

## GCC Markets Monthly Report

January-2016

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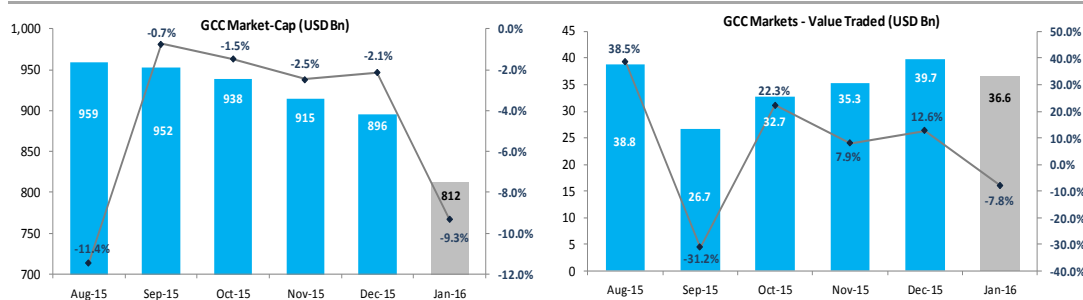
*The year started with a steep selloff in almost all major global equity markets and asset classes dashing investor hopes of an improvement over declines in 2015. The MSCI World index plummeted 6.1% during the month as the decline in emerging market indices outpaced the decline in develop market indicators. The MSCI GCC index recorded the steepest monthly decline of 10.1% followed by MSCI Arabian Markets Index at -9.9%. On the other hand, the positive returns for gold (+5.2%), global developed sovereign bonds (+1.2%) and USD (1%) indicated a flight towards safer assets.*

*The key factors affecting investor sentiment was largely the same as seen during 2015, i.e. a slowdown in China coupled with the oil price rout. The overall market sentiment remained extremely bearish in China as the index hit lower circuit twice during the first seven days of the year after economic indicators failed to show a pickup in manufacturing activity resulting in trading suspension.*

*Meanwhile, oil which continues to be the second key factor driving the sell-off due to the fear of stoking deflationary pressure, tumbled to the lowest level in 12-years. The lifting of sanctions over Iran and their plans of lifting production by as early as mid-2016 exerted additional pressure on the already oversupplied oil market. However, oil price saw a recovery of almost 30% during the latter half of the month spurred by speculation that OPEC and Russia may come to table to discuss oil production.*

*GCC equity markets closed the month with a market cap loss of almost USD 83 Bn or 9.3% led by steep declines in all the markets. Saudi benchmark index fell the most during the month with losses reaching almost 21% by mid-month only to partially recover in a late month relief rally. UAE markets also tumbled but saw a strong recovery by the end of the month.*

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	353.4	(7.4%)	(7.4%)	80.2	933.5	14.3	1.0	4.6%
Kuwait - 15 Index	829.8	(7.8%)	(7.8%)					
Kuwait - Price Index	5,114.5	(8.9%)	(8.9%)					
Saudi Arabia	5,996.6	(13.2%)	(13.2%)	366.2	30,703.9	10.7	1.3	4.9%
Abu Dhabi	4,054.4	(5.9%)	(5.9%)	112.1	900.5	9.8	1.3	5.4%
Dubai	2,997.8	(4.9%)	(4.9%)	78.8	2,515.9	8.2	1.1	3.6%
Qatar	9,481.3	(9.1%)	(9.1%)	139.2	1,386.9	10.0	1.5	5.3%
Bahrain	1,187.1	(2.4%)	(2.4%)	18.6	10.2	8.7	0.9	5.2%
Oman	5,179.4	(4.2%)	(4.2%)	17.2	189.4	9.1	1.1	5.1%
<b>Total GCC</b>				<b>812.3</b>	<b>36,640.3</b>	<b>10.3</b>	<b>1.3</b>	<b>4.8%</b>



**Faisal Hasan, CFA**

Head - Investment Research

+(965) 2233 6907

[faisal.hasan@kamconline.com](mailto:faisal.hasan@kamconline.com)

**Junaid Ansari**

Assistant Vice President

+(965) 2233 6912

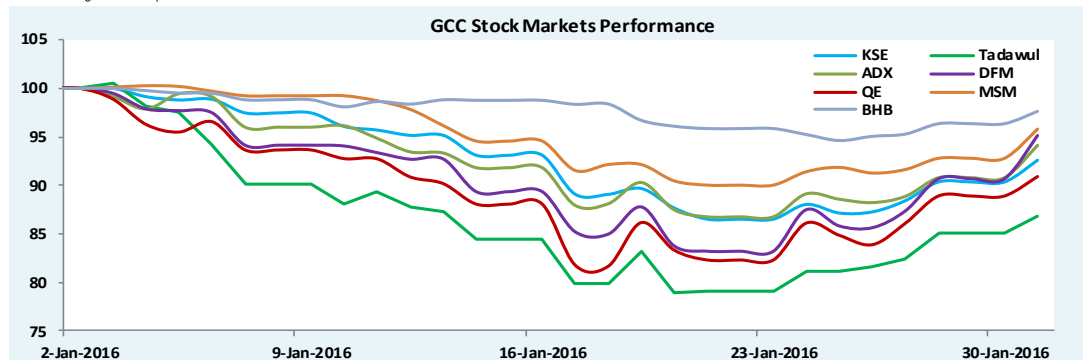
[junaid.ansari@kamconline.com](mailto:junaid.ansari@kamconline.com)

**Thomas Mathew**

Senior Financial Analyst

+(965) 2233 6914

[thomas.mathew@kamconline.com](mailto:thomas.mathew@kamconline.com)



