

GCC Equity Markets: 2015 - The Year That Was...

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The year 2015 turned out to be a historical turning point for how the investors and the world at large looked at GCC economies and its equity markets. The year saw oil reaching levels not seen over the past 11 years provoking never-seen-before response from the regulators in the region. Investors largely remained on the sidelines that affected trading activity on the GCC exchanges.

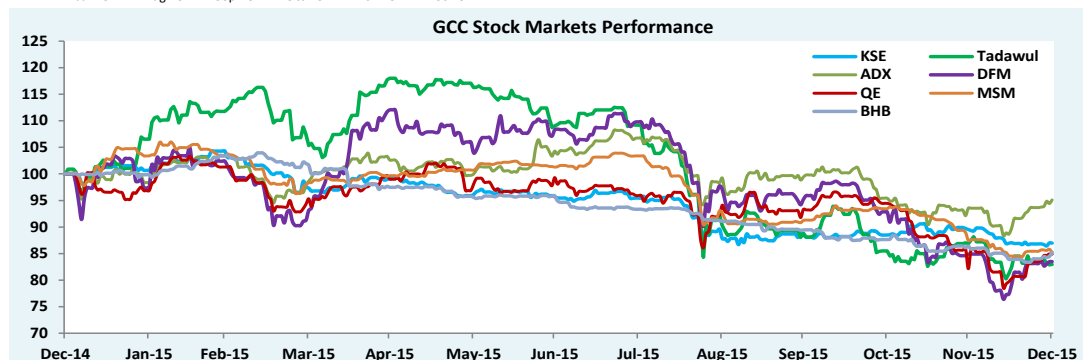
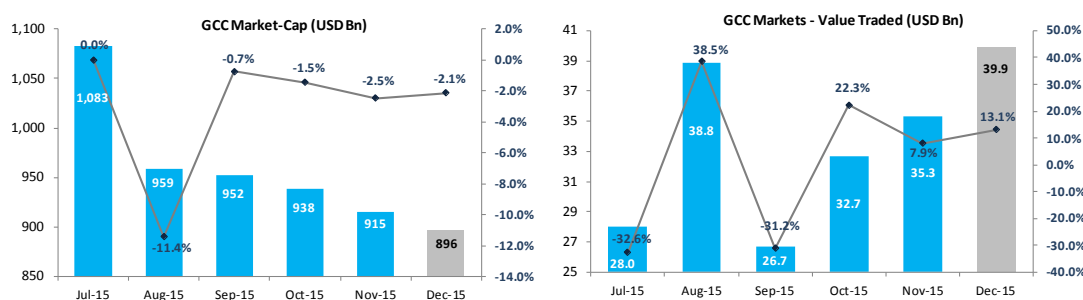
All the equity markets in the GCC ended in the red zone with Saudi Arabia reporting the steepest decline of 17.1% followed by Dubai with a decline of 16.5%. The Abu Dhabi market was the most resilient market in the GCC falling by merely 4.9%.

The year also kick started a new era of fiscal consolidation and subsidy reforms. The normalization of rates in the US announced in December-15 rendered additional volatility to all asset classes globally. As a response to the rate hike and in order to maintain the USD peg, three GCC countries also raised their policy rates. Investors largely remained on the sidelines that affected trading activity on the exchanges.

In terms of trading activity, total value traded on the GCC exchanges declined by almost USD 268 Bn or 33.6% to USD 528.6 Bn, the highest decline in over six years. Saudi Arabia continued to account for the lion's share of the total trading activity accounting for almost 81.5% or USD 431 Bn in value traded during 2015 as compared to 71.8% during 2014.

On the positive side, in terms of corporate performance, profitability remains stable as 9M-15 profits for a majority of the sectors saw positive growth with the only exception of companies in and related to the oil and gas business. As a result, valuation multiples remain lucrative for bargain hunters looking at depressed valuations.

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	381.7	(2.9%)	(13.0%)	86.6	800.1	14.0	1.1	4.4%
Kuwait - 15 Index	900.4	(3.1%)	(15.0%)					
Kuwait - Price Index	5,615.1	(3.2%)	(14.1%)					
Saudi Arabia	6,911.8	(4.5%)	(17.1%)	421.5	33,688.5	12.3	1.5	4.3%
Abu Dhabi	4,307.3	1.7%	(4.9%)	116.6	1,393.7	10.4	1.4	5.1%
Dubai	3,151.0	(1.7%)	(16.5%)	82.0	1,824.1	9.2	1.2	3.5%
Qatar	10,429.4	3.4%	(15.1%)	152.0	1,608.4	11.2	1.6	4.8%
Bahrain	1,215.9	(1.4%)	(14.8%)	19.1	192.0	9.0	0.9	5.1%
Oman	5,406.2	(2.6%)	(14.8%)	18.0	401.7	9.7	1.2	5.0%
Total GCC				895.7	39,908.6	11.6	1.4	4.4%



Source: GCC Stock Exchanges, KAMCO Research

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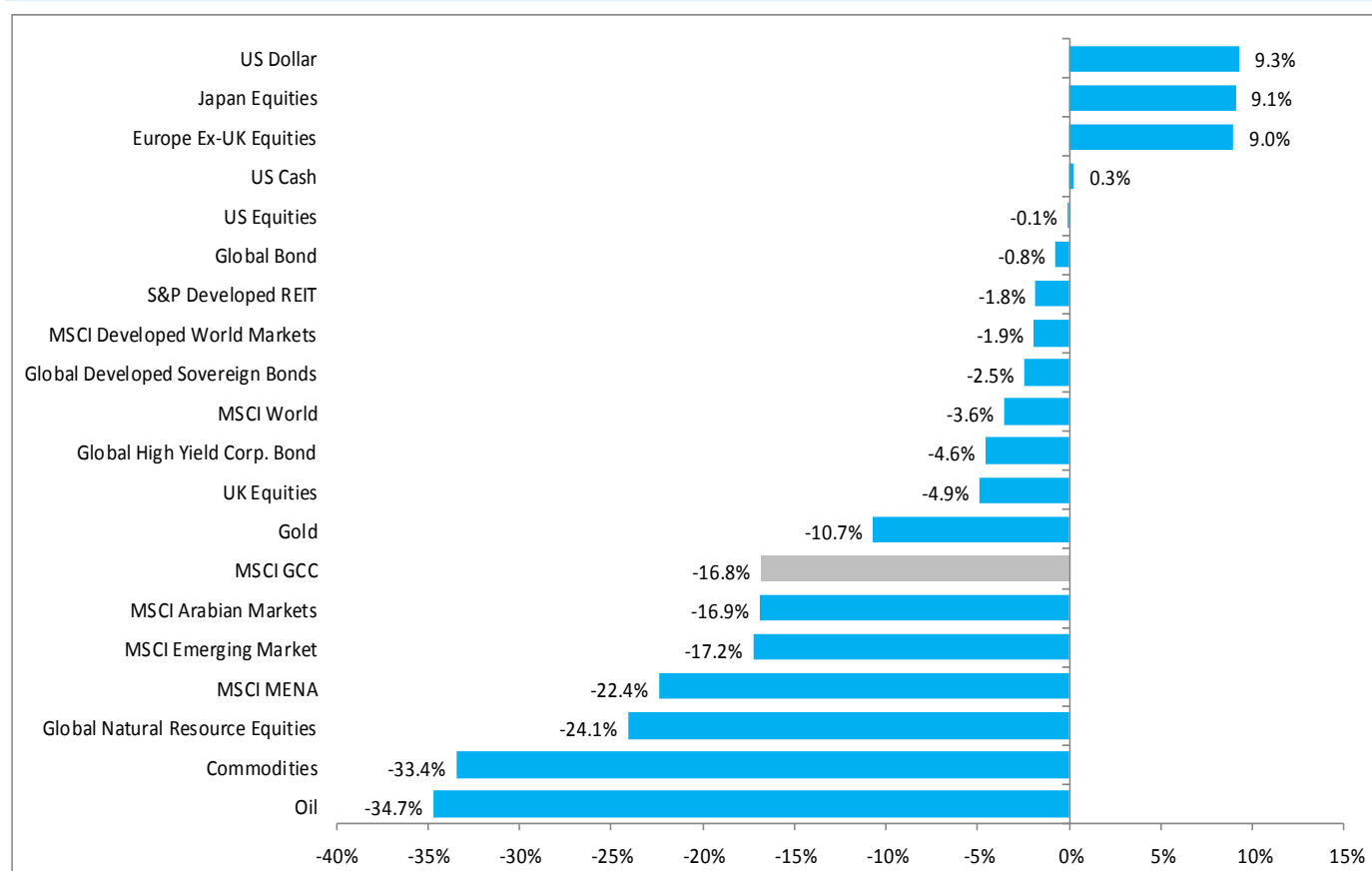
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Global Market Performance

