Traded (USD Mn)	P/E (x)	P/B (x)	Div. Yield
Kuwait - Weighted Index	492.1	2.1%	8.7%	116.1	1,472.3	20.1	1.4	3.0%
Kuwait - Price Index	7,430.5	4.2%	(1.6%)					
Saudi Arabia	11,112.1	8.8%	30.2%	605.1	55,567.9	21.3	2.5	2.6%
Abu Dhabi	5,082.7	0.5%	18.5%	138.9	1,178.0	14.8	1.7	3.8%
Dubai	5,063.0	5.1%	50.2%	100.1	4,715.4	19.0	1.7	2.0%
Qatar	13,596.7	5.6%	31.0%	198.1	4,979.9	17.3	2.5	3.1%
Bahrain	1,472.2	0.0%	17.9%	22.2	34.5	14.1	1.1	3.4%
Oman	7,367.2	2.3%	7.8%	23.0	294.6	12.4	1.8	3.4%
Total GCC				1,203.4	68,242.8	18.9	2.1	2.9%



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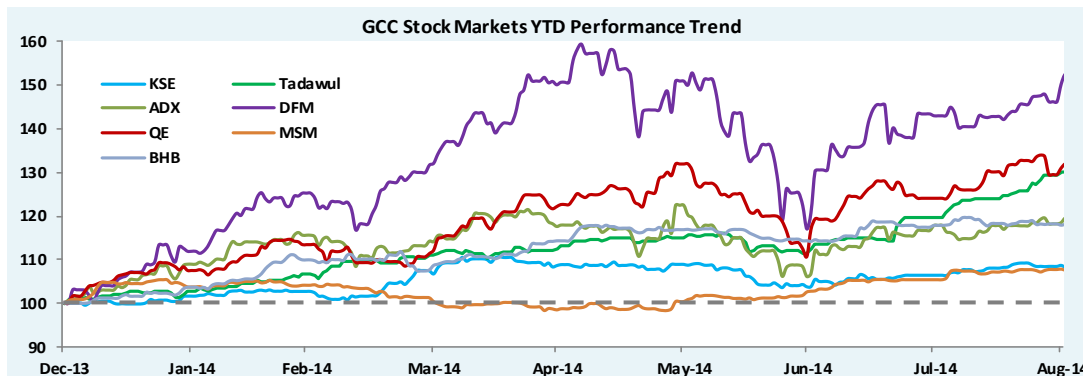
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Source: GCC Stock Exchanges, KAMCO Research

Kuwait Stock Exchange

Monthly Indicators	Sep-13	Oct-13	Nov-13	Dec-13	Jan-14	Feb-14	Mar-14	Apr-14	May-14	Jun-14	Jul-14	Aug-14
KAMCO TRWI	2,849.4	2,869.8	2,832.4	2,808.2	2,840.2	2,862.1	2,938.5	2,977.7	2,978.5	2,879.0	2,931.9	2,974.5
Monthly % Change	2.0%	0.7%	(1.3%)	(0.9%)	1.1%	0.8%	2.7%	1.3%	0.0%	(3.3%)	1.8%	1.5%
KSE Price Index	7,767.0	7,946.4	7,785.5	7,549.5	7,755.8	7,692.8	7,572.8	7,407.7	7,291.1	6,971.4	7,130.9	7,430.5
Monthly % Change	1.8%	2.3%	(2.0%)	(3.0%)	2.7%	(0.8%)	(1.6%)	(2.2%)	(1.6%)	(4.4%)	2.3%	4.2%
KSE Weighted Index	462.8	467.5	459.0	452.9	460.1	465.0	483.1	491.8	493.1	469.8	481.8	492.1
Monthly % Change	2.5%	1.0%	(1.8%)	(1.3%)	1.6%	1.1%	3.9%	1.8%	0.3%	(4.7%)	2.6%	2.1%
Kuwait 15 Index	1,094.8	1,101.9	1,083.3	1,068.4	1,077.5	1,101.0	1,175.1	1,201.7	1,208.7	1,140.1	1,176.6	1,200.4
Monthly % Change	4.3%	0.6%	(1.7%)	(1.4%)	0.9%	2.2%	6.7%	2.3%	0.6%	(5.7%)	3.2%	2.0%
Market Cap (KWD Mn)	31,718	32,088	31,488	31,107	31,601	31,760	32,637	33,058	32,989	31,328	32,174	32,860
P/E (X)	21.25	21.10	20.70	19.80	19.60	20.00	18.90	19.90	20.02	19.02	19.63	20.05
P/BV (X)	1.45	1.47	1.44	1.40	1.43	1.43	1.43	1.46	1.43	1.38	1.42	1.45
Dividend Yield	2.70%	2.67%	2.72%	2.83%	2.78%	2.73%	3.00%	2.96%	2.73%	3.12%	3.04%	2.98%
Volume (Mn Shares)	10,950	7,109	4,975	5,128	8,106	4,520	4,698	4,518	3,510	2,962	2,423	4,101
Value (KD Mn)	1,007	625	531	516	718	535	620	626	439	441	247	417
Trades ('000)	248.5	151.7	120.1	118.7	142.1	95.2	107.5	110.0	76.2	76.9	52.8	93.2

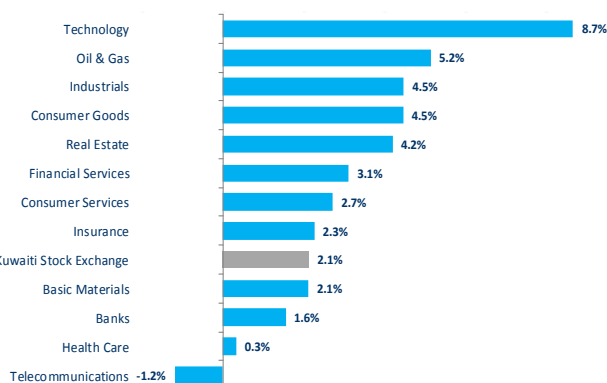
Source: Kuwait Stock Exchange, KAMCO Research

The upward trend in KSE indices continued for the second consecutive month as the KSE Weighted Index climbed 2.1% during August-14 to record at 492.1 points. Other KSE indices also saw positive monthly return with the strongest gains reported by the KSE Price Index which was up by 4.2% implying higher trades in small-cap stocks. The year to date performance of the Kuwait Weighted Index currently stands at 8.7% surpassing full year gain of 8.4% reported in 2013. The positive investor sentiments resulted in higher market cap (+2.1%) that led to higher slightly valuation multiples. Monthly trading activity reflected a comeback from the slowdown seen during the month of Ramadan as well as depressed trading activity seen in the previous three months. Total traded volumes were up by 69.2% to 4.1 Bn traded shares resulting in a similar 68.9% growth in traded values that reached KWD 416.8 Mn. In one of the key developments in Kuwait's financial market, the head of CMA, Saleh Al-Falah, was replaced by former finance minister Nayef al-Hajraf. Falah spent almost four years in the position since the CMA began operating in early 2011.

