

## GCC Markets Monthly Report

September-2017

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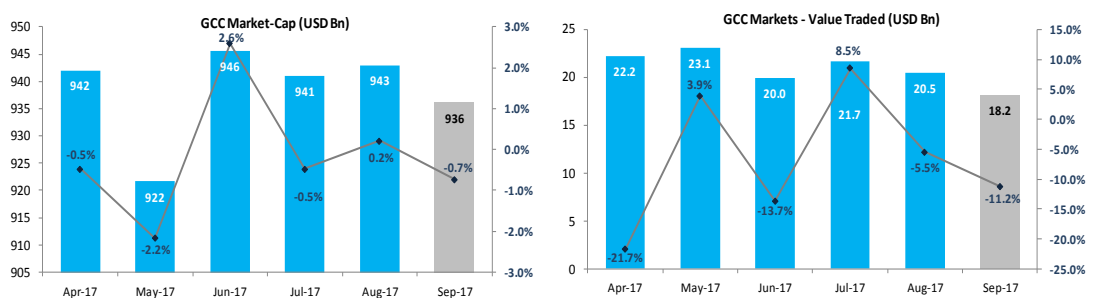
**GCC markets remain under pressure on lack of catalysts...**

GCC investor sentiments remained subdued post the holiday trading during September-17 as most of the major indices trended downward during the month. Qatari market hit the lowest in five years as the ongoing diplomatic rift has started reflecting in corporate growth. The QE 20 index recorded one of the longest running declining streaks as the benchmark declined for eleven straight sessions. UAE markets also declined, as ADX declined for the second consecutive month while Dubai with a 2% decline almost reached the level seen at the start of the year. Muscat was the only market that saw noticeable gain during the month but it remains one of the most battered markets in the GCC after Qatar with the second-highest YTD -17 decline of 11.2%. Saudi Arabia and Kuwait witnessed marginal gains on FTSE upgrade hopes which saw Kuwait being upgraded to FTSE's secondary emerging market, while the decision on Saudi Arabia was deferred until March-18.

Meanwhile, oil prices had a run-up during the month on the back of declining inventory in the US, as well as Turkey's statement in relation to crude supplies from Iraq's Kurdistan region. However, crude hovering at almost 26-month highs, failed to have a significant impact on markets in the GCC. In addition, the positive sentiments in global markets with the MSCI World index up by 1.7% during the month had minimal impact on the GCC markets as seen from the 0.8% decline in the MSCI GCC Index.

Average daily trading surged during the month after reaching one of the lowest levels during the previous month, although the total for the month declined due to lesser number of trading days. Total monthly value traded declined by 11.2% to USD 18.2 Bn after trading in almost all of the markets witnessed double digit m-o-m growth. Large-cap stocks remained the pick of the month, as seen in Kuwait, with the Kuwait-15 index up 1.3%.

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	430.7	0.0%	13.3%	97.1	1,410.9	15.9	1.3	4.3%
Kuwait - 15 Index	997.4	1.3%	12.7%					
Kuwait - Price Index	6,679.7	(3.1%)	16.2%					
Saudi Arabia	7,283.0	0.3%	1.0%	459.7	13,306.0	15.4	1.7	4.3%
Abu Dhabi	4,397.4	(1.6%)	(3.3%)	122.7	1,114.7	11.2	1.5	5.5%
Dubai	3,564.0	(2.0%)	0.9%	100.5	1,055.9	10.0	1.2	4.8%
Qatar	8,312.4	(5.5%)	(20.4%)	124.9	1,098.9	12.2	1.1	4.7%
Bahrain	1,283.5	(1.5%)	5.2%	19.3	34.8	8.6	0.8	5.2%
Oman	5,137.4	1.7%	(11.2%)	11.8	140.0	10.7	1.0	5.9%
<b>Total GCC</b>				<b>936.2</b>	<b>18,161.1</b>	<b>13.3</b>	<b>1.4</b>	<b>4.6%</b>



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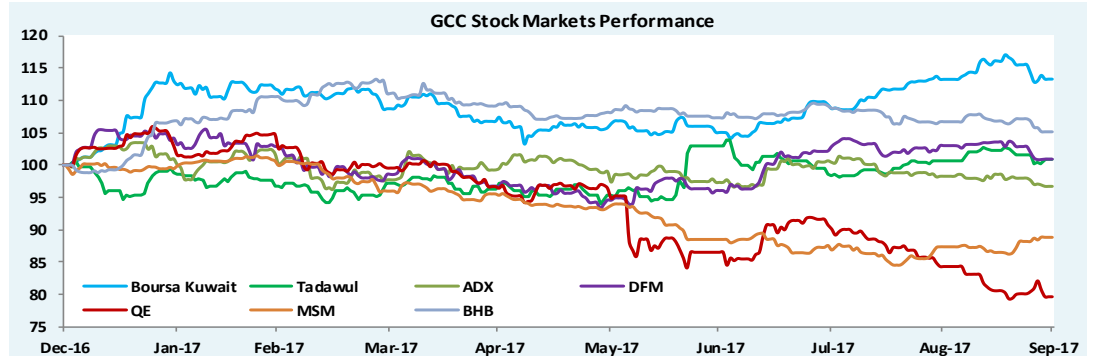
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Source: GCC Stock Exchanges, KAMCO Research

