

GCC Markets Monthly Report

May-2018

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International geopolitics and oil shape market trends in May-18...

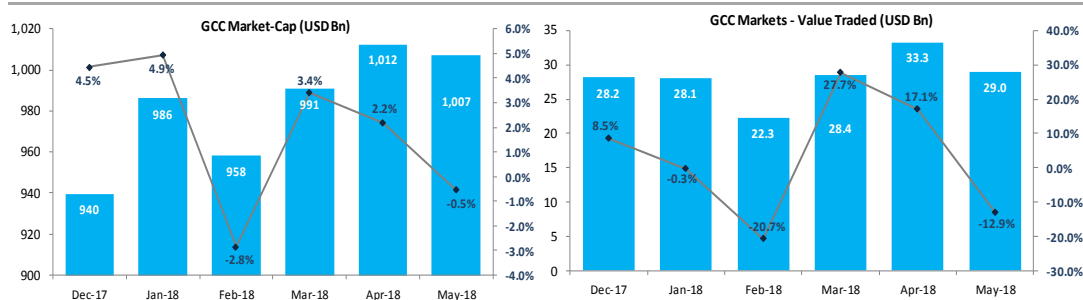
Performance of GCC markets was muted during May-18, amid thin trading owing to the month of Ramadan. There was downward pressure on the region's markets led by oil price volatility, international geopolitical issues and FX related volatility. Almost all the GCC markets declined during the month, with the only exception of Bahrain that posted marginal gains. Dubai witnessed the biggest monthly decline of 3.3%, followed by Qatar and Oman.

On the international front, the to and fro related to the US North Korean summit and US China trade relations, with the US moving ahead with tariffs on Chinese goods and limits on Chinese investment in the US also affected market trends. This came in addition to the pressure on the Euro that declined to a 10-month low, following uncertainty related to Italian elections. As a result, the MSCI World index was almost flat at 0.3% for the month, while the Emerging Market index was down by 3.6%.

In the oil market, after touching a 3.5 year high during early May-18, crude prices remained volatile touching multi-week lows after it was reported that Saudi Arabia and Russia may increase oil production to fill up the gap created by a decline in production by Iran and Venezuela. Although analysts pointed to continued positive demand fundamentals in the market, coupled with a decline in OECD inventory that reached the targeted 5-year average, crude prices remained on the edge, as opening up the tap earlier than the original target would once again flood the market with oversupply.

In terms of sector performance, the decline in GCC during the month primarily reflected weakness in the Utilities and Real Estate stocks. A majority of the large-cap real estate stocks were in the red across markets. On the other hand, the resilient banking stocks took a break during May-18 and remained flat m-o-m, but the aggregate banking index was still up more than 15% during YTD-18.

| 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 - Premier Market Index | 4,690.6 | (1.8%) | N/A | 88.1 | 677.8 | 14.5 | 1.1 | 3.9% |
| Kuwait - Main Market Index | 4,816.3 | (0.4%) | N/A | | | | | |
| Kuwait - All Share Index | 4,735.7 | (1.3%) | N/A | | | | | |
| Saudi Arabia | 8,161.1 | (0.6%) | 12.9% | 522.1 | 22,373.8 | 16.4 | 1.8 | 3.7% |
| Abu Dhabi | 4,605.0 | (1.4%) | 4.7% | 133.7 | 809.1 | 11.8 | 1.2 | 5.5% |
| Dubai | 2,964.1 | (3.3%) | (12.0%) | 97.7 | 1,906.2 | 8.0 | 1.0 | 5.2% |
| Qatar | 8,880.5 | (2.5%) | 4.2% | 135.0 | 2,939.7 | 12.7 | 1.2 | 4.5% |
| Bahrain | 1,265.8 | 0.6% | (4.9%) | 20.0 | 38.6 | 8.5 | 0.8 | 5.9% |
| Oman | 4,606.7 | (2.6%) | (9.7%) | 10.6 | 246.3 | 10.0 | 0.8 | 6.3% |
| Total GCC | | | | 1,007.0 | 28,991.5 | 13.5 | 1.4 | 4.3% |



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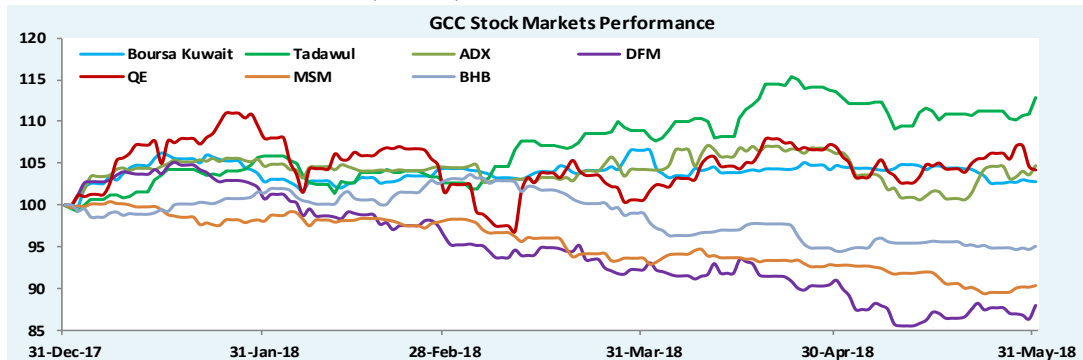
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Source: GCC Stock Exchanges, KAMCO Research

Boursa Kuwait

| Monthly Indicators | Jun-17 | Jul-17 | Aug-17 | Sep-17 | Oct-17 | Nov-17 | Dec-17 | Jan-18 | Feb-18 | Mar-18 | Apr-18 | May-18 |
|-----------------------------------|--------|---------|---------|---------|---------|---------|---------|---------|---------|---------|----------|---------|
| Premier Market Index | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | 5,000.0 | 4,778.7 | 4,690.6 |
| Monthly % Change | | | | | | | | | | | (4.4%) | (1.8%) |
| Main Market Index | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | 5,000.0 | 4,834.9 | 4,816.3 |
| Monthly % Change | | | | | | | | | | | (3.3%) | (0.4%) |
| All Share Market Index | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | 5,000.0 | 4,799.05 | 4,735.7 |
| Monthly % Change | | | | | | | | | | | (4.0%) | (1.3%) |
| Thomson Reuters Kuwait TRI | 179.3 | 188.3 | 199.4 | 202.3 | 196.2 | 186.4 | 189.2 | 194.4 | 197.5 | 201.6 | 198.1 | 194.5 |
| Monthly % Change | 0.3% | 5.0% | 5.9% | 1.5% | (3.0%) | (5.0%) | 1.5% | 2.8% | 1.6% | 2.1% | (1.7%) | (1.9%) |
| Market Cap (KWD Mn) | 27,257 | 28,187 | 29,362 | 29,349 | 28,493 | 27,044 | 27,243 | 27,973 | 28,036 | 28,158 | 26,912 | 26,607 |
| P/E (X) - TTM | 15.60 | 16.20 | 15.84 | 15.87 | 15.44 | 14.64 | 14.80 | 14.40 | 14.48 | 14.55 | 14.60 | 14.50 |
| P/BV (X) - TTM | 1.22 | 1.26 | 1.29 | 1.29 | 1.26 | 1.20 | 1.20 | 1.22 | 1.22 | 1.23 | 1.15 | 1.14 |
| Dividend Yield (%) | 4.09% | 4.70% | 4.34% | 4.34% | 4.51% | 4.75% | 4.72% | 4.75% | 4.34% | 4.31% | 3.44% | 3.92% |
| Volume (Mn Shares) | 734.5 | 1,821.6 | 1,733.3 | 2,074.5 | 2,478.5 | 1,681.0 | 1,238.8 | 2,613.4 | 1,316.2 | 1,156.4 | 1,348.6 | 1,198.0 |
| Value (KD Mn) | 150.8 | 300.5 | 320.4 | 426.2 | 465.8 | 327.6 | 192.5 | 322.9 | 207.3 | 227.3 | 240.8 | 204.8 |
| Trades ('000) | 32.6 | 67.5 | 70.3 | 71.9 | 86.4 | 71.7 | 52.8 | 93.3 | 54.5 | 55.4 | 61.0 | 57.4 |

