

## GCC Markets Monthly Report

January-2015

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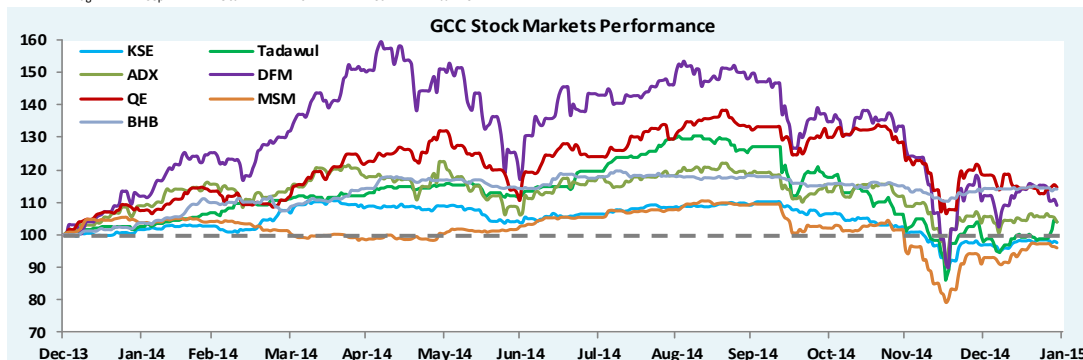
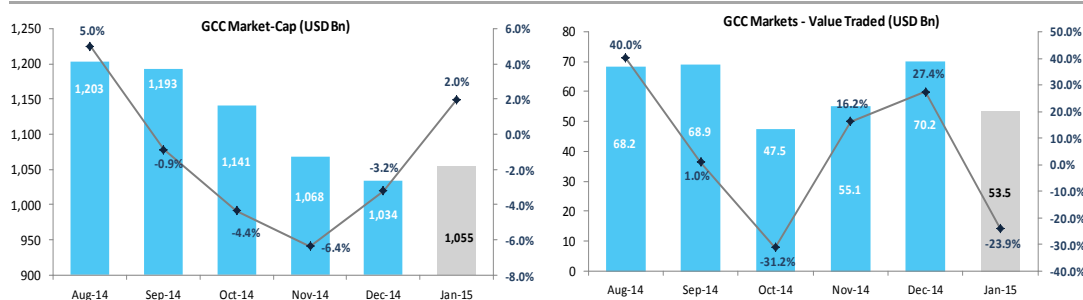
*GCC equity markets saw mixed performance during January-15 as the oil overhang that affected markets across the GCC in recent months was offset by positive earnings season, especially in Saudi Arabia. The aggregate net profits of Saudi-listed companies recorded 3.2% increase in 2014 powered by strong earnings improvement in the banking sector.*

*After months of weakness, market sentiments turned slightly positive with some investors believing that the markets are oversold making valuations attractive. Moreover, with stabilizing oil prices during the second half of January-15, retail investors have started focusing on factors other than oil. This led to positive monthly returns in 3 out of the 7 equity markets led by Saudi Arabia that gained 6.5% followed by Oman and Kuwait.*

*Total value traded in the GCC equity markets slid by 20.7% to USD 53.5 Bn as compared to USD 70.2 Bn during December-14. The average monthly value traded during 2014 stood at USD 66.4 Bn. The share of Tadawul increased from 77% to 78% of total value traded in the GCC during the month at the cost of a decline in UAE's share from 12% in December-14 to 10% in January-15.*

*On the economic front, the oil weakness prompted the IMF to slash growth estimates for the GCC economies by 1 percentage point to 3.4% for 2015, although the agency highlighted that healthy financial buffers would help to provide the necessary cushion to absorb the impact of deficits in government budgets. The IMF also said that GCC's oil export earnings are expected to fall by USD 300 Bn. This was also highlighted when Saudi Arabia, Kuwait and Oman predicted budget deficits for the next fiscal year budgets whereas Dubai presented a balanced budget.*

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	441.8	0.7%	0.7%	105.7	1,771.5	17.8	1.3	3.2%
Kuwait - TRW Index	2,767.7	0.4%	0.4%					
Kuwait - Price Index	6,572.3	0.6%	0.6%					
Saudi Arabia	8,878.5	6.5%	6.5%	511.7	43,319.4	15.3	2.1	3.1%
Abu Dhabi	4,456.8	(1.6%)	(1.6%)	124.0	1,152.5	12.4	1.4	4.3%
Dubai	3,674.4	(2.6%)	(2.6%)	92.9	4,156.3	12.2	1.3	2.2%
Qatar	11,899.6	(3.1%)	(3.1%)	178.2	2,792.5	15.3	2.1	3.5%
Bahrain	1,424.4	(0.2%)	(0.2%)	21.4	9.5	11.9	1.0	3.5%
Oman	6,558.5	3.4%	3.4%	20.7	249.2	10.5	1.5	3.8%
<b>Total GCC</b>				<b>1,054.6</b>	<b>53,450.9</b>	<b>14.6</b>	<b>1.8</b>	<b>3.3%</b>



