

GCC Markets Monthly Report

October-2015

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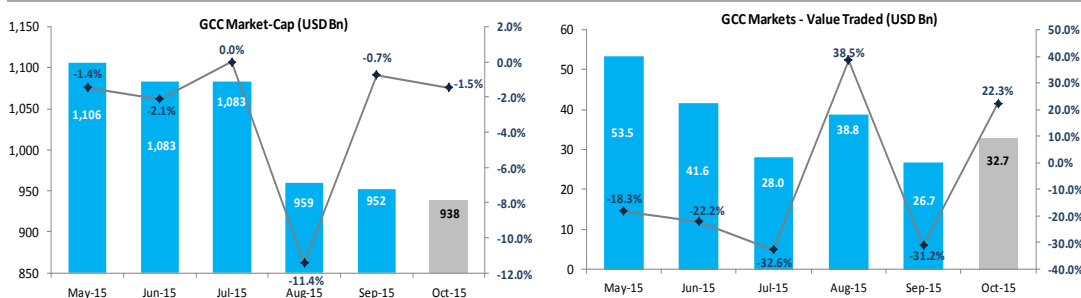
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GCC equity markets failed to recover during October-15 despite strong monthly returns for almost all major global stock markets. Key markets in the region fell with Abu Dhabi reporting the steepest monthly decline followed by Saudi Arabia and Dubai. On the other hand, the MSCI World Index jumped 7.8% by the end of the month whereas S&P 500 was up 8.3%. The strongest monthly return was seen for the German and Chinese benchmark indices with monthly returns at 12.3% and 10.8%, respectively.

On the global front, A slew of disappointing economic data in the recent months prompted central banks across the globe to provide additional support to push economic activity. Although expected, the US Federal Reserve kept rates unchanged in its latest policy statement (however, it gave one of the clearest indication of a possible hike in short term interest rates in December-15). A statement from the European Central Bank also indicated that to stir growth in the Euro Area and to push up inflation, the bank would resort to even deeper interest rate cuts along with increasing the quantitative easing program or extending the program from its original deadline of September-2016. Furthermore, China slashed benchmark interest rates by 25 bps in order to stimulate borrowing and spending in the economy and also announced a 50 bps reduction in Chinese banks reserve requirement ratios. The country's central bank also, in a historic move, removed the bank deposit rate ceiling.

On the macroeconomic front, S&P lowered Saudi Arabia's long-term foreign currency sovereign rating to A+ from AA-, citing a widening budget deficit resulting from weaker oil prices and kept its outlook at 'Negative' highlighting the difficulties in reversing the challenges on the fiscal front. S&P expects that Saudi Arabia's deficits will increase to 16% of GDP this year.

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	388.4	(0.0%)	(11.5%)	88.0	819.7	14.9	1.1	3.9%
Kuwait - 15 Index	924.3	(1.2%)	(12.8%)					
Kuwait - Price Index	5,775.4	0.9%	(11.6%)					
Saudi Arabia	7,124.8	(3.8%)	(14.5%)	445.4	21,174.7	15.2	1.7	3.0%
Abu Dhabi	4,322.0	(4.0%)	(4.6%)	120.3	1,213.3	8.0	1.4	4.3%
Dubai	3,503.8	(2.5%)	(7.2%)	92.9	1,787.1	11.1	1.3	2.6%
Qatar	11,604.6	1.2%	(5.5%)	166.0	1,517.1	13.4	2.0	4.2%
Bahrain	1,250.4	(2.0%)	(12.4%)	19.9	58.2	9.2	0.9	3.8%
Oman	5,928.2	2.4%	(6.5%)	19.6	158.3	10.0	1.4	4.1%
Total GCC				952.2	26,728.4	13.8	1.6	3.4%



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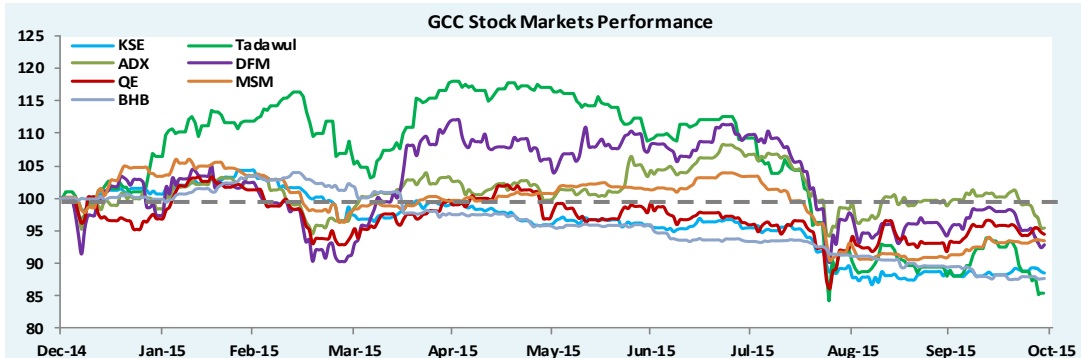
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Source: GCC Stock Exchanges, KAMCO Research

Kuwait Stock Exchange

Monthly Indicators	Nov-14	Dec-14	Jan-15	Feb-15	Mar-15	Apr-15	May-15	Jun-15	Jul-15	Aug-15	Sep-15	Oct-15
KSE Price Index	6,752.9	6,535.7	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
Monthly % Change	(8.3%)	(3.2%)	0.6%	0.4%	(4.8%)	1.5%	(1.3%)	(1.4%)	0.8%	(6.9%)	(1.6%)	0.9%
KSE Weighted Index	454.5	438.9	441.8	457.7	427.2	435.1	421.8	419.9	418.9	385.3	388.4	388.4
Monthly % Change	(5.7%)	(3.4%)	0.7%	3.6%	(6.7%)	1.8%	(3.0%)	(0.4%)	(0.2%)	(8.0%)	0.8%	(0.0%)
Kuwait 15 Index	1,105.8	1,060.0	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
Monthly % Change	(5.5%)	(4.1%)	1.2%	4.1%	(8.5%)	3.7%	(4.1%)	0.1%	(0.2%)	(9.4%)	1.7%	(1.2%)
Market Cap (KWD Mn)	30,432	29,706	29,914	30,995	28,437	29,418	28,550	28,755	28,647	26,372	26,585	26,586
P/E (X) - TTM	19.01	18.48	17.80	18.43	17.03	17.28	16.77	16.68	16.61	15.32	15.29	14.86
P/BV (X) - TTM	1.35	1.32	1.30	1.34	1.23	1.27	1.24	1.24	1.23	1.14	1.13	1.14
Dividend Yield (%)	3.21%	3.26%	3.23%	3.16%	3.68%	3.47%	3.59%	3.59%	3.61%	3.91%	3.92%	3.89%
Volume (Mn Shares)	3,271	5,781	5,450	3,932	3,267	5,362	3,876	3,420	2,228	3,073	2,784	2,812
Value (KD Mn)	383	689	502	460	367	414	329	338	219	300	248	230
Trades ('000)	72.6	166.6	126.4	96.4	84.9	106.9	84.8	71.7	50.7	76.1	65.3	64.1