## Boursa Kuwait

Monthly Indicators	Oct-16	Nov-16	Dec-16	Jan-17	Feb-17	Mar-17	Apr-17	May-17	Jun-17	Jul-17	Aug-17	Sep-17
<b>Price Index</b>	<b>5,401.1</b>	<b>5,554.5</b>	<b>5,748.1</b>	<b>6,832.2</b>	<b>6,783.1</b>	<b>7,029.4</b>	<b>6,843.0</b>	<b>6,785.4</b>	<b>6,762.8</b>	<b>6,851.6</b>	<b>6,892.1</b>	<b>6,679.7</b>
Monthly % Change	0.0%	2.8%	3.5%	18.9%	(0.7%)	3.6%	(2.7%)	(0.8%)	(0.3%)	1.3%	0.6%	(3.1%)
<b>Weighted Index</b>	<b>354.0</b>	<b>367.1</b>	<b>380.1</b>	<b>427.4</b>	<b>424.0</b>	<b>413.3</b>	<b>408.3</b>	<b>404.5</b>	<b>399.3</b>	<b>413.29</b>	<b>430.57</b>	<b>430.70</b>
Monthly % Change	0.6%	3.7%	3.5%	12.4%	(0.8%)	(2.5%)	(1.2%)	(0.9%)	(1.3%)	3.5%	4.2%	0.0%
<b>Kuwait 15 Index</b>	<b>826.5</b>	<b>855.2</b>	<b>885.0</b>	<b>985.4</b>	<b>964.1</b>	<b>933.8</b>	<b>919.4</b>	<b>915.8</b>	<b>910.1</b>	<b>943.2</b>	<b>984.9</b>	<b>997.4</b>
Monthly % Change	1.5%	3.5%	3.5%	11.3%	(2.2%)	(3.1%)	(1.5%)	(0.4%)	(0.6%)	3.6%	4.4%	1.3%
<b>Market Cap (KWD Mn)</b>	<b>24,475</b>	<b>25,371</b>	<b>26,257</b>	<b>29,442</b>	<b>29,102</b>	<b>28,354</b>	<b>28,008</b>	<b>27,656</b>	<b>27,257</b>	<b>28,187</b>	<b>29,362</b>	<b>29,349</b>
P/E (X) - TTM	15.72	16.30	16.80	18.80	18.70	18.16	16.01	15.90	15.60	16.20	15.84	15.87
P/BV (X) - TTM	1.07	1.11	1.13	1.27	1.26	1.23	1.24	1.23	1.22	1.26	1.29	1.29
Dividend Yield (%)	4.27%	4.12%	3.98%	3.67%	3.67%	3.42%	3.76%	4.02%	4.09%	4.70%	4.34%	4.34%
Volume (Mn Shares)	1,679	2,908	3,594	13,858	8,857	7,105	5,907	2,734	735	1,822	1,733	2,075
Value (KD Mn)	258	328	321	1,185	866	653	517	301	151	301	320	426
Trades ('000)	45.2	70.6	75.6	229.8	171.8	147.7	115.9	75.6	32.6	67.5	70.3	71.9

Source: Kuwait Stock Exchange, KAMCO Research

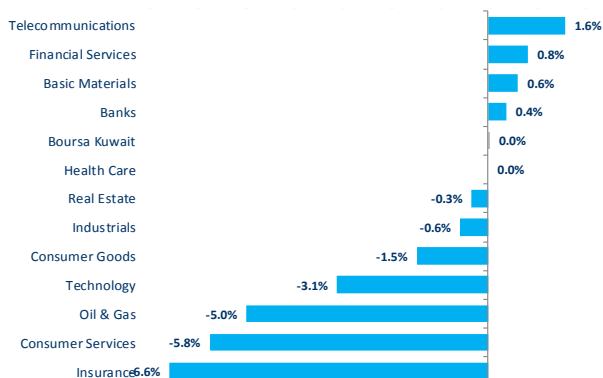
Following gains over the previous two months, Kuwaiti indices remained flat during September-17 with trading primarily concentrated in large cap stocks, continuing the trend seen in the recent months. This was also reflected in the 1.3% return for the Kuwait 15 Index, while the Price index declined by 3.1%. Nevertheless, Kuwait continues to remain the best performing market in the GCC with a YTD-17 return of 13.3% for the Weighted Index. The monthly performance was also reflected in the sectoral performance with large-cap sectors like Telecom, Financial Services and Basic materials recording gains during the month. The Telecom index topped the monthly sector performance chart with a gain of 1.6% solely backed by 2.6% gain in shares of Zain, while share prices of Ooredoo and Viva Kuwait remained flat. Meanwhile, the 0.4% returns for the Banking index was primarily led by 2.7% gain in shares of NBK and 1.7% for KFH. CBK was the best performing banking stock with a return of 4.3% during the month.

