

GCC Markets Monthly Report

February-2015

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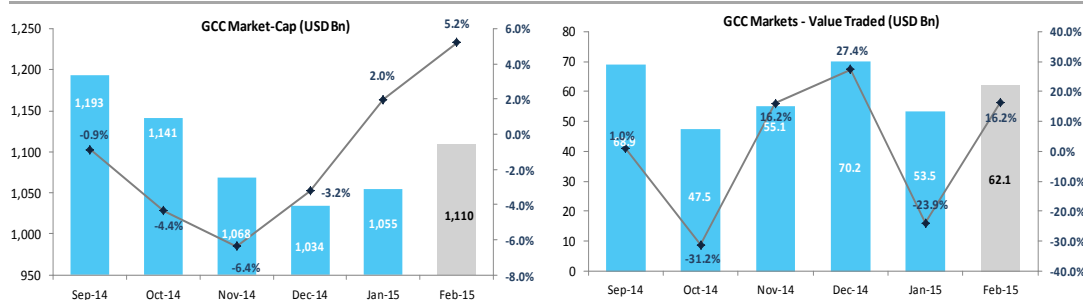
Markets bounced back in the GCC during February-15 as the improvement in corporate earnings and dividend distribution announcements grabbed investor attention. Although stable oil prices acted as a tailwind for the equity markets, especially during the first half of the month, the remainder of the month was more of a corporate earnings story than the volatility in oil prices.

Saudi Arabia, UAE and Kuwait markets peaked during mid-month, which led to profit taking and consequently a brief phase of market decline. However, markets gathered renewed momentum during the last week of the month as large-cap valuations continued to remain attractive.

Total value traded in the GCC equity markets surged by 16.2% to USD 62.1 Bn during February-15 as compared to USD 53.4 Bn during January-15 whereas total GCC market capitalization increased by 5.2% to USD 1.1 Tln. The share of Tadawul increased from 81.0% to 83.4% of total value traded in the GCC during the month at the cost of a decline in UAE's share from 9.9% in January-15 to 7.7% in February-15.

On the economic front, S&P warned that the decline in oil prices is likely to lead to weakening economic, external and fiscal profiles for the MENA region, particularly for the GCC. The rating agency lowered its outlook on Saudi Arabia's AA- rating to Negative from Stable highlighting that the Kingdom could face sustained budget deficits over the next few years as lower crude prices persist. The agency also downgraded Bahrain's long-term and short-term foreign and local currency sovereign rating to BBB-/A-3 from BBB/A-2 and Oman's rating to A-/A-2 from A/A-1 sighting oil price weakness that could lead to record deficits for the two GCC countries.

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	457.7	3.6%	4.3%	109.5	1,626.1	18.4	1.3	3.2%
Kuwait - TRW Index	2,834.5	2.4%	2.9%					
Kuwait - Price Index	6,601.4	0.4%	1.0%					
Saudi Arabia	9,313.5	4.9%	11.8%	543.1	51,817.6	16.2	2.2	2.9%
Abu Dhabi	4,686.2	5.1%	3.5%	130.1	1,161.2	13.0	1.5	4.1%
Dubai	3,864.7	5.2%	2.4%	98.5	3,632.7	12.9	1.4	2.0%
Qatar	12,445.3	4.6%	1.3%	185.5	3,415.2	15.9	2.2	3.4%
Bahrain	1,474.8	3.5%	3.4%	22.2	22.2	12.3	1.0	3.4%
Oman	6,559.3	0.0%	3.4%	20.8	431.6	10.5	1.5	3.8%
Total GCC				1,109.6	62,106.5	15.3	1.8	3.1%



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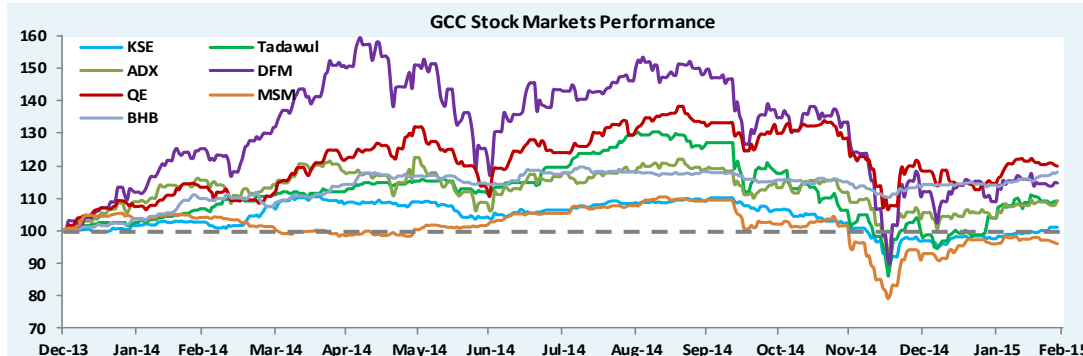
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Source: GCC Stock Exchanges, KAMCO Research

Kuwait Stock Exchange

Monthly Indicators	Mar-14	Apr-14	May-14	Jun-14	Jul-14	Aug-14	Sep-14	Oct-14	Nov-14	Dec-14	Jan-15	Feb-15
KAMCO TRWI	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	2,767.7	2,834.5
Monthly % Change	2.7%	1.3%	0.0%	(3.3%)	1.8%	1.5%	0.4%	(1.8%)	(3.9%)	(2.2%)	0.4%	2.4%
KSE Price Index	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	6,572.3	6,601.4
Monthly % Change	(1.6%)	(2.2%)	(1.6%)	(4.4%)	2.3%	4.2%	2.6%	(3.4%)	(8.3%)	(3.2%)	0.6%	0.4%
KSE Weighted Index	483.1	491.8	493.1	469.8	481.8	492.1	494.4	482.2	454.5	438.9	441.8	457.7
Monthly % Change	3.9%	1.8%	0.3%	(4.7%)	2.6%	2.1%	0.5%	(2.5%)	(5.7%)	(3.4%)	0.7%	3.6%
Kuwait 15 Index	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	1,072.7	1,116.9
Monthly % Change	6.7%	2.3%	0.6%	(5.7%)	3.2%	2.0%	0.3%	(2.8%)	(5.5%)	(4.1%)	1.2%	4.1%
Market Cap (KWD Mn)	32,637	33,058	32,989	31,328	32,174	32,860	33,021	32,178	30,432	29,706	29,914	30,995
P/E (X)	18.90	19.90	20.02	19.02	19.63	20.05	20.70	20.20	19.01	18.48	17.80	18.43
P/BV (X)	1.43	1.46	1.43	1.38	1.42	1.45	1.46	1.43	1.35	1.32	1.30	1.34
Dividend Yield	3.00%	2.96%	2.73%	3.12%	3.04%	2.98%	2.96%	3.04%	3.21%	3.26%	3.23%	3.16%
Volume (Mn Shares)	4,698	4,518	3,510	2,962	2,423	4,101	6,135	3,263	3,271	5,781	5,450	3,932
Value (KD Mn)	620	626	439	441	247	417	622	382	383	689	502	460
Trades ('000)	107.5	110.0	76.2	76.9	52.8	93.2	133.5	70.9	72.6	166.6	126.4	96.4