Source: GCC Stock Exchanges, KAMCO Research

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## Kuwait Stock Exchange

Monthly Indicators	Feb-14	Mar-14	Apr-14	May-14	Jun-14	Jul-14	Aug-14	Sep-14	Oct-14	Nov-14	Dec-14	Jan-15
<b>KAMCO TRWI</b>	<b>2,862.1</b>	<b>2,938.5</b>	<b>2,977.7</b>	<b>2,978.5</b>	<b>2,879.0</b>	<b>2,931.9</b>	<b>2,974.5</b>	<b>2,985.4</b>	<b>2,931.1</b>	<b>2,816.7</b>	<b>2,755.4</b>	<b>2,767.7</b>
Monthly % Change	0.8%	2.7%	1.3%	0.0%	(3.3%)	1.8%	1.5%	0.4%	(1.8%)	(3.9%)	(2.2%)	0.4%
<b>KSE Price Index</b>	<b>7,692.8</b>	<b>7,572.8</b>	<b>7,407.7</b>	<b>7,291.1</b>	<b>6,971.4</b>	<b>7,130.9</b>	<b>7,430.5</b>	<b>7,621.5</b>	<b>7,361.6</b>	<b>6,752.9</b>	<b>6,535.7</b>	<b>6,572.3</b>
Monthly % Change	(0.8%)	(1.6%)	(2.2%)	(1.6%)	(4.4%)	2.3%	4.2%	2.6%	(3.4%)	(8.3%)	(3.2%)	0.6%
<b>KSE Weighted Index</b>	<b>465.0</b>	<b>483.1</b>	<b>491.8</b>	<b>493.1</b>	<b>469.8</b>	<b>481.8</b>	<b>492.1</b>	<b>494.4</b>	<b>482.2</b>	<b>454.5</b>	<b>438.9</b>	<b>441.8</b>
Monthly % Change	1.1%	3.9%	1.8%	0.3%	(4.7%)	2.6%	2.1%	0.5%	(2.5%)	(5.7%)	(3.4%)	0.7%
<b>Kuwait 15 Index</b>	<b>1,101.0</b>	<b>1,175.1</b>	<b>1,201.7</b>	<b>1,208.7</b>	<b>1,140.1</b>	<b>1,176.6</b>	<b>1,200.4</b>	<b>1,203.8</b>	<b>1,170.7</b>	<b>1,105.8</b>	<b>1,060.0</b>	<b>1,072.7</b>
Monthly % Change	2.2%	6.7%	2.3%	0.6%	(5.7%)	3.2%	2.0%	0.3%	(2.8%)	(5.5%)	(4.1%)	1.2%
<b>Market Cap (KWD Mn)</b>	<b>31,760</b>	<b>32,637</b>	<b>33,058</b>	<b>32,989</b>	<b>31,328</b>	<b>32,174</b>	<b>32,860</b>	<b>33,021</b>	<b>32,178</b>	<b>30,432</b>	<b>29,706</b>	<b>29,914</b>
P/E (X)	20.00	18.90	19.90	20.02	19.02	19.63	20.05	20.70	20.20	19.01	18.48	17.80
P/BV (X)	1.43	1.43	1.46	1.43	1.38	1.42	1.45	1.46	1.43	1.35	1.32	1.30
Dividend Yield	2.73%	3.00%	2.96%	2.73%	3.12%	3.04%	2.98%	2.96%	3.04%	3.21%	3.26%	3.23%
Volume (Mn Shares)	4,520	4,698	4,518	3,510	2,962	2,423	4,101	6,135	3,263	3,271	5,781	5,450
Value (KD Mn)	535	620	626	439	441	247	417	622	382	383	689	502
Trades ('000)	95.2	107.5	110.0	76.2	76.9	52.8	93.2	133.5	70.9	72.6	166.6	126.4

Source: Kuwait Stock Exchange, KAMCO Research

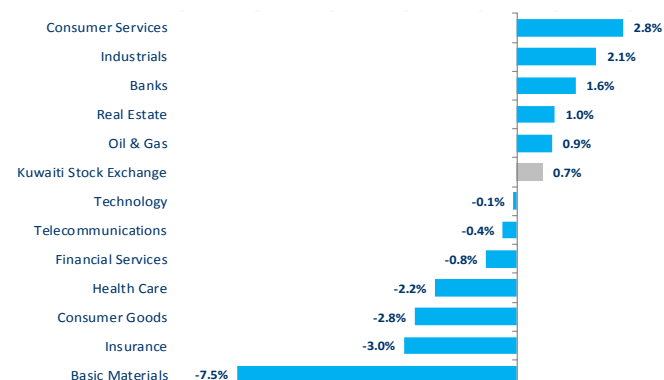
KSE recorded marginal gains during January-15 on the back of positive performance in heavy-weight stocks. The KSE-15 index recorded monthly gains of 1.2% on the back of mid to high single digit monthly gains recorded by KFH, Boubayan Bank, and Gulf Bank that was partially offset by steep monthly declines recorded by Boubayan Petrochemicals and Burgan Bank. Meanwhile, the KSE Weighted index increased by 0.7% during the month. On the economic front, the Kuwait government slashed spending and forecasted a deficit of KWD 8.23 Bn (USD 27.8 Bn) in its draft budget for the fiscal year 2015/16. Planned spending is budgeted at KWD 19.07 Bn (USD 64.6 Bn), a decline of 17.8% from the planned spending in 2014/15. Total revenues are projected at KWD 12.05 Bn, down from KWD 20.07 Bn originally expected for the current year.

In terms of sectoral performance, the heavyweight Banking index increased by 1.2%, due to strong returns recorded by a majority of the banks. The price surge in Boubayan Bank came on the back of strong results reported by the bank, with total FY-14 profits up by 110.6% to KWD 28.2 Mn. The bank also reported strong operating metrics with total assets up by 21% to KWD 2.7 Bn while the operating income increased by 17% to reach KWD 78 Mn. NBK, which declined by 1.1% during the month, also reported a 9.9% increase in FY-14 net profits which stood at KWD 261.8 Mn led by strong fee business and operating income. The bank also reported strong growth in total assets and loans and advances. Other noticeable index gainers included the Consumer Services and Industrial indices with gains in excess of 2%. In the consumer services sector, Jazeera Airways (+5.7%), a key beneficiary from the decline in oil prices, announced plans to sell 15 aircrafts during the month. On the losers side, the basic materials index plunged by 7.5% due to its strong correlation with the oil prices, whereas the insurance index declined by 3%.

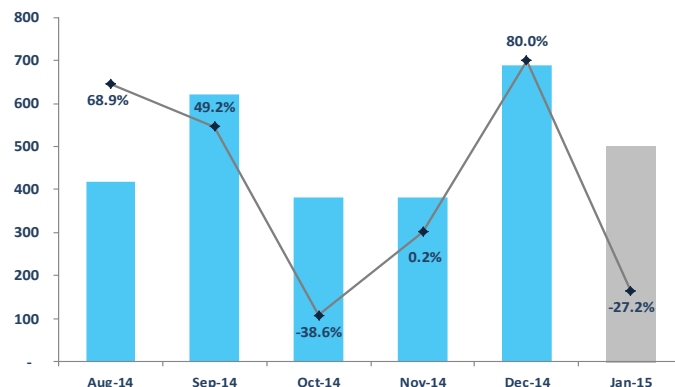
Trading activity plunged during the month due to lesser number of trading days. Total volume traded declined by 5.3% to 5.5 Bn shares as compared to 5.8 Bn shares during December-14. However, average daily trading volume increased from 251.4 Mn shares to 286.8 Mn shares. Total value traded saw an even steeper decline of 26.9% to KWD 501.5 Mn as compared to KWD 688.8 Mn during the previous month resulting in average daily value traded of KWD 26.4 Mn in January-15 as compared to KWD 29.9 Mn in December-14. The market breadth was slightly skewed towards losers that included 85 companies as compared to 75 gainers.

The monthly gainers list was topped by Al Mudon Int'l Real Estate that jumped by 64.7% on the back of consecutive gains on a number of trading days with monthly trades valued at KWD 6.1 Mn. Newly-listed Viva topped the value chart with KWD 51.5 Mn worth of trades followed by Zain and KFH that garnered trades valued at KWD 50.8 Mn and KWD 28.1 Mn, respectively.