Trading activity on the exchange was the highest over the past four months. Monthly volume trade surged 20% to 2.1 Bn shares from 1.7 Bn shares during August-17. Monthly value traded also surged by a third to KWD 426 Mn as compared to KWD 320 Mn during the previous month. Moreover, the aforementioned higher trading activity came despite fewer trading days (17 days during September-17 vs. 22 days during August-17) resulting in 55% and 72% increase in average daily volume and value traded during the month, respectively. Zain topped the monthly value chart with KWD 67.2 Mn worth of shares changing hands during the month followed by KFH and NBK recording KWD 63.5 Mn and KWD 43 Mn worth of trades during the month. The higher trades in shares of KFH also came after newspaper reports suggested that KIA has appointed a global consultant to study the merger of KFH and AUB. The monthly volume chart was topped by Alimtiq Investment Group, which stood fourth on the value chart with KWD 35 Mn worth of trades or 194 Mn shares. Shares of AUB Bahrain and Zain followed with 134 Mn and 130 Mn traded shares, respectively.

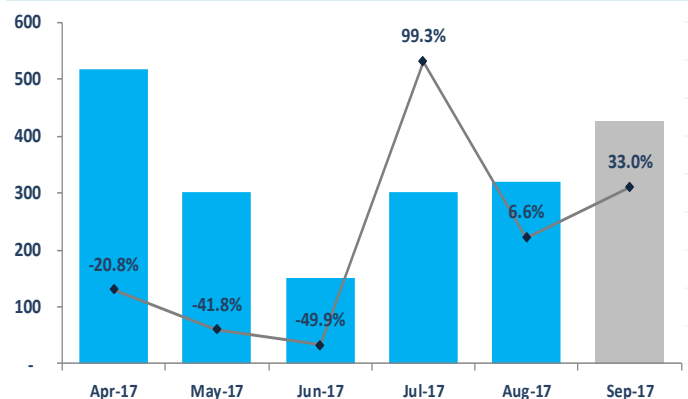
The monthly gainers chart was topped by Al Madar Finance & Investment that recorded a gain of 33%, however, trades in the shares were minimal. Noticeable gainers for the month included Tamdeen Investment and National Real Estate recording gains of 12.9% and 12.4%, respectively. On the other hand, large-cap decliners included last month's best performer GIG that declined by 11% followed by 6% decline in shares of Warba Bank.

In one of the biggest development for Boursa Kuwait, FTSE upgraded the market to secondary emerging market in its annual review based on the reforms the Kuwait CMA made over the past one year. The upgrade is expected to attract passive fund flows to the tune of USD 700 Mn, as per consensus estimates, and is expected to be positive for blue chips stocks on the exchange.

### Boursa Kuwait Monthly Sector Performance



### Monthly Value Traded (KWD Mn)



Source: Kuwait Stock Exchange, KAMCO Research

## Saudi Arabia (Tadawul)

Monthly Indicators	Oct-16	Nov-16	Dec-16	Jan-17	Feb-17	Mar-17	Apr-17	May-17	Jun-17	Jul-17	Aug-17	Sep-17
<b>Tadawul All Share Index</b>	<b>6,012.2</b>	<b>7,000.2</b>	<b>7,210.4</b>	<b>7,101.9</b>	<b>6,972.4</b>	<b>7,001.6</b>	<b>7,013.5</b>	<b>6,871.2</b>	<b>7,425.7</b>	<b>7,094.2</b>	<b>7,258.6</b>	<b>7,283.0</b>
Monthly % Change	6.9%	16.4%	3.0%	(1.5%)	(1.8%)	0.4%	0.2%	(2.0%)	8.1%	(4.5%)	2.3%	0.3%
<b>Market Cap (SAR Bn)</b>	<b>1,420.7</b>	<b>1,637.3</b>	<b>1,682.5</b>	<b>1,659.9</b>	<b>1,635.3</b>	<b>1,640.4</b>	<b>1,647.0</b>	<b>1,624.2</b>	<b>1,766.4</b>	<b>1,685.4</b>	<b>1,718.4</b>	<b>1,724.0</b>
P/E (X) - TTM	12.31	13.44	14.73	14.79	14.54	14.64	14.56	14.09	15.10	14.51	15.33	15.41
P/BV (X) - TTM	1.42	1.65	1.70	1.67	1.59	1.73	1.74	1.73	1.85	1.64	1.68	1.68
Dividend Yield (%)	4.90%	4.17%	4.04%	4.05%	4.17%	4.27%	4.26%	4.25%	4.20%	4.35%	4.23%	4.26%
Volume (Mn Shares)	4,703	7,491	6,927	5,442	4,168	3,643	3,245	4,143	2,904	2,909	2,858	2,023
Value (SAR Mn)	65,664	118,645	114,984	98,782	75,232	72,517	61,469	64,660	54,727	60,510	60,185	49,900
Trades ('000)	1,833	2,608	2,685	2,664	2,040	2,053	1,698	1,547	929	1,639	1,873	1,167

