

GCC Markets Monthly Report

December-2014

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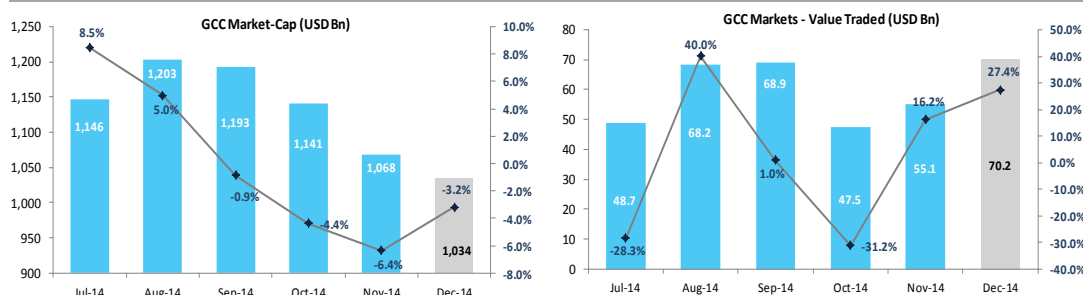
The accelerated pace of growth of the GCC equity markets came to a halt during the fourth quarter of 2014. This quarterly loss gobbled up a significant chunk of the gains made during the first three quarters of the year for 3 out of the 7 markets in the region. Saudi Arabia, Kuwait and Oman ended in the red zone while wrapping the year despite reporting apparently good growth rates since the start of the year.

The strengthening of the greenback coupled with the slide in oil prices, which triggered the GCC-wide sell-off, continues to sustain as we write this report with oil price currently quoted at close to USD 50 a barrel thereby casting a serious doubt on the respective government's ability to fund their planned expenditure in the coming years.

Nevertheless, as Saudi Arabia and Dubai announced their expansionary budget for fiscal year 2015 during the last week of December-14, they reassured the markets of continuing on their planned spending during the year thereby sending a clear message to the markets that they can sustain a low oil price environment and will not compromise on their oil market share.

Qatar remained the best performing market during the year with a total return of 18.4% as against 24.2% during 2013. Despite minimal trading activity during the year, the Bahrain Bourse witnessed second highest yearly growth of 14.2% followed by Dubai and Abu Dhabi at 12.0% and 5.6%, respectively. The aggregate market capitalization of the combined GCC equity markets increased by 7.6% to USD 1 Trillion as compared to USD 961.5 Bn at the end of 2013. Meanwhile total trading activity increased by a strong 60.3% to USD 796.6 Bn during 2014 as compared to USD 497.1 Bn during 2013.

GCC Equity Markets	Index Closing	MTD Chg%	YTD Chg%	M-Cap (USD Bn)	Monthly Value Traded (USD Mn)	P/E (x)	P/B (x)	Div. Yield
Kuwait - Weighted Index	438.9	(3.4%)	(3.1%)	104.9	2,432.9	18.5	1.3	3.3%
Kuwait - TRW Index	2,755.4	(2.2%)	(1.9%)					
Kuwait - Price Index	6,535.7	(3.2%)	(13.4%)					
Saudi Arabia	8,333.3	(3.4%)	(2.4%)	484.2	54,135.9	14.9	2.0	3.3%
Abu Dhabi	4,528.9	(3.1%)	5.6%	126.3	2,366.0	12.7	1.5	4.2%
Dubai	3,774.0	(11.9%)	12.0%	91.3	6,305.8	14.5	1.4	2.2%
Qatar	12,285.8	(3.7%)	18.4%	185.9	4,555.5	16.7	2.3	3.4%
Bahrain	1,426.6	(0.1%)	14.2%	21.5	22.6	12.7	1.0	3.5%
Oman	6,343.2	(2.5%)	(7.2%)	20.1	410.7	10.3	1.5	3.9%
Total GCC				1,034.2	70,229.4	14.9	1.8	3.3%



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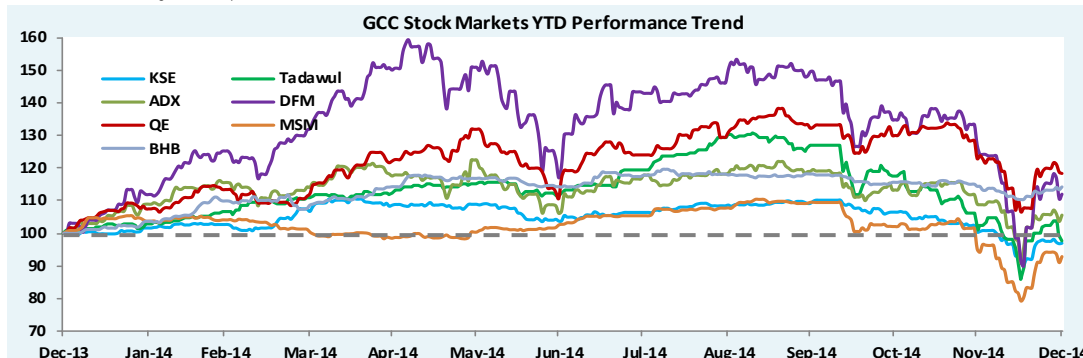
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Source: GCC Stock Exchanges, KAMCO Research

Market Performance - 2014

GCC Markets		2010	2011	2012	2013	2014
Kuwait	KSE Weighted Index	484.17	405.62	417.65	452.86	438.88
Saudi Arabia	TASI	6,620.75	6,417.73	6,801.22	8,535.60	8,333.30
Dubai	DFM General Index	1,630.52	1,353.39	1,622.53	3,369.81	3,774.00
Abu Dhabi	ADX General Index	2,719.87	2,402.28	2,630.86	4,290.30	4,528.93
Qatar	QE 20 Index	8,681.65	8,779.03	8,358.94	10,379.59	12,285.78
Bahrain	Bahrain All Share Index	1,432.26	1,143.69	1,065.61	1,248.86	1,426.57
Oman	MSM 30 Index	6,754.92	5,695.12	5,760.84	6,834.56	6,343.22

Source: GCC Stock Exchanges, KAMCO Research

The full year 2014 performance of the GCC equity markets came as a surprise as investors were expecting the 2013 bull run to continue in 2014. The oil price led the drop in indices, which came particularly during the last quarter and led to a major sell-off affecting performance across the GCC markets. Nevertheless, despite the declines, total market capitalization of the combined GCC markets increased by 7.6% to USD 1 Tln on the back of a number of companies listed during the year. Saudi Arabia continued to account for the lion's share of the total GCC market capitalization recorded at 46.8%, a slight decline from 48.6% during 2013 while Qatar ranked second with a share of 18.0%.

Trading activity remained upbeat during 2014. After a decline in 2013, total value traded increased by USD 299.5 Bn or more than 60% as compared to 2013 reaching a high of USD 796.6 Bn. In terms of absolute performance, Saudi Arabia garnered the lion's share of value traded during the year, as seen historically. Total value traded in the Kingdom increased by USD 207.5 Bn or 56.9% to USD 572 Bn during 2014, accounting for 71.8% of the total traded value in the GCC region, slightly below the 2013 share of 73.3%. Qatar saw the strongest y-o-y improvement in trading activity as total value traded increased by USD 34.1 Bn or 165.8% to USD 54.6 Bn during 2014. Qatar accounted for 6.9% of total value traded in the GCC in 2014.