### KSE Sector Performance



### Value Traded (KWD Mn)



Source: Kuwait Stock Exchange, KAMCO Research

## Saudi Arabia (Tadawul)

Monthly Indicators	Feb-14	Mar-14	Apr-14	May-14	Jun-14	Jul-14	Aug-14	Sep-14	Oct-14	Nov-14	Dec-14	Jan-15
<b>Tadawul All Share Index</b>	<b>9,106.6</b>	<b>9,473.7</b>	<b>9,585.2</b>	<b>9,823.4</b>	<b>9,513.0</b>	<b>10,214.7</b>	<b>11,112.1</b>	<b>10,854.8</b>	<b>10,034.9</b>	<b>8,624.9</b>	<b>8,333.3</b>	<b>8,878.5</b>
Monthly % Change	3.9%	4.0%	1.2%	2.5%	(3.2%)	7.4%	8.8%	(2.3%)	(7.6%)	(14.1%)	(3.4%)	6.5%
<b>Market Cap (SAR Bn)</b>	<b>1,865.9</b>	<b>1,925.2</b>	<b>1,953.1</b>	<b>1,989.6</b>	<b>1,944.6</b>	<b>2,108.8</b>	<b>2,269.2</b>	<b>2,210.4</b>	<b>2,051.9</b>	<b>1,874.2</b>	<b>1,816.0</b>	<b>1,918.8</b>
P/E (X)	18.76	18.68	18.95	19.31	18.30	19.82	21.33	19.93	18.50	15.38	14.90	15.30
P/BV (X)	2.17	2.32	2.35	2.40	2.17	2.36	2.54	2.57	2.40	2.07	2.00	2.10
Dividend Yield	2.96%	3.09%	3.05%	2.99%	3.07%	2.83%	2.63%	2.70%	2.90%	3.19%	3.29%	3.10%
Volume (Mn Shares)	5,188	7,125	7,546	8,011	5,352	3,529	6,011	6,090	4,065	4,559	7,718	6,738
Value (SAR Mn)	135,153	193,969	232,300	242,531	180,033	122,639	208,390	201,646	132,885	153,409	203,019	162,456
Trades ('000)	2,228	3,015	3,902	3,705	3,119	2,412	3,299	2,999	2,124	2,594	3,830	3,067

Source: Tadawul, KAMCO Research

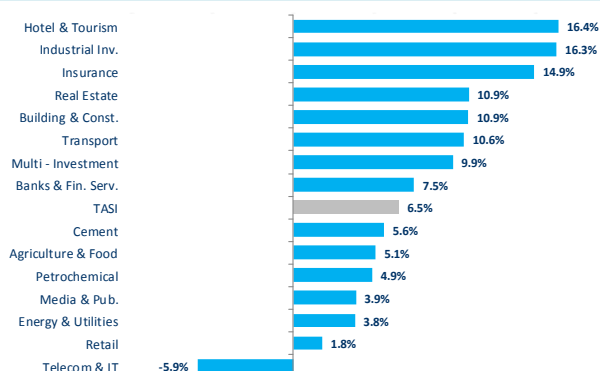
After four consecutive months of negative monthly returns, sentiments for the Saudi stock exchange turned positive with the TASI ending the first month of 2015 in the green despite the continued weakness in oil prices. The index rebounded by 6.5% to close the month at 8,878.54 points, falling short of the 9,000 mark which investors expected to be achievable after the index touched a monthly peak of 8,912.5 points on 28th January 2015. The market remained volatile during the month as the weakness from December-14 continued till the first week of January-15 led by budget announcement by the Saudi government that highlighted continued spending despite suffering oil revenue declines, but thereafter the index has broadly seen a positive trend. As a positive development for the stock market, the new ruler of Saudi Arabia reassured that the Tadawul exchange is on track to open to foreigners in the first half of the year.

Meanwhile, monthly trading activity declined by almost a fifth in terms of total value traded which stood at SAR 162.4 Bn. Total volume traded declined by 12.9% to 6.7 Bn traded shares primarily due to lesser number of trading days during January-15 (20 days) as compared to December-14 (23 days). Average daily volume remained almost flat at 336 Mn traded shares whereas average daily value traded fell from SAR 8.8 Bn to SAR 8.1 Bn. Alinma Bank, which reported monthly return of 6.9% during the month, topped the value chart with trades valued at SAR 16.3 Bn during the month and came second on the volume chart with a monthly volume of 803 Mn shares. Shares in the bank recorded strong buying activity after it reported recorded strong growth in total assets during 2014. In percentage terms, the bank achieved 28.6% increase in total assets in 2014 which stood at SAR 80.8 Bn, as compared to SAR 63 Bn recorded in 2013.

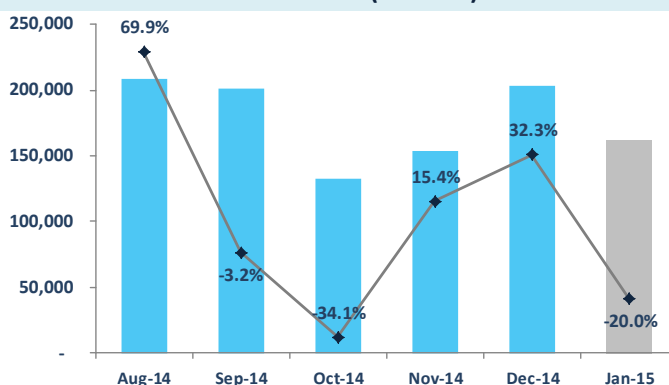
The full year 2014 results published by Saudi-listed companies also contributed to the positive optimism in the market. Total profit increased by 3.2% to SAR 113.9 Bn during 2014 as compared to SAR 110.4 Bn in 2013. Earnings growth was led by the banking sector which reported a strong 10.2% increase in full year 2014 profits which stood at SAR 41.5 Bn as compared to SAR 37.6 Bn during 2013. Banque Saudi Fransi reported the strong yearly profitability improvement at 46.1% to report FY-2014 profits of SAR 3.5 Bn. However, Bank Al Jazira and Al Rajhi Bank recorded decline in full year profitability to the tune of 12.1% and 8.1%, respectively. The Kingdom's largest bank, newly-listed NCB, reported profit growth of 10.2% to reach SAR 8.7 Bn representing 21.6% of total banking profitability. On the other hand, total corporate profitability took a hit from the Telecom sector that reported a steep profit decline of 29.5% during 2014 to reach SAR 9.9 Bn. The decline was solely due to 96.3% plunge in 2014 profits for Mobily.

In terms of sector performance, except for the Telecom & IT index, all the other indices closed the month with a positive monthly return. The Hotel & Tourism index recorded 16.4% monthly return as the companies in the sector reported double digit monthly returns led by Al-Hokair Group for Tourism and Dev. Co. with a monthly return of 25.4% despite reporting an almost flat full year earnings. Major gainers included Al Alamiya Co-op Insurance and Alujain Corp. with scanty traded value in the stock whereas on the losers side, Mobily topped the chart with a decline of more than 16%. Alinma Bank was the most liquid stock in the market with traded value of SAR 16.3 Bn followed by Saudi Arabian Mining and Dar Al Arkan Real Estate with trades valued at SAR 9.8 Bn and SAR 9.7 Bn, respectively.

