

GCC Markets Monthly Report

September-2016

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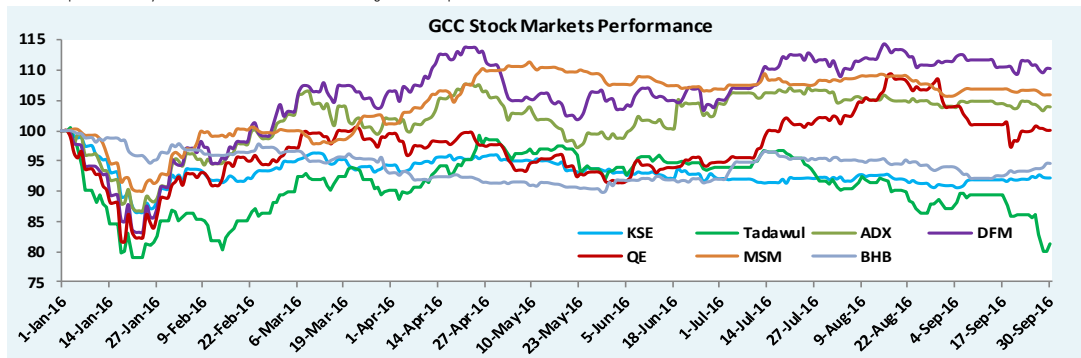
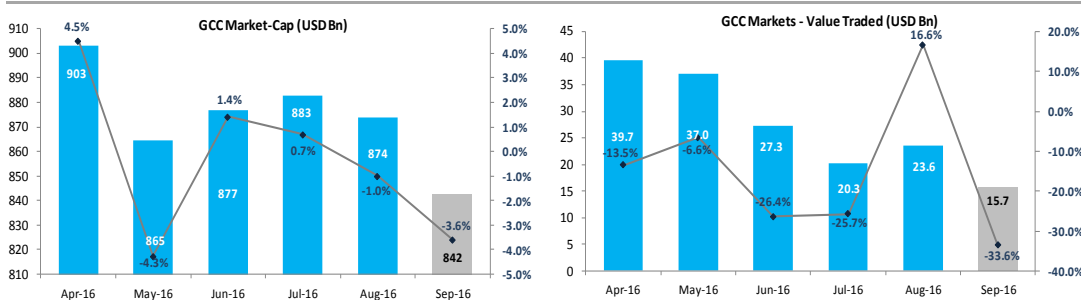
Choppy market performance from GCC indices amid low trading activity...

GCC equity markets continued to exhibit mixed trends during September-16 as Qatar and Saudi Arabia continued to be movers for the second consecutive month. TASI continued to decline for the third consecutive month and reached the lowest level since January-16 with a YTD-16 decline of 18.6%, the steepest YTD decline in the GCC. Meanwhile, the QE20 Index declined for the first time in three months by a steep 5% to reach December-15 closing levels. On the other hand, the KSE Weighted Index topped the monthly gainers chart with a surge of 1.3%.

Depressed oil price continued to have its impact on the direction of GCC equity markets and swung the markets to a steep decline as hopes of a production cut faded during mid-month. However, towards the end of the month and to investors surprise, OPEC did agree to cut production for the first time since 2008, although marginally by around 0.7 mb/d and keep total OPEC production within 32.5-33.0 mb/d range. Although the deal is said to benefit markets in the short term, its impact in the long run is expected to be minimal. In addition, Saudi Arabia also announced tough austerity measures that included a cut in bonuses of public sector employees and slashed ministers pays by 20% in an effort to deal with the declining oil revenues. The decline in wages could affect retail investor participation in markets and could also affect public savings, disposable income and spending in general as witnessed in the fall in retail stocks after the austerity announcement.

Trading activity during the month declined to one of the lowest levels due to the Eid holidays. Total value of shares traded during the month declined by a third to USD 15.7 Bn as compared to the previous month. However, we expect a surge in trading activity across the GCC during Q4-16 after the holidays and a continuation of the trend seen during the last week of September-16.

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	351.9	1.3%	(7.8%)	80.5	286.4	15.6	1.1	4.3%
Kuwait - 15 Index	814.1	1.5%	(9.6%)					
Kuwait - Price Index	5,398.4	(0.4%)	(3.9%)					
Saudi Arabia	5,623.3	(7.5%)	(18.6%)	353.6	11,129.0	10.7	1.3	5.2%
Abu Dhabi	4,476.3	0.1%	3.9%	126.5	665.0	10.7	1.3	5.7%
Dubai	3,474.4	(0.9%)	10.3%	90.2	1,836.1	9.0	1.3	4.8%
Qatar	10,435.5	(5.0%)	0.1%	153.9	1,629.9	13.5	1.5	3.9%
Bahrain	1,150.0	0.7%	(5.4%)	18.0	15.1	9.5	0.8	4.9%
Oman	5,726.2	(0.2%)	5.9%	19.6	117.2	9.7	1.1	6.3%
Total GCC				842.5	15,678.7	11.2	1.3	4.9%



Source: GCC Stock Exchanges, KAMCO Research

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Kuwait Stock Exchange

Monthly Indicators	Oct-15	Nov-15	Dec-15	Jan-16	Feb-16	Mar-16	Apr-16	May-16	Jun-16	Jul-16	Aug-16	Sep-16
KSE Price Index	5,775.4	5,802.4	5,615.1	5,114.5	5,207.4	5,228.8	5,391.8	5,400.3	5,364.6	5,451.0	5,419.7	5,398.4
Monthly % Change	0.9%	0.5%	(3.2%)	(8.9%)	1.8%	0.4%	3.1%	0.2%	(0.7%)	1.6%	(0.6%)	(0.4%)
KSE Weighted Index	388.4	393.0	381.7	353.4	358.3	359.8	366.3	357.4	351.4	350.7	347.3	351.9
Monthly % Change	(0.0%)	1.2%	(2.9%)	(7.4%)	1.4%	0.4%	1.8%	(2.4%)	(1.7%)	(0.2%)	(1.0%)	1.3%
Kuwait 15 Index	924.3	929.6	900.4	829.8	841.0	850.5	863.3	826.2	805.7	810.7	801.8	814.1
Monthly % Change	(1.2%)	0.6%	(3.1%)	(7.8%)	1.4%	1.1%	1.5%	(4.3%)	(2.5%)	0.6%	(1.1%)	1.5%
Market Cap (KWD Mn)	26,586	26,894	26,159	24,224	24,557	24,875	25,025	24,857	24,293	24,252	24,010	24,326
P/E (X) - TTM	14.86	15.04	15.50	14.30	13.20	13.24	15.40	15.56	15.32	15.29	15.30	15.63
P/BV (X) - TTM	1.14	1.16	1.13	1.04	1.07	1.05	1.09	1.09	1.06	1.06	1.05	1.06
Dividend Yield (%)	3.89%	3.84%	3.95%	4.57%	4.67%	4.00%	4.14%	4.24%	4.30%	4.30%	4.37%	4.30%
Volume (Mn Shares)	2,812	2,997	2,340	2,697	2,773	3,983	3,929	2,931	2,166	1,327	1,430	902
Value (KD Mn)	230	313	242	282	225	329	277	246	227	132	152	87
Trades ('000)	64.1	74.9	59.3	64.7	67.5	84.8	81.2	68.9	49.3	35.7	40.1	27.2