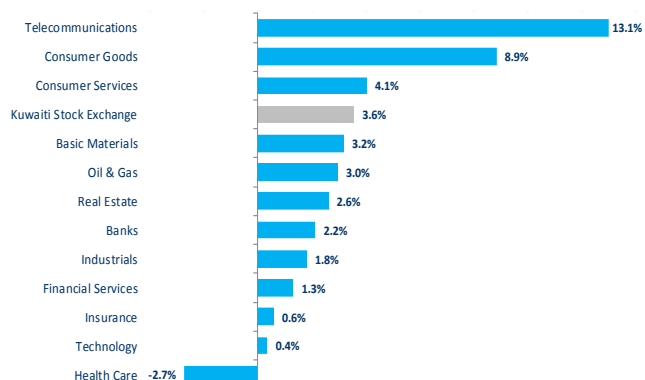
Source: Kuwait Stock Exchange, KAMCO Research

KSE started the month of February-15 on a positive note which, despite the decline in trading activity due to lesser number of trading days owing to the national holidays, recorded positive growth in all of the benchmark indices. Investors primarily targeted large cap stocks during the month, which was primarily the reason for the 4.1% return on the KSE-15 Index that closed the month at 1,116.86 points. Full year 2014 net profit for 11 out of the 15 companies in the KSE-15 index that disclosed their results by the end of the month increased by 11.5% to KWD 835 Mn as compared to KWD 748 Mn recorded during 2013. Results for Americana, Agility, Boubyan Petrochemicals and National Industries are still awaited. Shares in Zain got an 11.5% boost during the month on the back of a positive regulatory development in Saudi Arabia where the telecom regulator slashed mobile termination rates by 40% greatly helping Zain KSA. Nevertheless, the company reported a 10.2% drop in full year 2014 earnings during January-15.

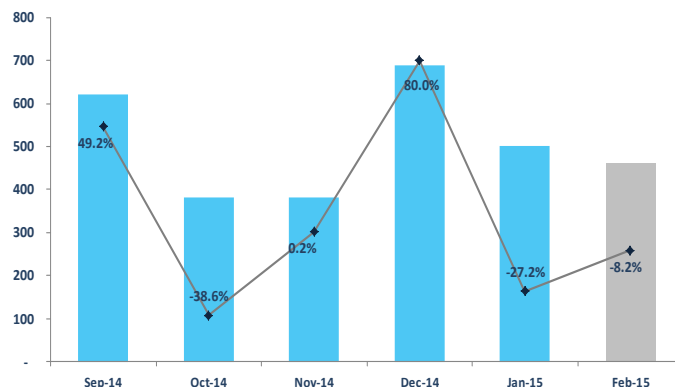
Meanwhile, the broad-based Kuwait Weighted index recorded a monthly return of 3.6% followed by the KAMCO TRW Index and the KSE Price Index with monthly returns of 2.4% and 0.4%, respectively. Total market capitalization also increased by 4.3% to KWD 31.0 Bn. Trading activity plunged during the month due to lesser number of trading days. Total volume traded declined by almost a third to 3.9 Bn traded shares as compared to 5.5 Bn shares during January-15. Average daily trading volume also declined to 218 Mn shares from 286.8 Mn shares in the previous month. Total value traded also declined by an almost equal percentage to KWD 460.4 Mn as compared to KWD 501.5 Mn during the previous month resulting in average daily value traded of KWD 25.6 Mn in February-15 as compared to KWD 26.4 Mn in January-15. The market breadth was strongly skewed towards gainers that included 90 companies as compared to 68 losers.

The monthly gainers list included REAM which saw a monthly return of 19.6% primarily on the back of a 31.4% increase in 2014 net profit. Other noticeable monthly gainers included KMEFIC and VIVA with monthly returns of 19.2% and 18.8%, respectively. The newly listed VIVA reported a 66.4% increase in net profit during 2014. The company also topped the value traded chart for the month with total trades worth KWD 61.7 Mn followed by Zain and KFH accounting for monthly trades valued at KWD 41.6 Mn and KWD 27.8 Mn, respectively. In terms of sectoral performance, the telecom index was surprisingly up by 13.1% during the month as all the three telecom players, Zain, Ooredoo and Viva, recorded monthly gains in excess of 10%. The consumer goods index saw the second strongest performance during the month with a return of 8.9% on the back of 9.6% return recorded by shares in Americana. On the other hand, the Health Care Index remained the sole index to report a monthly decline, recorded at 2.7%, as the three health care companies recorded decline in share prices during the month.

