

## GCC Markets Monthly Report

July-2017

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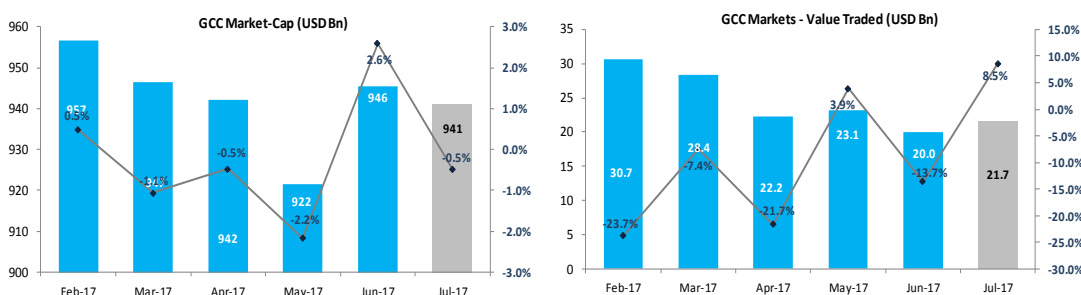
### GCC trading activity improves in Jul-17 post Ramadan...

Trading activity in the region improved in July-17, after receding by 14% m-o-m in June-17 due to the lower activity from traders during Ramadan, and lower number of working days due to holidays. **Overall value traded in the GCC was higher by 8.5% m-o-m and reached USD 21.7 Bn.** However the MSCI GCC index which gained 4.9% in Jun-17 dropped the following month, albeit marginally, driven by the TASI which went down by 4.5% m-o-m in July-17. All other major GCC stock markets barring MSM closed the month in the green with DFM leading the way with a 7.1% m-o-m return, followed by Qatar (+4.2%) and Kuwait (Kuwait Weighted Index: +3.5%).

**Q2-17 earnings season across the GCC is underway, and the TASI index was also affected in July-17 by corporate results, as some large caps saw declines in profitability y-o-y.** SABIC saw its Q2-17 net profit drop by 25%, due to higher cost of sales and lower sales volumes. Saudi Arabia also saw their GDP growth reduced by the IMF for 2017 and 2018, which in our view would have affected sentiment towards future corporate profitability as well. Nevertheless, Saudi Arabia's SAR 17 Bn sukuk was oversubscribed by three times, which underpins the strength of the economy and its capital markets. **In Kuwait, H1-17 results of the banking sector showed that profitability of banks have grown by over 8% y-o-y.**

**Oil prices gained 8%-10% during the month of July to hover around USD 50/bbl after visiting intra month lows of mid-forties.** Sovereign credit ratings action, oil markets and monetary policy action from Central banks would also have a signaling impact on corporate profitability and in turn stock prices in the following quarters. **Moreover, a recovery from the TASI and QE 20 indices in H2-17 would be crucial in driving GCC markets and market activity higher in terms of volumes going forward.**

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	413.3	3.5%	8.7%	93.3	994.7	16.2	1.3	4.7%
Kuwait - 15 Index	943.2	3.6%	6.6%					
Kuwait - Price Index	6,851.6	1.3%	19.2%					
Saudi Arabia	7,094.2	(4.5%)	(1.6%)	449.4	16,135.3	14.5	1.6	4.4%
Abu Dhabi	4,566.2	3.2%	0.4%	127.2	883.5	11.4	1.6	5.3%
Dubai	3,633.2	7.1%	2.9%	100.0	2,007.6	10.2	1.2	4.7%
Qatar	9,406.1	4.2%	(9.9%)	139.8	1,503.9	13.6	1.3	4.3%
Bahrain	1,327.8	1.4%	8.8%	20.0	35.4	9.6	0.9	5.1%
Oman	5,024.2	(1.8%)	(13.1%)	11.3	95.7	10.2	0.9	6.2%
Total GCC				941.0	21,656.1	13.2	1.4	4.6%



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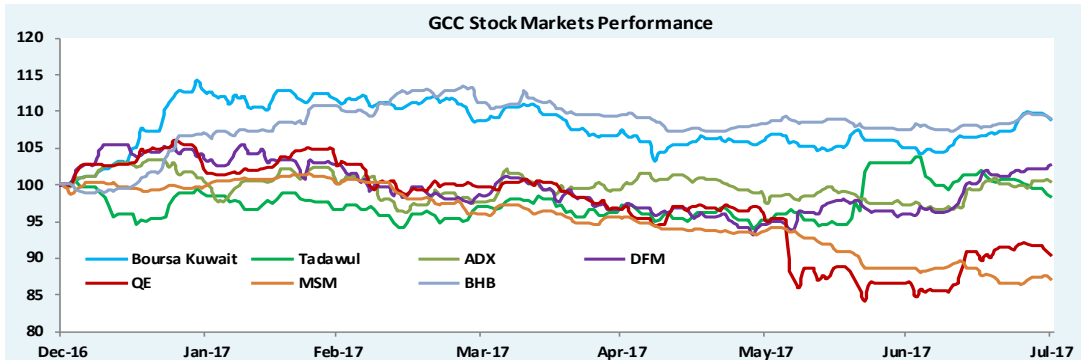
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Source: GCC Stock Exchanges, KAMCO Research

## Boursa Kuwait

Monthly Indicators	Aug-16	Sep-16	Oct-16	Nov-16	Dec-16	Jan-17	Feb-17	Mar-17	Apr-17	May-17	Jun-17	Jul-17
<b>Price Index</b>	<b>5,419.7</b>	<b>5,398.4</b>	<b>5,401.1</b>	<b>5,554.5</b>	<b>5,748.1</b>	<b>6,832.2</b>	<b>6,783.1</b>	<b>7,029.4</b>	<b>6,843.0</b>	<b>6,785.4</b>	<b>6,762.8</b>	<b>6,851.6</b>
Monthly % Change	(0.6%)	(0.4%)	0.0%	2.8%	3.5%	18.9%	(0.7%)	3.6%	(2.7%)	(0.8%)	(0.3%)	1.3%
<b>Weighted Index</b>	<b>347.3</b>	<b>351.9</b>	<b>354.0</b>	<b>367.1</b>	<b>380.1</b>	<b>427.4</b>	<b>424.0</b>	<b>413.3</b>	<b>408.3</b>	<b>404.5</b>	<b>399.3</b>	<b>413.29</b>
Monthly % Change	(1.0%)	1.3%	0.6%	3.7%	3.5%	12.4%	(0.8%)	(2.5%)	(1.2%)	(0.9%)	(1.3%)	3.5%
<b>Kuwait 15 Index</b>	<b>801.8</b>	<b>814.1</b>	<b>826.5</b>	<b>855.2</b>	<b>885.0</b>	<b>985.4</b>	<b>964.1</b>	<b>933.8</b>	<b>919.4</b>	<b>915.8</b>	<b>910.1</b>	<b>943.2</b>
Monthly % Change	(1.1%)	1.5%	1.5%	3.5%	3.5%	11.3%	(2.2%)	(3.1%)	(1.5%)	(0.4%)	(0.6%)	3.6%
<b>Market Cap (KWD Mn)</b>	<b>24,010</b>	<b>24,326</b>	<b>24,475</b>	<b>25,371</b>	<b>26,257</b>	<b>29,442</b>	<b>29,102</b>	<b>28,354</b>	<b>28,008</b>	<b>27,656</b>	<b>27,257</b>	<b>28,187</b>
P/E (X) - TTM	15.30	15.63	15.72	16.30	16.80	18.80	18.70	18.16	16.01	15.90	15.60	16.20
P/BV (X) - TTM	1.05	1.06	1.07	1.11	1.13	1.27	1.26	1.23	1.24	1.23	1.22	1.26
Dividend Yield (%)	4.37%	4.30%	4.27%	4.12%	3.98%	3.67%	3.67%	3.42%	3.76%	4.02%	4.09%	4.70%
Volume (Mn Shares)	1,430	902	1,679	2,908	3,594	13,858	8,857	7,105	5,907	2,734	735	1,822
Value (KD Mn)	152	87	258	328	321	1,185	866	653	517	301	151	301
Trades ('000)	40.1	27.2	45.2	70.6	75.6	229.8	171.8	147.7	115.9	75.6	32.6	67.5