Source: Tadawul, KAMCO Research

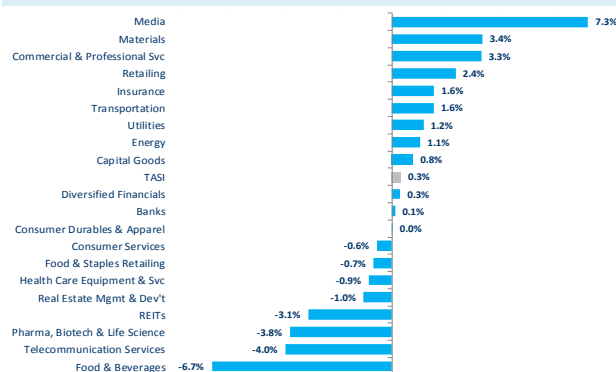
TASI witnessed marginal gains during September-17 following a volatile month. After a positive start, the index faced downward pressure after speculations that Saudi Arabia may not be upgraded by FTSE. In the review, FTSE did deferred its decision on the Kingdom but the assessment process was brought forward to March 2018, highlighting the progress that the Kingdom made to its processes. The deferment of the upgrade comes after FTSE said it needs more time to test the recently introduced changes by the Saudi CMA. Nevertheless, FTSE had a positive view on the pace of recent market reforms and said that Saudi will meet the requirements for the inclusion as a Secondary Emerging Market from early 2018 after it makes enhancements to the Independent Custody Model (ICM) as scheduled by the regulator. In a related news, it was reported that the government is also set to introduce a bankruptcy law in early 2018.

The TASI remained under pressure during the second half of the month, however, a 0.7% gain during the last day of the month pushed the index from a negative MTD return of -0.4% to a marginally positive return of 0.3%. The last day gain was primarily led by positive companies in the insurance sector, especially the motor vehicle insurance companies, after the government announced that women would be allowed to drive in the Kingdom.

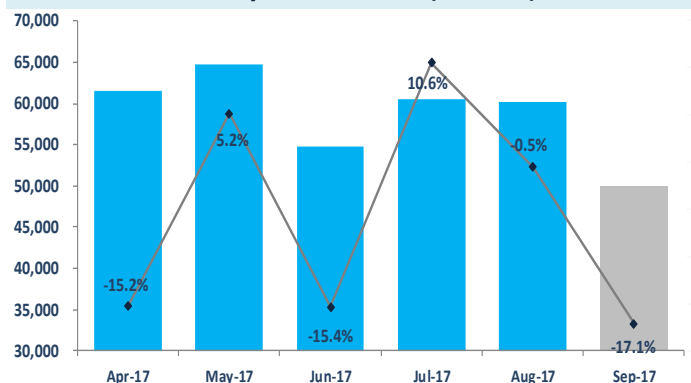
Trading activity during the month saw a steep decline owing to lesser number of trading days. Total monthly volume declined by almost a third to 2 Bn shares from 2.9 Bn shares during August-17, while monthly value traded declined by 17% to SAR 49.9 Bn as compared to SAR 60.2 Bn. Alinma Bank (+3.4%) topped both the monthly volume and value chart with 386.6 Mn shares worth SAR 6.9 Bn changing hands during the month. Banque Saudi Fransi (-2.6%) followed also ranking second on both the volume and value charts with 198.2 Mn shares worth SAR 5.9 Bn changing hands during the month. Shares in the bank declined after it emerged that its French partner, Credit Agricole, would sell almost half its stake in the Saudi bank to Kingdom Holding. SABIC was the close third largest traded stock during the month with SAR 5.8 Bn worth of traded shares.

The monthly sector performance chart was topped by the Media index with a return of 7.3% after both the stocks in the index had positive gains. Shares of SRMG went up 8.7% during the month after the company announced a 10-year contract with Bloomberg to launch the Bloomberg Arabic channel with annual license amount of SAR 33.8 Mn. Other index gainers included the Basic Materials Index with a gain of 3.4% followed by 3.3% gains for the Commercial & Professional Services Index. On the decliners side, Food & Beverages index witnessed the steepest monthly drop of 6.7% after shares of sector heavyweights Al Marai and Savola Group dropped by 12.5% and 2.5%, respectively. It was reported that Savola Group completed the sale of 2% stake in Al Marai or 16 Mn shares of Al Marai with a record profit of SAR 694.1 Mn. The Telecom index also declined by 4.0% primarily on the back of 5.7% drop in shares of STC after the government announced that it is lifting the ban on VOIP calling apps like Skype, Viber and Whatsapp. The large cap banking index remained largely flat at +0.1% return. Within the banking sector, the decline in shares of larger banks NCB (-1.9%) and Al Rajhi Bank (-1.0%) were offset by strong gains in shares of Bank Al-Jazira (+10.2%), Riyadh Bank (+4.9%) and Saudi British Bank (+4.6%).