Meanwhile, Dubai saw the second highest y-o-y improvement in trading activity. Total traded value in Dubai increased by USD 59.5 Bn or 136.6% to USD 103.0 Bn in 2014, accounting for 12.9% of total value traded in the GCC. The combined value traded in the UAE more than doubled to USD 142.5 Bn with an increase of USD 75.9 Bn or 114.1%. Total value traded in the UAE accounted for 17.9% of total value traded in the GCC in 2014. Kuwait saw the most significant drop in its share of total value traded in the GCC accounting for 2.7% or USD 21.6 Bn in value traded in 2014 as compared to a share of 7.9% or USD 39.5 Bn in total traded value in 2013.

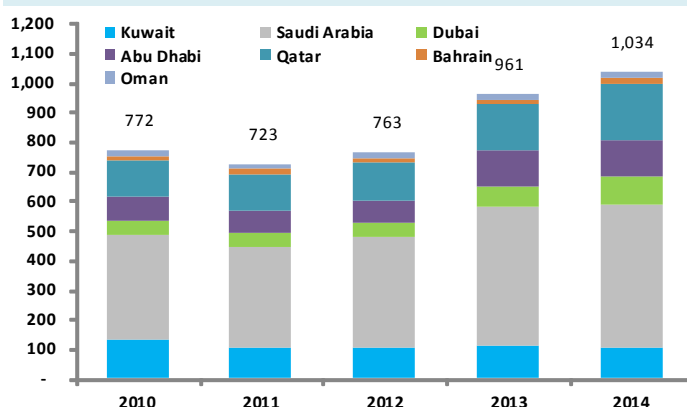
IPO Activity

2014 witnessed higher fund raising activity in the primary market with the announcement of a number of IPOs especially during the third quarter of the year. A total of 15 companies got listed during the year which was the highest number of new listings in a year since 2008. Saudi Arabia topped the list of newly listed companies totaling six during the year with the most prominent one being the November-14 listing of NCB. DFM witnessed four new listings during the year with Emaar Malls Group being the most anticipated listing. There were three listings in Oman in the parallel market. The year closed with the listing of Kuwait Telecommunications Co. (Viva), being the only listing in Kuwait in 2014.

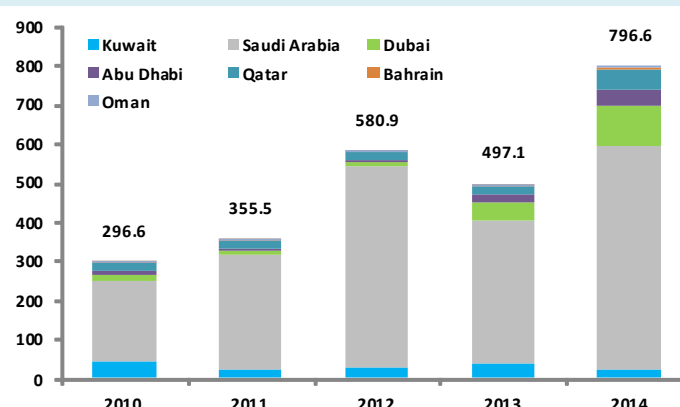
Decline from 2014 Peak

Market	2013 Close	2014 Peak	Peak Date	2014 Close	Decline from Peak
KSE	452.86	501.10	16-Apr-14	438.88	-12.4%
Tadawul	8,535.60	11,149.36	9-Sep-14	8,333.30	-25.3%
DFM	3,369.81	5,374.11	6-May-14	3,774.00	-29.8%
ADX	4,290.30	5,253.41	29-May-14	4,528.93	-13.8%
QE	10,379.59	14,350.50	18-Sep-14	12,285.78	-14.4%
BHB	1,248.86	1,494.03	7-Aug-14	1,426.57	-4.5%
MSM	6,834.56	7,547.65	10-Sep-14	6,343.22	-16.0%

GCC Market-Cap (USD Bn)



GCC Markets - Value Traded (USD Bn)



Source: GCC Stock Exchanges, KAMCO Research

Kuwait Stock Exchange

Monthly Indicators	Jan-14	Feb-14	Mar-14	Apr-14	May-14	Jun-14	Jul-14	Aug-14	Sep-14	Oct-14	Nov-14	Dec-14
KAMCO TRWI	2,840.2	2,862.1	2,938.5	2,977.7	2,978.5	2,879.0	2,931.9	2,974.5	2,985.4	2,931.1	2,816.7	2,755.4
Monthly % Change	1.1%	0.8%	2.7%	1.3%	0.0%	(3.3%)	1.8%	1.5%	0.4%	(1.8%)	(3.9%)	(2.2%)
KSE Price Index	7,755.8	7,692.8	7,572.8	7,407.7	7,291.1	6,971.4	7,130.9	7,430.5	7,621.5	7,361.6	6,752.9	6,535.7
Monthly % Change	2.7%	(0.8%)	(1.6%)	(2.2%)	(1.6%)	(4.4%)	2.3%	4.2%	2.6%	(3.4%)	(8.3%)	(3.2%)
KSE Weighted Index	460.1	465.0	483.1	491.8	493.1	469.8	481.8	492.1	494.4	482.2	454.5	438.9
Monthly % Change	1.6%	1.1%	3.9%	1.8%	0.3%	(4.7%)	2.6%	2.1%	0.5%	(2.5%)	(5.7%)	(3.4%)
Kuwait 15 Index	1,077.5	1,101.0	1,175.1	1,201.7	1,208.7	1,140.1	1,176.6	1,200.4	1,203.8	1,170.7	1,105.8	1,060.0
Monthly % Change	0.9%	2.2%	6.7%	2.3%	0.6%	(5.7%)	3.2%	2.0%	0.3%	(2.8%)	(5.5%)	(4.1%)
Market Cap (KWD Mn)	31,601	31,760	32,637	33,058	32,989	31,328	32,174	32,860	33,021	32,178	30,432	29,706
P/E (X)	19.60	20.00	18.90	19.90	20.02	19.02	19.63	20.05	20.70	20.20	19.01	18.48
P/BV (X)	1.43	1.43	1.43	1.46	1.43	1.38	1.42	1.45	1.46	1.43	1.35	1.32
Dividend Yield	2.78%	2.73%	3.00%	2.96%	2.73%	3.12%	3.04%	2.98%	2.96%	3.04%	3.21%	3.26%
Volume (Mn Shares)	8,106	4,520	4,698	4,518	3,510	2,962	2,423	4,101	6,135	3,263	3,271	5,781
Value (KD Mn)	718	535	620	626	439	441	247	417	622	382	383	689
Trades ('000)	142.1	95.2	107.5	110.0	76.2	76.9	52.8	93.2	133.5	70.9	72.6	166.6

Source: Kuwait Stock Exchange, KAMCO Research

The sell-off across the GCC equity markets continued to impact the performance of KSE during December-14 with the weighted index down by 3.4%. The index has declined by almost 11.2% during the last quarter of the year led by consecutive declines seen during each month of the quarter. The large-cap Kuwait-15 index declined by a steeper 4.1% during the month on the back of steep monthly declines reported by key banking stocks NBK, Boubyan Bank and KIB in addition to Zain and Agility. The Price Index and the TRW Index declined by 3.2% and 2.2%, respectively.