### Tadawul Sector Performance



### Value Traded (SAR Mn)



Source: Tadawul, KAMCO Research

## Abu Dhabi Securities Exchange

Monthly Indicators	Feb-14	Mar-14	Apr-14	May-14	Jun-14	Jul-14	Aug-14	Sep-14	Oct-14	Nov-14	Dec-14	Jan-15
<b>ADX General Index</b>	<b>4,958.7</b>	<b>4,894.4</b>	<b>5,044.6</b>	<b>5,253.4</b>	<b>4,551.0</b>	<b>5,055.0</b>	<b>5,082.7</b>	<b>5,106.3</b>	<b>4,861.5</b>	<b>4,675.0</b>	<b>4,528.9</b>	<b>4,456.8</b>
Monthly % Change	6.1%	(1.3%)	3.1%	4.1%	(13.4%)	11.1%	0.5%	0.5%	(4.8%)	(3.8%)	(3.1%)	(1.6%)
<b>Market Cap (AED Bn)</b>	<b>505.1</b>	<b>496.9</b>	<b>507.4</b>	<b>537.3</b>	<b>471.3</b>	<b>510.4</b>	<b>510.3</b>	<b>509.5</b>	<b>488.0</b>	<b>468.1</b>	<b>463.9</b>	<b>455.5</b>
P/E (X)	14.84	15.17	15.50	16.41	13.63	14.76	14.76	13.90	13.30	12.77	12.66	12.39
P/BV (X)	1.73	1.66	1.70	1.80	1.59	1.72	1.72	1.68	1.60	1.55	1.53	1.43
Dividend Yield	3.51%	3.73%	3.84%	3.65%	4.16%	3.84%	3.84%	3.85%	4.00%	4.19%	4.23%	4.30%
Volume (Mn Shares)	6,310	4,747	8,600	5,400	4,930	3,509	1,509	2,158	1,816	3,590	5,188	1,848
Value (AED Mn)	16,969	12,266	22,768	17,732	12,678	7,838	4,327	6,891	5,274	6,984	8,691	4,233
Trades	86,229	67,478	105,996	94,134	81,625	62,310	37,017	45,493	43,163	53,397	71,913	39,052

Source: Abu Dhabi Securities Exchange, KAMCO Research

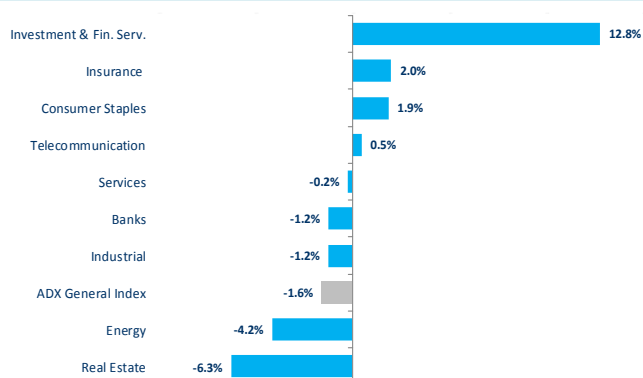
ADX General Index continued to decline during January-15 with a loss of 1.6% despite seeing some positive signs of revival after the oil prices slowed the pace of their decline prompting investors to take positions in what is believed to be an oversold market. The index touched a monthly end-of-day high of 4,567.25 points but lost the momentum in subsequent trading sessions. Total market capitalization also declined at a similar pace to AED 455.5 Bn. The focus of the market has shifted from oil price decline to Q4 results. This prompted investors to remain on the sidelines resulting in poor trading activity during the month. Total volume traded more than halved to 1.8 Bn shares as compared to more than 5 Bn shares traded during the previous month. Total value traded declined by 51.3% to AED 4.2 Bn as compared to AED 8.7 Bn during December-14. The average volume traded also declined from 247 Mn shares in December-14 to merely 92 Mn shares during January-15 whereas total value traded declined from AED 414 Mn to AED 212 Mn in January-15.

Top gainers and losers for the month primarily included stocks for which the monthly value traded was minimal. However, key stocks in the gainers list for January-15 included Waha Capital that recorded a monthly return of 12.8%, whereas on the losers side, Aldar Properties, which was also the top stock by value traded, recorded a monthly decline of 10.6% garnering trades in excess of AED 1.1 Bn. The stock lost almost 13% at the beginning of the month due to the negative sentiments but gained some lost points after the company announced that it would repay the remaining AED 1 Bn loan out of the AED 4 Bn loan before the end of this month by using scheduled cash payments from the government after selling assets. The most active by value list also included FGB and Eshraq Properties with trades valued at AED 744.4 Mn and AED 486.1 Mn, respectively. The real estate and banking sectors continued to account for the lion's share of total value traded, accounting for 42% and 36% of total market, respectively.

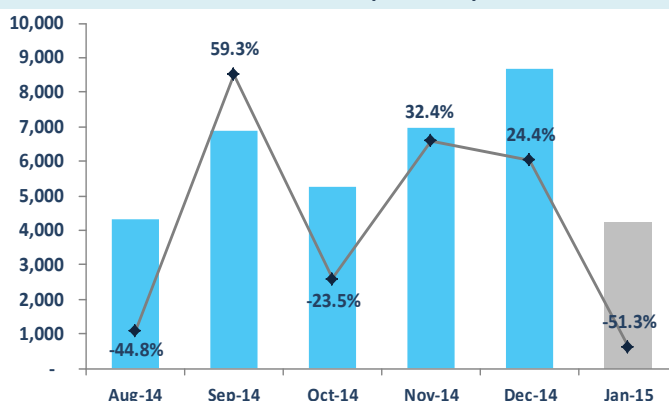
On the sectoral front, the Investment & Financial Services index gained a strong 12.8% during the month on the back of an equal monthly return reported by Waha Capital on the back of strong results. Meanwhile, the Insurance and Consumer Staples indices gained 2.0% and 1.9%, respectively, as key stocks in the sector (Agthia +1.6%, Asmak +24.9%, Emirates Insurance +2.9%) posted positive monthly returns. On the other hand, the Real Estate Index plunged by almost 6.3% as all the three real estate stocks declined during the month.

The Banking index declined by 1.2% during the month in spite of reporting strong profitability improvement for the sector. Total FY-14 profits for 10 out of the 14 listed bank on ADX increased by 16.3% to AED 17.1 Bn. The strongest percentage profit improvement was recorded by Bank of Fujairah with profits up by 28.6%. Major banks including ADCB, NBAD and ADIB also recorded profit growth in excess of 18%. On a positive note, according to MEED, the CEO of ADX said that the exchange is in discussion with MSCI to include four more companies to the MSCI Emerging Markets Index before mid-2015. He also added that foreign investments in the ADX-listed securities has increased to AED 3.5 Bn during 2014. Meanwhile, during the month Moody's said that Abu Dhabi's assets comfortably cover its debt level and its sizeable stock of foreign assets will help cushion the impact of lower oil prices. However, the decline in oil price could result in slow economic growth in 2015.

