

## GCC Markets Monthly Report

July-2014

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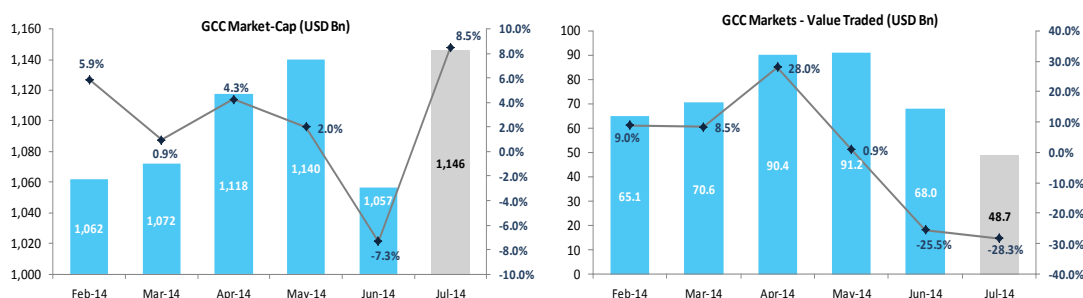
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**GCC markets were back in the green** during July-2014 after seeing steep decline in the previous month. A positive start to 1H-14 earnings season seems to have given the reassurance about the health of the corporates and investors seem to have used the previous month's decline to buy beaten down stocks. Trading activity declined due to Ramadan season and is expected to increase in the coming months.

**DFM again witnessed high volatility this month too as it started the month on a strong note** climbing 3.2% on the first day of trading led by jump in shares of heavy-weight Emaar Properties. The market was further pushed climbing by almost 16% during the first four days of trading in July as Arabtec Holding revived investor confidence in a market when Aabar Investments, said that the 3% stake sale in the construction company in June-14 was misunderstood by the investors and that it may again increase its stake in the builder. Arabtec stocks seems to be dictating the movement of the DFM in the last couple of months and this month too Arabtec shares were up by almost 62.8% in month which also pulled other market constituents. As a result, DFM is still showing a strong YTD growth of 43.0% at the end of Jul-14.

**The month also saw positive news from Saudi Arabia** after the market regulator announced plans to open the Saudi stock market to foreign investors during the first half of 2015 sending shares to six-year high levels breaching the 10,000 mark for the first time since the 2008 financial crisis. Trading by qualified foreign investors is expected to provide a liquidity boost to companies listed on the exchange. The move also comes as a big step towards inclusion directly to the MSCI EM Index with MSCI contemplating to add the market earliest by 2017 depending on compliance issues. We believe that this announcement will be the game changer as we expect to see international fund flow coming to KSA and to GCC also.

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	481.8	2.6%	6.4%	113.6	871.5	19.6	1.4	3.0%
Saudi Arabia	10,214.7	7.4%	19.7%	562.3	32,702.2	19.8	2.4	2.8%
Abu Dhabi	5,055.0	11.1%	17.8%	138.9	2,133.9	14.8	1.7	3.8%
Dubai	4,819.1	22.2%	43.0%	97.1	9,277.6	18.3	1.6	2.1%
Qatar	12,877.3	12.1%	24.1%	189.5	3,451.8	16.6	2.4	3.3%
Bahrain	1,471.7	3.1%	17.8%	22.2	17.8	14.1	1.1	3.4%
Oman	7,200.7	2.7%	5.4%	22.5	277.3	12.1	1.8	3.5%
<b>Total GCC</b>				<b>1,146.2</b>	<b>48,732.1</b>	<b>18.0</b>	<b>2.0</b>	<b>3.0%</b>



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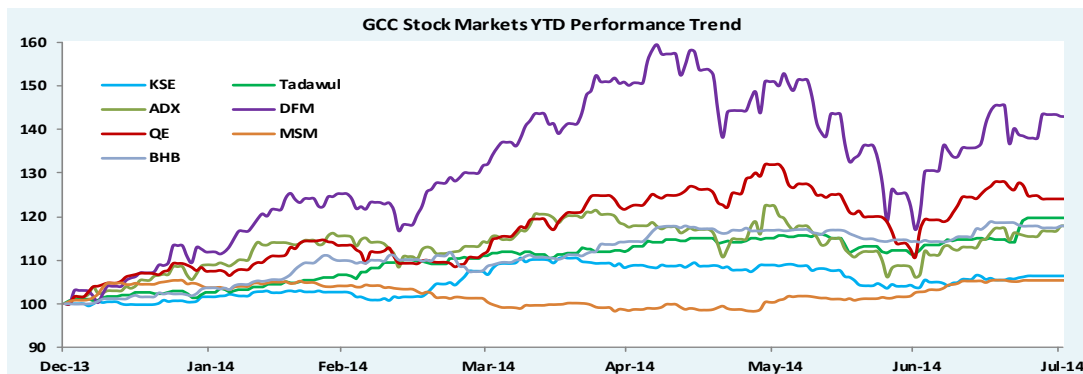
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Source: GCC Stock Exchanges, KAMCO Research