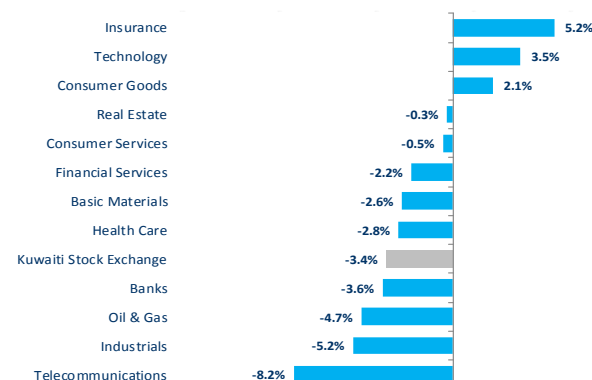
The negative performance during the last quarter has affected full year 2014 returns resulting in negative returns for all the indices on the KSE. The Price Index led the 2014 decline with a negative return of 13.4% followed by the Weighted Index at 3.1% and TRW Index at 1.9%. The KSE-15 Index reported 2014 decline of 0.8%. The total decline in KSE market capitalization over full year 2014 stood at 7.7% to record at KWD 29.7 Bn (USD 104.9 Bn). It is pertinent to note that the full year decline led by the fall in oil prices during the last quarter has overshadowed the improvement in corporate profitability reported by a majority of the companies over the past two quarters.

On the sectoral front, the monthly decline was led by the Telecommunications index which declined by a steep 8.2% primarily due to a 10.2% decline in prices of Zain further supported by a 12.9% decline in prices for Hits Telecom. The telecom index also reported the steepest 2014 decline of 17.7%. Telecom stocks have been battered over the past few months due to a steep decline in reported profits by a majority of the telecom companies across the GCC. On the positive side, the month of December also saw the listing of Kuwait Telecommunications Co. (Viva), a unit of Saudi Telecom Company.

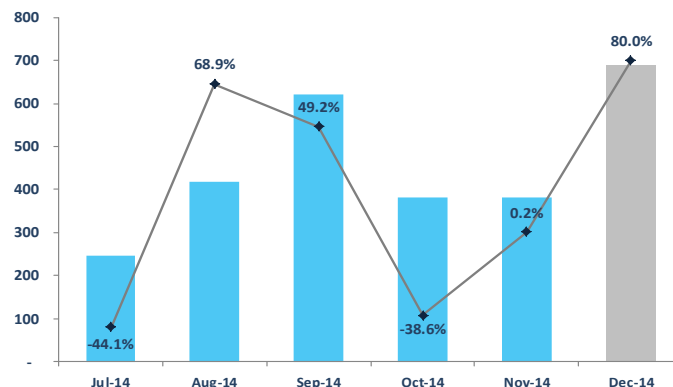
The month also witnessed remarkable decline in other heavyweight sectors which included Industrials and Banks. The industrials index declined by 5.2% and was second only to the telecom index whereas the Banking index declined by 3.6%. Nevertheless, except for the telecom index, the sectoral index decline during 2014 was led by small cap sectors including Technology and Healthcare which declined by 13.5% and 12.4% during the year, respectively. Among the other heavyweight sectors, the Real Estate Index and the Financial Services Index declined by 7.8% and 6.3% during the year, respectively.

Trading activity on the KSE improved during the month on the back of the continued sell-off. Average daily volume for the month increased from 155.8 Mn to 251 Mn shares whereas average daily value traded increased from KWD 18.2 Mn in November-14 to KWD 29.9 Mn during December-14.

KSE Sector Performance



Value Traded (KWD Mn)



Source: Kuwait Stock Exchange, KAMCO Research

Saudi Arabia (Tadawul)

Monthly Indicators	Jan-14	Feb-14	Mar-14	Apr-14	May-14	Jun-14	Jul-14	Aug-14	Sep-14	Oct-14	Nov-14	Dec-14
Tadawul All Share Index	8,760.6	9,106.6	9,473.7	9,585.2	9,823.4	9,513.0	10,214.7	11,112.1	10,854.8	10,034.9	8,624.9	8,333.3
Monthly % Change	2.6%	3.9%	4.0%	1.2%	2.5%	(3.2%)	7.4%	8.8%	(2.3%)	(7.6%)	(14.1%)	(3.4%)
Market Cap (SAR Bn)	1,801.8	1,865.9	1,925.2	1,953.1	1,989.6	1,944.6	2,108.8	2,269.2	2,210.4	2,051.9	1,874.2	1,816.0
P/E (X)	18.13	18.76	18.68	18.95	19.31	18.30	19.82	21.33	19.93	18.50	15.38	14.90
P/BV (X)	2.10	2.17	2.32	2.35	2.40	2.17	2.36	2.54	2.57	2.40	2.07	2.00
Dividend Yield	3.06%	2.96%	3.09%	3.05%	2.99%	3.07%	2.83%	2.63%	2.70%	2.90%	3.19%	3.29%
Volume (Mn Shares)	4,922	5,188	7,125	7,546	8,011	5,352	3,529	6,011	6,090	4,065	4,559	7,718
Value (SAR Mn)	139,255	135,153	193,969	232,300	242,531	180,033	122,639	208,390	201,646	132,885	153,409	203,019
Trades ('000)	2,540	2,228	3,015	3,902	3,705	3,119	2,412	3,299	2,999	2,124	2,594	3,830

Source: Tadawul, KAMCO Research

Saudi stock market decline was similar to that of Kuwait with benchmark TASI decline of 3.4% during the month. This was the fourth consecutive month of decline led by the slide in oil prices that reached a new low of close to USD 50 a barrel during the month. On 16th December 2014, the benchmark index plunged almost 7.3% in response to oil price weakness but soon recovered during subsequent trading sessions regaining the 8,000 level. The full year 2014 returns for the Saudi stock market now stands at negative 2.4% as Saudi Arabia remained one of the three markets in the GCC to report negative returns during 2014. The decline in total market capitalization stood at 2.9% during December-14 to record at SAR 1.8 Bn (USD 484.2 Bn).