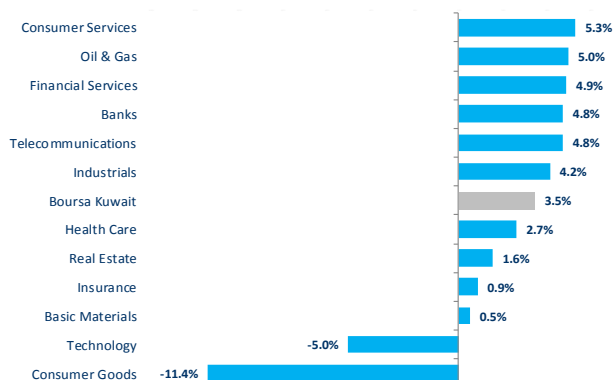
Source: Kuwait Stock Exchange, KAMCO Research

Stocks reversed trends from June-17 in Kuwait and went up during July-17 as reflected in the increases recorded by all the three-benchmark indices. Large-caps did better than small-caps as the Weighted Index and Kuwait 15 Index outperformed the Price index. The Kuwait Price Index improved by 1.3%, but traded below the critical 7,000 mark to reach 6,851.62 points by month end. The Weighted Index after breaching the 400 mark in Jun-17, went up by 3.5% and traded above the mark to close at 413.29 points, while the Kuwait 15 Index performed marginally better and increased by 3.6% to reach 943.17 points. Nevertheless, despite remaining in a trading range, Kuwait continues to record the best YTD-17 performance in the GCC with a return of 19% for the Price index, 8.7% for the Weighted Index and 6.6% for the Kuwait 15 Index.

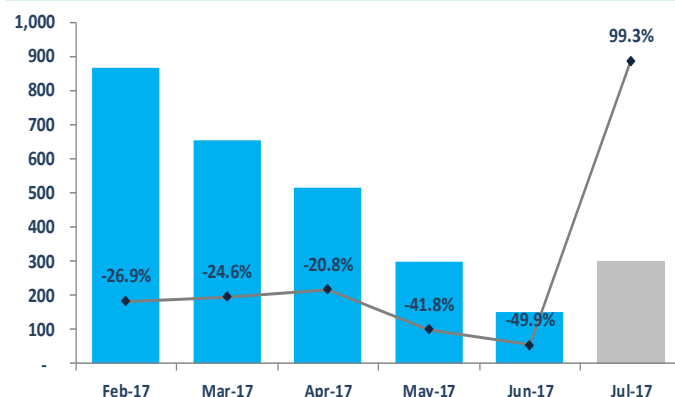
Trading activity on the exchange jumped with monthly volumes up by 148.1% post Ramadan and holidays to reach 1.82 Bn shares as compared to 0.73 Bn shares traded during June-17. The monthly value traded also almost doubled to reach KWD 300 Mn as compared to KWD 150 Mn during the previous month. Number of trades also more than doubled to reach 67,408 trades in Jul-17 as against 32,532 trades in Jun-17. The monthly volume chart was topped by Alimtiq Investment Group, with 219 Mn shares traded during the month followed by Abyaar Real Estate Development and AUB at 124 Mn and 88 Mn traded shares, respectively. On the monthly value chart, Kuwait Finance House (+10.8%) topped the list with KWD 41.1 Mn worth of shares traded during the month followed by KWD 36.8 Mn for Alimtiq Investment (6.3%) and KWD 28.5 Mn worth of shares for NBK (-3.3%).

In terms of sector performance, the Consumer Services index recorded the highest monthly return of 5.3% on the back of 36% surge in shares of IFA Hotels & Resorts, the best performing stock during the month. The Oil & Gas and the Banking indices recorded positive returns during the month. The Oil & Gas index rose by 5% m-o-m was buoyed by NAPESCO, which went up by 15% for the month. The gain of 4.8% for the Banking index primarily reflected 10.8% returns for KFH and was further solidified by the 3.3% m-o-m returns from NBK. Moreover, quarterly earnings for banks shows positive y-o-y growth for the six banks that reported Q1-17 earnings. KFH reported a y-o-y net profit increase of 15.2% in H1-17, while NBK saw its profits move up by 9.3% y-o-y as compared to H1-16. The monthly gainers chart also included National Industries Group with a gain of 23.9% as the. On the decliners side, the Consumer Goods index witnessed the steepest decline during the month recorded at 11.4% as the largest stock in the index – Kuwait Food dropped by 14% m-o-m. Shares of First Takaful Insurance topped the monthly decliners list recording a fall of 19.3% followed by United Projects Group and Automated Systems Co. with monthly declines of 18.0% and 17.4%, respectively. The monthly market breadth was strongly skewed towards gainers that included 88 companies while decliners included 59 companies. Prices of 14 companies remained unchanged.