## Kuwait Stock Exchange

Period	Aug-13	Sep-13	Oct-13	Nov-13	Dec-13	Jan-14	Feb-14	Mar-14	Apr-14	May-14	Jun-14	Jul-14
<b>KAMCO TRWI</b>	<b>2,793.5</b>	<b>2,849.4</b>	<b>2,869.8</b>	<b>2,832.4</b>	<b>2,808.2</b>	<b>2,840.2</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>
Monthly % Change	(1.2%)	2.0%	0.7%	(1.3%)	(0.9%)	1.1%	0.8%	2.7%	1.3%	0.0%	(3.3%)	1.8%
<b>KSE Price Index</b>	<b>7,632.6</b>	<b>7,767.0</b>	<b>7,946.4</b>	<b>7,785.5</b>	<b>7,549.5</b>	<b>7,755.8</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>
Monthly % Change	(5.4%)	1.8%	2.3%	(2.0%)	(3.0%)	2.7%	(0.8%)	(1.6%)	(2.2%)	(1.6%)	(4.4%)	2.3%
<b>KSE Weighted Index</b>	<b>451.4</b>	<b>462.8</b>	<b>467.5</b>	<b>459.0</b>	<b>452.9</b>	<b>460.1</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>
Monthly % Change	(2.3%)	2.5%	1.0%	(1.8%)	(1.3%)	1.6%	1.1%	3.9%	1.8%	0.3%	(4.7%)	2.6%
<b>Kuwait 15 Index</b>	<b>1,049.6</b>	<b>1,094.8</b>	<b>1,101.9</b>	<b>1,083.3</b>	<b>1,068.4</b>	<b>1,077.5</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>
Monthly % Change	(1.7%)	4.3%	0.6%	(1.7%)	(1.4%)	0.9%	2.2%	6.7%	2.3%	0.6%	(5.7%)	3.2%
<b>Market Cap (KWD Mn)</b>	<b>30,520</b>	<b>31,718</b>	<b>32,088</b>	<b>31,488</b>	<b>31,107</b>	<b>31,601</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>
P/E (X)	21.66	21.25	21.10	20.70	19.80	19.60	20.00	18.90	19.90	20.02	19.02	19.63
P/BV (X)	1.43	1.45	1.47	1.44	1.40	1.43	1.43	1.43	1.46	1.43	1.38	1.42
Dividend Yield	2.80%	2.70%	2.67%	2.72%	2.83%	2.78%	2.73%	3.00%	2.96%	2.73%	3.12%	3.04%
Volume (Mn Shares)	4,763	10,950	7,109	4,975	5,128	8,106	4,520	4,698	4,518	3,510	2,962	2,423
Value (KD Mn)	469	1,007	625	531	516	718	535	620	626	439	441	247
Trades ('000)	93.9	248.5	151.7	120.1	118.7	142.1	95.2	107.5	110.0	76.2	76.9	52.8

Source: Kuwait Stock Exchange, KAMCO Research

KSE reported modest monthly gains (+2.6%) during July-14 as compared to the rest of the GCC markets primarily due to a general lack of catalyst and a slow but positive start to the 1H-14 earnings season. Trading was primarily targeted towards small-cap speculative stocks in order to make short term gains by betting on earnings, which was a reversal from large-cap focused trading in the previous month. This was also evident in the wide difference in the monthly decline seen in value and volume traded. In addition, the month of Ramadan affected overall volumes and investor participation in the market. Political and regulatory developments in Kuwait remained muted except for the approval of independent budget for fiscal 2014/2015 at the start of the month.

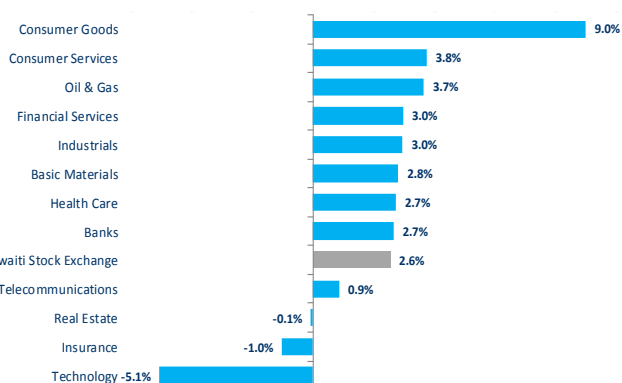
The monthly gainers chart was topped by Salbookh Trading with monthly return of 45.0%. Ithmaar Bank and GFH saw monthly returns of 32.8% and 29.7%, respectively. Among the losers, Zima Holding topped the chart, followed by Shaiba Industrial and Al Safat TEC Holding with monthly declines of 28.3%, 17.3% and 15.0%, respectively. The overall market breadth was skewed towards monthly gainers that included 108 companies as against losers which include 46 companies.

Total trading volume declined during July-14 by 18.2% to reach 2.4 Bn shares against 3.0 Bn shares in June-14. The daily average volume declined to 219.5 Mn shares during July-14, compared to 232.1 Mn shares in June-14. Value traded also declined sharply by 44.1% to reach KWD 246.8 Mn with an average daily value of KWD 25.9 Mn in July-14, against KWD 27.7 Mn in June-14. Investors continued to focus on large-cap stocks including KFH, NBK, Agility, and Zain. The volume chart continues to be dominated by small-cap stocks including Al Madina for Finance and Investment, Safat Energy and Al Deera. KSE's market capitalization went up by 2.7% during July-14 to reach KWD 32.2 Bn (USD 113.6 Bn).

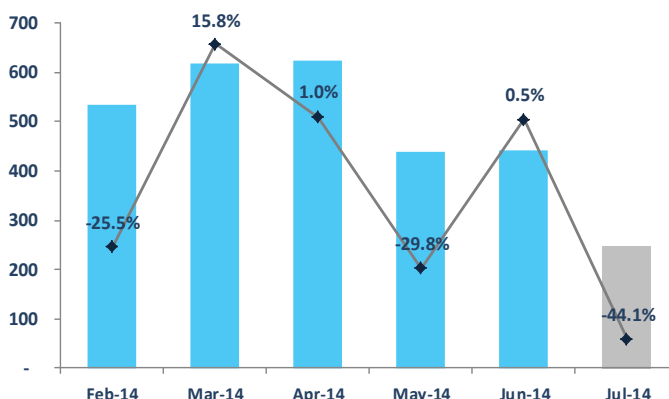
July 2014 also marked the commencement of 1H-14 earnings season with Kuwaiti banks reporting positive earnings development. Boubyan Bank reported the strongest earnings growth at KWD 12.6 Mn, which more than doubled over 1H-13 earnings. National Bank of Kuwait also reported a 12.6% growth in 1H-14 earnings. Total 1H-14 profits reported by Kuwaiti Banks increased by a strong 17.5% to KWD 327.5 Mn as compared to KWD 278.8 Mn in 1H-13.

KSE's continues to trade at a premium valuation in terms of P/E as compared to rest of the GCC market. KSE P/E stood at 19.6x at the end of July-14 as compared to GCC average P/E of 18.0x. In terms of P/BV, however, the KSE trades at a discounted valuation of 1.4x as compared to GCC average of 2.0x. We expect the KSE to continue to trade on the positive territory on the back of positive 1H-14 earnings.

