

GCC Markets Monthly Report

May-2017

In this Report...

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

Markets slide on profit taking as investors prepare for a quieter season...

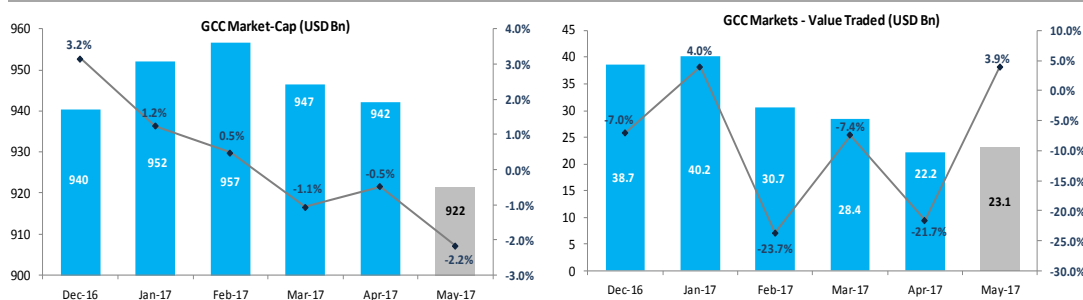
The slide in GCC markets continued during May-17 as investors cashed in before the Ramadan season. The decline was broad-based throughout the GCC as seen from the 0.7% decline in the S&P GCC index. Kuwait and Bahrain continue to be the only markets in the GCC with positive YTD-17 returns of 6.4% and 8.1%, respectively. GCC markets also took note of the result of the renewed oil accord. According to the agreement, OPEC and non-OPEC oil producers agreed to extend the combined 1.8 mb/d supply cut by a further nine months until March-18. This was, however, the base case expected by oil watchers as against expectations of larger cuts, which resulted in slide in oil prices. Nevertheless, the recent decline in oil inventories also suggest that the decline in oil price is exaggerated and with gradually rising oil demand, prices are expected to gain steam in the near term.

In a related development, after downgrading China for the first time in nearly 30 years, **Moody's downgraded Qatar's long term debt rating by a notch to Aa3 with a Stable outlook** highlighting the country's sharply rising external debt. At the same time, **the agency upgraded the ratings outlook for UAE and Kuwait based on diversification and strong balance sheet, respectively.**

Meanwhile, markets globally had a strong bull run during the month with the S&P 500 reaching new record high on the back of improving economic fundamentals. The MSCI World index also reached a new high after rising almost 2% during the month. Markets are now fully pricing in a rate hike in Fed's June policy meeting while the possibility of a third hike this year is also seeing increasing probability.

KAMCO Research expects GCC markets to remain range-bound during June-17, which would see the full impact of the month of Ramadan further factoring in lack of any new catalyst. Trading activity is expected to remain subdued after seeing slight increase during May-17.

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	404.5	(0.9%)	6.4%	91.5	996.4	15.9	1.2	4.0%
Kuwait - 15 Index	915.8	(0.4%)	3.5%					
Kuwait - Price Index	6,785.4	(0.8%)	18.0%					
Saudi Arabia	6,871.2	(2.0%)	(4.7%)	433.1	17,241.8	14.1	1.7	4.2%
Abu Dhabi	4,427.3	(2.1%)	(2.6%)	125.4	985.3	10.3	1.5	5.5%
Dubai	3,339.4	(2.2%)	(5.4%)	94.4	2,108.6	9.3	1.1	5.2%
Qatar	9,901.4	(1.6%)	(5.1%)	145.2	1,630.4	13.8	1.4	4.1%
Bahrain	1,319.8	(1.2%)	8.1%	19.9	37.8	9.3	0.9	5.1%
Oman	5,422.0	(1.7%)	(6.2%)	12.2	112.8	10.7	1.0	5.8%
Total GCC				921.6	23,113.2	12.7	1.5	4.5%



Faisal Hasan, CFA

Head - Investment Research

+(965) 2233 6907

faisal.hasan@kamconline.com

Junaid Ansari

Assistant Vice President

+(965) 2233 6912

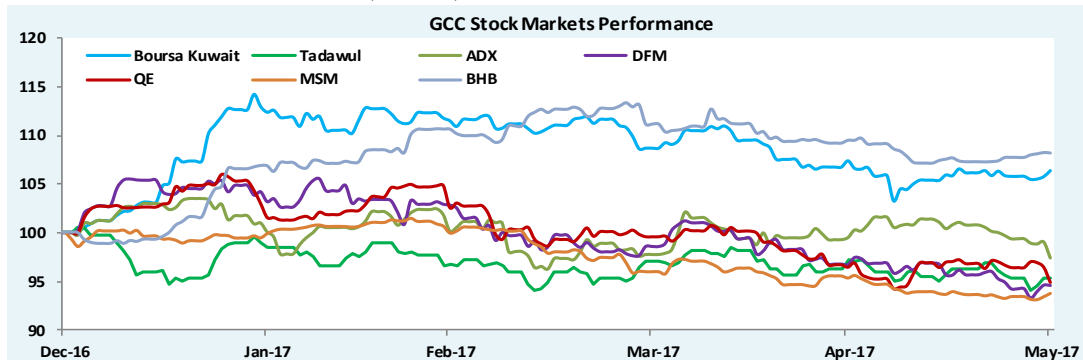
junaid.ansari@kamconline.com

Thomas Mathew

Senior Financial Analyst

+(965) 2233 6914

thomas.mathew@kamconline.com



Source: GCC Stock Exchanges, KAMCO Research

Boursa Kuwait

Monthly Indicators	Jun-16	Jul-16	Aug-16	Sep-16	Oct-16	Nov-16	Dec-16	Jan-17	Feb-17	Mar-17	Apr-17	May-17
Price Index	5,364.6	5,451.0	5,419.7	5,398.4	5,401.1	5,554.5	5,748.1	6,832.2	6,783.1	7,029.4	6,843.0	6,785.4
Monthly % Change	(0.7%)	1.6%	(0.6%)	(0.4%)	0.0%	2.8%	3.5%	18.9%	(0.7%)	3.6%	(2.7%)	(0.8%)
Weighted Index	351.4	350.7	347.3	351.9	354.0	367.1	380.1	427.4	424.0	413.3	408.3	404.5
Monthly % Change	(1.7%)	(0.2%)	(1.0%)	1.3%	0.6%	3.7%	3.5%	12.4%	(0.8%)	(2.5%)	(1.2%)	(0.9%)
Kuwait 15 Index	805.7	810.7	801.8	814.1	826.5	855.2	885.0	985.4	964.1	933.8	919.4	915.8
Monthly % Change	(2.5%)	0.6%	(1.1%)	1.5%	1.5%	3.5%	3.5%	11.3%	(2.2%)	(3.1%)	(1.5%)	(0.4%)
Market Cap (KWD Mn)	24,293	24,252	24,010	24,326	24,475	25,371	26,257	29,442	29,102	28,354	28,008	27,656
P/E (X) - TTM	15.32	15.29	15.30	15.63	15.72	16.30	16.80	18.80	18.70	18.16	16.01	15.90
P/BV (X) - TTM	1.06	1.06	1.05	1.06	1.07	1.11	1.13	1.27	1.26	1.23	1.24	1.23
Dividend Yield (%)	4.30%	4.30%	4.37%	4.30%	4.27%	4.12%	3.98%	3.67%	3.67%	3.42%	3.76%	4.02%
Volume (Mn Shares)	2,166	1,327	1,430	902	1,679	2,908	3,594	13,858	8,857	7,105	5,907	2,734
Value (KD Mn)	227	132	152	87	258	328	321	1,185	866	653	517	301
Trades ('000)	49.3	35.7	40.1	27.2	45.2	70.6	75.6	229.8	171.8	147.7	115.9	75.6