Source: Kuwait Stock Exchange, KAMCO Research

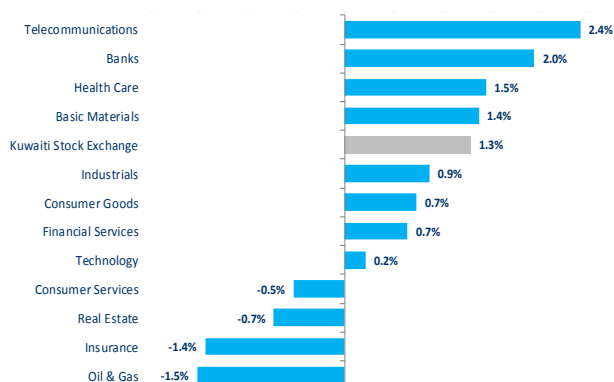
After four consecutive months of decline, the KSE Weighted index witnessed a gain of 1.3% during September-16, the highest in the GCC during the month, as investors targeted large cap buying opportunity. This was also reflected in the KSE-15 Index that surged an even higher 1.5% during the month, whereas the KSE price index declined marginally by 0.4%. A majority of the stocks in the KSE-15 index closed the month with a gain with Zain advancing 4.7% followed by Americana at 3.3%. Shares in the latter went up after the company's biggest shareholder said the conditions to sell its 69% stake in the company to Adeptio, a Dubai-based investment group, have been met, clearing the way for the completion of the USD 2.4 Bn deal.

In terms of sector performance, the two large cap indices, Telecom and Banks, were the top performers during the month. The Telecom index topped the monthly chart with a gain of 2.4%, primarily led by gain in shares of Zain (+4.7%) and Ooredoo (+1.8%), whereas the other two stocks in the sector (Viva and Hits Telecom) declined. On the other hand, KIB was the only decliner during the month in the banking sector witnessing a decline of 2.1%, while shares of CBK, which has been one of the worst performing banking stocks over the past few months, saw strong gains of 28.1%, although there was no apparent catalyst to support this increase. On the decliners side, the Oil & Gas Index witnessed the steepest decline of 1.5% followed by the Insurance Index and Real Estate Index with declines of 1.4% and 0.7%, respectively.

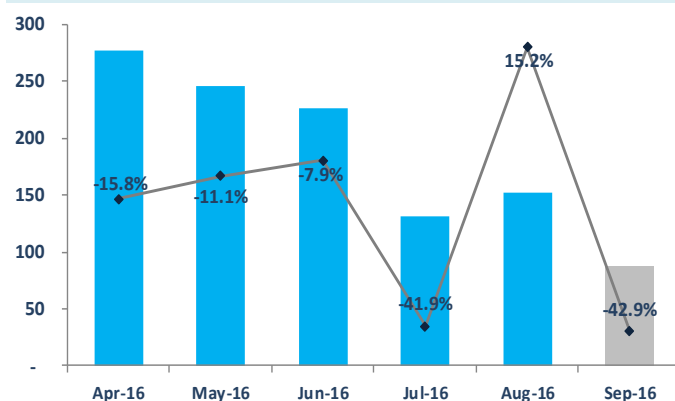
Trading activity on the exchange declined during the month due to the holidays. Total volume traded fell by 37% to reach 902 Mn shares, one of the lowest levels ever recorded, whereas the total value of shares traded during the month declined by an even steeper 43% to reach KWD 87 Mn. The average daily volume and value traded also declined by 9.3% and 8.7%, respectively. At the company level, Zain (+4.7%) topped the monthly value traded chart with KWD 10.1 Mn worth of shares traded during the month followed by KFH (+2.2%) and Americana (+3.3%) recording KWD 9.1 Mn and KWD 7.5 Mn in monthly value traded, respectively. In terms of volume, Al Mal Investment (+7.1%) topped the chart with 70.6 Mn shares traded during the month followed by Al Mudon International Real Estate (+13.7%) and Al Salam Group Holding (-7.8%) recording 58.8 Mn and 39.6 Mn shares during the month.

The monthly gainers chart was led by Remal with a return of 53.1% followed by GFC (+33.3%) and CBK (+28.1%). On the decliners side, Tahsilat topped the chart with a decline of 19.7% followed by Danah Al Safat Foodstuff and Senergy with declines of 18.3% and 14.5%, respectively. The monthly market breadth was skewed towards decliners that included 80 companies as against gainers that included 57 stocks. Price of 48 stocks remained unchanged during them month.

KSE Monthly Sector Performance



Monthly Value Traded (KWD Mn)



Source: Kuwait Stock Exchange, KAMCO Research

Saudi Arabia (Tadawul)

Monthly Indicators	Oct-15	Nov-15	Dec-15	Jan-16	Feb-16	Mar-16	Apr-16	May-16	Jun-16	Jul-16	Aug-16	Sep-16
Tadawul All Share Index	7,124.8	7,239.9	6,911.8	5,996.6	6,092.5	6,223.1	6,805.8	6,448.4	6,499.9	6,302.2	6,079.5	5,623.3
Monthly % Change	(3.8%)	1.6%	(4.5%)	(13.2%)	1.6%	2.1%	9.4%	(5.3%)	0.8%	(3.0%)	(3.5%)	(7.5%)
Market Cap (SAR Bn)	1,630.4	1,659.1	1,580.7	1,373.3	1,403.9	1,439.0	1,560.3	1,489.4	1,505.3	1,458.9	1,419.4	1,326.2
P/E (X) - TTM	15.22	12.93	12.30	10.73	10.88	12.29	13.41	12.76	11.87	11.77	11.49	10.75
P/BV (X) - TTM	1.73	1.58	1.50	1.31	1.33	1.49	1.64	1.55	1.53	1.48	1.43	1.32
Dividend Yield (%)	2.96%	4.14%	4.28%	4.94%	4.84%	4.52%	3.65%	3.74%	4.60%	4.71%	4.91%	5.24%
Volume (Mn Shares)	4,594	5,336	6,013	6,425	6,817	7,373	6,705	6,110	5,228	3,518	3,840	2,521
Value (SAR Mn)	102,429	107,616	126,338	115,145	120,712	131,199	117,608	117,944	84,283	59,461	67,974	41,736
Trades ('000)	2,039	2,140	2,688	2,766	3,054	2,994	2,625	2,761	1,828	1,347	1,684	1,070