### KSE Sector Performance



### Value Traded (KWD Mn)



Source: Kuwait Stock Exchange, KAMCO Research

## Saudi Arabia (Tadawul)

Period	Aug-13	Sep-13	Oct-13	Nov-13	Dec-13	Jan-14	Feb-14	Mar-14	Apr-14	May-14	Jun-14	Jul-14
<b>Tadawul All Share Index</b>	<b>7,766.5</b>	<b>7,964.9</b>	<b>8,044.5</b>	<b>8,325.3</b>	<b>8,535.6</b>	<b>8,760.6</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>
Monthly % Change	(1.9%)	2.6%	1.0%	3.5%	2.5%	2.6%	3.9%	4.0%	1.2%	2.5%	(3.2%)	7.4%
<b>Market Cap (SAR Bn)</b>	<b>1,541.8</b>	<b>1,574.1</b>	<b>1,627.3</b>	<b>1,704.3</b>	<b>1,752.9</b>	<b>1,801.8</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>
P/E (X)	16.24	16.44	16.99	17.80	17.64	18.13	18.76	18.68	18.95	19.31	18.30	19.82
P/BV (X)	1.96	1.99	2.05	2.15	2.04	2.10	2.17	2.32	2.35	2.40	2.17	2.36
Dividend Yield	3.57%	3.50%	3.39%	3.23%	3.15%	3.06%	2.96%	3.09%	3.05%	2.99%	3.07%	2.83%
Volume (Mn Shares)	3,841	4,571	2,972	3,428	4,335	4,922	5,188	7,125	7,546	8,011	5,352	3,529
Value (SAR Mn)	93,469	114,399	116,509	94,912	115,885	139,255	135,153	193,969	232,300	242,531	180,033	122,639
Trades ('000)	1,838	2,183	2,138	1,550	2,143	2,540	2,228	3,015	3,902	3,705	3,119	2,412

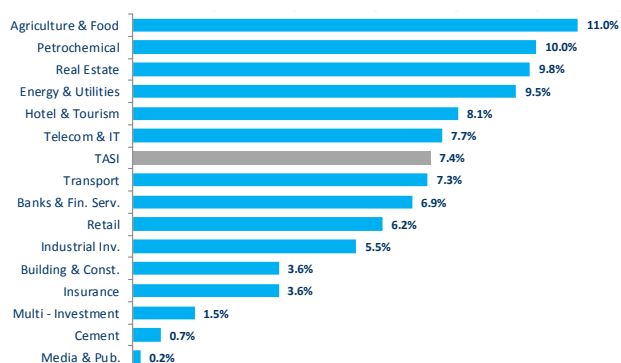
Source: Tadawul, KAMCO Research

Saudi stock market saw strong growth as benchmark index TASI reported monthly gains of 7.4% during July-14 on the back of the announcement from the Capital Markets Authority that it will open the stock exchange to foreign investors starting from 2015. The news sent the index to a 6-year high level breaching the 10,000 mark for the first time since the financial crisis. According to draft regulations, the market would be open to qualified foreign institutional investors with minimum AUM of USD 5 Bn and with a minimum financial services track record of 5 years. The news led to a buying interest in the market and the TASI index has been on an upward trajectory since the announcement and was up by almost 4.4% after the news came on July 21, 2014. Also, the investors seems to be catching the valuations as the market indices had dropped significantly in June-2014. Banks & Financial services and Petrochemical stocks dominated the trading in terms of value traded constituting around 28.2% of total traded value on the exchange which Cement and Insurance stocks dominated the volume of shares traded, constituting around 33% of the total volume of shares traded on the bourse. Further support came as companies reported strong 1H-14 earnings. The largest y-o-y gain was reported by Saudi Electricity Co (SEC), which reported a 144% increase in Q2-14 net profit to reach SAR 3.7 Bn due to a SAR 2.6 Bn one-time gain relating to provisions for doubtful receivables from subscribers. SEC stock gained more than 10% in the month. Meanwhile, Saudi Telecom Company (STC) also reported a 96% jump in its Q2-14 earnings because of a change in the valuation of an Asian divestment. STC stock too jumped around 9.3% in July.

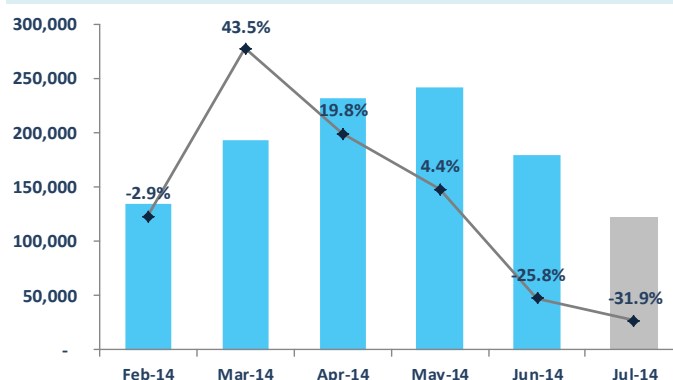
The market heavy-weight, SABIC reported a 7% jump in Q2-14 net profit to reach SAR 6.5 Bn supported by higher production and sales volumes coupled with higher prices for products, partly offset by a dip in sales volumes and an increase in feedstock costs for some products. The majority of the other companies in the petrochemicals sector also reported a year-on-year increase in net profits, sending the total profits for the sector up by 15.9% to SAR 9.2 Bn. As a result, petrochemical index reported a monthly growth of 10% in July which was mainly due to more than 12% gain in the SABIC stock price. SIPCHEM was among the major gainers of the month reporting a growth of 19.8% in July. The banking sector also saw significant year-on-year growth in net profits. This helped create buying interest in the sector and mid-cap banks such as SHB (+16.8%) and BSFR (+14.5%) helped the banking sector index notch a monthly growth of around 7% in the month. In fact, in the month of July, positive sentiments led to all the sector indices reporting monthly gains.

Insurance sectors seems to be out of the favor during the month as most of the top losers were from the sector led by Al Alamiya (-26.3%), Wafa Insurance (-20.5%), Gulf Union (-17.6%) and Al Ahlia Insurance (-14.8%). However BUPA Arabia (+22.1%), Tawuniya (+17.3%), MedGulf (+17.4%) and Jazira Takaful (+10.2%) helped the sector index report a modest gain of 3.6% during the month. The gainers chart was topped by the newly listed stocks Al Hammadi Co. For Dev. and Inv. and Abdul Mohsen Al-Hokair Group for Tourism and Development Company each gaining 111.6% and 36.7% by the end of the month. The latter was also the most liquid stock in the market with a monthly value traded amounting to SAR 8.19 Bn. This is in-line with the trend that recently listed stocks tend to have the high secondary market trading and evince investors' interest leading to steep rise in their prices.