### Tadawul Monthly Sector Performance



### Monthly Value Traded (SAR Mn)



Source: Tadawul, KAMCO Research

## Abu Dhabi Securities Exchange

Monthly Indicators	Oct-16	Nov-16	Dec-16	Jan-17	Feb-17	Mar-17	Apr-17	May-17	Jun-17	Jul-17	Aug-17	Sep-17
<b>ADX General Index</b>	<b>4,300.2</b>	<b>4,308.8</b>	<b>4,546.4</b>	<b>4,548.8</b>	<b>4,552.1</b>	<b>4,443.5</b>	<b>4,522.6</b>	<b>4,427.3</b>	<b>4,425.4</b>	<b>4,566.2</b>	<b>4,468.4</b>	<b>4,397.4</b>
Monthly % Change	(3.9%)	0.2%	5.5%	0.1%	0.1%	(2.4%)	1.8%	(2.1%)	(0.0%)	3.2%	(2.1%)	(1.6%)
<b>Market Cap (AED Bn)</b>	<b>447.0</b>	<b>445.2</b>	<b>467.6</b>	<b>465.0</b>	<b>466.6</b>	<b>459.1</b>	<b>467.7</b>	<b>460.5</b>	<b>456.1</b>	<b>467.2</b>	<b>461.9</b>	<b>450.8</b>
P/E (X) - TTM	10.24	10.19	10.77	10.75	11.06	10.80	10.61	10.33	10.30	11.40	11.36	11.18
P/BV (X) - TTM	1.29	1.29	1.36	1.36	1.34	1.31	1.54	1.49	1.49	1.58	1.57	1.55
Dividend Yield (%)	5.91%	5.91%	5.60%	5.60%	5.53%	5.62%	5.26%	5.47%	5.46%	5.32%	5.41%	5.46%
Volume (Mn Shares)	1,011	3,991	1,454	4,837	2,811	1,656	1,553	1,441	3,000	1,738	1,216	2,351
Value (AED Mn)	2,278	5,863	3,179	7,111	4,993	4,433	3,287	3,619	3,745	3,245	2,464	4,094
Trades	20,129	45,297	26,669	57,936	39,116	30,365	24,726	22,671	30,718	23,185	18,124	24,571

Source: Abu Dhabi Securities Exchange, KAMCO Research

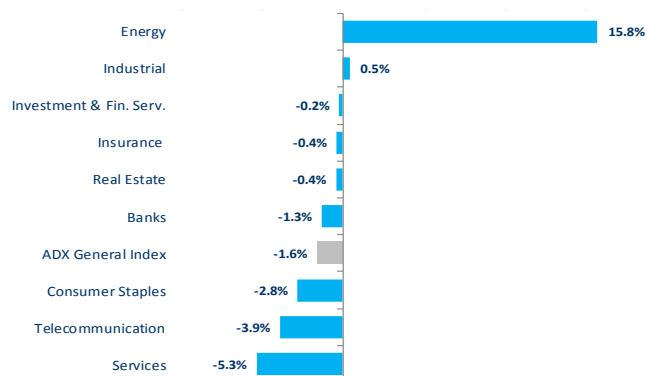
The ADX index declined by 1.6% during Sept-17 to close at 4,397.40 points and remained in the red on a YTD basis. Sectoral performance was mostly skewed towards the decliners. Services index was the worst performing index as it receded by 5.3% m-o-m in Sept-17, affected by a 12.9% drop in the share price of Abu Dhabi National Hotels and a 10.8% drop in the price of National Corp for Tourism & Hotels. The Telecom index followed, as it declined by 3.9% m-o-m, as Etisalat dropped by 3.9% m-o-m, while Ooredoo declined by 11.1%. Consumer Staples lost 2.8% m-o-m, led by the drop of Aghthia Group, which saw its share price drop by 3.3% m-o-m during Sept-17. Banks also receded by 1.3% m-o-m for the month as First Abu Dhabi Bank went down by 1.9% while ADCB lost 2.7%. Energy index on the contrary was the only major sectoral index that gained significantly, gaining by 15.8% m-o-m, led by Dana Gas which went up by 18.8%.

In corporate developments, real estate developer Aldar Properties launched a new waterfront development on Yas Island – Water's Edge. Water's Edge is a AED 2.4Bn, 2,255 home master planned development with 13 apartment buildings. Early works is reportedly to commence in Dec-17, with phased delivery scheduled for Jun-2020 and Dec-2020. Investment company Waha Capital took a significant minority stake in fintech company Channel VAS, which provides mobile financial services to over 500 Mn network subscribers across Middle East, Africa and Europe.