Source: Tadawul, KAMCO Research

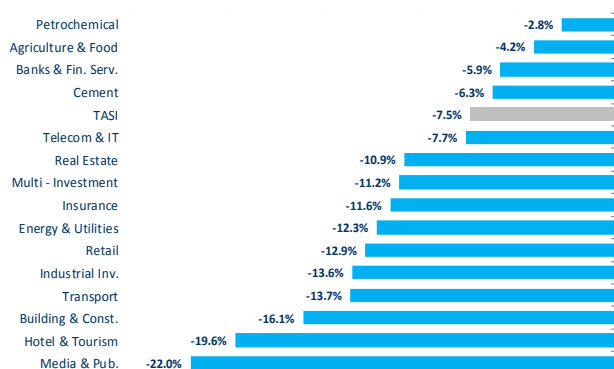
The Tadawul All Share Index continued to be the worst performing market for the second consecutive month declining by 7.5% in September-16, the steepest monthly decline since January-16. The month started with few positive trading sessions after Saudi Arabia and Russia agreed on an oil market cooperation sending a strong signal to the oil market. But oil prices started declining, after the optimism surrounding the expected production cut announcement at the informal OPEC meet in Algeria faded. In addition, the uncertainty surrounding the US Fed interest rate hike during the month, which impacts the Saudi Riyal due to its USD peg also kept investor sentiments fragile.

The benchmark continued its descent after the markets opened after the holidays until the announcement of an agreement to curb output at the OPEC meet provided some hopes. In response, the Petrochemical Index surged supporting the overall the market. However, the tough austerity measures announced by the government affected investor sentiments that pushed markets downward as the decision to slash public sector bonuses, cut ministers salaries as well as various other measures intended to curb subsidies threatened consumer spending in the Kingdom. Moreover, the continued decline for most of the later part of the month indicated investor's weariness about further austerity measures in the coming months.

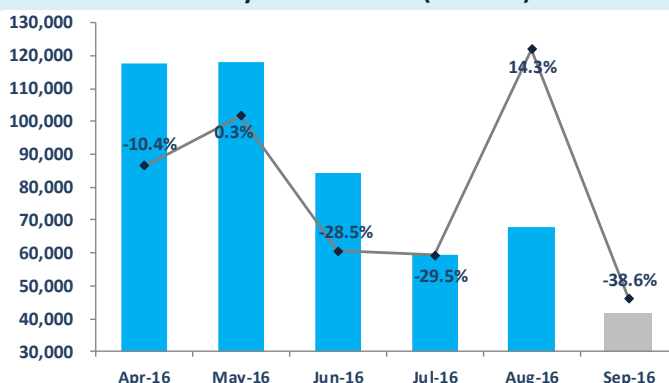
The weak investor sentiments were also reflected in the monthly sector performance chart with all of the indices closing the month in the red zone. The Media & Publishing Index witnessed the steepest decline of 22%, followed by the Hotel & Tourism and Building & Construction indices with declines of 19.6% and 16.1%, respectively. All the companies in the aforementioned sectors declined during the month. Meanwhile, the Petrochemical index saw the smallest monthly decline of 2.8% due to the positive news in the oil market towards the end of the month. In this sector, the steepest monthly decline was recorded by Saudi Kayan at -17.6% followed by Methanol Chemical at -16.2%, whereas sector heavyweight SABIC shed 2.8%. The Banking index also declined by 5.9% with SABB (+3.12%) and Banque Saudi Fransi (+0.1%) being the only banks that recorded gains. Banks continues to assess the possible impact of the renewed market scenario as consumer loan repayment would be affected after the announced measures. Nevertheless, in a positive development, Fitch said in a report that liquidity coverage ratios of large Saudi Arabian banks continue to remain above 100% despite a 30% outflow of government-related deposits from the sector since oil prices started their decline. This, according to the rating agency, indicates that the banks' finances are resilient at least in the short term.

Trading activity during the month declined in line with the rest of the GCC markets. Total volume traded on the exchange declined by 34% to reach 2.5 Bn shares, whereas monthly value traded declined by a higher 38.6% to reach SAR 41.7 Bn. Alinma Bank was the most widely traded stock with SAR 8.7 Bn worth of shares traded in the bank followed by SABIC (SAR 6.8 Bn) and Dar Al Arkan Real Estate Dev (SAR 1.8 Bn). The gainers chart was topped by Walaa (+14.5%) followed by Makkah Construction (+3.6%) whereas the decliners side was topped by SRMG (-30%) followed by Allianz SF (-27.9%).

Tadawul Monthly Sector Performance



Monthly Value Traded (SAR Mn)



Source: Tadawul, KAMCO Research

Abu Dhabi Securities Exchange

Monthly Indicators	Oct-15	Nov-15	Dec-15	Jan-16	Feb-16	Mar-16	Apr-16	May-16	Jun-16	Jul-16	Aug-16	Sep-16
ADX General Index	4,322.0	4,236.4	4,307.3	4,054.4	4,351.4	4,390.4	4,543.5	4,250.2	4,497.6	4,575.3	4,471.0	4,476.3
Monthly % Change	(4.0%)	(2.0%)	1.7%	(5.9%)	7.3%	0.9%	3.5%	(6.5%)	5.8%	1.7%	(2.3%)	0.1%
Market Cap (AED Bn)	431.4	424.2	428.1	411.6	435.4	449.2	461.9	433.4	457.1	473.9	463.8	464.8
P/E (X) - TTM	8.02	10.14	10.41	9.84	10.54	10.70	11.14	10.35	10.66	10.96	10.73	10.74
P/BV (X) - TTM	1.37	1.37	1.38	1.32	1.38	1.40	1.45	1.35	1.34	1.37	1.34	1.34
Dividend Yield (%)	4.35%	5.16%	5.11%	5.35%	4.89%	5.09%	5.01%	5.38%	5.56%	5.47%	5.68%	5.67%
Volume (Mn Shares)	1,187	1,709	1,795	1,534	4,172	3,284	2,730	1,945	1,206	1,228	1,307	1,191
Value (AED Mn)	3,621	6,611	5,119	3,308	5,269	6,433	4,579	3,283	3,832	2,926	3,148	2,443
Trades	24,311	38,316	29,399	32,127	43,275	45,320	31,800	26,059	22,596	23,335	24,668	19,554