Source: Kuwait Stock Exchange, KAMCO Research

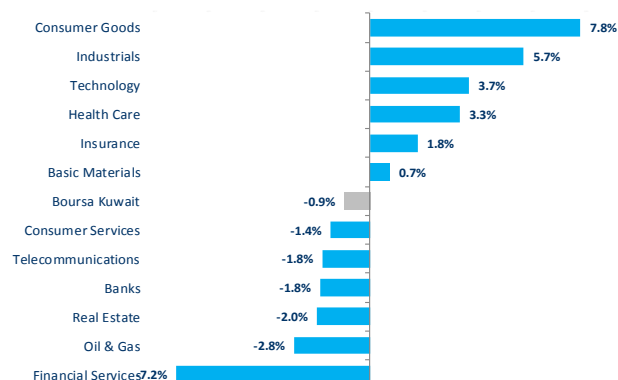
Weak trends in the GCC equity markets didn't spare Kuwait during May-17 as all the three benchmark indices declined. However, the decline in Kuwait was the smallest in the GCC with the price index seeing the smallest decline of 0.8%. The Weighted index also declined by 0.9%, but managed to remain above the 400 points mark to close the month at 404.5 points. The performance of large-cap stocks was relatively better as seen from the 0.4% decline in the Kuwait 15 index. Within the index, Agility saw the biggest monthly gain of 15.1% followed by Americana at 11.3%. Shares of Agility surged after the company settled a US lawsuit that barred the company from bidding for Middle East US defense contracts. The company agreed to pay USD 95 Mn in cash to settle the civil lawsuit that has now opened doors for potential government and commercial contracts that at one point accounted for almost 40% of the company's revenues. On the other hand, the gain in shares of Americana came after the company reported 10.1% increase in Q1-17 net profits that reached KWD 16.7 Mn, although the company reported a decline in topline.

Trading activity on the exchange continued to slide during May-17, marking the fourth consecutive month of decline and reaching the lowest point in seven months. Total volume of shares traded more than halved to reach 2.7 Bn shares as compared to 5.9 Bn shares during the previous month on the back of almost 60% decline in average daily volumes. Similarly, monthly value traded also declined but at a slightly lower pace of 42% to reach KWD 301 Mn as compared to KWD 517 Mn during April-17. The average daily value traded declined by almost 50% to KWD 13.1 Mn as compared to KWD 25.9 Mn during the previous month. On the volume chart, Ithmaar Bank was the most actively traded stock with a monthly volume of 182 Mn followed by Alimtiq Investment and Al Tameer Real Estate at 133 Mn shares and 127 Mn shares, respectively. On the monthly value chart, KFH topped the list with KWD 30 Mn worth of shares traded during the month followed by NBK and Alimtiq Investment recording KWD 24.5 Mn and KWD 20.5 Mn in trades, respectively.

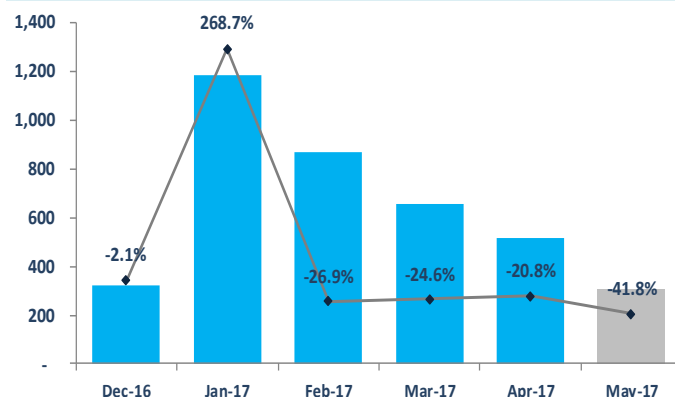
The monthly gainers chart was topped by Eyas for Higher & Technical Education recording a surge of 80% followed by Al Madar Finance and Alafco with gains of 68% and 22%, respectively. The decliner chart was topped by Al-Mal Investment that fell 26.8% followed by Al Rai Media and MENA Real Estate with declines of 24.7% and 23.4%, respectively. The monthly market breadth was strongly skewed towards decliners that included 107 stocks as against 43 gainers.

Meanwhile, against a backdrop of GCC banking sector consolidation, KFH (-2.4%) is reportedly said to be in talks to buy Bahrain's Ahli United Bank along with its Kuwaiti unit to create Middle East's biggest Islamic lender with assets worth USD 85 Bn. The talks are said to be in initial phase with both the parties declining to comment on the issue.

Boursa Kuwait Monthly Sector Performance



Monthly Value Traded (KWD Mn)



Source: Kuwait Stock Exchange, KAMCO Research

Saudi Arabia (Tadawul)

Monthly Indicators	Jun-16	Jul-16	Aug-16	Sep-16	Oct-16	Nov-16	Dec-16	Jan-17	Feb-17	Mar-17	Apr-17	May-17
Tadawul All Share Index	6,499.9	6,302.2	6,079.5	5,623.3	6,012.2	7,000.2	7,210.4	7,101.9	6,972.4	7,001.6	7,013.5	6,871.2
Monthly % Change	0.8%	(3.0%)	(3.5%)	(7.5%)	6.9%	16.4%	3.0%	(1.5%)	(1.8%)	0.4%	0.2%	(2.0%)
Market Cap (SAR Bn)	1,505.3	1,458.9	1,419.4	1,326.2	1,420.7	1,637.3	1,682.5	1,659.9	1,635.3	1,640.4	1,647.0	1,624.2
P/E (X) - TTM	11.87	11.77	11.49	10.75	12.31	13.44	14.73	14.79	14.54	14.64	14.56	14.09
P/BV (X) - TTM	1.53	1.48	1.43	1.32	1.42	1.65	1.70	1.67	1.59	1.73	1.74	1.73
Dividend Yield (%)	4.60%	4.71%	4.91%	5.24%	4.90%	4.17%	4.04%	4.05%	4.17%	4.27%	4.26%	4.25%
Volume (Mn Shares)	5,228	3,518	3,840	2,521	4,703	7,491	6,927	5,442	4,168	3,643	3,245	4,143
Value (SAR Mn)	84,283	59,461	67,974	41,736	65,664	118,645	114,984	98,782	75,232	72,517	61,469	64,660
Trades ('000)	1,828	1,347	1,684	1,070	1,833	2,608	2,685	2,664	2,040	2,053	1,698	1,547

Source: Tadawul, KAMCO Research

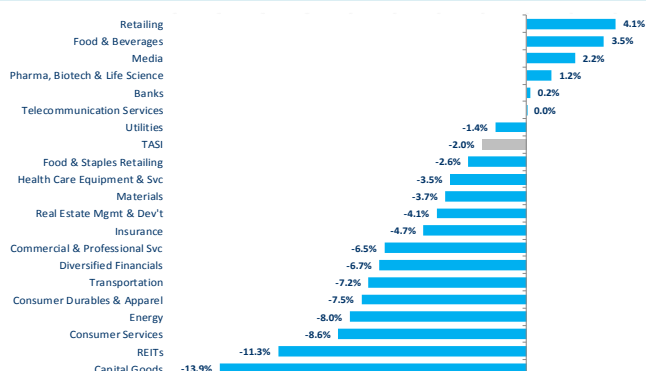
After managing to stay afloat for the past two months, the Tadawul All Share Index (TASI) fell 2% during May-17 to close below the 7,000 mark at 6,871.2 points. The index reached the lowest point since November-16 after OPEC and non-OPEC members agreed to extend the oil production cut agreement by a further nine months until March-18. The declines comes as the market was expecting higher cuts, which pushed prices to 5-week high level just before the OPEC meeting. The high correlation between oil price and the Saudi market also resulted in an 8% drop in the Energy index during the month.