### Tadawul Sector Performance



### Value Traded (SAR Mn)



Source: Tadawul, KAMCO Research

## Abu Dhabi Securities Exchange

Period	Aug-13	Sep-13	Oct-13	Nov-13	Dec-13	Jan-14	Feb-14	Mar-14	Apr-14	May-14	Jun-14	Jul-14
ADX General Index	3,734.6	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
Monthly % Change	(2.9%)	2.9%	0.1%	0.1%	11.4%	8.9%	6.1%	(1.3%)	3.1%	4.1%	(13.4%)	11.1%

Market Cap (AED Bn)	403.9	410.3	407.4	408.0	447.3	484.4	505.1	496.9	507.4	537.3	471.3	510.4
P/E (X)	12.17	12.15	12.06	12.08	13.14	14.23	14.84	15.17	15.50	16.41	13.63	14.76
P/BV (X)	1.40	1.43	1.42	1.42	1.53	1.66	1.73	1.66	1.70	1.80	1.59	1.72
Dividend Yield	4.39%	4.32%	4.35%	4.34%	3.96%	3.66%	3.51%	3.73%	3.84%	3.65%	4.16%	3.84%
Volume (Mn Shares)	2,925	5,684	3,885	3,703	9,457	10,697	6,310	4,747	8,600	5,400	4,930	3,509
Value (AED Mn)	5,831	8,918	6,582	6,550	15,225	22,923	16,969	12,266	22,768	17,732	12,678	7,838
Trades	38,495	57,849	38,863	42,402	88,765	114,266	86,229	67,478	105,996	94,134	81,625	62,310

Source: Abu Dhabi Securities Exchange, KAMCO Research

ADX recovered most of the losses it saw during June-14 as the benchmark index gained 11.1% to end the month at 5,054.95 points amidst subdued trading activity due that affected monthly volumes and liquidity. Reflecting the lack of investor participation in the market, trading activity indicators plunged during the month of July showing double digit percentage declines. Volume traded was lower by 28.8% with 3.5 Bn shares compared to last month's 4.9 Bn shares traded. Value traded on the other hand saw an even steeper decline of 38.2% to record AED 7.8 Bn compared to last month's AED 12.7 Bn. Furthermore, the number of trades fell by 23.7% to 62,310 transactions executed during the month of July.

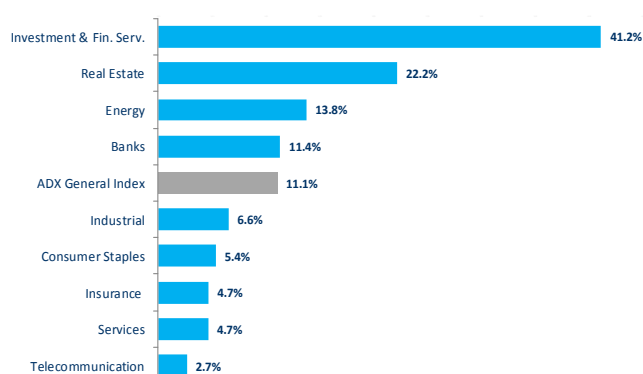
The ADX benchmark index resumed to show relative strength in terms of YTD and 12-month performance, registering a rise of 17.8% and 31.4% respectively, occupying the spot as the third best performing market compared to other GCC peers. The market saw no new company listings during the month of July and very few capital increases took place. Market capitalization, affected by the bullish sentiment, gained 8.5% reaching AED 510.4 Bn (USD 138.9 Bn) as of end July. Meanwhile, the general weakness in trading activity was coupled with the ongoing high market volatility over the previous three months, with the volatility as measured by the standard deviation reaching 22.4% in July compared to 20.0% and 29.2% in June and May, respectively.

Strong across the board buying led to all the sectoral indices reporting strong gains in the month led by Investment & Financial Services index which reported a growth of 41.2%. Among the major gainers in the sector were Waha Capital which reported more than 40% increase in its stocks prices in July. This can be attributed to its earnings announcement where it reported a net profit of AED 1.14 Bn for Q2-14, up from AED 38.4 Mn recorded in the corresponding period a year earlier. The increase in quarterly profit was largely due to a one-off gain related to its subsidiary, AerCap Holdings. Banking sector index too gained a strong 11.4% growth in the month on the back of ADCB (+27%), SIB (+18.6%) and ADIB (+7.2%). ADCB reported a 22% increase in Q2-14 net profit to record at AED 1.06 Bn primarily on the back of an accounting reduction in impairments as compared to the corresponding quarter in the previous year. The bank reported a decline in interest and non-interest incomes. NBAD saw profit growth of 20.1% on the back of non-interest income.

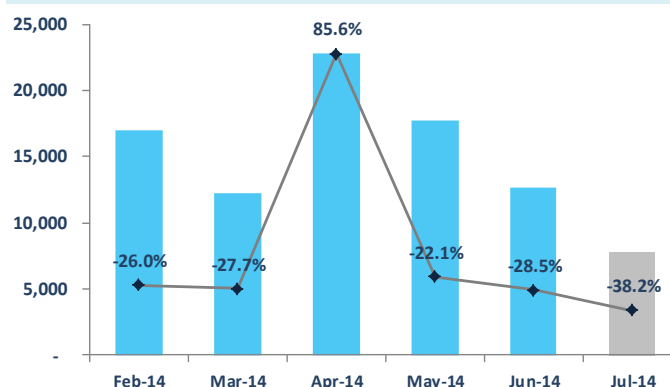
Total shares on the five most active stocks totaled to 3.1 Bn shares, contributing to 89% of total volume traded during the month of July. Property stocks dominated the investors' interest this month with Eshraq Properties being the most active stock with a volume of 1.3 Bn shares exchanging hands, valued at AED 1.8 Bn followed by Al Dar Properties with 640 Mn shares traded valued at AED 2.3 Bn. The representative Real Estate index surged by 22.2% during the month helped by RAK Properties (21.7%) and Aldar Properties (+21.6%).

ADX has reported YTD growth of around 16% till the end of July-2014 and the market has recovered strongly from the 13.4% decline seen in June-2014. We expect investors' to take new positions after getting a clearer picture of the corporate earnings. The markets valuation multiples have been trending higher and the earnings growth in the coming quarters needs to be watched out for.