Source: Abu Dhabi Securities Exchange, KAMCO Research

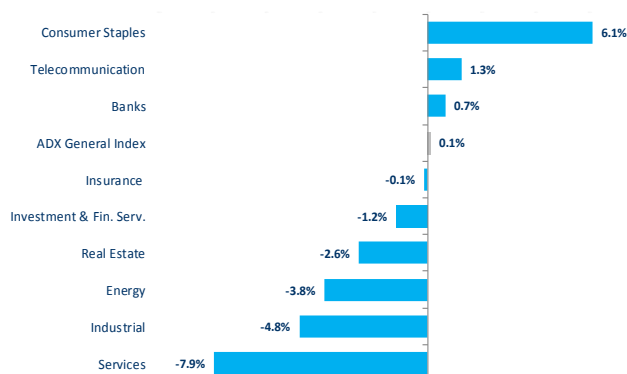
The ADX index which witnessed the second highest decline in the GCC for the month of Aug-16, was able to close marginally up in Sep-16. The index closed at 4476.32 points, as sectoral indices included both gainers and decliners for the month. Consumer Staples names which fell the most during the month of Aug-16 (-20%), retraced by 6.1%. The largest stock in the the Consumer Staples index - Agthia Group moved up by 5.9% in the current month, after declining by 23.3% in Aug-16. Other sectors which improved, were Telecoms and Banks, which went up by 1.3% and 0.7% respectively. Banks went up primarily due to positive performance from large caps FGB, NBAD & ADCB as they improved by 0.85%, 0.66% and 0.47% respectively. The Services index was the largest decliner amongst sectors as it went down by 7.9%, as two of its stocks Abu Dhabi National Hotels and Emirates Driving Company featured amongst the largest decliners in the ADX index. The Industrials and Energy indices also closed lower for the month receding by 4.8% and 3.8%.

In ratings related action in the banking sector, Capital Intelligence Ratings reportedly raised the Financial Strength Rating of Abu Dhabi Commercial Bank (ADCB) to 'A' from 'A-'. Key drivers for the ratings increase were reportedly a strong capital adequacy ratio, good asset quality, improving liquidity, sound profitability and a solid customer franchise. However they alluded to high, though declining, customer concentrations, wide maturity gaps and elevated credit risks in the operating environment as constraining factors. NBAD cancelled its proposed green bond issuance of reportedly upwards of USD 500 Mn, the first of its kind in the region, as the lender reportedly cited low investor appetite and unattractive pricing.

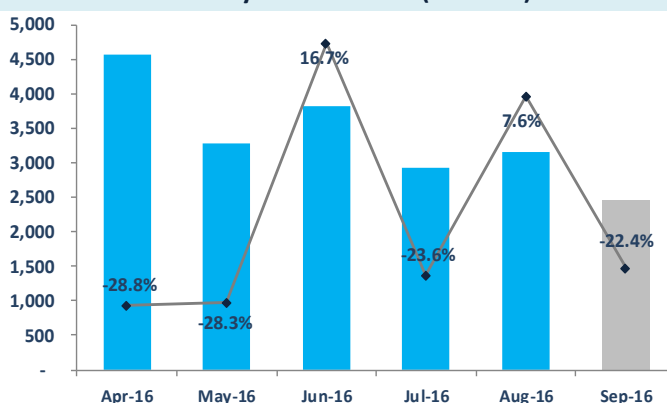
In other corporate events, state owned entity Mubadala Development Company reportedly swung to a loss of nearly AED 5 Bn H1-16, as compared to a profit of close to AED 500 Mn in H1-15, as the company cited rising costs as the reason for the drop in profitability. Key drivers for the drop in profitability were reportedly a combination of higher operating costs, lower commodity prices and an impairment charge of about AED 1.5 Bn for FX losses across the group. The company, which has announced plans to merge with International Petroleum Investment Company, a larger government-owned investment company, mentioned that revenues came in higher by about 5% y-o-y during the per-iod at AED 14.3 Bn, compared to AED 13.6 Bn in H1-15.

Trading trends were lower as well as compared to the previous month, as traded volumes & value traded declined by 10% & 22% m-o-m respectively, during the same period. Total volumes declined to 1.19 Bn shares as compared to 1.32 Bn shares during the previous month. Value traded during Sep-16 went down to AED 2.4 Bn. FGB was the largest traded stock in the ADX index as AED 0.41 Bn worth of the stock was traded during the month, while Aldar Properties finished with AED 0.4 Bn worth of trades. International Fish Farming led the gainers list and achieved a monthly return of 20.8%, followed by National Bank of Umm Al- Qaiwain and Abu Dhabi National Co. for Bldg. Material, which went up by 13.4% and 10.2% respectively. Prominent decliners included Abu Dhabi National Hotels with a monthly share price decline of 19.5%, followed by Al Khaleej Investment and Emirates Driving Co, as they saw their stock prices erode by 10% each.