The sectoral index performance also reflected negative trends with merely six indices reporting marginal gains during the month. The Capital goods index recorded the biggest drop of 13.9% during the month after all the constituent stocks declined. National Industrialization (Tasnee), the biggest stock in the index, witnessed the steepest drop of 18% during the month. The newly introduced REIT index, which now includes four stocks after the listing of Taleem REIT Fund, witnessed the second biggest monthly drop of 11.3% and this comes despite the newly listed REIT fund surging 21% by the end of the month after being heavily oversubscribed. On the gainers side, the Retailing index topped monthly index gains with a surge of 4.1% on the back of 6% gain in shares of Jarir Marketing and 5.7% gain in shares of Fawaz Abdulaziz Al-Hokair. The gains in Jarir Marketing shares came after the company reported 26.5% increase in Q1-17 net profit on the back of strong smartphone sales. The Food & Beverage index also surged by 3.5% during the month on the back of 11% gains in shares of Almarai and 24.1% gains in shares of Ash Sharqiyah Development offsetting decline in most of the other stocks in the index. The large-cap Banking index witnessed flat performance during the month with 4 out of 12 banks reporting gains.

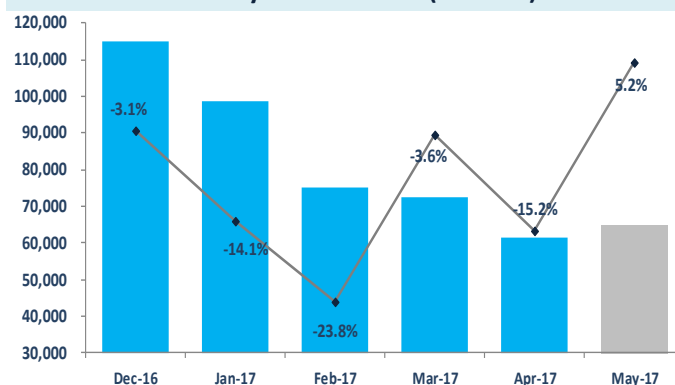
Meanwhile, after declining for the past two months, trading activity reversed to show a strong gain during May-17. Total monthly volume of shares traded surged 27.7% to reach 4.1 Bn shares as compared to 3.2 Bn shares during the previous month. Dar Al Arkan Real Estate topped the monthly volume chart with 1.4 Bn shares followed by Alinma Bank and Saudi Kayan with 572 Mn shares and 217 Mn shares, respectively. On the other hand, the monthly value traded increased at a much slower pace of 5.2% to reach SAR 64.7 Bn during May-17 as compared to SAR 61.5 Bn during April-17. Dar Al Arkan Real Estate once again topped the chart with SAR 8.9 Bn worth of shares changing hands followed by Alinma Bank (SAR 8.2 Bn) and SABIC (SAR 7 Bn). The monthly gainers chart was topped by Ash Sharqiyah Development recording a gain of 24.1% followed by 21% gains for the recently listed Taleem REIT Fund. Jadwa REIT was third on the gainers chart after recording gains of 18.6%. The decliners side was topped by Al Sagr Cooperative Insurance that recorded a decline of 25% followed by Nama Chemicals and Medgulf with declines of 21.7% and 21.5%, respectively.

On the economic front, the Saudi CMA's efforts to open the market coupled with the developments on the listing of ARAMCO is garnering increasing interest in the financial services sector in the Kingdom. During the month, Qatar National Bank applied for an investment banking license in the Kingdom. This follows Citigroup securing a capital markets license last month and Credit Suisse mulling to enter the Kingdom. It was also reported that Goldman Sachs has applied to the regulator for a license to trade equities in the Kingdom.

Tadawul Monthly Sector Performance



Monthly Value Traded (SAR Mn)



Source: Tadawul, KAMCO Research

Abu Dhabi Securities Exchange

Monthly Indicators	Jun-16	Jul-16	Aug-16	Sep-16	Oct-16	Nov-16	Dec-16	Jan-17	Feb-17	Mar-17	Apr-17	May-17
ADX General Index	4,497.6	4,575.3	4,471.0	4,476.3	4,300.2	4,308.8	4,546.4	4,548.8	4,552.1	4,443.5	4,522.6	4,427.3
Monthly % Change	5.8%	1.7%	(2.3%)	0.1%	(3.9%)	0.2%	5.5%	0.1%	0.1%	(2.4%)	1.8%	(2.1%)
Market Cap (AED Bn)	457.1	473.9	463.8	464.8	447.0	445.2	467.6	465.0	466.6	459.1	467.7	460.5
P/E (X) - TTM	10.66	10.96	10.73	10.74	10.24	10.19	10.77	10.75	11.06	10.80	10.61	10.33
P/BV (X) - TTM	1.34	1.37	1.34	1.34	1.29	1.29	1.36	1.36	1.34	1.31	1.54	1.49
Dividend Yield (%)	5.56%	5.47%	5.68%	5.67%	5.91%	5.91%	5.60%	5.60%	5.53%	5.62%	5.26%	5.47%
Volume (Mn Shares)	1,206	1,228	1,307	1,191	1,011	3,991	1,454	4,837	2,811	1,656	1,553	1,441
Value (AED Mn)	3,832	2,926	3,148	2,443	2,278	5,863	3,179	7,111	4,993	4,433	3,287	3,619
Trades	22,596	23,335	24,668	19,554	20,129	45,297	26,669	57,936	39,116	30,365	24,726	22,671

Source: Abu Dhabi Securities Exchange, KAMCO Research

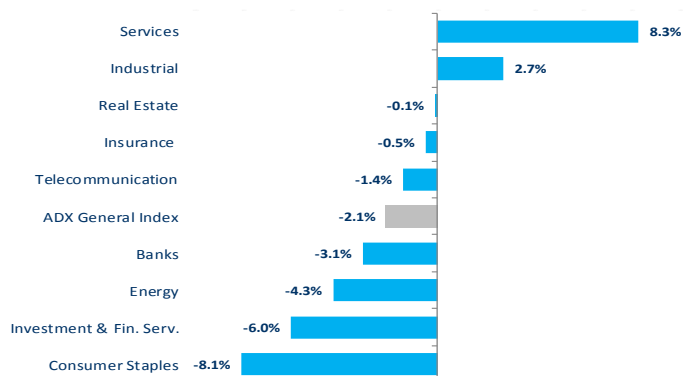
The ADX index slipped in line with other markets in the region, and was the second worst performing market in the region for the month of May-17, as oil price volatility weighed on GCC indices. The index was down 2.1% m-o-m in May-17 and closed at 4,427.30 points. Consumer Staples was the key laggard as the index plunged by over 8% as Agthia Group, Foodco Holding contributed to the decline with share price drops of 8.9% and 7.9% respectively. In the financials pack, Investment & Financial Services companies and the Banking sector declined by 6.1% and 3.1% respectively, while Energy names dropped by 4.3% over the same period. Index gainers sectorally were led by Services, which went up 8.3% as compared to the previous month, as Gulf Medical Projects jumped by 37% over the same period. The Industrials index also moved up by 2.7%, ascribed to gains from Gulf Pharmaceutical (+4.6%) and Arkan Building Materials (+6.0%).