### Boursa Kuwait Monthly Sector Performance



### Monthly Value Traded (KWD Mn)



Source: Kuwait Stock Exchange, KAMCO Research

## Saudi Arabia (Tadawul)

Monthly Indicators	Aug-16	Sep-16	Oct-16	Nov-16	Dec-16	Jan-17	Feb-17	Mar-17	Apr-17	May-17	Jun-17	Jul-17
<b>Tadawul All Share Index</b>	<b>6,079.5</b>	<b>5,623.3</b>	<b>6,012.2</b>	<b>7,000.2</b>	<b>7,210.4</b>	<b>7,101.9</b>	<b>6,972.4</b>	<b>7,001.6</b>	<b>7,013.5</b>	<b>6,871.2</b>	<b>7,425.7</b>	<b>7,094.2</b>
Monthly % Change	(3.5%)	(7.5%)	6.9%	16.4%	3.0%	(1.5%)	(1.8%)	0.4%	0.2%	(2.0%)	8.1%	(4.5%)
<b>Market Cap (SAR Bn)</b>	<b>1,419.4</b>	<b>1,326.2</b>	<b>1,420.7</b>	<b>1,637.3</b>	<b>1,682.5</b>	<b>1,659.9</b>	<b>1,635.3</b>	<b>1,640.4</b>	<b>1,647.0</b>	<b>1,624.2</b>	<b>1,766.4</b>	<b>1,685.4</b>
P/E (X) - TTM	11.49	10.75	12.31	13.44	14.73	14.79	14.54	14.64	14.56	14.09	15.10	14.51
P/BV (X) - TTM	1.43	1.32	1.42	1.65	1.70	1.67	1.59	1.73	1.74	1.73	1.85	1.64
Dividend Yield (%)	4.91%	5.24%	4.90%	4.17%	4.04%	4.05%	4.17%	4.27%	4.26%	4.25%	4.20%	4.35%
Volume (Mn Shares)	3,840	2,521	4,703	7,491	6,927	5,442	4,168	3,643	3,245	4,143	2,904	2,909
Value (SAR Mn)	67,974	41,736	65,664	118,645	114,984	98,782	75,232	72,517	61,469	64,660	54,727	60,510
Trades ('000)	1,684	1,070	1,833	2,608	2,685	2,664	2,040	2,053	1,698	1,547	929	1,639

Source: Tadawul, KAMCO Research

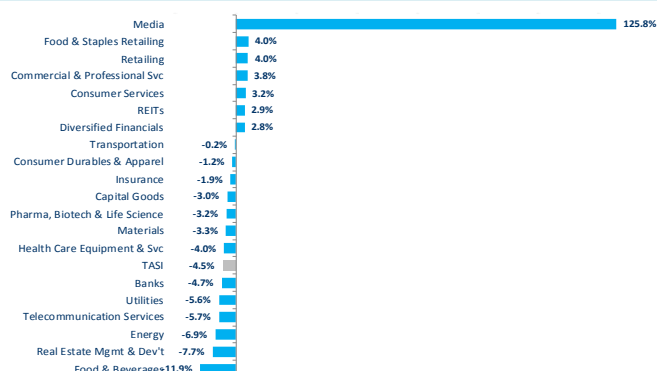
The relatively weak earnings season led the TASI to decline for the month of July-17, after witnessing a strong Jun-17 where the index went up by over 8% m-o-m. The index, which was the only major market to see lower levels, declining by 4.5% m-o-m in July-17, but still traded above the support level of 7,000 points and closed at 7094.2 points. Index performance was mixed and was mostly skewed towards losers. Food & Beverages was the key laggard as it plunged by 11.9% m-o-m. Real Estate Mgmt. & Development and Energy indices followed with declines of 7.7% m-o-m and 6.9% m-o-m. Telecoms (-5.7%), Utilities (-5.6%) and Banks (-4.7%) were also key indices which pulled down the overall index. Amongst the gainers was the Media index predominantly which went up by more than 125% m-o-m in July-17, as Saudi Research and Marketing Group saw its share price end the month up by more 1.5 times. Food & Staples Retailing and Retail also moved by 4.0% each m-o-m from the month of Jun-17.

In earning releases, index bellwether SABIC reported a net profit of SAR 3.71 Bn in Q2-17 as against SAR 4.96 Bn in Q2-16, representing a drop of 25%. Net profit was also down sequentially from SAR 5.24 Bn recorded in Q1-17. The drop in net profit y-o-y was due to higher cost of sales and lower sales quantities. In addition to lower selling prices, quantities at Hadeed resulted in a net loss of SR 483 million compared to net income of SR 86 million for Q2-16. H1-17 net profit was higher by 13.6% to reach SAR 8.94 Bn due to higher average selling prices. Al Rajhi bank reported a net profit of SAR 4.40 Bn for H1-17 as against SAR 4.07 Bn for H1-16, as the increase was mainly driven by an increase in operating income, which increased due to higher net special commission income by 8.4%. Loans and advances portfolio increased by 3.7% to SAR 232.8 Bn. NCB's net profit improved by 1% in H1-17 y-o-y to SAR 5.12 Bn from an improvement in operating expenses, partly offset by lower total operating income.

Monthly trading activity improved in Jul-17, albeit marginally following the Ramadan season and holidays in Jun-17. Monthly volume improved by 0.2% to 2.91 Bn shares as compared to 2.90 Bn shares during the previous month. Dar Al Arkan topped the monthly volume chart with 594.5 Mn shares changing hands followed by Alinma Bank and Saudi Kayan with 582.6 Mn and 99.2 Mn shares traded during the month. Monthly value traded went up at a slightly higher rate of 11% to reach SAR 60.5 Bn in Jul-17 as compared to SAR 54.7 Bn during the previous month. Alinma topped the monthly value chart recording SAR 8.9 Bn in value traded followed by SABIC and Al-Rajhi with trades worth SAR 7.9 Bn and SAR 5.0 Bn, respectively. The monthly gainers chart was topped by Saudi Research & Marketing Group. The decliners side was topped by Al-Marai Co. that recorded a decline of 18%.

On the economic front, S&P affirmed their 'A-/A-2' rating on Saudi Arabia, and kept the outlook as stable. The agency reportedly expects Saudi Arabia's external and government balance sheet positions to remain strong over 2017-2020. They further mentioned that they outlook was kept stable as they expect Saudi authorities to take steps to consolidate public finances over the next two years. Oil sector's contribution to Saudi Arabia's real economic growth in 2017 and 2018 is reportedly expected to be largely flat, while non-oil sector growth would remain the driver of the economy, but at subdued rates of about 1%, in 2017 and 2018.

