

GCC Markets Monthly Report

October-2018

In this Report...

Kuwait	2
Saudi Arabia	3
Abu Dhabi	4
Dubai	5
Qatar	6
Bahrain	7
Oman	8

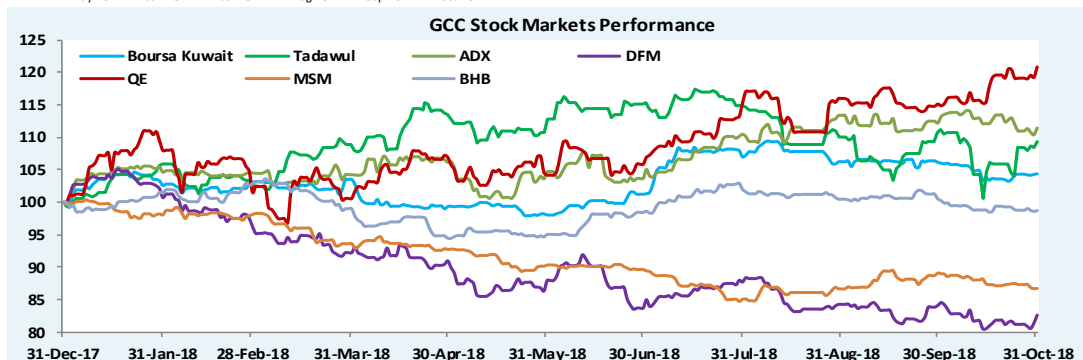
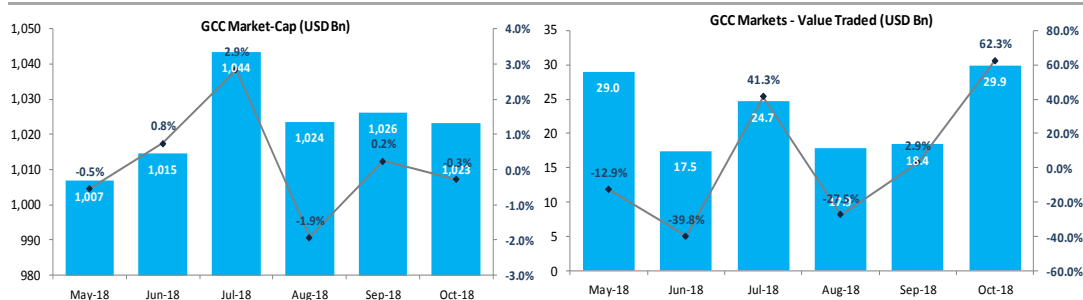
GCC markets decline amid broad based global sell-off...

Global equity markets witnessed a wider sell-off during October-18 with all major equity markets trending downwards during the month. The MSCI World index witnessed its biggest monthly decline since May-2012 after falling 7.5% during the month, on the back of multiple factors including concerns of slower global economic growth, ongoing trade war, slowdown in China and higher US interest rates. Global markets have remained volatile since the start of the year as seen from the MSCI index touching an all time high in January this year to a thirteen month low by the end of the 10th month. Oil prices also remained under pressure after three consecutive weeks of declines on the back of rising inventories in the US and rising production in Russia and OPEC countries.

GCC markets reflected the pessimism in global equity markets with six out of the seven benchmarks showing monthly declines. Qatar was the only market that witnessed strong gains of 5% during the month. On the other hand, the rest of the GCC markets witnessed low single digit declines with Saudi Arabia falling 1.2% while Dubai and Kuwait benchmarks saw an even higher decline of 1.8% and 1.7%, respectively. As a result, the gains and the declines offset each other resulting in flat performance for the aggregate GCC index.

In terms of sector performance, large-cap sectors continued to show positive performance, albeit marginal, that was completely offset by weakness in the rest of the sectors. Banks and Telecom stocks continued to outshine rest of the market although gains were marginal at just above 1% for the month. Banking sector outperformance also came on the back of positive earnings with the 9M-18 net profit for the sector largely showing positive trends. On the other hand, Utilities and Diversified Financials pulled down the market with declines of around 5% during October-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	5,234.2	(2.1%)	9.2%	94.6	1,025.6	14.3	1.2	3.9%
Kuwait - Main Market Index	4,693.7	(0.9%)	(2.8%)					
Kuwait - All Share Index	5,042.2	(1.7%)	4.4%					
Saudi Arabia	7,907.0	(1.2%)	9.4%	499.7	25,529.8	14.9	1.8	3.9%
Abu Dhabi	4,901.9	(0.7%)	11.4%	139.8	835.2	12.3	1.3	5.2%
Dubai	2,784.6	(1.8%)	(17.4%)	96.6	1,191.0	7.5	1.0	5.9%
Qatar	10,300.9	5.0%	20.9%	159.4	1,173.0	14.5	1.4	3.9%
Bahrain	1,314.7	(1.8%)	(1.3%)	20.4	76.4	8.7	0.8	5.8%
Oman	4,422.9	(2.7%)	(13.3%)	12.8	51.9	9.1	0.8	6.5%
Total GCC				1,023.3	29,882.9	13.2	1.4	4.3%



Source: GCC Stock Exchanges, KAMCO Research

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Boursa Kuwait

Monthly Indicators	Nov-17	Dec-17	Jan-18	Feb-18	Mar-18	Apr-18	May-18	Jun-18	Jul-18	Aug-18	Sep-18	Oct-18
Premier Market Index	4,758.8	4,793.5	4,921.6	4,982.6	5,000.0	4,778.7	4,690.6	4,904.8	5,297.0	5,261.8	5,343.9	5,234.2
Monthly % Change	(5.5%)	0.7%	2.7%	1.2%	0.3%	(4.4%)	(1.8%)	4.6%	8.0%	(0.7%)	1.6%	(2.1%)
Main Market Index	4,744.8	4,827.9	4,954.2	4,844.0	5,000.0	4,834.9	4,816.3	4,863.5	4,933.0	4,897.5	4,735.6	4,693.7
Monthly % Change	(6.8%)	1.8%	2.6%	(2.2%)	3.2%	(3.3%)	(0.4%)	1.0%	1.4%	(0.7%)	(3.3%)	(0.9%)
All Share Market Index	4,805.0	4,830.4	4,955.7	4,979.0	5,000.0	4,799.1	4,735.7	4,890.4	5,167.6	5,132.3	5,128.0	5,042.2
Monthly % Change	(5.0%)	0.5%	2.6%	0.5%	0.4%	(4.0%)	(1.3%)	3.3%	5.7%	(0.7%)	(0.1%)	(1.7%)
Thomson Reuters Kuwait TRI	186.4	189.2	194.4	197.5	201.6	198.1	194.5	202.6	215.6	214.2	215.5	212.4
Monthly % Change	(5.0%)	1.5%	2.8%	1.6%	2.1%	(1.7%)	(1.9%)	4.2%	6.4%	(0.6%)	0.6%	(1.4%)
Market Cap (KWD Mn)	27,044	27,243	27,973	28,036	28,158	26,912	26,607	27,473	29,205	28,989	29,054	28,578
P/E (X) - TTM	14.64	14.80	14.40	14.48	14.55	14.60	14.50	14.90	15.80	15.37	15.40	14.31
P/BV (X) - TTM	1.20	1.20	1.22	1.22	1.23	1.15	1.14	1.17	1.25	1.24	1.24	1.24
Dividend Yield (%)	4.75%	4.72%	4.75%	4.34%	4.31%	3.44%	3.92%	3.88%	3.72%	3.78%	3.77%	3.89%
Volume (Mn Shares)	1,681.0	1,238.8	2,613.4	1,316.2	1,156.4	1,348.6	1,198.0	1,017.4	2,916.2	1,789.5	2,100.8	1,464.2
Value (KD Mn)	327.6	192.5	322.9	207.3	227.3	240.8	204.8	242.1	633.4	356.5	523.8	309.8
Trades ('000)	71.7	52.8	93.3	54.5	55.4	61.0	57.4	47.5	126.5	85.2	91.7	75.6