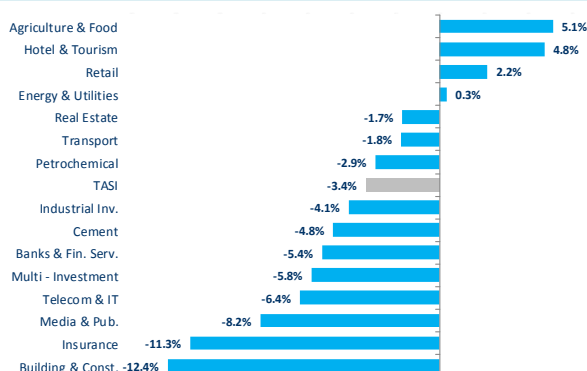
Monthly trading activity increased due to heavy selling activity with total volume traded on the exchange reaching 7.7bn shares, up 69.6% from the previous month. The value of shares traded on the exchange too increased by 32.3% as it reached SAR 203.0 bn (USD 54.1 Bn) in December-14. Similarly, average daily value traded increased from SAR 7.3 Bn during November-14 to SAR 8.8 Bn during December-14. Trading activity during the month continued to be dominated by retail investors that accounted for 86.91% of total value traded. Alinma Bank, SABIC and Al Rajhi Bank were among the top traded stocks by value during the month accounting for close to 20% of the total value traded during the month. By sector, Banking & Financial Services, Insurance, Petrochemical and Building & Construction sectors accounted for the bulk of the trading activity aggregating total trades worth SAR 120.3 Bn or 59.2% of the total value traded during the month.

The monthly gainers chart was topped by recently listed National Commercial Bank with monthly returns of 22.2% followed by Saudi Marketing Company and Al Khaleej Training and Education Co. with monthly returns of 20.1% and 18.3%, respectively. On the losers side, the chart was topped by Saudi Chemical Co. with a steep monthly decline of 83.7% followed by Al Sagr Coop. Insurance and Tourism Enterprise with monthly declines of 33.7% and 33.2%, respectively.

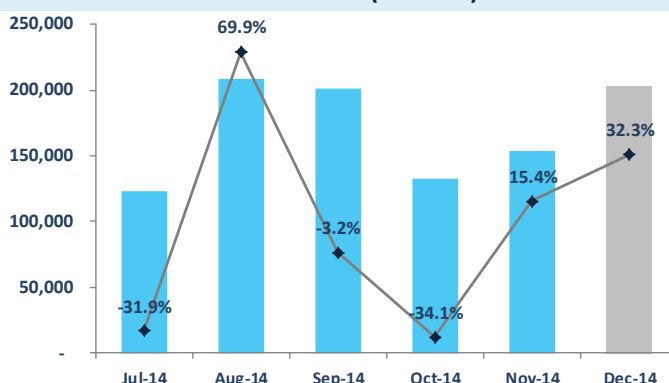
The sectoral performance continued to remain skewed towards decliners with the Building & Construction Index reporting monthly declines of 12.4% followed by the Insurance Index which declined by 11.3% and the Media & Publishing Index which declined by 8.2%. Among the heavyweight sectors, the Banking & Financial Services Index declined by 5.4% whereas the Petrochemical and Telecom sectors declined by 2.9% and 6.4%, respectively. The full year 2014 sectoral performance showed a different picture with overall performance affected primarily by the Telecom sector, followed by the Petrochemical sector. The Telecom index declined by close to 27% during the year on the back of continued weakness in sector profitability due to competitive pressure. Meanwhile, the Petrochemical index declined by 22.4% during the year solely due to the oil price decline. The index touched a month-end peak during August-14 when it touched the 9,000 mark but declined thereafter to below the 6,000 level by end of December-14.

Meanwhile, the Saudi government's budget, which was widely expected to include spending cuts, positively surprised investors when the government announced an expansionary budget for fiscal year 2015 with expenditure forecasted at record high levels despite running budget deficits cushioned by forex reserves that is expected to be close to USD 750 Bn.

Tadawul Sector Performance



Value Traded (SAR Mn)



Source: Tadawul, KAMCO Research

Abu Dhabi Securities Exchange

Monthly Indicators	Jan-14	Feb-14	Mar-14	Apr-14	May-14	Jun-14	Jul-14	Aug-14	Sep-14	Oct-14	Nov-14	Dec-14
ADX General Index	4,673.1	4,958.7	4,894.4	5,044.6	5,253.4	4,551.0	5,055.0	5,082.7	5,106.3	4,861.5	4,675.0	4,528.9
Monthly % Change	8.9%	6.1%	(1.3%)	3.1%	4.1%	(13.4%)	11.1%	0.5%	0.5%	(4.8%)	(3.8%)	(3.1%)
Market Cap (AED Bn)	484.4	505.1	496.9	507.4	537.3	471.3	510.4	510.3	509.5	488.0	468.1	463.9
P/E (X)	14.23	14.84	15.17	15.50	16.41	13.63	14.76	14.76	13.90	13.30	12.77	12.66
P/BV (X)	1.66	1.73	1.66	1.70	1.80	1.59	1.72	1.72	1.68	1.60	1.55	1.53
Dividend Yield	3.66%	3.51%	3.73%	3.84%	3.65%	4.16%	3.84%	3.84%	3.85%	4.00%	4.19%	4.23%
Volume (Mn Shares)	10,697	6,310	4,747	8,600	5,400	4,930	3,509	1,509	2,158	1,816	3,590	5,188
Value (AED Mn)	22,923	16,969	12,266	22,768	17,732	12,678	7,838	4,327	6,891	5,274	6,984	8,691
Trades	114,266	86,229	67,478	105,996	94,134	81,625	62,310	37,017	45,493	43,163	53,397	71,913

Source: Abu Dhabi Securities Exchange, KAMCO Research

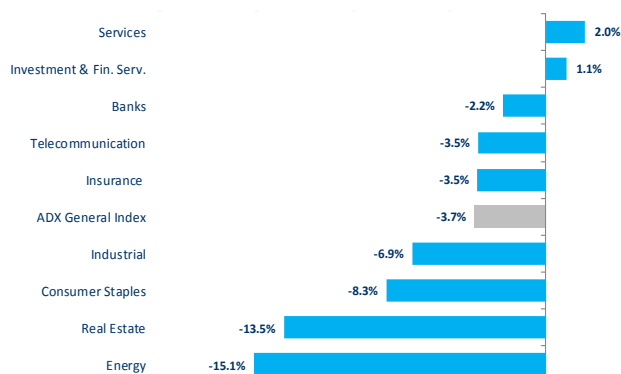
ADX General Index recorded one of the smallest declines during December-14 falling by almost 3.1% during the month. The month-to-date decline reached a peak of 16.8% on 16th December 2014 when the Index plunged by almost 6.9% but recovered thereafter to record an increase of more than 16% during the second half of the month as individual high net worth investors started taking positions in stocks that are expected to pay high dividends. The index, however, failed to recover to previous month levels. The index declined by almost 11.3% during the last quarter of 2014 that affected full year performance which, by the end of the month, stood at positive 5.6%, the smallest positive return in the GCC.

After seeing a bottom in August-October 2014, trading activity continued to recover during December-14 backed by higher investor participation. In line with previous months, investors continued to target banking and real estate sectors. The Banking sector accounted for 31.2% of total value traded or AED 2.7 Bn worth of trades during the month whereas the Real Estate sector garnered trades worth AED 4.5 Bn or 51.4% of the total value traded during the month. Total volume traded increased by 44.5% to 5.2 Bn traded shares resulting in average daily volume of 247.0 Mn shares as compared to a daily average of 170.9 Mn shares traded during the previous month. Meanwhile, total value traded increased at a slower pace of 24.4% to AED 8.7 Bn. The average daily value traded increased from AED 332.6 Mn in November-14 to AED 413.8 Mn in December-14.