Source: GCC Stock Exchanges, KAMCO Research

## Kuwait Stock Exchange

Monthly Indicators	Feb-15	Mar-15	Apr-15	May-15	Jun-15	Jul-15	Aug-15	Sep-15	Oct-15	Nov-15	Dec-15	Jan-16
<b>KSE Price Index</b>	<b>6,601.4</b>	<b>6,282.5</b>	<b>6,377.0</b>	<b>6,292.5</b>	<b>6,203.0</b>	<b>6,253.7</b>	<b>5,820.6</b>	<b>5,726.0</b>	<b>5,775.4</b>	<b>5,802.4</b>	<b>5,615.1</b>	<b>5,114.5</b>
Monthly % Change	0.4%	(4.8%)	1.5%	(1.3%)	(1.4%)	0.8%	(6.9%)	(1.6%)	0.9%	0.5%	(3.2%)	(8.9%)
<b>KSE Weighted Index</b>	<b>457.7</b>	<b>427.2</b>	<b>435.1</b>	<b>421.8</b>	<b>419.9</b>	<b>418.9</b>	<b>385.3</b>	<b>388.4</b>	<b>388.4</b>	<b>393.0</b>	<b>381.7</b>	<b>353.4</b>
Monthly % Change	3.6%	(6.7%)	1.8%	(3.0%)	(0.4%)	(0.2%)	(8.0%)	0.8%	(0.0%)	1.2%	(2.9%)	(7.4%)
<b>Kuwait 15 Index</b>	<b>1,116.9</b>	<b>1,021.4</b>	<b>1,059.7</b>	<b>1,016.3</b>	<b>1,017.0</b>	<b>1,014.9</b>	<b>919.2</b>	<b>935.1</b>	<b>924.3</b>	<b>929.6</b>	<b>900.4</b>	<b>829.8</b>
Monthly % Change	4.1%	(8.5%)	3.7%	(4.1%)	0.1%	(0.2%)	(9.4%)	1.7%	(1.2%)	0.6%	(3.1%)	(7.8%)
<b>Market Cap (KWD Mn)</b>	<b>30,995</b>	<b>28,437</b>	<b>29,418</b>	<b>28,550</b>	<b>28,755</b>	<b>28,647</b>	<b>26,372</b>	<b>26,585</b>	<b>26,586</b>	<b>26,894</b>	<b>26,159</b>	<b>24,224</b>
P/E (X) - TTM	18.43	17.03	17.28	16.77	16.68	16.61	15.32	15.29	14.86	15.04	15.50	14.30
P/BV (X) - TTM	1.34	1.23	1.27	1.24	1.24	1.23	1.14	1.13	1.14	1.16	1.13	1.04
Dividend Yield (%)	3.16%	3.68%	3.47%	3.59%	3.59%	3.61%	3.91%	3.92%	3.89%	3.84%	3.95%	4.57%
Volume (Mn Shares)	3,932	3,267	5,362	3,876	3,420	2,228	3,073	2,784	2,812	2,997	2,340	2,697
Value (KD Mn)	460	367	414	329	338	219	300	248	230	313	242	282
Trades ('000)	96.4	84.9	106.9	84.8	71.7	50.7	76.1	65.3	64.1	74.9	59.3	64.7

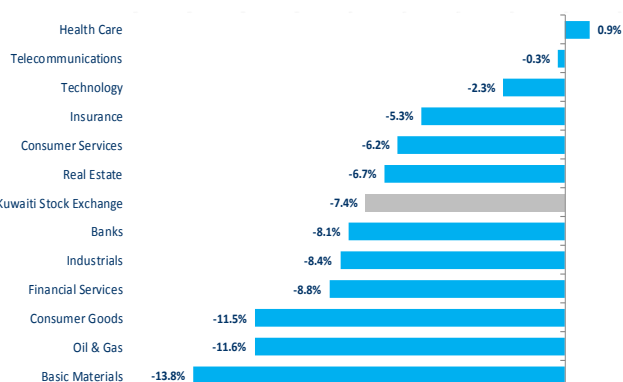
Source: Kuwait Stock Exchange, KAMCO Research

All of the KSE indices saw steep monthly declines during January-16 with the KSE Price index witnessing a decline of 8.9%, the steepest monthly decline since January-09, followed by a 7.4% decline recorded in the KSE Weighted index. The decline was broadbased as seen in the 7.8% monthly decline in the large-cap KSE-15 index. The KSE Weighted index briefly touched a seven year low level of 330.24 points on 21-January-16 but witnessed partial recovery during the remainder of the month. In terms of sector performance, except for the Health Care sector, all the remaining sectors recorded declines. The positive performance of the Health Care index was solely on the back of 16.7% return recorded in shares of Al-Mowasat Healthcare which posted a 66.7% increase in net profit for FY-15. Among the decliners, the Basic Materials and the Oil & Gas indices plunged by 13.8% and 11.6%, respectively, primarily as a result of the oil price rout. The Consumer Goods index also recorded a steep decline of 11.5% primarily due to the 12% fall in shares of Americana that declined amidst a broader market sell-off. The heavyweight Bank index also declined by 8.1% during the month, with the exception of CBK, as shares in all the other banks declined despite NBK (-10%) and KFH (-7.4%) posting net profit growth of 7.8% and 15.3%, respectively.

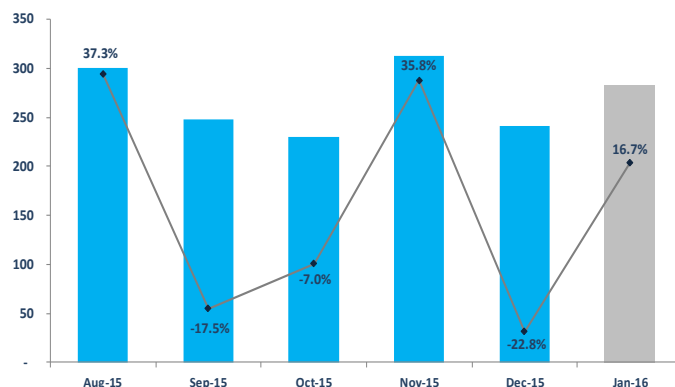
The monthly gainers chart was topped by Gulf Finance House with a monthly return of 22.4% followed by Al Mowasat Healthcare (+16.7%) and REAM (+12.1%). Meanwhile, the monthly decliners chart was topped by Taiba Kuwaiti Holding with a fall of 76.7% although trades in the stock were marginal. Other noticeable decliners included National Investment Co. which declined by 19.3% followed by Gulf Bank and Boubayan Petrochemicals with monthly declines of 16.9% and 16.0%, respectively. Market breadth continued to favor losers which included 142 companies as compared to 23 decliners. The overall trading activity saw some improvement during the month as compared to December-15. Total shares traded increased by 15.3% to 2.7 Bn shares, whereas value traded during the month increased by 16.7% to KWD 282 Mn. Al Dar National Real Estate was the most widely traded stock on the exchange with a monthly volume of 311 Mn shares followed by Ithmar Bank and GFH with 279 Mn shares and 231 Mn shares, respectively. In terms of value traded, KFH topped the chart with KWD 54.5 Mn worth of shares traded during the month followed by NBK and Viva Kuwait with KWD 32.6 Mn and KWD 16.5 Mn worth of shares traded on the exchange.

On the economic front, the draft budget for financial year 2016-17 has forecasted a budget deficit of KWD 12.2 Bn (USD 40.2 Bn) with expected revenues reaching KWD 7.4 Bn, whereas expenditures are expected to decline by 1.6% to KWD 18.9 Bn. In a related announcement, the country's Finance Minister had said that an oil price of USD 25/b has been used for the 2016/17 budget which implies a realistic goal in terms of state finances as well as ample flexibility for the government to adjust expenses in case oil prices edge up in the near term.