Source: Kuwait Stock Exchange, KAMCO Research

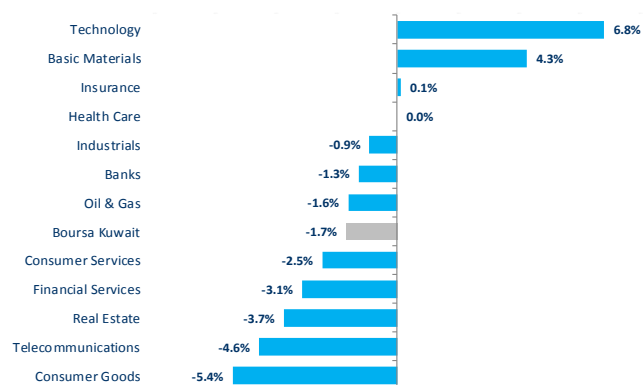
Kuwaiti indices were no exception to the wider GCC sell-off during October-18 with all the three benchmarks witnessing declines during the month. The Premier Market index, which represents large-cap stocks, dropped by 2.1% with merely 4 out of 17 stocks showing positive performance. This weakness was also reflected in the All Share Index that dropped by 1.7% while the Main Market Index saw the smallest decline of 0.9%. That said, in terms of YTD-18 performance, the Premier Market Index and the All Share Index continues to be in the green with a gain of 9.2% and 4.4%, respectively, while the Main Market Index showed a decline of 2.8%.

The sector performance chart highlighted the negative trends in the market with a majority of the sectors witnessing declines during the month. The Consumer Goods Index dropped the most by 5.4% led by decline in 3 out of 4 stocks in the sector. Shares of Mezzan Holding, the biggest stock in the index, dropped 6.5%, while Palms Agro Production shares dropped by 25% although trades were minimal in the stock. The Telecom index was the second biggest decliner at -4.6% followed by Real Estate and Financial Services indices with declines of 3.7% and 3.1%, respectively. Viva Kuwait was the only positive performing stock in the Telecom index gaining 2.8% after the telco reported a 30% jump in its 9M-18 profits. Shares of Zain declined by 6.3% after reports of a sharp currency devaluation in Sudan that is expected to affect the valuation of Zain Sudan which has sizable revenue contribution to the parent company. Shares of Ooredoo Kuwait also declined after the telco's 9M-18 profits more than halved to KWD 16.2 Mn. Banking index also declined during the month by 1.3% as gain in shares of Burgan Bank (+10%) and Gulf Bank (+2.4%) was more than offset by decline in shares of rest of the banking stocks. The decline in banking stocks came despite all the Kuwaiti banks reporting healthy growth in 9M-18 profitability. Aggregate profit for the sector for 9M-18 was up by 18% y-o-y to reach KWD 705 Mn.

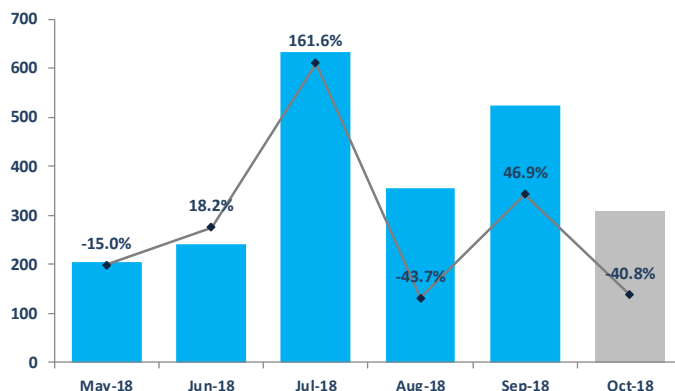
Positive sector performers for October-18 included the Basic Materials index with a gain of 4.3% that came after positive returns in shares of Qurain Petrochemicals (+14.0%) and Kuwait Foundry (+2.2%) more than offset decline in the other two stocks in the sector namely, Boubayan Petrochemicals (-1.1%) and Al Kout For Industrial Projects (-2.5%).

Trading during the month witnessed a steep decline to reach the lowest level in four months. Total value traded declined by 41% to reach KWD 310 Mn as compared to KWD 524 Mn during September-18. NBK topped the monthly value traded chart with KWD 38.8 Mn worth of shares changing hands during the month followed by KFH and Zain at KWD 35.6 Mn and KWD 30.6 Mn, respectively. Monthly volume traded also declined by almost a third to 1.5 Bn shares as compared to 2.1 Bn shares during the previous month.