### Tadawul Monthly Sector Performance



### Monthly Value Traded (SAR Mn)



Source: Tadawul, KAMCO Research

## Abu Dhabi Securities Exchange

Monthly Indicators	Aug-16	Sep-16	Oct-16	Nov-16	Dec-16	Jan-17	Feb-17	Mar-17	Apr-17	May-17	Jun-17	Jul-17
<b>ADX General Index</b>	<b>4,471.0</b>	<b>4,476.3</b>	<b>4,300.2</b>	<b>4,308.8</b>	<b>4,546.4</b>	<b>4,548.8</b>	<b>4,552.1</b>	<b>4,443.5</b>	<b>4,522.6</b>	<b>4,427.3</b>	<b>4,425.4</b>	<b>4,566.2</b>
Monthly % Change	(2.3%)	0.1%	(3.9%)	0.2%	5.5%	0.1%	0.1%	(2.4%)	1.8%	(2.1%)	(0.0%)	3.2%
<b>Market Cap (AED Bn)</b>	<b>463.8</b>	<b>464.8</b>	<b>447.0</b>	<b>445.2</b>	<b>467.6</b>	<b>465.0</b>	<b>466.6</b>	<b>459.1</b>	<b>467.7</b>	<b>460.5</b>	<b>456.1</b>	<b>467.2</b>
P/E (X) - TTM	10.73	10.74	10.24	10.19	10.77	10.75	11.06	10.80	10.61	10.33	10.30	11.40
P/BV (X) - TTM	1.34	1.34	1.29	1.29	1.36	1.36	1.34	1.31	1.54	1.49	1.49	1.58
Dividend Yield (%)	5.68%	5.67%	5.91%	5.91%	5.60%	5.60%	5.53%	5.62%	5.26%	5.47%	5.46%	5.32%
Volume (Mn Shares)	1,307	1,191	1,011	3,991	1,454	4,837	2,811	1,656	1,553	1,441	3,000	1,738
Value (AED Mn)	3,148	2,443	2,278	5,863	3,179	7,111	4,993	4,433	3,287	3,619	3,745	3,245
Trades	24,668	19,554	20,129	45,297	26,669	57,936	39,116	30,365	24,726	22,671	30,718	23,185

Source: Abu Dhabi Securities Exchange, KAMCO Research

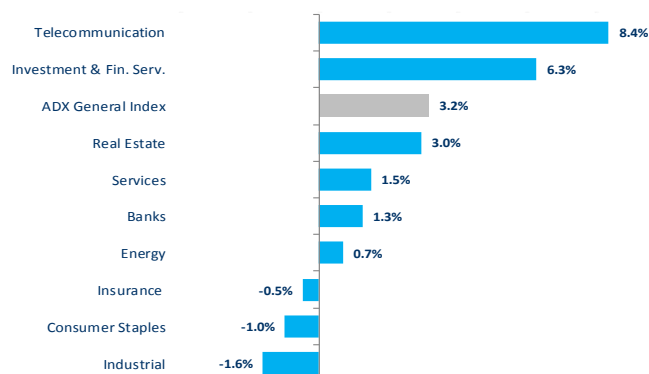
The ADX followed broad key GCC market (ex-TASI) cues and gained by 3.2% during the month of July-17. The index closed at 4566.15 points and moved into the green on a YTD basis. Sectoral performance included both gainers and losers. Telecom was the best performing index as it gained by 8.4%, as Etisalat (+ 8.3%) was able to buoy the index higher. Investment & Financial Services companies also jumped by 6.3% m-o-m for the month of July-17, while Banks moved up marginally by 13% m-o-m. Real Estate followed & Services followed with gains of 3.0% and 1.5% respectively from the previous month. Indices which saw lower levels included the Industrials index, which went down by 1.6% m-o-m, as larger stocks in the index Gulf Pharma (-1.3%) and RAK Ceramic (-1.2%) receded for the month of July-17. The Consumer Staples and Insurance indices also saw lower levels as they receded by 1.0% and 0.5% respectively.

In prominent H1-17 earnings releases, group net Profit for First Abu Dhabi Bank improved 4% y-o-y to AED 5.49 Bn in H1-17. Key drivers for the performance were revenues at AED 9.85 Bn, and the realization of substantial cost synergies post-merger; Impairment charges were 8% lower y-o-y on the back of higher recoveries and an adequately provisioned portfolio. ADCB reported a net profit of AED 2.114 Bn in H1-17 representing a decrease of 2% y-o-y from H1-16. Though the Bank's underlying performance and volumes remained healthy, net profits were impacted by adverse market conditions, which resulted in higher impairment charges and a lower non-interest income in Q2-17. Interest income for the bank of AED 4.849 Bn in H1-17 was 15% higher y-o-y, driven by strong volumes as this was achieved in the absence of higher interest in suspense reversals. Telecom major Etisalat released Q2-17 results and consolidated revenues in Q2-17 amounted to AED 12.8 Bn, representing a decrease of 4% y-o-y as against Q2-16. Net profit after Federal Royalty amounted to AED 2.0 Bn as a 15% margin was achieved which was lower than the previous year.

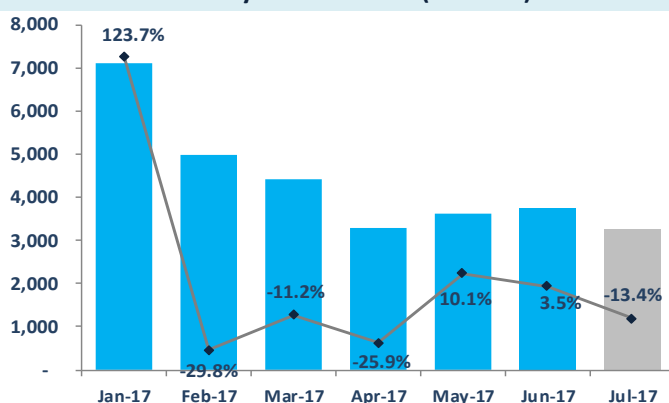
Trading trends was down in July-17, as traded volumes dropped m-o-m by 42.1% while value traded declined by 13.4% respectively m-o-m. Total volumes receded to 1.74 Bn shares (June: 3.0 Bn) while value traded during July-17 declined to AED 3.2 Bn (June: AED 3.7 Bn). United Arab Bank led the gainers list and achieved a monthly return of 15%, followed by International Fish Farming and Invest Bank, which went up by 14.2% and 10.8% respectively. Prominent decliners included Abu Dhabi Ship Building Co with a monthly share price decline of 21.6%, followed by Al Khazna Insurance and Gulf Medical Projects, as they saw their stock prices erode by 20.0% & 19.0% respectively.

In sovereign ratings related action, S&P affirmed Abu Dhabi's "AA/A-1+" sovereign credit ratings and stable outlook, citing strong fiscal and external positions. The agency reportedly mentioned that the significant strength of the government's net asset position would provide a buffer to counteract the negative impact of lower oil prices on economic growth, government revenues, the external account, and increased geopolitical uncertainty in the region. S&P further estimated that Abu Dhabi is projected maintain its extremely strong net fiscal asset position above 200% of GDP between 2017-2020, putting Abu Dhabi amongst the highest net government asset ratios among the sovereigns S&P rates.