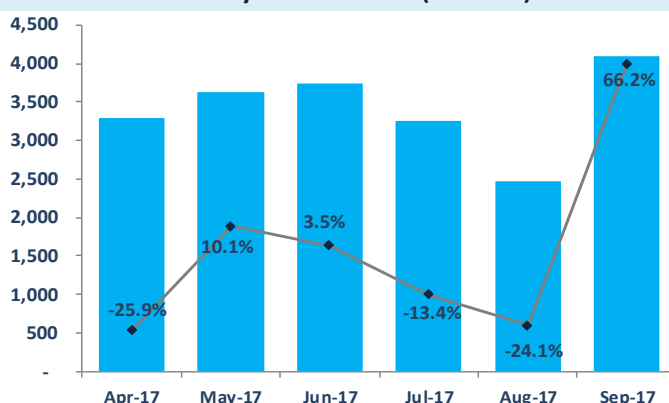
Market breadth was skewed towards decliners as 31 stocks declined during the month, while 20 names gained ground. Trading trends were up in Sept-17, as traded volumes moved up m-o-m by 48.9% while value traded improved by 66.2% respectively m-o-m. Total volumes improved to 2.35 Bn shares (Aug-17: 1.58 Bn) while value traded during Sept-17 improved to AED 4.1 Bn (Aug-17: AED 2.5 Bn). Al Khaleej Investment led the gainers list and achieved a monthly return of 164%, followed by National Bank of Fujairah and Dana Gas, which went up by 23.3% and 18.8% respectively. Prominent decliners included National Takaful Co. with a monthly share price decline of 24.3%, followed by Umm Al-Qaiwain Cement and Abu Dhabi National Co for Building Materials, as they saw their stock prices erode by 18.6% & 15.1% respectively.

In corporate ratings related action, agency Capital Intelligence Ratings affirmed the Financial Strength Rating (FSR) of Abu Dhabi Commercial Bank (ADCB) at A. The stable rating was ascribed to the bank's strong capital adequacy ratio (CAR), good asset quality, sound profitability and adequate liquidity. ADCB's Long-term Foreign Currency Rating was rated at 'A+'. The extremely high likelihood of support from the government of Abu Dhabi was the key driver of the one notch higher rating of the Long-term Foreign Currency Rating from the FSR. In the Abu Dhabi real estate market, property consultant Cluttons mentioned that capital values across residential investment in the Emirate dropped in 2017 y-o-y on average and mentioned that weaker economic conditions affected the residential rental market as well. They mentioned that the average residential values stand at AED 1,150 psf. The office market also reported widespread softening of rents. Prime office rents according to Cluttons stand at AED 1,800 psm, while secondary office rents stand at AED 900 psm.

### ADX Monthly Sector Performance



### Monthly Value Traded (AED Mn)



Source: Abu Dhabi Securities Exchange, KAMCO Research

# Dubai Financial Market

Monthly Indicators	Oct-16	Nov-16	Dec-16	Jan-17	Feb-17	Mar-17	Apr-17	May-17	Jun-17	Jul-17	Aug-17	Sep-17
<b>DFM General Index</b>	<b>3,332.4</b>	<b>3,360.9</b>	<b>3,530.9</b>	<b>3,642.9</b>	<b>3,630.3</b>	<b>3,480.4</b>	<b>3,414.9</b>	<b>3,339.4</b>	<b>3,392.0</b>	<b>3,633.2</b>	<b>3,637.6</b>	<b>3,564.0</b>
Monthly % Change	(4.1%)	0.9%	5.1%	3.2%	(0.3%)	(4.1%)	(1.9%)	(2.2%)	1.6%	7.1%	0.1%	(2.0%)
<b>Market Cap (AED Bn)</b>	<b>316.9</b>	<b>316.3</b>	<b>332.2</b>	<b>352.1</b>	<b>384.0</b>	<b>371.5</b>	<b>360.6</b>	<b>346.7</b>	<b>348.6</b>	<b>367.2</b>	<b>366.1</b>	<b>369.3</b>
P/E (X) - TTM	8.77	8.71	9.25	9.92	9.89	9.39	9.37	9.30	9.50	10.15	10.17	9.99
P/BV (X) - TTM	1.22	1.23	1.29	1.28	1.25	1.15	1.13	1.11	1.13	1.21	1.24	1.22
Dividend Yield (%)	4.99%	4.97%	4.70%	4.66%	4.56%	4.98%	5.15%	5.18%	5.08%	4.74%	4.72%	4.84%
Volume (Mn Shares)	5,102	16,016	11,219	18,618	10,396	5,785	4,969	6,123	6,019	5,091	3,665	2,526
Value (AED Mn)	6,828	20,240	14,659	22,962	15,587	9,583	6,593	7,745	7,123	7,374	5,453	3,878
Trades	68,423	163,506	118,274	196,901	130,998	82,856	69,986	81,311	73,528	83,732	61,143	43,464