Source: Kuwait Stock Exchange, KAMCO Research

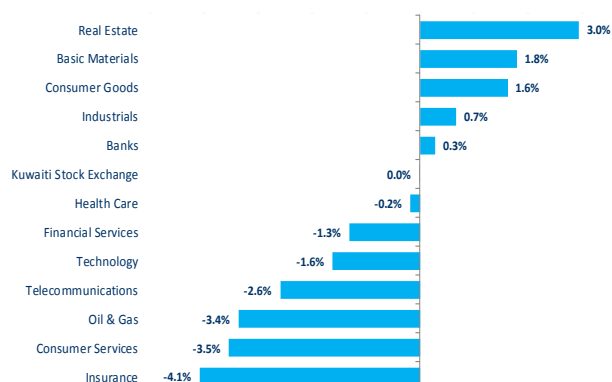
KSE indices remained within a narrow range during October-15 with minimal volatility. The KSE Price Index closed the month with a gain of 0.9% whereas the KSE Weighted Index ended flat after a month of positive return during September-15. The large cap KSE-15 Index declined by 1.2% during the month as a majority of the constituent stocks failed to maintain the positive momentum seen during the previous month. CBK was among the steepest monthly decliners recording a fall of 13.3% after the company reported a 28.1% decline in Q3-15 net profits on the back of a steep fall in gain from investment securities. Zain remained the second biggest decliner within the KSE-15 index recording a fall of 5% due to continued decline in net profits for Q3-15 as well as for 9M-15. On the other hand, large-cap gainers during the month included Boubyan Bank (+7.41%), Burgan Bank (+2.6%) and NBK (+1.2%).

The 9M-15 earnings season has remained largely positive so far with banks reporting 12.5% increase in net profits for the period. However, overall growth in profit was fully offset by the 29.2% fall in profits reported by telecom companies Zain and Ooredoo Kuwait. Results reported by companies within the real estate sector has also been positive with the sector recording profit growth of 21% during 9M-15 as compared to 9M-14. This was also reflected in the sector performance chart with the Real Estate Index topping the chart with a monthly gain of 3% followed by the Basic Materials and the Consumer Goods indices with monthly returns of 1.8% and 1.6%, respectively. The Bank index also ended with a marginally positive gain of 0.3%.

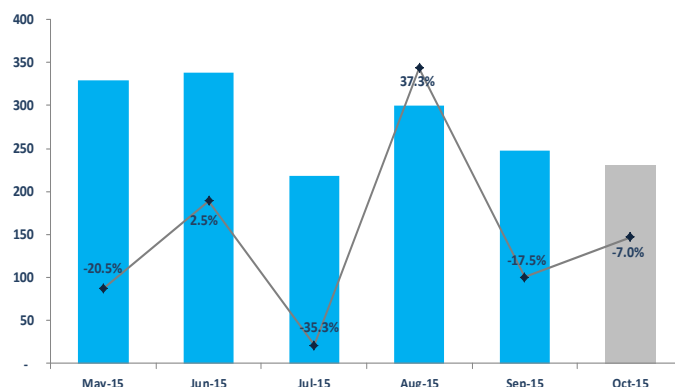
Trading activity during the month saw slight improvement in terms of total monthly volume growth that stood at 1% to reach 2.8 Bn shares resulting in average daily volume of 148 Mn shares as compared to 147 Mn shares during September-15. Contrastingly, total value traded during the month declined by 7% to KWD 230 Mn as compared to KWD 248 Mn during the previous month. As a result, the average daily value traded increased declined from KWD 13 Mn in September-15 to KWD 12.1 Mn during October-15.

The monthly gainers chart was topped by Mishref Trading with a return of 43.2% after the company won a KWD 82 Mn contract this summer from the Ministry of Public Works to develop a 40 Km road to develop a 40kmr road linking Mina Abdulla to Wafra. Real Estate Trade Centers (Marakez) came second on the monthly gainers chart with a return of 38.3% followed by Gulf Petroleum Investment and Nafais Holding with monthly returns of 27.7% and 25.4%, respectively. On the monthly losers side, United Foodstuff Industries topped the list with a decline of 26.3% followed by First Takaful Insurance and Burgan for Well Drilling, Trading & Maintenance with monthly declines of 23.5% and 20.3%, respectively. The monthly most active by volume list was topped by Al Dar National Real Estate with 349.7 Mn shares traded during the month followed by Investors Holding (247.3 Mn shares) and Ithmar Bank (170.6 Mn shares). On the other hand, NBK topped the most active by value chart with KWD 25.6 Mn in value traded followed by KFH (KWD 16.3 Mn) and Zain (KWD 12.3 Mn).