### ADX Monthly Sector Performance



### Monthly Value Traded (AED Mn)



Source: Abu Dhabi Securities Exchange, KAMCO Research

## Dubai Financial Market

Monthly Indicators	Aug-16	Sep-16	Oct-16	Nov-16	Dec-16	Jan-17	Feb-17	Mar-17	Apr-17	May-17	Jun-17
<b>DFM General Index</b>	<b>3,504.4</b>	<b>3,474.4</b>	<b>3,332.4</b>	<b>3,360.9</b>	<b>3,530.9</b>	<b>3,642.9</b>	<b>3,630.3</b>	<b>3,480.4</b>	<b>3,414.9</b>	<b>3,339.4</b>	<b>3,392.0</b>
Monthly % Change	0.6%	(0.9%)	(4.1%)	0.9%	5.1%	3.2%	(0.3%)	(4.1%)	(1.9%)	(2.2%)	1.6%
<b>Market Cap (AED Bn)</b>	<b>334.8</b>	<b>331.4</b>	<b>316.9</b>	<b>316.3</b>	<b>332.2</b>	<b>352.1</b>	<b>384.0</b>	<b>371.5</b>	<b>360.6</b>	<b>346.7</b>	<b>348.6</b>
P/E (X) - TTM	9.09	9.01	8.77	8.71	9.25	9.92	9.89	9.39	9.37	9.30	9.50
P/BV (X) - TTM	1.28	1.27	1.22	1.23	1.29	1.28	1.25	1.15	1.13	1.11	1.13
Dividend Yield (%)	4.76%	4.80%	4.99%	4.97%	4.70%	4.66%	4.56%	4.98%	5.15%	5.18%	5.08%
Volume (Mn Shares)	5,115	5,574	5,102	16,016	11,219	18,618	10,396	5,785	4,969	6,123	6,019
Value (AED Mn)	7,643	6,744	6,828	20,240	14,659	22,962	15,587	9,583	6,593	7,745	7,123
Trades	75,179	61,878	68,423	163,506	118,274	196,901	130,998	82,856	69,986	81,311	73,528

Source: Dubai Financial Market, KAMCO Research

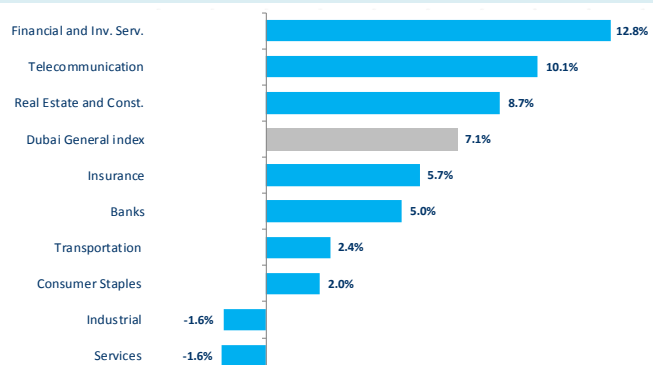
DFM was the best performing index in the GCC for the month of July-17, even as the index was a relative underperformer YTD. The index went up by 7.1% m-o-m and closed at 3633.18 points, which buoyed the index into the green on a YTD basis. Sectoral trends were mostly positive barring the Industrials and the Services indices, as each index receded by 1.6% m-o-m for the month of July-17. The Financials pack consisting of Banks, Financial and Investment Services and Insurance were all up for the month. Financials and Investment Services index was the best performing index as it jumped by 12.8% m-o-m for the month of July-17, led by 23% jump in the share price of Shuaa Capital and a 13.5% increase in Dubai Investment's stock price. Banks went up by 5% for the month as all banks closed in the green m-o-m. Insurance companies also closed up by 5.7% for the month of July-17. Telecoms were the second best performing index in July-17, gaining by 10.1% m-o-m, as both DU and Hits Telecom witnessed double-digit returns for the month.

In earnings related announcements Emirates NBD saw its net profit go up by 5% to AED 3.9 Bn in H1-17. Net interest income improved 2% y-o-y during the first half of 2017 due to loan growth and helped by a recent improvement in margins. Key driver for the improvement since the beginning of the year as loans reset at higher rates and funding costs improved as liquidity conditions eased. Dubai Islamic Bank saw its net profit rise by 7% YoY to AED 2.143 Bn in H1-17. Financing assets grew by 9% YoY from H1-16 to AED 125.4 Bn, while deposits increased by 16% YoY to AED 141.4 Bn. Logistics player Aramex's Q2-17 revenues grew by 4% to AED 1.15 Bn, compared to AED 1.10 Bn in Q2-16. Net profit in Q2-17 decreased by 23% to AED 97 Mn, compared to AED 125.7 Mn in Q2-16. Profitability in Q2-17 was negatively impacted by the joint venture in Egypt in Q2 2016. Excluding this adjustment, Q2 2017 Net Profits would have grown by 15%.

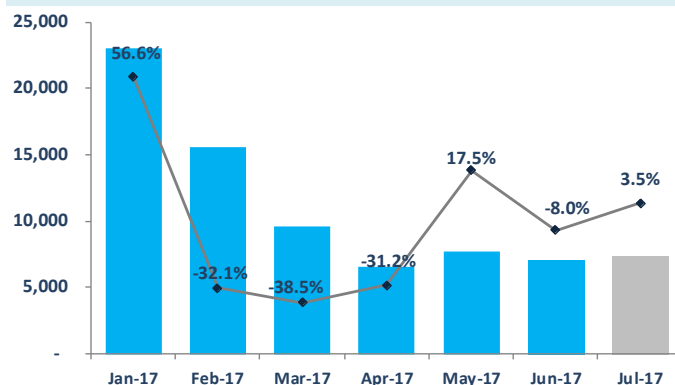
Damac Properties was the top performing stock in the index for the month, as its share price surged by 26.6% in July-17. Shuaa Capital followed along with Dubai Islamic Ins. & Reins, as their stock prices moved up by 23.1% and 21.4% respectively. On the other hand, shares of Arab Insurance Group led the monthly losers chart as its share price declined by 10.0% m-o-m. Gulf Navigation Holding and National General Insurance followed with declines of 6.2% and 5.3% respectively for the month. Arabtec Holding was the most actively traded stock on the exchange as AED 0.98 Bn worth of stock was traded, followed by Gulf Finance House (GFH) with value traded of AED 0.94 Bn. Overall activity on the exchange on a monthly basis was mixed, as volumes traded dropped by 15% m-o-m from Jun -17 to reach 5.1 Bn shares, while value traded was up close to 3.5% m-o-m to reach AED 7.3 Bn.

Data for June-17 showed that the improvements in the overall business conditions in Dubai's non-oil private sector gathered steam during the month, with the seasonally adjusted Emirates NBD Dubai Economy Tracker Index reaching 56.5, up from May's seven-month low of 55.0. Key drivers for greater business activity were combination of more projects, promotional activities and inflows of new business according to Emirates NBD. Sectorally, wholesale & retail was the best performing category, closely followed by construction. The travel & tourism sector experienced the slowest improvement in business conditions. Employment trends rose during June-17. An increase in payroll numbers across the wholesale & retail sector offset declines seen in the construction and travel & tourism sectors.