### KSE Monthly Sector Performance



### Monthly Value Traded (KWD Mn)



Source: Kuwait Stock Exchange, KAMCO Research

## Saudi Arabia (Tadawul)

Monthly Indicators	Feb-15	Mar-15	Apr-15	May-15	Jun-15	Jul-15	Aug-15	Sep-15	Oct-15	Nov-15	Dec-15	Jan-16
<b>Tadawul All Share Index</b>	<b>9,313.5</b>	<b>8,778.9</b>	<b>9,834.5</b>	<b>9,688.7</b>	<b>9,086.9</b>	<b>9,098.3</b>	<b>7,522.5</b>	<b>7,404.1</b>	<b>7,124.8</b>	<b>7,239.9</b>	<b>6,911.8</b>	<b>5,996.6</b>
Monthly % Change	4.9%	(5.7%)	12.0%	(1.5%)	(6.2%)	0.1%	(17.3%)	(1.6%)	(3.8%)	1.6%	(4.5%)	(13.2%)
<b>Market Cap (SAR Bn)</b>	<b>2,036.6</b>	<b>1,818.3</b>	<b>2,165.1</b>	<b>2,149.2</b>	<b>2,017.2</b>	<b>2,026.6</b>	<b>1,694.7</b>	<b>1,670.3</b>	<b>1,630.4</b>	<b>1,659.1</b>	<b>1,580.7</b>	<b>1,373.3</b>
P/E (X) - TTM	16.24	16.17	19.26	19.08	18.82	18.91	15.81	15.59	15.22	12.93	12.30	10.73
P/BV (X) - TTM	2.21	1.79	2.13	2.11	2.14	2.15	1.80	1.77	1.73	1.58	1.50	1.31
Dividend Yield (%)	2.93%	3.28%	2.76%	2.78%	3.03%	2.38%	2.84%	2.88%	2.96%	4.14%	4.28%	4.94%
Volume (Mn Shares)	7,670	7,513	7,545	5,560	3,515	2,593	4,971	3,575	4,594	5,336	6,013	6,425
Value (SAR Mn)	194,325	206,269	197,358	162,395	112,807	84,411	116,281	79,409	102,429	107,616	126,338	115,145
Trades ('000)	3,083	3,353	3,154	2,876	2,151	1,615	2,473	1,638	2,039	2,140	2,688	2,766

Source: Tadawul, KAMCO Research

The Tadawul All Share Index lost more than 20% during the first twenty days of trading during the new year as the market followed trends seen in the oil market as well as global stock market volatility. The benchmark fell to the lowest close in almost five year on 20-January-16 trailing oil prices that declined to their lowest level in more than a decade after sanctions over Iran were lifted. However, the remaining part of the month saw some strong relief rallies as oil prices strengthened temporarily. In addition, speculations that Russia and OPEC would come to table talk about oil production also provided some relief to the market.

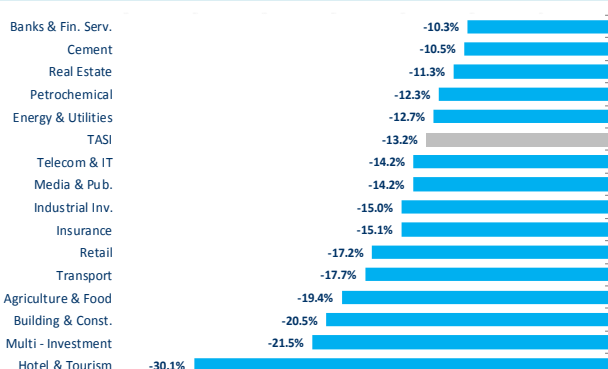
The sector performance chart also reflected the prevailing negative investor sentiment with all the indices closing the month with a steep declines. Among the major sectors, the Multi-Investment index plunged more than 20% during the month, as Kingdom Holding fell almost 30% after reporting a 18.6% drop in net profits. The monthly gainers chart included merely two stocks namely Sadafco and Bupa Arabia with monthly returns of 7.0% and 1.3%, respectively. Shares in Bupa Arabia surged after the company reported profits that more than doubled during 2015. On the other hand, the top three decliners for the month were from the insurance sector namely, Wafa Insurance (-52.8%), Al Alamiya (-47.3%) and Trade Union Coop. Insurance (-46.2%).

Trading activity on the exchange in terms of value traded declined during January-16 as compared to the previous month although volumes and number of trades surged, indicating the fact that falling prices had a significant impact on share prices. Lesser number of trading days during January-16 (21 days as compared to 23 days in December-15) also affected monthly market activity. Total value traded during the month declined by SAR 11.2 Bn or 8.9% to SAR 115.1 Bn whereas monthly volume traded surged 6.9% to 6.4 Bn shares. Alinma Bank (-8.8%) topped both the monthly volume and value chart with 1.5 Bn shares traded valued at SAR 19.8 Bn. The monthly value traded chart also included SABIC and BAHRI with SAR 13.8 Bn and SAR 10.8 Bn worth of shares traded during the month.

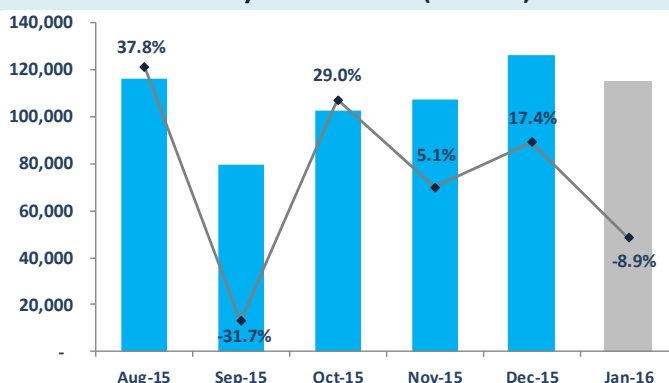
Preliminary earnings announcements for FY15 indicated a decline of almost 14% in net profits as compared to 2014. Except for the Banking sector, which recorded a 5.4% increase in net profits, none of the other major sectors recorded earnings improvement for FY-15. Profits for the Banking sector was largely positive with only three banks, namely Riyadh Bank, The Saudi Investment Bank and Bank Al Bilad, reporting drop in full year net profits. Profits for the Petrochemical sector plunged 38% to SAR 21.3 Bn whereas companies in the Energy & Utilities sector reported a 56% drop in net profit.

On the economic front, IMF, in its latest update, lowered growth expectations for Saudi Arabia's economic growth in 2016 and 2017 by 100 bps to 1.2 and 1.9%, respectively. The decline in oil prices has put excessive strain on state budgets with the Kingdom now exploring options to best utilize state assets. In a related announcement, the government is said to be exploring the options for an IPO of downstream operations of state oil company Aramco, although no concrete announcement was made by the end of the month to this effect. Meanwhile, there was also speculation that the country may issue local currency bonds worth SAR 20 Bn in the coming weeks.

