

GCC Markets Monthly Report

October-2017

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Markets remains sluggish as investors book profits, UAE recovers after 2 months...

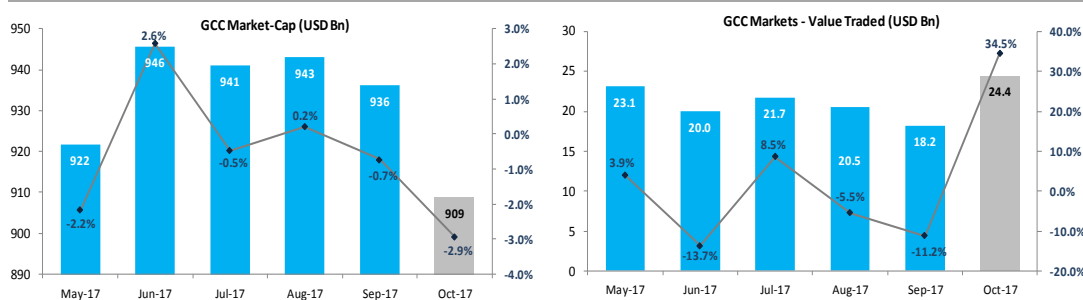
The disconnect between world markets and the GCC was apparent during October-17, as GCC markets declined, despite optimism in the oil market, and gains in emerging markets and advanced markets. The MSCI GCC index declined for the second consecutive month by 2.8%, while oil prices surged 6% touching USD 60/b for the first time since 2015 on hopes of market rebalancing. The decline in the GCC markets also came as economic growth remains muted as highlighted by the IMF which further slashed real GDP growth rates for 2017 and 2018 to 0.5% and 2.2%, respectively.

Saudi Arabia and Kuwait witnessed the biggest monthly declines of 4.8% and 2.5% respectively, after investors booked profits on blue chip stocks accumulated in anticipation of the FTSE announcement last month. The decline in TASI also came on the back of the Kingdom's inclusion being pushed until next year. The ongoing diplomatic rift with Qatar continues to affect the country's benchmark that declined by 1.8% after the index reached the lowest point in six years.

On the other hand, the surge in the UAE markets came after two months of sluggish performance as investors accumulated large-cap financial services names in Dubai and real estate names in Abu Dhabi. In addition, resilient banking earnings for 9M-17 for UAE-based banks as well as for most of the other banks in the GCC also supported investor sentiment during the month.

Trading activity during the month recovered in almost all the markets except for Qatar, continuing from last months recovery. Monthly value traded reached a seven-month high level of USD 24.4 Bn after trading activity in Dubai increased by more than 1.5 times month-on-month to reach USD 2.71 Bn. Saudi Arabia also saw higher trading activity that increased by a third to reach USD 17.8 Bn.

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	419.9	(2.5%)	10.5%	94.3	1,541.9	15.4	1.3	4.5%
Kuwait - 15 Index	967.8	(3.0%)	9.4%					
Kuwait - Price Index	6,513.8	(2.5%)	13.3%					
Saudi Arabia	6,934.4	(4.8%)	(3.8%)	436.3	17,749.6	14.4	1.6	4.5%
Abu Dhabi	4,479.6	1.9%	(1.5%)	125.2	1,203.1	11.1	1.6	5.4%
Dubai	3,635.9	2.0%	3.0%	100.2	2,709.6	10.0	1.3	4.8%
Qatar	8,165.1	(1.8%)	(21.8%)	122.0	994.7	11.9	1.1	4.9%
Bahrain	1,276.7	(0.5%)	4.6%	19.3	49.3	8.5	0.8	5.2%
Oman	5,010.7	(2.5%)	(13.4%)	11.5	177.3	10.6	0.9	6.0%
Total GCC				908.7	24,425.5	12.8	1.4	4.7%



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Source: GCC Stock Exchanges, KAMCO Research

Boursa Kuwait

Monthly Indicators	Nov-16	Dec-16	Jan-17	Feb-17	Mar-17	Apr-17	May-17	Jun-17	Jul-17	Aug-17	Sep-17	Oct-17
Price Index	5,554.5	5,748.1	6,832.2	6,783.1	7,029.4	6,843.0	6,785.4	6,762.8	6,851.6	6,892.1	6,679.7	6,513.8
Monthly % Change	2.8%	3.5%	18.9%	(0.7%)	3.6%	(2.7%)	(0.8%)	(0.3%)	1.3%	0.6%	(3.1%)	(2.5%)
Weighted Index	367.1	380.1	427.4	424.0	413.3	408.3	404.5	399.3	413.29	430.57	430.70	419.91
Monthly % Change	3.7%	3.5%	12.4%	(0.8%)	(2.5%)	(1.2%)	(0.9%)	(1.3%)	3.5%	4.2%	0.0%	(2.5%)
Kuwait 15 Index	855.2	885.0	985.4	964.1	933.8	919.4	915.8	910.1	943.2	984.9	997.4	967.8
Monthly % Change	3.5%	3.5%	11.3%	(2.2%)	(3.1%)	(1.5%)	(0.4%)	(0.6%)	3.6%	4.4%	1.3%	(3.0%)
Market Cap (KWD Mn)	25,371	26,257	29,442	29,102	28,354	28,008	27,656	27,257	28,187	29,362	29,349	28,493
P/E (X) - TTM	16.30	16.80	18.80	18.70	18.16	16.01	15.90	15.60	16.20	15.84	15.87	15.44
P/BV (X) - TTM	1.11	1.13	1.27	1.26	1.23	1.24	1.23	1.22	1.26	1.29	1.29	1.26
Dividend Yield (%)	4.12%	3.98%	3.67%	3.67%	3.42%	3.76%	4.02%	4.09%	4.70%	4.34%	4.34%	4.51%
Volume (Mn Shares)	2,908	3,594	13,858	8,857	7,105	5,907	2,734	735	1,822	1,733	2,075	2,478
Value (KD Mn)	328	321	1,185	866	653	517	301	151	301	320	426	466
Trades ('000)	70.6	75.6	229.8	171.8	147.7	115.9	75.6	32.6	67.5	70.3	71.9	86.4