KSE Sector Performance



Value Traded (KWD Mn)



Source: Kuwait Stock Exchange, KAMCO Research

Saudi Arabia (Tadawul)

Monthly Indicators	Feb-14	Mar-14	Apr-14	May-14	Jun-14	Jul-14	Aug-14	Sep-14	Oct-14	Nov-14	Dec-14	Jan-15	Feb-15
Tadawul All Share Index	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	8,878.5	9,313.5
Monthly % Change	3.9%	4.0%	1.2%	2.5%	(3.2%)	7.4%	8.8%	(2.3%)	(7.6%)	(14.1%)	(3.4%)	6.5%	4.9%
Market Cap (SAR Bn)	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	1,918.8	2,036.6
P/E (X)	18.76	18.68	18.95	19.31	18.30	19.82	21.33	19.93	18.50	15.38	14.90	15.30	16.24
P/BV (X)	2.17	2.32	2.35	2.40	2.17	2.36	2.54	2.57	2.40	2.07	2.00	2.10	2.21
Dividend Yield	2.96%	3.09%	3.05%	2.99%	3.07%	2.83%	2.63%	2.70%	2.90%	3.19%	3.29%	3.10%	2.93%
Volume (Mn Shares)	5,188	7,125	7,546	8,011	5,352	3,529	6,011	6,090	4,065	4,559	7,718	6,738	7,670
Value (SAR Mn)	135,153	193,969	232,300	242,531	180,033	122,639	208,390	201,646	132,885	153,409	203,019	162,456	194,325
Trades ('000)	2,228	3,015	3,902	3,705	3,119	2,412	3,299	2,999	2,124	2,594	3,830	3,067	3,083

Source: Tadawul, KAMCO Research

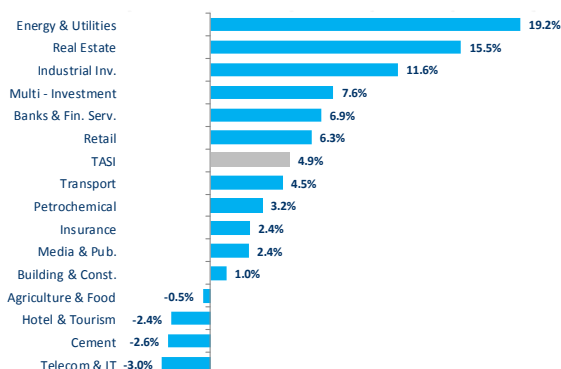
Tadawul stock exchange continued to see strong monthly growth during February-15 with the benchmark TASI Index up by 4.9% resulting in a YTD-15 return of 11.8%, the strongest in the GCC. After breaching the 9,000 mark on the very first day of February-15, the index was up by almost 27% from its lows recorded during December-14. Markets sentiments continue to remain elevated on the back of improving oil prices coupled with a stable transition of power in Saudi Arabia. Moreover, the steep market declines during 2014 resulted in attractive valuations for key large-cap fundamentally strong stocks. This was also evident from the FY-2014 earning result announcement that saw year-on-year improvement in profitability. Nevertheless, the market did saw profit taking and oil-price led sell-off on a number of trading sessions, but the end-of-month returns were encouraging for most of the stocks. The market breadth remained strongly skewed towards gainers which included 119 stocks as compared to 43 losers.

Prominent gainers for the month included Jabal Omar Development generating a monthly return of 40.2% after the country announced plans to speed up the development process. Other significant gainers included Qassim Agriculture and Saudi Electricity with monthly returns of 24.1% and 22.0%, respectively. In a bourse announcement, Saudi Electricity confirmed flat year-on-year dividend payment of SAR 0.7 per share for the year 2014. On the other hand, three out of the top five monthly losers included insurance companies. Axa Cooperative Insurance and Union Cooperative Insurance lost 38.2% and 27.4%, respectively, whereas Arabian Shield Cooperative Insurance declined by 7.9% during the month.

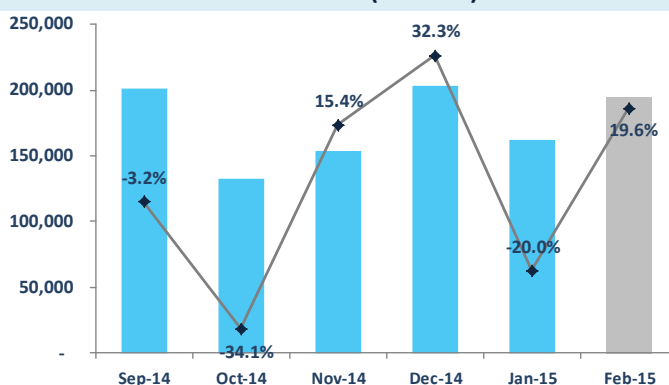
Monthly trading activity saw some improvement as compared to January-15. Total value traded stood at SAR 194.3 Bn during February-15, an increase of 19.6% as compared to SAR 162.4 Bn during the previous month. Total volume traded increased by 13.8% to 7.7 Bn traded shares as compared to 6.7 Bn shares during January-15. Average daily volume remained increased from 336.9 Mn traded shares to 383.5 Mn shares during February-15, whereas average daily value traded increased from SAR 8.1 Bn to SAR 9.7 Bn. Alinma Bank continued to top the chart for top stocks by value traded with trades valued at SAR 17.2 Bn during the month and came second on the volume chart with a monthly volume of 1.6 Bn shares. Meanwhile, Dar Al Arkan Real Estate, which repaid SAR1.7bn of Sukuk during the month, recorded total monthly trades of SAR 14.4 Bn although the shares declined by 2.8%.

In terms of sector performance, Energy & Utilities Index topped the chart with a monthly return of 19.2% on the back of 22% gain in shares of Saudi Electricity. The Real Estate Index recorded the second best performance with a monthly return of 15.5% on the back of strong monthly returns posted by Jabal Omar Development and Makkah Construction (+10.1%). The Bank & Financial Services Index recorded monthly returns of 6.9% as all the constituent companies in the sector ended in the green zone by the end of the month. On the other hand, top index losers included the Telecom & IT index that declined by 3.0% due to decline in STC and Mobily shares that more than offset gains recorded by Zain KSA and Etihad Atheeb Telecom. The reduction in mobile termination rates by the telecom authority in Saudi Arabia had a positive impact on Zain KSA whereas it negatively affected incumbent operators.