Source: Dubai Financial Market, KAMCO Research

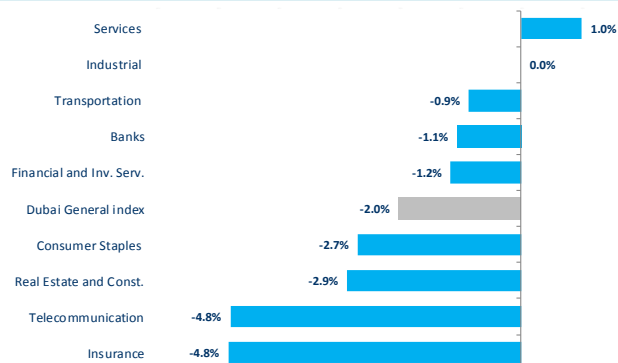
DFM followed its UAE counterpart for Sept-17 and witnessed declining trends, while barely remaining in the green on a YTD basis. The index declined by 2.0% m-o-m and closed at 3563.99 points. Sectoral trends were mostly negative barring the Services and the Industrials indices. The Services indices went up by 1.0% m-o-m which was pushed up by Amanat Holdings (+2.7% m-o-m), while the Industrial index remained flat for the month of Sept-17. Telecoms index was the primary laggard as it went down by 4.8%, led by an equal drop in DU's stock price, while Hits Telecom plunged by 9.9% m-o-m. Insurance names also went down by 4.8%. Real Estate and Construction names followed with a decline of 2.9% m-o-m, but still remains one of the best performing sectoral indices YTD (+7.0%). Emaar Malls was mainly responsible for the drop as it saw its share price decline by 5.3% m-o-m, while Damac Properties witnessed a higher decline of 5.9% for the month of Sept-17. Banks also went down by 1.3% m-o-m as Emirates NBD was down by 1.4% for the month of Sept-17.

In corporate developments, contractor DSI confirmed the reduction of its share capital from AED 2.28 Bn to AED 571 Mn to take place on 2 Oct 2017. The regulatory approval for a subsequent capital increase through the issue of 500 Mn shares to Tabarak Investment has been reportedly obtained and upon completion of the listing of the new shares, the share capital of the Company will increase from AED 571 million to AED 1.07 billion. On the other hand competitor Arabtec through its wholly owned subsidiary has been awarded an AED 196 million project by Emaar Properties for the main contract works of Phase 1 of Forte, a project in Downtown Dubai.

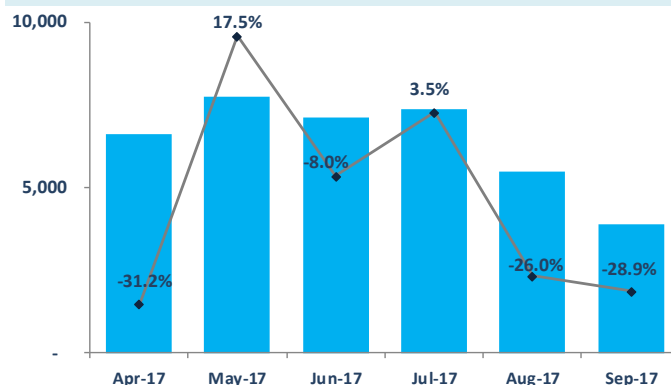
Emirates Islamic Bank was the top performing stock in the index for the month, as its share price surged by 32.2% in Sept-17. Dubai Refreshments Co. followed along with Arab Insurance Group, as their stock prices moved up by 14.2% and 5.2% respectively. On the other hand, shares of Hits Telecom, led the monthly losers chart as its share price declined by 9.9% m-o-m. Oman Insurance Co. and Takaful House followed with declines of 9.5% and 8.8% respectively for the month. Gulf Finance House (GFH) was the most actively traded stock yet again on the exchange as AED 0.95 Bn worth of stock was traded, followed by Emaar Properties with value traded of AED 0.82 Bn. Market breadth was weak as well, as 7 stocks moved up while 33 stocks lost ground during the month of Sept-17. Overall activity on the exchange was down both in terms of volumes traded and value traded for the month. Volumes traded went down by 28.3% m-o-m to 2.62 Bn shares while value traded went down by a higher 32.3% to AED 3.7 Bn.

Data for Aug-17 showed that the improvements in the overall business conditions in Dubai's non-oil private sector remained unchanged during the month, with the seasonally adjusted Emirates NBD Dubai Economy Tracker Index stabilizing at 56.3, from conditions in the previous month. Nevertheless a value of 56.3 signals an expansion in the non-oil private economy even as output and new order indices remained above 60.0, reflecting a sharp rise in business activity and new work. Firms overall were more optimistic as per Emirates NBD, as the business expectations index rose to 68.5 in Aug-17 from 67.7 in Jul-17. The headline construction sector index rose to 55.8 in Aug-17 from 54.8 in Jul-17 as both output and new work increased at a faster rate, driven by higher number of projects as per the survey.