Source: Kuwait Stock Exchange, KAMCO Research

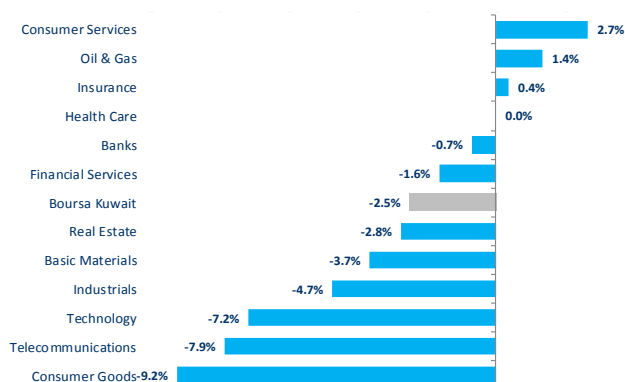
After almost three months of positive performance, Kuwaiti indices declined during October-17 as investor booked profits post the decision by FTSE that included Kuwait in its secondary emerging markets index. Both the Weighted Index and the Price index declined by 2.5% primarily as investors shorted large-cap stocks. This was also reflected in the relatively higher decline of 3% for the Kuwait-15 Index. Nevertheless, Kuwait continues to top GCC markets in terms of YTD-17 performance with a return of 10.5% for the weighted index and 13.3% for the Price index.

Trading activity on the exchange surged during the month, as seen in other GCC markets, reaching the highest level in six months. Monthly volume traded surged 19% to 2.5 Bn shares from 2.1 Bn shares during September-17. Monthly value traded also surged but at a much lower pace of 9% to reach KWD 466 Mn as compared to KWD 426 Mn during the previous month. The increase in trading activity can also be associated with the higher number of trading days during October-17 as compared to the previous month. Zain remained the top stock traded in terms of volume and value at 215.1 Mn shares worth KWD 112.5 Mn traded during the month. National Industries came in second on the volume chart with a volume of 132.2 Mn shares followed by Investors Holding Group and Alimtia Investment with volumes of 122.8 Mn and 120 Mn, respectively. On the monthly value chart, NBK came in second with 44.6 Mn worth of shares traded during the month followed by KFH and Gulf Bank with KWD 44.1 Mn and KWD 29.2 Mn in monthly value traded, respectively.

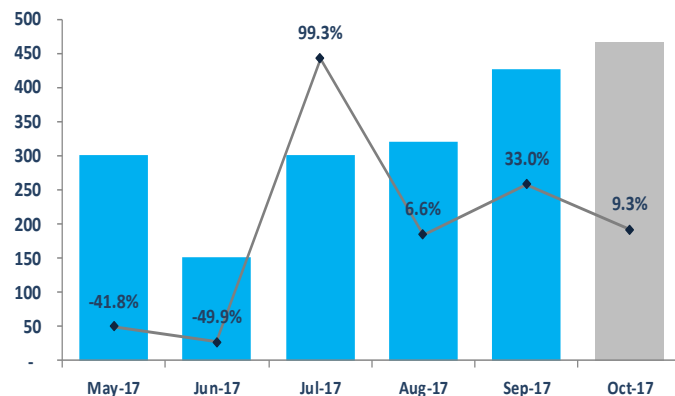
Prominent monthly gainers included Jazeera Airways which surged 9.9% despite reporting a 20.5% decline in its 9M-17 profits. The surge in the company's shares came after it announced the addition of three additional routes in India. Other gainers included Gulf Bank and IFAHR with gains of 7.1% and 6.8%, respectively. Shares of Gulf Bank got a boost after the company reported 10.2% increase in 9M-17 net profits. On the decliners side, Warba Insurance topped the chart with a decline of 28.9% followed by Al Argan International Real Estate and Investors Holding Group with declines of 26.7% and 25.2%, respectively. The monthly market breadth was skewed towards decliners with 106 companies as compared to 39 gainers. In terms of sector performance, the Consumer Services index topped with a monthly gain of 2.7% primarily on the back of gains recorded by Jazeera Airways and IFAHR. On the decliners side, the Consumer Goods index witnessed the steepest fall of 9.2% primarily on the back of an 11.6% decline in shares of Americana.

On the economic front, Fitch Ratings affirmed Kuwait's rating at AA with a Stable outlook highlighting the country's exceptionally strong fiscal and external metrics with one of the lowest fiscal break-even oil price. On the downside, the agency highlighted the country's over dependence on oil, geopolitical risk and a poor business environment.

Boursa Kuwait Monthly Sector Performance



Monthly Value Traded (KWD Mn)



Source: Kuwait Stock Exchange, KAMCO Research

Saudi Arabia (Tadawul)

Monthly Indicators	Nov-16	Dec-16	Jan-17	Feb-17	Mar-17	Apr-17	May-17	Jun-17	Jul-17	Aug-17	Sep-17	Oct-17
Tadawul All Share Index	7,000.2	7,210.4	7,101.9	6,972.4	7,001.6	7,013.5	6,871.2	7,425.7	7,094.2	7,258.6	7,283.0	6,934.4
Monthly % Change	16.4%	3.0%	(1.5%)	(1.8%)	0.4%	0.2%	(2.0%)	8.1%	(4.5%)	2.3%	0.3%	(4.8%)
Market Cap (SAR Bn)	1,637.3	1,682.5	1,659.9	1,635.3	1,640.4	1,647.0	1,624.2	1,766.4	1,685.4	1,718.4	1,724.0	1,636.2
P/E (X) - TTM	13.44	14.73	14.79	14.54	14.64	14.56	14.09	15.10	14.51	15.33	15.41	14.41
P/BV (X) - TTM	1.65	1.70	1.67	1.59	1.73	1.74	1.73	1.85	1.64	1.68	1.68	1.60
Dividend Yield (%)	4.17%	4.04%	4.05%	4.17%	4.27%	4.26%	4.25%	4.20%	4.35%	4.23%	4.26%	4.47%
Volume (Mn Shares)	7,491	6,927	5,442	4,168	3,643	3,245	4,143	2,904	2,909	2,858	2,023	3,087
Value (SAR Mn)	118,645	114,984	98,782	75,232	72,517	61,469	64,660	54,727	60,510	60,185	49,900	66,564
Trades ('000)	2,608	2,685	2,664	2,040	2,053	1,698	1,547	929	1,639	1,873	1,167	1,735