In prominent Q1-17 earnings releases, developer Aldar reported revenue growth of 28% y-o-y to AED 1.58 Mn, driven by revenue recognition on developments under construction and land plot sales. Net profit during the quarter amounted to AED 641 Mn, down from AED 654 Mn in Q1-17. Total development sales value came in at AED 1 Bn, led by West Yas, land plot sales and Al Nareel. In the asset management business, Yas Mall maintained strong trading occupancy with 95% units trading, and residential and office portfolio occupancy remained at 90% and 95% respectively as at 31 Mar-17. In the energy sector, Dana Gas reported Q1-17 gross revenues of USD 118 Mn, up 44% from the Q1-16 figure of USD 82 Mn. Q1-17 net profit was USD 11 Mn, up 83% y-o-y from USD 6 Mn in the same quarter of the previous year. Average production during the quarter in 2017 was 69,900 boepd, up 16% y-o-y (Q1 2016: 60,500 boepd), while the company mentioned that they were successful with cost reduction with Q1-17 and reduced operating expenditure by 23%.

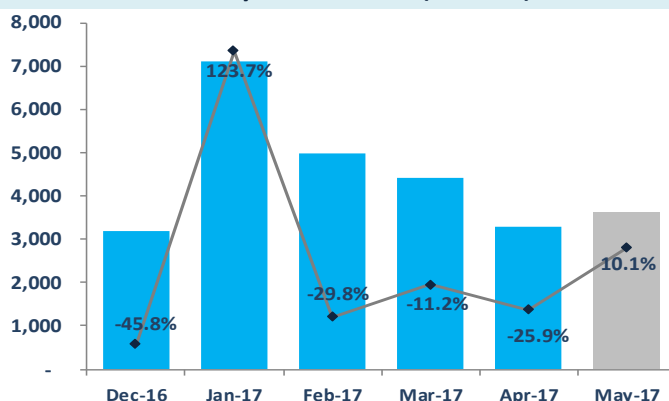
Trading trends was mixed in May-17, as traded volumes dropped m-o-m by 4% while value traded improved by 10%. Total volumes receded to 1.49 Bn shares (April: 1.55 Bn) while value traded during May-17 improved to AED 3.6 Bn (April: AED 3.3 Bn). Gulf Medical Projects led the gainers list with a monthly return of 37%, followed by Emirates Driving and Fujairah Cement Industries, which went up 19.8% and 14.3%, respectively. Prominent decliners included Sharjah Cement with a monthly share price decline of 18.2%, followed by Sudan Telecom and Oman & Emirates Investment Holding, as they saw their stock prices erode by 18.0% & 17.4% respectively.

In ratings related action, Moody's changed the ratings outlook of Mubadala, International Petroleum Investment Company (IPIC) and Etisalat to stable from negative. At the same time, Moody's has affirmed the Aa2 long-term issuer rating of Mubadala, the Aa2 long-term issuer rating of IPIC and the Aa3 long-term issuer rating of Etisalat. The ratings actions follow the recent change in rating outlook to stable from negative on both the Government of UAE and the Government of Abu Dhabi, as well as the affirmation of their Aa2 long-term issuer ratings. The outlook was changed primarily due to the effective and broad reforms policy response to the lower oil price environment, the economy's growth prospects, and a healthy banking system and an easing of contingent liability risk. Moody's further expects Abu Dhabi's fiscal deficit to come down to 2.0% of GDP in 2017 and 0.3% of GDP in 2018, and expect the government's debt burden to likely to reflect these declining deficits and stabilize at very low levels, below 8% of GDP by 2018.

ADX Monthly Sector Performance



Monthly Value Traded (AED Mn)



Source: Abu Dhabi Securities Exchange, KAMCO Research

Dubai Financial Market

Monthly Indicators	Jun-16	Jul-16	Aug-16	Sep-16	Oct-16	Nov-16	Dec-16	Jan-17	Feb-17	Mar-17	Apr-17	May-17
DFM General Index	3,311.1	3,484.3	3,504.4	3,474.4	3,332.4	3,360.9	3,530.9	3,642.9	3,630.3	3,480.4	3,414.9	3,339.4
Monthly % Change	(0.1%)	5.2%	0.6%	(0.9%)	(4.1%)	0.9%	5.1%	3.2%	(0.3%)	(4.1%)	(1.9%)	(2.2%)
Market Cap (AED Bn)	323.2	335.5	334.8	331.4	316.9	316.3	332.2	352.1	384.0	371.5	360.6	346.7
P/E (X) - TTM	8.16	8.87	9.09	9.01	8.77	8.71	9.25	9.92	9.89	9.39	9.37	9.30
P/BV (X) - TTM	1.12	1.27	1.28	1.27	1.22	1.23	1.29	1.28	1.25	1.15	1.13	1.11
Dividend Yield (%)	4.82%	4.91%	4.76%	4.80%	4.99%	4.97%	4.70%	4.66%	4.56%	4.98%	5.15%	5.18%
Volume (Mn Shares)	5,352	5,180	5,115	5,574	5,102	16,016	11,219	18,618	10,396	5,785	4,969	6,123
Value (AED Mn)	6,997	7,318	7,643	6,744	6,828	20,240	14,659	22,962	15,587	9,583	6,593	7,745
Trades	76,501	74,470	75,179	61,878	68,423	163,506	118,274	196,901	130,998	82,856	69,986	81,311

Source: Dubai Financial Market, KAMCO Research

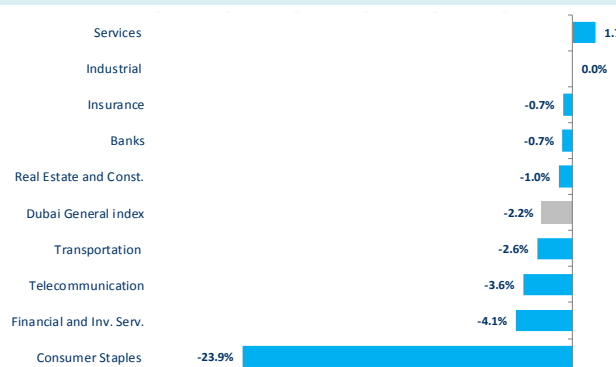
DFM continued its declining trends from the previous three months into April-17 as well, and was the worst performing market in the GCC. For May-17, DFM was down by 2.2% and closed at 3339.37 points as sectoral trends were mostly skewed towards decliners. The Consumer Staples & Discretionary sector dropped significantly by 23.9% for the month of May-17, as Marka and DXB Entertainment pulled down the index, plunging by over 46% and almost 20% respectively for the month of May-17. Dubai Parks was punished mainly over footfall related concerns in the holiday season and going forward. Financials and Investment Services index was amongst the main laggards as well, as the index plunged by 4.1% m-o-m in May-17, followed by Telecoms, which went down by 3.6% over the same period. The Services index was the only sector, which witnessed higher levels, and was up 1.7% m-o-m, led by Amanat Holdings, which went up by 3.6% m-o-m. The Industrial sector remain flat as compared to the previous month.