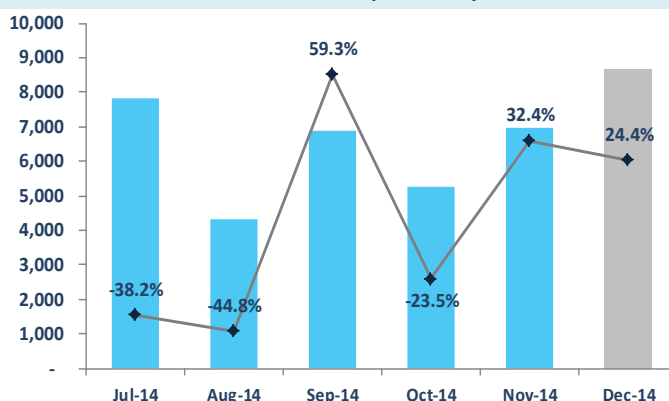
In terms of sector performance the Energy Index saw a steep monthly decline of 15.1% as both the energy stocks, Dana Gas and Abu Dhabi National Energy (TAQA), declined in excess of 10% during the month on the back of weakness in oil prices. The decline in Dana Gas also came on the back of the news that the company failed to receive claims worth USD 100 Mn from Kurdistan. Meanwhile, the Real Estate Index reported the second worst performance during the month with a decline of 13.5% as the three real estate stocks reported steep monthly declines during the month. Prices of Aldar Properties declined despite the announcement that the company plans to cut debt by over a third within the next two years. On the other hand, the heavyweight Banking Index declined by a more modest 2.2% as a majority of the banks reported monthly decline in stock prices. On the positive side, the Services Index was up by 2.0% during the month on the back of 23.1% monthly returns reported by ADNHC stock and 10% return reported by Emirates Driving Co.

The monthly gainers list was topped by Al Ain Al Ahlia Insurance co. with a monthly return of 27.8% although the value traded in the stock stood a marginal amount. ADNHC and Ooredoo remained the second and third best performers during the month with monthly returns of 23.1% and 14.8%, respectively. On the losers side, Al Khazna Insurance topped the list followed by Methaq Taqaful and Union Cement. The two real estate stocks Eshraq Properties and Aldar Properties remained the most liquid stock during the month garnering AED 2.3 Mn and AED 1.8 Mn worth of trades, respectively. These stocks also featured among the most traded stocks during 2014. Some of the prominent stocks that featured in the full year 2014 gainers chart included NCTH (+69.9%) and Agthia Group (+40.3%).

ADX Sector Performance



Value Traded (AED Mn)



Source: Abu Dhabi Securities Exchange, KAMCO Research

Dubai Financial Market

Monthly Indicators	Jan-14	Feb-14	Mar-14	Apr-14	May-14	Jun-14	Jul-14	Aug-14	Sep-14	Oct-14	Nov-14	Dec-14
DFM General Index	3,770.4	4,220.5	4,451.0	5,059.0	5,087.5	3,942.8	4,819.1	5,063.0	5,042.9	4,545.4	4,281.4	3,774.0
Monthly % Change	11.9%	11.9%	5.5%	13.7%	0.6%	(22.5%)	22.2%	5.1%	(0.4%)	(9.9%)	(5.8%)	(11.9%)
Market Cap (AED Bn)	287.9	318.8	331.7	369.7	370.2	301.7	356.6	367.6	369.0	380.6	367.4	335.2
P/E (X)	18.76	20.78	18.59	20.99	21.02	15.51	18.34	18.95	16.85	16.50	15.80	14.46
P/BV (X)	1.40	1.55	1.56	1.73	1.74	1.39	1.64	1.69	1.67	1.60	1.56	1.41
Dividend Yield	2.36%	2.13%	2.11%	1.91%	1.99%	2.44%	2.07%	2.01%	2.00%	1.90%	2.01%	2.20%
Volume (Mn Shares)	22,821	20,779	14,811	16,872	12,626	12,407	16,683	7,061	8,096	8,801	7,243	12,333
Value (AED Mn)	36,455	41,719	31,995	44,771	46,503	35,621	34,078	17,320	25,395	21,663	19,574	23,162
Trades	231,321	233,760	194,605	234,516	253,669	234,366	252,568	121,556	148,274	167,489	130,553	210,161

Source: Dubai Financial Market, KAMCO Research

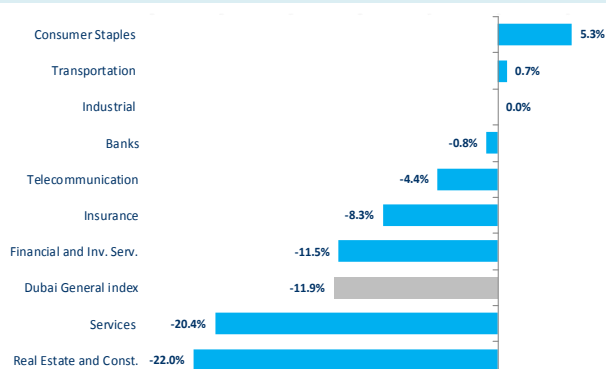
Dubai remained the hardest hit market during December-14 as the benchmark index declined by 11.9% to below the 3,800 mark. With this fourth consecutive month of decline, the DFM General Index has recorded a decline of more than 25% since the end of August-14. The index touched a yearly low of 3033.0 points on 17th December 2014 amid a broad sell-off in the GCC equity markets led by sharp decline in oil prices. Trading on the exchange remained extremely volatile during the month with the index recording an end-of-day month to date decline of almost 29% by mid-month followed by a recovery of almost 24.4% thereafter. While other markets in the GCC recovered most of the losses, the Dubai market was slow to recover lost points by the end of the month. This affected Dubai's 2014 stock market performance and resulted in Dubai conceding its leading position as the top performing equity market in the GCC which it held since the beginning of the year (on the back of gains made during the first three quarters of 2014) to Qatar and Bahrain, with a positive return of 12.0% for the full year 2014.

Retail investors dominated the trading activity on the DFM as international institutional investors took a backseat owing to the holiday season, especially during the second half of the month. Dubai has remained one of the hardest hit markets in the GCC due to its relatively larger exposure to foreign investors that has also led to the increase in liquidity in the market. However, despite the lower participation from foreign investors, total trading activity picked up during the month with volume traded up by almost 70% to 12.3 Mn shares as compared to 7.2 Mn shares in the previous month primarily due to the high selling activity. The total value traded increased at a more modest rate of 18.3% to AED 23.2 Bn as compared to AED 19.6 Bn during the previous month. The average value traded increased to AED 1.1 Bn from AED 932 Mn during the previous month.