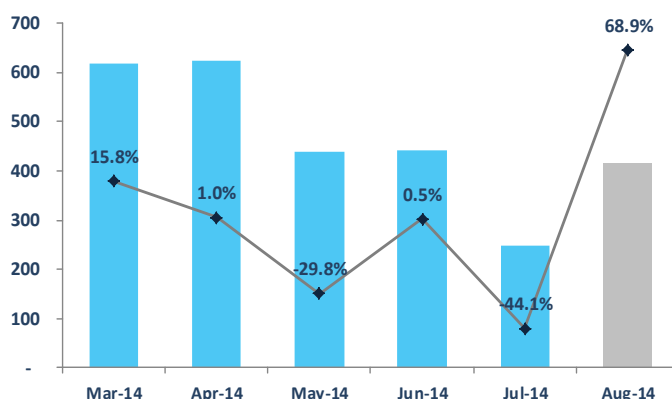
The month also marked the end of the 1H-14 earnings season which saw a marginal decline of 0.8% in total net profits to recorded at KWD 836.5 Mn as compared to KWD 843.3 Mn during 1H-13. Major sectors that affected earnings included financial services and real estate that reported 17.6% and 28.9% decline in first half net profits. The overall earnings decline was partially offset by a strong 17.5% improvement in 1H-14 net profits for Kuwaiti banks. NBK reported a 12.6% increase in 1H-14 net profits. The profitability of the telecom sector declined by 1.2% for 1H-14 as net profit growth reported by Zain was offset by decline in profitability at Ooredoo.

Amongst the sectoral indices, the strongest monthly gain was reported by the technology sector, which was up by 8.7% on the back of 21.6% increase in shares of Al-Safat TEC which reported 58.6% increase in its 1H-14 earnings. The heavyweight banking sector index reported a monthly gain of 1.6% as a majority of the banking stocks reported positive performance during the month. Telecom index was the sole negative performer declining by 1.2% due to a 9.8% decline in shares of Ooredoo which reported a 10.7% decline in 1H-14 earnings. The monthly gainers chart was topped by Zima Holding, which recovered from being the worst performer in the previous month due to decline in earnings. The company reported a monthly gain of 39.4% during August-14 followed by Gulf Petroleum Investment and Gulf North Africa Holding with monthly gains of 36.7% and 28.6%, respectively, as both these companies reported growth in 1H-14 earnings. Housing Finance and NCCI topped the decliners chart with monthly decline of 24.6% and 24.2%, respectively. The most liquid stocks included NBK, Agility and GFH that reported monthly value traded of KWD 36.3 Mn, KWD 23.9 Mn and KWD 22.1 Mn, respectively.

KSE Sector Performance



Value Traded (KWD Mn)



Source: Kuwait Stock Exchange, KAMCO Research

Saudi Arabia (Tadawul)

Monthly Indicators	Sep-13	Oct-13	Nov-13	Dec-13	Jan-14	Feb-14	Mar-14	Apr-14	May-14	Jun-14	Jul-14	Aug-14
Tadawul All Share Index	7,964.9	8,044.5	8,325.3	8,535.6	8,760.6	9,106.6	9,473.7	9,585.2	9,823.4	9,513.0	10,214.7	11,112.1
Monthly % Change	2.6%	1.0%	3.5%	2.5%	2.6%	3.9%	4.0%	1.2%	2.5%	(3.2%)	7.4%	8.8%
Market Cap (SAR Bn)	1,574.1	1,627.3	1,704.3	1,752.9	1,801.8	1,865.9	1,925.2	1,953.1	1,989.6	1,944.6	2,108.8	2,269.2
P/E (X)	16.44	16.99	17.80	17.64	18.13	18.76	18.68	18.95	19.31	18.30	19.82	21.33
P/BV (X)	1.99	2.05	2.15	2.04	2.10	2.17	2.32	2.35	2.40	2.17	2.36	2.54
Dividend Yield	3.50%	3.39%	3.23%	3.15%	3.06%	2.96%	3.09%	3.05%	2.99%	3.07%	2.83%	2.63%
Volume (Mn Shares)	4,571	2,972	3,428	4,335	4,922	5,188	7,125	7,546	8,011	5,352	3,529	6,011
Value (SAR Mn)	114,399	116,509	94,912	115,885	139,255	135,153	193,969	232,300	242,531	180,033	122,639	208,390
Trades ('000)	2,183	2,138	1,550	2,143	2,540	2,228	3,015	3,902	3,705	3,119	2,412	3,299

Source: Tadawul, KAMCO Research

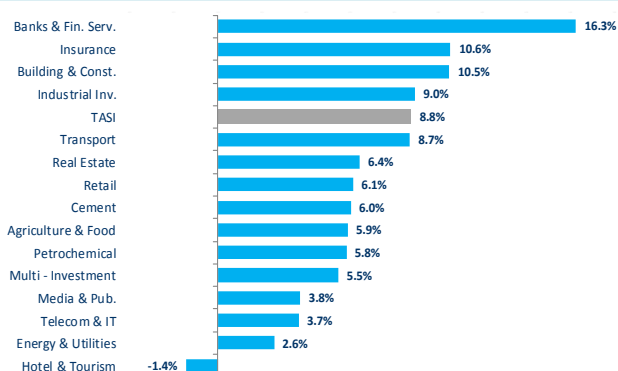
The Saudi stock market saw one of the strongest monthly growth since February-12 as benchmark TASI index continued on the positive trajectory for the second consecutive month with a monthly gain of 8.8% during August-14. The performance was fuelled by positive sentiments following the July-14 announcement to open the stock exchange to foreign investors starting from 2015. The benchmark crossed the 11,000 mark and closed the month at 6-year high level since January-2008. Gains registered during the month led the TASI to extend its YTD-14 gains to 30.2% surpassing full year 2013 growth of 25.5% thereby pushing market capitalization to SAR 2.3 Trillion (USD 605.1 Bn). The market is seeing increased interest from local and regional investors to take position in fundamentally strong stocks prior to the opening of the market which is expected to happen in 2015.