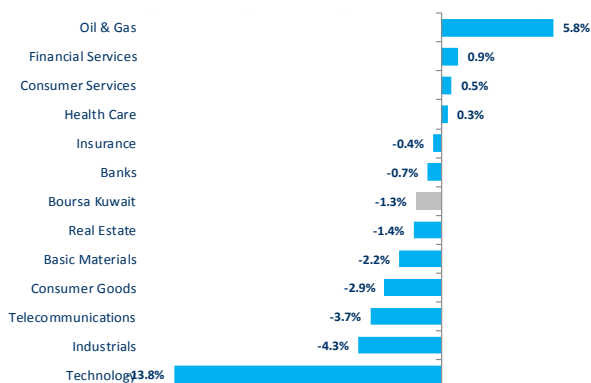
Source: Kuwait Stock Exchange, KAMCO Research

Kuwait's headline indices continued to decline for the second consecutive month in May-18. The decline was broad-based as all the indices declined during the month with the Premier market index sliding the most by 1.8% indicating relatively larger selling in large-cap stocks. The All Share Index declined at a slightly slower pace of 1.3% while the Main Market Index declined by at a marginal rate of 0.4%. Nevertheless, Kuwait continues to record positive performance for YTD-18 as tracked using the Thomson Reuters Kuwait Total Return Index that was up 2.8% since the start of the year.

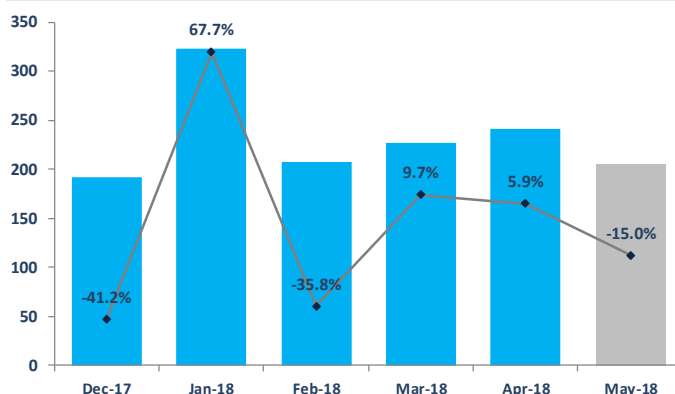
In terms of sector performance, the Technology Index witnessed the steepest decline of 13.8% primarily on the back of a 20.5% decline in shares of Automated Systems Co in addition to a 2.4% decline in shares of Osos Holding. The Industrial Index recorded the second highest monthly decline of 4.3% followed by the Telecom Index and the Consumer Goods Index with declines of 3.7% and 2.9%, respectively. Most of the large-cap stocks in the Industrial sector witnessed monthly declines that dragged down the overall index. The decline in the Telecom sector came as a result of a decline in all the constituent stocks in the index, which was also the case with the Consumer Goods index. The large-cap Banking index also witnessed marginal decline during the month at -0.7% as gain in shares of CBK (+24.6%) and Boubayan Bank (+3.1%) were more than offset by decline in other Kuwaiti banking stocks. Shares of CBK got a boost after the bank reported a significant improvement in Q1-18 profit (KWD 10.1 Mn in Q1-18 vs. KWD 0.8 Mn in Q1-17) despite a decline in operating income as impairment and provisions were significantly less during Q1-18 as compared to Q1-17. On the other hand, the Oil & Gas was the only index that reported noticeable gains during the month at 5.8% after a majority of the constituent stocks reported positive performance during the month.

Trading activity declined owing to the month of Ramadan. Total monthly volume traded declined by 11% to 1.2 Bn shares as compared to 1.35 Bn shares during the previous month, while monthly value traded declined at a slightly higher pace of 15% to KWD 204.8 Mn as compared to KWD 240.8 Mn during April-18. Shares of NBK (-3.1%) garnered the most interest in terms of value traded recording total trades worth KWD 31.6 Mn followed by KFH (-0.6%) and Zain (-3.8%) at KWD 31.2 Mn and KWD 16.2 Mn, respectively. In terms of monthly volume, KFH topped the chart with 60.3 Mn traded shares followed by shares of Aayan Leasing and Gulf North Africa Holding recording 53.7 Mn and 52.8 Mn shares traded during the month, respectively. The monthly gainers chart was topped by Al Madar Finance & Investment with its shares gaining almost two times after the company reported profits for Q1-18 as against a loss during Q1-17 in addition to signing a KWD 17 Mn debt settlement.

Boursa Kuwait Monthly Sector Performance



Monthly Value Traded (KWD Mn)



Source: Kuwait Stock Exchange, KAMCO Research

Saudi Arabia (Tadawul)

| Monthly Indicators | Jun-17 | Jul-17 | Aug-17 | Sep-17 | Oct-17 | Nov-17 | Dec-17 | Jan-18 | Feb-18 | Mar-18 | Apr-18 | May-18 |
|--------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Tadawul All Share Index | 7,425.7 | 7,094.2 | 7,258.6 | 7,283.0 | 6,934.4 | 7,004.0 | 7,226.3 | 7,650.1 | 7,418.8 | 7,870.9 | 8,208.9 | 8,161.1 |
| Monthly % Change | 8.1% | (4.5%) | 2.3% | 0.3% | (4.8%) | 1.0% | 3.2% | 5.9% | (3.0%) | 6.1% | 4.3% | (0.6%) |
| Market Cap (SAR Bn) | 1,766.4 | 1,685.4 | 1,718.4 | 1,724.0 | 1,636.2 | 1,660.8 | 1,692.1 | 1,795.2 | 1,749.3 | 1,873.2 | 1,929.4 | 1,957.8 |
| P/E (X) - TTM | 15.10 | 14.51 | 15.33 | 15.41 | 14.41 | 14.81 | 14.81 | 16.34 | 15.04 | 16.12 | 16.25 | 16.37 |
| P/BV (X) - TTM | 1.85 | 1.64 | 1.68 | 1.68 | 1.60 | 1.62 | 1.62 | 1.76 | 1.67 | 1.75 | 1.82 | 1.81 |
| Dividend Yield (%) | 4.20% | 4.35% | 4.23% | 4.26% | 4.47% | 4.42% | 4.42% | 3.87% | 3.99% | 4.06% | 3.75% | 3.74% |
| Volume (Mn Shares) | 2,904.3 | 2,909.1 | 2,858.3 | 2,022.8 | 3,087.0 | 4,022.7 | 4,965.8 | 4,409.2 | 3,065.6 | 3,570.2 | 4,839.5 | 3,706.3 |
| Value (SAR Mn) | 54,726.7 | 60,510.4 | 60,185.1 | 49,899.8 | 66,564.1 | 75,240.4 | 87,409.8 | 82,079.2 | 67,740.7 | 87,560.8 | 107,967.1 | 83,905.9 |
| Trades ('000) | 929 | 1,639 | 1,873 | 1,167 | 1,735 | 1,979 | 2,352 | 2,204 | 1,925 | 2,180 | 2,769 | 2,195 |