KSE Monthly Sector Performance



Monthly Value Traded (KWD Mn)



Source: Kuwait Stock Exchange, KAMCO Research

Saudi Arabia (Tadawul)

Monthly Indicators	Nov-14	Dec-14	Jan-15	Feb-15	Mar-15	Apr-15	May-15	Jun-15	Jul-15	Aug-15	Sep-15	Oct-15
Tadawul All Share Index	8,624.9	8,333.3	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
Monthly % Change	(14.1%)	(3.4%)	6.5%	4.9%	(5.7%)	12.0%	(1.5%)	(6.2%)	0.1%	(17.3%)	(1.6%)	(3.8%)
Market Cap (SAR Bn)	1,874.2	1,816.0	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
P/E (X) - TTM	15.38	14.90	15.30	16.24	16.17	19.26	19.08	18.82	18.91	15.81	15.59	15.22
P/BV (X) - TTM	2.07	2.00	2.10	2.21	1.79	2.13	2.11	2.14	2.15	1.80	1.77	1.73
Dividend Yield (%)	3.19%	3.29%	3.10%	2.93%	3.28%	2.76%	2.78%	3.03%	2.38%	2.84%	2.88%	2.96%
Volume (Mn Shares)	4,559	7,718	6,738	7,670	7,513	7,545	5,560	3,515	2,593	4,971	3,575	4,594
Value (SAR Mn)	153,409	203,019	162,456	194,325	206,269	197,358	162,395	112,807	84,411	116,281	79,409	102,429
Trades ('000)	2,594	3,830	3,067	3,083	3,353	3,154	2,876	2,151	1,615	2,473	1,638	2,039

Source: Tadawul, KAMCO Research

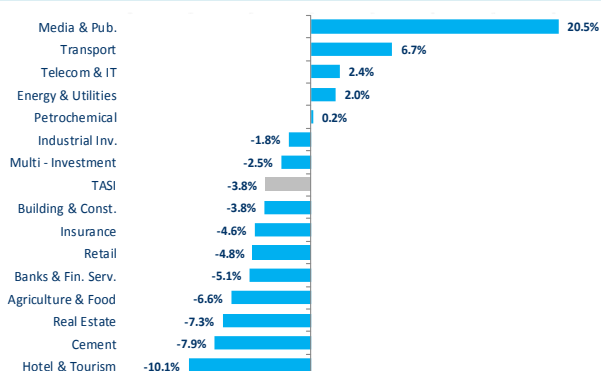
Sentiments over oil price weakness continued to hammer TASI during October-15 resulting in a monthly decline of 3.8% for the third straight month. Saudi Arabia is currently the worst performing market in the GCC in terms of YTD-15 decline which stood at 14.5% at the end of October-15. However, trading activity during the month saw a strong pickup due to higher number of trading days during October-15. Monthly volume was up 28.5% to 4.6 Bn shares as compared to last month's 3.6 Bn shares whereas total monthly value traded increased to SAR 102.4 Bn as compared to SAR 79.4 Bn during September-15. The average daily value traded increased to SAR 4.9 Bn as compared to SAR 4.7 Bn during the previous month.

Sector performance showed a contrasting picture during October-15 as compared to the previous month with positive returns for sectors that had seen the steepest declines since the start of the year. These include the Telecom & IT index that gained 2.4%, the Energy & Utilities index with a 2.0% return and the Petrochemical Index with a 0.2% positive return. On the other hand, the Hotel & Tourism index declined the most with a monthly fall of 10.1% followed by Cement and Real Estate indices with monthly decline of 7.9% and 7.3%, respectively.

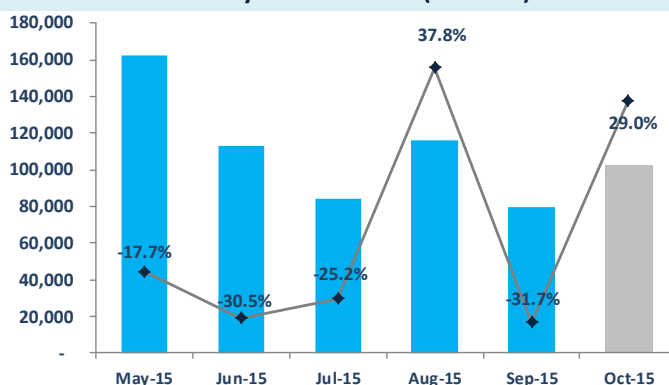
Bearish sentiments in the market is also affecting listing plans of new companies. Yasref, an oil refiner, expressed its plans to list on the Saudi bourse but did not confirm the time of the listing. Similarly, a number of rumored IPO plans are in the pipeline including the expected USD 2 Bn IPO of Sulaiman Al Habib Medical Group, ACWA Power's likely plan to list in 2016 and the early last month announcement by Saudi poultry firm Al Watania. In an interview, the Chairman of Saudi Arabia CMA confirmed that there exists a healthy pipeline of IPOs and that the authority is working on a number of new initiatives in order to attract new investors. The exchange is also making a strong case to be included in the MSCI Emerging Markets index and is open to relaxing rules on foreign investments to help it get included in the index. The CMA is also working to improve the depth of the market by adding additional products especially related to the local debt market. Moreover, the regulator is also studying the prospects of starting a second exchange, promoting the listing of SMEs and family-owned businesses to encourage listing of such firms. Furthermore, the CMA is also looking at ways it can ease mergers of listed entities.

The monthly gainers chart was topped by Saudi Research and Marketing with a monthly return of 42.8% after the company reported positive net profit for 9M-15 (SAR 30.6 Mn) as compared to a loss of SAR 19.0 Mn during the corresponding period in the previous year. Sagr Insurance came second on the list with a monthly return of 36.7%. The company saw six fold increase in net profit for 9M-15. Saudi Printing and Packaging recorded the third highest monthly return of 18.7% followed by Jazan Development with a monthly return of 16.2%. Both the companies recorded strong growth in 9M-15 profits. On the losers side, Al Ahlia Insurance topped the chart with a monthly decline of 20.1% followed by Al-Tayyar Travel Group and Tabuk Cement with monthly returns 14.4% and 14.3%, respectively. Meanwhile, Alinma Bank topped the most liquid stocks chart with SAR 16.1 Bn in monthly value traded.