As expected, the Capital Markets Authority (CMA) published draft guidelines for investment by Qualified Foreign Financial Institutions (QFII). The key highlights of the draft guidelines state that QFIIs would be required to have been engaged in activities related to securities and investment for a minimum of 5 years with assets under management of USD 5 Bn (SAR 18.75 bn) which could be reduced to USD 3 Bn (SAR 11.25 Bn). The foreign ownership limit for individual QFII is set to a maximum of 5% of a company and the combined QFII investments cannot be more than 10% of the Saudi market. In contrast, foreign ownership limits of some other major emerging markets around the world is considerably higher.

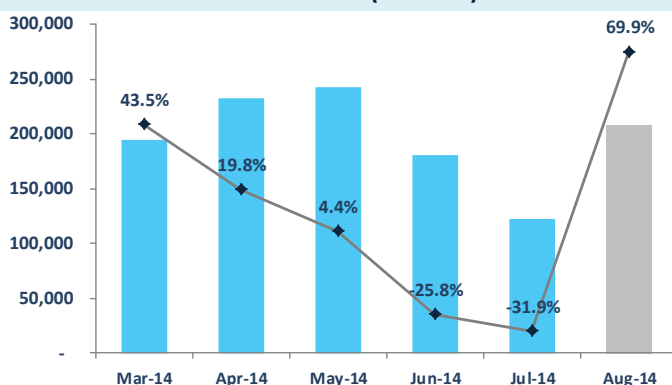
In terms of sectoral indices, banks & financial services (+16.3%), insurance (+10.6%) and building & construction (+10.5%) sectors posted double digit growth during the month. Investors primarily targeted banking stocks resulting in double digit monthly returns for nine out of 11 listed banks and financial services companies in the market. The renewed interest in the sector came on the back of the expected increase in U.S. interest rates next year as the economy recovers that will lead to strength in Saudi Riyal which is pegged to the USD. Alinma Bank remained the top performing bank during the month in terms of value traded recorded at SAR 15.7 Bn and also came in fifth on the monthly returns chart with a return of 25.3%. The insurance and building and construction indices also posted double digit monthly gains of 10.6% and 10.5%, respectively.

The market saw strong trading activity during the month with total volumes up by 70.3% to 6.0 billion traded shares. Market liquidity also improved by 69.9% to SAR 208.4 Bn. The overall market breadth remained strongly skewed towards gainers which included 154 stocks as compared to 8 stocks in the losers category. The gainers chart was topped by newly listed firm Al Hammadi Co. with a monthly return of 61.7%. The company also came in second after Alinma Bank in terms of value traded that amounted to SAR 12.3 Mn. Other prominent gainers included Ash-Sharqiyah Development and Abdullah A. M. Khodari Sons Co. with monthly gains of 37.3% and 34.6%, respectively. Abdullah A. M. Khodari Sons Co. was up on the news that the company won contracts valued at SAR 374.3 Mn from the Ministry of Higher Education. The losers chart was topped by Sanad Insurance & Reinsurance and Etihad Atheeb Telecom with monthly declines of 4.7% and 3.3%, respectively.

Tadawul Sector Performance



Value Traded (SAR Mn)



Source: Tadawul, KAMCO Research

Abu Dhabi Securities Exchange

Monthly Indicators	Sep-13	Oct-13	Nov-13	Dec-13	Jan-14	Feb-14	Mar-14	Apr-14	May-14	Jun-14	Jul-14	Aug-14
ADX General Index	3,843.0	3,845.7	3,849.8	4,290.3	4,673.1	4,958.7	4,894.4	5,044.6	5,253.4	4,551.0	5,055.0	5,082.7
Monthly % Change	2.9%	0.1%	0.1%	11.4%	8.9%	6.1%	(1.3%)	3.1%	4.1%	(13.4%)	11.1%	0.5%
Market Cap (AED Bn)	410.3	407.4	408.0	447.3	484.4	505.1	496.9	507.4	537.3	471.3	510.4	510.3
P/E (X)	12.15	12.06	12.08	13.14	14.23	14.84	15.17	15.50	16.41	13.63	14.76	14.76
P/BV (X)	1.43	1.42	1.42	1.53	1.66	1.73	1.66	1.70	1.80	1.59	1.72	1.72
Dividend Yield	4.32%	4.35%	4.34%	3.96%	3.66%	3.51%	3.73%	3.84%	3.65%	4.16%	3.84%	3.84%
Volume (Mn Shares)	5,684	3,885	3,703	9,457	10,697	6,310	4,747	8,600	5,400	4,930	3,509	1,509
Value (AED Mn)	8,918	6,582	6,550	15,225	22,923	16,969	12,266	22,768	17,732	12,678	7,838	4,327
Trades	57,849	38,863	42,402	88,765	114,266	86,229	67,478	105,996	94,134	81,625	62,310	37,017