### ADX Sector Performance



### Value Traded (AED Mn)



Source: Abu Dhabi Securities Exchange, KAMCO Research

## Dubai Financial Market

Monthly Indicators	Feb-14	Mar-14	Apr-14	May-14	Jun-14	Jul-14	Aug-14	Sep-14	Oct-14	Nov-14	Dec-14	Jan-15
<b>DFM General Index</b>	<b>4,220.5</b>	<b>4,451.0</b>	<b>5,059.0</b>	<b>5,087.5</b>	<b>3,942.8</b>	<b>4,819.1</b>	<b>5,063.0</b>	<b>5,042.9</b>	<b>4,545.4</b>	<b>4,281.4</b>	<b>3,774.0</b>	<b>3,674.4</b>
Monthly % Change	11.9%	5.5%	13.7%	0.6%	(22.5%)	22.2%	5.1%	(0.4%)	(9.9%)	(5.8%)	(11.9%)	(2.6%)
<b>Market Cap (AED Bn)</b>	<b>318.8</b>	<b>331.7</b>	<b>369.7</b>	<b>370.2</b>	<b>301.7</b>	<b>356.6</b>	<b>367.6</b>	<b>369.0</b>	<b>380.6</b>	<b>367.4</b>	<b>335.2</b>	<b>341.1</b>
P/E (X)	20.78	18.59	20.99	21.02	15.51	18.34	18.95	16.85	16.50	15.80	14.46	12.16
P/BV (X)	1.55	1.56	1.73	1.74	1.39	1.64	1.69	1.67	1.60	1.56	1.41	1.34
Dividend Yield	2.13%	2.11%	1.91%	1.99%	2.44%	2.07%	2.01%	2.00%	1.90%	2.01%	2.20%	2.16%
Volume (Mn Shares)	20,779	14,811	16,872	12,626	12,407	16,683	7,061	8,096	8,801	7,243	12,333	8,859
Value (AED Mn)	41,719	31,995	44,771	46,503	35,621	34,078	17,320	25,395	21,663	19,574	23,162	15,266
Trades	233,760	194,605	234,516	253,669	234,366	252,568	121,556	148,274	167,489	130,553	210,161	159,224

Source: Dubai Financial Market, KAMCO Research

The significant improvement in announced results for FY-14 could not provide the required push to the Dubai stock market as the DFM General Index declined for the fifth straight month, although the temporary market rebound at the beginning of the month provided some hope of revival. Nevertheless, the decline was significantly small at 2.6% as compared to the previous three months. The index rebounded by mid-month to reach the 3,900 mark; however, it fell sharply during the second half of the month, ending in the red by the end of the month. The decline in total market capitalization as compared to the DFM General Index was marginal at 0.9% due to the listing of Damac Properties, which pushed up the total market capitalization. The properties firm surged on the first trading day, but it failed to sustain the momentum and ended the month as the second-worst performing stock with a monthly decline of 35.8%. Other major decliners included Union Properties that declined by 11.6% after the firm reported a 45% drop in FY-14 profits to AED 858.6 Mn due to higher provisions.

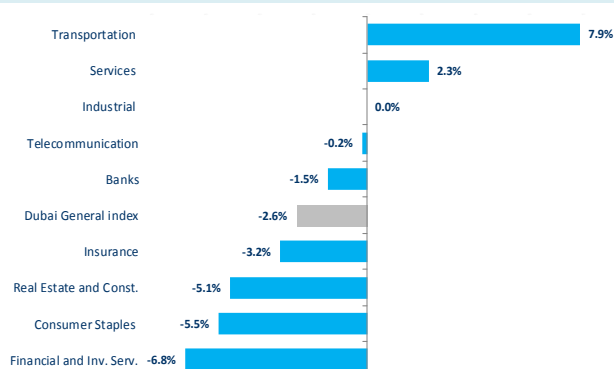
The limited investor interest in the market resulted in lower monthly volumes and value traded. Total monthly volume declined by 28.2% to 8.9 Bn shares as compared to 12.3 Bn shares in the previous month. Total value traded also declined by 34.1% to AED 15.3 Bn as compared to 23.2 Bn during December-14. Trading continued to be dominated by the Real Estate sector which garnered 64% of total value traded or AED 9.7 Bn worth of trades followed by the Banking sector which accounted for 17.1% or AED 2.6 Bn in traded value.

On the sectoral front, except for the Transportation and Services indices, rest of the sectors posted negative monthly returns. The Industrial Index ended flat during the month. The 7.9% surge in the Transportation Index was led by 10.7% and 5.5% monthly returns recorded by Air Arabia and Aramex shares, respectively. Air Arabia, which stands to benefit from the decline in oil prices, announced expansion in its operating base. On the decliners side, the Financial & Investment Services Index dropped by 6.8% primarily due to a more than 40% decline in shares of International Financial Advisors although the trades were very minimal in the stock. Large-cap decliners in the sector included DFM and Dubai Investment that declined by 5.5% and 8.4%, respectively.

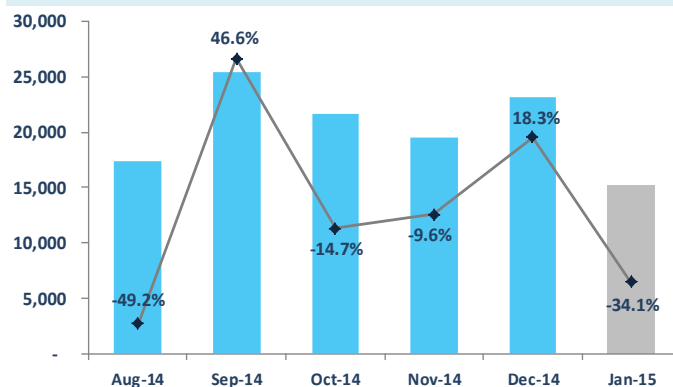
The FY-14 earnings announcement was largely dominated by the banking sector with 3 out of the 12 banks reporting a 52% surge in profits. Emirates NBD, whose shares were up by 1.35% during the month, reported record earnings for Q4-14 as well as FY-14 on the back of increase in non-interest income. The bank reported 57.8% increase in net profits for the full year that reached AED 5.1 Bn, whereas Q4-14 profits increase by an even stronger 82% to AED 1.2 Bn. Meanwhile, Mashreq Bank also posted strong earnings with 33% increase in FY-14 net profits that reached AED 2.4 Bn. Q4-14 profits also improved by 28% to AED 644.3 Mn. The bank cited strong operating income for the increase in profits.