### Tadawul Monthly Sector Performance



### Monthly Value Traded (SAR Mn)



Source: Tadawul, KAMCO Research

## Abu Dhabi Securities Exchange

Monthly Indicators	Feb-15	Mar-15	Apr-15	May-15	Jun-15	Jul-15	Aug-15	Sep-15	Oct-15	Nov-15	Dec-15	Jan-16
<b>ADX General Index</b>	<b>4,686.2</b>	<b>4,467.9</b>	<b>4,647.1</b>	<b>4,527.6</b>	<b>4,723.2</b>	<b>4,834.2</b>	<b>4,493.9</b>	<b>4,502.8</b>	<b>4,322.0</b>	<b>4,236.4</b>	<b>4,307.3</b>	<b>4,054.4</b>
Monthly % Change	5.1%	(4.7%)	4.0%	(2.6%)	4.3%	2.3%	(7.0%)	0.2%	(4.0%)	(2.0%)	1.7%	(5.9%)
<b>Market Cap (AED Bn)</b>	<b>477.9</b>	<b>442.7</b>	<b>450.1</b>	<b>442.3</b>	<b>461.7</b>	<b>471.6</b>	<b>437.7</b>	<b>442.0</b>	<b>431.4</b>	<b>424.2</b>	<b>428.1</b>	<b>411.6</b>
P/E (X) - TTM	13.00	8.16	8.41	8.27	8.59	8.78	8.15	8.23	8.02	10.14	10.41	9.84
P/BV (X) - TTM	1.50	1.41	1.44	1.41	1.46	1.49	1.39	1.40	1.37	1.37	1.38	1.32
Dividend Yield (%)	4.10%	4.43%	4.36%	4.43%	4.06%	3.98%	4.28%	4.24%	4.35%	5.16%	5.11%	5.35%
Volume (Mn Shares)	1,873	1,609	4,510	1,951	2,006	2,347	2,469	2,132	1,187	1,709	1,795	1,534
Value (AED Mn)	4,265	4,929	7,635	4,547	4,099	3,889	4,967	4,457	3,621	6,611	5,119	3,308
Trades	33,441	37,722	54,186	36,947	32,836	32,127	45,353	33,220	24,311	38,316	29,399	32,127

Source: Abu Dhabi Securities Exchange, KAMCO Research

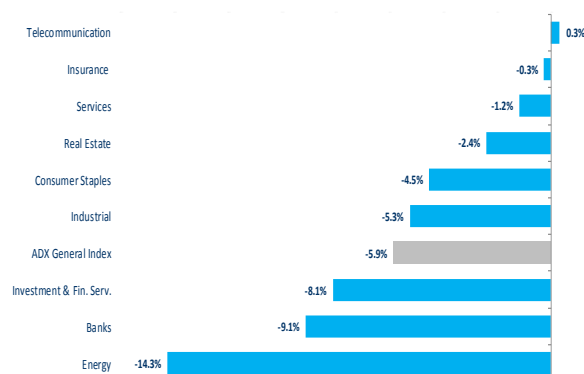
ADX General Index started 2016 with heightened volatility, similar to its other GCC peers, and closed in the red for the month of January-16, falling by 5.9% m-o-m. The market closed at 4,054.37 points in January-16, and recovered from its lows of 13.2% MTD declines caused by the rout in oil prices that shook GCC markets. Sectors, which dragged the index down, were led by the Energy Index, which plunged by 14.3% m-o-m, due to the concerns over the outlook of the sector, as both index constituents Dana Gas (-15.7%) and Abu Dhabi National Energy (-8.5%) witnessed significant declines. Sectors that followed were both financials indexes – Banking and Investment & Financial Services which dropped by over 9% and 8% respectively. Telecom was the only index to close in the green for the first month of the year, albeit marginally, increasing by 0.3%. Banking Index witnessed declines in all of its scrips, barring two stocks, as large cap names such as ADCB and FGB declined by 8.9% and 10.3% respectively.

In corporate developments, earnings releases for full year 2015 were announced for large cap banks such as FGB, ADCB and NBAD during the month. FGB reported a net profit of AED 6.01 Bn, up 6% y-o-y from the AED 5.66 Bn posted in 2014. EPS for 2015 came in at AED 1.32, which represented an increase of 8% y-o-y. Group revenues grew by 5% from AED 8.97 Bn in 2014 to AED 9.43 Bn in 2015. ADCB reported net profit of AED 4.927 Bn for 2015, representing a 17% increase over the AED 4.2 Bn recorded in the previous year. The bank stated that the net profit in Q4-15 stood at AED 1.19 Bn, up 16.4% over the same period in 2014. NBAD, the UAE's largest lender by assets, reported a 6 % decline in net profit for 2015, as they recorded a net profit of AED 5.232 Bn, reportedly due to weak Q4-15 results. Q4-15 net profit declined 25% y-o-y and 22% q-o-q to AED 1.036 Bn, reportedly due to challenging market and liquidity conditions prevalent in the market. Ratings agency Standard & Poor affirmed its 'A-' long-term corporate credit rating on Ooredoo and reaffirmed its stable outlook. The agency believes that Ooredoo now has significant cash balances and a comfortable debt maturity profile, leading them to revise their liquidity assessment to strong, from adequate.

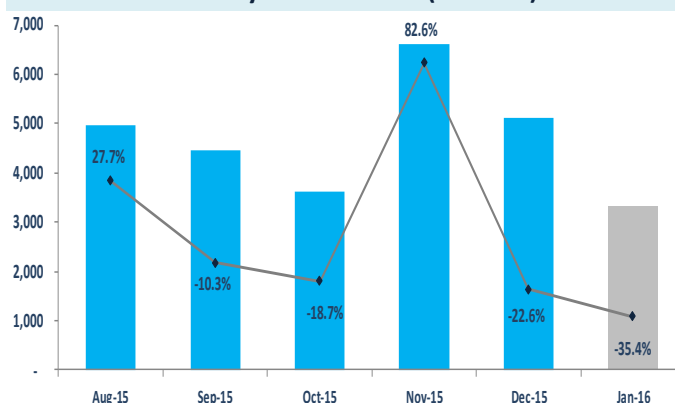
Trading activity during the month also fell from December-15, both in terms of value and volumes traded. Value traded declined by 35.4% from the previous month to close January-16 at AED 3.3 Bn. Volumes traded dropped by 14.6%, from close to 1.8 Mn shares in December-15 to 1.5 Mn shares in January -16. Etisalat remained the largest traded stock in the ADX index as AED 831 Mn worth of the stock was traded during the month. Aldar and FGB followed with value traded of AED 614 Mn and AED 611 Mn.

Despite banks being one of the key sectors which lost ground in January-16, the monthly top gainers featured banking names. Commercial Bank International led the gainers list and achieved a monthly return of 29.2%, followed by National Bank of Fujairah and Emirates Driving Co, which went up by 14.9% each during the month. Prominent decliners included Union National Bank with a monthly share price decline of 25.6%, followed by International Fish Farming Co. and Invest Bank, as they saw their stock prices erode by 25.2% and 20% respectively. Market breadth was skewed towards decliners in January-16, as 35 companies declined as compared to 10 stocks that witnessed gains.