Source: Abu Dhabi Securities Exchange, KAMCO Research

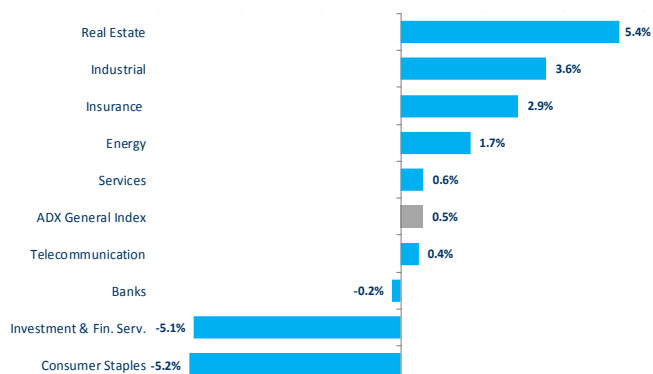
ADX General index saw marginal gains of 0.5% during August-14 to end at 5,082.7 points as trading activity remained subdued as compared to the previous month. Total market liquidity continued to decline for the fourth consecutive month as investor funds shifted towards other markets. Total volume traded more than halved (-57%) to 1.5 billion shares but the decline in value traded stood at 44.8% indicating a shift in trading towards large-cap stocks. Trading was primarily focused on the real estate sector which accounted for AED 1.9 Bn (USD 531.7 Mn) or 45% of the total monthly traded value followed by the banking sector which garnered AED 1.2 Bn (USD 314.1 Mn) in trades or 26.6% of total stock exchange traded value.

The sectoral indices performance highlighted strength in the real estate sector which was up by 5.4% during the month on the back of positive performance in Aldar Properties (+6.4%) and RAK Properties (+4.9%) shares, partially offset by 2.2% decline in Eshraq Properties. Shares in Abu Dhabi government-owned Aldar properties climbed during the second half of the month as the company announced a number of positive developments including higher demand for bulk lease deals from corporate clients. The property firm announced the signing of a multimillion-dirham bulk lease deal for staff accommodation with Cleveland Clinic Abu Dhabi. According to the company announcement, the agreement involves more than a quarter of the 2,120 homes it has rented out through bulk leasing deals over the past year, including apartments in its Gate Towers development on Reem Island and its Al Rayyana development in Khalifa City. During the first of the month the company had announced a 168% year-on-year increase in Q2-14 net profit to AED 506 Mn.

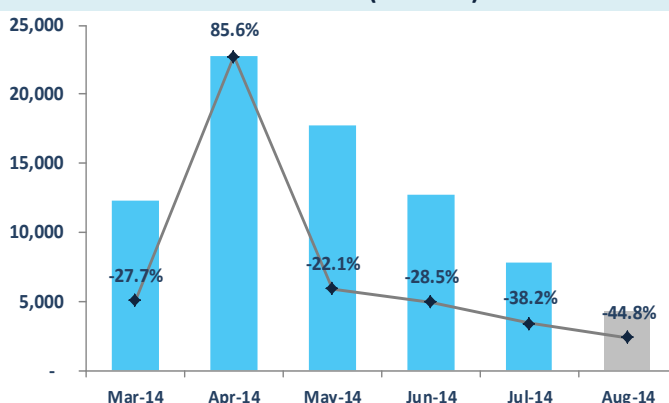
The Industrial index reported second highest monthly return of 3.6% led by strong gains in RAK Ceramics and Union Cement shares. RAK Ceramics announced a slight improvement in 1H-14 net profits along with a new strategy which focuses on its main production operations and plans to exit construction and other non-core activities. Whereas, Union Cement reported net profits of AED 55.2 Mn for 1H-14 that more than doubled as compared to 1H-13. The financial services and consumer staples indices reported negative returns of 5.1% and 5.2%, respectively, during the month. Waha Capital, which was up by 41.2% during the previous month, saw profit taking which led to a 5.1% decline in prices during August-14. In the consumer staples sector, Agthia Group reported negative monthly returns of -5.7% despite reporting a 21.2% improvement in 1H-14 net profits. The banking index reported a marginal decline of 0.2% during the month despite the sector reporting 13.4% jump in 1H-14 net profits as all the listed banks, except for National Bank of RAK, reported healthy growth in 1H-14 net profits.

The monthly gainers list was topped by BILDCO which gained 31.0% as the company reported positive net profits of AED 13.8 Mn for 1H-14 as compared to losses of AED 7.9 Mn during 1H-13. Other prominent monthly gainers included Sudan Telecom (+21.8%) which reported healthy growth in 1H-14 net profits and RAK National Insurance (+15.9%) which was up mainly on stake sale news. On the losers side, the list was topped by Gulf Livestock Company (-18.8%) followed by Abu Dhabi National Takaful (-11.9%) and ADCB (-11.0%).

ADX Sector Performance



Value Traded (AED Mn)



Source: Abu Dhabi Securities Exchange, KAMCO Research

Dubai Financial Market

Monthly Indicators	Sep-13	Oct-13	Nov-13	Dec-13	Jan-14	Feb-14	Mar-14	Apr-14	May-14	Jun-14	Jul-14	Aug-14
DFM General Index	2,762.5	2,922.2	2,945.9	3,369.8	3,770.4	4,220.5	4,451.0	5,059.0	5,087.5	3,942.8	4,819.1	5,063.0
Monthly % Change	9.5%	5.8%	0.8%	14.4%	11.9%	11.9%	5.5%	13.7%	0.6%	(22.5%)	22.2%	5.1%
Market Cap (AED Bn)	252.8	262.8	261.2	267.1	287.9	318.8	331.7	369.7	370.2	301.7	356.6	367.6
P/E (X)	16.76	17.45	17.68	17.40	18.76	20.78	18.59	20.99	21.02	15.51	18.34	18.95
P/BV (X)	1.25	1.31	1.30	1.30	1.40	1.55	1.56	1.73	1.74	1.39	1.64	1.69
Dividend Yield	2.69%	2.59%	2.60%	2.55%	2.36%	2.13%	2.11%	1.91%	1.99%	2.44%	2.07%	2.01%
Volume (Mn Shares)	21,553	14,274	9,108	17,363	22,821	20,779	14,811	16,872	12,626	12,407	16,683	7,061
Value (AED Mn)	21,651	16,490	12,678	22,851	36,455	41,719	31,995	44,771	46,503	35,621	34,078	17,320
Trades	181,156	126,701	103,725	165,971	231,321	233,760	194,605	234,516	253,669	234,366	252,568	121,556