The year 2015 was characterized by steep market volatility due to a number of moving parts that included an extended slump in commodity prices coupled with concerns over global growth. The year also witnessed the worst quarterly performance since 2011 during Q3-15 as global equity markets lost more than USD 11 Trillion worth of market capitalization owing to poor performance due to weakness in commodities markets, China's currency devaluation during August-15 and cautiousness surrounding of a US rate hike.

Oil prices touched historical low levels close to the USD 30/b mark and ended the year with a decline of more than 30% that gave some extra fiscal space for oil importing countries. US markets ended flat by year end with minimal volatility although it faced some downward pressure during September-15 led by speculations surrounding policy announcement. European markets (excluding UK) saw a short bull run until mid-April-15 powered by the European Central Bank's economic stimulus program. However, the market could not sustain the momentum as concerns over a slowdown in China affecting European exporters and commodity producers resulted in a sell-off which was led by commodities affecting emerging markets indices. Moreover, the uncertainty surrounding the timing of the US rate hike made investors cautious. Nevertheless, previous gains helped the European (ex-UK) index to close the year with a full year return of close to 9%. In the Asia-Pacific region, Japan also witnessed a stimulus-led market run that made it one of the best performers of 2015, whereas a more than 18-month bull run in China ended in June-15 after valuations surged to 2007 levels after a more than 50% return during 2014. Nevertheless, China's benchmark index saw a late year recovery resulting in a return of more than 9% for the full year 2015.

Global Asset Class Performance - 2015



Source: Bloomberg, KAMCO Research

Oil and commodity indices were the most battered asset classes during 2015 due to an overall weakness in commodity markets across the globe. Within commodities, price of iron ore declined for the third consecutive year by almost 37.9% during 2015, whereas price of copper declined for the second consecutive year by 14.1%. A majority of the weakness in the commodity products, especially iron ore, is due to an economic slowdown in demand in China, although the country is expected to post real GDP growth of more than 6% until 2020, according to IMF. MENA equity markets were some of the worst performing markets in the world during the year due to escalated geopolitical issues that effected the overall region coupled with oil price weakness. The MSCI MENA index declined by 22% during the year followed by the MSCI Emerging Market index which declined by 17%.

GCC Market Performance - 2015

GCC Historical Performance	Index	2010	2011	2012	2013	2014	2015
Kuwait	KSE Weighted Index	25.5%	-16.2%	3.0%	8.4%	-3.1%	-13.0%
Saudi Arabia	TASI	8.2%	-3.1%	6.0%	25.5%	-2.4%	-17.1%
Dubai	DFM General Index	-9.6%	-17.0%	19.9%	107.7%	12.0%	-16.5%
Abu Dhabi	ADX General Index	-0.9%	-11.7%	9.5%	63.1%	5.6%	-4.9%
Qatar	QE 20 Index	24.8%	1.1%	-4.8%	24.2%	18.4%	-15.1%
Bahrain	Bahrain All Share Index	-1.8%	-20.1%	-6.8%	17.2%	14.2%	-14.8%
Oman	MSM 30 Index	6.1%	-15.7%	1.2%	18.6%	-7.2%	-14.8%

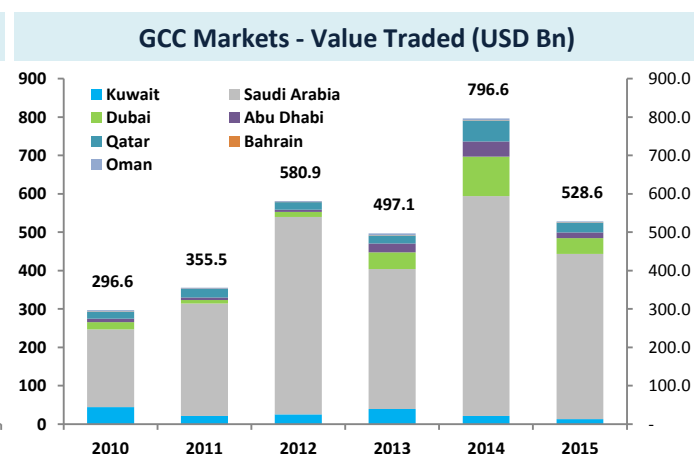
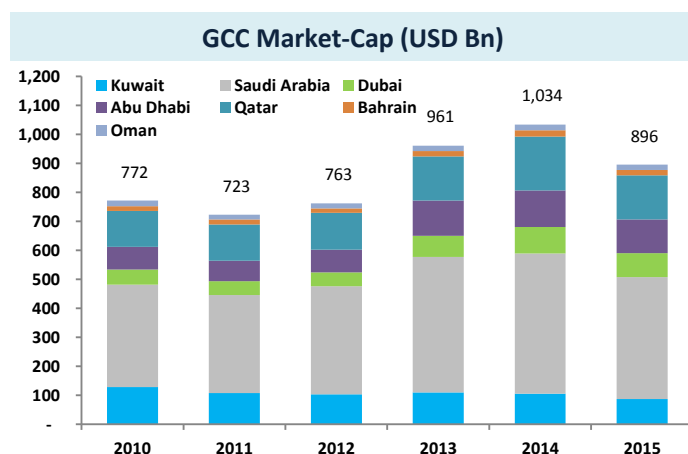
All the equity markets in the GCC ended in the red zone with Saudi Arabia reporting the steepest decline of 17.1% followed by Dubai with a decline of 16.5%. The Abu Dhabi market was the most resilient market in the GCC falling by merely 4.9%. It was the second consecutive year of decline for Saudi Arabia after a 2.4% decline in 2014. Oil price weighed heavily on the markets and with Saudi Arabia being the largest oil producer in the world, suffered the maximum loss. Moreover, this decline came despite the Saudi Arabia CMA opening the market to foreign investors during mid-2015. The impact of the market opening was overshadowed by negative investor sentiments as investors largely remained on the sidelines awaiting oil markets to recover. In fact it was only the second half selloff that wiped off all the gains seen during the first half of the year.

There was significant volatility in stock markets across the GCC marked by positive performance during the first half of the year followed by a steep decline during the latter half. The Tadawul All Share Index reached a peak of 9,834.49 points but faced a strong resistance at the psychological mark of 10,000 points. The decline from this peak till the year end stood at 29.7%, the highest in the GCC followed by DFM General Index that declined by 25.5% from its April-15 peak of 4,229.04 points.