Tadawul Monthly Sector Performance



Monthly Value Traded (SAR Mn)



Source: Tadawul, KAMCO Research

Abu Dhabi Securities Exchange

Monthly Indicators	Nov-14	Dec-14	Jan-15	Feb-15	Mar-15	Apr-15	May-15	Jun-15	Jul-15	Aug-15	Sep-15	Oct-15
ADX General Index	4,675.0	4,528.9	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
Monthly % Change	(3.8%)	(3.1%)	(1.6%)	5.1%	(4.7%)	4.0%	(2.6%)	4.3%	2.3%	(7.0%)	0.2%	(4.0%)
Market Cap (AED Bn)	468.1	463.9	455.5	477.9	442.7	450.1	442.3	461.7	471.6	437.7	442.0	431.4
P/E (X) - TTM	12.77	12.66	12.39	13.00	8.16	8.41	8.27	8.59	8.78	8.15	8.23	8.02
P/BV (X) - TTM	1.55	1.53	1.43	1.50	1.41	1.44	1.41	1.46	1.49	1.39	1.40	1.37
Dividend Yield (%)	4.19%	4.23%	4.30%	4.10%	4.43%	4.36%	4.43%	4.06%	3.98%	4.28%	4.24%	4.35%
Volume (Mn Shares)	3,590	5,188	1,848	1,873	1,609	4,510	1,951	2,006	2,347	2,469	2,132	1,187
Value (AED Mn)	6,984	8,691	4,233	4,265	4,929	7,635	4,547	4,099	3,889	4,967	4,457	3,621
Trades	53,397	71,913	39,052	33,441	37,722	54,186	36,947	32,836	32,127	45,353	33,220	24,311

Source: Abu Dhabi Securities Exchange, KAMCO Research

ADX General Index saw the steepest monthly decline in the GCC in October-15 after marginal gains during the previous month. The index plunged by 4% during the month as a majority of the large cap indices failed to recover from last month's levels. Nevertheless, the Telecom index continued to rally with a monthly gain of 7.7%, following a month of double-digit growth. The Services index also closed with a marginal gain of 0.2%. On the other side, the Energy index plunged by 12.7% during the month followed by Banks and Real Estate indices with monthly decline of 8.2% and 5.2% respectively.

Trading activity also took a hit during the month as volumes plunged 44.3% to 1.2 Bn shares as compared to 2.1 Bn shares in the previous month. Similarly, value traded declined by 18.7% to AED 3.6 Bn as compared to 4.5 Bn during the previous month. The average daily value traded declined from AED 222.8 Mn during September-15 to AED 179.4 Mn in October-15 whereas the average daily volume traded declined from 106.6 Mn shares to 59.9 Mn shares in October-15.

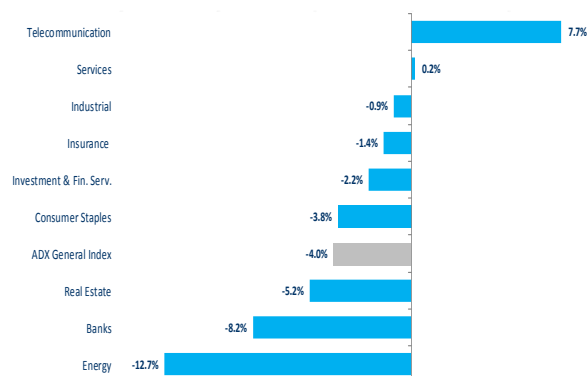
Telecom bellwether Etisalat closed the month of Oct-15 at a ten year high after the stock's inclusion in the market maker program of the ADX exchange. The stock finished the month at AED 15.3, up by 7.7% m-o-m, recording the highest level since Jun-05. The stock is the fifth stock to be included in the exchange's market maker programme, which commenced in Apr-15. The other stocks included in the programme earlier were Aldar Properties, Waha Capital, FGB & ADCB.

Etisalat reported a fall in Q3-15 revenue and net profit, largely driven by FX losses. Revenue came in at AED 13 Bn for Q3-15, down 1% y-o-y. EBITDA fell 5% y-o-y to AED 6.7 Bn reportedly due to higher regulatory charges and interconnection costs. Net profit receded by 9% to AED 1.9 Bn, attributed to higher depreciation and amortization charges, a higher federal royalty payment, and higher forex losses compared to Q3-14. First Gulf Bank (FGB), the third-largest lender by assets in the United Arab Emirates, reported a net profit of AED 1.4 Bn for Q3-15, exhibiting almost flat trends from Q3-14 (AED 1.43 Bn). The bank's net interest margin was 3.3% in 9M-15, down from 3.6% during the same period in 2014. Loans for 9M-15 rose 16% y-o-y to AED 154.1 Bn, while deposits declined by 2 % y-o-y to reach AED 141.5 Bn.

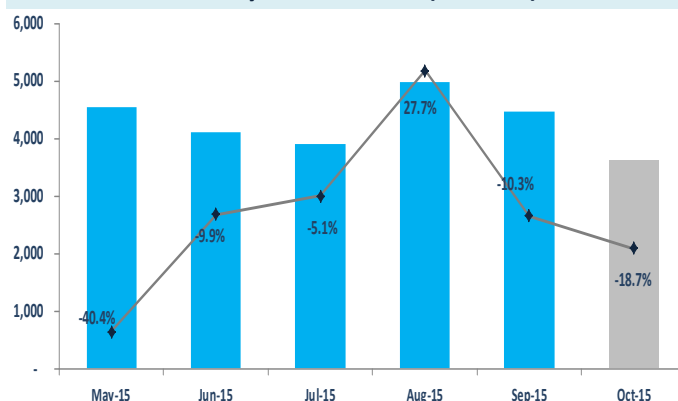
ADCB earnings grew 18% in Q3-15 y-o-y to AED 1.2 Bn, driven by higher fees and commissions. 9M-15 earnings rose 18% y-o-y to reach AED 3.7 Bn and operating income improved by 11 % y-o-y to reach AED 6.2 Bn. Net interest income for the bank was up 13% at AED 4.7 Bn and non-interest income was up 4% at AED 1.5 Bn. Net fees and commission income showed growth of 17%, reaching AED 1.0 Bn.

In terms of monthly trading performance, Green Crescent Insurance topped the gainers chart with a monthly gain of 21.2% followed by National Corp for Tourism & Hotels and Etisalat with monthly gains of 12.5% and 7.7%, respectively. National Bank of Fujairah was the worst performer during the month falling by 34.3% followed by Al Khazna Insurance which declined by 22.5% m-o-m. The most active stocks by valued traded included Etisalat (AED 1.4 Bn), Etisalat (AED 568 Mn) and Al Dar Properties (AED 396 Mn).