### ADX Sector Performance



### Value Traded (AED Mn)



Source: Abu Dhabi Securities Exchange, KAMCO Research

# Dubai Financial Market

Period	Aug-13	Sep-13	Oct-13	Nov-13	Dec-13	Jan-14	Feb-14	Mar-14	Apr-14	May-14	Jun-14	Jul-14
<b>DFM General Index</b>	<b>2,523.1</b>	<b>2,762.5</b>	<b>2,922.2</b>	<b>2,945.9</b>	<b>3,369.8</b>	<b>3,770.4</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>
Monthly % Change	(2.5%)	9.5%	5.8%	0.8%	14.4%	11.9%	11.9%	5.5%	13.7%	0.6%	(22.5%)	22.2%
<b>Market Cap (AED Bn)</b>	<b>234.1</b>	<b>252.8</b>	<b>262.8</b>	<b>261.2</b>	<b>267.1</b>	<b>287.9</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>
P/E (X)	17.10	16.76	17.45	17.68	17.40	18.76	20.78	18.59	20.99	21.02	15.51	18.34
P/BV (X)	1.18	1.25	1.31	1.30	1.30	1.40	1.55	1.56	1.73	1.74	1.39	1.64
Dividend Yield	2.91%	2.69%	2.59%	2.60%	2.55%	2.36%	2.13%	2.11%	1.91%	1.99%	2.44%	2.07%
Volume (Mn Shares)	11,546	21,553	14,274	9,108	17,363	22,821	20,779	14,811	16,872	12,626	12,407	16,683
Value (AED Mn)	14,929	21,651	16,490	12,678	22,851	36,455	41,719	31,995	44,771	46,503	35,621	34,078
Trades	113,850	181,156	126,701	103,725	165,971	231,321	233,760	194,605	234,516	253,669	234,366	252,568

Source: Dubai Financial Market, KAMCO Research

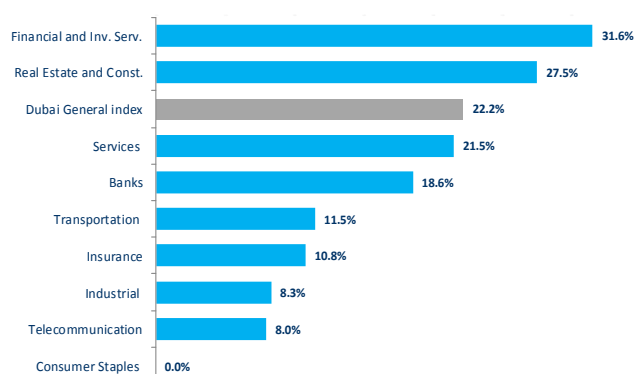
Dubai equity market bounced back during July-14 regaining the top spot in the GCC in terms of monthly and YTD benchmark gains. The index jumped a strong 22.2% during the month recovering most of the 22.5% decline it saw in the previous month as the market bottomed out amid compelling valuations that made traders assertive about the market. The YTD gains stood at 43.0% by the end of the month on the back of more than 100% growth reported last year. The market gained almost 16.5% during the first four trading sessions as Arabtec, made announcement regarding commitment to work on its existing contracts. Later during the month, the company reported an 11% increase in Q2-14 net profit to record at AED 103 Mn. Arabtec led the significant selloff during June-14 after its CEO resigned, which was followed by news on various issues including stakes of different shareholders in the company. Amid high volatility, Arabtec accounted for third highest volumes in the market with 3.5 Bn shares traded, topped the liquidity chart with total value at AED 13.3 Bn. Arabtec was also among the major gainers in the month as it reported a gain of 62% in July.

In contrast to the rest of the GCC markets, trading activity jumped during the month amid high volatility. Total monthly volume increased by 34.5% with 16.7 Bn shares traded on the exchange. Value of shares traded on the other hand saw marginal decline of 4.3% to reach AED 34.1 Bn. Market capitalization jumped by an impressive 18.1% reaching AED 356.6 Bn (USD 97.1 Bn) as of end July compared on the back of strong performance in Investment & Financial Services and Real Estate stocks. Meanwhile, volatility as measured by the standard deviation remained in line with the previous two months at around 43% in July compared to 44% each during June and May, respectively. Trades in real estate stocks accounted for 56.9% of total volume with four out of the top five stocks by volume from this sector. Among the individual stocks, GFH led July's list of most active stocks with a volume of 3.9 Bn shares valued at AED 2.0 Bn. GFH shares gained an impressive 31% during the month. Among the other highly traded stocks were Union Properties with 3.6 Bn shares traded valued at AED 6.4 Bn. The stock was up 34.2% in the month. In a related sector development, luxury property developer, DAMAC, offered its investors the option of converting its GDRs into ordinary shares that would be listed on DFM. Another new listing announcement was made by Marka Group, a retailing and restaurants group, with plans to list shares during the second week of September.

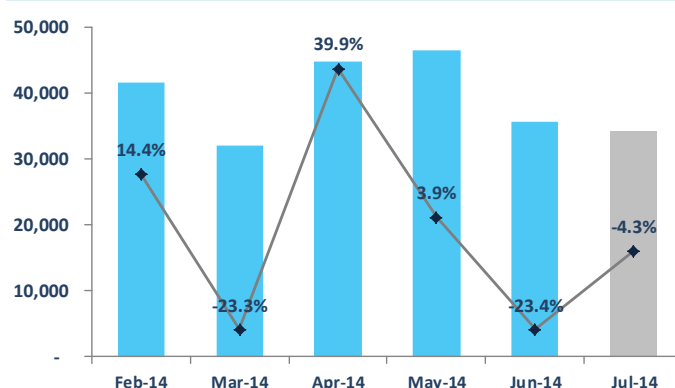
Among the corporate earnings, the banking sector saw 33.3% jump in 1H-14 net profits to reach AED 4.4 Bn for the six banks that reported results. Emirates NBD reported 1H-14 net profit growth of 30% to reach AED 2.3 Bn helped by revenue growth in both retail banking and wealth management as well as at Emirates Islamic, its Islamic banking subsidiary. Banking sector index reported a growth of 18.6% in July, supported by ENBD and DIB both of which reported monthly gains of more than 20% each.

DFM index has been very volatile this years and moved in a wide range of 3,353-5,406 points range as it ended the month of July at 4819 points. However, we expect the volatility to come down a bit in the short terms as we get more clarity on Arabtec and the markets start to look at announcements of other stocks as well which has already started happening.