In terms of the size of the GCC markets, the rout during 2015 wiped off almost 13.4% or USD 138 Bn in market capitalization from the GCC markets during the year after a USD 73 Bn or 7.5% increase during 2014. The decline during 2015 came despite six listings on the stock market (primarily dominated by Saudi Arabia) as the overall direction of the market was negative. On the other hand, the increase in market capitalization in 2014 was on the back of a higher number of market listings, both in terms of the number of companies as well as the size of the offering. In terms of trading activity, total value traded on the GCC exchanges declined by almost USD 268 Bn or 33.6% to USD 528.6 Bn, the highest decline in over six years. Saudi Arabia continued to account for the lion's share of the total trading activity accounting for almost 81.5% or USD 431 Bn in value traded during 2015 as compared to 71.8% during 2014. The increase in this share was solely due to a steeper decline in value traded in other markets.

The year witnessed key policy developments across the GCC that is expected to have significant repercussions on future growth. The implementation of VAT is one of the key areas being seriously discussed at the GCC level followed by a cut in subsidy on fuel in a majority of the markets. Further economic reforms are expected as we move ahead in 2016 as the countries rationalize spending only on key infrastructure projects and make sincere attempts to diversify the economy away from the oil sector and build a sustainable non-oil economy.

Decline from 2015 Peak					
Market	2014 Close	2015 Peak	Peak Date	2015 Close	Decline from Peak
KSE	438.88	457.73	24-Feb-15	381.70	-16.6%
Tadawul	8,333.30	9,834.49	30-Apr-15	6,911.76	-29.7%
DFM	3,774.00	4,229.04	30-Apr-15	3,151.00	-25.5%
ADX	4,528.93	4,902.09	22-Jul-15	4,307.26	-12.1%
QE	12,285.78	12,692.91	15-Feb-15	10,429.36	-17.8%
BHB	1,426.57	1,482.88	12-Mar-15	1,215.89	-18.0%
MSM	6,343.22	6,725.47	8-Feb-15	5,406.22	-19.6%



Source: GCC Stock Exchanges, KAMCO Research

Kuwait Stock Exchange

Monthly Indicators	Jan-15	Feb-15	Mar-15	Apr-15	May-15	Jun-15	Jul-15	Aug-15	Sep-15	Oct-15	Nov-15	Dec-15
KSE Price Index	6,572.3	6,601.4	6,282.5	6,377.0	6,292.5	6,203.0	6,253.7	5,820.6	5,726.0	5,775.4	5,802.4	5,615.1
Monthly % Change	0.6%	0.4%	(4.8%)	1.5%	(1.3%)	(1.4%)	0.8%	(6.9%)	(1.6%)	0.9%	0.5%	(3.2%)
KSE Weighted Index	441.8	457.7	427.2	435.1	421.8	419.9	418.9	385.3	388.4	388.4	393.0	381.7
Monthly % Change	0.7%	3.6%	(6.7%)	1.8%	(3.0%)	(0.4%)	(0.2%)	(8.0%)	0.8%	(0.0%)	1.2%	(2.9%)
Kuwait 15 Index	1,072.7	1,116.9	1,021.4	1,059.7	1,016.3	1,017.0	1,014.9	919.2	935.1	924.3	929.6	900.4
Monthly % Change	1.2%	4.1%	(8.5%)	3.7%	(4.1%)	0.1%	(0.2%)	(9.4%)	1.7%	(1.2%)	0.6%	(3.1%)
Market Cap (KWD Mn)	29,914	30,995	28,437	29,418	28,550	28,755	28,647	26,372	26,585	26,586	26,894	26,159
P/E (X) - TTM	17.80	18.43	17.03	17.28	16.77	16.68	16.61	15.32	15.29	14.86	15.04	13.95
P/BV (X) - TTM	1.30	1.34	1.23	1.27	1.24	1.24	1.23	1.14	1.13	1.14	1.16	1.13
Dividend Yield (%)	3.23%	3.16%	3.68%	3.47%	3.59%	3.59%	3.61%	3.91%	3.92%	3.89%	3.84%	4.40%
Volume (Mn Shares)	5,450	3,932	3,267	5,362	3,876	3,420	2,228	3,073	2,784	2,812	2,997	2,340
Value (KD Mn)	502	460	367	414	329	338	219	300	248	230	313	242
Trades ('000)	126.4	96.4	84.9	106.9	84.8	71.7	50.7	76.1	65.3	64.1	74.9	59.3

Source: Kuwait Stock Exchange, KAMCO Research

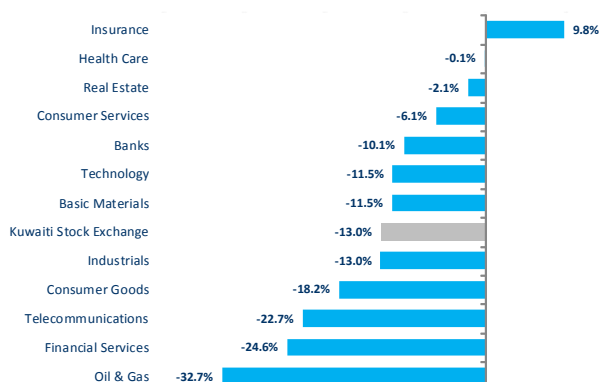
Kuwait indices declined during the last month of the year in line with the rest of the GCC markets as sentiments failed to recover in addition to a steep decline in trading activity. The KSE Weighted Index declined by 13% during the year, slightly less than most of the other GCC markets. Meanwhile, the KSE Price Index declined by a steeper 14.1% whereas the large-cap KSE-15 index declined by an even higher 15.0%. Within the Kuwait-15 index, Agility witnessed the steepest decline during the year recorded at 27%, followed by Zain and Americana with yearly declines of 26.4% and 25.4%, respectively. On the other hand, out of the four gainers in the 15-company index, shares of Viva surged more than 50% during the year, especially after STC made an offer to buy the remaining shares it does not own in the company, followed by Mezzan Holding (+18.4%), Mabaneer (14.2%) and Boubayan Bank (+13.9%).

The KSE stock market is undergoing a structural change with some of the illiquid stocks being delisted during the year; however, total market capitalization saw minimal impact from these delistings (a decline of 11.9% during 2015) due to the marginal size of these companies as well as due to the listing of Mezzan Holding during June-15. Meanwhile, GFH, which was mulling to delist from the KSE, decided to cancel its delisting plans after recent amendments to CMA rules to disclosure and transparency, making the rules more in line with other exchanges where GFH is listed.

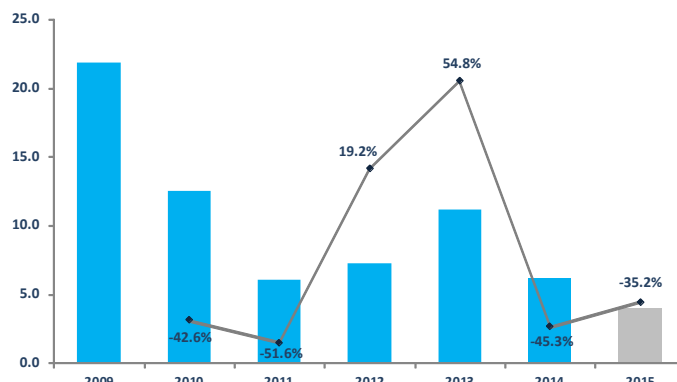
In terms of sector performance, all the sectoral indices, with the only exception of the Insurance Index, declined during the year. The Oil & Gas index saw the steepest yearly decline of 32.7% owing to the depressed fundamentals surrounding the oil and gas industry and related companies. The Financial Services Index saw the second highest decline of 24.6% followed by the Telecom and the Consumer Goods indices, which declined by 22.7% and 18.2%, respectively. The aforementioned top four sectors by yearly decline accounted for almost 25% of the total market capitalization of the KSE as of the year end, whereas, the largest sector on the exchange, the Banking sector, declined by 10.1%. On the other hand, the Insurance Index gained 9.8% during the year as five out of the eight stocks reported positive yearly performance.