Source: Tadawul, KAMCO Research

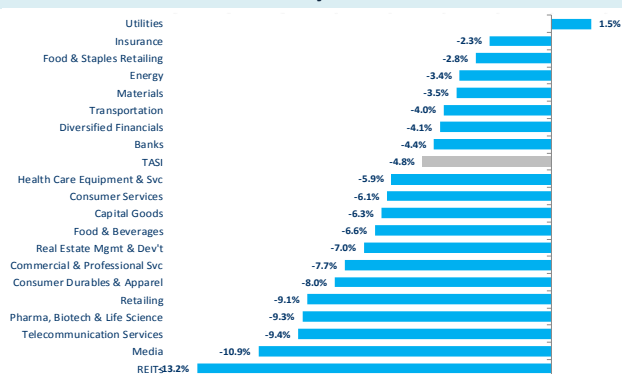
Saudi Arabia's benchmark TASI index witnessed one of the biggest monthly declines in more than a year during October-17 that pushed YTD-17 gains into the red. The benchmark declined by 4.8% during the month as all of the sectoral indices declined with the only exception of the Utilities index, pushing YTD-17 returns to -3.8%. The decline also comes despite a largely positive 9M-17 earnings season with reported 9M-17 profits up by 5.4% and banks contributing a profit growth of 2.4%. The index started receding since the start of the month after the FTSE decision, recovered during the second week but lost momentum during mid month. In terms of sector performance, the REITS index had the biggest decline of 13.2% due to double digit declines for all the six listed REITSs on the exchange on profit booking as the index had a strong run up since the listing of REITS this year. The Media index witnessed the second-biggest decline of 10.9% as both the stocks in the index declined during the month.

The monthly gainers chart was topped by Dar Al Arkan Real Estate Dev. with a gain of 26.2% followed by Malath Coop Insurance and Salama with gains of 24.2% and 18.4%, respectively, after both the companies reported strong growth in 9M-17 earnings. On the decliners side, the top two companies were telcos, Zain KSA and Mobily with declines of 26.5% and 20.9%, respectively. Shares of Zain KSA declined despite the company reporting profits for 9M-17 as compared to losses in the corresponding period last year. The decline came after the company announced capital reduction to write-off accumulated losses. The decline in Mobily came after the company reported a Q3-17 loss of SAR 174.5 Mn after seeing revenue declines during the quarter. The company cited the new fingerprinting rule as the reason for the decline in revenue and profitability.

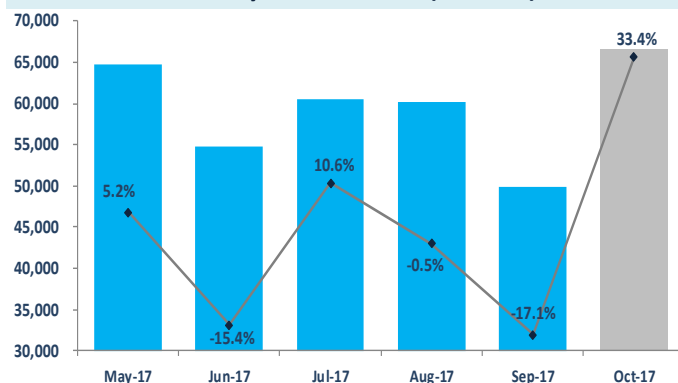
Trading activity on the exchange reached a 7-month high level during October-17. Volume traded during the month increased by more than 50% to reach 3.1 Bn shares as compared to 2.0 Bn shares in the previous month. Monthly value traded also surged by a third to reach SAR 66.6 Bn as compared to SAR 49.9 Bn during September-17. Alinma Bank continued to top both the monthly volume (686.6 Mn) and value charts (SAR 12.1 Bn) for the second consecutive month although shares of the bank remained flat despite 30.5% improvement in 9M-17 profits for the bank. SABIC recorded the second highest value during the month with shares worth SAR 9.2 Bn changing hands during the month followed by Al Rajhi Bank and Dar Al Arkan Real Estate Dev. with SAR 8.3 Bn and SAR 3.2 Bn in traded value.

In economic news, S&P affirmed Saudi Arabia's A-/A-2 rating and maintained a Stable outlook. The rating reflects the Kingdom's external and government balance sheet positions that is expected to remain strong over 2017-2020 while the positive outlook is based on expectation that Saudi authorities will take the necessary steps to consolidate public finances over the next two years. In a related news, the Saudi Central Bank's governor also expressed confidence in the economy stating that growth is likely to strengthen and that they are not worried about deflationary pressure. In an effort to diversify the economy, the Kingdom announced a new mega city with an investment plan of USD 500 Bn. The new 26,500 square kilometers business zone would be built along the Kingdom's red sea coast and would focus on industries including energy, water, biotech, food, advanced manufacturing and entertainment

Tadawul Monthly Sector Performance



Monthly Value Traded (SAR Mn)



Source: Tadawul, KAMCO Research

Abu Dhabi Securities Exchange

Monthly Indicators	Nov-16	Dec-16	Jan-17	Feb-17	Mar-17	Apr-17	May-17	Jun-17	Jul-17	Aug-17	Sep-17	Oct-17
ADX General Index	4,308.8	4,546.4	4,548.8	4,552.1	4,443.5	4,522.6	4,427.3	4,425.4	4,566.2	4,468.4	4,397.4	4,479.6
Monthly % Change	0.2%	5.5%	0.1%	0.1%	(2.4%)	1.8%	(2.1%)	(0.0%)	3.2%	(2.1%)	(1.6%)	1.9%
Market Cap (AED Bn)	445.2	467.6	465.0	466.6	459.1	467.7	460.5	456.1	467.2	461.9	450.8	459.8
P/E (X) - TTM	10.19	10.77	10.75	11.06	10.80	10.61	10.33	10.30	11.40	11.36	11.18	11.11
P/BV (X) - TTM	1.29	1.36	1.36	1.34	1.31	1.54	1.49	1.49	1.58	1.57	1.55	1.57
Dividend Yield (%)	5.91%	5.60%	5.60%	5.53%	5.62%	5.26%	5.47%	5.46%	5.32%	5.41%	5.46%	5.38%
Volume (Mn Shares)	3,991	1,454	4,837	2,811	1,656	1,553	1,441	3,000	1,738	1,216	2,351	1,977
Value (AED Mn)	5,863	3,179	7,111	4,993	4,433	3,287	3,619	3,745	3,245	2,464	4,094	4,419
Trades	45,297	26,669	57,936	39,116	30,365	24,726	22,671	30,718	23,185	18,124	24,571	23,607