Boursa Kuwait Monthly Sector Performance



Monthly Value Traded (KWD Mn)



Source: Kuwait Stock Exchange, KAMCO Research

Saudi Arabia (Tadawul)

Monthly Indicators	Nov-17	Dec-17	Jan-18	Feb-18	Mar-18	Apr-18	May-18	Jun-18	Jul-18	Aug-18	Sep-18	Oct-18
Tadawul All Share Index	7,004.0	7,226.3	7,650.1	7,418.8	7,870.9	8,208.9	8,161.1	8,314.2	8,294.8	7,948.3	7,999.5	7,907.0
Monthly % Change	1.0%	3.2%	5.9%	(3.0%)	6.1%	4.3%	(0.6%)	1.9%	(0.2%)	(4.2%)	0.6%	(1.2%)
Market Cap (SAR Bn)	1,660.8	1,692.1	1,795.2	1,749.3	1,873.2	1,929.4	1,957.8	1,983.1	1,970.2	1,893.5	1,899.8	1,873.8
P/E (X) - TTM	14.81	14.81	16.34	15.04	16.12	16.25	16.37	16.73	15.93	15.34	15.41	14.88
P/BV (X) - TTM	1.62	1.62	1.76	1.67	1.75	1.82	1.81	1.85	1.85	1.77	1.78	1.75
Dividend Yield (%)	4.42%	4.42%	3.87%	3.99%	4.06%	3.75%	3.74%	3.62%	3.78%	3.93%	3.91%	3.94%
Volume (Mn Shares)	4,022.7	4,965.8	4,409.2	3,065.6	3,570.2	4,839.5	3,706.3	1,933.7	2,881.1	2,020.9	2,227.3	3,856.8
Value (SAR Mn)	75,240.4	87,409.8	82,079.2	67,740.7	87,560.8	107,967.1	83,905.9	46,427.9	73,214.0	54,251.5	49,661.6	95,741.5
Trades ('000)	1,979	2,352	2,204	1,925	2,180	2,769	2,195	1,251	2,031	1,486	1,678	2,616

Source: Tadawul, KAMCO Research

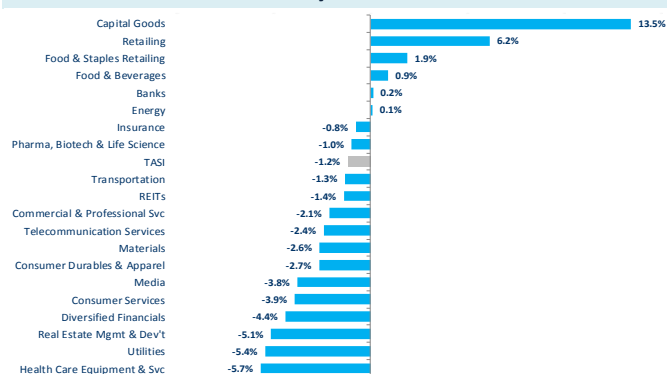
The Saudi market witnessed significant volatility during October-18 influenced by weakness in global equity markets further affected by regional geopolitical factors as well as heightened speculation in the market. During the month, the benchmark TASI declined to the lowest point since the start of the year to reach 7,266.6 points, during mid-month with a MTD decline of 9.2% but subsequently recovered by the end of the month to close with a decline of 1.2%. The October-18 decline also affected YTD-18 returns that stood at 9.4% by the end of the month. The monthly gainers chart was topped by Saudi Industrial Export Co. with its shares up 170% after the company announced rights offering. Saudi Cable was second on the list with a gain of 67.5% followed by Saudi Paper Manufacturing and Saudi Fisheries with monthly gains of 27.4% and 24.5%, respectively. On the monthly decliners chart, Alujain topped with a decline of 23.1% followed by Al Hammadi Co. and NADEC with declines of 13.8% and 13.5%, respectively.

The monthly sector performance chart was mostly in the red with only few small-cap sector showing positive performance. The Healthcare Equipment index recorded the biggest drop of 5.7% during the month after 4 out of 5 stocks in the sector reported monthly declines. The Utilities sector was second on the monthly decliners chart with a fall of 5.4% followed by Real Estate and Diversified Financials indices recording declines of 5.1% and 4.4%. On the other hand, sectors that showed positive monthly performance included Capital Good index with a gain of 13.5% followed by Retailing and Food & Staples Retailing with gains of 6.2% and 1.9%. Gains in the retailing sector was broad-based with only stock (Fawaz Abdulaziz Al-Hokhair) showing decline out of the six listed stocks in the sector. Within the retailing sector, shares of United Electronics recorded a gain of 13% during the month after the company reported 18.9% y-o-y gain in 9M-18 profits on the back of 6.8% increase in revenues.

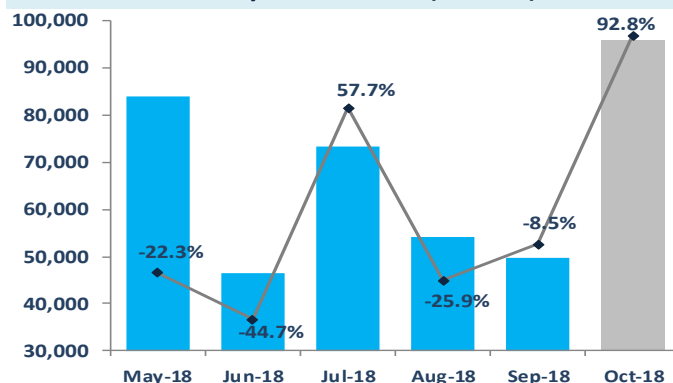
The 9M-18 earnings has so far remain positive as a majority of the companies reported higher earnings. Aggregate profits for companies that declared 9M-18 earnings by the end of Oct-18 showed an increase of 17.5%. 9M-18 net profit for the banking sector reached SAR 37.7 Bn with a y-o-y increase of 10%. Except for Alawwal Bank and Banque Saudi Fransi, all the other listed banks reported an increase in net profits for 9M-18.

Trading activity spiked up significantly during the month with higher participation from both local and foreign investors that pushed monthly volume and value to a six-month high level. Monthly value traded almost doubled to SAR 95.7 Bn in October-18 vs. SAR 49.7 Bn during the previous month. Monthly volume traded also increased but at a slightly lower pace of 73.1% to reach 3.9 Bn shares as compared to 2.2 Bn shares during September-18. SABIC topped the monthly value chart with shares worth SAR 14.8 Bn changing hands during the month. Alinma Bank was second on the list with SAR 10.1 Bn worth of traded shares followed by Al Rajhi Bank and Saudi Kayan at SAR 9.8 Bn and SAR 6.2 Bn, respectively. On the monthly volume chart, Alinma Bank was once again on the top with 480.6 Mn shares traded during the month followed by Dar Al Arkan Real Estate Development and Saudi Kayan with volumes at 457.7 Mn and 399 Mn, respectively.