Trading activity during the year also declined to historical low levels on the back of negative investor sentiments. Total volume of shares traded on the exchange declined by 22% to 41.5 Bn shares whereas value traded declined by 35.2% to the lowest level since the financial crisis to KWD 3.96 Bn. Total trades also declined by 19.7% to 961.6 thousand deals during the year. Prominent gainers for the year included Viva (+52%), Tamdeen Real Estate (+50%) and Gulf Insurance Group (+25%). On the other hand, prominent decliners included Energy House (-53.4%), Gulf Cable (-45.6%) and KGL Logistics (-44.2%).

KSE Yearly Sector Performance



Yearly Value Traded (KWD Bn)



Source: Kuwait Stock Exchange, KAMCO Research

Saudi Arabia (Tadawul)

Monthly Indicators	Jan-15	Feb-15	Mar-15	Apr-15	May-15	Jun-15	Jul-15	Aug-15	Sep-15	Oct-15	Nov-15	Dec-15
Tadawul All Share Index	8,878.5	9,313.5	8,778.9	9,834.5	9,688.7	9,086.9	9,098.3	7,522.5	7,404.1	7,124.8	7,239.9	6,911.8
Monthly % Change	6.5%	4.9%	(5.7%)	12.0%	(1.5%)	(6.2%)	0.1%	(17.3%)	(1.6%)	(3.8%)	1.6%	(4.5%)
Market Cap (SAR Bn)	1,918.8	2,036.6	1,818.3	2,165.1	2,149.2	2,017.2	2,026.6	1,694.7	1,670.3	1,630.4	1,659.1	1,580.7
P/E (X) - TTM	15.30	16.24	16.17	19.26	19.08	18.82	18.91	15.81	15.59	15.22	12.93	12.30
P/BV (X) - TTM	2.10	2.21	1.79	2.13	2.11	2.14	2.15	1.80	1.77	1.73	1.58	1.50
Dividend Yield (%)	3.10%	2.93%	3.28%	2.76%	2.78%	3.03%	2.38%	2.84%	2.88%	2.96%	4.14%	4.28%
Volume (Mn Shares)	6,738	7,670	7,513	7,545	5,560	3,515	2,593	4,971	3,575	4,594	5,336	6,013
Value (SAR Mn)	162,456	194,325	206,269	197,358	162,395	112,807	84,411	116,281	79,409	102,429	107,616	126,338
Trades ('000)	3,067	3,083	3,353	3,154	2,876	2,151	1,615	2,473	1,638	2,039	2,140	2,688

Source: Tadawul, KAMCO Research

The Saudi stock market saw the steepest yearly decline in the GCC recorded at 17.1% primarily led by the sentiments surrounding oil prices. The yearly decline was also the highest since the financial crisis when the index had tumbled 56.5% in 2008. The year started on a positive note for the Tadawul exchange but as oil prices failed to maintain the initial positive momentum so did the stock market as it plunged almost 30% from the peak point during the year.

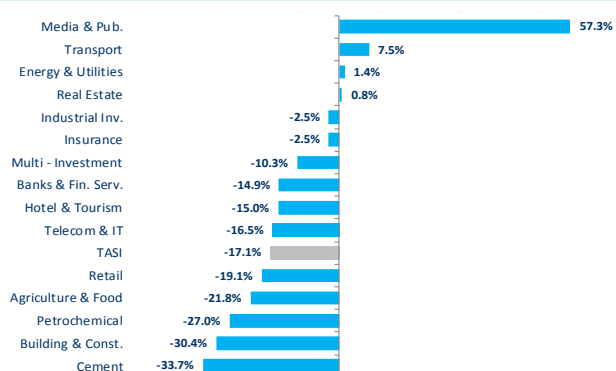
In terms of sector performance, the Media & Publishing index saw the best yearly return of 57.3% followed by the Transport Index at 7.5% and the Energy & Utilities Index at 1.4%. The real estate sector also recorded marginal positive return of 0.8%, whereas the rest of the sector indices ended the year on the negative note. The Cement Index declined the most during the year with a fall of 33.7% followed by the Building & Construction and the Petrochemical indices with yearly returns of -30.4% and -27%, respectively. Domestic IPOs on the exchange raised almost USD 1 Bn during the year which helped in curbing the decline in market capitalization.

Trading activity on the exchange also took a hit in line with the rest of the GCC markets. Total value traded during the year declined by 24.7% to SAR 1.6 Trillion as compared to SAR 2.16 Trillion during 2014, whereas total volume of shares declined by 6% to 65 Bn shares as compared to 10 Bn shares during the previous year. Total number of trades also declined by 17.6% to 29.5 Mn trades as compared to 35.8 Mn trades during 2014. This decline in trading activity comes despite the regulator opening the market in a historic move to foreign investors during June-15. The move didn't have the expected impact due excessive pressure from the oil market weakness.

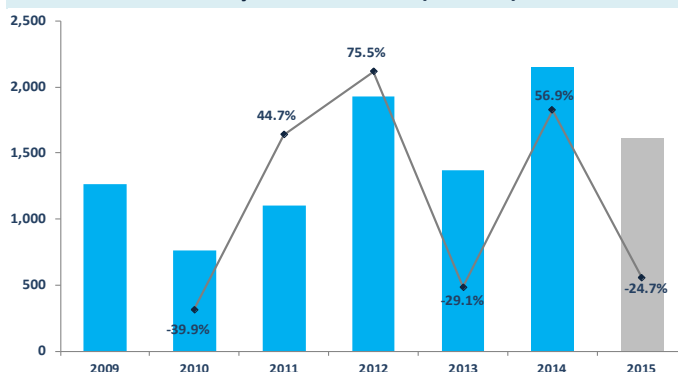
Top gainers during the year included Saudi Research and Marketing which surged more than twice its size during the year (by almost 250%) followed by Saudi Transport and Investment and Tawuniya with yearly gains of 110.3% and 58.7%, respectively. On the decliners side, Tihama Advertising declined by 67.1% followed by Solidarity and National Industrialization Co. that declined by 62.6% and 60.1%, respectively. The chart for the most active stocks by volume was topped by Alinma Bank (-27.6%) with almost 9.5 Bn shares traded on the exchange during the year. Dar Al Arkan (-23.7%), Saudi Kayan (-38.3%) and Emaar Economic City (+8.83%) followed with shares traded recorded at 9.1 Bn, 2.8 Bn and 2.3 Bn, respectively. Alinma Bank and Dar Al Arkan also featured in the list of top five stocks by value of shares traded during the year recorded at SAR 182.1 Bn and SAR 77.3 Bn, respectively. SABIC, which declined by 8.4% during the year, ranked second on the chart with value traded recorded at SAR 135.3 Bn.

On the economic front, the decline in oil prices resulted in the highest recorded fiscal deficit of SAR 367 Bn (USD 97.9 Bn) during 2015. The deficit peaked also as a result of higher than expected expenses during the year. For the year 2016, the Kingdom aims to cut budget deficit to SAR 326 Bn based on revenues of SAR 513.8 Bn and projected expenditures of SAR 840 Bn. In order to deal with the high deficits, the Kingdom announced increase in the cost of electricity and fuel prices immediately after the budget announcement. As a reaction to this, petrochem and cement companies raised concerns that the energy reforms would increase cost by upto 8% for the industry.