## DFM Sector Performance



## Value Traded (AED Mn)



Source: Dubai Financial Market, KAMCO Research

## Qatar Exchange

Period	Aug-13	Sep-13	Oct-13	Nov-13	Dec-13	Jan-14	Feb-14	Mar-14	Apr-14	May-14	Jun-14	Jul-14
QE 20 Index	9,619.0	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
Monthly % Change	(0.9%)	(0.1%)	2.4%	5.5%	0.0%	7.5%	5.5%	(1.1%)	8.9%	8.0%	(16.1%)	12.0%
Market Cap (QAR Bn)	526.5	524.1	533.1	555.0	555.6	589.4	683.5	650.4	732.0	736.9	632.2	690.1
P/E (X)	13.64	13.06	13.29	13.83	14.05	14.90	17.28	15.82	17.80	17.92	15.20	16.60
P/BV (X)	1.92	1.85	1.88	1.96	1.94	2.05	2.38	2.16	2.43	2.45	2.19	2.39
Dividend Yield	3.83%	3.85%	3.78%	3.64%	3.63%	3.42%	2.95%	3.54%	3.15%	3.08%	3.59%	3.29%
Volume (Mn Shares)	156	166	111	256	225	225	287	336	732	560	399	304
Value (QAR Mn)	6,537	6,934	4,727	8,659	7,340	10,942	38,665	15,298	25,951	25,591	17,718	12,568
Trades	78,758	83,263	52,632	120,824	104,081	114,651	124,365	200,230	285,219	239,685	199,130	146,915

Source: Qatar Exchange, KAMCO Research

Qatar market, like other GCC markets, too reported strong growth as the benchmark QE 20 Index reported monthly growth of 12% in July-2014. The gains were broad-based as can be seen in the 10.8% growth seen in the broader QE All Share Index for the same period. The market capitalization of the bourse increased by 9.1% as it reached QAR 690.1 Bn (USD 189.5 Bn) at the end of July. Qatar had followed the GCC trends last month and saw a major monthly decline of 16.1% in June and recovered major part of its losses during July-14. The broad-based buying the market can be seen in the fact that out of 43 stocks traded on the exchange, only 4 registered a monthly decline while 15 stocks gained more than 10% in the month. The Qatar exchange at the end of July registered YTD growth of 22.1%.

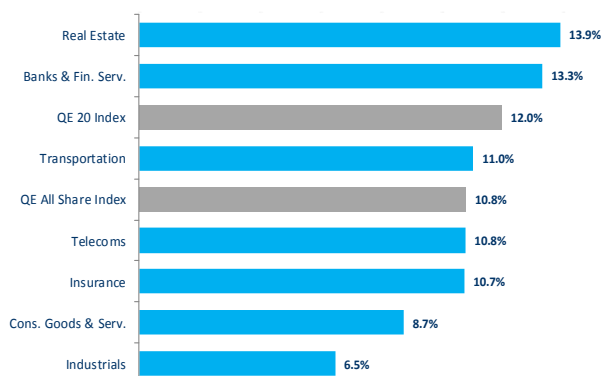
Due to the religious month of Ramadan and summer months, total trading value declined by 29.07% to reach QR12.6 Bn. However, it is to be noted that the trading value has seen consecutive declines in the last three months, which can be attributed to reduced euphoria of MSCI inclusion. The bank & financial services sector led the value of shares traded, accounting for 34.7% of total traded value followed by real estate sector (22.7% of total value). In the banking sector, strong buying interest was seen in Masraf Al Rayan (MARK) which saw QR1.77 Bn worth of shares being traded in the month as the stock gained a strong 16.9% in the month. Among the major gainers in the sector were QIBK (28.7%), and KCBK (+14.5%). Sector heavyweight QNB increased its value by 10.8%. QNB posted a 1.5 percent rise in second quarter net profit beating analysts' expectations despite slowing loan growth as it made a net profit of QAR 2.64 Bn in 2Q-2014.

The banks and financial services sector index reported a monthly growth of 13.3% which was just behind the real estate index which led the sectoral indices with monthly growth of 13.9% in July. Among the real estate sector whopping gains were seen in UDCD (+26.22%) and MRDS (+19.5%). Among the real estate earnings, Qatar's largest listed property developer, Barwa Real Estate, swung to a second-quarter net loss, as the company posted a quarterly net loss of QAR 42.9 Mn compared to a profit of QAR 40.6 Mn in the year-earlier period. Barwa is also reported to be working on selling one of its land assets in a medical and educational project in the city of Lusail to the Higher Committee for Projects and Heritage. Barwa stock ended the month at QAR 37.7, registering a monthly gain of 6.2% in July.

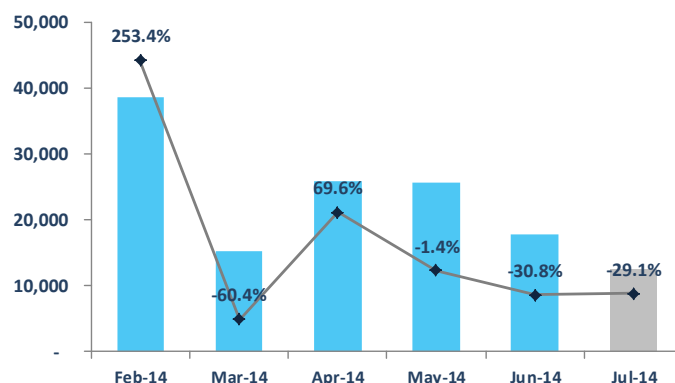
Industrial sector index underperformed the market and reported the slowest monthly growth 6.5% which was mainly due to the lackluster growth 2.6% reported by the market heavyweight IQCD. However, GISS reported strong investors' attention as it went up by 23.8% in the month. Among the transportation stocks, Nakilat (QGTS) reported a monthly gain of 17.8% as it reported that its corporate earnings improved as a result of higher charter rates for gas transportation where it is among the world's largest gas shipping companies.

As this report was being published, it was announced that Qatar's emir has issued a law providing for foreign investors to own up to 49 percent of listed Qatari companies, part of reforms to expand the stock market and develop the financial industry. We believe that this will send a very positive signal to the institutional investors, both regional and international, and will help in improving the liquidity profile of the exchange and spur investors to take bigger positions in the market.