Tadawul Monthly Sector Performance



Monthly Value Traded (SAR Mn)



Source: Tadawul, KAMCO Research

Abu Dhabi Securities Exchange

Monthly Indicators	Nov-17	Dec-17	Jan-18	Feb-18	Mar-18	Apr-18	May-18	Jun-18	Jul-18	Aug-18	Sep-18	Oct-18
ADX General Index	4,283.1	4,398.4	4,602.2	4,597.7	4,585.4	4,669.5	4,605.0	4,560.0	4,859.5	4,986.9	4,935.4	4,901.9
Monthly % Change	(4.4%)	2.7%	4.6%	(0.1%)	(0.3%)	1.8%	(1.4%)	(1.0%)	6.6%	2.6%	(1.0%)	(0.7%)
Market Cap (AED Bn)	438.7	485.8	508.1	503.4	499.7	502.4	491.1	486.8	510.9	518.3	518.2	513.5
P/E (X) - TTM	10.89	11.12	11.54	11.63	11.71	11.27	11.76	11.60	12.12	12.52	12.34	12.35
P/BV (X) - TTM	1.51	1.54	1.59	1.26	1.26	1.28	1.20	1.19	1.27	1.30	1.29	1.28
Dividend Yield (%)	5.58%	5.46%	5.94%	6.01%	6.02%	5.93%	5.52%	5.60%	5.20%	5.07%	5.16%	5.19%
Volume (Mn Shares)	1,063.7	1,354.8	1,276.2	1,026.9	1,305.5	1,546.9	1,403.4	942.2	686.5	597.7	1,029.2	1,141.7
Value (AED Mn)	2,517.2	2,522.6	3,186.1	2,348.6	2,902.3	2,807.8	2,971.8	2,485.7	2,124.5	2,193.1	3,278.0	3,067.7
Trades	18,355	19,576	23,586	17,775	20,106	22,015	26,261	17,927	16,717	15,859	22,373	24,775

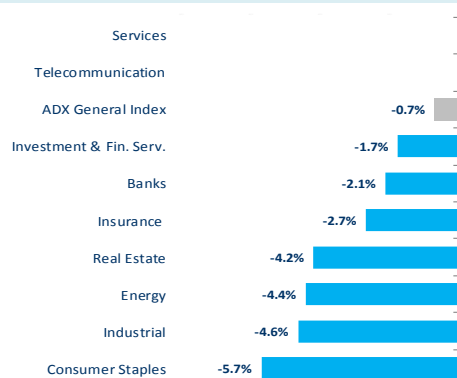
Source: Abu Dhabi Securities Exchange, KAMCO Research

Similar to other frontline GCC indices, the ADX index broadly declined albeit marginally in Oct-18 and closed 0.7% m-o-m lower at 4901.87 points. Market breadth favored decliners, as 10 stocks gained, while 33 stocks declined. Sectoral performance also included more decliners than gainers. Services and Telecoms were the best performing indices during Oct-18, as the indices rallied by 5.4% and 5.1% respectively. Etisalat (+5.1%) drove the Telecom index higher, while a 16.7% m-o-m increase in Abu Dhabi National Hotels contributed to the jump in the Services index. Consumer Staples, Industrials and Energy indices witnessed sizeable declines in Oct-18, as they receded by 5.7%, 4.9% and 2.3% m-o-m respectively. The Real Estate index also fell by 4.2% m-o-m in Oct-18, dragged down by almost a 5% drop in Aldar's share price. The Energy index was down, as all index stocks closed in the red, led by ADNOC distribution (-7.9% m-o-m), followed by TAQA (-6.1%) and Dana Gas (-2.5%).

In earnings releases, banking major First Abu Dhabi Bank (FAB) reported 9M-18 operating income of AED 14.6 Bn, up 1% y-o-y. Group revenue for 9M-17 included opportunistic investment gains of around AED 400 Mn that were not repeated in 2018, and excluding these non-recurring items, 9M-18 operating income is up 4% y-o-y. Net fees and commissions grew 7% y-o-y in 9M-18. Group Net profit for 9M-18 came in at AED 9.1 Bn, up 12% y-o-y. Abu Dhabi Islamic Bank (ADIB) reported revenues of AED 4,154.1 Mn, a decrease of 1.2% y-o-y from AED 4,204.4 Mn in 9M-17. Net profit however increased 3.5% y-o-y from AED 1,693.0 Mn in 9M-17 to AED 1,752.5 Mn in 9M-18, driven by growth in customer financing and an improvement in provisioning. Credit provisions and impairments for 9M-18 decreased by 21.9% to AED 487 Mn from AED 623.4 Mn in 9M-17. Earlier ADIB's AED 1 Bn received strong interest from investors and was oversubscribed approximately 5 times. ADCB reported a net profit of AED 3.483 Bn for 9M-18, up 9% y-o-y, supported by healthy expansion driven by better management of cost of funds and lower impairment charges. Net interest income was up 9% y-o-y and reached AED 5.417 Bn. Telecom operator Etisalat mentioned that their aggregate subscriber base reached 144 Mn by the end of Q3-18, a 3% increase y-o-y. Revenues in 9M-18 increased from AED 38.18 Bn in 9M-17 to AED 39.35 Bn in 9M-18, while net profit improved 2.4% y-o-y over the same period to AED 6.59 Bn.

Abu Dhabi National Hotels topped the monthly gainers chart with a gain of 16.7% m-o-m followed by United Arab Bank and Eshraq Properties with gains of 7.8% and 6.8% respectively. On the decliners side, the top two companies were Arkan Building Materials Co and Al Khaleej Investment with declines of 10.0% and 9.5%, respectively. Trading activity was mixed, as traded volumes moved up by 10.0% m-o-m in Oct-18 to reach 1.1 Bn shares. Value traded decreased by 6.4% m-o-m to reach AED 3.1 Bn. In terms of most actively traded stocks, First Abu Dhabi Bank led all stocks in terms of value traded, with AED 920 Mn worth of shares traded during Oct-18. Dana Gas and Etisalat followed as AED 506 Mn and AED 449 Mn worth of shares were traded respectively. Dana Gas led the most active stocks list in terms of volumes traded, as 435 Mn shares were traded on the exchange. Eshraq Properties and Aldar followed with 186 Mn and 118 Mn shares traded during Oct-18.

ADX Monthly Sector Performance



Monthly Value Traded (AED Mn)



Source: Abu Dhabi Securities Exchange, KAMCO Research

Dubai Financial Market

Monthly Indicators	Nov-17	Dec-17	Jan-18	Feb-18	Mar-18	Apr-18	May-18	Jun-18	Jul-18	Aug-18	Sep-18	Oct-18
DFM General Index	3,420.2	3,370.1	3,394.4	3,244.1	3,108.5	3,066.0	2,964.1	2,821.0	2,956.0	2,840.2	2,834.95	2,784.6
Monthly % Change	(5.9%)	(1.5%)	0.7%	(4.4%)	(4.2%)	(1.4%)	(3.3%)	(4.8%)	4.8%	(3.9%)	(0.2%)	(1.8%)
Market Cap (AED Bn)	373.8	383.6	391.8	377.6	375.6	373.7	358.7	352.1	372.2	362.4	360.5	354.7
P/E (X) - TTM	9.44	9.23	9.11	9.16	8.70	8.38	7.97	7.68	7.84	7.67	7.66	7.54
P/BV (X) - TTM	1.18	1.17	1.17	1.10	1.05	1.04	1.02	0.97	1.04	1.00	1.00	0.98
Dividend Yield (%)	5.03%	5.15%	5.14%	4.71%	6.53%	5.01%	5.16%	5.39%	5.00%	5.74%	5.75%	5.91%
Volume (Mn Shares)	5,128.0	4,736.9	5,925.7	3,812.5	3,559.5	2,633.8	4,919.0	3,361.0	3,448.2	1,718.9	4,089.7	4,257.4
Value (AED Mn)	9,594.0	8,162.2	8,907.2	5,964.5	5,561.6	4,065.4	7,001.7	4,914.5	4,156.5	2,492.8	4,378.6	4,374.8
Trades	81,175	66,304	80,175	67,869	52,549	46,580	72,982	53,145	50,788	26,532	50,403	55,567