Source: Tadawul, KAMCO Research

Saudi Arabia's TASI declined marginally during May-18 by 0.6% and closed above the psychologically important 8,000 points after briefly trading below this level. The index closed at 8,161.1 points after recording gains in three consecutive trading session at the end of the month with a cumulative gain of 2.5% and steep surge of 1.9% recorded at the last day of the month. Overall, the index remained range bound during the month but the direction largely followed the trends in oil price.

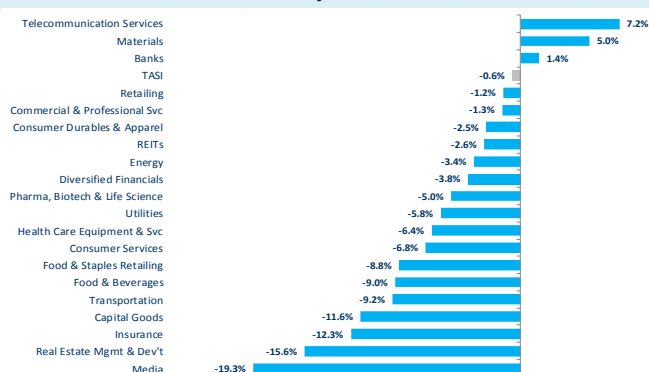
The monthly sector performance chart clearly showed that large-cap sectors pulled up the market but declines in smaller sectors more than offset those gains. Merely three sectors recorded positive gains during the month that included the Telecom index with the biggest gain of 7.2% followed by Materials and Banks indices with gains of 5.0% and 1.4%, respectively. On the other hand, the Media index was recorded the biggest decline of 19.3% followed by Real Estate Management & Development and Insurance indices with declines of 15.6% and 12.3%, respectively.

Trading activity during the month declined by almost a quarter as compared to the previous month. Total monthly volume traded on the exchange declined by 23.4% to 3.7 Bn shares as compared to 4.8 bn shares during April-18. Total value traded during the month also declined at a slightly lower pace of 22.3% to reach SAR 83.9 Bn as compared to SAR 108 Bn during the previous month. Dar Al Arkan Real Estate topped the monthly volumes chart with 850.4 Mn shares traded during the month followed by Alinma Bank and Saudi Kayan recording 492.8 Mn and 200.2 Mn traded shares, respectively. In terms of the value of shares traded, SABIC once again topped the list with SAR 13.5 Bn worth of shares changing hands in May-18 followed by Alinma Bank and Dar Al Arkan Real Estate recording trades worth SAR 10.2 Bn and SAR 10.1 Bn, respectively.

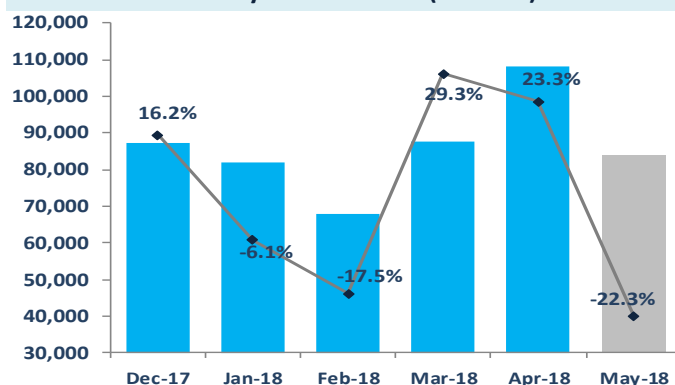
The monthly gainers chart was topped by Saudi Real Estate with a return of 45.7% after the company reported higher revenues for Q1-18 although net profit declined by 6.7% y-o-y. Nama Chemicals stood second on the monthly best performers list with a gain of 34.2% followed by Etisalat and Takween Advanced Industries with returns of 16.2% and 15.0%, respectively. The decliners side was topped by Saudi Enaya with a decline of 43.2% followed by Saudi Indian Coop Insurance and Amana with declines of 39.7% and 27.9%, respectively.

On the regulatory front, the Saudi Stock Exchange announced the establishment The Counterparty Clearing House (CCP), an independent clearing house that would help the expansion of the stock exchange in terms of product offering including the introduction of new asset classes like derivatives. The clearing house has been allocated a capital of SAR 600 Mn and is expected to be operational by 2H-19. Meanwhile, on the economic front, the Kingdom recorded a budget deficit of SAR 34.3 Bn during Q1-18 after revenues increased by 15% y-o-y and reached SAR 166.3 Bn during the quarter. Oil revenues increased by 2% to reach SAR 113.9 Bn while non-oil revenues got a boost of 63% to reach SAR 52.3 Bn primarily reflecting the imposition of VAT in addition to higher fees charged on foreign workers introduced since January-18.

Tadawul Monthly Sector Performance



Monthly Value Traded (SAR Mn)



Source: Tadawul, KAMCO Research

Abu Dhabi Securities Exchange

| Monthly Indicators | Jun-17 | Jul-17 | Aug-17 | Sep-17 | Oct-17 | Nov-17 | Dec-17 | Jan-18 | Feb-18 | Mar-18 | Apr-18 | May-18 |
|----------------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| ADX General Index | 4,425.4 | 4,566.2 | 4,468.4 | 4,397.4 | 4,479.6 | 4,283.1 | 4,398.4 | 4,602.2 | 4,597.7 | 4,585.4 | 4,669.5 | 4,605.0 |
| Monthly % Change | (0.0%) | 3.2% | (2.1%) | (1.6%) | 1.9% | (4.4%) | 2.7% | 4.6% | (0.1%) | (0.3%) | 1.8% | (1.4%) |
| Market Cap (AED Bn) | 456.1 | 467.2 | 461.9 | 450.8 | 459.8 | 438.7 | 485.8 | 508.1 | 503.4 | 499.7 | 502.4 | 491.1 |
| P/E (X) - TTM | 10.30 | 11.40 | 11.36 | 11.18 | 11.11 | 10.89 | 11.12 | 11.54 | 11.63 | 11.71 | 11.27 | 11.76 |
| P/BV (X) - TTM | 1.49 | 1.58 | 1.57 | 1.55 | 1.57 | 1.51 | 1.54 | 1.59 | 1.26 | 1.26 | 1.28 | 1.20 |
| Dividend Yield (%) | 5.46% | 5.32% | 5.41% | 5.46% | 5.38% | 5.58% | 5.46% | 5.94% | 6.01% | 6.02% | 5.93% | 5.52% |
| Volume (Mn Shares) | 2,999.9 | 1,737.6 | 1,215.8 | 2,350.9 | 1,976.9 | 1,063.7 | 1,354.8 | 1,276.2 | 1,026.9 | 1,305.5 | 1,546.9 | 1,403.4 |
| Value (AED Mn) | 3,745.1 | 3,245.0 | 2,463.8 | 4,094.4 | 4,419.0 | 2,517.2 | 2,522.6 | 3,186.1 | 2,348.6 | 2,902.3 | 2,807.8 | 2,971.8 |
| Trades | 30,718 | 23,185 | 18,124 | 24,571 | 23,607 | 18,355 | 19,576 | 23,586 | 17,775 | 20,106 | 22,015 | 26,261 |