Tadawul Sector Performance



Value Traded (SAR Mn)



Source: Tadawul, KAMCO Research

Abu Dhabi Securities Exchange

Monthly Indicators	Mar-14	Apr-14	May-14	Jun-14	Jul-14	Aug-14	Sep-14	Oct-14	Nov-14	Dec-14	Jan-15	Feb-15
ADX General Index	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	4,456.8	4,686.2
Monthly % Change	(1.3%)	3.1%	4.1%	(13.4%)	11.1%	0.5%	0.5%	(4.8%)	(3.8%)	(3.1%)	(1.6%)	5.1%
Market Cap (AED Bn)	496.9	507.4	537.3	471.3	510.4	510.3	509.5	488.0	468.1	463.9	455.5	477.9
P/E (X)	15.17	15.50	16.41	13.63	14.76	14.76	13.90	13.30	12.77	12.66	12.39	13.00
P/BV (X)	1.66	1.70	1.80	1.59	1.72	1.72	1.68	1.60	1.55	1.53	1.43	1.50
Dividend Yield	3.73%	3.84%	3.65%	4.16%	3.84%	3.84%	3.85%	4.00%	4.19%	4.23%	4.30%	4.10%
Volume (Mn Shares)	4,747	8,600	5,400	4,930	3,509	1,509	2,158	1,816	3,590	5,188	1,848	1,873
Value (AED Mn)	12,266	22,768	17,732	12,678	7,838	4,327	6,891	5,274	6,984	8,691	4,233	4,265
Trades	67,478	105,996	94,134	81,625	62,310	37,017	45,493	43,163	53,397	71,913	39,052	33,441

Source: Abu Dhabi Securities Exchange, KAMCO Research

ADX General Index recorded the second-best performance in the GCC during February-15 with a monthly index return of 5.1% to close at 4,686.19 points. The growth during February-15 more than offset the negative returns seen during January-15 and resulted in a YTD return of 3.5%. The index performance remained volatile during the month as investors took cues from the swing in oil prices booking profits at the slightest hint of an oil price decline. The index touched a monthly end-of-day high of 4,695.34 points during mid-month but lost the momentum in subsequent trading sessions to again bounce back slightly below the monthly peak by the end of the month. Total market capitalization increased at a slightly lower pace vs. the index to close at AED 477.9 Bn.

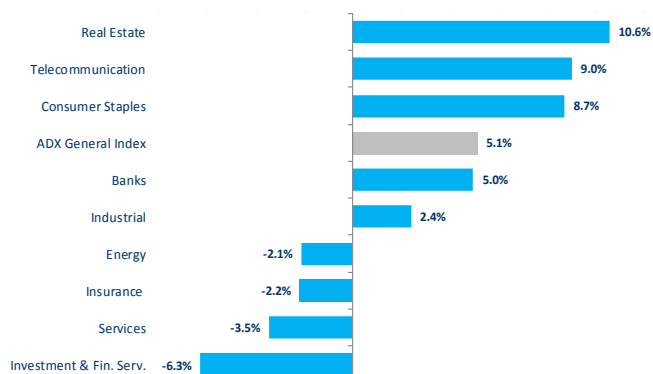
Trading activity saw a slight improvement during the month with volumes up by 1.4% to 1.9 Bn shares and value traded up by a slightly lower 0.7% to AED 4.3 Bn. Average daily volumes also increased to 93.7 Mn shares during February-15 as compared to 92.4 Mn shares during the previous month, whereas average daily value traded increased to AED 213.3 Mn during February-15 as compared to AED 211.7 Mn during January-15. Meanwhile, market breadth remained strongly skewed towards gainers that included 30 companies as compared to 16 losers. Prices of 19 securities remained unchanged.

In line with the previous month, best performing stocks for February-15 garnered minimal traded value. Nevertheless, among the prominent gainers was ADCB with gained 11.3% during the month accumulating AED 212 Mn worth of trades. The bank had posted healthy improvement in profits in the previous month. Aldar Properties that topped the value chart with AED 972 Mn worth of trades during the month, was also among the major gainers with a monthly return of 11.0%. The company posted flat full year earnings for 2014, recorded at AED 2.2 Bn on the back of a stronger than expected Q4 earnings which increased by 77% to AED 718 Mn after the properties firm opened its new Yas Mall during November-15 which is operating at optimum occupancy levels. The losers list, on the other hand, included three banks viz. ADIB, Bank of Sharjah and Invest Bank whereas the rest of the banks posted healthy monthly returns during the month.

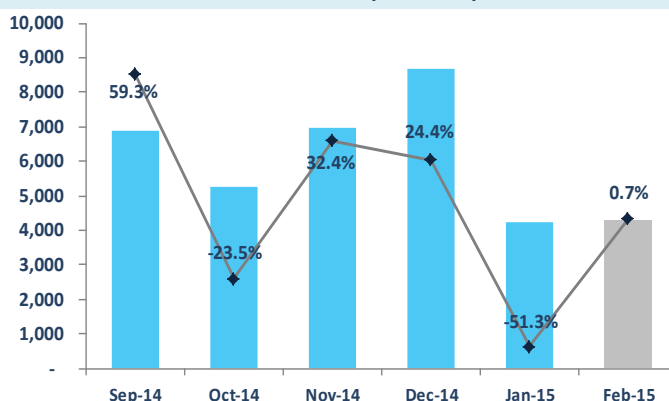
Meanwhile, the top stocks by value traded during February-15 also included FGB (+5%) with total trades valued at AED 968 Mn followed by Eshraq Properties (+10.7%) and Emirates Telecom (+9.0%) with monthly traded value of AED 611.8 Mn and AED 476.9 Mn, respectively. Banking and Real Estate stocks continued to account for the bulk of the trades during the month. Total value traded for the banking sector stood at AED 1.6 Bn or 37% of total value traded whereas the real estate sector accounted for a slightly higher 40.4% or AED 1.7 Bn worth of trades during the month.

Real Estate index, which was the worst performer during January-15, topped the sector performance chart for February-15 with a monthly return of 10.6% as all the three constituent stocks ended in the green with healthy monthly returns. The Telecom index recorded 9.0% monthly return led by strong monthly returns recorded by Emirates Telecom and Sudan Telecom.