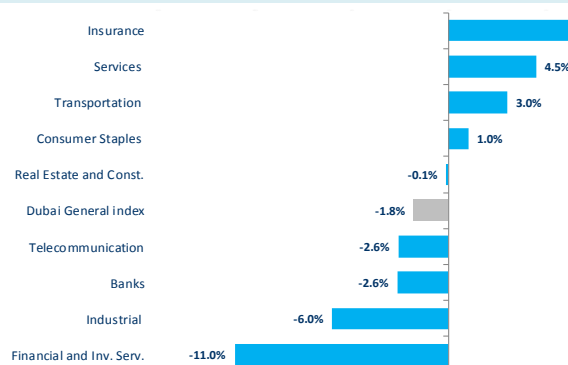
Source: Dubai Financial Market, KAMCO Research

After declining marginally in Sept-18, the DFM index declined in Oct-18, in line with most regional peers. The index declined by 1.8% m-o-m and closed at 2784.60 points, as the performance of sectoral indices was mostly negative. Financial and Investment Services was the worst performing index as the sector plunged by 11% m-o-m in Oct-18, driven by declines in its biggest stocks Dubai Investment (-13.4%) and DFM (-5.4%). Industrials names followed with declines of 6.0% m-o-m, as National Cement Co (-6.0%) singlehandedly pulled down the index. Banks were also down 2.6% m-o-m in Oct-18, as most frontline banks saw m-o-m declines. Services was the best performing index, as the index went up by 4.5%, driven mainly by a 8.3% gain in the share price of Tabreed. Transportation followed as the index went up by 3.0% m-o-m, driven by Air Arabia, which gained by 6.3% while Gulf Navigation Holding gained by 22%.

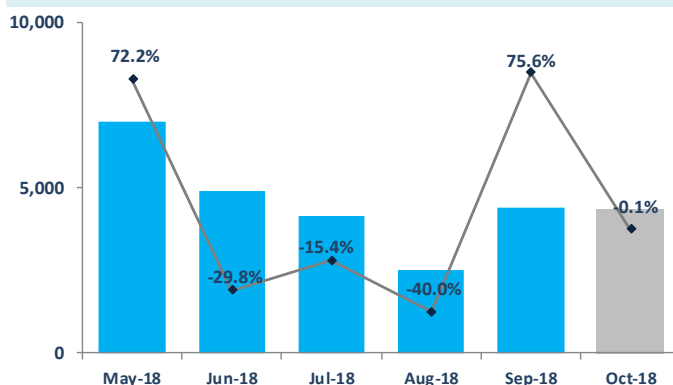
In 9M-18 earnings releases, Emirates NBD reported total of AED 12,905 Mn, an increase of 13% compared with AED 11,419 Mn, during the same period a year ago. Net interest income improved 19% in 9M-18 to AED 9,536 million from loan growth coupled with an improvement in margins. Net profit for Emirates NBD came in at AED 7,656 Mn for 9M-18, 24% higher compared to the same period in 2017. The increase in net profit was ascribed to asset growth, higher margins and reduced provisions which helped offset an increase in operating costs. Costs for 9M-18 amounted to AED 4,112 Mn, an increase of 17% y-o-y on higher staff and IT costs relating to the Bank's digital transformation and technology. Commercial Bank of Dubai reported a net profit of AED 843 Mn in 9M-18, up 26.8% on the back of a 1.5% increase in operating income and a 5.3% decline in operating expenses, while impairment allowances decreased by 17.2%. Operating income for 9M-18 amounted to AED 2,018 Mn; an increase of 1.5% owing to a 5.4% y-o-y increase in net interest income to AED 1,427 Mn from 9M-17 (AED 1,353 million). Fees & commission income increased by 2% y-o-y, FX income registered a 13.4% increase, while investment income declined by 78.4% due to a one-off dividend of AED 55.7 million received in the same period last year. Property developer Deyaar registered net profit of AED 100.8 Mn in 9M-18, compared to AED 100.3 Mn in 9M-17. Revenues for the first nine months of 2018 came in at AED 446 Mn, compared to AED 511.9 Mn in 9M-17.

In terms of monthly gainers, Gulf Navigation Holding led all stocks as its stock price gained by 22.0% m-o-m in Oct-18. Islamic Arab Insurance and DSI followed, as their stock prices moved up by 16.8% and 12.3% respectively. On the other hand, shares of Dubai Refreshments led the monthly losers chart as its share price declined by 20.0% m-o-m. Dubai Investment and GGICO followed with declines of 13.4% and 10.1% respectively for the month. Emaar Properties was the most actively traded stock on the exchange as AED 589 Mn worth of stock was traded. Islamic Arab Insurance and GFH followed with value traded of AED 479 Mn and AED 441 Mn respectively. In terms of volumes traded, Islamic Arab Insurance led all stocks as 699 Mn shares were traded. DSI and Union Properties followed as 583 Mn and 428 Mn shares were traded. Trading activity on the DFM was broadly stable, as value traded went down marginally by 0.1% m-o-m to reach AED 4.3 Bn in Oct-18. Traded volumes in Oct-18 on the other hand grew by 4.1% m-o-m from 4.1 Bn shares to reach 4.3 Bn shares.