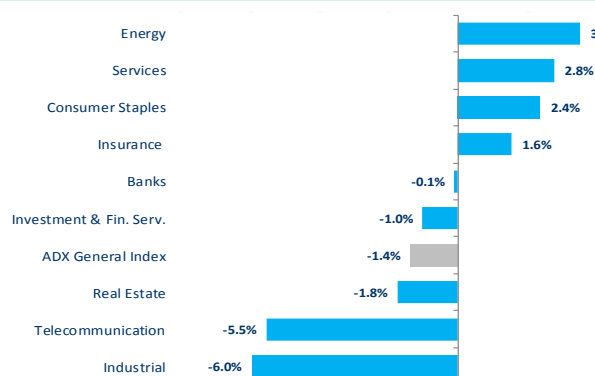
Source: Abu Dhabi Securities Exchange, KAMCO Research

The ADX index declined by 1.4% m-o-m in May-18, after improving by 1.8% in the previous month. The index closed at 4605.04 points and sectoral performance included both gainers and decliners. The Energy sector continued to remain the best performing index in May-18, similar to Apr-18, as oil prices rose during the current month, which led the sectoral index to close 3.5% m-o-m higher. The outperformance of the sector was driven by a 9% increase in the share price of Dana Gas, while a 1.2% increase was witnessed by ADNOC Distribution. Services companies also gained by 2.8% m-o-m in May-18, driven by Abu Dhabi Aviation and National Corp for Tourism & Hotels, as their share prices moved up by 5.1% and 3.9% respectively. Agthia Group was responsible for the positive performance of the Consumer Staples index, which moved up by 9.1% for the month of May-18. Industrials was the worst performing sectoral index, as it declined by 6.0% m-o-m, led by a 9.9% m-o-m decline in the share price of Gulf Pharma and 4.8% move down from Ras Al Khaimah Ceramic. Telecoms were also down by 5.5% in May-18, as all stocks receded for the month, led by Etisalat (-5.5%), while Ooredoo (-10%) witnessed double digit declines.

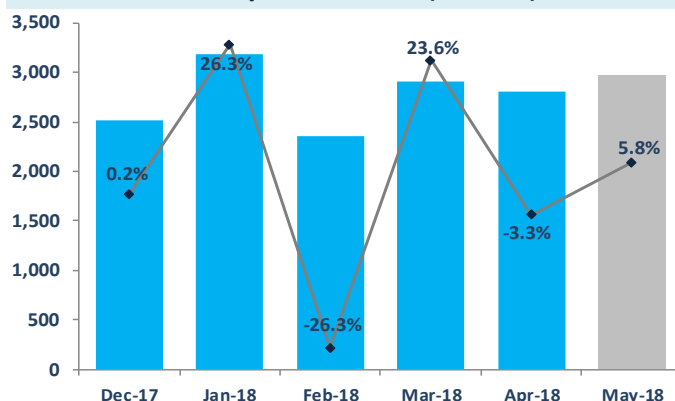
Real Estate developer Aldar reported revenues of AED 1.47 Bn in Q1-18, as compared to AED 1.57 Bn in Q1-17. Development segment sales for Q1-18 came in at AED 681 Mn, driven by the sales of existing developments under construction, as the company mentioned that over 80% of all projects under development were sold as of 31 March 2018. The company reported a net profit of AED 668 Mn in Q1-18, up 4% from AED 641 Mn in Q1-17. Energy company ADNOC reported Q1-18 revenues of AED 5,158.7 Mn, an increase of 12.6% over Q1-17. The increase was driven by higher fuel prices resulting from increases in oil prices in 2018, and due to a 0.9% increase in total fuel sales volumes. Net profit for Q1-18 was AED 542 million, up 12.1% compared to Q1-17. Dana Gas reported Q1-18 gross revenues of AED 440 Mn, as compared to AED 432 Mn in Q1-17. The increase in revenues was driven by higher realised prices for condensate which contributed AED 45 Mn and helped offset a production decrease in Egypt and the UAE. Net profit for Q1-18 was AED 51 Mn, as compared to AED 40 Mn in Q1-17. The increase was mainly due to better realized prices, and the reversal of accruals made by Pearl Petroleum for certain operating charges which are no longer required, following the positive arbitration settlement with the Kurdistan Government.

United Arab Bank topped the monthly gainers chart with a gain of 30.5% m-o-m followed by National Takaful Co. and Ras Al Khaimah White Cement with gains of 23.9% and 14.6% respectively. On the decliners side, the top two companies were Ooredoo and Gulf Pharmaceutical with declines of 10% and 9.9%, respectively. Trading activity was mixed however, as traded volumes went down by 9.3% m-o-m in May-18 to reach 1.4 Bn shares. Value traded went up by 5.8% m-o-m to reach AED 2.9 Bn. Market breadth was weak and favoured decliners as 17 stocks receded, while 25 stocks gained ground. In terms of most actively traded stocks, Dana Gas led all stocks in terms of value traded, with AED 698 Mn worth of shares traded during May-18. First Abu Dhabi Bank and Aldar followed as AED 600 Mn and AED 468 Mn worth of shares were traded respectively. Dana Gas led the most active stocks list in terms of volumes traded, as 657 Mn shares were traded on the exchange. Aldar and Eshraq Properties followed with 226 Mn and 106 Mn shares traded during May-18.

ADX Monthly Sector Performance



Monthly Value Traded (AED Mn)