Source: Abu Dhabi Securities Exchange, KAMCO Research

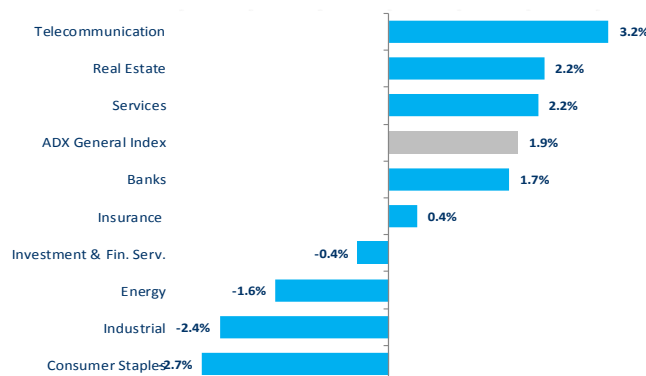
The ADX index was the second best performing market in the GCC, as the index moved up by 1.9% during the month of Oct-17. The index closed at 4479.60 points, but remained in the red on a YTD basis. Sectoral performance was mixed, and consisted of both gainers and decliners. Telecoms were the best performing index as it went up by 3.2% m-o-m, as Etisalat (+3.2%) was the main driver for the monthly gains. Real Estate index gained by 2.2% m-o-m in Oct-17, as Aldar Properties went up by 2.2%, while Eshraq Properties and Ras Al Khaimah Properties gained by 2.6% and 2.9% respectively. The Services index also gained by 2.2% for the month, and Abu Dhabi National Hotels was the top performing stock, moving up by 9.7%. Banks moved up by 1.7% for the month of Oct-17, as large cap First Abu Dhabi Bank gained by 1.5% m-o-m, while ADCB moved up by a higher 4.1% for the month. Consumer Staples was the worst performing index, as it went down by 2.7% m-o-m, as Ras Al Khaimah Poultry & Feeding Co. and FOODCO Holding plunged by 10.8% and 9.9% respectively.

In terms of corporate earnings for 9M-17, large cap bank First Abu Dhabi Bank reported group revenues of AED 14.84 Bn compared to AED 15.20 Bn in 9M-16. Group net profit came in at AED 8.09 Bn, down 4% y-o-y from 9M-16; while excluding one-off gains on sale of investment properties, net profit for the nine-month period was up 2% y-o-y. Abu Dhabi Islamic Bank reported group revenues of AED 4,204.4 Mn for 9M-17, up 4% y-o-y as against AED 4,041.3 Mn in first nine months of 2016. Group net profit for 9M-17 increased by 13.0% to AED 1,693 Mn as compared to AED 1,498.4 Mn in 9M-16. Credit provisions and impairments for 9M-17 decreased by 13.1% to AED 623.4 Mn from AED 717.8 Mn in 9M-16. ADCB saw its net profit for 9M-17 move up by 2% y-o-y to AED 3.2 Bn. ADCB's gains came in despite a jump in impairments, with impairment charges rising 10% y-o-y in Q3-17 to AED 418 Mn. In 9M-17, ADCB's impairment charges reached AED 1.2Bn, a 14% year-on-year increase. Telecom major Etisalat reported Q3-17 revenues of AED 12.9 Bn a 3% decrease y-o-y as aggregate subscriber base reached 140 Mn. Consolidated net profit for the Q3-17 after Federal Royalty reached AED 2.4 Bn, representing a 29% y-o-y increase.

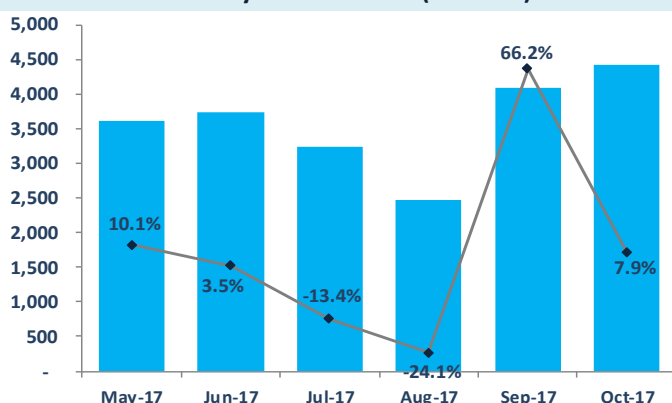
Market breadth was broadly even as 25 stocks declined during the month, while 25 names gained ground. Trading trends were mixed in Oct-17, as traded volumes declined m-o-m by 15.9% while value traded improved by 7.9% respectively m-o-m. Total volumes improved to 1.98 Bn shares (Sept-17: 2.35 Bn) while value traded during Oct-17 improved to AED 4.4 Bn (Sept-17: AED 4.1 Bn). Green Crescent led the gainers list and achieved a monthly return of 44%, followed by Finance House and United Arab Bank, which went up by 19.3% each. Prominent decliners included Al Khaleej Investment with a monthly share price decline of 15.9%, followed by National Marine Dredging Co. and Gulf Pharma Co, as they saw their stock prices erode by 12.9% & 12.2% respectively.

In funding related action, ADCB reportedly raised AUD 400 Mn in a triple tranche Kangaroo bond issuance. Kangaroo bonds are issued by non-Australian issuers in the Australian market and are denominated in Australian dollars. Australia and New Zealand Banking Group and Nomura International reportedly acted as joint lead managers for the offering.

ADX Monthly Sector Performance



Monthly Value Traded (AED Mn)



Source: Abu Dhabi Securities Exchange, KAMCO Research

Dubai Financial Market

Monthly Indicators	Nov-16	Dec-16	Jan-17	Feb-17	Mar-17	Apr-17	May-17	Jun-17	Jul-17	Aug-17	Sep-17	Oct-17
DFM General Index	3,360.9	3,530.9	3,642.9	3,630.3	3,480.4	3,414.9	3,339.4	3,392.0	3,633.2	3,637.6	3,564.0	3,635.9
Monthly % Change	0.9%	5.1%	3.2%	(0.3%)	(4.1%)	(1.9%)	(2.2%)	1.6%	7.1%	0.1%	(2.0%)	2.0%
Market Cap (AED Bn)	316.3	332.2	352.1	384.0	371.5	360.6	346.7	348.6	367.2	366.1	369.3	368.1
P/E (X) - TTM	8.71	9.25	9.92	9.89	9.39	9.37	9.30	9.50	10.15	10.17	9.99	10.04
P/BV (X) - TTM	1.23	1.29	1.28	1.25	1.15	1.13	1.11	1.13	1.21	1.24	1.22	1.25
Dividend Yield (%)	4.97%	4.70%	4.66%	4.56%	4.98%	5.15%	5.18%	5.08%	4.74%	4.72%	4.84%	4.75%
Volume (Mn Shares)	16,016	11,219	18,618	10,396	5,785	4,969	6,123	6,019	5,091	3,665	2,526	7,267
Value (AED Mn)	20,240	14,659	22,962	15,587	9,583	6,593	7,745	7,123	7,374	5,453	3,878	9,953
Trades	163,506	118,274	196,901	130,998	82,856	69,986	81,311	73,528	83,732	61,143	43,464	99,296