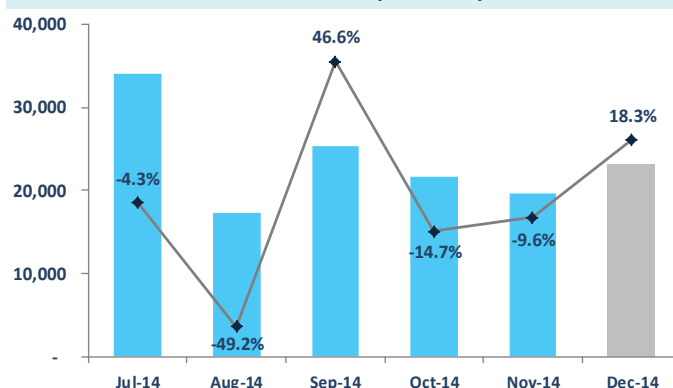
On the sectoral front a majority of the sectors reported monthly declines, with the exception of the Consumer Staples Index and the Transportation Index. The Industrial Index remained flat while the Banks Index declined by a marginal 0.8% as negative or flat returns posted by a majority of the banks was partially offset by the only positive performer, Ajman Bank that recently resumed trading after a long break. The steepest monthly decline was reported by the Real Estate & Construction Index that declined by a whopping 22.0% primarily led by a 31.5% decline in Emaar Properties shares followed by a 20.1% decline in Arabtec shares and 8.2% decline in shares of Emaar Malls Group. The decline in real estate and construction stocks was primarily due to the negative sentiments prevailing in the market. Meanwhile, the full year 2014 sectoral index performance shows that the Energy index declined the most by 46.5% followed by the Real Estate index at 12.9%. The weakness is, however, offset by 31.4% positive return posted by the Financial & Investment Services Index and 13.5% annual gains recorded by the Banking Index.

In line with the previous month, the monthly gainers chart primarily included small-cap companies with minimal trades led by United Kaipara Dairies (which also topped the full year 2014 performance), Ajman Bank and Gulf General Investment. Agility, which gained 8.9% during the month also featured at the third best performing stock in 2014 with a return of 53.1%.

DFM Sector Performance



Value Traded (AED Mn)



Source: Dubai Financial Market, KAMCO Research

Qatar Exchange

Monthly Indicators	Jan-14	Feb-14	Mar-14	Apr-14	May-14	Jun-14	Jul-14	Aug-14	Sep-14	Oct-14	Nov-14	Dec-14
QE 20 Index	11,155.7	11,771.8	11,639.8	12,677.6	13,694.2	11,488.9	12,865.5	13,596.7	13,728.3	13,498.9	12,760.5	12,285.8
Monthly % Change	7.5%	5.5%	(1.1%)	8.9%	8.0%	(16.1%)	12.0%	5.7%	1.0%	(1.7%)	(5.5%)	(3.7%)
Market Cap (QAR Bn)	589.4	683.5	650.4	732.0	736.9	632.2	690.1	721.2	736.1	728.3	698.1	676.8
P/E (X)	14.90	17.28	15.82	17.80	17.92	15.20	16.60	17.34	18.11	17.90	17.20	16.65
P/BV (X)	2.05	2.38	2.16	2.43	2.45	2.19	2.39	2.50	2.53	2.50	2.40	2.32
Dividend Yield	3.42%	2.95%	3.54%	3.15%	3.08%	3.59%	3.29%	3.15%	3.08%	3.10%	3.30%	3.36%
Volume (Mn Shares)	225	287	336	732	560	399	304	391	319	232	281	367
Value (QAR Mn)	10,942	38,665	15,298	25,951	25,591	17,718	12,568	18,131	13,803	10,694	18,760	16,586
Trades	114,651	124,365	200,230	285,219	239,685	199,130	146,915	174,576	134,960	107,598	157,169	174,100

Source: Qatar Exchange, KAMCO Research

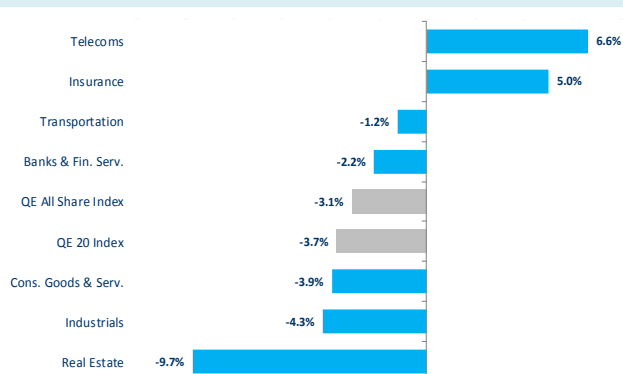
Qatar market was no exception to the weakness in equity markets across the GCC. The QE 20 Index declined by 3.7% during December-14 to reach 12,285.78 points. However, the market closed the year with a gain of 18.4% on the QE 20 Index and 21.8% for the all share index to become the best performer of the year in the GCC region. Nevertheless, the market witnessed volatile performance during the month with the first half of the month marred by consistent declines only to partially recover during the second half. The performance was also supported by US market strength that went up on key policy decision on rate hike and US Central Bank's comments on the future course of economic policy actions. During the month, the Qatar market saw a disconnect between the broader Qatar All Share Index that declined by 3.1% as compared to the QE 20 Index that saw a marginally steeper decline implying larger sell-off of key large cap stocks. The resulting decline in the market cap of the exchange stood at 3.1% in December-14 as it reached QAR 676.8 bn (USD 185.9 bn).

Trading activity saw a disconnect between total volumes and value traded during the month. While volumes witnessed a strong growth of 30.2% to record 366.9 Mn traded shares as compared to 281 Mn shares during November-14, total value traded went declined by 11.5% to QAR 16.6 Bn as compared to QAR 18.8 Bn recorded during the previous month. The resulting average value traded declined from QAR 893.3 Mn during November-14 to QAR 753.9 Mn during December-14. In line with the rest of the markets, the market breadth remained skewed towards the losers as 14 stocks reported monthly gains while 29 stocks reported decline in the prices in the month.

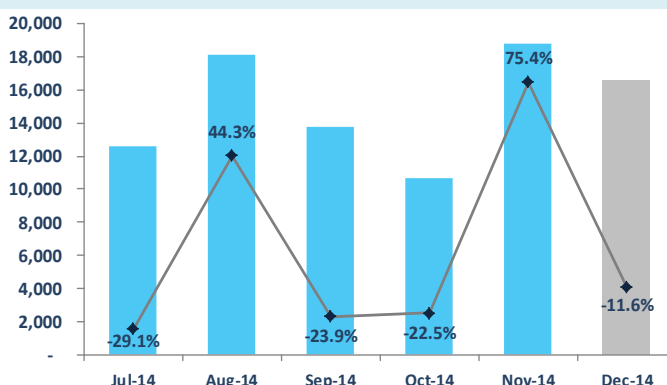
The monthly gainers list was topped by Qatar General Insurance & Reinsurance with a strong monthly gain of 28.3% followed by Aamal and Ooredoo with gains of 8.7% and 8.5%, respectively. During the month, Ooredoo announced that it has reached 200,000 customers on its fiber network in Qatar. On the other hand, major losers of the month included Islamic Holding Group with a decline of 39.9% followed by Dlala Brokerage and Doha Insurance with declines of 19.9% and 14.7%, respectively. In terms of total monthly value traded, Barwa Real Estate came on top with trades valued at QAR 2.2 Mn followed by QNB which traded QAR 1.6 Mn worth of shares and Gulf International Services which traded QAR 1.4 Mn worth of shares during the month. Meanwhile, the 2014 gainers included Islamic Holding Group with gains of 170.7% followed by Doha Insurance with a yearly return of 125.3% and Medicare Group with a return of 122.9%.