### DFM Monthly Sector Performance



### Monthly Value Traded (AED Mn)



Source: Dubai Financial Market, KAMCO Research



## Qatar Exchange

Monthly Indicators	Aug-16	Sep-16	Oct-16	Nov-16	Dec-16	Jan-17	Feb-17	Mar-17	Apr-17	May-17	Jun-17	Jul-17
<b>QE 20 Index</b>	<b>10,989.8</b>	<b>10,435.5</b>	<b>10,173.0</b>	<b>9,793.8</b>	<b>10,436.8</b>	<b>10,597.2</b>	<b>10,702.1</b>	<b>10,390.6</b>	<b>10,064.4</b>	<b>9,901.4</b>	<b>9,030.4</b>	<b>9,406.1</b>
Monthly % Change	3.6%	(5.0%)	(2.5%)	(3.7%)	6.6%	1.5%	1.0%	(2.9%)	(3.1%)	(1.6%)	(8.8%)	4.2%
<b>Market Cap (QAR Bn)</b>	<b>588.1</b>	<b>560.3</b>	<b>548.5</b>	<b>526.6</b>	<b>563.5</b>	<b>568.6</b>	<b>577.7</b>	<b>556.3</b>	<b>542.4</b>	<b>528.6</b>	<b>487.5</b>	<b>509.0</b>
P/E (X) - TTM	14.17	13.50	13.45	13.04	13.85	14.34	15.00	14.58	14.42	13.76	12.80	13.58
P/BV (X) - TTM	1.63	1.55	1.51	1.45	1.56	1.52	1.48	1.44	1.40	1.35	1.26	1.30
Dividend Yield (%)	3.72%	3.91%	4.00%	4.18%	3.93%	3.91%	3.79%	3.97%	4.03%	4.14%	4.46%	4.29%
Volume (Mn Shares)	164	132	121	188	190	190	188	287	183	231	249	200
Value (QAR Mn)	6,799	5,934	4,360	5,822	7,204	5,757	6,723	10,292	4,681	5,936	6,566	5,476
Trades	99,903	76,124	56,888	73,428	71,747	76,729	81,708	103,717	62,981	70,499	73,211	72,354

Source: Qatar Exchange, KAMCO Research

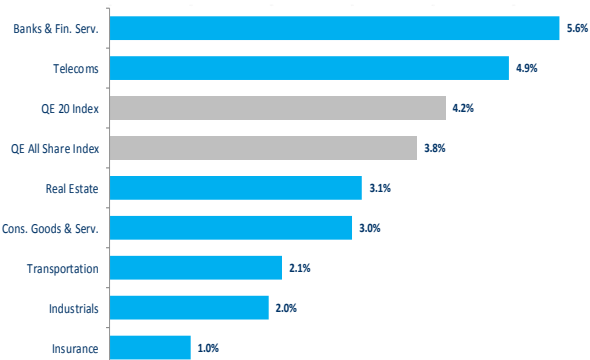
The QE 20 index reversed trends from the past four months and was the second best performing market in the GCC for the month of July-17 after the Ramadan and holiday break. All indices were able to close in the green for the month. The index went up by 4.2% m-o-m, but still closed lower than the 10,000-point mark at 9406.06 points. The Qatar All Share index, which maps the broader index, also witnessed a move up as it went up by 3.8% m-o-m for the month of July-17. Banks & Financial Services companies led the way as the heavyweight index went up by 5.6% m-o-m, QNB jumped by 8.7% m-o-m. Masraf Al Rayan and Qatar Islamic Bank followed with gains of 5.8% and 4.3% for the month. Telecoms was the other major index, which gained and went up by 4.9% as both Vodafone Qatar and Ooredoo gained by 8.4% and 4.2% respectively. Real Estate index followed with gains of 3.1% m-o-m for the month of July-17 as Ezdan Holding and Barwa were able to push up the index, as the property stocks went up by 3.7% each.

In corporate earnings, QNB reported H1-17 net profit of QAR 6.7 Bn, up by 7% from H1-16. Net loans and advances were up by 11% from H1-17 to reach QAR 552 Bn in H1-17. Loans to Deposit ratio improved to 98.3% in the first half of 2017, as compared with 101.7% in June 2016. Telecom operator Ooredoo reported revenues of QAR 16.3 Bn in H1-17, an improvement of 2% over H1-16. In local currency terms, growth was driven by Ooredoo Qatar, Ooredoo Oman, Ooredoo Kuwait, Ooredoo Tunisia, Asiacell, Indosat Ooredoo and Ooredoo Maldives. Group Net Profit went down by 25% to QAR 1.1 Bn as net profit in H1-16 benefitted from significant FX gains of QAR 540 Mn. Nakilat recorded a net profit of QAR 409 Mn in H1-17 compared to QAR 501 Mn in H1-16. The lower profit was mainly attributed to the lower number of charter hire days, the effect of changing the estimated scrap value of vessels and the reduced operations of a few JVs.

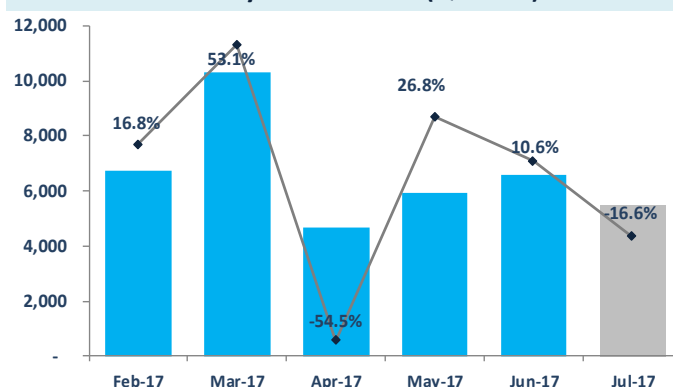
Trading activity on the index was however negative, as value traded during July-17 declined by 16.6% to reach QAR 5.4 Bn, while traded volumes dropped by 19.9% m-o-m to reach 199 Mn shares. In terms of trading activity, Qatar National Bank topped the monthly value traded chart with QAR 807 Mn worth of shares traded, followed by Vodafone Qatar and Gulf International Services recording QAR 480 Mn and QAR 458 Mn in monthly value traded. In terms of volumes traded, Vodafone Qatar led all stocks with traded volumes of 55 Mn shares. Gulf International Services and Qatar Gas Transport followed with traded volumes of 20.8 Mn shares and 13.1 Mn shares respectively. Widam was the top performing stock in the index for the month as its share price surged by 12.2%. On the other hand, shares of Qatar General Insurance & Reins Co. led the monthly losers chart with its stock losing 14.0% m-o-m.

In corporate credit ratings action, Moody's has reportedly affirmed Doha Bank's A2/Prime-1 deposit ratings and baa3 baseline credit assessment. Doha Bank's A2 deposits rating incorporates the bank's importance to the local financial system with a market share of around 8% in deposits. The Qatari government's willingness and ability to provide support to local banks has been well observed, through capital injections and the purchase of real estate and equity investment portfolios from banks; and the government's 16.7% shareholding in Doha Bank. The bank's capitalization levels are projected to strengthen going forward, as the lender recently completed a rights issue of QAR1.3 Bn.