Source: Dubai Financial Market, KAMCO Research

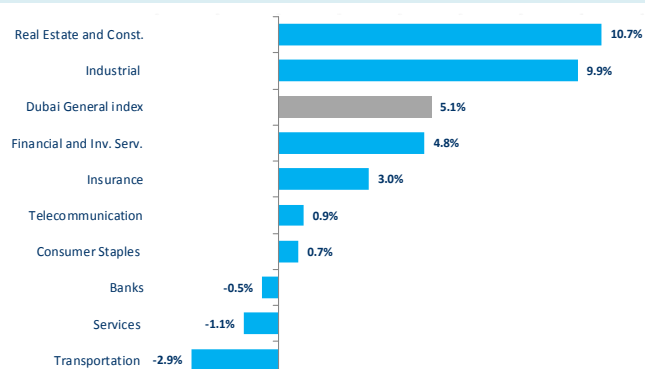
Dubai Financial Market was the third best performing market in the GCC during August-14 with the benchmark index up by 5.1% during the month on the back of strength in the real estate sector bringing the YTD gains up at 50.2% from 43.0% at the end of the previous month. Listed companies on the DFM reported healthy growth in 1H-14 net profit which was up by a strong 46.0% to AED 12.2 Bn (USD 3.3 Bn). The growth in profits was led by 119.9% growth in 1H-14 net profits for the investment & financial sector to record at AED 1.1Bn followed by 42.3% growth in banking sector profitability to record at AED 5.8 Bn (USD 1.6 Bn). All the listed banks in the market reported healthy growth in net profits on the back of decline in provisions coupled with higher operating income. Moreover, on the economic front, investor sentiments was pushed with the HSBC UAE Purchasing Managers' Index was recorded at 58.4 points in August-14 as compared to 58.0 points in July indicating further expansion in business activity in the UAE.

Meanwhile, despite growth in profitability, trading activity on the exchange was recorded at one of the lowest levels in several months. Monthly traded volumes declined to its lowest level since June-13 to 7.1 Bn shares whereas monthly value traded halved to AED 17.3 Bn (USD 4.7 Bn), its lowest value since November-13, indicating that stock selection by investors was skewed towards large-cap stocks. Al Salam Bank Sudan, which reported net profits that almost quadrupled in 1H-14 as compared to 1H-13, topped the gainers chart with a gain of 59.1% followed by Dubai National Insurance & Reinsurance which recorded 30.0% monthly return. Construction and real estate majors, EMAAR Properties and Arabtec Holding also featured in the top 5 monthly gainers with monthly returns of 14.1% and 13.4%, respectively. These stocks also topped the value traded chart with value traded in Arabtec shares amounting to AED 6.0 Mn (USD 1.6 Bn) followed by Emaar Properties with total monthly value traded amounting to AED 3.0 Mn (USD 806.2 Mn). On the losers side, Gulfa Mineral Water topped the list with a monthly decline of 18.7% followed by Arab Insurance Group that declined by 8.3% and Commercial Bank of Dubai which declined by 6.8%. Overall, market breadth remained strongly skewed towards gainers that included 28 stocks as compared to 13 companies on the monthly losers list.

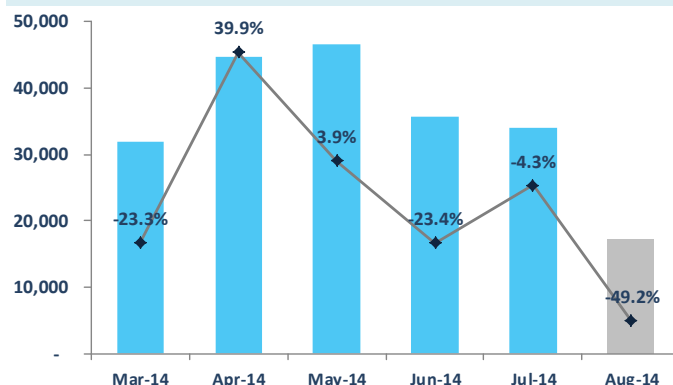
The real estate and construction index topped sectoral indices with a gain of 10.7% during August-14 followed by industrial sector at 9.9% monthly return. In a sign resurgence of investor interest in UAE's capital market, Emaar Properties announced that it has set the IPO of its malls business in Dubai for October-14 as against the previously planned listing in London. The plan, which also underscores the strength of the real estate sector in Dubai, could also encourage other companies to tap the equity market. Emaar Properties, which is expected to list at least 15% of its malls unit in the offering, also said earlier this month that Emaar investors at the end of trading on September 10 will qualify for priority allotment of 10% of the offer which would be reserved in the flotation.

Meanwhile, in a sign of further confidence in the real estate sector, unlisted Dubai-based developer Nakheel announced that it is repaying AED 7.9 Bn (USD 2.15 Bn) of debts nearly four years ahead of schedule. The company said that it continues to complete its near term projects and has now delivered around 6,000 properties, including around 1,400 in 1H-14, since completing restructuring in August 2011.

DFM Sector Performance



Value Traded (AED Mn)



Source: Dubai Financial Market, KAMCO Research

Qatar Exchange

Monthly Indicators	Sep-13	Oct-13	Nov-13	Dec-13	Jan-14	Feb-14	Mar-14	Apr-14	May-14	Jun-14	Jul-14	Aug-14
QE 20 Index	9,608.3	9,837.5	10,375.1	10,379.6	11,155.7	11,771.8	11,639.8	12,677.6	13,694.2	11,488.9	12,865.5	13,596.7
Monthly % Change	(0.1%)	2.4%	5.5%	0.0%	7.5%	5.5%	(1.1%)	8.9%	8.0%	(16.1%)	12.0%	5.7%
Market Cap (QAR Bn)	524.1	533.1	555.0	555.6	589.4	683.5	650.4	732.0	736.9	632.2	690.1	721.2
P/E (X)	13.06	13.29	13.83	14.05	14.90	17.28	15.82	17.80	17.92	15.20	16.60	17.34
P/BV (X)	1.85	1.88	1.96	1.94	2.05	2.38	2.16	2.43	2.45	2.19	2.39	2.50
Dividend Yield	3.85%	3.78%	3.64%	3.63%	3.42%	2.95%	3.54%	3.15%	3.08%	3.59%	3.29%	3.15%
Volume (Mn Shares)	166	111	256	225	225	287	336	732	560	399	304	391
Value (QAR Mn)	6,934	4,727	8,659	7,340	10,942	38,665	15,298	25,951	25,591	17,718	12,568	18,131
Trades	83,263	52,632	120,824	104,081	114,651	124,365	200,230	285,219	239,685	199,130	146,915	174,576