In prominent earnings, Emaar Properties reported Q1-17 revenues of AED 4.072 Bn, which increased by 15% y-o-y as recurring revenues from malls, hospitality, and entertainment and leisure businesses came in at AED 1.592 Bn and contributed to 39% of total group revenues. Revenues from international operations grew by 62% y-o-y to AED 806 Mn and contributed to 20% of group revenues. Net income came in at AED 1.4 Bn during the first quarter of this year as compared to AED 1.3 Bn in Q1-16. DSI reported Q1-17 revenues of AED 796 Mn, down 23% y-o-y. The company reported a net loss of AED 722 Mn due to the provisions and impairment charges undertaken in the quarter. Order Backlog stood at AED 7.3 Bn as of 31 Mar 17. The proposed share capital reduction of AED 992 Mn was approved.

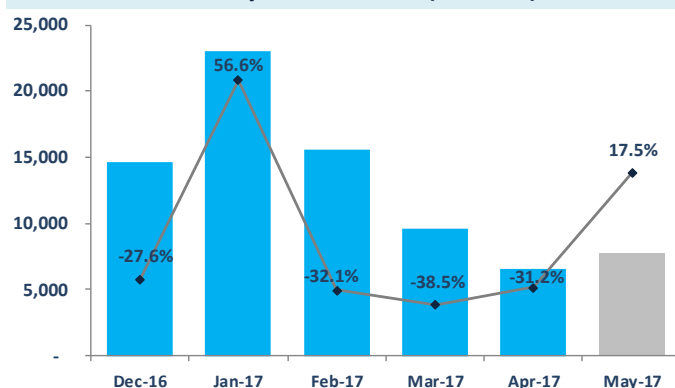
Damac Properties was the top performing stock in the index for the month, as its share price surged by 18.7% in May-17. Al Salam Group followed along with Gulf Navigation, as their stock prices moved up by 18.4% and 16.9% respectively. On the other hand, shares of Marka, a company which featured in the gainers list last month, led the monthly losers chart as its share price declined by 46.2% m-o-m. DSI and DXB Entertainments followed with declines of 21.7% and 20.0% respectively for the month. Gulf Finance House (GFH) was the most actively traded stock yet again on the exchange as AED 0.92 Bn worth of stock was traded, followed by Emaar Properties with value traded of AED 0.91 Bn. Market breadth was weak as well, as 8 stocks moved up while 31 stocks lost ground during the month of May-17.

Data for April-17 from Emirates NBD Economy Tracker index signaled a further improvement in overall business conditions across Dubai's private sector, signaling the fastest growth since February-2015. The indicator grew from 56.6 in March-17 to 57.7 in April-17. Output and new orders increased at a robust pace in April, with the indices at 62.6 and 63.2 respectively. The construction sector saw a sharp improvement in business conditions during the month as well, after lagging the other key sectors since the start of the year as the index grew more than 3 points to 57.9 in April, indicating the fastest rate of growth since March 2015. Employment (51.2) increased at a slightly faster rate than in March but jobs growth remains sluggish overall, particularly when compared with the rate of new work and output growth.

DFM Monthly Sector Performance



Monthly Value Traded (AED Mn)



Source: Dubai Financial Market, KAMCO Research

Qatar Exchange

Monthly Indicators	Jun-16	Jul-16	Aug-16	Sep-16	Oct-16	Nov-16	Dec-16	Jan-17	Feb-17	Mar-17	Apr-17	May-17
QE 20 Index	9,885.2	10,604.0	10,989.8	10,435.5	10,173.0	9,793.8	10,436.8	10,597.2	10,702.1	10,390.6	10,064.4	9,901.4
Monthly % Change	3.6%	7.3%	3.6%	(5.0%)	(2.5%)	(3.7%)	6.6%	1.5%	1.0%	(2.9%)	(3.1%)	(1.6%)
Market Cap (QAR Bn)	532.2	568.2	588.1	560.3	548.5	526.6	563.5	568.6	577.7	556.3	542.4	528.6
P/E (X) - TTM	12.77	13.55	14.17	13.50	13.45	13.04	13.85	14.34	15.00	14.58	14.42	13.76
P/BV (X) - TTM	1.48	1.58	1.63	1.55	1.51	1.45	1.56	1.52	1.48	1.44	1.40	1.35
Dividend Yield (%)	4.07%	3.82%	3.72%	3.91%	4.00%	4.18%	3.93%	3.91%	3.79%	3.97%	4.03%	4.14%
Volume (Mn Shares)	89	98	164	132	121	188	190	190	188	287	183	231
Value (QAR Mn)	3,282	3,785	6,799	5,934	4,360	5,822	7,204	5,757	6,723	10,292	4,681	5,936
Trades	48,686	58,170	99,903	76,124	56,888	73,428	71,747	76,729	81,708	103,717	62,981	70,499

Source: Qatar Exchange, KAMCO Research

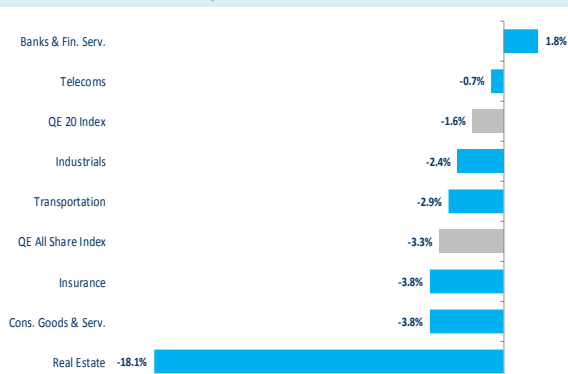
The QE 20 index continued its negatives trends into May-17, even as general sentiment across other markets in the GCC was along similar lines of exhibiting m-o-m declines. The index was down 1.6% m-o-m in May-17 and closed below the 10,000 point mark at 9901.38 points. The Qatar All Share index which maps the broader index witnessed higher declines and dropped by 3.3% m-o-m, as all sectoral indices barring one were down as compared to April-17. Banking was the only index which stayed above its previous month close as it gained by 1.8% m-o-m. The m-o-m increase was ascribed to large cap banks led by CBQ (+3.7%), QNB (+1.7%) and QIB (+1.9%). Real Estate was the main sectoral index which pulled down the overall index as the sector plunged by over 18% m-o-m, in large part due to a 27.5% drop in Ezdan. The drop was ascribed to the developer's shareholders giving a preliminary approval to take the company private.

In corporate developments, Qatar Islamic Bank (QIB), signed a USD 925 Mn (QAR 3.4 Bn) structured Shari'a compliant financing facility with Gulf Drilling International Limited QSC. This new facility will be used to re-organize the company's debt and further enhance its operational and financial performance. Separately, Barwa Real Estate announced the signing of contract for the construction of phase 2 of Madinat Al Mawater with INSHA Co. that has also developed Phase-1 of the project. The contract value amounts to QAR 112.5 Mn and with a construction duration of 12 months so as to meet the growing leasing demands on the project.