### QE Sector Performance



### Value Traded (QAR Mn)



Source: Qatar Exchange, KAMCO Research

## Bahrain Bourse

Period	Aug-13	Sep-13	Oct-13	Nov-13	Dec-13	Jan-14	Feb-14	Mar-14	Apr-14	May-14	Jun-14	Jul-14
<b>Bahrain All Share Index</b>	<b>1,188.3</b>	<b>1,193.9</b>	<b>1,201.8</b>	<b>1,208.6</b>	<b>1,248.9</b>	<b>1,294.3</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>
Monthly % Change	(0.6%)	0.5%	0.7%	0.6%	3.3%	3.6%	6.1%	(1.1%)	5.2%	2.2%	(2.2%)	3.1%
<b>Market Cap (BHD Mn)</b>	<b>6,552</b>	<b>6,583</b>	<b>6,626</b>	<b>6,663</b>	<b>6,886</b>	<b>7,200</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>
P/E (X)	9.69	9.38	9.44	9.49	9.48	9.92	10.54	11.32	12.12	12.39	13.66	14.08
P/BV (X)	0.92	0.89	0.89	0.90	0.91	0.95	1.02	0.99	1.06	1.08	1.06	1.09
Dividend Yield	3.81%	3.80%	3.77%	3.75%	3.63%	3.47%	3.26%	3.78%	3.53%	3.45%	3.53%	3.42%
Volume (Mn Shares)	37	76	50	273	114	140	186	169	115	198	67	25
Value (BHD Mn)	5	16	9	22	16	28	32	32	45	51	15	7
Trades	743	1,010	1,079	1,027	1,140	1,954	2,609	2,069	1,892	1,707	1,050	706

Source: Bahrain Bourse, KAMCO Research

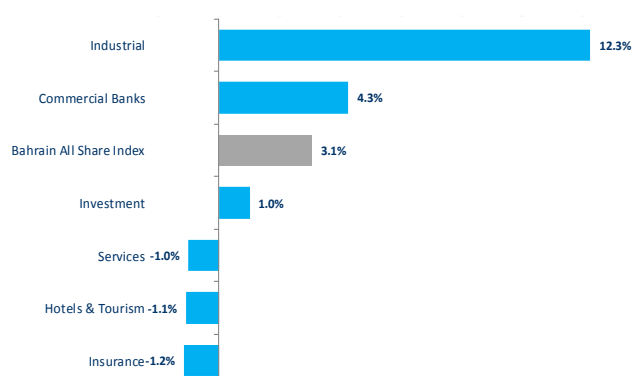
Bahrain Bourse reported modest gains during July-14 as the market closed the month at 1,471.70 points climbing 3.1% on the back of a generally positive investor sentiments that prevailed in the overall GCC stock markets. The market continued to remain in the positive territory in terms of YTD and 12-month performance despite the fall seen in June-14, registering a rise of 17.8% and 23.2%, respectively. Market capitalization increased in line with benchmark at 3.1% monthly growth reaching BHD 8.4 Bn (USD 22.2 Bn) as of end July. Meanwhile, market volatility during the month remained range-bound reaching 7.6% in July compared to 4.5% and 7.2% in June and May, respectively.

Trading activity remained at depressed levels highlighting the lack of investor activity in the market due to the holidays. Volume traded more that halved as it declined by 62.6% with 25.1 Mn shares compared to last month's 67.2 Mn shares traded. Consequently, average daily volumes declined from 3.1 Mn shares for June-14 to 1.3 Mn shares in July-14. Value traded on the other hand dropped 55.4% to record BHD 6.7 Bn compared to last month's BHD 15.1 Bn and as a result, average daily value traded declined from BHD 0.69 Mn for June-14 to BHD 0.33 Mn in July-14. The number of trades fell by 32.8% to 706 transactions executed during the month of July. The market breadth remained largely skewed towards advancers with a margin of 15:9 and the prices of 23 companies remained unchanged.

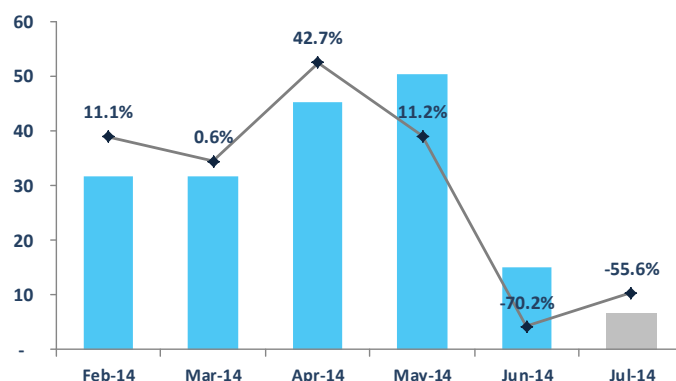
Trading continued to remain concentrated in the banking sector with the banking index up by 4.3%. The sector saw 18.1 Mn shares traded accounting for 71.9% of total trading volume during July as compared to 54.9 Mn shares during June-14 accounting for 81.7% of the trading volume. This was followed by services sector with the index down by 1% accounting for 11.7% of July trading volumes. In terms of value traded, the banking sector accounted for a slightly lower share of the total market at BHD 4.02 Mn or 65.0% of the total market followed by services sector at BHD 1.2 Mn or 18.1% of the market. The industrial index topped the monthly returns chart with a return of 12.3% and the sector accounted for 12.4% of total value traded that reached BHD 0.8 Mn, which solely included trading in Aluminum Bahrain, which was up by 12.6% m-o-m. The stock also topped the monthly volume chart and came in second on the most liquid chart after Ahli United Bank with a total traded value of BHD 3.0 Mn or 44.9% of total monthly market liquidity. The top five most liquid stocks also included Bahrain Telecommunications, Al Salam Bank and Ithmaar Bank.

In terms of monthly gains, top gainers primarily included stocks from the commercial banking sector. This month's list was led by Ithmaar Bank closing the month up by 18.5% at \$0.160, followed by National Bank of Bahrain and Aluminium Bahrain adding 17.1% and 12.6% to their last month's closing value to end at BHD 0.890 and BHD 0.500, respectively. On the decliners' side, Bahrain National Holding Co. among the worst performers of the month with a loss of 9.9% closing at BHD 0.436. It was followed by United Gulf Bank and National Hotels Co. with monthly losses of 8.0% and 6.25% to close at BHD 0.230 and BHD 0.300, respectively.