ADX Monthly Sector Performance



Monthly Value Traded (AED Mn)



Source: Abu Dhabi Securities Exchange, KAMCO Research

Dubai Financial Market

Monthly Indicators	Oct-15	Nov-15	Dec-15	Jan-16	Feb-16	Mar-16	Apr-16	May-16	Jun-16	Jul-16	Aug-16	Sep-16
DFM General Index	3,503.8	3,204.3	3,151.0	2,997.8	3,239.7	3,355.5	3,491.9	3,313.7	3,311.1	3,484.3	3,504.4	3,474.4
Monthly % Change	(2.5%)	(8.5%)	(1.7%)	(4.9%)	8.1%	3.6%	4.1%	(5.1%)	(0.1%)	5.2%	0.6%	(0.9%)
Market Cap (AED Bn)	336.0	310.8	301.2	289.5	307.0	319.0	334.3	324.9	323.2	335.5	334.8	331.4
P/E (X) - TTM	11.07	9.50	9.19	8.16	8.68	8.98	9.36	8.90	8.16	8.87	9.09	9.01
P/BV (X) - TTM	1.28	1.24	1.20	1.14	1.19	1.24	1.28	1.24	1.12	1.27	1.28	1.27
Dividend Yield (%)	2.55%	3.35%	3.46%	3.60%	3.51%	3.60%	3.82%	3.97%	4.82%	4.91%	4.76%	4.80%
Volume (Mn Shares)	3,953	5,124	5,935	7,972	9,932	15,527	12,030	6,755	5,352	5,180	5,115	5,574
Value (AED Mn)	5,663	6,733	6,700	9,241	11,755	19,582	14,171	7,768	6,997	7,318	7,643	6,744
Trades	70,076	98,185	90,095	121,266	131,931	184,991	133,516	91,318	76,501	74,470	75,179	61,878

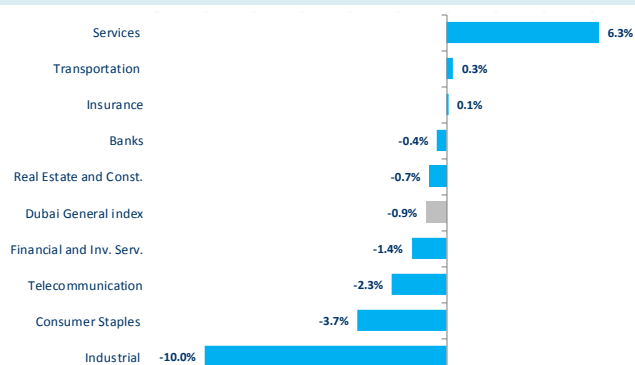
Source: Dubai Financial Market, KAMCO Research

DFM index slid in Sep-16 after remaining one of the only two markets in the GCC which were able to close higher for the previous month. DFM closed the month marginally lower by 0.9% at 3474.38 points. Sectoral trends were mixed, as indices that lost ground during the month were led by Industrials with a decline of 10%, after gaining 6% in the month prior, followed by Consumer Staples that declined by 3.7%. Banks declined by 0.4%, primarily due to the drop in Emirates NBD & Dubai Islamic Bank shares, as their stock prices receded by 2.5% and 0.7% respectively. The Real Estate & Construction index was also down by 0.7% m-o-m driven mainly by Emaar Malls, which declined by 1.5% as compared to Aug-16. Amongst the key indices that gained ground during the month, was Services that closed up 6.3%, driven by a 17.2% jump in the stock price of Tabreed.

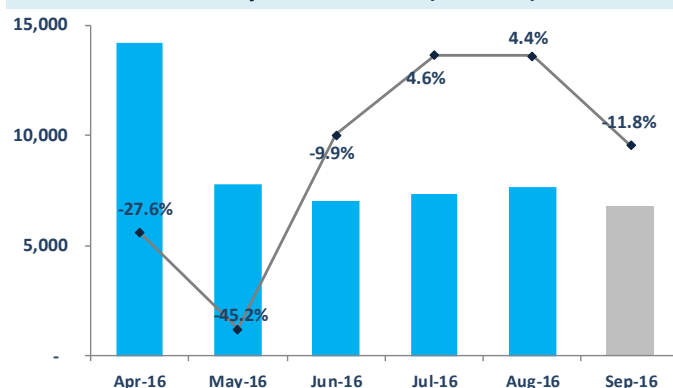
In other corporate developments, Gulf General Investment Co (GGICO) is reportedly seeking to restructure loans linked to an AED 2.8 Bn debt plan which it agreed four years ago, according to Reuters. GGICO which is reportedly 50% owned by the Al Sari family from the emirate of Sharjah, requested close to 27 of its lenders to help it restructure its debt. Separately Dubai Islamic Bank (DIB), has reportedly bought the minority stake that Imperial Bank directors held in its Kenyan subsidiary as it awaits the issuance of an operating license to formally enter the East African market. The Islamic lender had reportedly formed a partnership with Imperial Bank, which held a 24.9% stake in the Kenyan subsidiary through Downstream Investments, a firm owned by nine companies, eight of which owned 100% of Imperial Bank. In real estate related corporate developments, Emaar Properties is expected to operate its first beachfront hotel project in Dubai Marina, as per the company. Emaar Hospitality Group highlighted that the Address Jumeirah Resort + Spa will be located at the end of the Jumeirah Beach Residences in Dubai Marina and will consist of 182 rooms. In addition to the five-star hotel, the 19,690 sq.m project will reportedly include The Address Residences Jumeirah Resort + Spa and The Residences Jumeirah Dubai, all of which will be managed by The Address Hotels + Resorts. The project is reportedly scheduled for completion in the second half of 2020, with the ground-breaking to be held in Q4 2016.

Shuaa Capital was the top performing stock in the market for the month as its share price surged by 36.2%, as traders reportedly speculated the price over which Dubai Banking Group sold its stake in Shuaa to Abu Dhabi Financial Group. Tabreed followed along with Gulf Finance House (GFH) which saw its stock move up by 13.3%. On the other hand, shares of Agility & National Cement led the monthly losers chart as their shares declined by 10.0% each. Al Madina for Finance & investment followed with a decline of 7.4% for the month. Arabtec was the most actively traded stock on the exchange as AED 1.2 Bn worth of stock was traded, followed by GFH with value traded of AED 1.1 Bn. Market breadth on the exchange was negative, as 12 stocks gained ground while 24 stocks declined during the month of September. Overall activity on the exchange was mixed on a monthly basis, as volumes traded increased 9.2% m-o-m from 5.1 Bn shares to 5.6 Bn shares in September-16, while value traded went down by 11.8% m-o-m to AED 6.7 Bn. General investor participation also was negative, as the number of trades went down by 17.7% m-o-m.