Source: Dubai Financial Market, KAMCO Research

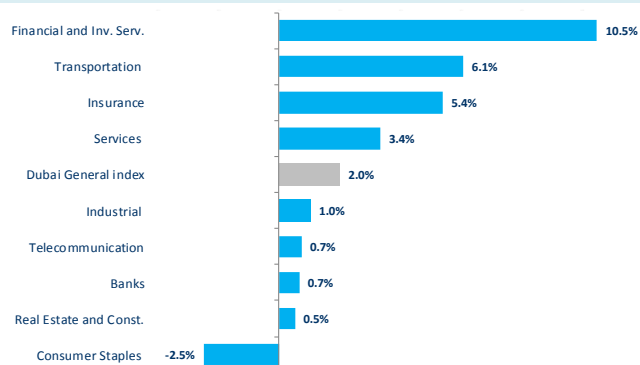
DFM was the best performing index in the GCC for the month of Oct-17 and witnessed improving trends, and remained in the green on a YTD basis. The index went up by 2.0% m-o-m and closed at 3635.87 points. Sectoral indices were mostly positive for the month barring the Consumer Staples index, which went down by 2.5% m-o-m, driven by DXB Entertainment, which went down by 2.6% m-o-m. The Financial and Investment Services index was the best performing sectoral index and went up by 10.5% m-o-m, as Dubai Investment Co. jumped by 13.4% m-o-m, followed by Dubai Financial Market, which saw its stock move up by 4.5% for the month of Oct-17. The Transportation & Insurance indices followed with m-o-m gains of 6.1% and 5.4% respectively, while Banks remained stable (+0.7%) for the month. Banks failed to participate in the gains for month as large cap names such as Emirates NBD and Emirates Islamic Bank lost ground as the latter fell by 11.7% for the month while Emirates NBD declined marginally by 0.4% m-o-m.

In corporate developments, the USD 1.5 Bn IPO of Emaar Properties UAE development business received bids for the entire amount within the first day of the issue opening. The company is offering 800 Mn shares at AED 5.7-6.9 per share. In earnings related releases, Emirates NBD reported 9M-17 net profit of AED 6.17 Bn, which was up 15% as compared to 9M-16. Net interest income increased 4% y-o-y due to loan growth and was aided by a sustained improvement in margins. Transportation and logistics player Aramex reported Q3-17 net profit of AED 81.6 Mn which represents an increase of 13% y-o-y, while revenues for the quarter also increased by 9% y-o-y to AED 1,144 Mn.

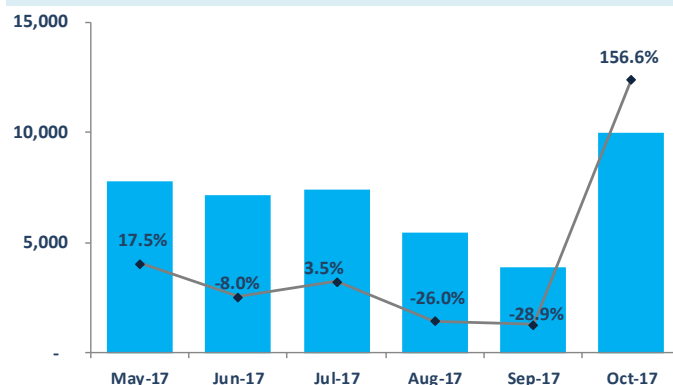
Emirates Islamic Bank was the top performing stock in the index for the month, due to heavy interest in the stock post adjustment for capital reduction in Oct-17, as the stock went up by 31.5% m-o-m. Islamic Arab Insurance Co. followed along with Gulf Navigation Holding, as their stock prices moved up by 21.8% and 20.2% respectively. On the other hand, shares of Emirates Islamic Bank, led the monthly losers chart as its share price declined by 11.7% m-o-m. Al Salam Group Holding and SHUAA Capital followed with declines of 6.3% each for the month. DSI was the most actively traded stock on the exchange as AED 1.78 Bn worth of stock was traded, followed by Gulf Finance House with value traded of AED 1.22 Bn. Market breadth favored gainers, as 26 stocks moved up while 12 stocks lost ground during the month of Oct-17. Trading trends more than doubled both in terms of volumes traded and value traded for the month. Volumes traded jumped by over 176% m-o-m to 7.3 Bn shares while value traded climbed up by 157% to close to AED 10 Bn.

Data for Sept-17 from the Emirates NBD Economy Tracker saw the index slip to 55.2 in Sept-17 from 56.3 in Aug-17, but still signaled solid rate of growth as a value above 50 affirms the same. Most components of the index were weaker in Sept-17, except employment, which increased to 51.0. However, the overall rate of job growth remains relatively weak, with only 3.6% of firms reportedly indicating that they increased employment in Sept-17. Business output (59.2) and new work (60.3) posted the lowest readings, and average prices charged reportedly declined at the sharpest rate in five months. Wholesale & retail trade index jumped to 58.1 in Sept-17 driven by surging new orders while headline construction sector index still remained strong but eased slightly from 55.8 in Aug-17 to 55.2 in Sept-17.