ADX Sector Performance



Value Traded (AED Mn)



Source: Abu Dhabi Securities Exchange, KAMCO Research

Dubai Financial Market

Monthly Indicators	Mar-14	Apr-14	May-14	Jun-14	Jul-14	Aug-14	Sep-14	Oct-14	Nov-14	Dec-14	Jan-15	Feb-15
DFM General Index	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	3,674.4	3,864.7
Monthly % Change	5.5%	13.7%	0.6%	(22.5%)	22.2%	5.1%	(0.4%)	(9.9%)	(5.8%)	(11.9%)	(2.6%)	5.2%
Market Cap (AED Bn)	331.7	369.7	370.2	301.7	356.6	367.6	369.0	380.6	367.4	335.2	341.1	361.8
P/E (X)	18.59	20.99	21.02	15.51	18.34	18.95	16.85	16.50	15.80	14.46	12.16	12.90
P/BV (X)	1.56	1.73	1.74	1.39	1.64	1.69	1.67	1.60	1.56	1.41	1.34	1.43
Dividend Yield	2.11%	1.91%	1.99%	2.44%	2.07%	2.01%	2.00%	1.90%	2.01%	2.20%	2.16%	2.04%
Volume (Mn Shares)	14,811	16,872	12,626	12,407	16,683	7,061	8,096	8,801	7,243	12,333	8,859	8,175
Value (AED Mn)	31,995	44,771	46,503	35,621	34,078	17,320	25,395	21,663	19,574	23,162	15,266	13,343
Trades	194,605	234,516	253,669	234,366	252,568	121,556	148,274	167,489	130,553	210,161	159,224	130,854

Source: Dubai Financial Market, KAMCO Research

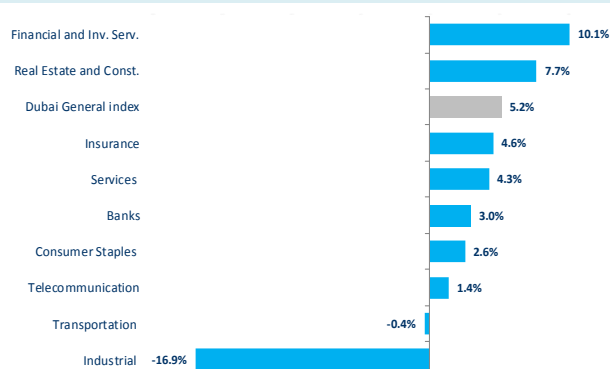
After five consecutive months of declines, the DFM posted the best monthly performance in the GCC during February-15 with a monthly index return of 5.2%, marginally better than Abu Dhabi's monthly return. The positive performance came primarily on the back of strong performance from companies in the Financial and Investment Services and in the real estate sectors. Nevertheless, the DFM index failed to breach the closely-watched 4,000 mark during the month falling short of a few points by mid month. The market saw strong buying activity during the first half of the month with the index recording a daily gain of 4.5% on the first trading day of the month on the back of positive news flow relating to oil prices. The month-to-date performance reached a peak of 7.9% by mid-month but pared a significant amount of gains when it fell by almost 3.25% on 16th February, 2015, the steepest decline in the GCC, on profit-taking after a halt in crude oil's rally and despite a better than expected fourth quarter results from companies. Trading was mostly mixed during the second half of the month.

Trading activity saw minimal declines during the month. Total volume traded declined by 7.7% to 8.2 Bn shares as compared to 8.9 Bn shares during the previous month. Consequently, average daily volume declined from 443 Mn during January-15 shares to 408.8 Mn shares during February-15. Total value traded declined by 10.8% to AED 13.3 Bn during February-15 as compared to AED 15 Bn recorded during the previous month resulting in a daily average value of AED 667.1 Mn vs. AED 763.3 Mn during the previous month. Arabtec was the most liquid stock in the market with trades valued at AED 2.4 Bn followed by EMAAR Properties and DAMAC Properties with trades to the tune of AED 2.3 Bn and AED 2.1 Bn, respectively.

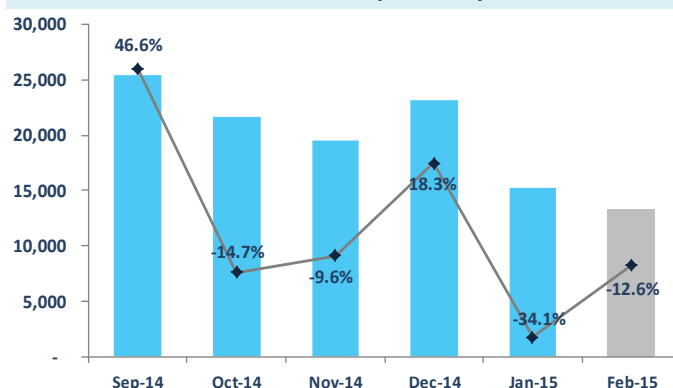
Sector performance was largely positive during the month topped by Investment & Financial Services Index with a monthly gain of 10.1% followed by the Real Estate & Construction index with a monthly gain of 7.7%. Within the financial services sector, Dubai Investment recorded a monthly return of 13.8% led by a 63% increase in net profit for 2014 recorded at AED 1.34 Bn. The company's board also proposed a higher dividend and approved a plan to acquire 60% stake in Al Mal Capital. Meanwhile, market operator DFM recorded a monthly return of 3.7% after the company posted 167% increase in net profit for 2014 to reach AED 759.3 Mn.

In the real estate sector, except for DSI, rest of the companies recorded positive monthly returns during February-15. Monthly gains were led by newly-listed DAMAC properties, which also topped the gainers chart for the month with a monthly return of 64.8% on the back of a 168.9% increase in 2014 net profits. Shares in the company also got a boost after they were added as a constituent of the DFM General Index. Meanwhile, EMAAR Properties also posted a healthy growth of 43.5% in its net profit resulting in a 13.0% surge in its shares by the end of the month. The heavyweight Banking Index was up by 3.0% during the month as all the banking stocks reported positive returns during the month led by a strong improvement in banking profitability. However, S&P warned that the banking sector profit could come under pressure and decline by up to five to six per cent in 2015 as macroeconomic challenges in the form of oil price decline and the absence of big improvements in asset quality strangle lenders' earnings.