### ADX Monthly Sector Performance



### Monthly Value Traded (AED Mn)



Source: Abu Dhabi Securities Exchange, KAMCO Research

## Dubai Financial Market

Monthly Indicators	Feb-15	Mar-15	Apr-15	May-15	Jun-15	Jul-15	Aug-15	Sep-15	Oct-15	Nov-15	Dec-15	Jan-16
<b>DFM General Index</b>	<b>3,864.7</b>	<b>3,514.4</b>	<b>4,229.0</b>	<b>3,923.2</b>	<b>4,086.8</b>	<b>4,143.2</b>	<b>3,662.6</b>	<b>3,593.3</b>	<b>3,503.8</b>	<b>3,204.3</b>	<b>3,151.0</b>	<b>2,997.8</b>
Monthly % Change	5.2%	(9.1%)	20.3%	(7.2%)	4.2%	1.4%	(11.6%)	(1.9%)	(2.5%)	(8.5%)	(1.7%)	(4.9%)
<b>Market Cap (AED Bn)</b>	<b>361.8</b>	<b>331.3</b>	<b>385.8</b>	<b>367.7</b>	<b>382.1</b>	<b>386.2</b>	<b>345.2</b>	<b>341.2</b>	<b>336.0</b>	<b>310.8</b>	<b>301.2</b>	<b>289.5</b>
P/E (X) - TTM	12.90	11.33	13.20	12.59	12.58	12.72	11.38	11.24	11.07	9.50	9.19	8.16
P/BV (X) - TTM	1.43	1.30	1.52	1.45	1.46	1.48	1.32	1.30	1.28	1.24	1.20	1.14
Dividend Yield (%)	2.04%	2.23%	1.91%	2.00%	1.94%	2.22%	2.48%	2.51%	2.55%	3.35%	3.46%	3.60%
Volume (Mn Shares)	8,175	6,926	17,350	9,600	14,249	6,426	7,730	3,850	3,953	5,124	5,935	7,972
Value (AED Mn)	13,343	9,596	24,815	14,221	26,148	9,721	12,604	6,564	5,663	6,733	6,700	9,241
Trades	130,854	110,813	216,339	134,211	227,235	102,255	147,101	80,872	70,076	98,185	90,095	121,266

Source: Dubai Financial Market, KAMCO Research

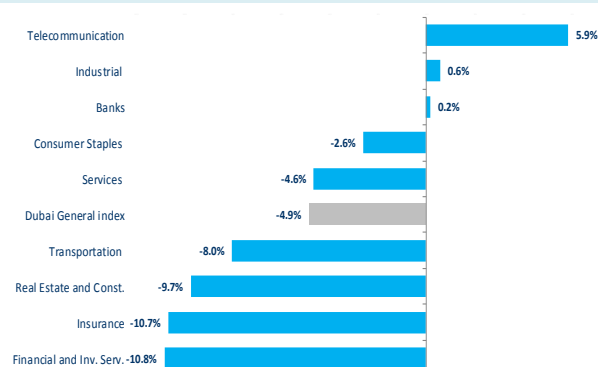
DFM Index also witnessed similar trends to ADX as the index closed lower by 4.9% in January -16, as compared to the previous month. The index closed at 2,997.77 points and recovered more towards the end of the month than the ADX General Index, as it rallied from its lows of 16.8% MTD declines seen during the month. Sectoral advances and declines for the month had similarities to trends witnessed in the ADX General index. Indices, which drove the bourse down, were led by Investment & Financials services, which closed the month lower by over 10.2%, followed by the Insurance Index and Real Estate Index, which dropped by 9.9% and 9.7% respectively. Telecoms bucked the overall negative trend in the market and improved by 6.1% during the first month of 2016.

Sectoral Performance was broadly negative barring Telecoms, and Banks and Industrials indices, which were flat for the month that passed. Most scrips in the Investment & Financial, Insurance and Real Estate indices witnessed double-digit declines for the month, as they could not recover from the market turmoil, which gripped markets during the month. Heavyweight Real Estate names such as Emaar and Emaar Malls witnessed significant declines in January -16, declining by over 10% and 13% respectively. Both companies recovered from their lows posted on 21 January-16, but ended the month at multi-year low prices. DU was able to post a 5.9% increase in price for the month and was able to lift the index higher..

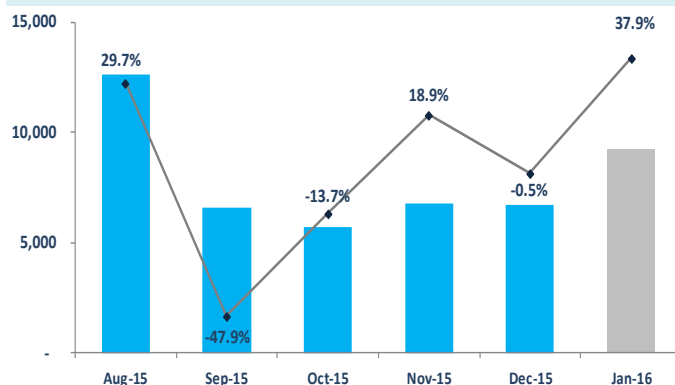
Major corporate developments included Emaar Properties signing a partnership agreement with the Sharjah Investment and Development Authority (Shurooq) and Eagle Hills, an Abu Dhabi-based property developer, to establish a new real estate company in Sharjah called Omran Properties. The aim of the partnership is reportedly to boost economic investments in Sharjah. In earnings releases during the month, large cap banking names such as Emirates NBD and Dubai Islamic Bank released their full year 2015 results. Emirates NBD saw its net profit go up by 39% y-o-y to AED 7.1 Bn, while total income for the year grew by 5% y-o-y to AED 15.2 Bn. Key drivers for the results were reportedly income growth, a modest increase in costs and a lower impairment charge. Dubai Islamic Bank posted a net profit growth of 37% y-o-y, as net profit increased to AED 3.8 Bn, as compared with AED 2.8 Bn for 2014. Total income also increased by 21% y-o-y to AED 7.5 Bn, up 21% compared with AED 6.2 Bn for prior year.

Shares of Drake and Scull International (DSI) led the monthly losers chart as it declined by 19.5% and closed the month at AED 0.335 per share. The share plunged during the month, and even registered its 10% daily limit as concerns in the construction sector over revenue visibility, competition and high costs loom. Al Madina for Finance & Investment and Gulf General Investment followed DSI with declines of 19.3% and 19.2% for the month. On the other hand, Gulf Navigation Holding topped the gainers list with a gain of 33.7% followed by Al Salam Bank - Sudan and Gulf Finance House with monthly returns of 16.5% and 13.6%, respectively. Trends in trading activity were however divergent to the ADX General Index, as trading activity improved from the previous month. Volumes traded increased 34% m-o-m from 5.9 Bn shares to 7.9 Bn shares in January -16, while value traded went up by 38% m-o-m to AED 9.2 Bn for the month. Moreover, value traded and number of traded witnessed during the month were the largest since Aug-15.