DFM Monthly Sector Performance



Monthly Value Traded (AED Mn)



Source: Dubai Financial Market, KAMCO Research

Qatar Exchange

Monthly Indicators	Nov-17	Dec-17	Jan-18	Feb-18	Mar-18	Apr-18	May-18	Jun-18	Jul-18	Aug-18	Sep-18	Oct-18
QE 20 Index	7,714.3	8,523.4	9,204.6	8,653.3	8,574.0	9,112.0	8,880.5	9,024.0	9,825.1	9,886.5	9,813.3	10,300.9
Monthly % Change	(5.5%)	10.5%	8.0%	(6.0%)	(0.9%)	6.3%	(2.5%)	1.6%	8.9%	0.6%	(0.7%)	5.0%
Market Cap (QAR Bn)	418.1	472.0	501.8	461.2	470.5	509.3	491.7	493.6	539.9	546.3	547.4	580.5
P/E (X) - TTM	11.15	12.79	13.70	12.23	12.21	12.82	12.72	12.68	13.75	13.82	13.84	14.47
P/BV (X) - TTM	1.04	1.19	1.22	1.11	1.12	1.20	1.16	1.17	1.27	1.29	1.29	1.35
Dividend Yield (%)	5.25%	4.56%	4.63%	4.67%	4.67%	4.36%	4.55%	4.51%	4.15%	4.09%	4.09%	3.88%
Volume (Mn Shares)	167.9	243.7	251.6	165.1	260.8	249.1	265.9	170.1	166.0	107.8	134.7	125.2
Value (QAR Mn)	4,253.0	4,414.0	6,087.8	3,948.1	6,447.5	6,074.9	10,703.2	7,966.4	4,485.2	3,187.9	4,460.4	4,270.8
Trades	68,307	76,196	97,166	66,867	89,162	81,989	107,738	78,360	70,475	59,202	67,546	73,785

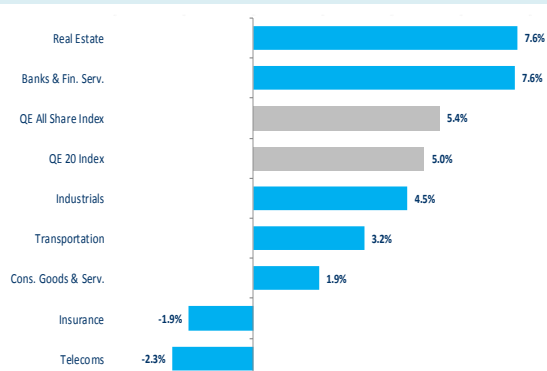
Source: Qatar Exchange, KAMCO Research

Qatar was the best performing index in the GCC and was the only regional index to close in the green for the month of Oct-18. and continues to lead other regional markets YTD. The QE 20 index improved by 5.0% m-o-m to close at 10300.92 points in Oct-18. The Qatar All Share index which maps the broader market, closed 5.4% higher as compared to the previous month. Market breadth however was even as 22 companies receded, while 21 companies moved higher as compared to the previous month. Sectoral performance was mixed and included both gainers and losers. Banks & Financial Services and Real Estate indices were the best performing indices during the month, as they gained by 7.6% each m-o-m. The Banks & Financial Services index which is up almost 41.2% YTD were driven higher by banks mainly -QNB (+10.2%), QIB (+8.2%) and QIIB (+9.4%). The positive performance of the Real Estate index was driven by Ezdan Holding and Barwa Real Estate, as the stocks closed 9.4% and 6.8% higher respectively m-o-m. Telecoms was the worst performing index as it declined by 2.3% m-o-m in Oct-18, as both Ooredoo and Vodafone Qatar declined by 0.1 and 5.5% respectively.

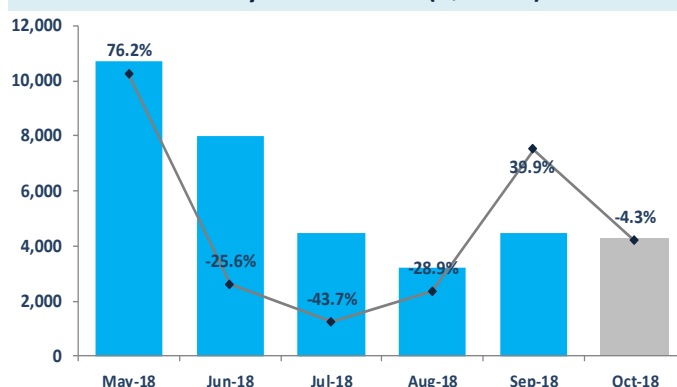
In earnings releases, Masraf Al Rayan, reported a 4.5% y-o-y increase in net profit in 9M-18 which reached QAR 1,632 Mn, as compared to 9M-17 and assets grew by 1% y-o-y over the period to QAR 99,603 Mn. Customer deposits increased to QAR 64,477 Mn in 9M-18, as compared to QAR 60,052 Mn in 9M-17. Telecom operator Vodafone reported revenues of QAR 1,535 Mn, a growth of 5% y-o-y, driven by a growth in postpaid subscribers, corporate internet connections and handset sales. EBITDA increased 16% y-o-y in 9M-18 to reach QAR 425 Mn from higher revenues and lower costs. Ooredoo's 9M-18 results were negatively impacted by the overall FX weakness in Emerging Markets, and the market situation in Indonesia following the new SIM card registration regulation. Revenue in 9M-18 reached QAR 22.8 Bn, and revenues decreased by 7% y-o-y. Group EBITDA stood at QAR 9.3 Bn, a decline of 11% y-o-y mainly due to lower revenue, pre-FX EBITDA decrease of 9%.

Trading activity on the index was down, albeit marginally, as value traded during Oct-18 decreased by 4.3% to reach QAR 4.3 Bn, while traded volumes declined by 7.1% m-o-m to reach 125 Mn shares. In terms of trading activity, QNB topped the monthly value traded chart with QAR 866 Mn worth of shares traded, followed by Industries Qatar and Qatar Fuel recording QAR 481 Mn and QAR 307 Mn in monthly value traded. In terms of volumes traded, Mazaya Qatar led all stocks with traded volumes of 14.4 Mn shares. Vodafone Qatar and Qatar Gas Transport followed with traded volumes of 12 Mn shares and 11.1 Mn shares respectively. The Banks & Financial Services sector was the most active in terms of value traded during Oct-18, accounting for 40.1% of the total value traded, followed by Industrial and Consumer Goods & Services sectors, as they accounted for 23.4% and 10.9% of the total value traded respectively. Mazaya Qatar was the top performing stock in the index for the month as its share price surged by 15.7%. Qatar National Cement followed along with Qatar National Bank, as their stock prices moved up by 13.1% and 10.2% respectively. On the other hand, shares of Dila Brokerage led the monthly losers chart with its stock losing 15.9% m-o-m. Islamic Holding Group and Qatar First Group followed with declines of 12.6% and 8.2% respectively for the month.