In a regulatory development, the CEO of the Securities and Commodities Authority (SCA) said that the body is considering reducing the grace period that corporates will have to disclose their annual financial results to 45 calendar days from 90 days and quarterly results would have to be disclosed within 30 days instead of 45 days.

### DFM Sector Performance



### Value Traded (AED Mn)



Source: Dubai Financial Market, KAMCO Research

## Qatar Exchange

Monthly Indicators	Feb-14	Mar-14	Apr-14	May-14	Jun-14	Jul-14	Aug-14	Sep-14	Oct-14	Nov-14	Dec-14	Jan-15
<b>QE 20 Index</b>	<b>11,771.8</b>	<b>11,639.8</b>	<b>12,677.6</b>	<b>13,694.2</b>	<b>11,488.9</b>	<b>12,865.5</b>	<b>13,596.7</b>	<b>13,728.3</b>	<b>13,498.9</b>	<b>12,760.5</b>	<b>12,285.8</b>	<b>11,899.6</b>
Monthly % Change	5.5%	(1.1%)	8.9%	8.0%	(16.1%)	12.0%	5.7%	1.0%	(1.7%)	(5.5%)	(3.7%)	(3.1%)
<b>Market Cap (QAR Bn)</b>	<b>683.5</b>	<b>650.4</b>	<b>732.0</b>	<b>736.9</b>	<b>632.2</b>	<b>690.1</b>	<b>721.2</b>	<b>736.1</b>	<b>728.3</b>	<b>698.1</b>	<b>676.8</b>	<b>648.8</b>
P/E (X)	17.28	15.82	17.80	17.92	15.20	16.60	17.34	18.11	17.90	17.20	16.65	15.28
P/BV (X)	2.38	2.16	2.43	2.45	2.19	2.39	2.50	2.53	2.50	2.40	2.32	2.11
Dividend Yield	2.95%	3.54%	3.15%	3.08%	3.59%	3.29%	3.15%	3.08%	3.10%	3.30%	3.36%	3.50%
Volume (Mn Shares)	287	336	732	560	399	304	391	319	232	281	367	208
Value (QAR Mn)	12,920	15,298	25,951	25,591	17,718	12,568	18,131	13,803	10,694	18,760	16,586	10,167
Trades	124,365	200,230	285,219	239,685	199,130	146,915	174,576	134,960	107,598	157,169	174,100	126,765

Source: Qatar Exchange, KAMCO Research

Qatar exchange saw the steepest decline in the GCC during January-15 on the back of profit taking after the exchange recorded the best returns for full year 2014. Investors primarily targeted large-cap stocks which resulted in a 386.15 points or 3.1% decline in the QE 20 Index whereas the Qatar All Share Index declined by 2.8%. The markets tried to recover during the last week of the month, but failed to breach the 12,000 mark and closed at 11,899.63 points. The decline in market capitalization was even steeper at 4.1% to close the month at QAR 648.8 Bn.

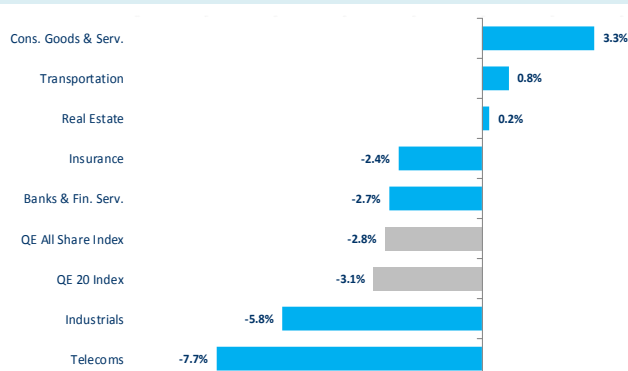
The steepest decline was recorded in the top three sectors by market-cap, Banks & Financial Services, Industrials and Telecom, whereas Real Estate, Transportation and Consumer Goods & Services indices recorded marginal gains during the month. The Banks & Financial Services Index (which accounted for 33.5% of the total value traded during the month) lost 2.7% during the month as some of the key banking stocks recorded negative returns. QNB shares declined by 7% to QAR 198 after the company missed Q4-14 earnings. The company reported a 3.3% rise in Q4-14 net profit that reached QAR 2.45 Bn whereas full year 2014 earnings increased by 10.3% to QAR 10.5 Bn. The bank, which is also a barometer of lending trend in the Qatari economy, recorded a year-on-year decline in lending for the second consecutive quarter possibly due to delays in major infrastructure projects. Meanwhile, the overall banking sector has seen an increase in full year profits with 6 out of the 8 listed banks reporting a 11.2% increase in net profit.

The industrials index (25.6% of total traded value for January-15) slipped 5.8% dragged down by Industries Qatar that fell by 11.2% during the month. Shares in the company plunged by almost 10% after the company proposed a cash dividend of 7-riyal-per-share for 2014 as compared to 11 riyals in 2013. In the telecom sector, both the listed telcos recorded share price declines due to a general weakness in the telecom sector resulting in a 7.7% fall in the telecom index.

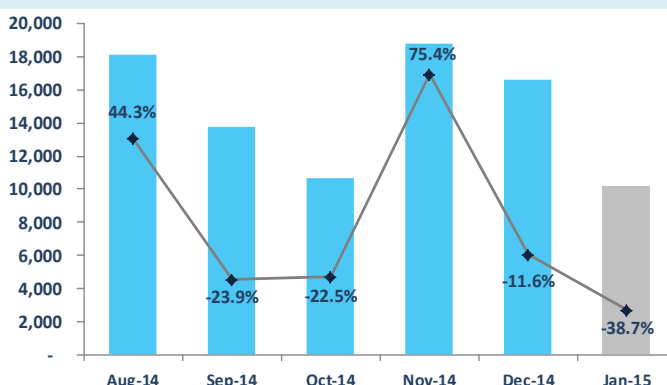
In line with the rest of the GCC markets, trading activity in Qatar also slipped during January-15. Total volume fell by 43.3% to 207.9 Mn shares as compared to 366.6 Mn shares in the previous month. The value of shares traded also declined to QAR 10.2 Bn as compared to QAR 16.6 Bn during the previous month. Consequently, the average daily volume and value fell to 10.4 Mn shares and QAR 508 Mn as compared to 16.7 Mn shares and QAR 753.4 Mn during the previous month. Market breadth was equal weighted between advancers and losers that included 21 companies each.

Among the major traded stocks were the heavyweights Barwa Real Estate (+5.1%), Industries Qatar (-11.2%) and QNB (-7.0%). Barwa Real Estate was also among the top advancers of the month backed by a number positive newsflow from the company that included sale of two plots for QAR 5.3 Bn and completion of acquisition of Lusail Golf Development Company. Other major gainers included Medicare Group and Qatar Industrial Manufacturing Co. Major decliners included Doha Insurance which declined by 10.3% during the month due to a fall in Q4-14 earnings.