DFM Sector Performance



Value Traded (AED Mn)



Source: Dubai Financial Market, KAMCO Research

Qatar Exchange

Monthly Indicators	Mar-14	Apr-14	May-14	Jun-14	Jul-14	Aug-14	Sep-14	Oct-14	Nov-14	Dec-14	Jan-15	Feb-15
QE 20 Index	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	11,899.6	12,445.3
Monthly % Change	(1.1%)	8.9%	8.0%	(16.1%)	12.0%	5.7%	1.0%	(1.7%)	(5.5%)	(3.7%)	(3.1%)	4.6%
Market Cap (QAR Bn)	650.4	732.0	736.9	632.2	690.1	721.2	736.1	728.3	698.1	676.8	648.8	675.3
P/E (X)	15.82	17.80	17.92	15.20	16.60	17.34	18.11	17.90	17.20	16.65	15.28	15.93
P/BV (X)	2.16	2.43	2.45	2.19	2.39	2.50	2.53	2.50	2.40	2.32	2.11	2.20
Dividend Yield	3.54%	3.15%	3.08%	3.59%	3.29%	3.15%	3.08%	3.10%	3.30%	3.36%	3.50%	3.36%
Volume (Mn Shares)	336	732	560	399	304	391	319	232	281	367	208	337
Value (QAR Mn)	15,298	25,951	25,591	17,718	12,568	18,131	13,803	10,694	18,760	16,586	10,167	12,434
Trades	200,230	285,219	239,685	199,130	146,915	174,576	134,960	107,598	157,169	174,100	126,765	135,557

Source: Qatar Exchange, KAMCO Research

In line with the rest of the GCC equity markets, the Qatar stock exchange bounced back during February-15 after four consecutive months of decline led by weakness in the oil market. The benchmark QE 20 Index recorded a monthly gain of 4.6% during February-15 and closed at above the 12,000 mark. Market sentiments were positive which was also reflected in the broad-based Qatar All Share Index which recorded a stronger monthly return of 6.0% to close at 3,244.90 points. The overall market capitalization for the exchange increased by 4.1% to QAR 675.3 Mn. The monthly gains during February-15 has more than offset the decline seen in the previous month and the YTD-15 gain stood at 1.3% by the end of February.

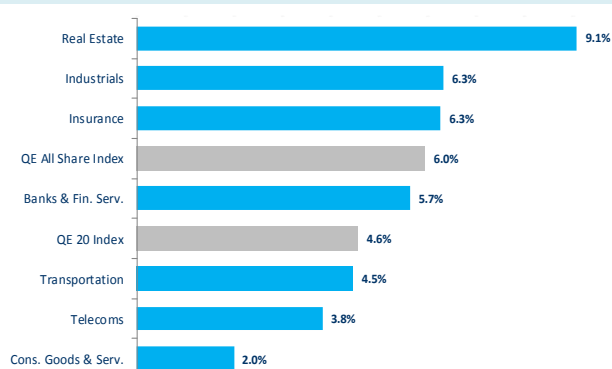
Sectoral performance was broadly in line with investor picks in the rest of the GCC markets. The Real Estate Index remained the best performing index in Qatar with a monthly return of 9.1% followed by the Industrials and Insurance indices, each with a monthly return of 6.3%. Within the Real Estate sector, except for Mazaya Qatar, rest of the three real estate stocks ended in the green with Barwa and Ezdan recording monthly return in excess of 10% as investors targeted real estate stocks. In the Industrial sector, except for GIS, rest of the stocks ended in the green zone with the strongest monthly return recorded by Aamal Co. (+21.5%). Industrial heavyweight Industiris Qatar recorded a monthly gain of 3.9% despite reporting a steep fall in 2014 net profits due to the oil price weakness. The company's share price has already discounted the oil price factor and the prices have declined by 22.1% from its November-14 peak of QAR 199 per share.

Meanwhile, the Banking & Financial Services Index recorded a monthly return of 5.7% with only Doha Bank witnessing a marginal monthly decline of 0.68% within the sector during February-15. The strongest monthly return of 11.9% was recorded by QIIB as the company attracted investor interest after the company reported 10.1% increase in 2014 net profits and also announced plans to tap the debt market to the tune of USD 825 Mn in order to replenish reserves after a period of strong lending growth. Total profitability for the banking sector is up by 11.8% to QAR 19.4 Bn as compared to QAR 17.4 Bn during 2013.

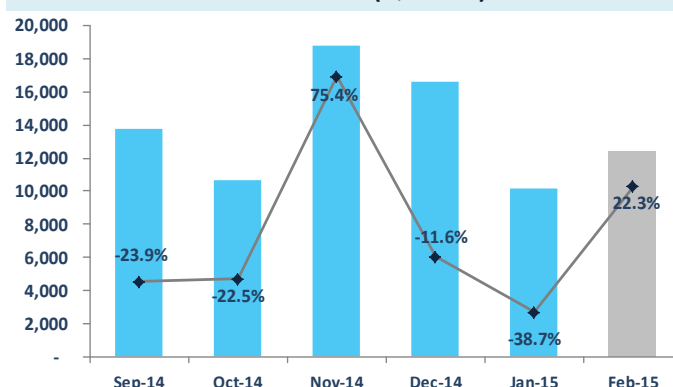
Trading activity remained upbeat during the month with volumes up by 62.1% to 337.1 Mn shares whereas total value traded increased by 22.3% to QAR 12.4 Bn during February-15 as compared to QAR 10.2 Bn during January-15. The average daily volume and value traded also increased from 10.4 Mn shares and QAR 508.4 Mn to 17.7 Mn shares and QAR 654.4 Mn, respectively. The market breadth was strongly skewed toward gainers that included 34 stocks as compared to 9 losers.

Top performers of the month included Medicare Group with a monthly return of 25.2% followed by Aamal Co. and Vodafone Qatar with monthly returns of 21.5% and 19.0%, respectively. Medicare Group's 2014 profits more than doubled to QAR 182 Mn that led to the share price surge. Meanwhile, Vodafone Qatar topped the most active stocks list by value traded garnering QAR 1.5 Bn worth of trades during the month followed by Barwa and Ezdan Holding with value traded to the tune of QAR 1.3 Bn and QAR 924.9 Mn, respectively.