Source: Abu Dhabi Securities Exchange, KAMCO Research

Dubai Financial Market

| Monthly Indicators | Jun-17 | Jul-17 | Aug-17 | Sep-17 | Oct-17 | Nov-17 | Dec-17 | Jan-18 | Feb-18 | Mar-18 | Apr-18 | May-18 |
|----------------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| DFM General Index | 3,392.0 | 3,633.2 | 3,637.6 | 3,564.0 | 3,635.9 | 3,420.2 | 3,370.1 | 3,394.4 | 3,244.1 | 3,108.5 | 3,066.0 | 2,964.1 |
| Monthly % Change | 1.6% | 7.1% | 0.1% | (2.0%) | 2.0% | (5.9%) | (1.5%) | 0.7% | (4.4%) | (4.2%) | (1.4%) | (3.3%) |
| Market Cap (AED Bn) | 348.6 | 367.2 | 366.1 | 369.3 | 368.1 | 373.8 | 383.6 | 391.8 | 377.6 | 375.6 | 373.7 | 358.7 |
| P/E (X) - TTM | 9.50 | 10.15 | 10.17 | 9.99 | 10.04 | 9.44 | 9.23 | 9.11 | 9.16 | 8.70 | 8.38 | 7.97 |
| P/BV (X) - TTM | 1.13 | 1.21 | 1.24 | 1.22 | 1.25 | 1.18 | 1.17 | 1.17 | 1.10 | 1.05 | 1.04 | 1.02 |
| Dividend Yield (%) | 5.08% | 4.74% | 4.72% | 4.84% | 4.75% | 5.03% | 5.15% | 5.14% | 4.71% | 6.53% | 5.01% | 5.16% |
| Volume (Mn Shares) | 6,018.8 | 5,090.9 | 3,665.4 | 2,526.1 | 7,267.1 | 5,128.0 | 4,736.9 | 5,925.7 | 3,812.5 | 3,559.5 | 2,633.8 | 4,919.0 |
| Value (AED Mn) | 7,122.5 | 7,374.1 | 5,453.1 | 3,878.5 | 9,952.6 | 9,594.0 | 8,162.2 | 8,907.2 | 5,964.5 | 5,561.6 | 4,065.4 | 7,001.7 |
| Trades | 73,528 | 83,732 | 61,143 | 43,464 | 99,296 | 81,175 | 66,304 | 80,175 | 67,869 | 52,549 | 46,580 | 72,982 |

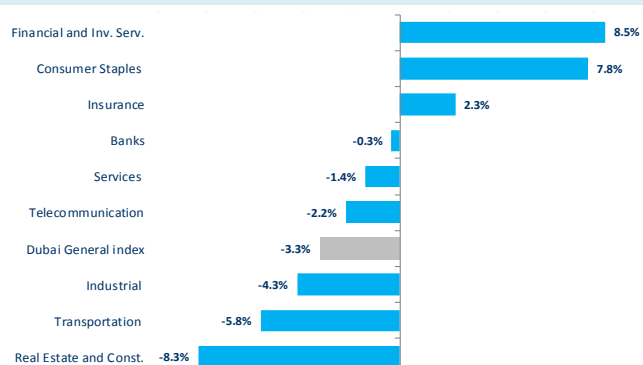
Source: Dubai Financial Market, KAMCO Research

After declining by 1.4% in Apr-18, the DFM index continued to decline in the month of May-18, and was the worst performing index in the region. The index declined by 3.3% m-o-m and closed at 2964.1 points, as most sectoral indices barring Consumer Staples, Financial & Investment Services and Insurance closed lower during May-18. Real Estate was the main laggard yet again after receding by 8.3% in May-18, and is one of the worst performing indices YTD (-19.7%). Emaar Properties plunged by 10.2% m-o-m along with other stocks of the group – Emaar Malls and Emaar development, as they dropped by 7.7% and 4.5% respectively m-o-m in May-18. Consumer Staples which remains the worst performing index on the DFM YTD (-35.5%), was amongst the best performing indices in the month of May-18 (+7.8%), driven singlehandedly by DXB Entertainment, as the stock went up by 8.6% m-o-m. MSCI delisted DXB Entertainments from the emerging markets index to the small and medium-sized enterprises (SMEs) index. Financial & Investment Services was the best performing index in May-18, as it went up by 8.5% m-o-m. DFM and Dubai Investment were the main drivers for the positive performance, as the stocks jumped by 10.2% and 8.4% respectively m-o-m by the end of the month.

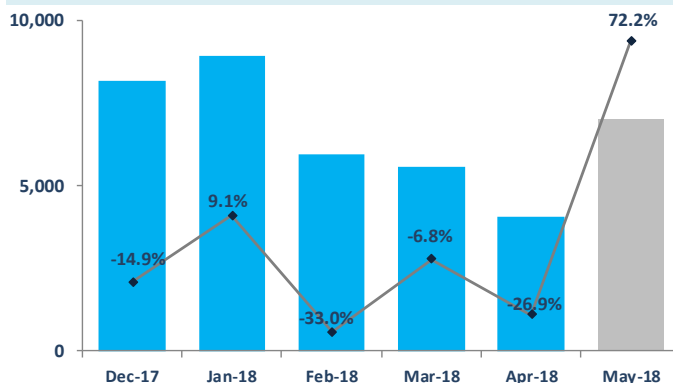
DFM company saw its revenues decrease by 34% y-o-y from AED 149.34 Mn in Q1-17 to AED 99.1 Mn in Q1-18, as trading value decreased by 57.2% during Q1-18 y-o-y to reach AED 20.4 Bn. DFM exchange however added 1,586 new investors over the period. Reported net profit came in at AED 48.9 Mn, a 52% decrease from AED 102.34 in Q1-17. DSI reported Q1-18 revenues of AED 693 Mn, as compared to AED 796 Mn achieved in Q1-17. The company's total project backlog stood at AED 5.4 Bn, as AED 305 million worth of projects were secured in the UAE since Jan-18. The company achieved an overall Net Profit of AED 7 Mn for the first quarter of 2018, as compared to a net loss of AED 839 Mn during Q1-17. DSI's competitor Arabtec saw its revenues increase by 10.7% y-o-y from AED 2.2 Bn in Q1-17 to AED 2.4 Bn in Q1-18. The group's backlog stood at AED 16.2 Bn, with a pipeline of AED 16 Bn of tenders submitted or under preparation in the UAE. Net profit attributable to the parent improved significantly and came in at AED 63.6 Mn, compared to AED 17.6 Mn in Q1 2017. Air Arabia recorded Q1-18 revenues of AED 877 Mn, an 8% increase compared to Q1-17. The airline's average seat load factor Q1-18 stood at 80%. Net profit came in at AED 110 Mn in Q1-18, representing an 8% increase compared to AED 102 Mn in Q1-17.

In terms of monthly gainers, GFH led all stocks as its stock price gained by 15.4% m-o-m in May-18. Oman Insurance and GGICO followed, as their stock prices moved up by 14.7% and 12.8% respectively. On the other hand, shares of Damac Properties led the monthly losers chart as its share price declined by 13.7% m-o-m. Al Salam Group and Emaar Properties followed with declines of 10.5% and 10.2% respectively for the month. Dubai Islamic Bank was the most actively traded stock on the exchange as AED 1.03 Bn worth of stock was traded. GFH and DSI followed with value traded of AED 999 Mn and AED 963 Mn respectively. In terms of volumes traded, DSI led all stocks as 832 Mn shares were traded. DXB Entertainments and GFH followed as 823 Mn and 699 Mn shares were traded. Trading activity in the DFM was up significantly however, as value traded went up by 72.2% m-o-m to reach AED 7.0 Bn as compared to AED 4.1 Bn in Apr-18. Traded volumes in May-18 was up by 86.8% m-o-m from 2.6 Bn shares to reach 4.9 Bn shares.