DFM Monthly Sector Performance



Monthly Value Traded (AED Mn)



Source: Dubai Financial Market, KAMCO Research

Qatar Exchange

Monthly Indicators	Oct-15	Nov-15	Dec-15	Jan-16	Feb-16	Mar-16	Apr-16	May-16	Jun-16	Jul-16	Aug-16	Sep-16
QE 20 Index	11,604.6	10,090.8	10,429.4	9,481.3	9,892.3	10,376.2	10,186.2	9,538.8	9,885.2	10,604.0	10,989.8	10,435.5
Monthly % Change	1.2%	(13.0%)	3.4%	(9.1%)	4.3%	4.9%	(1.8%)	(6.4%)	3.6%	7.3%	3.6%	(5.0%)

Market Cap (QAR Bn)	608.0	532.7	553.3	506.7	523.3	556.7	548.2	516.8	532.2	568.2	588.1	560.3
P/E (X) - TTM	13.42	11.23	11.18	10.00	11.87	12.37	12.37	12.34	12.77	13.55	14.17	13.50
P/BV (X) - TTM	2.04	1.58	1.64	1.48	1.53	1.62	1.64	1.53	1.48	1.58	1.63	1.55
Dividend Yield (%)	4.23%	5.04%	4.85%	5.31%	4.34%	3.76%	3.87%	4.10%	4.07%	3.82%	3.72%	3.91%
Volume (Mn Shares)	167	158	516	150	202	269	216	163	89	98	164	132
Value (QAR Mn)	5,759	6,334	5,856	5,050	6,570	9,081	7,234	5,466	3,282	3,785	6,799	5,934
Trades	82,986	77,351	83,826	84,665	100,763	123,003	110,526	94,675	48,686	58,170	99,903	76,124

Source: Qatar Exchange, KAMCO Research

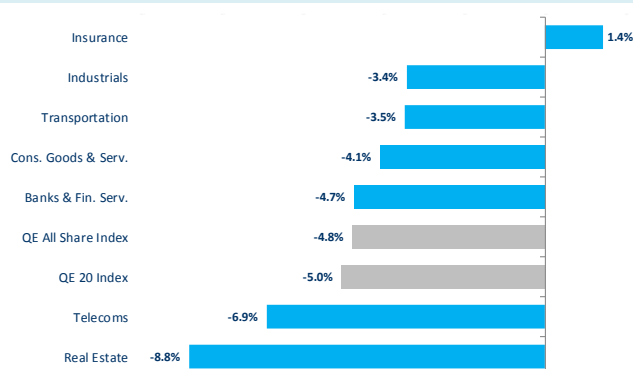
After remaining the best performing index in the GCC for two months in a row, the QE 20 index swung into the negative and was the second worst performing index in the region. The index went down by 5% m-o-m, and closed at 10435.46 points. The Qatar All Share index also receded by 4.8% for the month, as all sectoral indices but one ended the month in the red. Market breadth was particularly skewed towards the negative as only 4 stocks advanced during the month as against 39 names which lost ground. The index was pulled down mainly by Real Estate index, which went down by 8.8% for the month, followed by Telecoms, which went down by 6.9%. Banks & Financial Services index also receded by 4.7%, as banks came under pressure post the release of central bank data which suggested that bank liquidity had worsened due to worsening of loans-to-deposits ratio. The only index which went up during the period was the Insurance index, which went up by 1.4%, as large cap Qatar Insurance which went up 2.2% was able to buoy the index higher.

Trading activity was also reversed and was down for the month on a sequential basis, as value traded during Sep-16 decreased by 12.7% to reach QAR 5.9 Bn, compared to QAR 6.8 Bn in Aug-16. Traded volumes declined by 19.6% to reach 131 Mn shares in Sep-16, as against 163 Mn shares during the previous month. The Real Estate index was pulled down by both heavyweight names in the sector Ezdan and Barwa as their stock prices plunged by 10.6% and 7.3% respectively as all large caps witnessed broad-based selling pressure on the exchange. The Cons. Goods & Services index also retreated by 4.1% as all index constituents closed in the red for the month. The other sectors which saw all its index constituents retreat were Transportation & the Industrials sectors which went down by 3.5% & 3.4% respectively.

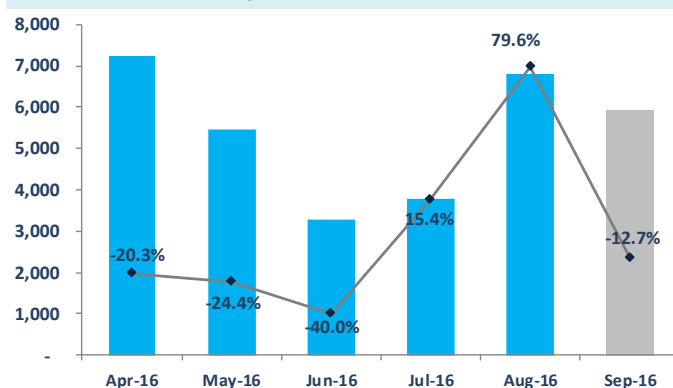
Monthly gainers for the month of September-16 was topped by Dila Brokerage, which ended the month up by 3.9%. Qatar Insurance and Doha Insurance followed with gains of 2.2% and 1.7% m-o-m respectively. The laggards during the month was led by Ezdan Holding Group which saw its price plunge by 10.6% m-o-m, while Qatari German Co. for Medical Devices and Qatar Islamic Insurance followed closely, witnessing m-o-m declines of 10% each. QNB was the most actively traded stock in the index, as QAR 1.1 Bn was traded on the exchange. Industries Qatar followed with trades worth QAR 663 Mn, followed by Masraf Al Rayan, which garnered trades amounting to QAR 515 Mn.

In sovereign ratings action S&P Global Ratings reportedly affirmed Qatar's 'AA' long-term and 'A-1+' short-term sovereign credit ratings and key the outlook as stable. The agency expects the general government balance of the country to average a deficit of close to 5% of GDP in 2016-2019, after many years of surpluses. The outlook is still reportedly driven by the sharp drop in hydrocarbon revenues, which is expected to be somewhat offset by cuts in current spending, which was reduced by 9.5% in 2015 and is expected to fall further in 2016 as line ministries are closed or merged, slow moving projects are scrapped, subsidies removed, and certain taxes are introduced, including an increase in stamp duty. Nevertheless S&P reportedly mentioned that GDP per capita is among the highest of rated sovereigns, estimated at USD 59,245 in 2016.