QE Sector Performance



Value Traded (QAR Mn)



Source: Qatar Exchange, KAMCO Research

Bahrain Bourse

Monthly Indicators	Mar-14	Apr-14	May-14	Jun-14	Jul-14	Aug-14	Sep-14	Oct-14	Nov-14	Dec-14	Jan-15	Feb-15
Bahrain All Share Index	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	1,424.37	1,474.81
Monthly % Change	(1.1%)	5.2%	2.2%	(2.2%)	3.1%	0.0%	0.3%	(2.2%)	(1.1%)	(0.1%)	(0.2%)	3.5%
Market Cap (BHD Mn)	7,567	8,101	8,281	8,101	8,351	8,354	8,376	8,193	8,105	8,099	8,086	8,378
P/E (X)	11.32	12.12	12.39	13.66	14.08	14.08	13.21	12.90	12.78	12.71	11.90	12.32
P/BV (X)	0.99	1.06	1.08	1.06	1.09	1.09	1.07	1.00	1.03	1.02	1.01	1.04
Dividend Yield	3.78%	3.53%	3.45%	3.53%	3.42%	3.42%	3.41%	3.50%	3.53%	3.53%	3.53%	3.41%
Volume (Mn Shares)	169	115	198	67	25	58	51	64	22	29	14	27
Value (BHD Mn)	32	45	51	15	7	13	12	21	6	9	4	8
Trades	2,069	1,892	1,707	1,050	706	897	1,069	609	628	1,065	626	1,029

Source: Bahrain Bourse, KAMCO Research

Bahrain Bourse closed at a five-month high of 1,474.81 snapping gains of 3.5% in a reversal of trend during February-15 amid a significant recovery in trading activity. The market capitalization was up by a slightly higher rate of 3.7% to BHD 8.4 Bn. The YTD-15 return is now recorded at a slightly lower 3.4% due to the marginal decline seen during January-15. Nevertheless, in relative terms, the bourse continues to record the lowest trading activity in terms of volume and value traded as well as the number of active stocks as compared to the rest of the GCC markets.

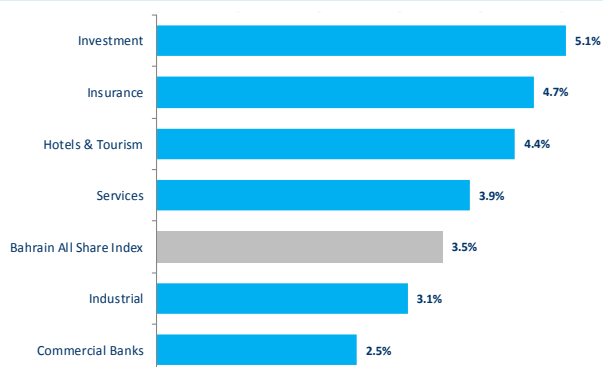
Trading activity witnessed a strong surge during the month with total volume traded up by 89.9% to 27.1 Mn shares as compared to 14 Million shares during the previous month. The average daily volume traded during the month also increased from 0.8 Mn shares in January-15 to 1.4 Mn shares during February-15. On the other hand, total value traded increased at a much faster pace of 135.2% to BHD 8.4 Mn during February-15 as compared to BHD 3.6 Mn during January-15. The average daily value traded increased from BHD 0.2 Mn to BHD 0.4 Mn during February-15. The Commercial Banks and the Investment sector continue to account for the lions share of trading activity on the bourse. Commercial Banks accounted for BHD 6.1 Mn or 72.8% of the total value traded during February-15 whereas the Investment sector recorded a distant BHD 0.7 Mn in trades or 8.8% of the total value traded.

The top gainers of the month included Investcorp Bank with a monthly return of 33.1% followed by Arab Insurance Group and Bahrain Commercial facilities with returns of 18.8% and 17.9%, respectively. Shares in Investcorp were up on the back of the news that the company agreed to acquire a majority stake in Turkey-based vehicle tracking group Arvento Mobile Systems, marking the group's fourth acquisition in Turkey. Although the company did not disclose the size of the acquisition, the president of Investcorp's Gulf business confirmed that the size is within the firm's typical deal range of USD 200 Mn - USD 400 Mn.

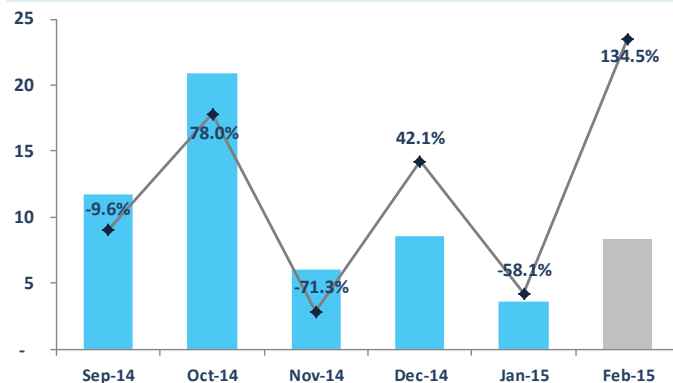
On the other hand, the monthly losers chart included merely two companies namely Bank of Bahrain and Kuwait (BBK), which declined on profit taking after the bank surged during the month on the back of strong full year earnings, and BMMI with monthly returns of -2.1% and -1.1%, respectively. In terms of most active stocks by value traded, BBK topped the chart with total value traded amounting to BHD 2.7 Mn followed by AUB with total trades worth BHD 2.4 Mn. Sector performance was topped by the Investment Index which recorded gains of 5.1% during the month on the back of strong returns in Investcorp. Bank, Bahrain Commercial Facilities and Arab Banking Corp. Meanwhile, the Insurance Index was up by 4.7% solely led by 18.8% returns recorded by Arab Insurance Group.

On the economic front, S&P slashed Bahrain's long-term, short-term and local currency sovereign credit ratings from BBB/A-2 to BBB/A-3 with a negative outlook due to the impact of lower oil price on the economy with its adverse effects on treasury revenues and expenditure. Further, Bahrain's Economic Development Board projected a lower GDP growth rate of 3.6% and 3.3% for 2015 and 2016 as compared to 4.2% in 2014 and 5.3% in 2013.