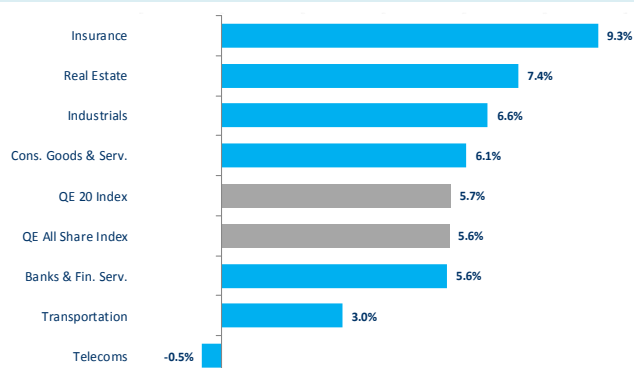
Source: Qatar Exchange, KAMCO Research

Qatar market continued to remain the second best performing market in the GCC during August-14 with a monthly return of 5.7% marking the second consecutive month of strong growth. The gains in the past two months has pushed the index close to the May-14 level, above the 13,000 mark bringing the YTD-14 gains to 31.0% as compared to 24.2% for full year 2013. The gains during August-14 were broad-based as can be seen in the 5.6% growth seen in the broader QE All Share Index for the same period. The market breadth continued to remain strongly skewed towards gainers led by a broad-based buying spree that resulted in 40 monthly gainers and the remaining 3 companies registered monthly decline in prices.

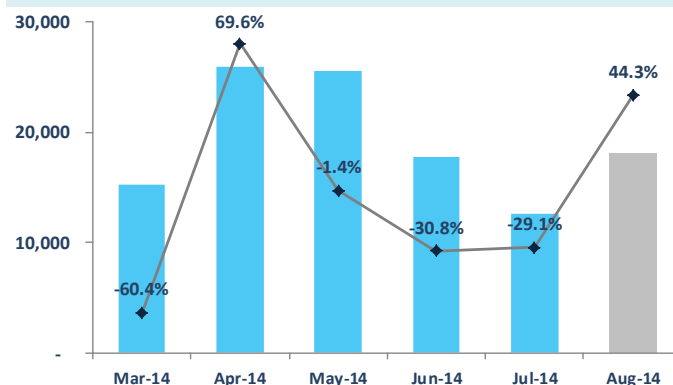
Total traded value improved by 44.3% to reach QAR 18.1 Bn (USD 5.0 Bn) as investors targeted the banking & financial services and industrials sector accounting for 37.6% and 23.9% of total traded value, respectively. Total value traded in the two largest companies, QNB and Industries Qatar, amounted to QAR 1.8 Bn (USD 491.4 Mn) and QAR 1.9 Bn (USD 515.5 Mn), respectively. In the banking sector, Masraf Al Rayan (MARK) continued to attract investors' buying interest, however the monthly return was a modest 3.9% with a value of QAR 1.4 Bn (USD 396.4 Mn) as compared to 16.9% monthly gains and traded value of QAR 1.8 Bn (USD 495.0 Mn) in the previous month. Among the major gainers in the sector were Islamic Holding Group (43.8%) which also topped the monthly gainers chart, Dlala Brokerage (+18.5%) and Qatar Oman Investment (+14.3%). Sector heavyweight QNB increased its value by 6.9%. Other prominent monthly gainers included Mazaya Qatar (+35.1%) and Medicare Group (+25.0%). The monthly losers chart included Ezdan (-7.6%) which declined despite reporting 50% growth in earnings, Ooredoo (-4.3%) and KHC B (-2.0%). The sectoral index performance was topped by insurance sector (+9.3%) followed by real estate (+7.4%) and industrials (+6.6%).

On the earnings front, the 1H-14 earnings season concluded with a modest earnings growth of 2.2% to record at QAR 21.3 Bn primarily due to newly listed Mesaieed Petrochemical that reported profits of QAR 899.4 Mn. The company did not disclose comparable earnings figure for 1H-13 which pushed total exchange earnings for 1H-14. Total earnings saw a big hit from a QAR 1.7 Bn or 37.9% decline in 1H-14 earnings for Industries Qatar which was partially offset by earnings growth reported by QNB, Ezdan and Qatar Insurance. Industries Qatar, which reported fifth consecutive quarter of declining profitability, did not cited any reasons for the sharp fall in earnings. Nevertheless, its shares have remained resilient and are up 12.4% since the start of 2014. The strongest earnings growth was reported by the real estate sector at 47.4% on the back of strong earnings growth by Mazaya Qatar whose reported earnings quadrupled to QAR 54.9 Mn. Meanwhile, in a positive development for the market, MSCI increased the weightings of three Qatari companies in its emerging market index, citing changes in the way Qatar calculates ceilings on foreign ownership of its firms. The foreign inclusion factor of QNB was raised to 0.13 from 0.06, Industries Qatar to 0.13 from 0.06, and Qatar Islamic Bank to 0.25 from 0.21. The upgraded foreign inclusion factors would also raise Qatar's total weight in the index which currently stands at 0.47%. In addition, the index aggregator also said that it may consider raising Qatar's weight to 1% in its November review.