DFM Monthly Sector Performance



Monthly Value Traded (AED Mn)



Source: Dubai Financial Market, KAMCO Research

Qatar Exchange

| Monthly Indicators | Jun-17 | Jul-17 | Aug-17 | Sep-17 | Oct-17 | Nov-17 | Dec-17 | Jan-18 | Feb-18 | Mar-18 | Apr-18 | May-18 |
|----------------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| QE 20 Index | 9,030.4 | 9,406.1 | 8,800.6 | 8,312.4 | 8,165.1 | 7,714.3 | 8,523.4 | 9,204.6 | 8,653.3 | 8,574.0 | 9,112.0 | 8,880.5 |
| Monthly % Change | (8.8%) | 4.2% | (6.4%) | (5.5%) | (1.8%) | (5.5%) | 10.5% | 8.0% | (6.0%) | (0.9%) | 6.3% | (2.5%) |
| Market Cap (QAR Bn) | 487.5 | 509.0 | 476.7 | 454.6 | 444.1 | 418.1 | 472.0 | 501.8 | 461.2 | 470.5 | 509.3 | 491.7 |
| P/E (X) - TTM | 12.80 | 13.58 | 12.80 | 12.18 | 11.92 | 11.15 | 12.79 | 13.70 | 12.23 | 12.21 | 12.82 | 12.72 |
| P/BV (X) - TTM | 1.26 | 1.30 | 1.21 | 1.15 | 1.11 | 1.04 | 1.19 | 1.22 | 1.11 | 1.12 | 1.20 | 1.16 |
| Dividend Yield (%) | 4.46% | 4.29% | 4.61% | 4.73% | 4.89% | 5.25% | 4.56% | 4.63% | 4.67% | 4.67% | 4.36% | 4.55% |
| Volume (Mn Shares) | 249.4 | 199.9 | 159.4 | 192.5 | 167.2 | 167.9 | 243.7 | 251.6 | 165.1 | 260.8 | 249.1 | 265.9 |
| Value (QAR Mn) | 6,565.8 | 5,475.5 | 3,744.8 | 4,000.9 | 3,621.6 | 4,253.0 | 4,414.0 | 6,087.8 | 3,948.1 | 6,447.5 | 6,074.9 | 10,703.2 |
| Trades | 73,211 | 72,354 | 49,557 | 48,956 | 51,506 | 68,307 | 76,196 | 97,166 | 66,867 | 89,162 | 81,989 | 107,738 |

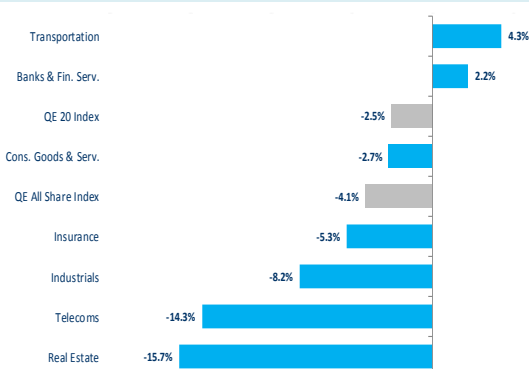
Source: Qatar Exchange, KAMCO Research

After ending Apr-18 as the best performing market, Qatar exchange slipped in to the red for the month of May-18. The QE 20 index receded by 2.5% m-o-m to close at 8,880.51 points in May-18. The Qatar All Share index which maps the broader market, declined by a higher 4.2% m-o-m, as sectoral performance was mostly negative for the month. Market breadth however was skewed towards decliners, as 31 companies lost ground during the month, while 14 companies saw higher levels. The Transportation index was the best performing index during May-18, as it gained by 11.1% m-o-m. Qatar Navigation was the key driver for the sector's outperformance, as its share prices rose by 12.1% m-o-m. Banks & Financial Services names also gained by 2.2% m-o-m, as larger banks-Qatar National Bank (+5.1%), Qatar Islamic Bank (+7.3%) and Commercial Bank of Qatar (+4.4%) all closed in the green for the month. Real Estate was the worst performing index, falling by 15.7% m-o-m, as Ezdan plunged by over 24% for the month. Telecoms also fell significantly by 14.3% m-o-m as both Ooredoo (-15.3%) and Vodafone (-12.8%) witnessed double digit declines.

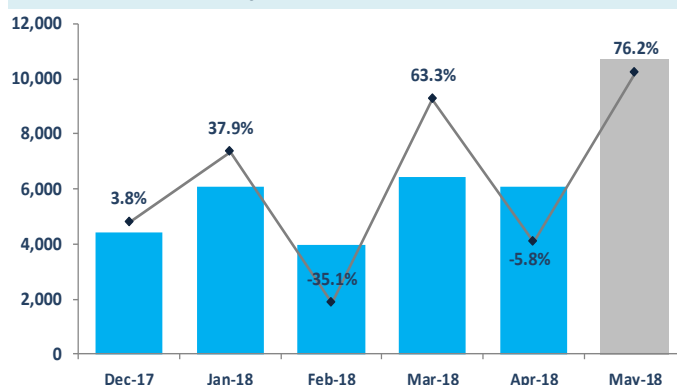
In earnings releases, Vodafone Qatar's Q1-18 revenues stood at QAR 532 Mn, representing an increase of 2.8% compared to Q1-17, led by growth in postpaid subscribers and handset sales. Total mobile customers were 1.4 Mn by Q1-18, due to a strong growth in postpaid subscribers (+25% y-o-y), led by the popularity of Vodafone Qatar's FLEX and Enterprise plans. The company's Mobile Telecommunication license has been extended by an additional 40 years to 2068, resulting in an amortization benefit of QAR 80 Mn per quarter. Due to this saving and higher EBITDA, net profit came in at QAR 17 Mn, representing a significant improvement from the loss of QAR 74 Mn from Q1-17. Further, Vodafone Qatar entered into an agreement for a QAR 911 Mn medium term revolving credit facility with Barwa Bank, available over a 6-year period. The credit facility will reportedly be used to accelerate the company's fixed services rollout and 5G deployment in the country. Industrials name MPHIC reported net profit of QAR 357 Mn for Q1-18, representing a growth of 68% y-o-y from QAR 212 Mn in Q1-17, driven by improved sales volumes.

Trading activity on the index went up in all parameters, as value traded during May-18 increased by 76.2% to reach QAR 10.7 Bn, while traded volumes improved by 6.8% m-o-m to reach 265 Mn shares. In terms of trading activity, QNB topped the monthly value traded chart with QAR 4.36 Bn worth of shares traded, followed by QIB and Industries Qatar recording QAR 974 Mn and QAR 772 Mn in monthly value traded. In terms of volumes traded, Vodafone Qatar led all stocks with traded volumes of 45.7 Mn shares. Qatar Gas Transport and QNB followed with traded volumes of 41.2 Mn shares and 27.3 Mn shares respectively. The Banks and Financial Services sector was the most active in terms value traded during May-18, accounting for 59.88% of the total trading value. The Industrials and Transportation sectors followed, as they accounted for 19.37% and 6.51% of the total value traded. Dlala Brokerage was the top performing stock in the index for the month as its share price surged by 16.4%. Zad Holding followed along with Qatar Navigation, as their stock prices moved up by 14.0% and 12.1% respectively. On the other hand, shares of Ezdan Holding led the monthly losers chart with its stock losing 24.4% m-o-m. Aamal Holding and Ooredoo followed with declines of 16.9% and 15.3% respectively for the month.