Tadawul Yearly Sector Performance



Yearly Value Traded (SAR Bn)



Source: Tadawul, KAMCO Research

Abu Dhabi Securities Exchange

Monthly Indicators	Jan-15	Feb-15	Mar-15	Apr-15	May-15	Jun-15	Jul-15	Aug-15	Sep-15	Oct-15	Nov-15	Dec-15
ADX General Index	4,456.8	4,686.2	4,467.9	4,647.1	4,527.6	4,723.2	4,834.2	4,493.9	4,502.8	4,322.0	4,236.4	4,307.3
Monthly % Change	(1.6%)	5.1%	(4.7%)	4.0%	(2.6%)	4.3%	2.3%	(7.0%)	0.2%	(4.0%)	(2.0%)	1.7%
Market Cap (AED Bn)	455.5	477.9	442.7	450.1	442.3	461.7	471.6	437.7	442.0	431.4	424.2	428.1
P/E (X) - TTM	12.39	13.00	8.16	8.41	8.27	8.59	8.78	8.15	8.23	8.02	10.14	10.41
P/BV (X) - TTM	1.43	1.50	1.41	1.44	1.41	1.46	1.49	1.39	1.40	1.37	1.37	1.38
Dividend Yield (%)	4.30%	4.10%	4.43%	4.36%	4.43%	4.06%	3.98%	4.28%	4.24%	4.35%	5.16%	5.11%
Volume (Mn Shares)	1,848	1,873	1,609	4,510	1,951	2,006	2,347	2,469	2,132	1,187	1,709	1,795
Value (AED Mn)	4,233	4,265	4,929	7,635	4,547	4,099	3,889	4,967	4,457	3,621	6,611	5,119
Trades	39,052	33,441	37,722	54,186	36,947	32,836	32,127	45,353	33,220	24,311	38,316	29,399

Source: Abu Dhabi Securities Exchange, KAMCO Research

ADX General Index ended 2015 as the best performing market in the GCC, as it remained the lone market in the GCC to stave off double digit declines. The index nevertheless declined by 4.9% to end at 4,307.26 points; however higher declines were largely mitigated by the Telecom index which rose by over 61% for the year, as behemoth Etisalat buoyed the sectoral index with similar gains for the year. Consumer staples was the other industry which closed in the green for the year, gaining by 22%.

In terms of sectoral indices, Telecoms and Consumer Staples were the only sectors, which ended 2015 in the green. All companies in the Consumer Staples sector gained except for FOODCO holding which saw its price recede by 7.4%. The industrial sector remained relatively resilient as well, witnessing lower declines than the overall market at 3.3%. The laggards for the year were mainly the Financials pack led by Insurance (22%), followed by Investment & Financial Services (-21%), and Banks (15.4%). The Real Estate index lost 12.2% for the year as all of the companies lost ground for the year, as overall negative sentiment prevailed in the sector. The Services sector also declined by close to 15% for the year, as all but one stock Gulf Medical Projects Company (+31.3%) were in the red.

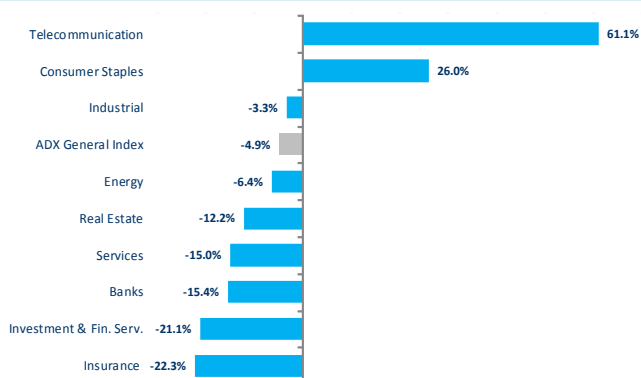
Activity on the exchange in terms of trading almost halved in 2015 from a year before. Total value traded during the year declined by 59% to AED 58 Bn as compared to AED 145 Bn achieved in 2014. Volume traded went down by 55% in 2015, as 25 Bn shares were traded during the year, as compared to 57 Bn shares traded in the year prior. Total number of trades also declined by 49% as trades recorded amounted to 0.44 Mn in 2015, as against 0.86 Mn in 2014. Real Estate was the most actively traded sector in terms of trading volumes with 13 Bn of turnover, while Banks witnessed the maximum value traded at AED 18 Bn for 2015.

The top gainers for 2015 was led by Ras Al Khaimah and Feeding Co. which jumped by over 95% during the year, and was followed by Etisalat and Abu Dhabi Ship Building which gained by over 61% and 52% respectively. In terms of laggards for the year, Abu Dhabi National Insurance Co. declined by over 52% for the year followed by Ooredoo and Abu Dhabi National Co. for Building Materials as they saw their stock prices recede by over 48% and 43% respectively.

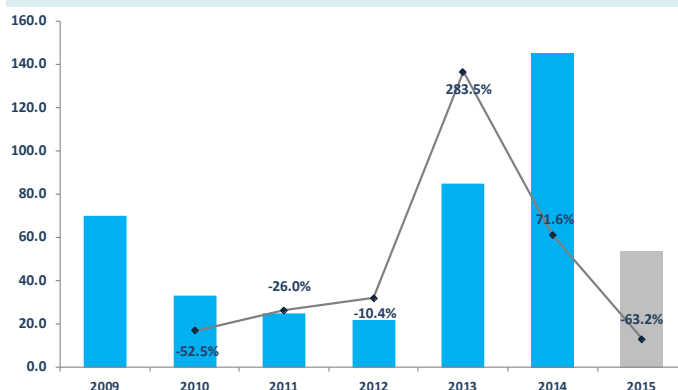
Eshraq Properties led most active stocks for the year 2015 in terms of volume, with over 7.4 Bn shares traded on the exchange. Dana Gas and Aldar Properties followed with 5.5 Bn shares & 4.3 Bn shares for the year. Etisalat secured the top spot for top stocks traded by value with over to AED 11.9 Bn of turnover, as Aldar Properties and First Gulf Bank followed with a value traded of over AED 10.8 bn and AED 8.1 Bn respectively.

On the economic front, the month of Dec -15 witnessed the UAE Central Bank duly following the Federal Reserve in terms of policy action, and raising its benchmark interest rate by 25 bps to 1.25%. Also for 2016, Abu Dhabi's Executive Council has approved the allocation of AED 17.5 Bn for government capital, which includes AED 5.9 Bn for housing primarily. Other components include AED 4.3 Bn for infrastructure, AED 1.8 Bn for education, AED 614 Mn for governmental facilities, and AED 644 Mn for social facilities.

ADX Yearly Sector Performance



Yearly Value Traded (AED Bn)



Source: Abu Dhabi Securities Exchange, KAMCO Research

Dubai Financial Market

Monthly Indicators	Jan-15	Feb-15	Mar-15	Apr-15	May-15	Jun-15	Jul-15	Aug-15	Sep-15	Oct-15	Nov-15	Dec-15
DFM General Index	3,674.4	3,864.7	3,514.4	4,229.0	3,923.2	4,086.8	4,143.2	3,662.6	3,593.3	3,503.8	3,204.3	3,151.0
Monthly % Change	(2.6%)	5.2%	(9.1%)	20.3%	(7.2%)	4.2%	1.4%	(11.6%)	(1.9%)	(2.5%)	(8.5%)	(1.7%)

Market Cap (AED Bn)	341.1	361.8	331.3	385.8	367.7	382.1	386.2	345.2	341.2	336.0	310.8	301.2
P/E (X) - TTM	12.16	12.90	11.33	13.20	12.59	12.58	12.72	11.38	11.24	11.07	9.50	9.19
P/BV (X) - TTM	1.34	1.43	1.30	1.52	1.45	1.46	1.48	1.32	1.30	1.28	1.24	1.20
Dividend Yield (%)	2.16%	2.04%	2.23%	1.91%	2.00%	1.94%	2.22%	2.48%	2.51%	2.55%	3.35%	3.46%
Volume (Mn Shares)	8,859	8,175	6,926	17,350	9,600	14,249	6,426	7,730	3,850	3,953	5,124	5,935
Value (AED Mn)	15,266	13,343	9,596	24,815	14,221	26,148	9,721	12,604	6,564	5,663	6,733	6,700
Trades	159,224	130,854	110,813	216,339	134,211	227,235	102,255	147,101	80,872	70,076	98,185	90,095

Source: Dubai Financial Market, KAMCO Research

The effects of plunging oil and commodity prices rattled Dubai's stock markets and shook the Emirate's real estate investors during 2015. As a result, the benchmark Index remained volatile throughout the year and closed the year as the second-worst performing market in the GCC, declining by 16.5% year-on-year. The index closed at 3,151 points after seeing a strong support at the psychological point of 3,000 points. The total decline in market capitalization stood at close to USD 9.3 Bn to end the year at USD 82 Bn as compared to USD 91.3 Bn at the end of 2014.