**DFM Monthly Sector Performance**



**Monthly Value Traded (AED Mn)**



Source: Dubai Financial Market, KAMCO Research

## Qatar Exchange

Monthly Indicators	Feb-15	Mar-15	Apr-15	May-15	Jun-15	Jul-15	Aug-15	Sep-15	Oct-15	Nov-15	Dec-15	Jan-16
<b>QE 20 Index</b>	<b>12,445.3</b>	<b>11,711.4</b>	<b>12,164.5</b>	<b>12,048.3</b>	<b>12,201.0</b>	<b>11,785.2</b>	<b>11,563.6</b>	<b>11,465.2</b>	<b>11,604.6</b>	<b>10,090.8</b>	<b>10,429.4</b>	<b>9,481.3</b>
Monthly % Change	4.6%	(5.9%)	3.9%	(1.0%)	1.3%	(3.4%)	(1.9%)	(0.9%)	1.2%	(13.0%)	3.4%	(9.1%)
<b>Market Cap (QAR Bn)</b>	<b>675.3</b>	<b>630.0</b>	<b>653.0</b>	<b>641.8</b>	<b>648.0</b>	<b>625.7</b>	<b>607.4</b>	<b>604.6</b>	<b>608.0</b>	<b>532.7</b>	<b>553.3</b>	<b>506.7</b>
P/E (X) - TTM	15.93	14.75	15.29	15.03	14.31	13.81	13.41	13.35	13.42	11.23	11.18	10.00
P/BV (X) - TTM	2.20	2.01	2.07	2.03	2.17	2.10	2.04	2.03	2.04	1.58	1.64	1.48
Dividend Yield (%)	3.36%	3.60%	3.48%	3.54%	3.97%	4.11%	4.23%	4.25%	4.23%	5.04%	4.85%	5.31%
Volume (Mn Shares)	337	171	200	394	164	77	153	128	167	158	516	150
Value (QAR Mn)	12,434	8,136	8,362	13,602	7,272	3,456	6,748	5,524	5,759	6,334	5,856	5,050
Trades	135,557	107,902	108,714	139,246	84,557	64,170	100,914	78,606	82,986	77,351	83,826	84,665

Source: Qatar Exchange, KAMCO Research

After ending 2015 as one of the laggards in the GCC markets, Qatar Exchange continued its downward spiral in January-16, declining by 9.1% as compared to the previous month to close at 9481.30 points. The panic set by declines in oil prices during the month also saw the index touch its lowest levels over the last two years. The QE All share index declined by a higher 9.3% during the month to close at 2519.72 points. In terms of sectoral indices, Consumer Goods & Services Index lost the most ground during the month, declining by over 12.5%, followed by Real Estate index, which receded by 11.9% m-o-m. In terms of trading activity, trading value during January-16 decreased by 13.8% m-o-m to reach QAR 5.0 Bn, compared to QAR 5.8 Bn during December-15. Traded volumes increased by 3.8% m-o-m for the first month of 2016 to reach almost 150 Mn shares, as against 144 Mn shares recorded during the month prior.

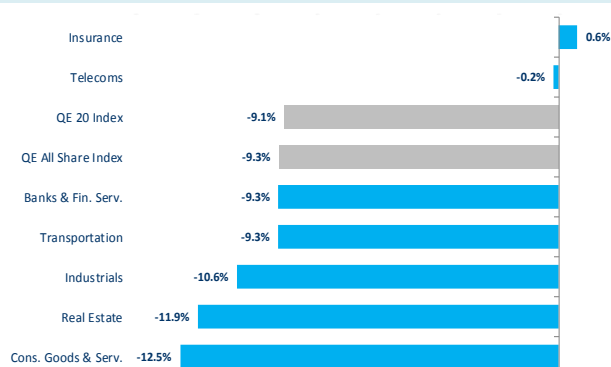
All sectoral indices closed in the red for the month of January-16, except for the Insurance index, which closed almost flat (+0.6%). Consumer Goods Services lost maximum ground amongst indices during the month, as bigger names in the sector such as Medicare (-26.4%), Al Meera (-12.5%) & Qatar Fuel (-7.0%) dragged down index. The Real Estate index saw heavyweight names such as Barwa Real Estate loose significant ground, declining by 18%, along with Ezdan Holding which sunk by 9.4% during the month. In the Banking and Financial Services pack, all stocks barring Ahli Bank and Qatar International Islamic Bank witnessed significant declines, and the aforementioned banks moved up by 4.3% and 1.6% respectively.

In terms of company announcements, QNB reported net profit of QAR 11.2 Bn for full year 2015, as compared to QAR 10.4 Bn for the previous year. This translated into an EPS of QAR 16.1 for 2015, as compared to QAR 14.9 for 2014. Qatar Islamic Bank released its full year 2015 results as well reporting a net profit is QAR 1.95 Bn, as against QAR 1.6 Bn for the same period of the previous year. EPS came in at QAR 8.27 for the period compared to an EPS of QAR 6.78 for 2014.

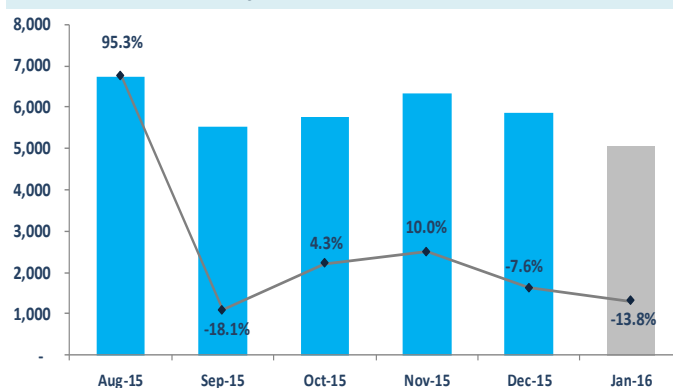
Market breadth was weak as only five stocks closed the month in the green, while 37 lost ground from their December-15 prices. Monthly gainers for the month January-16 was topped by Ooredoo, which ended up the month up by 5.7%. Al Ahli Bank of Qatar and Qatar General Insurance followed with gains of 4.2% and 1.8% respectively. The laggards during the month was led by Dlala Brokerage which saw its price plunge by 30.5%, while Islamic Holding Group and Medicare followed closely witnessing declines of 29% and 26.4%. GISS was the most actively traded stock in the index for the month, as QAR 659 Mn was traded on the exchange. Qatar National Bank followed with trades worth QAR 657 Mn, followed by Masraf Al Rayan which witnessed trades amounting to QAR 389 Mn.

On economic front, Capital Intelligence reportedly affirmed Qatar's Long-Term Foreign Currency and Local Currency Ratings of 'AA-' and its Short-Term Foreign and Local Currency Ratings of 'A1+'. However, the agency revised the Outlook for Qatar's ratings to 'Negative' from 'Stable'. The revision of the outlook is reportedly due to the increasing fiscal and external challenges emanating from adverse impact of the steep decline in hydrocarbon prices.