QE Monthly Sector Performance



Monthly Value Traded (QAR Mn)



Source: Qatar Exchange, KAMCO Research

Bahrain Bourse

| Monthly Indicators | Jun-17 | Jul-17 | Aug-17 | Sep-17 | Oct-17 | Nov-17 | Dec-17 | Jan-18 | Feb-18 | Mar-18 | Apr-18 | May-18 |
|--------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Bahrain All Share Index | 1,310.04 | 1,327.81 | 1,302.46 | 1,283.78 | 1,276.69 | 1,283.71 | 1,331.71 | 1,350.67 | 1,369.90 | 1,318.40 | 1,257.88 | 1,265.80 |
| Monthly % Change | (0.7%) | 1.4% | (1.9%) | (1.4%) | (0.6%) | 0.5% | 3.7% | 1.4% | 1.4% | (3.8%) | (4.6%) | 0.6% |
| Market Cap (BHD Mn) | 7,434 | 7,536 | 7,385 | 7,284 | 7,258 | 7,293 | 7,653 | 7,774 | 7,900 | 7,516 | 7,509 | 7,531 |
| P/E (X) - TTM | 9.27 | 9.62 | 8.75 | 8.64 | 8.52 | 8.51 | 8.65 | 8.70 | 9.89 | 9.46 | 9.11 | 8.51 |
| P/BV (X) - TTM | 0.85 | 0.86 | 0.86 | 0.82 | 0.82 | 0.82 | 0.84 | 0.86 | 0.83 | 0.78 | 0.76 | 0.77 |
| Dividend Yield (%) | 5.13% | 5.05% | 5.14% | 5.21% | 5.21% | 5.18% | 5.06% | 4.98% | 5.24% | 5.45% | 5.65% | 5.92% |
| Volume (Mn Shares) | 39.3 | 63.8 | 48.0 | 164.5 | 78.6 | 81.5 | 103.1 | 156.3 | 178.0 | 101.9 | 86.6 | 82.4 |
| Value (BHD Mn) | 9.3 | 13.3 | 10.3 | 13.1 | 18.6 | 15.2 | 16.8 | 25.1 | 31.0 | 36.8 | 16.8 | 14.5 |
| Trades | 926 | 1,443 | 1,250 | 1,484 | 2,146 | 1,763 | 1,854 | 2,257 | 1,871 | 1,303 | 1,384 | 1,429 |

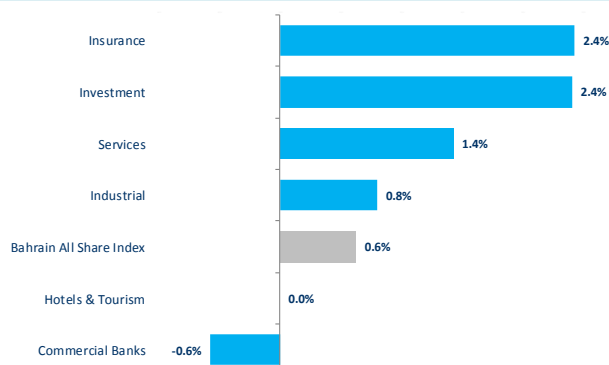
Source: Bahrain Bourse, KAMCO Research

After ending Apr-18 as the worst performing index in the GCC, Bahrain was the only market to close in the green in May-18 albeit marginally. The Bahrain Bourse improved by 0.6% m-o-m for the month, as the negative performance of Commercial Banks (-0.6%), was offset by a positive performance by all other sectors. The index closed at 1265.80 points at the end of the month. Market breadth favored gainers, as 14 stocks gained ground during May-18, while 5 stocks saw lower levels, as compared to their Apr-18 close prices. The Investment sector was the best performing index, as it gained by 2.4% m-o-m, largely from a 15.2% jump in the prices of Gulf Finance (GFH). United Gulf Holding Company was the worst performing stock in the Investment sector, plunging by 12.5% m-o-m, after dropping 29.2% in Apr-18, and was the only stock in the sector which receded during May-18. Commercial Banks (-0.6%) were dragged down by AUB mainly, as the stock was down by almost 0.8%. Insurance was also amongst the sectors that gained, moving up by 2.4% m-o-m driven by a 9.2% jump witnessed by Bahrain National Holding.

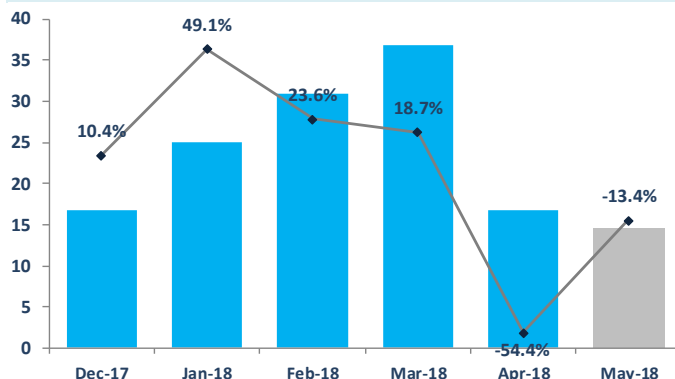
In Q1-18 earnings releases, Batelco reported gross revenues of BHD 99.5 Mn, up by 11% from BHD 89.7 Mn in Q1-17, supported by revenues from Bahrain, which was aided by improvements in mobile and broadband services, reflected in a 7% y-o-y increase in fixed line customers and 27 %y-o-y increase in broadband numbers. In Umniah, revenues were up in all revenue streams with notable growth in adjacent services and fixed broadband. Batelco's net profit came in at BHD 13.1 Mn; a 60% increase from BHD 8.2 Mn in Q1-17. Banking name AUB reported a net profit of USD 174.7 Mn in Q1-18, an increase of 9.6% compared to USD 159.4 Mn achieved in Q1-17. Net interest income improved by 12.4% y-o-y to USD 229.3 Mn Q1-18, driven by loan and investments growth along with improved margins. Operating income grew by 7.5% y-o-y, and combined with increased operational efficiencies to result in cost to income ratio of 25.9% for the bank. GFH's consolidated revenue came in at USD 60.45 Mn for Q1-18, a 17% increase compared to USD 49.59 Mn in Q1-17. Key driver was higher investment banking income including revenue generated from the restructuring of some of the Group's investments and income related to the Group's portfolio in the US. GFH's net profit of USD 36.89 Mn in Q1-18 was up from USD 33.55 Mn in Q1-17.

The exchange's figures of value and volumes traded in May-18 was down on an m-o-m basis, as compared to the Apr-18. Volumes traded in the exchange reached 82.3 Mn and declined by 4.8% m-o-m as compared to 85.5 Mn shares in Apr-18. Value traded went down by 13.4% in the exchange to reach BHD 14.5 Mn in May-18. However, the number of trades made in the exchange improved to 1,429 trades, up 3.3% m-o-m from Apr-18. AUB was the most actively traded stock in May-18 with BHD 6.1 Mn worth of its shares traded on the exchange. GFH and Aluminum Bahrain followed with BHD 4.7 Mn and BHD 0.8 Mn worth of shares traded. Of the 14 stocks that closed in the green in May-18, GFH Insurance topped the gainers list, as it witnessed a 15.2% m-o-m increase, followed by Bahrain National Holding with monthly gains of 9.5%. United Gulf Holding was the main laggard for the month of May-18, as it witnessed a m-o-m decline of 12.5%, followed by Bahrain Cinema and Nass Corporation with monthly declines of 8.3% and 1.9% respectively.