ADX Monthly Sector Performance



Monthly Value Traded (AED Mn)



Source: Abu Dhabi Securities Exchange, KAMCO Research

Dubai Financial Market

Monthly Indicators	Nov-14	Dec-14	Jan-15	Feb-15	Mar-15	Apr-15	May-15	Jun-15	Jul-15	Aug-15	Sep-15	Oct-15
DFM General Index	4,281.4	3,774.0	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
Monthly % Change	(5.8%)	(11.9%)	(2.6%)	5.2%	(9.1%)	20.3%	(7.2%)	4.2%	1.4%	(11.6%)	(1.9%)	(2.5%)
Market Cap (AED Bn)	367.4	335.2	341.1	361.8	331.3	385.8	367.7	382.1	386.2	345.2	341.2	336.0
P/E (X) - TTM	15.80	14.46	12.16	12.90	11.33	13.20	12.59	12.58	12.72	11.38	11.24	11.07
P/BV (X) - TTM	1.56	1.41	1.34	1.43	1.30	1.52	1.45	1.46	1.48	1.32	1.30	1.28
Dividend Yield (%)	2.01%	2.20%	2.16%	2.04%	2.23%	1.91%	2.00%	1.94%	2.22%	2.48%	2.51%	2.55%
Volume (Mn Shares)	7,243	12,333	8,859	8,175	6,926	17,350	9,600	14,249	6,426	7,730	3,850	3,953
Value (AED Mn)	19,574	23,162	15,266	13,343	9,596	24,815	14,221	26,148	9,721	12,604	6,564	5,663
Trades	130,553	210,161	159,224	130,854	110,813	216,339	134,211	227,235	102,255	147,101	80,872	70,076

Source: Dubai Financial Market, KAMCO Research

DFM Index followed ADX but ended with a slightly smaller monthly decline of 2.5% in October-15 as positive returns in Insurance and Services stocks failed to offset the decline in large cap stocks in the Banking, Financial Services and Real Estate sectors. The decline in Banking stocks comes despite 6 out of the 8 banks in Dubai reporting 25% increase in 9M-15 profits. Within the banking sector, Amlak Finance saw the steepest monthly decline of 14.7% although the company is yet to report 9M-15 results. Other major decliners included Mashreq Bank (-6.3%) which reported a 7.6% drop in Q3-15 profits (although 9M-15 profit was up by 5.1%) and DISB (-3.4%) despite reporting strong growth in net profits.

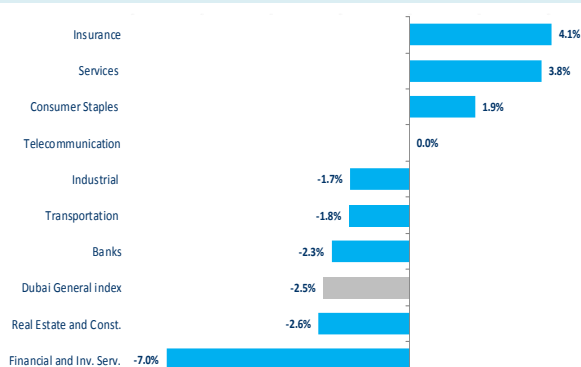
The Insurance index reported a monthly gain of 4.1% although a majority of the stocks didn't trade or saw minimal trades during the month. The sector got a boost from the 10.7% monthly return in shares of Takaful Emarat followed by 6.3% monthly return for shares of Dubai Islamic Insurance & Reinsurance. Both the stocks are yet to report 9M-15 results. Gains within the sector was partially offset by 8.4% monthly decline in shares of Dubai National Insurance & Reinsurance followed by 4.1% decline in shares of Takaful House.

On the decliners side, the Financial Services index plunged 7.0% during the month as a majority of the stocks within the sector saw steep monthly declines. The decline was led by DFM that was down 14.9% after the company reported 60% fall in earnings for 9M-15. Meanwhile, shares in Shuaa Capital also plunged by 10.9% during the month followed by 4.6% decline in shares of Dubai Investment which reported a 24% fall in 9M-15 earnings. The Real Estate & Construction index fell 2.6% as a majority of the stocks within the sector saw monthly declines. Arabtec was the biggest decliner in the sector with a loss of 11.4% to AED 1.63/share after Egypt stalled its USD 35 Bn housing project in which Arabtec was a major beneficiary. Meanwhile, shares in Deyaar Development fell 9.3% after the company reported a 38% decline in 3Q-15 profits. Shares in Union Properties also declined by almost 9% despite the company announcing plans to foray in Saudi Arabia.

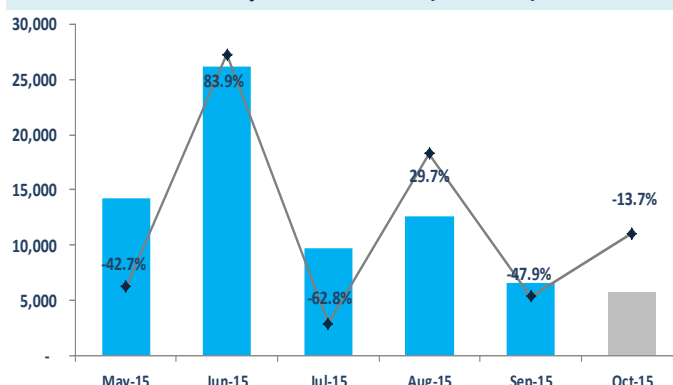
In terms of trading activity, total shares traded on the exchange increased by 2.7% to 3.9 Bn shares as compared to 3.8 Bn shares traded during the previous month whereas total value traded during the month declined at a much higher rate of 13.7% to AED 5.7 Bn as compared to AED 6.6 Bn during the previous month. The average daily volume traded increased to 197.7 Mn shares as compared to 192.5 Mn shares traded during September-15. Meanwhile, average daily value traded fell to AED 283.1 Mn in October-15 as compared to AED 306.9 Mn during the previous month. In terms of sectoral contribution, the Real Estate sector contributed almost half of the total value traded during the month whereas the Banking sector contributed 23.3%.

The monthly gainers chart was topped by Gulf Navigation Holding with a return of 37.1%. The company's net profit for 9M-15 more than doubled to AED 15.7 Mn in addition to a contract win with Dana Gas that the company announced towards the end of the month. In terms of monthly value traded, Emaar Properties topped the chart with trades valued at AED 1.14 Bn.