BHB Sector Performance



Value Traded (BHD Mn)



Source: Bahrain Bourse, KAMCO Research

Muscat Securities Market

Monthly Indicators	Mar-14	Apr-14	May-14	Jun-14	Jul-14	Aug-14	Sep-14	Oct-14	Nov-14	Dec-14	Jan-15	Feb-15
MSM 30 Index	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	6,558.5	6,559.3
Monthly % Change	(3.6%)	(1.9%)	1.9%	2.2%	2.7%	2.3%	1.6%	(6.8%)	(6.7%)	(2.5%)	3.4%	0.0%
Market Cap (OMR Mn)	7,320	7,208	8,272	8,448	8,661	8,858	8,991	8,436	7,882	7,734	7,985	7,997
P/E (X)	11.13	10.96	11.16	11.83	12.12	12.40	11.98	11.24	10.50	10.31	10.48	10.49
P/BV (X)	1.56	1.54	1.63	1.71	1.75	1.79	1.75	1.65	1.54	1.51	1.50	1.50
Dividend Yield	4.19%	4.35%	3.63%	3.56%	3.47%	3.39%	3.34%	3.60%	3.81%	3.88%	3.76%	3.76%
Volume (Mn Shares)	360	488	302	347	258	284	377	370	492	498	343	493
Value (OMR Mn)	132	231	133	145	107	113	140	132	177	158	96	166
Trades	21,864	34,313	22,761	20,670	14,040	18,119	18,968	18,170	19,532	29,868	23,924	27,345

Source: Muscat Securities Market, KAMCO Research

MSM ended flat during February-15 with the MSM 30 index closing the month at 6,559.32 points after touching a three-month peak of 6,725.47 points. However, the market recorded a healthy growth in trading activity during the month without any noticeable swings during the month and the resulting volatility was limited as compared to the previous month. Investor sentiments remained largely positive as the companies continued to announce their full year results. Total net profit for the companies that announced 2014 results saw a decent improvement of 4.7% to record OMR 1.3 Bn as compared to OMR 1.2 Bn during 2013 for comparable companies as the decline in Services sector profitability was partially offset by improvement in profits for the Industrial sector.

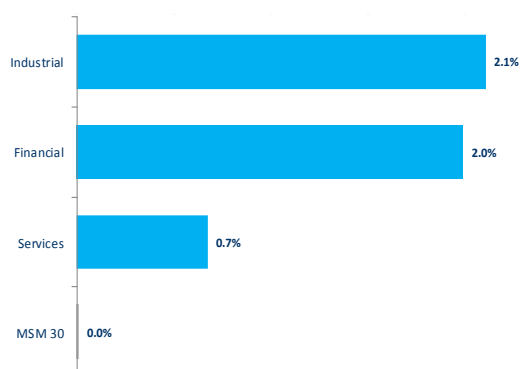
Total volume traded increased by 43.7% to 493.3 Mn shares as compared to 343.6 Mn shares resulting in average daily volume of 24.7 Mn shares during February-15 as compared to 19.9 Mn shares traded during January-15. Total value traded surged at a higher rate of 73.2% to OMR 166.2 Mn as compared to OMR 96.0 Mn recorded during the previous month implying higher trades in heavyweight stocks. Consequently, average daily value for the month increased from OMR 5.1 Mn to OMR 8.3 Mn during February-15. The number of transactions increased by 14.3% to 27,345 from 23,924 transactions in the previous month. Total value of shares bought by Omanis declined from 79.6% during January-15 to 66.1% during February-15 to record at OMR 116.8 Mn. The market capitalization increased marginally to OMR 8.0 Bn (USD 20.7 Bn).

The monthly gainers list declined during February-15 and included 23 companies as compared to 28 stocks in the previous month. United Power topped the gainers chart followed by Gulf International Chemicals with a monthly return of 21.1% and 19.7%, respectively; however, trading in the shares of these companies were marginal during the month. Al Anwar Holding recorded the third highest monthly return of 17.0% and also topped the chart for most active stocks by value to record OMR 38.4 Mn in traded shares. Oman & Emirates Investment and Gulf Investment Services followed with monthly returns of 16.8% and 15.0%, respectively. as the company posted 8% increase in full year 2014 profits. Other noticeable gainers included Gulf International Chemicals (GICI) and United Power with monthly returns of 27.0% and 24.9%, respectively, as both the companies recorded healthy growth in full year 2014 earnings.

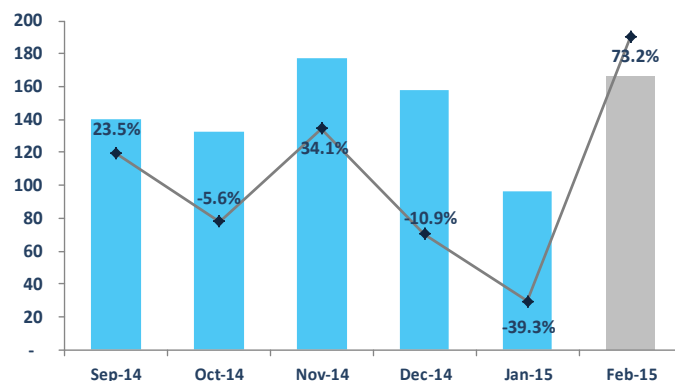
The losers chart was topped by Global Financial Investment with a negative monthly return of 9.6% after the company recorded 85.3% decline in net profit for 2014 which stood at OMR 0.37 Mn. Other noticeable losers included Galfar Engineering and Raysut Cement with monthly declines of 7.6% and 5.9%, respectively. Galfar Engineering reported a steep fall of 97.4% in full year 2014 earnings that stood at OMR 0.2 Mn whereas Raysut Cement recorded a marginal decline of 0.4% in its full year net profit recorded at OMR 27.4 Mn.

In terms of sectoral performance, all the sectors ended in the green during the month. Monthly performance was led by the Industrial Index that gained 2.1% followed by the Financial and Services Indices with monthly returns of 2.0% and 0.7%, respectively.

MSM Sector Performance



Value Traded (OMR Mn)



Source: Muscat Securities Market, KAMCO Research

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