### QE Monthly Sector Performance



### Monthly Value Traded (QAR Mn)



Source: Qatar Exchange, KAMCO Research

## Bahrain Bourse

Monthly Indicators	Aug-16	Sep-16	Oct-16	Nov-16	Dec-16	Jan-17	Feb-17	Mar-17	Apr-17	May-17	Jun-17	Jul-17
<b>Bahrain All Share Index</b>	<b>1,142.21</b>	<b>1,150.00</b>	<b>1,148.83</b>	<b>1,174.12</b>	<b>1,220.45</b>	<b>1,303.70</b>	<b>1,349.67</b>	<b>1,355.99</b>	<b>1,335.67</b>	<b>1,319.75</b>	<b>1,310.04</b>	<b>1,327.81</b>
Monthly % Change	(1.2%)	0.7%	(0.1%)	2.2%	3.9%	6.8%	3.5%	0.5%	(1.5%)	(1.2%)	(0.7%)	1.4%
<b>Market Cap (BHD Mn)</b>	<b>6,757</b>	<b>6,803</b>	<b>6,796</b>	<b>6,946</b>	<b>7,221</b>	<b>7,721</b>	<b>7,995</b>	<b>7,683</b>	<b>7,575</b>	<b>7,487</b>	<b>7,434</b>	<b>7,536</b>
P/E (X) - TTM	9.67	9.47	9.70	9.29	9.68	9.97	9.92	10.06	9.60	9.30	9.27	9.62
P/BV (X) - TTM	0.78	0.77	0.78	0.80	0.83	0.89	0.89	0.87	0.86	0.85	0.85	0.86
Dividend Yield (%)	4.45%	4.88%	4.47%	4.39%	4.22%	3.95%	4.44%	4.96%	5.03%	5.10%	5.13%	5.05%
Volume (Mn Shares)	75	37	29	55	211	136	86	96	141	61	39	64
Value (BHD Mn)	21	6	6	12	10	26	18	24	19	14	9	13
Trades	1,080	789	750	998	1,163	2,164	1,621	1,864	1,684	1,146	926	1,443

Source: Bahrain Bourse, KAMCO Research

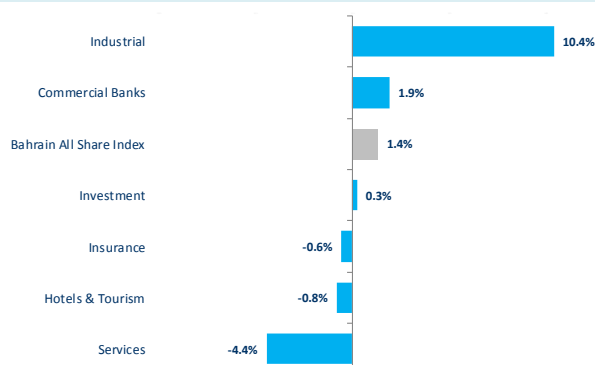
The Bahrain All Share Index, which remains one of the best performing markets, despite declining trends from the previous three months gained ground in July-17, albeit marginally. The index closed 1.4% higher on a m-o-m basis during the current month. The index closed at 1327.81 points at the end of the month. Sectoral performance was mixed, as there were indices, which gained and receded. Market breadth for the index favored gainers, as 9 stocks gained ground, while 5 stocks witnessed declines in their share prices. Commercial Banks were up 1.9% m-o-m as compared to June-17, as Ahli United Bank increased by 2.9% m-o-m. Industrials was the best performing index as the sector gained by 10.4% m-o-m as compared to the previous month. The Investment sector also gained, albeit marginally by 0.3% for the month of July-17. The Services sector was weakest performing index dropping by 4.4% m-o-m, followed by the Hotels & Tourism index and the Insurance index as their m-o-m returns came in 0.8% and 0.6% respectively.

In earnings releases, NBB recorded a H1-17 net profit of BHD 31.74 Mn, compared to BHD 31.72 million H1-16. The Net Interest Income (NIM) for H1-17 was BHD 34.95 Mn, compared to BHD 31.82 Mn for H1-16, representing an increase of 9.8 %. The increase in NIM was as a result of growth in earning assets and better asset liability management leading to an improvement in net interest margin. BBK announced a net profit of BHD 32.2 Mn for H1-17 compared to BHD 29.8 Mn for H1-16, an increase of 8.1% post the restatement negative impact of BD 1.5 million on H1-16 financial results due to IFRS9 applications. Aluminum Bahrain reported total sales of BHD 369.7 Mn in H1-17, up by 15% YoY, compared to BHD 322.2 Mn in H1-16. Sales and production volumes were down by 3.9% YoY (453,089 mt) and 4.5% YoY (453,395 mt) in H1-17. Alba's value added sales averaged 58% of total shipments in H1-17 versus 54% in H1 2016. Net Income for H1-17 rose by 111% YoY to BHD 43.3 Mn as compared to BHD 20.5 Mn in H1-16.

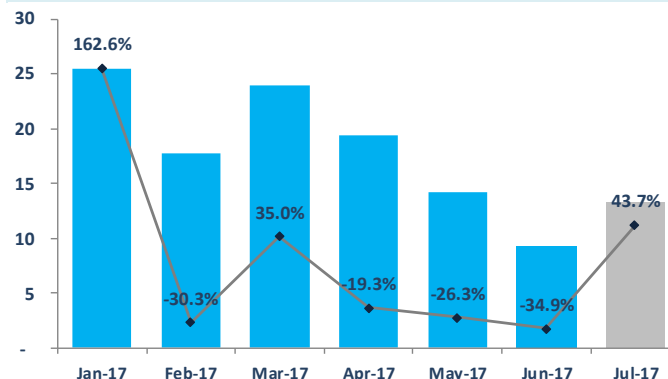
The exchange's figures of value and volumes traded in July-17 exhibited improving trends on an m-o-m basis, as compared to the previous month. Volumes traded in the exchange reached 63 Mn and moved up by over 62.2% m-o-m as compared to 39 Mn shares in June-17. Value traded increased by over 43% in the exchange to reach BHD 13.4 Mn in July -17, as compared to BHD 9.3 Mn in June-17. Furthermore, the number of trades made in the exchange increased to 1,443 trades, a 55.8% m-o-m jump from June-17. Aluminium Bahrain was the most actively traded stock in July-17 with BHD 3.1 Mn worth of its shares traded on the exchange. Ahli United Bank and Gulf Finance House followed with BHD 2.8 Mn and BHD 2.1 Mn worth of shares traded.

In sovereign ratings action, Moody's downgraded the Government of Bahrain's long-term issuer rating to B1 from Ba2, and maintained the negative outlook. The main driver for the rating downgrade is the weakening credit profile of the Bahraini government, reportedly due to a comprehensive consolidation strategy despite some fiscal reform efforts. The ratings agency expects Bahrain's government debt burden and debt affordability to deteriorate significantly over the coming two to three years. The negative outlook reflects continued downside risks to the rating, which manifest themselves in heightened government and external liquidity risks.