### QE Sector Performance



### Value Traded (QAR Mn)



Source: Qatar Exchange, KAMCO Research



## Bahrain Bourse

Monthly Indicators	Feb-14	Mar-14	Apr-14	May-14	Jun-14	Jul-14	Aug-14	Sep-14	Oct-14	Nov-14	Dec-14	Jan-15
<b>Bahrain All Share Index</b>	<b>1,372.7</b>	<b>1,356.9</b>	<b>1,427.3</b>	<b>1,459.3</b>	<b>1,427.6</b>	<b>1,471.7</b>	<b>1,472.2</b>	<b>1,476.02</b>	<b>1,444.13</b>	<b>1,428.67</b>	<b>1,426.57</b>	<b>1,424.37</b>
Monthly % Change	6.1%	(1.1%)	5.2%	2.2%	(2.2%)	3.1%	0.0%	0.3%	(2.2%)	(1.1%)	(0.1%)	(0.2%)
<b>Market Cap (BHD Mn)</b>	<b>7,655</b>	<b>7,567</b>	<b>8,101</b>	<b>8,281</b>	<b>8,101</b>	<b>8,351</b>	<b>8,354</b>	<b>8,376</b>	<b>8,193</b>	<b>8,105</b>	<b>8,099</b>	<b>8,086</b>
P/E (X)	10.54	11.32	12.12	12.39	13.66	14.08	14.08	13.21	12.90	12.78	12.71	11.90
P/BV (X)	1.02	0.99	1.06	1.08	1.06	1.09	1.09	1.07	1.00	1.03	1.02	1.01
Dividend Yield	3.26%	3.78%	3.53%	3.45%	3.53%	3.42%	3.42%	3.41%	3.50%	3.53%	3.53%	3.53%
Volume (Mn Shares)	186	169	115	198	67	25	58	51	64	22	29	14
Value (BHD Mn)	32	32	45	51	15	7	13	12	21	6	9	4
Trades	2,609	2,069	1,892	1,707	1,050	706	897	1,069	609	628	1,065	626

Source: Bahrain Bourse, KAMCO Research

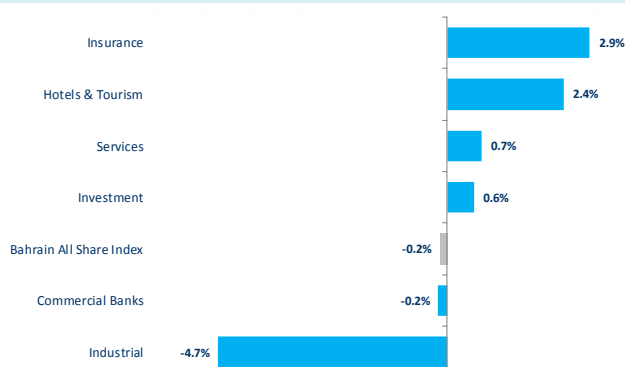
Bahrain Bourse continued to decline during January-15 as it slid 0.2% to 1,424.37 points amid a mostly calm trading trend during the month. The decline in market capitalization was recorded at 0.4% ending at BHD 8.1 Bn (USD 21.4 Bn). However, the market breadth was favorable with saw higher number of advancers at 13 companies as compared to 6 companies that declined during the month. Prices of 21 stocks remain unchanged.

The overall sectoral index performance appeared positive wherein except for the Commercial Banks and Industrials indices, rest of the indices ended with a positive monthly return. The strongest performance was recorded in the Insurance index that gained 2.9% on the back of an 11.1% monthly return recorded by Bahrain National Holding Co., also topping the gainers chart for the month. The Hotels & Tourism Index also recorded a monthly gain of 2.4% on the back of a 9.1% monthly gain recorded by Bahrain Tourism Co. (BTC) and 2.4% increase in prices of Gulf Hotels Group shares. The spike in the share prices of these two companies was led by Gulf Hotels Group's expression of intent to acquire BTC. The company has submitted an initial non-binding letter of intent to the board of BTC expressing its potential interest in acquiring 100% of BTC's shares, which has a market capitalization of BHD 17.3 Mn, through a possible share-swap offer. The proposed acquisition would be positive for both the companies as it would lead to operational synergies and efficiencies. There was no further information on the value of the transaction.

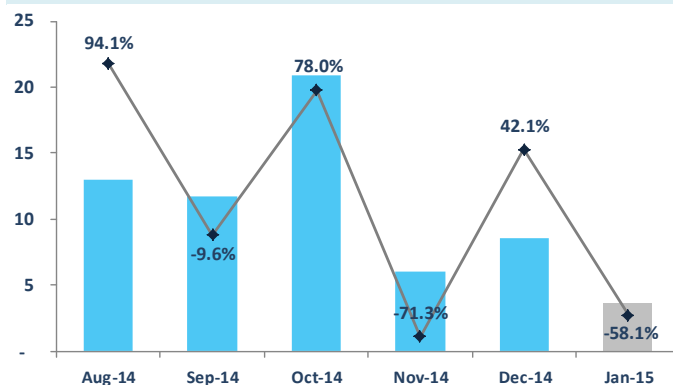
The Industrials index slid by 4.7% to 792 points primarily due to a 4.9% decline in share prices of Aluminum Bahrain (ALBH) to BHD 0.490 per share. The decline primarily on the back of the news that the Bahrain government has decided to increase natural gas prices for the corporate sector. The move comes as the government seeks ways to save money amid declining oil prices that has affected Bahrain's state finances as energy subsidies are a major drain on the government's budget. According to the announcement, the price of natural gas sold to industrial users will be unified and raised gradually from April 1. The price of natural gas sold to companies will increase by 25 cents per million British thermal units (mmBtu) from April 1 as indicated by Bahrain Petroleum Co. to ALBH. The price will then rise 25 cents on April 1 each year until it reaches \$4 per mmBtu by April 1, 2021. The cost of natural gas used to generate energy for industrial projects will also rise.

Monthly trading activity remained bleak with both value and value traded declining by more than 50%. Total value traded stood at BHD 3.5 Mn as compared to BHD 8.5 Mn in the previous month, resulting in average daily traded value of BHD 0.2 Mn as compared to BHD 0.4 Mn in the previous month. Likewise, total monthly volume declined by 54.5% to 14.3 Mn shares as compared to 29.0 Mn shares during December-14. Average daily volume declined from 1.4 Mn shares to 0.8 Mn shares in January-15. The number of transaction also slid to 626 from 1,065 transactions in the previous month. The monthly decliners chart included Investcorp Bank and Al Salam Bank that lost 10.0% and 7.6%, respectively. Ahli United Bank topped the liquidity chart with trades worth BHD 1 Mn.