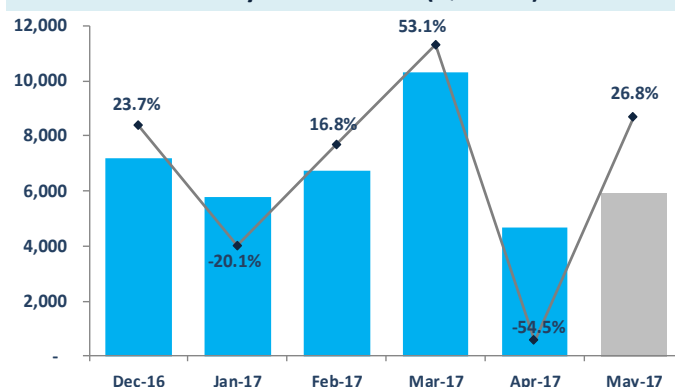
Trading activity on the index turned and was positive as well, as value traded during May-17 increased by 26.8% to reach QAR 5.9 Bn, while traded volumes improved by 26.0% m-o-m to reach 231 Mn shares. In terms of trading activity, Qatar National Bank topped the monthly value traded chart with QAR 573 Mn worth of shares traded, followed by Vodafone Qatar and Ezdan Holding recording QAR 535 Mn and QAR 516 Mn in monthly value traded. In terms of volumes, traded Vodafone Qatar led all stocks with traded volumes of 59 Mn shares. Ezdan holding and Qatar First Bank followed with traded volumes of 35.7 Mn shares and 35.5 Mn shares respectively. Islamic holding Group was the top performing stock in the index for the month as its share price surged by 8.6%. Masraf Al Rayan followed along with Commercial Bank of Qatar, as their stock prices moved up by 6.0% and 3.7% respectively. On the other hand, shares of Ezdan Holding led the monthly losers chart with its stock losing 27.5% m-o-m. Al Ahli Bank of Qatar and Qatar Cinema & Film Distribution followed with declines of 13.7% and 13.6% respectively for the month.

In economic updates, ratings agency Moody's downgraded the Government of Qatar's long-term issuer and senior unsecured debt ratings to Aa3 from Aa2 and changed the outlook to stable from negative. Key drivers for the ratings downgrade were a weakening of Qatar's external position and uncertainty over the sustainability of the country's growth model over the medium to long term. The stable outlook is ascribed to the implementation of fiscal and economic reforms, coupled with sizable reserve buffers, will help shield Qatar's credit profile from deteriorating further. Moody's also lowered Qatar's long-term foreign-currency bond and deposit ceilings to Aa3 from Aa2, whereas the short-term foreign-currency bond and deposit ceilings remain unchanged at P-1.

QE Monthly Sector Performance



Monthly Value Traded (QAR Mn)



Source: Qatar Exchange, KAMCO Research

Bahrain Bourse

Monthly Indicators	Jun-16	Jul-16	Aug-16	Sep-16	Oct-16	Nov-16	Dec-16	Jan-17	Feb-17	Mar-17	Apr-17	May-17
Bahrain All Share Index	1,118.37	1,155.62	1,142.21	1,150.00	1,148.83	1,174.12	1,220.45	1,303.70	1,349.67	1,355.99	1,335.67	1,319.75
Monthly % Change	0.6%	3.3%	(1.2%)	0.7%	(0.1%)	2.2%	3.9%	6.8%	3.5%	0.5%	(1.5%)	(1.2%)
Market Cap (BHD Mn)	6,615	6,836	6,757	6,803	6,796	6,946	7,221	7,721	7,995	7,683	7,575	7,487
P/E (X) - TTM	9.20	9.66	9.67	9.47	9.70	9.29	9.68	9.97	9.92	10.06	9.60	9.30
P/BV (X) - TTM	0.77	0.80	0.78	0.77	0.78	0.80	0.83	0.89	0.89	0.87	0.86	0.85
Dividend Yield (%)	4.44%	4.27%	4.45%	4.88%	4.47%	4.39%	4.22%	3.95%	4.44%	4.96%	5.03%	5.10%
Volume (Mn Shares)	75	36	75	37	29	55	211	136	86	96	141	61
Value (BHD Mn)	18	8	21	6	6	12	10	26	18	24	19	14
Trades	873	996	1,080	789	750	998	1,163	2,164	1,621	1,864	1,684	1,146

Source: Bahrain Bourse, KAMCO Research

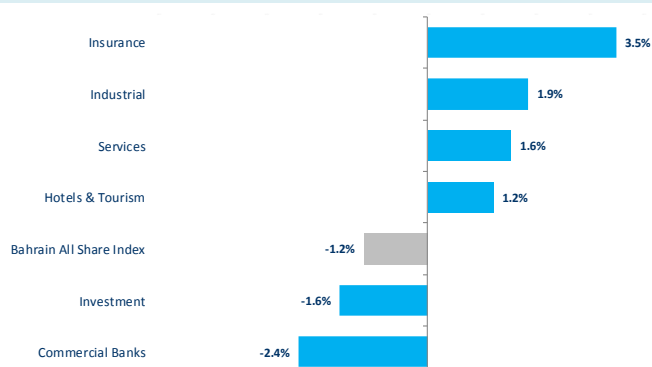
The Bahrain All Share Index, which was one of the best performing markets up until March-17, followed trends from April-17 and receded in May-17. The index however witnessed lower declines than most of the GCC and closed 1.2% lower on a m-o-m basis during the current month. The index closed at 1319.75 points at the end of the month. Sectoral performance was mixed, as there were indices, which gained and receded. Market breadth for the index was broadly even, as 11 stocks gained ground, while 10 stocks witnessed declines in their share prices. Commercial Banks were down 2.4% m-o-m as compared to April-17, as Ahli United Bank declined by 3.6% m-o-m. The Investment sector was the other poor performing index dropping by 1.6% m-o-m, as GFH and Arab Banking Corporation declined by 5.7% and 1.6% respectively by the end of May-17. Insurance was the best performing index as the sector gained by 3.5% m-o-m as compared to the previous month followed by the Industrials sector, which moved up by 1.9%.

In earning releases, SICO announced that net profit for the first quarter of 2017 increased to BHD 1.32 Mn as compared with BHD 30,000 for the corresponding period in 2016. Operating income grew by 121% to BHD 2.9 Mn from BHD 1.31 Mn a year earlier, ascribed to higher revenues being generated by all business lines. Total operating expenses, which includes staff overheads, general administration and other expenses, increased marginally to BHD 1.39 Mn from BHD 1.37Mn. EPS came in at 3.07 fils as compared with 0.07 fils for the Q1-16. Separately Batelco reported Gross Revenues of BD 89.7M (US\$237.9M), in line with the prior year, with a marginal 1% decrease y-o-y. Group net profit was BHD 8.2 Mn; a 14% decline compared to Q1 2016 and was impacted by a BHD 1.5 Mn loss from Yemen associate.