### BSE Monthly Sector Performance



### Monthly Value Traded (BHD Mn)



Source: Bahrain Bourse, KAMCO Research

## Muscat Securities Market

Monthly Indicators	Aug-16	Sep-16	Oct-16	Nov-16	Dec-16	Jan-17	Feb-17	Mar-17	Apr-17	May-17	Jun-17	Jul-17
<b>MSM 30 Index</b>	<b>5,735.0</b>	<b>5,726.2</b>	<b>5,481.4</b>	<b>5,487.7</b>	<b>5,782.7</b>	<b>5,776.2</b>	<b>5,780.0</b>	<b>5,550.6</b>	<b>5,513.5</b>	<b>5,422.0</b>	<b>5,118.3</b>	<b>5,024.2</b>
Monthly % Change	(1.9%)	(0.2%)	(4.3%)	0.1%	5.4%	(0.1%)	0.1%	(4.0%)	(0.7%)	(1.7%)	(5.6%)	(1.8%)
<b>Market Cap (OMR Mn)</b>	<b>7,351</b>	<b>7,555</b>	<b>7,930</b>	<b>7,946</b>	<b>5,055</b>	<b>4,959</b>	<b>4,944</b>	<b>6,153</b>	<b>5,991</b>	<b>4,705</b>	<b>4,461</b>	<b>4,356</b>
P/E (X) - TTM	9.67	9.66	9.35	9.54	10.08	10.21	9.91	9.57	10.76	10.72	10.21	10.22
P/BV (X) - TTM	1.12	1.13	1.08	1.08	1.15	1.13	1.12	1.06	1.07	1.05	0.99	0.93
Dividend Yield (%)	6.35%	6.34%	5.38%	5.39%	5.11%	5.23%	5.33%	5.70%	5.68%	5.80%	6.17%	6.20%
Volume (Mn Shares)	199	227	127	187	147	192	280	258	203	232	115	126
Value (OMR Mn)	52	45	43	58	44	52	99	73	45	43	29	37
Trades	13,074	5,563	7,975	5,847	8,793	11,583	12,280	12,395	10,204	9,848	5,549	6,528

Source: Muscat Securities Market, KAMCO Research

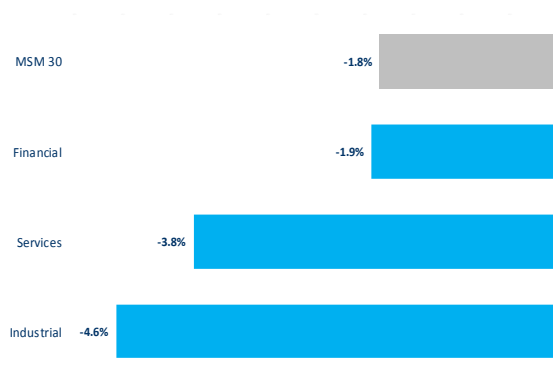
Oman was the only other index in the GCC which saw declines during the month of July-17, and remained the weakest performer in the GCC YTD. The benchmark MSM index was down 1.8% m-o-m, closed at 5024.24 points, and lost over 13% since the start of the year. All sectoral indices closed in the red for the month. The Industrials index was the main laggard as it declined by 4.6% m-o-m, driven by a 9% drop in Raysut Cement. Oman Cable Industry (-1.3%) and Oman Cement Co (-0.5%) also witnessed lower levels as compared to the previous month. The Services index followed with a decline of 3.8% driven by a 7.6% drop in Phoenix Power, followed by a 4.4% drop in Ooredoo. The Financials index also saw lower levels and declined by 1.9% driven by Ominvest that receded by 3.5% m-o-m. National Bank of Oman followed and went down by 2.8% as compared to the previous month followed by HSBC Oman which declined by 2.4% as compared to June-17.

In earnings announcements, National Bank of Oman reported H1-17 net profit of OMR 26.1 Mn as compared to OMR 29.4 Mn in H1-16, which represented a decline of 11.2%. Loans advances and financing activities for customers dropped by 0.4% for the first half of 2017 and amounted to OMR 2,782.8 Mn as compared to OMR 2,792.7 in H1-16. Bank Dhofar reported H1-17 net profit of OMR 22.7 Mn as compared to OMR 26.2 Mn in H1-16, which represented a decline of 13.3%. Net Loans and advances to customers improved by 9.6% for the first half of 2017 and amounted to OMR 3,113.2 Mn and improved as compared to OMR 2,841.4 in H1-16.

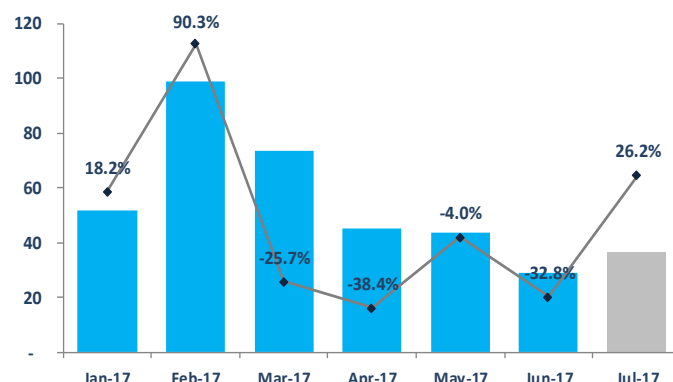
Trading activity during the July-17 improved from the lowest monthly level since the start of the year in June-17. Monthly volume of shares traded went up by 8.0% to 125.8 Mn shares as compared to 114.9 Mn shares during the previous month, while value traded increased by a higher 24.4% to OMR 36.8 Mn as compared to OMR 29.2 Mn during June-17. Bank Muscat topped the monthly value traded chart for the month with OMR 12.8 Mn worth of shares traded during July-17 followed by Oman Telecom and Ooredoo recording OMR 7.9 Mn and OMR 5.5 Mn worth of shares changing hands. In terms of volume, Bank Muscat topped the chart with 35 Mn shares followed by Bank Sofar and Al Madina Takaful recording 22.9 Mn shares and 14.5 Mn shares traded, respectively. The top performing stock for the month of July-17 was Taageer Finance which went up by 1.8% m-o-m. Voltamp Energy followed with a monthly return of 0.8% m-o-m. National Gas was the main laggard in the index as it saw its share price erode by 20% m-o-m in July-17.

Ratings agency Moody's downgraded the Government of Oman's long-term issuer and senior unsecured bond ratings to Baa2 from Baa1 and changed the outlook from stable to negative. Key driver for the rating downgrade was the view that progress towards addressing structural vulnerabilities to a weak oil price environment has been more limited than expected. The agency expects that this reflects institutional capacity constraints to address the large fiscal and external imbalances. The negative outlook reflects that the balance of risks are skewed to the downside. Moody's forecasts current account deficits of 12% of GDP on average in 2017-18, as oil export revenues recover only slowly.

**MSM Monthly Sector Performance**



**Monthly Value Traded (OMR Mn)**



Source: Muscat Securities Market, KAMCO Research



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