DFM Monthly Sector Performance



Monthly Value Traded (AED Mn)



Source: Dubai Financial Market, KAMCO Research

Qatar Exchange

Monthly Indicators	Nov-16	Dec-16	Jan-17	Feb-17	Mar-17	Apr-17	May-17	Jun-17	Jul-17	Aug-17	Sep-17	Oct-17
QE 20 Index	9,793.8	10,436.8	10,597.2	10,702.1	10,390.6	10,064.4	9,901.4	9,030.4	9,406.1	8,800.6	8,312.4	8,165.1
Monthly % Change	(3.7%)	6.6%	1.5%	1.0%	(2.9%)	(3.1%)	(1.6%)	(8.8%)	4.2%	(6.4%)	(5.5%)	(1.8%)
Market Cap (QAR Bn)	526.6	563.5	568.6	577.7	556.3	542.4	528.6	487.5	509.0	476.7	454.6	444.1
P/E (X) - TTM	13.04	13.85	14.34	15.00	14.58	14.42	13.76	12.80	13.58	12.80	12.18	11.92
P/BV (X) - TTM	1.45	1.56	1.52	1.48	1.44	1.40	1.35	1.26	1.30	1.21	1.15	1.11
Dividend Yield (%)	4.18%	3.93%	3.91%	3.79%	3.97%	4.03%	4.14%	4.46%	4.29%	4.61%	4.73%	4.89%
Volume (Mn Shares)	188	190	190	188	287	183	231	249	200	159	193	167
Value (QAR Mn)	5,822	7,204	5,757	6,723	10,292	4,681	5,936	6,566	5,476	3,745	4,001	3,622
Trades	73,428	71,747	76,729	81,708	103,717	62,981	70,499	73,211	72,354	49,557	48,956	51,506

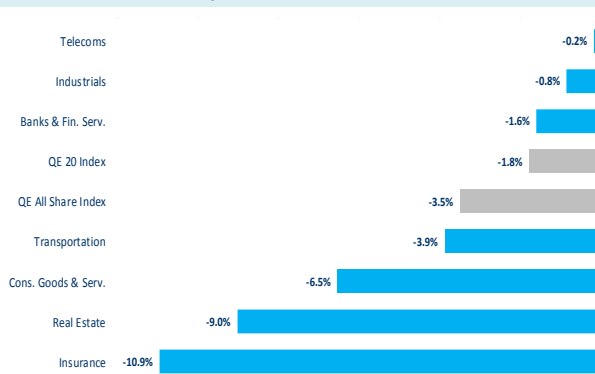
Source: Qatar Exchange, KAMCO Research

The QE 20 index yet again witnessed a month of decline, and remains the worst performing market in the region YTD, declining seven out of the ten months of 2017. All indices closed in the red for the month. The QE 20 index dropped by 1.8% m-o-m, and closed at 8165.06 points. The Qatar All Share index, which maps the broader index, also witnessed a higher decline, as it went down by 3.5% m-o-m for the month of Oct-17. Market breadth was poor as 35 companies declined, while 8 companies advanced during the month. The Insurance index was the main laggard, as the index plunged by 10.9% m-o-m, as Qatar Insurance Company dropped by 14.9% m-o-m, while Al Khaleej Takaful Group and Qatar Islamic Insurance declined by 22.0% and 10.3% respectively. The Real Estate index followed, with declines of 9.0% m-o-m, as all stocks receded in the index with Ezdan Holding Group and Barwa Real Estate dropping by 9.5% and 6.4% m-o-m respectively. Banks and Financial Services saw lower declines, and receded by 1.6% on the index, as QNB remained mostly stable dropping by only 0.4% m-o-m, while Qatar Islamic Bank gained ground and went up by 6.5% m-o-m for the month of Oct-17.

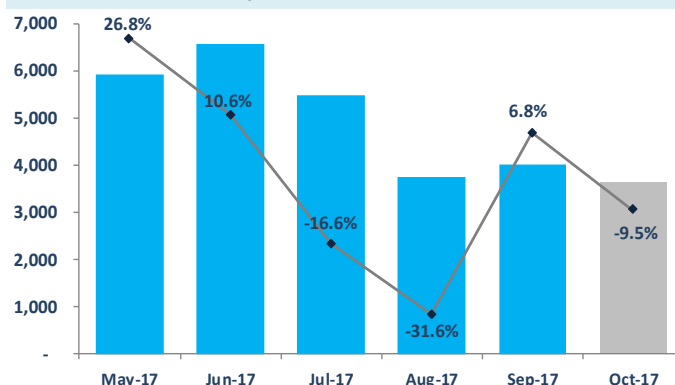
In major earnings related releases for banks, QNB reported 9M-17 net profit of QAR 10.3 Bn, up by 6% y-o-y. Net interest income however decreased by 3% y-o-y to QAR 13.2 Bn, primarily driven by the devaluation of the EGP, which took place in late 2016. Commercial Bank reported a net profit of QAR 259 Mn in 9M-17 as compared to QAR 491 Mn for 9M-16, which represents decrease of 47.3% y-o-y. Net interest income however increased by 1.9% to QAR 1,835.5 Mn for the same period as compared to QAR 1,800.8 Mn in 9M-16, due to an increase in interest income, as a result of higher interest rates as compared to last year. Masraf Al Rayan, a reported a net profit of QAR 1,562 Mn which represents a 6.5% y-o-y increase, as profits were adjusted for non-recurring investment gain from associates recognized in 9M-16. Telecom operator Ooredoo saw its 9M-17 revenues stand at QAR 24.5 Bn, driven by strong contributions from Indonesia, Oman, Kuwait, Iraq, and the Maldives. Group net profit decreased by 15% to QAR 1.6 Bn and excluding foreign exchange impact, the decrease would have been 8%. In terms of economic developments, Qatar is reportedly looking at tapping the international bond markets and considering raising at least USD 9 Bn, as the country is looking to match its May 2016 debt offering.

Trading activity on the index was lower, as value traded during Oct-17 decreased by 9.5% to reach QAR 3.6 Bn, while traded volumes declined by 13.2% m-o-m to reach 167 Mn shares. In terms of trading activity, Qatar National Bank topped the monthly value traded chart with QAR 703 Mn worth of shares traded, followed by Qatar First Bank and Masraf Al Rayan recording QAR 291 Mn and QAR 209 Mn in monthly value traded. In terms of volumes traded Qatar First Bank led all stocks with traded volumes of 34 Mn shares. Investment Holding Group and Vodafone Qatar followed with traded volumes of 21 Mn shares and 20 Mn shares respectively. Qatar Islamic Bank was the top performing stock in the index for the month as its share price surged by 6.5%. Al Ahli Bank of Qatar followed along with Qatar General Insurance & Reins Co, as their stock prices moved up by 5.1% and 4.8% respectively. On the other hand, shares of Islamic Holding Group led the monthly losers chart with its stock losing 26.6% m-o-m. Al Khaleej Takaful and Investment Holding Group followed with declines of 22.0% and 21.4% respectively for the month.