As an exception to the rest of the GCC markets, the Telecom sector topped the sectoral index performance with a gain of 6.6% led by 8.5% monthly growth in Ooredoo shares in addition to marginal gains reported by Vodafone Qatar. The Insurance index also reported positive monthly returns of 5.0% primarily on the back of a 3.8% gain in shares of Qatar Insurance further supported by positive performance of QGIR and KINS. Meanwhile, the Real Estate Index reported the worst monthly performance with a decline of 9.7% as all the stocks in the sector witnessed negative monthly returns. The other heavyweight indices, Banking and Industrials, declined by 4.3% and 2.2% as investors were skeptical about further investment in the construction amid declining oil prices. The yearly sectoral performance was led by the insurance index with increase by a whopping 69.4% followed by Banks at 31.1%. The overall yearly performance was pulled down by the Telecom index which grew by merely 2.2% during 2014.

QE Sector Performance



Value Traded (QAR Mn)



Source: Qatar Exchange, KAMCO Research

Bahrain Bourse

Monthly Indicators	Jan-14	Feb-14	Mar-14	Apr-14	May-14	Jun-14	Jul-14	Aug-14	Sep-14	Oct-14	Nov-14	Dec-14
Bahrain All Share Index	1,294.3	1,372.7	1,356.9	1,427.3	1,459.3	1,427.6	1,471.7	1,472.2	1,476.02	1,444.13	1,428.67	1,426.57
Monthly % Change	3.6%	6.1%	(1.1%)	5.2%	2.2%	(2.2%)	3.1%	0.0%	0.3%	(2.2%)	(1.1%)	(0.1%)
Market Cap (BHD Mn)	7,200	7,655	7,567	8,101	8,281	8,101	8,351	8,354	8,376	8,193	8,105	8,099
P/E (X)	9.92	10.54	11.32	12.12	12.39	13.66	14.08	14.08	13.21	12.90	12.78	12.71
P/BV (X)	0.95	1.02	0.99	1.06	1.08	1.06	1.09	1.09	1.07	1.00	1.03	1.02
Dividend Yield	3.47%	3.26%	3.78%	3.53%	3.45%	3.53%	3.42%	3.42%	3.41%	3.50%	3.53%	3.53%
Volume (Mn Shares)	140	186	169	115	198	67	25	58	51	64	22	29
Value (BHD Mn)	28	32	32	45	51	15	7	13	12	21	6	9
Trades	1,954	2,609	2,069	1,892	1,707	1,050	706	897	1,069	609	628	1,065

Source: Bahrain Bourse, KAMCO Research

Bahrain continued to remain one of the most resilient markets during the fourth quarter sell-off across the GCC equity markets. The benchmark Bahrain All Share Index declined marginally by 0.1% during December-14 to 1,426.57 points, the smallest during the month as compared to other GCC equity markets, culminating into a full year 2014 return of 14.2%, the second highest growth in the region after Qatar. The monthly decline in market capitalization during the month was in line with the index at 0.1% ending at BHD 8.1 Bn (USD 21.5 Bn). The market breadth was negative as the number of declining stocks were 14 as compared to only 8 stocks that reported monthly gains. Prices of 18 stocks remain unchanged.

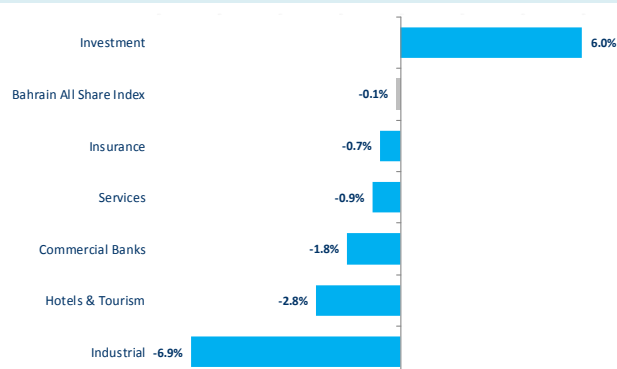
Monthly trading activity picked up both in terms of value and volume traded. Total value traded stood at BHD 8.1 Bn as compared to BHD 2.5 Bn in the previous month, a growth of 45.3%. This resulted in average daily traded value of BHD 0.4 Mn as compared to BHD 0.3 Mn in the previous month. Similarly, total monthly volume increased by 42.8% to 31.4 Mn shares as compared to 21.9 Mn shares during November-14. Meanwhile, the number of transactions increased at a much stronger pace of 69.6% to 1,065 from 628 transactions in the previous month. Batelco (-1.2%) was recorded as the most actively traded stocks by value during the month with shares worth BHD 2.9 Mn changing hands. AUB (+0.6%) and NBB (+1.2%) traded shares worth BHD 1.7 Mn and BHD 0.9 Mn, respectively, during the month.

The monthly gainers chart was topped by UGB with a strong monthly return of 63.9%. The bank had reported more than six-fold increase in 9M-14 profits during the previous month. Other noticeable monthly gainers included Arab Banking Corp. with a monthly return of 1.4% and NBB with gains of 1.2%. On the losers side, Al Salam Bank declined by 20.6% during the month as it continues to remain one of the most actively traded stocks in the market resulting in high volatility in share price. Other prominent losers included Aluminum Bahrain which declined by 7.2% and Bahrain Islamic Bank with a monthly decline of 5.7%. In terms of full year performance, Arab Banking Corp. topped the list with 81.3% yearly return followed by UGB with 56.0% annual returns.

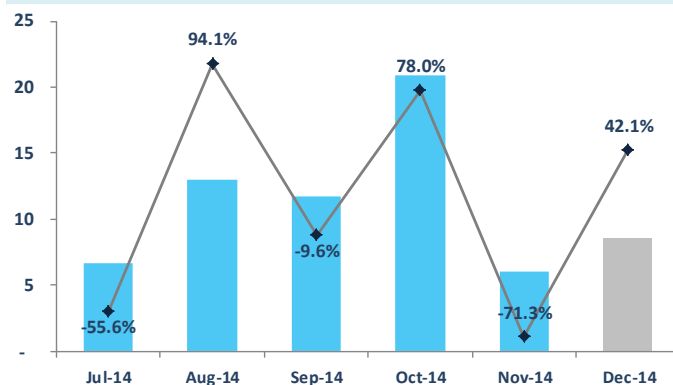
Meanwhile, the Investment Index remained the only positive performer during the month with a return of 6.0% primarily on the back of monthly gains reported by UGB and ABC that more than offset decline in prices of other investment stocks. On the other hand, monthly returns on the Industrial index was recorded at negative 6.9% primarily due to 7.2% decline in shares prices of Aluminum Bahrain partially offset by 10% gains recorded by shares of Bahrain Flour Mills. For the full year 2014, the Investment index saw highest gains recorded at 29.4% followed by Services Index with a return of 14.8%.