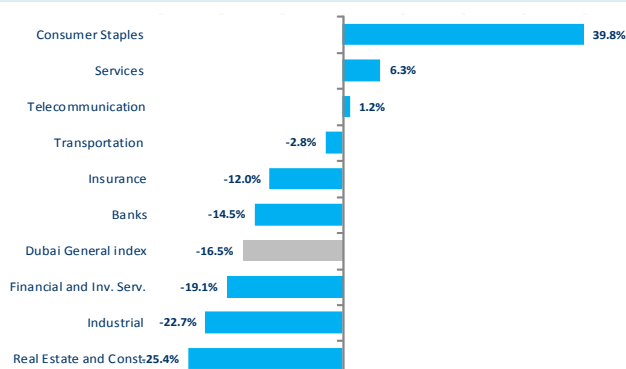
In terms of sector performance, the real estate and construction index reflected investor's cautious stance through the year as the sector recorded the steepest yearly decline of 39.8%. Within the sector, Emaar Properties declined by almost 22% during the year whereas Union Properties and Arabtec witnessed even higher declines of 38.7% and 57.3%, respectively. The Industrial and Financial Services recorded the second and third worst performance during the year with yearly declines of 22.7% and 19.1%, respectively. On the other hand, indices which closed the year on a positive note were defensive sectors such as Telecoms, Consumer Staples etc. Consumer Staples sector recorded the highest return during the year with the index up by almost 40% primarily on the back of 54.8% yearly return for the largest company within the sector, Dubai Parks and Resorts. The Services sector also reported positive yearly performance with a return of almost 6% followed by the Telecom sector with a return of 1.2%.

Trading activity also plunged during the year with the second highest percentage fall in yearly value traded recorded at 60% to reach AED 151.3 Bn as compared to AED 378.3 Bn during 2014. Total volume traded during the year also declined by 38.8% to 98.1 Bn shares as compared to 160.5 Bn shares during 2014. The number of trades during the year declined by 35% to 1.6 Mn trades as compared to 2.4 Mn trades during the previous year. In terms of sector contribution, Banking and Real Estate & Construction sectors continued to account for the lion's share of the trading activity, accounting for 78% of the value traded during the year.

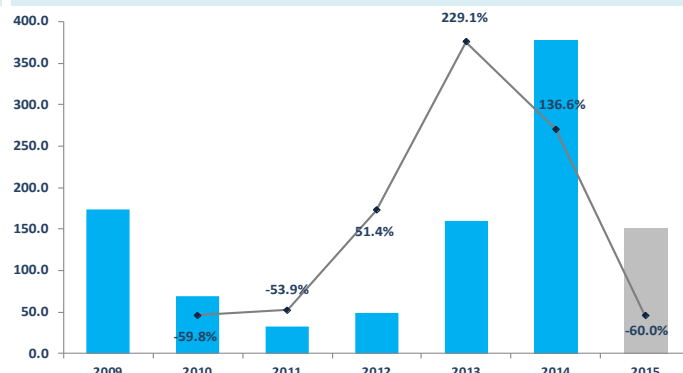
The yearly gainers chart was topped by Takaful Emarat with a return of 122.5% followed by Dubai Development Company and Gulf Finance Group with yearly returns of 89.6% and 64.2%, respectively. The yearly decliners chart was mostly dominated by Real Estate stocks with Arabtec leading the pack with a decline of 57.3% followed by DSI and Deyaar with yearly declines of 53.5% and 39.5%, respectively. The chart for the most active stocks by volume was topped by GFH with 23.6 Bn shares traded during the year followed by 8.7 Bn shares traded in Arabtec and 8.4 Bn shares for Union Properties. Meanwhile, in terms of yearly value traded, Emaar Properties and Arabtec topped the chart with AED 2.1 Bn and AED 20.1 Bn worth of shares traded in the stocks, respectively.

On the economic front, in December-15, Dubai approved a zero-deficit budget of AED 46.1 Bn for 2016, with a major portion of expenditure allocated towards social development and infrastructure. The budget represents a growth of 12% as against the AED 41.77 Bn spent in 2015. Authorities also expect to cut energy demand by 8-10% by 2020.

DFM Yearly Sector Performance



Yearly Value Traded (AED Bn)



Source: Dubai Financial Market, KAMCO Research

Qatar Exchange

Monthly Indicators	Jan-15	Feb-15	Mar-15	Apr-15	May-15	Jun-15	Jul-15	Aug-15	Sep-15	Oct-15	Nov-15	Dec-15
QE 20 Index	11,899.6	12,445.3	11,711.4	12,164.5	12,048.3	12,201.0	11,785.2	11,563.6	11,465.2	11,604.6	10,090.8	10,429.4
Monthly % Change	(3.1%)	4.6%	(5.9%)	3.9%	(1.0%)	1.3%	(3.4%)	(1.9%)	(0.9%)	1.2%	(13.0%)	3.4%

Market Cap (QAR Bn)	648.8	675.3	630.0	653.0	641.8	648.0	625.7	607.4	604.6	608.0	532.7	553.3
P/E (X) - TTM	15.28	15.93	14.75	15.29	15.03	14.31	13.81	13.41	13.35	13.42	11.229	11.181
P/BV (X) - TTM	2.11	2.20	2.01	2.07	2.03	2.17	2.10	2.04	2.03	2.04	1.58	1.64
Dividend Yield (%)	3.50%	3.36%	3.60%	3.48%	3.54%	3.97%	4.11%	4.23%	4.25%	4.23%	5.04%	4.85%
Volume (Mn Shares)	208	337	171	200	394	164	77	153	128	167	158	516
Value (QAR Mn)	10,167	12,434	8,136	8,362	13,602	7,272	3,456	6,748	5,524	5,759	6,334	5,856
Trades	126,765	135,557	107,902	108,714	139,246	84,557	64,170	100,914	78,606	82,986	77,351	83,826

Source: Qatar Exchange, KAMCO Research

Qatar Exchange, which was the best performing market in 2014, saw contrasting trends in 2015, ending the year as the third worst performing market, plunging by 15.1% to close at 10,429.36 points. The year 2015 saw 9 out of the 43 listed companies ending the year higher, while 34 lost ground.

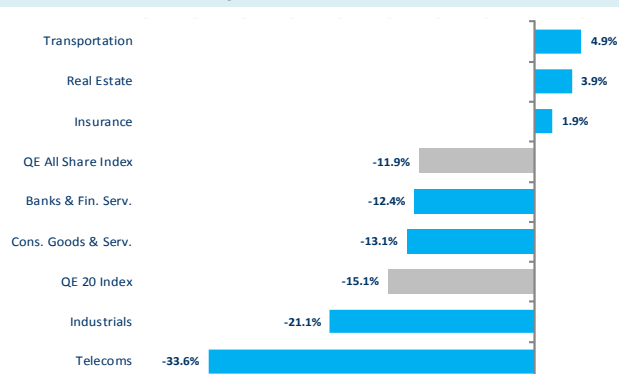
The move down was led by the Telecoms which lost ground by 33.6% for the year as both stocks in the sector, Ooredoo & Vodafone Qatar severely underperformed, declining by over 39% and 22% respectively. Heavy-weight sectoral indices such as Industrials and Banking & Financial Services further dragged down the index declining by over 21% and 12% respectively. The Consumer Goods & Services index also closed lower by over 13% for the year of 2015. Sectoral indices that closed in the green for 2015 were led by the Transportation sector which gained by 4.9% for the year, followed by the Real Estate sector which went up by 3.9%, and the Insurance index which moved higher by 1.9% during 2015.