BSE Monthly Sector Performance



Monthly Value Traded (BHD Mn)



Source: Bahrain Bourse, KAMCO Research

Muscat Securities Market

| Monthly Indicators | Jun-17 | Jul-17 | Aug-17 | Sep-17 | Oct-17 | Nov-17 | Dec-17 | Jan-18 | Feb-18 | Mar-18 | Apr-18 | May-18 |
|----------------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| MSM 30 Index | 5,118.3 | 5,024.2 | 5,052.6 | 5,137.4 | 5,010.7 | 5,106.5 | 5,099.3 | 5,000.0 | 5,003.4 | 4,773.5 | 4,729.1 | 4,606.7 |
| Monthly % Change | (5.6%) | (1.8%) | 0.6% | 1.7% | (2.5%) | 1.9% | (0.1%) | (1.9%) | 0.1% | (4.6%) | (0.9%) | (2.6%) |
| Market Cap (OMR Mn) | 4,461 | 4,356 | 4,479 | 4,556 | 4,438 | 4,517 | 4,481 | 4,396 | 4,376 | 4,115 | 4,075 | 4,063 |
| P/E (X) - TTM | 10.21 | 10.22 | 10.53 | 10.70 | 10.63 | 11.05 | 11.04 | 10.85 | 11.01 | 10.77 | 10.16 | 10.01 |
| P/BV (X) - TTM | 0.99 | 0.93 | 0.94 | 0.95 | 0.93 | 0.95 | 0.95 | 0.90 | 0.88 | 0.85 | 0.84 | 0.82 |
| Dividend Yield (%) | 6.17% | 6.20% | 5.96% | 5.90% | 5.99% | 5.88% | 5.88% | 5.87% | 5.84% | 6.00% | 6.05% | 6.26% |
| Volume (Mn Shares) | 115.0 | 125.8 | 215.9 | 271.9 | 313.9 | 308.4 | 62.7 | 132.0 | 123.8 | 203.9 | 199.4 | 310.6 |
| Value (OMR Mn) | 29.2 | 36.8 | 52.6 | 53.9 | 68.3 | 114.0 | 19.4 | 30.3 | 30.7 | 61.6 | 44.2 | 94.8 |
| Trades | 5,549 | 6,528 | 7,306 | 5,615 | 7,923 | 7,073 | 3,537 | 6,760 | 7,964 | 7,729 | 9,227 | 7,429 |

Source: Muscat Securities Market, KAMCO Research

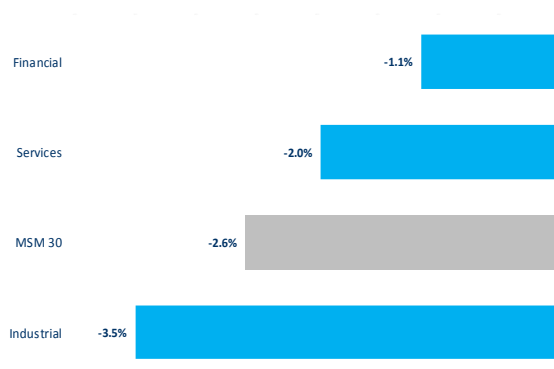
MSM benchmark indices continued to slide for the third consecutive month with the MSM 30 index down by 2.6% in May-18 bringing the total YTD-18 decline to 9.7%, the second biggest decline in the GCC after Dubai. During mid-month, the MSM 30 index declined to 4,556.70 points, the lowest level in 9 years since the financial crisis only to recover few points in the subsequent trading sessions. All the three sectoral indices declined during the month with the Industrial index declining by 3.5% followed by the Services index with a decline of 2.0% and the Financial index recording a decline of 1.1%. The Industrial index also recorded the biggest decline in terms of YTD-18 performance recorded at 10.1% while the Services index and the Financial index declined by -6.3% and -3.9%, respectively.

Within the financial sector, Bank Muscat and Al Madina Takaful were the only prominent gainers with monthly returns of 7% and 6.3%. However, these gains were more than offset by declines recorded in shares of Bank Sohar (-8.2%), Ominvest(-3.1%) and United Finance (-2.8), in addition to other marginal decliners. In the Industrial index, Oman Cement was the only positive performer with a monthly return of 5.6% that was more than offset by declines recorded by other stocks in the sectors including Voltamp Energy (-22%), Al Maha Ceramics (-5.6%) and Al Anwar Ceramic Tiles (-4.3%). Stocks in the services sector had mixed performance.

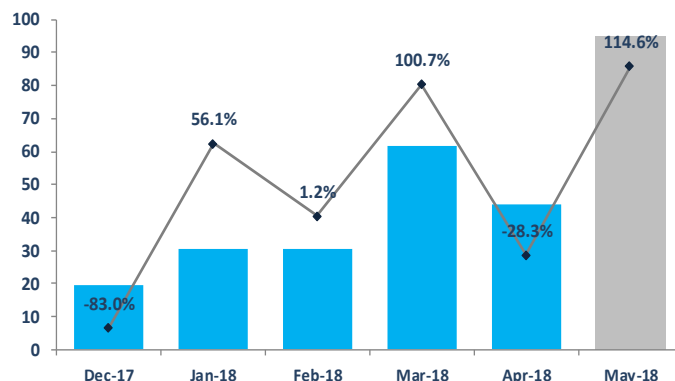
The monthly gainers chart was once again topped by National Gas in the regular market with a gain of 24.1% with the stock recording gains right since the start of the month resulting in a YTD-18 gain of 42.3%. The company reported higher y-o-y net income last month and towards the end of May-18 it signed an MoU to setup and LPG import and storage terminal in India. Al Madina Takaful also repeated last month's performance standing second on the gainers chart with a gain of 7% mainly at the start of the month and remained largely flat for the rest of the month after it reported higher y-o-y profits for Q1-18. Bank Muscat and Ooredoo Oman both recorded a monthly gain of 6.25% jointly claiming the third position on the monthly performance chart. On the decliners side, shares of Voltamp Energy topped the chart with a decline of 22% followed by Omantel and Bank Sohar with declines of 11% and 8.2%, respectively.

Trading activity in the regular market had a declining trend during May-18 but witnessed a strong revival solely on the back of heavy trading in shares of Bank Muscat on the last trading day of the month. Monthly value traded more than doubled to OMR 94.8 Mn as compared to OMR 44.2 Mn during the previous month. Volume, on the other hand, gained at a relatively slower pace of 55.7% to 310.6 Mn as compared to 199.4 Mn during April-18. Bank Muscat topped the monthly value traded chart recording total trades worth OMR 69.2 Mn followed by Al Madina Takaful and OmanTel at OMR 6.5 Mn and OMR 5.4 Mn, respectively. Bank Muscat also topped the monthly volume chart with 170.2 Mn shares traded during the month followed by Al Madina Takaful and Al Sharqia Investment Holding at 58.9 Mn and 21.9 Mn traded shares, respectively. In terms of investor contribution, trading by local Omani investors was heavily skewed towards buy trades. Omanis share of total value of buy trades increased from 89.8% in April-18 to 94.5% in May-18. In terms of value of sell trades, the share of Omanis declined from 65% in April-18 to 52.1% in May-18.

MSM Monthly Sector Performance



Monthly Value Traded (OMR Mn)



Source: Muscat Securities Market, KAMCO Research

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