### QE Monthly Sector Performance



### Monthly Value Traded (QAR Mn)



Source: Qatar Exchange, KAMCO Research



## Bahrain Bourse

Monthly Indicators	Feb-15	Mar-15	Apr-15	May-15	Jun-15	Jul-15	Aug-15	Sep-15	Oct-15	Nov-15	Dec-15	Jan-16
<b>Bahrain All Share Index</b>	<b>1,474.81</b>	<b>1,449.98</b>	<b>1,390.62</b>	<b>1,363.67</b>	<b>1,367.83</b>	<b>1,331.66</b>	<b>1,299.24</b>	<b>1,275.89</b>	<b>1,250.37</b>	<b>1,232.57</b>	<b>1,215.89</b>	<b>1,187.10</b>
Monthly % Change	3.5%	(1.7%)	(4.1%)	(1.9%)	0.3%	(2.6%)	(2.4%)	(1.8%)	(2.0%)	(1.4%)	(1.4%)	(2.4%)
<b>Market Cap (BHD Mn)</b>	<b>8,378</b>	<b>8,242</b>	<b>7,917</b>	<b>7,904</b>	<b>7,928</b>	<b>7,840</b>	<b>7,645</b>	<b>7,494</b>	<b>7,410</b>	<b>7,319</b>	<b>7,196</b>	<b>7,025</b>
P/E (X) - TTM	12.32	10.43	10.02	10.00	9.79	9.68	9.44	9.25	9.15	9.13	9.03	8.70
P/BV (X) - TTM	1.04	1.01	0.97	0.97	1.01	0.99	0.97	0.95	0.94	0.92	0.91	0.88
Dividend Yield (%)	3.41%	3.47%	3.61%	3.62%	4.59%	3.62%	3.71%	3.78%	3.83%	4.99%	5.06%	5.25%
Volume (Mn Shares)	27	24	79	82	28	19	26	87	28	63	40	23
Value (BHD Mn)	8	6	15	16	7	5	5	22	5	12	7	4
Trades	1,029	1,005	1,194	1,526	866	758	797	641	641	1,169	1,036	759

Source: Bahrain Bourse, KAMCO Research

The Bahrain All Share Index witnessed the least decline in the GCC for the month of January-16, dropping by 2.4% m-o-m and closing at 1187.10 points. Trading activity however contracted significantly during the month, as compared to the previous month, as value traded fell by 46.7%, while volumes traded receded by 40.7% for the month.

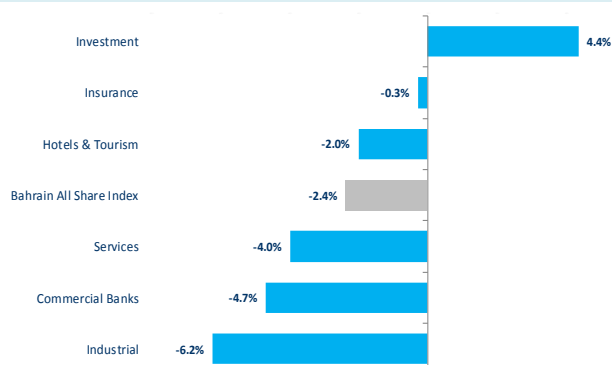
In terms of sectoral performance, all sectors witnessed declines for the month of January -16, except for the Investment index which moved up m-o-m. The Industrial index was the main laggard amongst sectors on the exchange, as large cap Aluminum Bahrain drove down the index, as it saw its price recede by 6.5%. Banks and Services indices followed with declines of 4.7% and 4.0% m-o-m respectively. Banks saw all its names lose ground during the month. The positive performance for the Investment sector was buoyed by the 17.7% increase in price of Arab Banking Corp, which offset declines in other stocks in the index. In corporate developments, ratings agency Moody's confirmed Ba3 long-term issuer rating of Bahrain Islamic Bank and stated their rating reflects their assessment of a very high likelihood of support from the Government of Bahrain if necessary. Fitch Ratings downgraded National Bank of Bahrain's and BBK's Long-term Issuer Default Ratings to 'BBB-' from 'BBB'. Although they mentioned that the outlooks for the banks were stable, they mentioned that the downgrades were largely due to the weaker ability of Bahrain's Government to support these banks.

The exchange's figures of value and volumes traded were down significantly, and were the lowest recorded since July-15. Volume traded in the exchange reached 23.4 Mn shares. Value traded in the exchange also fell sharply to BHD 3.8 Mn, the lowest in over a year. In addition, the number of trades made in the exchange also decreased, reaching 759 trades, a 26.7% m-o-m drop in January-2016. Zain Bahrain B.S.C was the most actively traded stock in Jan-2016 with BHD 0.9 Mn worth of its shares traded on the exchange. However, the stock witnessed a 6.7% drop to BHD 0.168 during the month. Bank of Bahrain and Kuwait and Ahli United Bank followed with BHD 0.41 Mn and BHD 0.38 Mn worth of shares traded on the exchange.

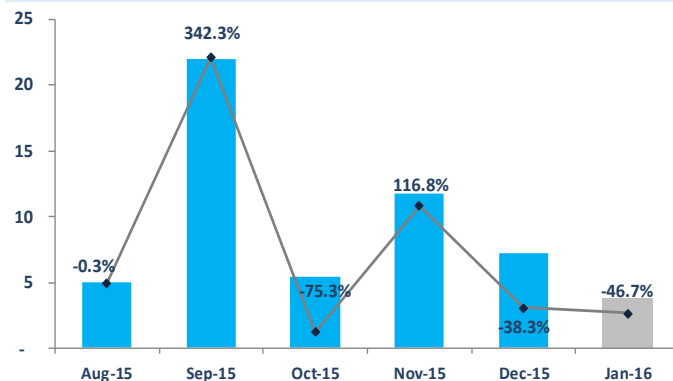
Arab Banking Corporation topped the gainers list for the month of January-16, which reported a m-o-m increase of 17.6%, followed by Bahrain Duty Free Complex with a 4.1% monthly gain and Bahrain Tourism Co, which went up by 1.8% as against December-15. Meanwhile, among the monthly decliners, ITHMAR Bank lost the most ground with its stock price plunging by 26.7% m-o-m. Bank of Bahrain and Kuwait & Bahrain National Cinema followed with a drop of 10% each for the month.

On the economic front, IMF estimated the growth in Real GDP of Bahrain to have dropped to 3.2% in 2015, lower than the 4.5% clocked in 2014. Further, the Government of Bahrain announced measures to strengthen the fiscal revenues, including increases in retail prices of fuel products, electricity and water. IMF further estimates real GDP growth to slow to 2.25% for 2015, because of weakening confidence and reflecting the dampening effect of the necessary fiscal measures on aggregate demand.