QE Monthly Sector Performance



Monthly Value Traded (QAR Mn)



Source: Qatar Exchange, KAMCO Research

Bahrain Bourse

Monthly Indicators	Nov-16	Dec-16	Jan-17	Feb-17	Mar-17	Apr-17	May-17	Jun-17	Jul-17	Aug-17	Sep-17	Oct-17
Bahrain All Share Index	1,174.12	1,220.45	1,303.70	1,349.67	1,355.99	1,335.67	1,319.75	1,310.04	1,327.81	1,302.46	1,283.78	1,276.69
Monthly % Change	2.2%	3.9%	6.8%	3.5%	0.5%	(1.5%)	(1.2%)	(0.7%)	1.4%	(1.9%)	(1.4%)	(0.6%)
Market Cap (BHD Mn)	6,946	7,221	7,721	7,995	7,683	7,575	7,487	7,434	7,536	7,385	7,284	7,258
P/E (X) - TTM	9.29	9.68	9.97	9.92	10.06	9.60	9.30	9.27	9.62	8.75	8.64	8.52
P/BV (X) - TTM	0.80	0.83	0.89	0.89	0.87	0.86	0.85	0.85	0.86	0.86	0.82	0.82
Dividend Yield (%)	4.39%	4.22%	3.95%	4.44%	4.96%	5.03%	5.10%	5.13%	5.05%	5.14%	5.21%	5.21%
Volume (Mn Shares)	55	211	136	86	96	141	61	39	64	48	165	79
Value (BHD Mn)	12	10	26	18	24	19	14	9	13	10	13	19
Trades	998	1,163	2,164	1,621	1,864	1,684	1,146	926	1,443	1,250	1,484	2,146

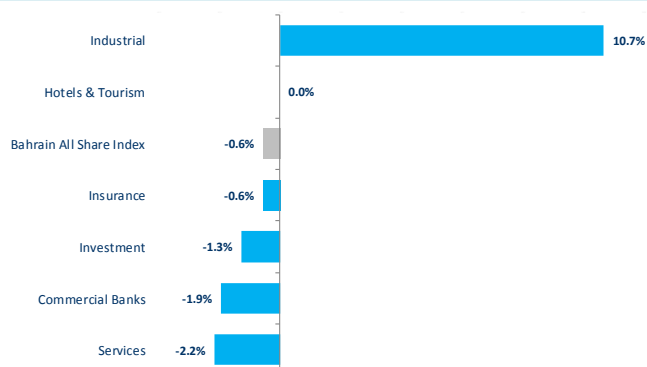
Source: Bahrain Bourse, KAMCO Research

The Bahrain All Share Index, which remains one of the best performing markets YTD, remained broadly range bound in Oct-17. The index closed 0.5% lower on a m-o-m basis during the current month. The index closed at 1276.69 points at the end of the month. Sectoral performance was mostly down, as all indices barring the Industrials index declined during the month. Market breadth for the index showed weakness as well, as 8 stocks gained ground, while 12 stocks witnessed declines in their share prices. The entire financials pack of Banks, Investment and Insurance companies were down. Banks went down by 1.9% m-o-m in Oct-17, as bellwether AUB dragged the index down with a drop of 3.5% m-o-m, while National Bank of Bahrain went down by a higher 3.8% m-o-m. Insurance companies were down marginally by 0.6% m-o-m in Oct-17 as Arab Insurance Group declined by 2.0% m-o-m. The Investment sector receded by 1.3% m-o-m as GFH declined by 2.2%, and Al Baraka Banking went down by 5.0% for the month of Oct-17. Large-cap in the Industrial sector, Aluminum Bahrain jumped by 11.4% m-o-m for the month of Oct-17.

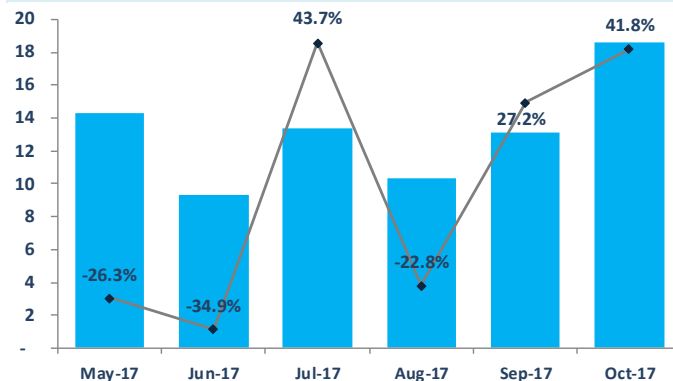
In earnings related releases, large cap banking stock AUB reported a 9M-17 net profit of USD 468.7 Mn, which represents an increase of 6.0% y-o-y, as compared to USD 442.1 Mn achieved in 9M-16. Telecom player Batelco reported 9M-17 net profit of BHD 25.2 Mn, a 22% decline compared to 9M-16. Q3-17 net profits also declined sequentially from Q2-17 and was mainly impacted by the lower EBITDA due to restructuring and the share of loss from the Group's investment in Sabafon, Yemen. For Aluminium Bahrain, 9M-17 sales stood at BHD 605 Mn, up by 22% y-o-y, as compared to BHD 496.5 Mn for the same period in 2016. The Net Income for the period rose by 98% y-o-y to BHD 69 Mn as the performance of the company was driven by higher LME prices (an increase of 24% y-o-y) and the speed recovery of Line 5 operations. National Bank of Bahrain recorded a net profit of BHD 49.43 Mn for 9M-17 compared to BHD 46.21 Mn for the same period of the previous year, which translates to an increase of 7% y-o-y. NII amounted to BHD 54.03 for 9M-17 compared to BHD 48.67 million in 9M-16 as the 11% increase was driven by growth in earning assets and better asset liability management.

The exchange's figures of value and volumes traded in Oct-17 exhibited mixed trends on an m-o-m basis, as compared to the previous month. Volumes traded in the exchange reached 78.5 Mn and moved down by over 52% m-o-m as compared to 164 Mn shares in Sept-17. Value traded improved by over 41.8% in the exchange to reach BHD 13.1 Mn in Oct-17, as compared to BHD 9.3 Mn in Sept-17. Furthermore, the number of trades made in the exchange increased to 2,146 trades, a 44.6% m-o-m jump from Sept-17. Gulf Finance House was the most actively traded stock in Oct-17 with BHD 5.4 Mn worth of its shares traded on the exchange. Aluminum Bahrain and Ahli United Bank followed with BHD 4.1 Mn and BHD 4.0 Mn worth of shares traded. Aluminum Bahrain topped the gainers list for the month of Oct-17, as it witnessed a double-digit m-o-m increase, followed by Nass Corporation and Bank of Bahrain and Kuwait with monthly gains of 9.8% and 4.0% respectively as compared to Sept-17. Inoveest was the main laggard for the month of Oct-17, as it witnessed a m-o-m decline of 16.3%, followed by Seef Properties and Al Khaleeji Commercial Bank with monthly declines of 14.5% and 5.4% respectively as compared to Sept-17.