QE Monthly Sector Performance



Monthly Value Traded (QAR Mn)



Source: Qatar Exchange, KAMCO Research

Bahrain Bourse

Monthly Indicators	Nov-17	Dec-17	Jan-18	Feb-18	Mar-18	Apr-18	May-18	Jun-18	Jul-18	Aug-18	Sep-18	Oct-18
Bahrain All Share Index	1,283.71	1,331.71	1,350.67	1,369.90	1,318.40	1,257.88	1,265.80	1,310.99	1,358.35	1,338.10	1,338.55	1,314.73
Monthly % Change	0.5%	3.7%	1.4%	1.4%	(3.8%)	(4.6%)	0.6%	3.6%	3.6%	(1.5%)	0.0%	(1.8%)
Market Cap (BHD Mn)	7,293	7,653	7,774	7,900	7,516	7,509	7,531	7,667	7,948	7,830	7,832	7,701
P/E (X) - TTM	8.51	8.65	8.70	9.89	9.46	9.11	8.51	8.69	8.71	8.45	8.79	8.74
P/BV (X) - TTM	0.82	0.84	0.86	0.83	0.78	0.76	0.77	0.78	0.81	0.80	0.80	0.79
Dividend Yield (%)	5.18%	5.06%	4.98%	5.24%	5.45%	5.65%	5.92%	5.81%	5.61%	5.70%	5.69%	5.76%
Volume (Mn Shares)	81.5	103.1	156.3	178.0	101.9	86.6	82.4	56.2	190.5	82.8	115.2	126.6
Value (BHD Mn)	15.2	16.8	25.1	31.0	36.8	16.8	14.5	12.8	24.9	18.7	22.1	28.8
Trades	1,763	1,854	2,257	1,871	1,303	1,384	1,429	1,104	2,329	1,493	1,320	1,720

Source: Bahrain Bourse, KAMCO Research

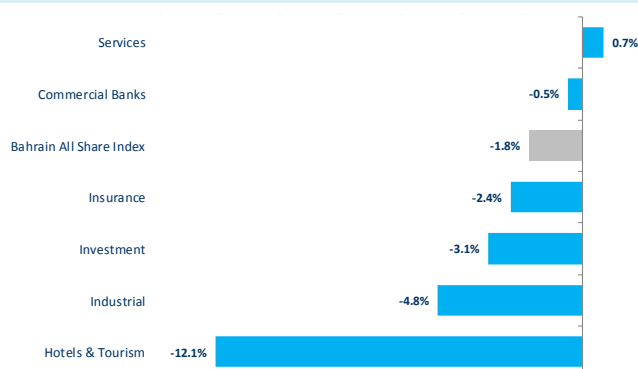
The Bahrain Bourse closed at 1314.73 points and declined by 1.8% m-o-m. All sectors barring Services sector declined in Oct-18. Commercial Banks went down by 0.5% m-o-m, dragged down by AUB, as the stock declined by 2.9% m-o-m over the same period, followed by Al Salam Bank and National Bank of Bahrain as they moved up by 2.0% and 0.8% respectively. The Hotels & Tourism sector was the main laggard as the sector plunged by 12.1%, as Gulf Hotels Group (-16.9%) almost singlehandedly contributed to the sector's m-o-m decline. The Industrials index declined by 4.8%, brought down by Aluminium Bahrain as the stock declined by 4.9% m-o-m. Similarly, the Investment and Insurance indices also saw lower levels as they declined by 3.1% and 2.4% respectively m-o-m.

National Bank of Bahrain reported a 11.3% rise in net profit, which reached BHD 55.0 Mn compared to BHD 49.4 Mn in 9M-17. The growth was ascribed to prudent asset liabilities management. Net interest income increased 18.9% y-o-y to BHD 64.2 Mn in 9M-18, as compared with BHD 54.0 Mn in the prior year period. BBK achieved a net profit BHD 48.4 Mn, witnessing growth of 7.9%, compared to BHD 44.9 Mn reported for the similar period in the previous year. The bank also achieved an operating profit excluding net provisions and tax of BHD 75.6 million during 9M-18, compared to BHD 67.9 million in 9M-17, representing an increase of 11.2% y-o-y. The increase in the net profit was driven by the 18.5% increase in NII to reach at BHD 80.1 million driven by an increase in loans and investment portfolio, as well as the improvements in margins resulting from increase in global interest rates.

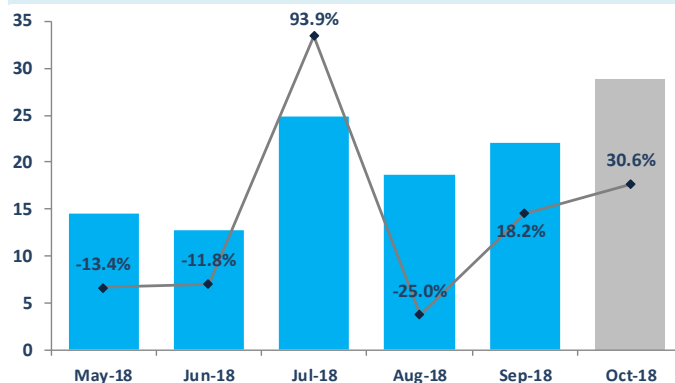
AUB reported a 12.7% increase in net profit which reached USD 528.3 Mn for 9M-18 compared to the net profit of USD 468.7 Mn achieved in 9M-17. Interest income improved by 11.5% to USD 708.4 Mn during 9M-18 compared to USD 635.1 Mn in 9M-17, driven by improved margins and growth in loan and investments, funded through an increase in customer deposits. In the Industrials sector, Alba reported total sales volume of 750,202 MT in 9M-18, an increase of 7% y-o-y, from 700,629 MT for 9M-17, while total production rose by 8% y-o-y to stand at 762,952 MT. Alba's net income stood at BHD 77.3 Mn, an increase of 12% y-o-y, compared to BHD 69 Mn in 9M-17. Revenues reached BHD 699.8 Mn, up by 16% YoY, compared to BHD 605 Mn.

Trading activity in Oct-18 was better on an m-o-m basis, as compared to the Sept-18. Volumes traded in the exchange reached 127 Mn and rose by 10.0% m-o-m as compared to 115 Mn shares in Sept-18. Value traded increased by 31.1% in the exchange to reach BHD 28.8 Mn in Oct-18. The number of trades made in the exchange however went down 1,720 trades, down 30.3% m-o-m from Sept-18. AUB was the most actively traded stock in Oct-18 with BHD 16.3 Mn worth of its shares traded on the exchange. GFH and BMMI followed with BHD 4.4 Mn and BHD 2.2 Mn worth of shares traded. Of the 8 stocks that closed in the green in Oct-18, Al Baraka Banking topped the gainers list, as it witnessed a 5.4% m-o-m increase, followed by Nass Corporation with monthly gains of 4.1%. Gulf Hotels Group was the main laggard, as it witnessed a m-o-m decline of 16.9%, followed by United Gulf Holding Co and Zain Bahrain with monthly declines of 12.0% and 10.8% respectively.