**BSE Monthly Sector Performance**



**Monthly Value Traded (BHD Mn)**



Source: Bahrain Bourse, KAMCO Research

## Muscat Securities Market

Monthly Indicators	Feb-15	Mar-15	Apr-15	May-15	Jun-15	Jul-15	Aug-15	Sep-15	Oct-15	Nov-15	Dec-15	Jan-16
<b>MSM 30 Index</b>	<b>6,559.3</b>	<b>6,238.0</b>	<b>6,322.5</b>	<b>6,387.9</b>	<b>6,424.6</b>	<b>6,558.2</b>	<b>5,871.6</b>	<b>5,787.7</b>	<b>5,928.2</b>	<b>5,547.9</b>	<b>5,406.2</b>	<b>5,179.4</b>
Monthly % Change	0.0%	(4.9%)	1.4%	1.0%	0.6%	2.1%	(10.5%)	(1.4%)	2.4%	(6.4%)	(2.6%)	(4.2%)
<b>Market Cap (OMR Mn)</b>	<b>7,997</b>	<b>7,582</b>	<b>7,623</b>	<b>8,034</b>	<b>8,155</b>	<b>8,291</b>	<b>7,622</b>	<b>7,558</b>	<b>7,645</b>	<b>6,861</b>	<b>6,913</b>	<b>6,636</b>
P/E (X) - TTM	10.49	10.05	10.10	10.36	10.69	10.87	9.99	9.91	10.02	10.04	9.74	9.08
P/BV (X) - TTM	1.50	1.41	1.42	1.45	1.51	1.53	1.41	1.40	1.41	1.20	1.18	1.14
Dividend Yield (%)	3.76%	3.92%	3.90%	3.67%	3.73%	3.79%	4.12%	4.16%	4.11%	4.90%	4.99%	5.15%
Volume (Mn Shares)	493	434	332	229	227	192	235	202	1,286	184	381	267
Value (OMR Mn)	166	121	97	70	65	54	74	61	190	59	155	73
Trades	27,345	24,653	16,525	11,991	12,393	11,055	15,789	11,430	13,690	8,595	9,734	12,401

Source: Muscat Securities Market, KAMCO Research

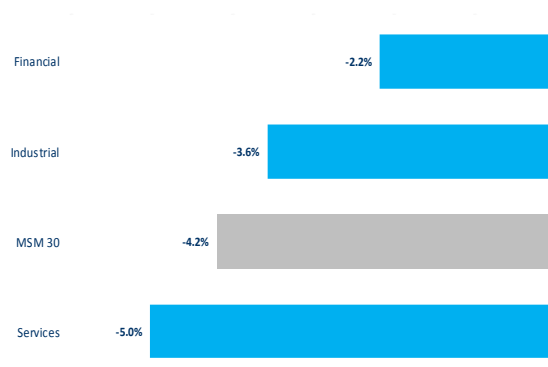
MSM indices also declined during the month taking cues from global and regional equity markets. However, the decline of 4.2% for the MSM30 Index during January-16 was one of the smallest in the region. The decline came as all the three major indices closed the month in the red accompanied by a fall in trading activity on the exchange. Total value traded on the exchange more than halved to OMR 73 Mn during the month as compared to OMR 155 Mn during December-15. The volume of shares traded on the exchange also declined almost by a third to 267 Mn shares as compared to 381 Mn shares during the pervious month. The average daily volume traded declined to 12.7 Mn shares in January-16 as compared to 19.1 Mn shares during December-15, whereas the average daily value traded declined from OMR 7.7 Mn to 3.5 Mn during January-15.

The monthly gainers chart was topped by Al Jazeera Steel Products with a return of 15.4% followed by Bank Dhofar and Gulf International Chemicals with monthly returns of 11.7% and 5.8%, respectively. On the losers chart, Renaissance Services topped with a loss of 22.1% followed by Galfar Engineering and Al Jazeera Services with monthly declines of 20.0% and 19.9%, respectively. The market breadth continued to remain skewed towards decliners which included 25 stocks in the regular market as against 9 gainers, whereas prices of 21 stocks remained unchanged. In terms of monthly volume traded, Al Anwar holding topped with a volume of 46.1 Mn followed by Bank Muscat and United Finance with shares traded recorded at 40.8 Mn and 21.9 Mn, respectively. The monthly value traded charted was topped by Bank Muscat with OMR 16.8 Mn worth of shares traded during the month followed by Oman Telecom (OMR 9.4 Mn) and Al Anwar Holding (OMR 7.2 Mn). The share of Omanis in total value of buy transactions stood at 85.5% up from 69.5% during the previous month, whereas for the sell transactions, their share declined from 81% in December-16 to 69% in January-16.

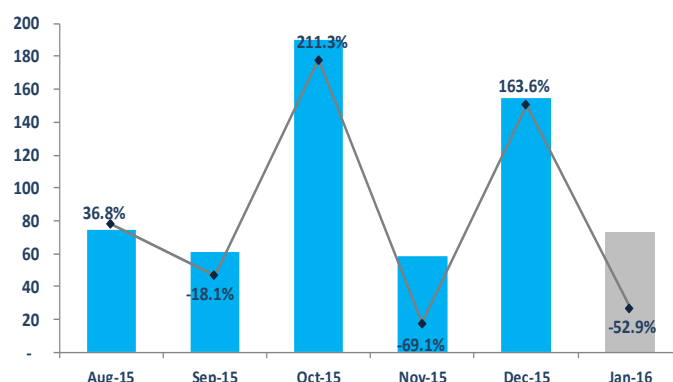
Sectoral index decline was topped by the Services index which plunged by 5% as all the traded shares within the sector declined during the month. The Financial index recorded the smallest decline of 2.2% as the general weakness within the sector was partially offset by gains recorded by Bank Dhofar and some other small companies in the sector. Shares in Bank Dhofar surged after the company reported a 15.6% increase in net profits for FY-15.

The FY-15 earnings announcements by listed companies have seen a healthy improvement as compared to 2014. Total profits that have so far announced full year results was up by 7.6% primarily due to 26% increase in earnings for Services & Insurance companies and a 6% increase in earnings of Banks and Investment Companies. This sectoral profit growth was partially offset by a 17% decline in net profits for the Industrial segment. In the heavyweight banking sector, Bank Muscat (-7.2%) reported 7.5% growth in its FY-15 bottom-line backed by profit improvement in all its businesses. Meanwhile, NBO (-3.0%) reported a higher 19.6% increase in full year net profits also due to higher income from both Islamic and conventional operations. On the other hand, profits for the Services & Insurance sector got a boost from a 10% increase in net profits for Ooredoo Oman (Nawras) in addition to 15.7% increase in profits for Shell Oman Marketing.

### MSM Monthly Sector Performance



### Monthly Value Traded (OMR Mn)



Source: Muscat Securities Market, KAMCO Research



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**KAMCO Investment Company - K.S.C. (Public)**

Al-Shaheed Tower, Khalid Bin Al-Waleed Street- Sharq

P.O. BOX : 28873, Safat 13149, State of Kuwait

Tel: (+965) 1852626 Fax: (+965) 22492395

Email : [Kamcoird@kamconline.com](mailto:Kamcoird@kamconline.com)

Website : <http://www.kamconline.com>