Value traded during 2015 decreased by 53% to reach QAR 93 Bn compared to QAR 199 Bn in year the prior. Trading volume also declined by 48% to reach 2.3 Bn shares, as against 4.4 Bn shares, while the number of transactions fell by 42.2% to reach 1.2 Mn transactions as compared to 2.1 Mn transactions. Banks and Financial Services led the sectoral indices in terms of value traded during this year, accounting for over 32% of the total value traded, followed by Real Estate sector, which accounted for close to 23%. The Industrials sector followed, accounting for over 22%, of the value traded during the year. In terms of trading volumes, the Real Estate sector led all sectors during the year, accounting for over 36% of the total volumes traded, followed by Banks and Financial Services sector, which accounted for 22% and the Telecoms sector with a contribution of over 13% to volumes traded for the year.

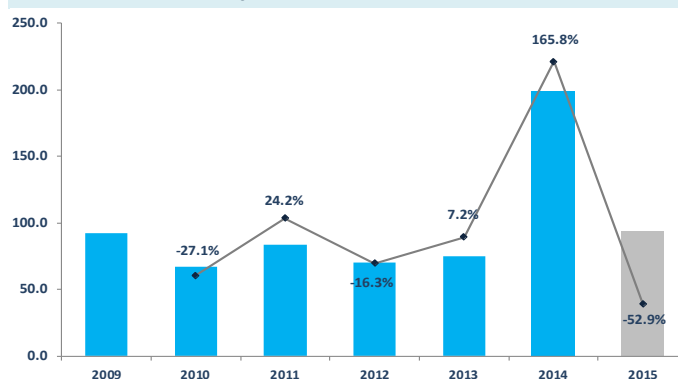
The top gainers for 2015 was led by Qatari German Medical Co. which jumped by over 35% during the year, and was followed by Qatar Electricity and Water and Al Meera Consumer Goods which gained by over 15% and 10% respectively. In terms of laggards for the year, Dlala brokerage saw its stock price decline by over 56% for the year and was the worst performer followed by Gulf International Services and Al Khaleej Takaful Group, as they saw their stock prices recede by over 46% and 39% respectively. Barwa Real Estate led the most active stocks for the year 2015 in terms of value traded at QAR 9 Bn, while Ezdan Real Estate secured the top spot for volumes traded, as 0.4 Bn shares of the stock were traded.

Qatar expects to post a deficit of QAR 46.5 Bn in 2016, according to its budget announced in Dec-15. Sectors that accounted for the largest share of the 2016 budget included infrastructure health and education, amounting to over 45% of the budget expenditure, at QAR 91.9 Bn. Infrastructure expenditures alone which amounted to QAR 50.6 Bn, would include railways, the new Doha port, several large roadways and the expansion of electricity, water and sewage networks. This is the first time in fifteen years that the country is expected to report a budget deficit, owing to the toll cheap hydrocarbon prices are expected to have on the country's state finances.

QE Yearly Sector Performance



Yearly Value Traded (QAR Bn)



Source: Qatar Exchange, KAMCO Research

Bahrain Bourse

Monthly Indicators	Jan-15	Feb-15	Mar-15	Apr-15	May-15	Jun-15	Jul-15	Aug-15	Sep-15	Oct-15	Nov-15	Dec-15
Bahrain All Share Index	1,424.37	1,474.81	1,449.98	1,390.62	1,363.67	1,367.83	1,331.66	1,299.24	1,275.89	1,250.37	1,232.57	1,215.89
Monthly % Change	(0.2%)	3.5%	(1.7%)	(4.1%)	(1.9%)	0.3%	(2.6%)	(2.4%)	(1.8%)	(2.0%)	(1.4%)	(1.4%)
Market Cap (BHD Mn)	8,086	8,378	8,242	7,917	7,904	7,928	7,840	7,645	7,494	7,410	7,319	7,196
P/E (X) - TTM	11.90	12.32	10.43	10.02	10.00	9.79	9.68	9.44	9.25	9.15	9.13	9.03
P/BV (X) - TTM	1.01	1.04	1.01	0.97	0.97	1.01	0.99	0.97	0.95	0.94	0.92	0.91
Dividend Yield (%)	3.53%	3.41%	3.47%	3.61%	3.62%	4.59%	3.62%	3.71%	3.78%	3.83%	4.99%	5.06%
Volume (Mn Shares)	14	27	24	79	82	28	19	26	87	28	63	40
Value (BHD Mn)	4	8	6	15	16	7	5	5	22	5	12	72
Trades	626	1,029	1,005	1,194	1,526	866	758	797	641	641	1,169	1,036

Source: Bahrain Bourse, KAMCO Research

After ending 2014 on a positive note, the Bahrain All Share Index moved southward in 2015, dropping by c.15% y-o-y, to end the year at 1,216 points, as overall negative sentiment from lower oil price concerns and the economic worries weighed on the index and trading activity. Market capitalization went down 11.4% to close the year at BHD 7.2 Bn for 2015. 11 stocks closed in the green while 19 stocks ended the year with negative returns.

In terms of sectoral performance, only the Hotels & Tourism index was able to close the year in the green gaining by 2.5%. The Investment & Industrials sectors were the worst performing sectors plunging by over 27% each, while Insurance and banks followed, receding by 10.4% and 9.5% respectively.

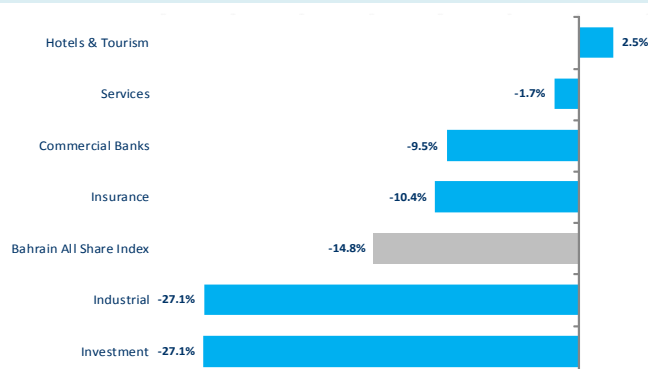
The top gainers chart for 2015 was led by Khaleeji Commercial Bank which ended the year up by 43%, and ended the month of Dec-15 also on a positive note by gaining c.11%. InvestCorp Bank came in second in the gainers list as it went up by over 31% as compared to the previous year, while Bander Hotels managed to end the year on a positive note and finish third on the gainers list, gaining by c.29%, despite the 6.5% drop in price in Dec-15. The laggards were led by GFH Financial Group which witnessed a drop of over 66% for the year ended 2015, as compared to the previous year. Arab Banking Corporation and Nass Corp followed on the list of losers, declining by over 39% and 31% respectively.

In ratings action for corporates, Fitch Ratings revised the outlook on National Bank of Bahrain (NBB) and BBK B.S.C. (BBK) to Negative from Stable, while affirming their Long-term Issuer Default Ratings (IDRs) at 'BBB-'. The revised outlook of both the banks IDRs is ascribed to the decreased ability of the state to support its domestic banks, and increased possibility of a deterioration in the operating environment.