DFM Monthly Sector Performance



Monthly Value Traded (AED Mn)



Source: Dubai Financial Market, KAMCO Research

Qatar Exchange

Monthly Indicators	Nov-14	Dec-14	Jan-15	Feb-15	Mar-15	Apr-15	May-15	Jun-15	Jul-15	Aug-15	Sep-15	Oct-15
QE 20 Index	12,760.5	12,285.8	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
Monthly % Change	(5.5%)	(3.7%)	(3.1%)	4.6%	(5.9%)	3.9%	(1.0%)	1.3%	(3.4%)	(1.9%)	(0.9%)	1.2%
Market Cap (QAR Bn)	698.1	676.8	648.8	675.3	630.0	653.0	641.8	648.0	625.7	607.4	604.6	608.0
P/E (X) - TTM	17.20	16.65	15.28	15.93	14.75	15.29	15.03	14.31	13.81	13.41	13.35	13.42
P/BV (X) - TTM	2.40	2.32	2.11	2.20	2.01	2.07	2.03	2.17	2.10	2.04	2.03	2.04
Dividend Yield (%)	3.30%	3.36%	3.50%	3.36%	3.60%	3.48%	3.54%	3.97%	4.11%	4.23%	4.25%	4.23%
Volume (Mn Shares)	281	367	208	337	171	200	394	164	77	153	128	167
Value (QAR Mn)	18,760	16,586	10,167	12,434	8,136	8,362	13,602	7,272	3,456	6,748	5,524	5,759
Trades	157,169	174,100	126,765	135,557	107,902	108,714	139,246	84,557	64,170	100,914	78,606	82,986

Source: Qatar Exchange, KAMCO Research

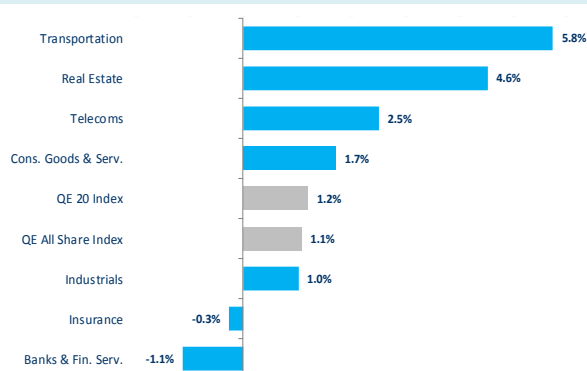
After three consecutive months of decline, the Qatar Exchange made positive progress during October-15 with the index up 1.2% to 11,604.59 points. The positive trend was broad based as seen in the 1.1% return for the Qatar All Share Index. Nevertheless, the exchange continues to remain in the red in terms of YTD-15 returns that stood at 5.5% by the end of October-15. The positive trend in October-15 was led by Transportation, Real Estate and Telecom stocks. The Transportation Index was up 5.8% during the month on the back of strong earnings for the sector resulting in positive returns for Qatar Gas Transport (+10.7%) and Qatar Navigation (+1.3%). Similarly, the real estate index gained 4.6% during the month led by strong earnings for the sector that led to positive returns for the four listed real estate firms.

For 9M-15, all but one of the 43 listed companies at Qatar Exchange (QSE) disclosed their earnings at the end of disclosure period. The combined net profit of all companies as of 30-Sept-2015 amounted to QAR 35.1 Bn versus QAR 32.9 Bn for the corresponding period in 2014, representing an increase of 6.4%. Vodafone Qatar was not included in the announcement of 9M-15 earnings due to its different fiscal year for reporting (01-Apr – 31-Mar).

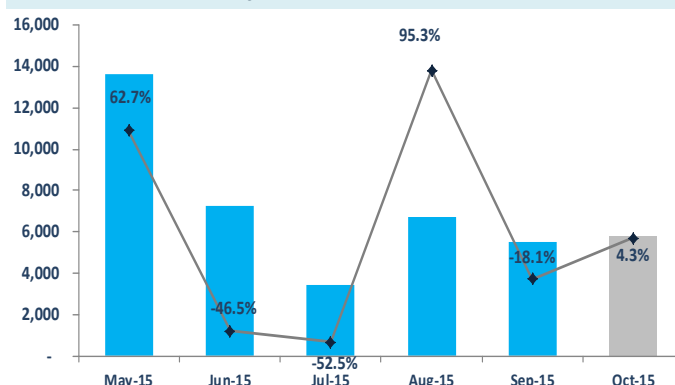
Among the major sectors, the Bank & Financial Services index declined marginally with a monthly return of -1.1%, dragged into the negative zone by Islamic Holding Group (-8.3%), Ahli Bank (-6.0%) and Commercial Bank of Qatar (-5.7%). Meanwhile, the Industrial index improved by 1.0% during the month, as a majority of the stocks in the sector recorded positive or stable monthly returns. The Insurance Index recorded a monthly decline of 0.3% during the month, owing to negative returns recorded by heavyweight Qatar Insurance (-0.1%). Trading activity picked up during the month as total volume traded went up by 31% to 167.1 Mn shares in Oct-15. Average daily traded shares increased marginally from 7.1 Mn shares in Sept-15 to 8.0 Mn shares in Oct-15. Total monthly value traded improved at a slower pace than volumes at 4.3% to reach QAR 5.8 Bn during Oct-15, as compared to QAR 5.5 Bn during the previous month. Average daily value traded declined from QAR 306.9 Mn in Sept -15 to QAR 274.2 Mn during Oct-15. Market breadth during the month was in favor of gainers that included 23 companies as against 18 losers. In terms of sector contribution, Banks & Financial Services contributed 26.1% to total monthly value traded, with QAR 1.5 Bn worth of shares traded in the sector followed by QAR 1.3 Bn (22.8%) for the Industrial sector, and QAR 1.3 Bn (21.8%) for the Real Estate sector.

Monthly gainers chart for October-15 was topped by Qatari German Co. for Medical Devices (+23.6%), followed by Qatar Gas (+10.7%), Aamal Co. (+7.4%) and Qatar Investors Group (+7.1%). Gulf International Services was the most actively traded stock with QAR 514 Mn worth of shares traded during the month. On the losers side, Islamic Holding Group receded the most with a decline of 8.3% followed by Gulf Warehousing Company and Al Khaleej Takaful Group with monthly declines of 7.9% and 6.5% respectively. On the economic front, IMF expects Qatar apart from Kuwait to be the only economy to run a fiscal surplus in 2015 (4.5% of GDP), contrary to estimates from Fitch in Sept-15, which guided for a budget deficit of 0.6% of GDP for the same period.