QE Monthly Sector Performance



Monthly Value Traded (QAR Mn)



Source: Qatar Exchange, KAMCO Research

Bahrain Bourse

Monthly Indicators	Sep-15	Oct-15	Nov-15	Dec-15	Jan-16	Feb-16	Mar-16	Apr-16	May-16	Jun-16	Jul-16	Aug-16	Sep-16
Bahrain All Share Index	1,275.89	1,250.37	1,232.57	1,215.89	1,187.10	1,178.23	1,131.11	1,110.53	1,111.56	1,118.37	1,155.62	1,142.21	1,150.00
Monthly % Change	(1.8%)	(2.0%)	(1.4%)	(1.4%)	(2.4%)	(0.7%)	(4.0%)	(1.8%)	0.1%	0.6%	3.3%	(1.2%)	0.7%
Market Cap (BHD Mn)	7,494	7,410	7,319	7,196	7,025	6,973	6,694	6,573	6,574	6,615	6,836	6,757	6,803
P/E (X) - TTM	9.25	9.15	9.13	9.03	8.70	9.37	8.91	8.77	9.16	9.20	9.66	9.67	9.47
P/BV (X) - TTM	0.95	0.94	0.92	0.91	0.88	0.84	0.82	0.81	0.82	0.77	0.80	0.78	0.77
Dividend Yield (%)	3.78%	3.83%	4.99%	5.06%	5.25%	5.28%	5.72%	5.82%	5.79%	4.44%	4.27%	4.45%	4.88%
Volume (Mn Shares)	87	28	63	40	23	38	33	22	26	75	36	75	37
Value (BHD Mn)	22	5	12	7	4	8	7	5	5	18	8	21	6
Trades	641	641	1,169	1,036	759	1,014	813	577	755	873	996	1,080	789

Source: Bahrain Bourse, KAMCO Research

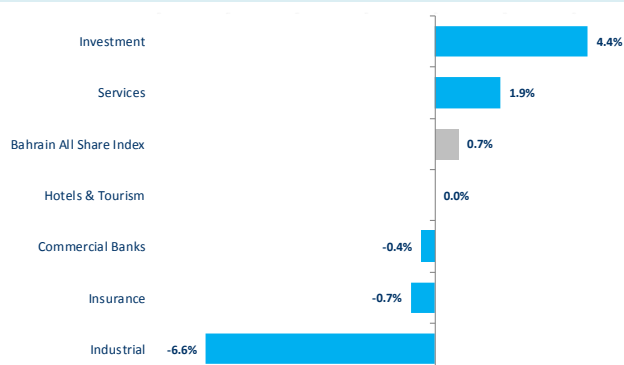
The Bahrain All Share Index gained on a m-o-m basis, albeit marginally, and was the second best performing index in the GCC for the month. The index which was for down for the previous month went up by 0.7% for the Sep -16. The index closed at 1150 points for the month of Sep -16. Market breadth was slightly skewed towards decliners between stocks as 7 stocks advanced while 10 stocks saw lower share prices during the month. Investment and Services indices were key gainers during the month moving up by over 4.4% & 1.9% respectively. Industrials was the key laggard for the month as it declined by 6.6% m-o-m, as Aluminum Bahrain contributed to all of the decline, as the stock went down by 6.9%. Commercial Banks receded by 0.4%, as Ahli United Bank declined by 0.8%, while Bahrain Islamic Bank plunged by 7.1%.

In ratings action, S&P lowered its ratings on MedGulf Bahrain to 'BBB+' from 'A-', and lowered ratings on MedGulf Bahrain's subsidiary MedGulf KSA to 'BBB' from 'BBB+'. The ratings agency ascribed the ratings downgrade to the volatility in the parent company-MedGulf Bahrain's capital and earnings in recent years, indicating a deterioration of the risk profile. In other corporate developments, Investcorp announced projected investment distributions of over USD 700 Mn to investors in Q1-17, following a series of reported successful exits over the period and during the fiscal Year that ended on June 30, 2016. Separately, Aluminium Bahrain announced commitments of USD 1.5 Bn for the commercial loan facility to finance the company's Line 6 expansion project. The company planned to raise between USD 500 Mn – USD 750 Mn, but increased the commercial loan facility size to USD 1.5 Bn due to the issue being heavily oversubscribed. The USD 1.5 Bn commercial facility will carry an interest margin of 325 bps per annum over LIBOR and is expected to have a 7-year tenor.

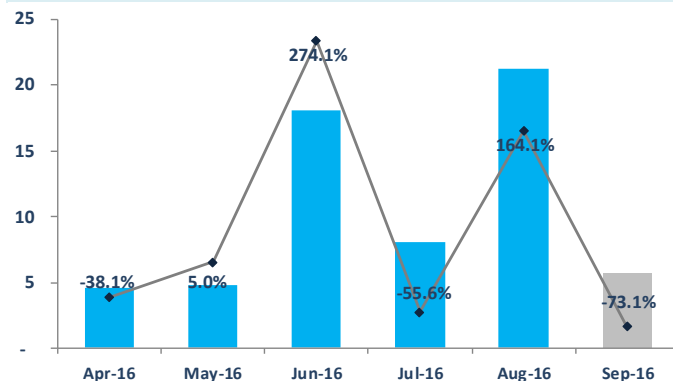
The exchange's figures of value and volumes traded declined significantly as well in Sep-16 on an m-o-m basis, as activity on the exchange was muted. Volume traded in the exchange reached 36.9 Mn shares and went down by over half m-o-m. Value traded declined even more by over 73.1% in the exchange to reach BHD 5.7 Mn in Sep -16, as compared to BHD 21.1 Mn shares in Aug-16. In addition, the number of trades made in the exchange decreased to 789 trades, a 26.9% m-o-m drop from Aug-2016. AUB was the most actively traded stock in Sep -16 with BHD 1.48 Mn worth of its shares traded on the exchange. BBK and Al Salam Bank followed with BHD 0.88 Mn and BHD 0.70 Mn worth of shares traded on the exchange. Gulf Finance House topped the gainers list for the month of Sep-16, which reported a m-o-m increase of 19.2%, followed by Al Baraka Banking Group with a 15.7% monthly gain and Batelco, which went up by 5.6% as against Sep-16. Meanwhile, among the monthly decliners, Bahrain Islamic Bank lost the most ground with its stock price plunging by 7.1% m-o-m.

In economic developments, rating agency Fitch has assigned Bahrain's proposed USD denominated sovereign global sukuk trust certificates, to an expected 'BB+(EXP)' rating. Furthermore, Fitch also assigned Bahrain's proposed USD-denominated bonds an expected 'BB+ (EXP)' rating. The ratings are reportedly in line with Fitch's ratings on Bahrain's Long-Term Foreign Currency Issuer Default Rating (IDR), which was downgraded to 'BB+' with a Stable Outlook in June-16.