### BHB Sector Performance



### Value Traded (BHD Mn)



Source: Bahrain Bourse, KAMCO Research

## Muscat Securities Market

Monthly Indicators	Feb-14	Mar-14	Apr-14	May-14	Jun-14	Jul-14	Aug-14	Sep-14	Oct-14	Nov-14	Dec-14	Jan-15
<b>MSM 30 Index</b>	<b>7,113.9</b>	<b>6,856.9</b>	<b>6,727.2</b>	<b>6,857.4</b>	<b>7,008.3</b>	<b>7,200.7</b>	<b>7,367.2</b>	<b>7,484.2</b>	<b>6,974.6</b>	<b>6,506.0</b>	<b>6,343.2</b>	<b>6,558.5</b>
Monthly % Change	0.4%	(3.6%)	(1.9%)	1.9%	2.2%	2.7%	2.3%	1.6%	(6.8%)	(6.7%)	(2.5%)	3.4%
<b>Market Cap (OMR Mn)</b>	<b>7,623</b>	<b>7,320</b>	<b>7,208</b>	<b>8,272</b>	<b>8,448</b>	<b>8,661</b>	<b>8,858</b>	<b>8,991</b>	<b>8,436</b>	<b>7,882</b>	<b>7,734</b>	<b>7,985</b>
P/E (X)	11.80	11.13	10.96	11.16	11.83	12.12	12.40	11.98	11.24	10.50	10.31	10.48
P/BV (X)	1.66	1.56	1.54	1.63	1.71	1.75	1.79	1.75	1.65	1.54	1.51	1.50
Dividend Yield	3.84%	4.19%	4.35%	3.63%	3.56%	3.47%	3.39%	3.34%	3.60%	3.81%	3.88%	3.76%
Volume (Mn Shares)	510	360	488	302	347	258	284	377	370	492	498	343
Value (OMR Mn)	180	132	231	133	145	107	113	140	132	177	158	96
Trades	28,436	21,864	34,313	22,761	20,670	14,040	18,119	18,968	18,170	19,532	29,868	23,924

Source: Muscat Securities Market, KAMCO Research

MSM recorded the second-best performance in the GCC after Saudi Arabia, with the benchmark MSM 30 index up by almost 3.4% to 6,558.46 points during January-15. The index bounced back after three consecutive months of decline although the overall trading activity remained bleak in the new year.

Total volume traded declined by 31% to 343.6 Mn shares as compared to 497.7 Mn shares resulting in average daily volume of 18.1 Mn shares as compared to 21.6 Mn shares during December-14. Total value traded declined by 41.6% to OMR 96.0 Mn as compared to OMR 158.1 Mn. Consequently, average daily volumes for the month declined to OMR 5.1 Mn as compared to OMR 6.9 Mn during December-14. The number of transaction also slid by 20% to 23,927 from 29,868 transactions in the previous month. Omanis accounted for 79.6% of total value of purchase transactions and 73.6% of total value of sale transactions, a slight decline from pervious month. The market capitalization increased by 3.1% to OMR 8.0 Bn (USD 20.7 Bn) as compared to OMR 7.7 Bn (USD 20.1 Bn) at the end of December-14.

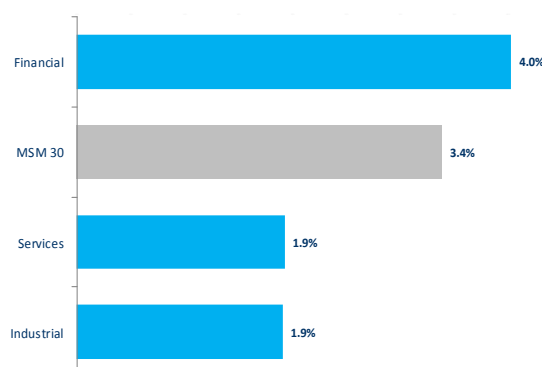
The monthly gainers list expanded during January-15 and included 28 companies as compared to 17 stocks in the previous month. Al Sharqia Inv. Holding topped the gainers chart with a monthly return of 45.4% as the company posted 8% increase in full year 2014 profits. Other noticeable gainers included Gulf International Chemicals (GICI) and United Power with monthly returns of 27.0% and 24.9%, respectively. GICI posted a strong 55.0% increase in net profits for FY-14 that reached OMR 0.39 Mn whereas United Power posted a 34% increase in net profits that reached OMR 1.02 Mn.

The losers chart included Al Anwar Ceramic Tiles with a monthly decline 10.4% although the company posted 15.5% increase in net profits for 2014. Ahli Bank and Port Services Corp. also featured on the losers chart with monthly declines of 8.6% and 8.5%, respectively. In terms of value traded, Bank Muscat topped the chart with OMR 18.0 Mn worth of shares traded during the month, followed by Al Anwar Holding and Oman Telecom with OMR 14.5 Mn and OMR 6.9 Mn worth of trading in the shares.

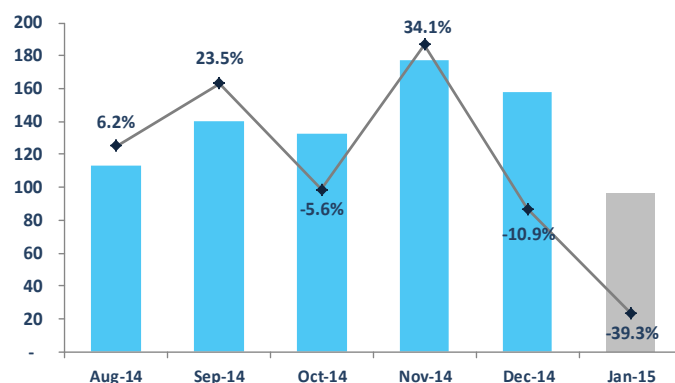
In terms of sectoral performance, all the sectors ended in the green during the month. Monthly performance was led by the Financial Index that gained 4.0% followed by the Industrial and Services Indices, each gaining 1.9%. Key stocks within the Financial index that gained during the month included Bank Muscat, NBO and HSBC Bank Oman with a monthly returns of 3.8%, 13.3% and 2.8%, respectively. Bank Muscat posted a 7.2% increase in net profit which stood at OMR 163.2 Mn. The bank also proposed 45% dividend for the year 2014, split into 25% cash dividends, 5% as bonus shares and 15% in the form of mandatory convertible bonds.

As an exception to the overall GCC market, telecom stocks in the Services sector posted positive monthly performance during January-15. Shares in Ooredoo increased by 9.5% whereas Omantel shares increased by 3.2% during the month. Ooredoo shares were up due to a 14.4% increase in net profit.

**MSM Sector Performance**



**Value Traded (OMR Mn)**



Source: Muscat Securities Market, KAMCO Research



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