QE Monthly Sector Performance



Monthly Value Traded (QAR Mn)



Source: Qatar Exchange, KAMCO Research

Bahrain Bourse

Monthly Indicators	Nov-14	Dec-14	Jan-15	Feb-15	Mar-15	Apr-15	May-15	Jun-15	Jul-15	Aug-15	Sep-15	Oct-15
Bahrain All Share Index	1,428.67	1,426.57	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
Monthly % Change	(1.1%)	(0.1%)	(0.2%)	3.5%	(1.7%)	(4.1%)	(1.9%)	0.3%	(2.6%)	(2.4%)	(1.8%)	(2.0%)
Market Cap (BHD Mn)	8,105	8,099	8,086	8,378	8,242	7,917	7,904	7,928	7,840	7,645	7,494	7,410
P/E (X) - TTM	12.78	12.71	11.90	12.32	10.43	10.02	10.00	9.79	9.68	9.44	9.25	9.15
P/BV (X) - TTM	1.03	1.02	1.01	1.04	1.01	0.97	0.97	1.01	0.99	0.97	0.95	0.94
Dividend Yield (%)	3.53%	3.53%	3.53%	3.41%	3.47%	3.61%	3.62%	4.59%	3.62%	3.71%	3.78%	3.83%
Volume (Mn Shares)	22	29	14	27	24	79	82	28	19	26	87	28
Value (BHD Mn)	6	9	4	8	6	15	16	7	5	5	22	5
Trades	628	1,065	626	1,029	1,005	1,194	1,526	866	758	797	641	641

Source: Bahrain Bourse, KAMCO Research

Bahrain All Share Index saw the fourth consecutive month of decline amid low trading activity on the exchange. The Bahrain All Share Index declined by 2.0% to 1,250.4 points resulting in a YTD-15 decline of 12.4%, one of the highest in the GCC. Trading activity contracted by more than two thirds to merely 28 Mn shares traded in October-15 after a pickup in September-15. Total value traded on the exchange went back to historical levels of BHD 5 Mn as compared to BHD 22 Mn in September-15.

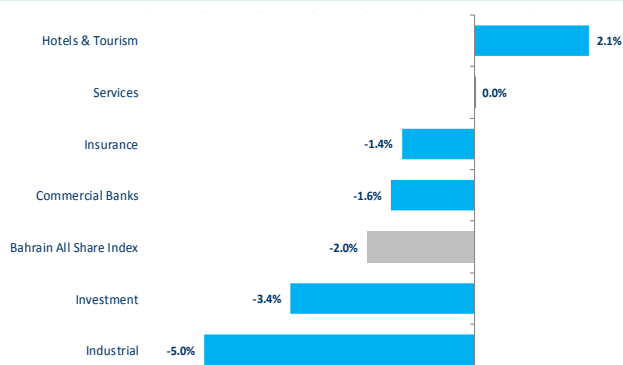
Trading activity declined in Oct-15 after three consecutive months of positive activity. Monthly volume traded more than halved during the month to 28 Mn shares as compared to 87 Mn shares during Sept-15. The resulting average daily shares traded stood at 1.6 Mn shares as compared to 4.6 Mn shares during the previous month. The value of shares traded during the month declined more than 75% during the month to reach BHD 5.5 Mn as compared to BHD 21.9 Mn during the previous month, resulting in average daily trades of BHD 0.3 Mn as compared to BHD 1.14 Mn during Sep-15.

In terms of earnings, Ahli United Bank reported a net profit of USD 419 Mn for the 9M-15, an increase of 11.4% as compared to USD 376 Mn achieved in 9M-14. The net profit achieved for Q3-15 was USD 141 Mn, a 23.8% increase over the Q3-14 reported profit of USD 114 Mn. The reported 9M-15 EPS increased to USD 0.065, from USD 0.06 in 9M-14. National Bank of Bahrain (NBB) recorded a net profit of BHD 43.4 Mn for 9M-15, compared to BHD 42.2 Mn for the corresponding period of the previous year, representing an increase of 2.8%. For Q3-15, the NBB recorded a net profit of BHD 13.7 Mn compared to BHD 13.4 Mn for the corresponding period of the previous year. Total operating income came in at BHD 72.9 Mn, up 7.5 % y-o-y for 9M-15. The bank's cost to income ratio improved to 30.6% in 9M-15 from 32.5 % for the previous year. Total Customer Deposits was BHD 2,276.9 Mn for the nine month period in 2015, up by 4.2 % over 9M-14.

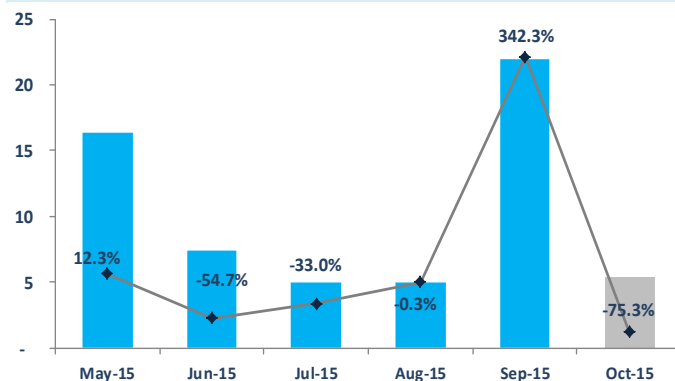
Telecom player Zain Bahrain recorded net profit of BHD 3.4 Mn for the 9M-15 compared to BHD 2.9 Mn for the corresponding period in 2014, representing an increase of 16.7%. Net profit for the Q3-15 increased by 91% y-o-y and amounted to BHD 1.3 million compared to BHD 700,000 reported during Q-14. EBITDA for 9M-15 BHD 21.0 Mn, representing An EBITDA margin of 38.6%, compared to EBITDA of BHD 20.2 Mn for 9M-14. As per Bahrain Economic Development Board (EDB), Bahrain's non-oil sector is on target to grow by 4.6% in 2015 according to their latest Bahrain Economic Quarterly. The further expect overall GDP growth to reach 3.6% with output in the oil sector forecast to remain flat y-o-y.