BSE Monthly Sector Performance



Monthly Value Traded (BHD Mn)



Source: Bahrain Bourse, KAMCO Research

Muscat Securities Market

Monthly Indicators	Oct-15	Nov-15	Dec-15	Jan-16	Feb-16	Mar-16	Apr-16	May-16	Jun-16	Jul-16	Aug-16	Sep-16
MSM 30 Index	5,928.2	5,547.9	5,406.2	5,179.4	5,395.1	5,467.4	5,942.7	5,811.0	5,777.3	5,843.8	5,735.0	5,726.2
Monthly % Change	2.4%	(6.4%)	(2.6%)	(4.2%)	4.2%	1.3%	8.7%	(2.2%)	(0.6%)	1.2%	(1.9%)	(0.2%)
Market Cap (OMR Mn)	7,645	6,861	6,913	6,636	6,870	6,961	7,444	7,428	7,233	7,313	7,351	7,555
P/E (X) - TTM	10.02	10.04	9.74	9.08	9.49	10.06	10.67	10.53	9.99	9.79	9.67	9.66
P/BV (X) - TTM	1.41	1.20	1.18	1.14	1.14	1.14	1.22	1.22	1.13	1.14	1.12	1.13
Dividend Yield (%)	4.11%	4.90%	4.99%	5.15%	4.96%	5.38%	5.06%	5.10%	6.43%	6.29%	6.35%	6.34%
Volume (Mn Shares)	1,286	184	381	267	339	336	575	347	254	179	199	227
Value (OMR Mn)	190	59	155	73	84	83	113	96	59	46	52	45
Trades	13,690	8,595	9,734	12,401	18,699	18,194	26,093	19,226	11,527	12,377	13,074	5,563

Source: Muscat Securities Market, KAMCO Research

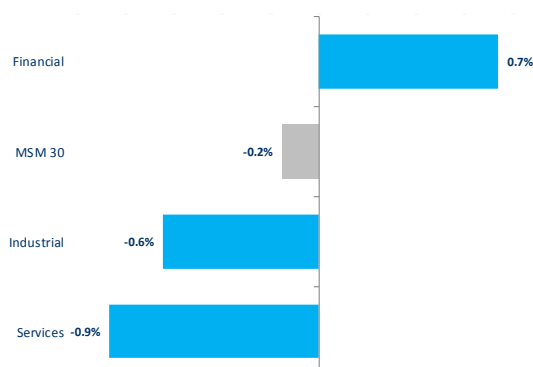
The MSM30 Index declined for the second consecutive month during September-16, although the decline was marginal at 0.2%. This resulted in a YTD-16 return of 5.9%, the second highest in the GCC after DFM. During the month, the Financial index surged 0.7% as key banks and financial services stocks provided support to the index. However, this gain was offset by a 0.9% decline in the Services Index and 0.6% decline in the Industrial Index. Within the banking stocks, shares of sector heavyweight Bank Muscat surged 6.3% during the month followed by Bank Sohar (+2.4%) and Alhi Bank (+2.2%). During the month, Dubai Financial Group, which holds a 12% stake in Bank Muscat valued at approximately USD 300 Mn, has reportedly appointed Citigroup to sell this stake as per an agreement with its creditors. According to the newswires, the local pension fund and family offices in Oman are said to be interested in buying the stake.

In terms of trading activity, MSM was one of the only two markets (along with Dubai) that recorded an increase in monthly volumes although value traded declined. Total shares traded during the month increased by 13.9% to reach 227 Mn shares as compared to 199 Mn shares traded in the previous month. Meanwhile, monthly value traded declined by 13.5% to OMR 45.1 Mn as compared to OMR 52.2 Mn during the previous month. The average daily volume traded during the month witnessed a significant increase of 63.7% to record 14.2 Mn shares while average daily value traded increased by 24.3% to OMR 2.82 Mn. In terms of sectoral split, the Services sector accounted for the most significant share of trading activity at OMR 27.1 Mn or 60% of the total monthly value traded on the exchange during the month, followed by the Financial sector at 26.2% or OMR 11.8 Mn.

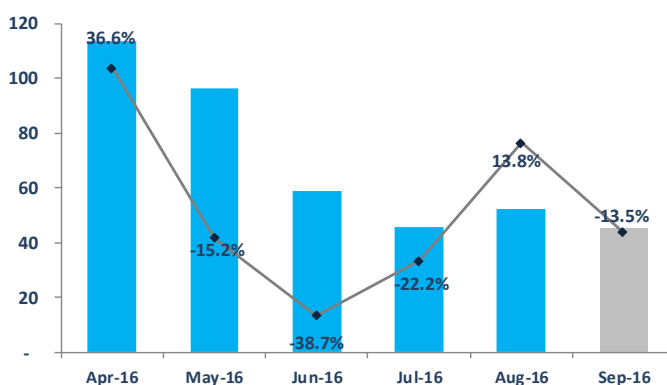
Bank Muscat topped the monthly value traded chart with OMR 5.9 Mn worth of shares traded during the month followed by Port Services Corp. and Oman Telecom with OMR 2.3 Mn and OMR 2.1 Mn in monthly value traded. The volume chart was also topped by Bank Muscat with 15 Mn shares of the bank traded during the month, followed by Bank Sohar and HSBC Bank Oman at 11.2 Mn and 9.9 Mn shares, respectively. The share of Omanis in monthly trading witnessed a steep decline as they accounted for 56% of buy trades as compared to 78.2% during the previous month, as individual investors' share witnessed a steep drop from OMR 18.9 Mn in August-16 to OMR 7.73 Mn during September-16. Share of buy value of institutional investors also declined from OMR 30.1 Mn in the previous month to OMR 22.79 Mn during September-16. Omani's share of sell value also declined during the month to 53.8% as compared to 75.23% recorded during the previous month.

The monthly gainers chart was topped by Port Services Corp. with a gain of 8.6% followed by United Finance and Bank Muscat with gains of 6.7% and 6.3%, respectively. On the decliners side, the list was topped by Renaissance Services with a decline of 8.0% although trades in the company was minimal during the month (OMR 0.059 Mn). Other top decliners included Al Anwar Ceramic Tiles (-5.2%) and Oman Cement (-5.1%). The monthly market breadth was skewed towards decliners that included 18 companies as compared to gainers that included 11 companies.

MSM Monthly Sector Performance



Monthly Value Traded (OMR Mn)



Source: Muscat Securities Market, KAMCO Research

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