### BHB Sector Performance



### Value Traded (BHD Mn)



Source: Bahrain Bourse, KAMCO Research

## Muscat Securities Market

Period	Aug-13	Sep-13	Oct-13	Nov-13	Dec-13	Jan-14	Feb-14	Mar-14	Apr-14	May-14	Jun-14	Jul-14
<b>MSM 30 Index</b>	<b>6,691.6</b>	<b>6,646.9</b>	<b>6,674.1</b>	<b>6,726.3</b>	<b>6,834.6</b>	<b>7,087.3</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>
Monthly % Change	0.7%	(0.7%)	0.4%	0.8%	1.6%	3.7%	0.4%	(3.6%)	(1.9%)	1.9%	2.2%	2.7%
<b>Market Cap (OMR Mn)</b>	<b>7,081</b>	<b>7,033</b>	<b>7,045</b>	<b>7,098</b>	<b>7,253</b>	<b>7,543</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>
P/E (X)	11.83	11.07	10.05	10.13	10.05	10.45	11.80	11.13	10.96	11.16	11.83	12.12
P/BV (X)	1.64	1.59	1.48	1.49	1.46	1.52	1.66	1.56	1.54	1.63	1.71	1.75
Dividend Yield	4.25%	4.28%	4.72%	4.68%	4.58%	4.41%	3.84%	4.19%	4.35%	3.63%	3.56%	3.47%
Volume (Mn Shares)	560	632	499	446	584	951	510	360	488	302	347	258
Value (OMR Mn)	164	172	137	155	206	297	180	132	231	133	145	107
Trades	30,279	34,930	27,594	25,100	27,758	44,977	28,436	21,864	34,313	22,761	20,670	14,040

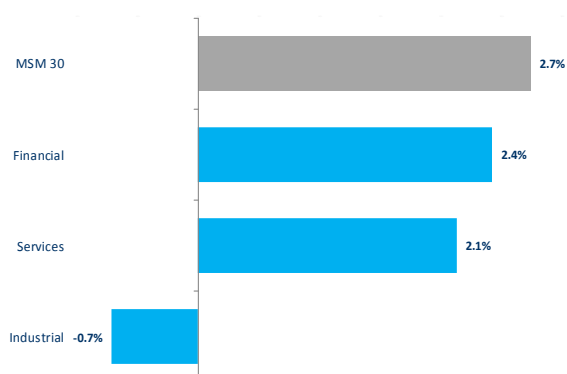
Source: Muscat Securities Market, KAMCO Research

MSM reported second lowest monthly growth in the GCC of 2.7% for the MSM 30 index to close the month at 7,200.70 points despite a positive start to the 1H-14 earnings season. The earnings performance was led by banking sector with Bank Muscat, NBO and Bank Sohar reporting double digit growth in 1H-14 net profit. Bank Muscat, which was up by 2.35% in the month, posted a strong 36.8% y-o-y increase in 1H-14 net profit that reached OMR 86.4 Mn led by investment gains related to the merger of Al Salam Bank and BMI Bank, in which it owned 49% before the merger. Meanwhile, NBO posted a 22.8% increase in net profits to reach OMR 23.0 Mn that resulted from a 7% increase in loans and advances. The bank also reported 34% year-on-year increase in customer deposits. The stock was up by 4.6% in July. So far in the earnings season, 1H-14 profits for the five banks that reported results increased by 8.2%, ahead of the 3.9% and 2.8% growth in net profits for the industrials and services sector. Consequently, the financial index was up by 2.4% during the month followed by the services index which was up by 2.1% and the industrial index which declined by 0.7% due to a decline in large-cap Oman Cement shares on profit taking despite posting a 4.3% increase in net profits for 1H-14. The stock market's YTD market performance also lagged behind its GCC peers as the MSM 30 Index posted smallest YTD gain of 5.4%. Nevertheless, the market trend remained relatively stable with monthly index volatility at 5% and YTD volatility at 6.2%. There were no new listings in the market and the market capitalization was almost solely affected by the market's bullish sentiment, gaining by 2.5% to OMR 8.7Bn (USD 22.5 Bn) as of end July.

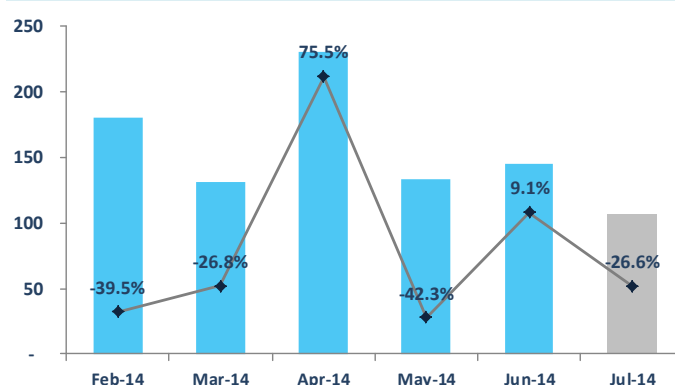
Trading activity indicators plunged during the month of July showing double digit percentage declines. Volume traded was lower by 25.6% with 258.0 Mn shares compared to last month's 346.7 Mn shares traded. Value traded on the other hand dropped by 26.6% to record OMR 106.8 Mn compared to last month's OMR 145.85 Mn. Furthermore, the number of trades fell by 32.1% to 14,040 transactions executed during the month of July. In line with previous months, almost 87% of the trades were undertaken by Omani investors followed by GCC investors accounting for 6% of the trades.

Trading activity during the month was focused on the newly listed stocks Al Suwaidi Power and Al Batinah Power in the parallel market. In the regular market GIS topped the volume chart with 21.3 Mn shares exchanging hands, valued at OMR 5.9 Mn. The regular market accounted for 86% of total market value while the parallel market accounted for 13.8%. The list of most liquid stocks included OmanTel at the top with total trades valued at OMR 12.8 Mn. Bank Muscat and Salalah Mills came at the second and third position with with total value traded at OMR 10.6 Mn and OMR 9.3 Mn, respectively, during the month. The monthly gainers list was topped by Nawras closing the month with a 13.7% gain to close at OMR 0.648 led by 23% jump in 1H-14 net profit. Port Services Corporation, which came second on the gainers list with 11.2% gain, reported 4.9% increase in 1H-14 net profits. On the decliners' side, Al Hassan Engineering, which reported 1H-14 losses to the tune of OMR 1.8 Mn topped the losers list with 17.3% decline followed by Al Jazeera Services that too declined by 17.3% led by a 21% decline in net profit for 1H-14.

### MSM Sector Performance



### Value Traded (OMR Mn)



Source: Muscat Securities Market, KAMCO Research

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