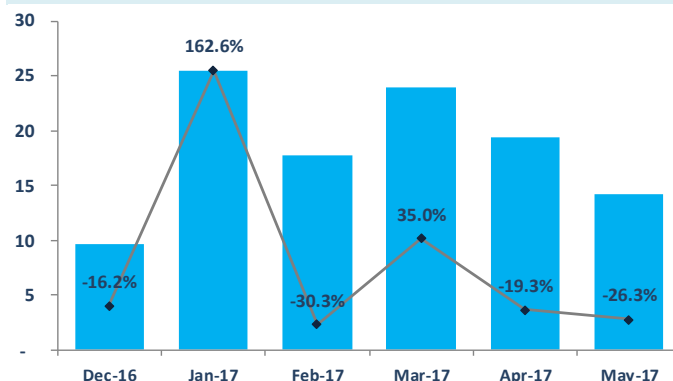
Volumes traded in the exchange reached 61 Mn and moved down by over 56.6% m-o-m as compared to 141 Mn shares in April-17. Value traded declined by over 26% in the exchange to reach BHD 14.3 Mn in May -17, as compared to BHD 20.7 Mn in April-17. Furthermore, the number of trades made in the exchange decreased to 1,146 trades, a 31.9% m-o-m drop from April-17. Ahli United Bank was the most actively traded stock in April-17 with BHD 3.5 Mn worth of its shares traded on the exchange. Arab Insurance Group and Aluminum Bahrain followed with BHD 1.8 Mn and BHD 1.6 Mn worth of shares traded. Bahrain National Holding topped the gainers list for the month of May -17, as it witnessed a m-o-m increase of 13.9%, followed by Bahrain Commercial Facilities and Trafco with monthly gains of 7.3% and 6.4% respectively as compared to April-17.

In sectoral ratings updates, Moody's maintained its negative outlook on Bahrain's banking system to reflect the challenges posed by weakening economic growth, the sector's exposure to government debt and the authorities' lower capacity to support banks. The agency expects modest pressure on asset quality over the outlook period, with NPLs rising to around 7.0% of gross loans from the already weak 6.3% at the end of 2016. The agency reportedly expects Bahrain's banking system-overall lending, which was flat in 2016, to expand by 3% in next 12 to 18 months, supported by infrastructure projects. In addition, they reportedly expect Bahrain's relatively diversified non-oil economy to slow to 2.5% in 2017-18, from a strong 3.7% in 2016.

BSE Monthly Sector Performance



Monthly Value Traded (BHD Mn)



Source: Bahrain Bourse, KAMCO Research

Muscat Securities Market

Monthly Indicators	Jun-16	Jul-16	Aug-16	Sep-16	Oct-16	Nov-16	Dec-16	Jan-17	Feb-17	Mar-17	Apr-17	May-17
MSM 30 Index	5,777.3	5,843.8	5,735.0	5,726.2	5,481.4	5,487.7	5,782.7	5,776.2	5,780.0	5,550.6	5,513.5	5,422.0
Monthly % Change	(0.6%)	1.2%	(1.9%)	(0.2%)	(4.3%)	0.1%	5.4%	(0.1%)	0.1%	(4.0%)	(0.7%)	(1.7%)
Market Cap (OMR Mn)	7,233	7,313	7,351	7,555	7,930	7,946	5,055	4,959	4,944	6,153	5,991	4,705
P/E (X) - TTM	9.99	9.79	9.67	9.66	9.35	9.54	10.08	10.21	9.91	9.57	10.76	10.72
P/BV (X) - TTM	1.13	1.14	1.12	1.13	1.08	1.08	1.15	1.13	1.12	1.06	1.07	1.05
Dividend Yield (%)	6.43%	6.29%	6.35%	6.34%	5.38%	5.39%	5.11%	5.23%	5.33%	5.70%	5.68%	5.80%
Volume (Mn Shares)	254	179	199	227	127	187	147	192	280	258	203	232
Value (OMR Mn)	59	46	52	45	43	58	44	52	99	73	45	43
Trades	11,527	12,377	13,074	5,563	7,975	5,847	8,793	11,583	12,280	12,395	10,204	9,848

Source: Muscat Securities Market, KAMCO Research

Oman continued to slide for the third consecutive month amidst a broad-based decline in the GCC. The MSM 30 Index dropped 1.7% during May-17 to reach 5,421.95 points on the back of weakness in Industrial and Services indices while the Financial index ended flat during the month. The Industrial index dropped 2.1% during May-17 as none of the constituent stocks reported gains during the month. Al Maha Ceramics reported the biggest decline of 9.8% followed by 7.8% decline in shares of Raysut Cement. The Services index dropped 1.8% during the month, repeating the performance of the industrial index with all the constituent stocks reporting a decline. In the Financial index, which ended flat during the month, small cap stocks recorded gains that were offset by marginal decline in most of the larger stocks in the index.

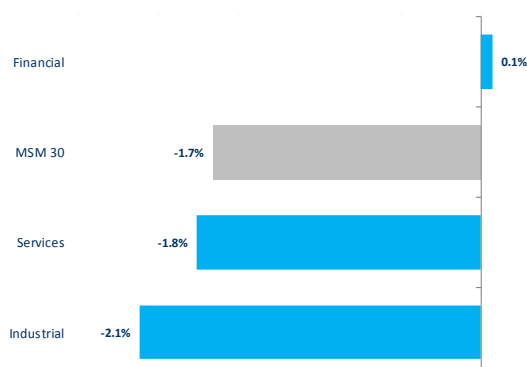
Al Madina Takaful topped the monthly gainers chart with a gain of 26.3% followed by 10.6% gains for Al Madina Investment Company and 2.5% monthly gains for Al Anwar Holding. On the monthly decliners side, Al Maha Ceramics topped the chart with a decline of 9.8% followed by Oman Investment & Finance and Raysut Cement with declines of 8.8% and 7.8%, respectively. The monthly market breadth was strongly skewed towards decliners that included 20 companies as against 7 gainers.

Trading activity in the regular market witnessed some improvement during the month after declining for the previous two month primarily due to higher trading days during May-17 (23 days) as compared to 20 days during April-17. Monthly volume of share traded increased by 15% to 232 Mn shares as compared to 203 Mn shares during the previous month, while selling activity resulted in a decline in monthly value traded which declined by 4% to OMR 43 Mn as compared to OMR 45 Mn during April-17. The average daily volume of shares traded remained flat at 10.1 mn shares whereas the average daily value traded dropped 16.5% to OMR 1.9 Mn as compared to OMR 2.3 Mn during April-17.

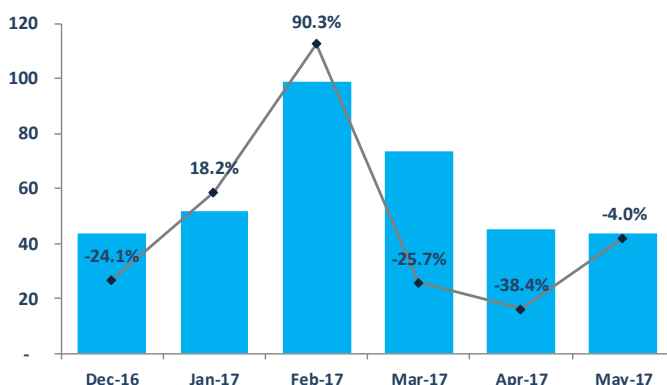
Al Madina Takaful topped the monthly value traded chart with OMR 11.5 Mn worth of shares traded during May-17 followed by Oman Telecom and Bank Muscat recording OMR 4.7 Mn and OMR 4.5 Mn worth of shares changing hands. Al Madina Takaful also topped the monthly volume chart with 104.6 Mn shares traded during the month followed by Al Madina Investment Co. and Al Anwar Holding recording 38.2 Mn shares and 19.4 Mn shares, respectively.