QE Sector Performance



Value Traded (QAR Mn)



Source: Qatar Exchange, KAMCO Research

Bahrain Bourse

Monthly Indicators	Sep-13	Oct-13	Nov-13	Dec-13	Jan-14	Feb-14	Mar-14	Apr-14	May-14	Jun-14	Jul-14	Aug-14
Bahrain All Share Index	1,193.9	1,201.8	1,208.6	1,248.9	1,294.3	1,372.7	1,356.9	1,427.3	1,459.3	1,427.6	1,471.7	1,472.2
Monthly % Change	0.5%	0.7%	0.6%	3.3%	3.6%	6.1%	(1.1%)	5.2%	2.2%	(2.2%)	3.1%	0.0%
Market Cap (BHD Mn)	6,583	6,626	6,663	6,886	7,200	7,655	7,567	8,101	8,281	8,101	8,351	8,354
P/E (X)	9.38	9.44	9.49	9.48	9.92	10.54	11.32	12.12	12.39	13.66	14.08	14.08
P/BV (X)	0.89	0.89	0.90	0.91	0.95	1.02	0.99	1.06	1.08	1.06	1.09	1.09
Dividend Yield	3.80%	3.77%	3.75%	3.63%	3.47%	3.26%	3.78%	3.53%	3.45%	3.53%	3.42%	3.42%
Volume (Mn Shares)	76	50	273	114	140	186	169	115	198	67	25	58
Value (BHD Mn)	16	9	22	16	28	32	32	45	51	15	7	13
Trades	1,010	1,079	1,027	1,140	1,954	2,609	2,069	1,892	1,707	1,050	706	897

Source: Bahrain Bourse, KAMCO Research

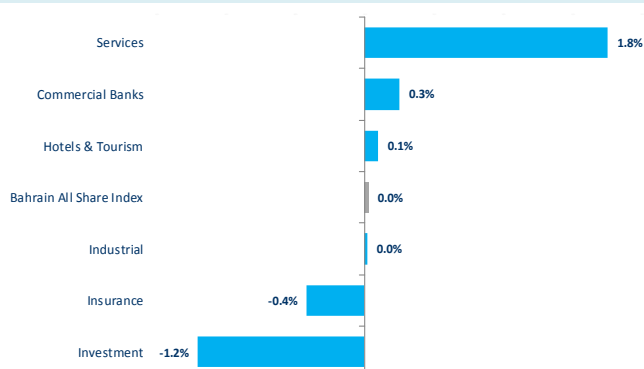
Bahrain Bourse continued to lag behind its GCC peers in terms of market performance by reporting flat month-on-month performance on the benchmark index during August-14 to end at 1,472.2 points. The bourse that recorded 3.1% growth in the previous month came at the bottom of the monthly performance chart. Nevertheless, the market continued to remain in the positive territory in terms of YTD and 12-month performance despite the fall seen in June-14, registering a rise of 17.9% and 23.3%, respectively. Market capitalization also remained flat at BHD 8.4 Bn (USD 22.2 Bn) as of end August.

Meanwhile, trading activity improved during the month as volumes more than doubled to 58 Mn shares compared to last month's 25.1 Mn shares. Consequently, average daily volumes increased from 1.3 Mn shares for July-14 to 2.7 Mn shares in August-14. Value traded on the other hand almost doubled to BHD 13.0 Bn compared to last month's BHD 6.7 Bn and as a result, average daily value traded increased from BHD 0.35 Mn for July-14 to BHD 0.62 Mn in August-14. The number of trades fell by 29.6% to 897 transactions executed during the month of August. The market breadth remained largely skewed towards advancers with a margin of 14:9 and the prices of 17 companies remained unchanged.

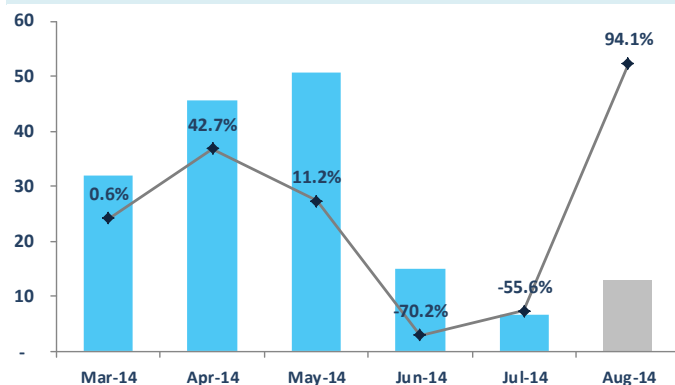
Trading continued to remain concentrated in the banking sector with the banking index up by a marginal 0.3%. The sector saw 36.0 Mn shares traded accounting for 62.4% of total trading volume during August. In terms of traded value, the banking sector recorded BHD 8.7 Mn in trades accounting for 67% of the total traded value on the bourse. The sectoral performance, however, was topped by the services index which was up by 1.8% during the month and accounted for 7.6% of total volumes and 10.2% of total value traded. The investment index came at the bottom with a monthly decline of 1.2%. In terms of monthly performance, Bahrain National Holding topped the chart with a monthly gain of 13.3% followed by Delmon Poultry at 11.1% and Bahrain Ship Repairing and Engineering at 10%. In terms of value traded, AUB topped the chart with total value recorded at BHD 5.8 Mn followed by Al Salam Bank at BHD 2.4 Mn worth of trades.

In a positive development aimed at GCC market integration that could revive the overall market liquidity and trading activity in Bahrain, the CEO of Bahrain Bourse said in an interview that the bourse would launch external membership starting September 2014 which would allow a brokers outside of Bahrain to trade in Bahraini shares without the need of local presence. The only two prerequisites for the membership would be that the broker should be licensed by the regulator in where he is domiciled and should have a clearing member in Bahrain to settle transactions executed at the bourse. Further, the announcement by Zain Bahrain to launch the long-awaited IPO of Zain Bahrain in September would further help in strengthening the market liquidity. The listing of 15% of the firm or 48 Mn shares would be the first listing on the kingdom's bourse since Aluminium Bahrain listed 10% in November 2010. On the economic front, the annual "Business Environment Ranking" report published by EIU for 2014 ranked Bahrain at the 33rd position ahead of Kuwait at the bottom at 39th position. The report highlighted internal political instability as one of the key reason for Bahrain's low ranking in the report.