The best performer for the month of Oct -15 was Investcorp with a monthly return of 6.7%. Gulf Finance House followed with gains of 6.5% m-o-m for the month. On the losers chart, Bahrain Islamic Bank was the main laggard with a monthly decline of 25.2%, followed by Arab Banking Corporation (-11.5%) and Aluminum Bahrain (-5.2%). Ahli United Bank featured as the most widely traded scrip in the

BSE Monthly Sector Performance



Monthly Value Traded (BHD Mn)



Source: Bahrain Bourse, KAMCO Research

Muscat Securities Market

Monthly Indicators	Nov-14	Dec-14	Jan-15	Feb-15	Mar-15	Apr-15	May-15	Jun-15	Jul-15	Aug-15	Sep-15	Oct-15
MSM 30 Index	6,506.0	6,343.2	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
Monthly % Change	(6.7%)	(2.5%)	3.4%	0.0%	(4.9%)	1.4%	1.0%	0.6%	2.1%	(10.5%)	(1.4%)	2.4%
Market Cap (OMR Mn)	7,882	7,734	7,985	7,997	7,582	7,623	8,034	8,155	8,291	7,622	7,558	7,645
P/E (X) - TTM	10.50	10.31	10.48	10.49	10.05	10.10	10.36	10.69	10.87	9.99	9.91	10.02
P/BV (X) - TTM	1.54	1.51	1.50	1.50	1.41	1.42	1.45	1.51	1.53	1.41	1.40	1.41
Dividend Yield (%)	3.81%	3.88%	3.76%	3.76%	3.92%	3.90%	3.67%	3.73%	3.79%	4.12%	4.16%	4.11%
Volume (Mn Shares)	492	498	343	493	434	332	229	227	192	235	202	1,286
Value (OMR Mn)	177	158	96	166	121	97	70	65	54	74	61	190
Trades	19,532	29,868	23,924	27,345	24,653	16,525	11,991	12,393	11,055	15,789	11,430	13,690

Source: Muscat Securities Market, KAMCO Research

After two consecutive months of decline, the MSM 30 index saw the strongest monthly gain in the GCC recorded at 2.4% during October-15 to close at 5,928.15 points, just below the psychologically important mark of 6,000 points. All of the sectoral indices recorded positive performance during the month with the Financial Index recording a monthly return of 5.9% followed by Services index at 1.6% and Industrial index at +0.4%. A majority of the stocks within the Financial sector ended with a positive monthly gain, although the biggest company in the sector, Bank Muscat, fell 1.8% despite the bank reporting 7.5% growth in 9M-15 earnings and 14.8% growth in Q3-15 net profits. Major gainers in the financial sector included Al Batinah Development with a monthly return of 12.2% followed by Oman United Insurance (+11.8%) and HSBC Bank Oman (+9.0%) although all the three companies reported a decline in 9M-15 earnings.

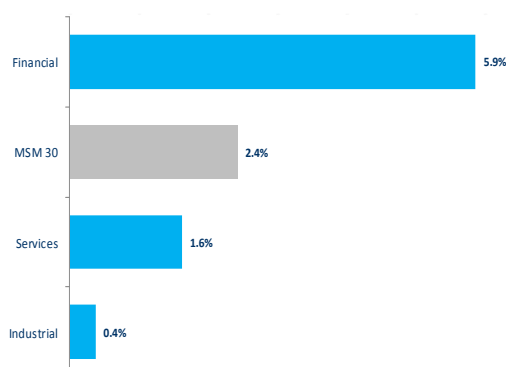
Trading activity also improved significantly with volumes up five fold to 1.3 Bn shares. However, the increase was primarily due to more than a billion shares traded in HSBC Bank Oman on the first day of the month. Total monthly value traded also saw a similar growth and recorded OMR 190 Mn in value traded as compared to OMR 61 Mn during the previous month. In terms of sector contribution, owing to the trade in HSBC Bank Oman, the Financial Sector contributed 80% to total monthly value traded during October-15 whereas the Services sector contributed 16%.

The monthly gainers list was topped by Port Services Corp., which topped the losers chart last month, with a monthly return of 19.4% although trades in the company was minimal (OMR 0.13 Mn). Other monthly gainers included Al Batinah Development (+12.2%), which was also one of the top decliners last month, and Oman Investment and Finance (+12.1%). On the other hand, the monthly losers chart primarily included stocks with marginal trades during the month. The list was topped by Oman Oil Marketing with a monthly decline of 10.3% followed by United Power and Global Financial Investment with monthly declines of 7.5% and 7.2%, respectively. The market breadth improved from last month and favored gainers that included 34 companies as against 12 gainers. Prices of 13 stocks remained unchanged during the month.

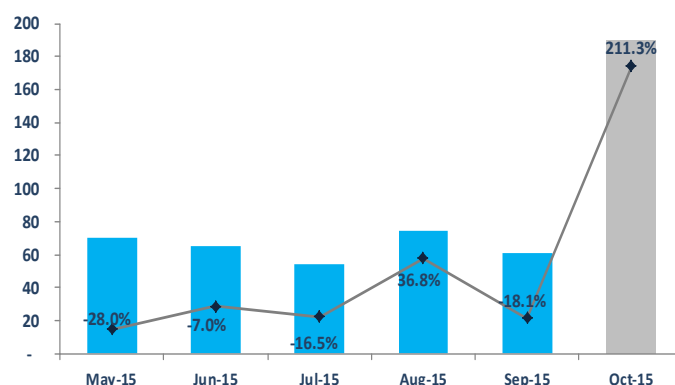
In terms of value of shares traded, HSBC Bank Oman topped the chart with monthly shares traded valued at OMR 113.8 Mn. Bank Muscat continued to remain at the second position on the chart with trades totaling OMR 10.4 Mn. Al Anwar Holding was third in the list with OMR 9.4 Mn worth of trades followed by Sembcorp Salalah with OMR 8.2 Mn in monthly value traded.

On the economic front, Oman's first sukuk issue received strong response. According to the Finance Ministry, the 5-year OMR 200 Mn sukuk issue with an Ijara format had drawn 22 orders totaling OMR 336 Mn during the subscription period (October 8 to October 22). The Ministry also said that it plans a second sukuk issue next year but did not give further details of the plan. The sovereign sukuk may also serve as a benchmark for private Omani companies to issue Islamic bonds.

MSM Monthly Sector Performance



Monthly Value Traded (OMR Mn)



Source: Muscat Securities Market, KAMCO Research

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