On the economic front, S&P lowered Oman's long-term rating below investment grade to BB+ from BBB- with a Negative outlook. The agency highlighted Oman's steep decline in its net external asset position from 60% a year ago to 30% currently. S&P has also estimated a current account deficit of 10% of GDP for 2017 and 2018 due to the decline in oil prices. Nevertheless, Moody's and Fitch ratings continue to maintain Oman's rating at three notches and two notches above S&P's new rating, respectively. Oman continues to raise debt in the international market in order to finance its deficits that are well received by investors. In March-17 the Sultanate issued a USD 5 Bn conventional bond and last week it issued USD 2 Bn in Islamic bonds, according to a report.

MSM Monthly Sector Performance



Monthly Value Traded (OMR Mn)



Source: Muscat Securities Market, KAMCO Research

Disclaimer & Important Disclosures

KAMCO is authorized and fully regulated by the Capital Markets Authority ("CMA, Kuwait") and partially regulated by the Central Bank of Kuwait ("CBK")

This document is provided for informational purposes only. Nothing contained in this document constitutes investment, an offer to invest, legal, tax or other advice or guidance and should be disregarded when considering or making investment decisions. In preparing this document, KAMCO did not take into account the investment objectives, financial situation and particular needs of any particular person. Accordingly, before acting on this document, investors should independently evaluate the investments and strategies referred to herein and make their own determination of whether it is appropriate in light of their own financial circumstances and objectives. The entire content of this document is subject to copyright with all rights reserved. This research and the information contained herein may not be reproduced, distributed or transmitted in Kuwait or in any other jurisdiction to any other person or incorporated in any way into another document or other material without our prior written consent.

Analyst Certification

Each of the analysts identified in this report certifies, with respect to the sector, companies or securities that the individual analyses, that (1) the views expressed in this report reflect his or her personal views about all of the subject companies and securities and (2) no part of his or her compensation was, is or will be directly or indirectly dependent on the specific recommendations or views expressed in this report.

KAMCO Ratings

KAMCO investment research is based on the analysis of regional and country economics, industries and company fundamentals. KAMCO company research reflects a long-term (12-month) target price for a company or stock. The ratings bands are:

- * **Outperform:** Target Price represents expected returns $\geq 10\%$ in the next 12 months
- * **Neutral:** Target Price represents expected returns between -10% and $+10\%$ in the next 12 months
- * **Underperform:** Target Price represents an expected return of $<-10\%$ in the next 12 months

In certain circumstances, ratings may differ from those implied by a fair value target using the criteria above. KAMCO policy is to maintain up-to-date fair value targets on the companies under its coverage, reflecting any material changes to the analyst's outlook on a company. Share price volatility may cause a stock to move outside the rating range implied by KAMCO's fair value target. Analysts may not necessarily change their ratings if this happens, but are expected to disclose the rationale behind their view to KAMCO clients.

Any terms and conditions proposed by you which are in addition to or which conflict with this Disclaimer are expressly rejected by KAMCO and shall be of no force or effect. The information contained in this document is based on current trade, statistical and other public information we consider reliable. We do not represent or warrant that such information is fair, accurate or complete and it should not be relied upon as such. KAMCO has no obligation to update, modify or amend this document or to otherwise notify a recipient thereof in the event that any opinion, forecast or estimate set forth herein, changes or subsequently becomes inaccurate. The publication is provided for informational uses only and is not intended for trading purposes. The information on publications does not give rise to any legally binding obligation and/or agreement, including without limitation any obligation to update such information. You shall be responsible for conducting your own investigation and analysis of the information contained or referred to in this document and of evaluating the merits and risks involved in the securities forming the subject matter of this or other such document. Moreover, the provision of certain data/information in the publication may be subject to the terms and conditions of other agreements to which KAMCO is a party.

Nothing in this document should be construed as a solicitation or offer, or recommendation, to acquire or dispose of any investment or to engage in any other transaction, or to provide any investment advice or service. This document is directed at Professional Clients and not Retail Clients within the meaning of CMA rules. Any other persons in receipt of this document must not rely upon or otherwise act upon it. Entities and individuals into whose possession this document comes are required to inform themselves about, and observe such restrictions and should not rely upon or otherwise act upon this document where it is unlawful to make to such person such an offer or invitation or recommendation without compliance with any authorization, registration or other legal requirements.

Risk Warnings

Any prices, valuations or forecasts are indicative and are not intended to predict actual results, which may differ substantially from those reflected. The value of an investment may go up as well as down. The value of and income from any investment may fluctuate from day to day as a result of changes in relevant economic markets (including, without limitation, foreseeable or unforeseeable changes in interest rates, foreign exchange rates, default rates, prepayment rates, political or financial conditions, etc.).

Past performance is not indicative of future results. Any opinions, estimates, valuations or projections (target prices and ratings in particular) are inherently imprecise and a matter of judgment. They are statements of opinion and not of fact, based on current expectations, estimates and projections, and rely on beliefs and assumptions. Actual outcomes and returns may differ materially from what is expressed or forecasted. There are no guarantees of future performance. Certain transactions, including those involving futures, options, and other derivatives, give rise to substantial risk and are not suitable for all investors. This document does not propose to identify or to suggest all of the risks (direct or indirect) which may be associated with the investments and strategies referred to herein.

Conflict of Interest

KAMCO and its affiliates provide full investment banking services, and they and their directors, officers and employees, may take positions which conflict with the views expressed in this document. Salespeople, traders, and other professionals of KAMCO may provide oral or written market commentary or trading strategies to our clients and our proprietary trading desks that reflect opinions that are contrary to the opinions expressed in this document. Our asset management area, our proprietary trading desks and investing businesses may make investment decisions that are inconsistent with the recommendations or views expressed in this document. KAMCO may have or seek investment banking or other business relationships for which it will receive compensation from the companies that are the subject of this document. Facts and views presented in this document have not been reviewed by, and may not reflect information known to, professionals in other KAMCO business areas, including investment banking personnel. United Gulf Bank, Bahrain owns majority of KAMCO's shareholding and this ownership may create, or may create the appearance of, conflicts of interest.

No Liability & Warranty

KAMCO makes neither implied nor expressed representations or warranties and, to the fullest extent permitted by applicable law, we hereby expressly disclaim any and all express, implied and statutory representations and warranties of any kind, including, without limitation, any warranty as to accuracy, timeliness, completeness, and fitness for a particular purpose and/or non-infringement. KAMCO will accept no liability in any event including (without limitation) your reliance on the information contained in this document, any negligence for any damages or loss of any kind, including (without limitation) direct, indirect, incidental, special or consequential damages, expenses or losses arising out of, or in connection with your use or inability to use this document, or in connection with any error, omission, defect, computer virus or system failure, or loss of any profit, goodwill or reputation, even if expressly advised of the possibility of such loss or damages, arising out of or in connection with your use of this document. We do not exclude our duties or liabilities under binding applicable law.



KAMCO Investment Company - K.S.C. (Public)

Al-Shaheed Tower, Khalid Bin Al-Waleed Street- Sharq

P.O. BOX : 28873, Safat 13149, State of Kuwait

Tel: (+965) 1852626 Fax: (+965) 22492395

Email : Kamcoird@kamconline.com

Website : <http://www.kamconline.com>