The month also saw positive announcement with respect to infrastructure spend. The government announced that despite the decline in oil prices, it will go ahead with the USD 2 Bn expansion plan for its main airport. More recently, the government also announced that it will implement power projects worth USD 4 Bn over the next five years. Meanwhile, during the month, BHB and DFM signed an MoU to introduce an electronic system that will enable investors to transfer their shares easily and quickly between the two exchanges.

BHB Sector Performance



Value Traded (BHD Mn)



Source: Bahrain Bourse, KAMCO Research

Muscat Securities Market

Monthly Indicators	Jan-14	Feb-14	Mar-14	Apr-14	May-14	Jun-14	Jul-14	Aug-14	Sep-14	Oct-14	Nov-14	Dec-14
MSM 30 Index	7,087.3	7,113.9	6,856.9	6,727.2	6,857.4	7,008.3	7,200.7	7,367.2	7,484.2	6,974.6	6,506.0	6,343.2
Monthly % Change	3.7%	0.4%	(3.6%)	(1.9%)	1.9%	2.2%	2.7%	2.3%	1.6%	(6.8%)	(6.7%)	(2.5%)
Market Cap (OMR Mn)	7,543	7,623	7,320	7,208	8,272	8,448	8,661	8,858	8,991	8,436	7,882	7,734
P/E (X)	10.45	11.80	11.13	10.96	11.16	11.83	12.12	12.40	11.98	11.24	10.50	10.31
P/BV (X)	1.52	1.66	1.56	1.54	1.63	1.71	1.75	1.79	1.75	1.65	1.54	1.51
Dividend Yield	4.41%	3.84%	4.19%	4.35%	3.63%	3.56%	3.47%	3.39%	3.34%	3.60%	3.81%	3.88%
Volume (Mn Shares)	951	510	360	488	302	347	258	284	377	370	492	498
Value (OMR Mn)	297	180	132	231	133	145	107	113	140	132	177	158
Trades	44,977	28,436	21,864	34,313	22,761	20,670	14,040	18,119	18,968	18,170	19,532	29,868

Source: Muscat Securities Market, KAMCO Research

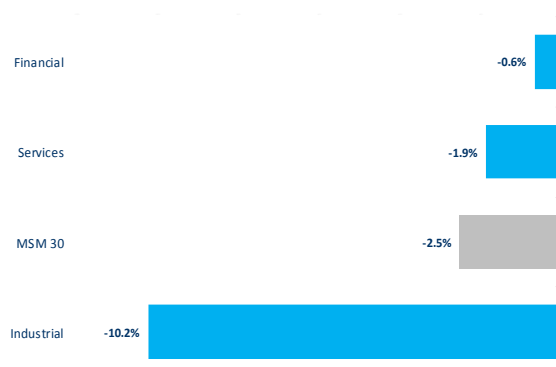
With modest gains throughout 2014, the MSM continued to decline for the third consecutive month with the MSM 30 Index recording a monthly decline of 2.5% during December-14 to reach 6,343.2 points. The fourth quarter decline for the index was recorded at 15.2% which came after gains over the first three quarters of the year. This decline during the fourth quarter affected full year returns on the index which dived in the negative zone with a negative return of 7.2%, the second lowest decline after Kuwait's Price Index. The index plunged below the 5,500 mark during the month but regained the 6,000 level after a couple of positive trading sessions. The market capitalization also declined by 1.9% to OMR 7.7 Bn (USD 20.1 Bn) at the end of December-14 as compared to OMR 7.9 Bn (USD 20.5 Bn) at the end of November-14.

Total volume traded on the exchange inched up by 1.1% during the month to 497.7 Mn shares. Meanwhile total value traded, which in November-14 was recorded at the highest level since February-14, declined by 10.5% to OMR 164.4 Mn as compared to OMR 158.3 Mn in the previous month. The average daily volume traded stood at 21.6 Mn shares during the month as compared to 25.9 Mn during November-14 whereas average daily value traded dropped to OMR 6.9 Mn as compared to OMR 9.3 Mn during the previous month. Furthermore, the number of trades increased by a strong 52.9% to 29,868 transactions executed during the month of December-14. Omanis accounted for 86.6% of total value of purchase transactions and 75.9% of total value of sale transactions.

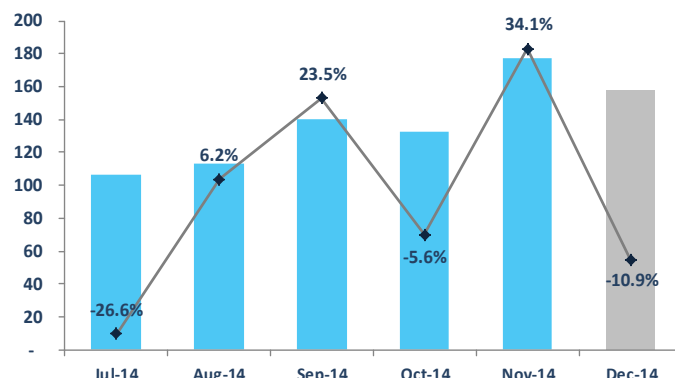
On the economic front, Oman recorded the lowest inflation rate in the GCC recorded at 1.02% during October-14, according to data published by GCC Stat. This rate is remarkably lower as compared to an average GCC inflation rate of 2.5% recorded during the month. According to the report, the prices of foodstuffs and beverages increased by 1.04% during the 12-month period ending October -14 as compared to a GCC average of 2.29%. Meanwhile, in a positive sign for the country's real estate sector, according to Oman's Ministry of Housing, the country is seeing increasing purchases of real estate properties by GCC nationals. This is primarily due to relatively cheap property rates in Oman as compared to other GCC countries. According to the Ministry, the number of properties owned by GCC nationals in Oman totaled 4,572 during 2014 and the gross traded value of property in Oman increased by 7.55% to OMR 2.7 Bn during 2014.

The monthly gainers list further expanded during December-14 and included 17 companies as compared to 11 stocks in the previous month whereas the month saw 31 decliners. Ahli Bank topped the gainers chart with a monthly return of 18.4% as the bank entered into a financial agreement with Orpic Logistics Company for its MSPP project covering 70% of the project's value. The gainers list also included Omantel which gained 10.1% during the month. Meanwhile, the largest gainers of 2014 included Al Madina Investment Company with returns of 78.7% followed by Sweets of Oman and Sohar Power with an annual returns of 49.4% and 36.7%, respectively. Whereas, the yearly top losers list primarily included financial services companies.

MSM Sector Performance



Value Traded (OMR Mn)



Source: Muscat Securities Market, KAMCO Research

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