BHB Sector Performance



Value Traded (BHD Mn)



Source: Bahrain Bourse, KAMCO Research

Muscat Securities Market

Monthly Indicators	Sep-13	Oct-13	Nov-13	Dec-13	Jan-14	Feb-14	Mar-14	Apr-14	May-14	Jun-14	Jul-14	Aug-14
MSM 30 Index	6,646.9	6,674.1	6,726.3	6,834.6	7,087.3	7,113.9	6,856.9	6,727.2	6,857.4	7,008.3	7,200.7	7,367.2
Monthly % Change	(0.7%)	0.4%	0.8%	1.6%	3.7%	0.4%	(3.6%)	(1.9%)	1.9%	2.2%	2.7%	2.3%
Market Cap (OMR Mn)	7,033	7,045	7,098	7,253	7,543	7,623	7,320	7,208	8,272	8,448	8,661	8,858
P/E (X)	11.07	10.05	10.13	10.05	10.45	11.80	11.13	10.96	11.16	11.83	12.12	12.40
P/BV (X)	1.59	1.48	1.49	1.46	1.52	1.66	1.56	1.54	1.63	1.71	1.75	1.79
Dividend Yield	4.28%	4.72%	4.68%	4.58%	4.41%	3.84%	4.19%	4.35%	3.63%	3.56%	3.47%	3.39%
Volume (Mn Shares)	632	499	446	584	951	510	360	488	302	347	258	284
Value (OMR Mn)	172	137	155	206	297	180	132	231	133	145	107	113
Trades	34,930	27,594	25,100	27,758	44,977	28,436	21,864	34,313	22,761	20,670	14,040	18,119

Source: Muscat Securities Market, KAMCO Research

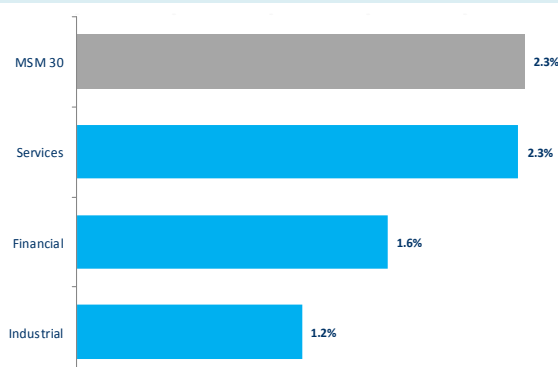
MSM continued to report stable positive monthly gains of 2.3% for the MSM 30 index to close the month at 7,367.2 points. The market has remained range bound over the past four months with average growth index growth of just over 2%. However, despite the recent positive performance the market currently ranks last in the GCC in terms of YTD-14 performance that stood at +7.8% at the end of August -14. The market trend remained relatively stable with marginal increase in monthly index volatility from 4.2% in July-14 to 5.9% in August -14. The YTD volatility stood at 6.1%. The market capitalization in the regular market gained by 2.2% to OMR 8.9 Bn (USD 23.0 Bn).

The slow growth in the index can be attributed in part to the slow growth in corporate earnings during the first half of the year. MSM listed companies reported a modest growth of 1.6% in 1H-14 earnings to record at OMR 396.9 Mn as compared to OMR 390.6 Mn for 1H-13. Total earnings for the financial sector increased by a modest 0.2% led by growth in earnings for key banks including Bank Muscat, NBO and Bank Sohar reporting double digit growth in 1H-14 net profit offset by steep earnings decline reported by Bank Dhofar and HSBC Bank Oman. On the other hand, the industrial sector reported relatively strong growth in earnings that stood at 5.3% supported by Raysut Cement, one of the large-cap stocks in the sector, that reported 5.9% increase in 1H-14 earnings. The services sector recorded 2.0% growth in earnings during 1H-14 as both the listed telecom companies, Nawras and OmanTel, reported healthy earnings growth of 23.4% and 8.9%, respectively.

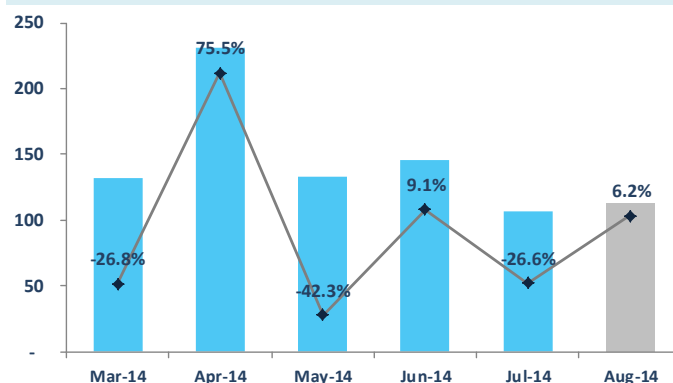
Trading activity indicators saw slight recovery during the month. Volume traded increased by 10.1% with 284.2 Mn shares compared to last month's 258.0 Mn shares traded. Value traded on the other hand improved by 5.6% to record OMR 113.4 Mn compared to last month's OMR 106.8 Mn. Furthermore, the number of trades improved by 29.1% to 18,119 transactions executed during the month of August. In line with previous months, almost 70% of the trades were undertaken by Omani investors followed by GCC investors accounting for 9% of the trades.

Trading activity during the month was focused on the financial sector with 3 of the top five companies by value were from the financial sector. In the regular market Bank Sohar topped the volume chart with 38.6 Mn shares exchanging hands, valued at OMR 9.8 Mn. The regular market accounted for 87% of total market value while the parallel market accounted for 12.6%. The list of most liquid stocks included Bank Muscat at the top with total trades valued at OMR 19.0 Mn followed by OmanTel with trades valued at OMR 12.6 Mn. Bank Sohar and Renaissance Services came at the third and fourth position with total value traded at OMR 9.8 Mn and OMR 7.7 Mn, respectively, during the month. The monthly gainers list was topped by Ahli Bank closing the month with a 16.75% gain to close at OMR 0.230 led by 4.9% jump in 1H-14 net profit. Renaissance Services reported monthly gains of 16.3% after the company said its unit Topaz Energy and Marine had secured a USD 75 Mn investment from Standard Chartered Private Equity (SCPE) for a 9.8% stake in the business. On the decliners' side, Global Financial Investment, which reported 1H-14 losses, topped the list with 10.3% decline in share prices.

MSM Sector Performance



Value Traded (OMR Mn)



Source: Muscat Securities Market, KAMCO Research

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