BSE Monthly Sector Performance



Monthly Value Traded (BHD Mn)



Source: Bahrain Bourse, KAMCO Research

Muscat Securities Market

Monthly Indicators	Nov-17	Dec-17	Jan-18	Feb-18	Mar-18	Apr-18	May-18	Jun-18	Jul-18	Aug-18	Sep-18	Oct-18
MSM 30 Index	5,106.5	5,099.3	5,000.0	5,003.4	4,773.5	4,729.1	4,606.7	4,571.8	4,336.6	4,419.3	4,543.7	4,422.9
Monthly % Change	1.9%	(0.1%)	(1.9%)	0.1%	(4.6%)	(0.9%)	(2.6%)	(0.8%)	(5.1%)	1.9%	2.8%	(2.7%)
Market Cap (OMR Mn)	4,517	4,481	4,396	4,376	4,115	4,075	4,063	4,085	4,532	4,654	4,993	4,918
P/E (X) - TTM	11.05	11.04	10.85	11.01	10.77	10.16	10.01	10.08	9.34	9.36	9.65	9.15
P/BV (X) - TTM	0.95	0.95	0.90	0.88	0.85	0.84	0.82	0.82	0.82	0.82	0.85	0.83
Dividend Yield (%)	5.88%	5.88%	5.87%	5.84%	6.00%	6.05%	6.26%	6.34%	6.67%	6.49%	6.36%	6.54%
Volume (Mn Shares)	308.4	62.7	132.0	123.8	203.9	199.4	310.6	65.9	83.4	61.8	91.7	83.9
Value (OMR Mn)	114.0	19.4	30.3	30.7	61.6	44.2	94.8	17.6	17.5	14.6	24.3	20.0
Trades	7,073	3,537	6,760	7,964	7,729	9,227	7,429	2,665	4,569	3,271	5,022	4,318

Source: Muscat Securities Market, KAMCO Research. Note: Trading activity includes stocks in the regular market.

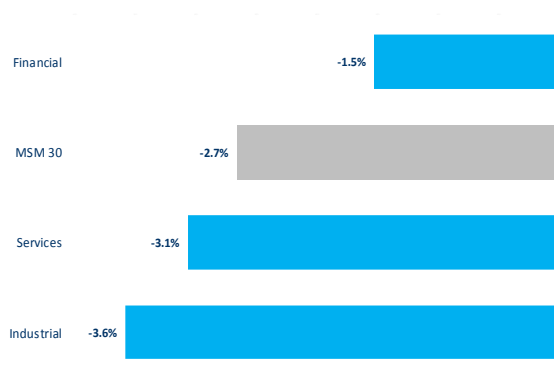
After two consecutive months of gains, the MSM once again dropped recording the biggest monthly decline in the GCC during October-18. The benchmark MSM 30 index traded within a tight range and declined by 2.7% during the month following weakness in all the three sectors benchmarks on the exchange. The decline pushed YTD-18 decline even further for the MSM 30 index to 13.3%, the biggest drop in the GCC after Dubai. The Industrial index witnessed the biggest monthly decline of 3.6% followed by the Services index at 3.1% while the Financial index dropped 1.5%.

Trading activity remained subdued during the month with both volume and value trending downward. Volumes in the regular market dropped 8.5% during the month to reach 83.9 Mn shares during October-18 as compared to 91.7 Mn shares during September-18. The average daily volume during the month witnessed a bigger decline of 20.4% from 4.6 Mn shares in September-18 to 3.6 Mn shares in October-18 due to higher number of trading days in October-18. Monthly value traded witnessed a bigger drop of 17.8% to reach OMR 20 Mn in the regular market in October-18 as compared to OMR 24.3 Mn during the previous month. The average daily value traded declined by 28.5% to OMR 0.9 Mn in October-18 as compared to OMR 1.2 Mn during the previous month. Bank Muscat topped the monthly value traded chart with OMR 10.4 Mn traded shares during the month. Ooredoo was next on the list with OMR 3.6 Mn in trades followed by Al Madina Takaful and Omantel at OMR 1.5 Mn and OMR 1.4 Mn, respectively. Bank Muscat also topped the monthly volume table with 24.8 Mn shares changing hands during the month followed by Al Madina Takaful and Ooredoo with 16.4 Mn shares and 6.6 Mn shares traded, respectively.

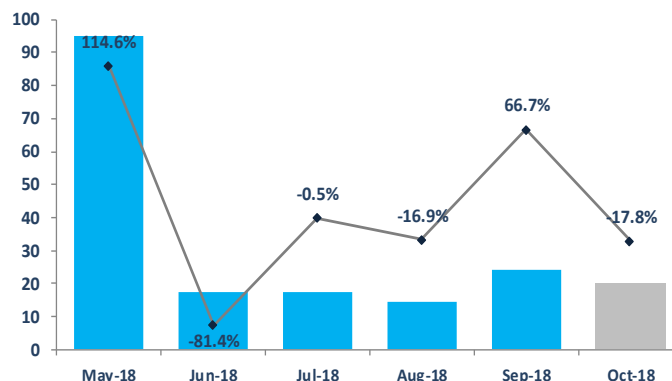
There was only one gainer in the regular market during the month, Al Madina Takaful, with its share up by 3.2% after the Islamic insurer reported an almost one third increase in its 9M-18 profits. On the decliners side, Al Anwar Holding topped the chart with a decline of 13.7% followed by Oman Investment & Finance and Al Anwar Ceramic Tiles with declines of 13.0% and 12.4%, respectively. The quarterly earnings season has so far remained largely positive with 9M-18 aggregate profits recording an increase of 11.7% to reach OMR 463.2 Mn. The increase was primarily due to higher profits reported by the Services sector that increased by 44.2% while the financial sector recorded a y-o-y increase of 4.2%. These gains more than offset a decline of 19.5% recorded by the industrial sector with prominent names like Raysut Cement and Salalah Mills recording a profit decline of 70.5% and 25.2%, respectively.

In terms of investor participation, local investors' contribution declined as compared to the previous month but continued to remain high. Omanis accounted for 88.2% of total value of shares bought during the month (73.4% during September-18) and 84.1% of volumes (89.6% during the previous month). In terms of value of sell trades, the share of Omani investors stood at 61.3% during October-18 as compared to 68.6% during the previous month. The share of foreign investors witnessed a sizable increase during the month with value of shares bought by them up from 7.2% in September-18 to 14.6% in October-18 while value of shares sold increased from 10.9% to 14.3%.

MSM Monthly Sector Performance



Monthly Value Traded (OMR Mn)



Source: Muscat Securities Market, KAMCO Research

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