BSE Monthly Sector Performance



Monthly Value Traded (BHD Mn)



Source: Bahrain Bourse, KAMCO Research

Muscat Securities Market

Monthly Indicators	Nov-16	Dec-16	Jan-17	Feb-17	Mar-17	Apr-17	May-17	Jun-17	Jul-17	Aug-17	Sep-17	Oct-17
MSM 30 Index	5,487.7	5,782.7	5,776.2	5,780.0	5,550.6	5,513.5	5,422.0	5,118.3	5,024.2	5,052.6	5,137.4	5,010.7
Monthly % Change	0.1%	5.4%	(0.1%)	0.1%	(4.0%)	(0.7%)	(1.7%)	(5.6%)	(1.8%)	0.6%	1.7%	(2.5%)
Market Cap (OMR Mn)	7,946	5,055	4,959	4,944	6,153	5,991	4,705	4,461	4,356	4,479	4,556	4,438
P/E (X) - TTM	9.54	10.08	10.21	9.91	9.57	10.76	10.72	10.21	10.22	10.53	10.70	10.63
P/BV (X) - TTM	1.08	1.15	1.13	1.12	1.06	1.07	1.05	0.99	0.93	0.94	0.95	0.93
Dividend Yield (%)	5.39%	5.11%	5.23%	5.33%	5.70%	5.68%	5.80%	6.17%	6.20%	5.96%	5.90%	5.99%
Volume (Mn Shares)	187	147	192	280	258	203	232	115	126	216	272	314
Value (OMR Mn)	58	44	52	99	73	45	43	29	37	53	54	68
Trades	5,847	8,793	11,583	12,280	12,395	10,204	9,848	5,549	6,528	7,306	5,615	7,923

Source: Muscat Securities Market, KAMCO Research

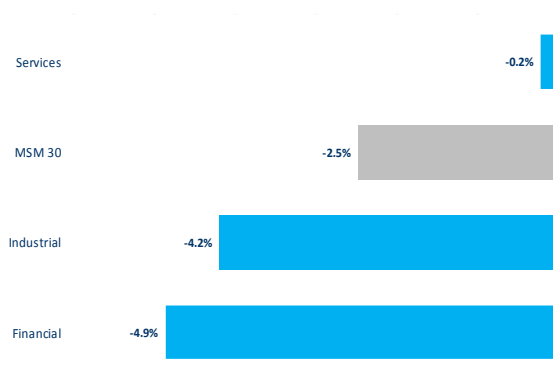
After recording the best monthly performance during September, Oman's benchmark MSM 30 index declined by 2.5% during October-17 after all the three sectoral indices witnessed declines during the month. The Financial index recorded the steepest decline of 4.9% followed by the Industrial and Services indices with declines of 4.2% and 0.2%, respectively. The decline during October-17 further pushed YTD-17 declines to 13.4%, second highest in the GCC. The decline in the Financial Index came on the back of a decline in all the shares in the sector with the only exception of Oman United Insurance that gained 4.1% during the month. Shares of NBO dropped 11.5% after the bank reported a profit decline of 18.1% for 9M-17.

Trading activity remained upbeat during the month, rising for the third consecutive month primarily due to the higher number of trading days as compared to the previous month (23 days in October-17 as compared to 17 days in September-17). Total monthly volume of shares reached a seventeen-month high level of 314 Mn, up 16% from the previous month. However, the increase was primarily due to 163.4 Mn shares of Bank Sohar traded on 5-October-17. On the other hand, monthly value of shares traded reached the highest level since March-17 at OMR 68 Mn, recording a m-o-m increase of 26.7%. The average daily activity reflected the higher number of trading days with average volume and value down by 14.7% and 6.4%, respectively, during October-17. Bank Sohar topped both the monthly volume and value chart for the second consecutive month with 180 Mn shares traded worth OMR 30.3 Mn. Oman Telecom ranked second on the value chart with OMR 11 Mn worth of shares changing hands followed by Bank Muscat and Ooredoo recording OMR 6.6 Mn and OMR 6.4 Mn worth of monthly trades.

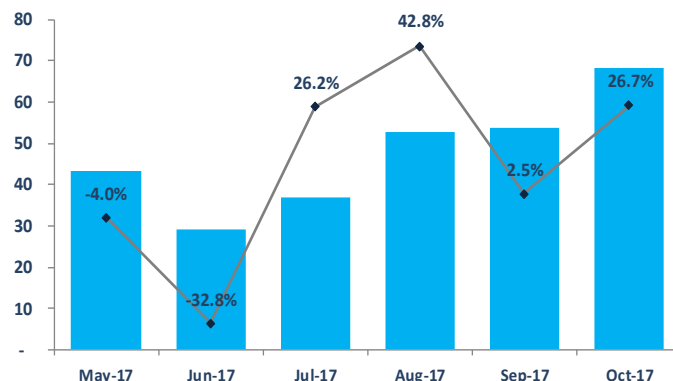
In terms of investor participation, local investors continued to remain active during October-17 although the share was slightly down as compared to the previous month. Omanis accounted for 91.5% of total value of shares bought during the month (93% during September-17) and 93% of volumes, while in terms of value of sell trades their share stood at 85% during October-17 as compared to 87% during the previous month.

The monthly gainers chart included merely three stocks with Ooredoo topping the list with a gain of 16.4% followed by Oman United Insurance and Oman Cement Co. with relatively smaller gains of 4.1% and 2.0%. The gain in shares of Ooredoo Oman came after the country's telecom regulator cancelled the tender for the country's third mobile license and decided to award it to a consortium of local investment funds and an international operator. Further support to Ooredoo's share prices came after the company posted 1.2% increase in 9M-17 revenues although net profit for the period declined. On the decliners chart, Oman Investment & Finance topped with a decline of 19.4% after the company reported 9M-17 net profit decline of 43%. Other monthly decliners included Oman Cable Industry and Al Jazeera Services with declines of 13.7% and 13.5%, respectively, after the companies reported 9M-17 profit decline of 41% and 32%, respectively.

MSM Monthly Sector Performance



Monthly Value Traded (OMR Mn)



Source: Muscat Securities Market, KAMCO Research

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