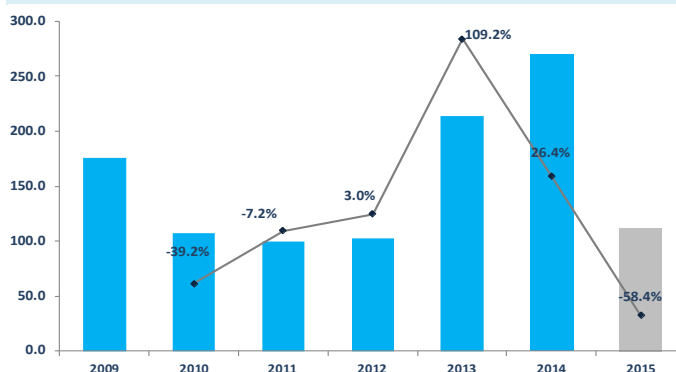
Trading activity in the index was weak for 2015 as average daily volumes and daily value traded both headed southward for the year as compared to the previous year. Average daily volumes traded for the market as whole dropped by close to 54% in 2015, as compared to the year before to reach 4.5 Mn shares. The drop in average daily value traded was higher, as 2015 saw a decline of 58% as compared to the previous year. Daily trades also declined in 2015 as the average daily trades executed were 46 per day, as compared to 66 per day executed on average in 2014.

Ratings agency Fitch revised Bahrain's outlook to negative from stable and affirmed its long-term foreign and local currency issuer default ratings at 'BBB-' and 'BBB'. The downgrade is mostly ascribed to the higher impact of lower oil price forecasts than previously anticipated that is expected to outweigh the effects of a greater policy response on Bahrain's fiscal position. In other economic developments, Bahrain's cabinet has approved a new pricing system for diesel and kerosene starting 2016 that is set to take effect in January.

BSE Yearly Sector Performance



Yearly Value Traded (BHD Mn)



Source: Bahrain Bourse, KAMCO Research

Muscat Securities Market

Monthly Indicators	Jan-15	Feb-15	Mar-15	Apr-15	May-15	Jun-15	Jul-15	Aug-15	Sep-15	Oct-15	Nov-15	Dec-15
MSM 30 Index	6,558.5	6,559.3	6,238.0	6,322.5	6,387.9	6,424.6	6,558.2	5,871.6	5,787.7	5,928.2	5,547.9	5,406.2
Monthly % Change	3.4%	0.0%	(4.9%)	1.4%	1.0%	0.6%	2.1%	(10.5%)	(1.4%)	2.4%	(6.4%)	(2.6%)
Market Cap (OMR Mn)	7,985	7,997	7,582	7,623	8,034	8,155	8,291	7,622	7,558	7,645	6,861	6,913
P/E (X) - TTM	10.48	10.49	10.05	10.10	10.36	10.69	10.87	9.99	9.91	10.02	10.04	9.74
P/BV (X) - TTM	1.50	1.50	1.41	1.42	1.45	1.51	1.53	1.41	1.40	1.41	1.20	1.18
Dividend Yield (%)	3.76%	3.76%	3.92%	3.90%	3.67%	3.73%	3.79%	4.12%	4.16%	4.11%	4.90%	4.99%
Volume (Mn Shares)	343	493	434	332	229	227	192	235	202	1,286	184	381
Value (OMR Mn)	96	166	121	97	70	65	54	74	61	190	59	155
Trades	23,924	27,345	24,653	16,525	11,991	12,393	11,055	15,789	11,430	13,690	8,595	9,734

Source: Muscat Securities Market, KAMCO Research

The MSM30 Index declined by 14.8% during 2015 following the decline in all of the sectoral indices on the MSM. The Industrial index led the decline with a fall of 19.1% followed by the Financial index which declined by 16% during 2015 whereas the Services index saw the smallest yearly decline of 12.1%. Trading on the exchange remained mostly depressed throughout the year with the highest end of day peak level recorded during the year was at merely at 6%, one of the smallest in the GCC.

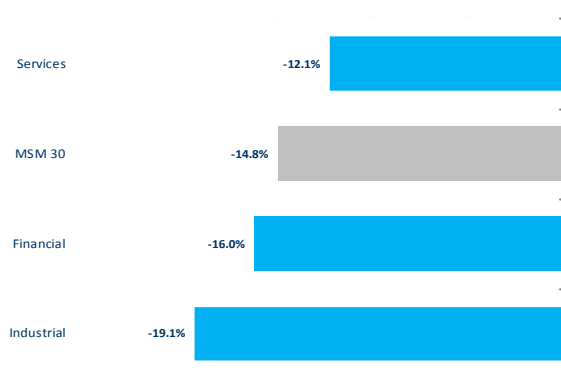
In terms of trading activity, yearly value traded declined by almost 40% to a three-year low level of OMR 1.2 Bn in 2015 as compared to OMR 1.9 Bn during the previous year. Total shares traded in the regular market also declined by 12.8% to 4.6 Bn shares as compared to 5.2 Bn shares during the previous year, whereas the total number of trades fell by 37.7% to 182,359 trades as compared to 292,486 trades in 2014. Omanis continued to account for the bulk of the trades on the exchange accounting for 71% of buy trades and 65.9% of sell trades during year in terms of value traded. Participation by other GCC nationals stood at 9.4% and 7.5% for buy and sell trades, respectively, during the year.

HSBC Bank Oman remained the most active share by volume traded during the year recorded at 1.1 Bn due to a one-off trade in October-15. Other stocks on the volume chart included Al Anwar Holding with 667.5 Mn shares traded followed by Bank Muscat and Gulf Investment Services with 365.7 Mn shares and 231.1 Mn shares traded during the year. However, in terms of value of shares traded during the year, Bank Muscat topped the chart with OMR 193.2 Mn worth of shares traded during the year followed by Al Anwar Holding and HSBC Bank Oman with shares worth OMR 156.5 Mn and OMR 121.6 Mn traded during the year, respectively. Telcos Oman Telecom and Ooredoo were also some of the highly traded stocks on the market with respective turnovers of OMR 90 Mn and OMR, 52.9 Mn, respectively.

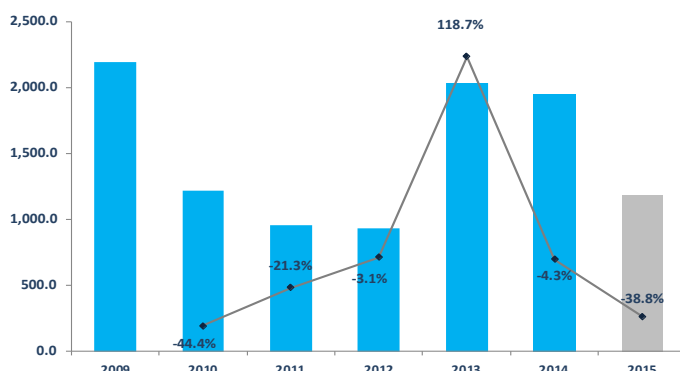
The yearly gainers chart was topped by United Power with its share price more than doubled during the year. However, it was a relatively illiquid stock with yearly trades valued at merely OMR 0.47 Mn. Gulf International Chemical recorded the second highest yearly gain of 71% followed by ONIC Holding and Sharqiyah Desalination with yearly gains of 51.9% and 42.6%, respectively. On the yearly decliners side, Renaissance Services topped the list with a decline of 65.6% during the year followed by 62.1% decline for Port Services Corp. and 59.5% decline in shares of Al Jazeera Steel Products. The market breadth for the regular market was strongly skewed towards decliners that included 39 companies as compared to 13 gainers. There was no change in prices of five stocks.

In terms of fiscal strength, Oman has one of the weakest positions in the GCC. Consequently, the country has initiated drastic measures to deal with the budget deficits arising due to the fall in oil prices. In the latest move, the country raised the 12% corporate tax in the country to 15% in addition to abolishing all the exemptions in the form of tax-free ceilings. A minister also reported that the government plans to slash its budget deficit to OMR 3.3 Bn in 2016 from OMR 4.5 Bn in 2015 by way of spending cuts.

MSM Yearly Sector Performance



Yearly Value Traded (OMR Mn)



Source: Muscat Securities Market, KAMCO Research

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