## DFM Monthly Sector Performance



## Monthly Value Traded (AED Mn)



Source: Dubai Financial Market, KAMCO Research

## Qatar Exchange

Monthly Indicators	Oct-16	Nov-16	Dec-16	Jan-17	Feb-17	Mar-17	Apr-17	May-17	Jun-17	Jul-17	Aug-17	Sep-17
QE 20 Index	10,173.0	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
Monthly % Change	(2.5%)	(3.7%)	6.6%	1.5%	1.0%	(2.9%)	(3.1%)	(1.6%)	(8.8%)	4.2%	(6.4%)	(5.5%)
Market Cap (QAR Bn)	548.5	526.6	563.5	568.6	577.7	556.3	542.4	528.6	487.5	509.0	476.7	454.6
P/E (X) - TTM	13.45	13.04	13.85	14.34	15.00	14.58	14.42	13.76	12.80	13.58	12.80	12.18
P/BV (X) - TTM	1.51	1.45	1.56	1.52	1.48	1.44	1.40	1.35	1.26	1.30	1.21	1.15
Dividend Yield (%)	4.00%	4.18%	3.93%	3.91%	3.79%	3.97%	4.03%	4.14%	4.46%	4.29%	4.61%	4.73%
Volume (Mn Shares)	121	188	190	190	188	287	183	231	249	200	159	193
Value (QAR Mn)	4,360	5,822	7,204	5,757	6,723	10,292	4,681	5,936	6,566	5,476	3,745	4,001
Trades	56,888	73,428	71,747	76,729	81,708	103,717	62,981	70,499	73,211	72,354	49,557	48,956

Source: Qatar Exchange, KAMCO Research

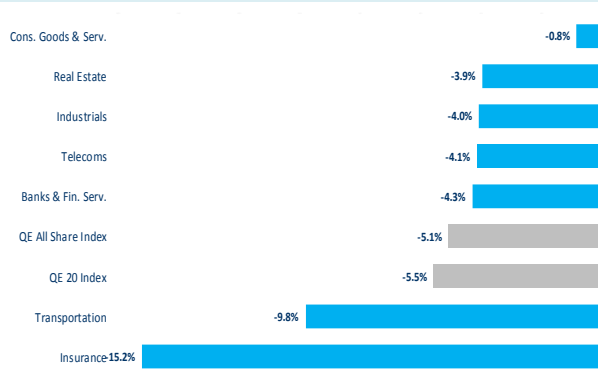
The QE 20 index was yet again the worst performing market in the GCC for the month of Sept-17, and remains the worst performing market in the region YTD as well. All indices closed in the red for the month. The QE 20 index dropped by 5.6% m-o-m, and closed at 8312.43 points. The Qatar All Share index, which maps the broader index, also witnessed a decline as it went down by 5.1% m-o-m for the month of Sept17. Market breadth was poor as 27 companies declined, while 15 companies advanced during the month. The Insurance index was the main laggard as the index plunged by 15.7% m-o-m, as Qatar Insurance Company dropped by 20.7% m-o-m, while all the stocks in the index declined. The Transportation index followed with declines of 9.8% m-o-m, as all stocks receded in the index with Qatar Gas Transport dropping by 7.1% m-o-m. Banks and Financial Services names lost 4.3% on the index, as QNB dropped by 6.6% m-o-m, followed by Masraf Al Rayan which declined by 2.7% m-o-m for the month of Sept-17.

In corporate funding activity, QNB completed its Formosa bond issuance under its Euro Medium Term Note (EMTN) programme and was listed on the Taipei Stock Exchange. A USD 630 Mn tranche was issued with a maturity of 30 years callable every 5 years. The issue attracted strong interest from Taiwanese investors. In corporate ratings action, Fitch Ratings revised Ooredoo's long term corporate credit ratings from 'A+' to 'A' and moved the outlook from Rating Watch Negative to Negative. The agency mentioned that the change in rating reflects Fitch's August 2017 revision of Qatar's sovereign rating from 'AA' to 'AA-', and is in line with Fitch's parent-subsidiary rating linkage methodology, given that Qatar directly or indirectly own 68% of Ooredoo. In other index-based developments, Gulf Warehousing Co was added to the FTSE Qatar Co, while Qatari Investors Group, Aamal Co and Qatar Navigation (Milaha) was deleted from the FTSE Qatar index.

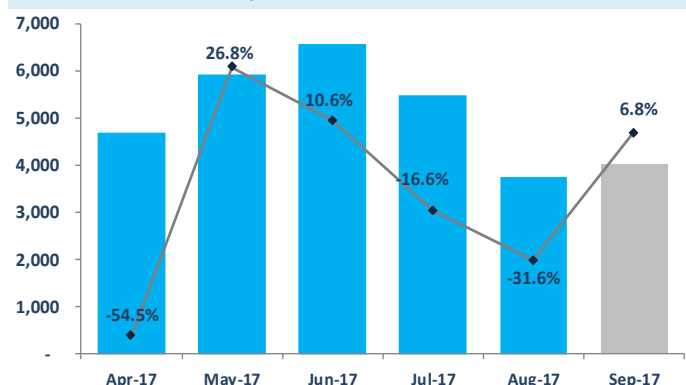
Trading activity on the index however turned and was positive, as value traded during Sept-17 increased by 6.8% to reach QAR 4.0 Bn, while traded volumes improved by 20.8% m-o-m to reach 192 Mn shares. In terms of trading activity, Qatar National Bank topped the monthly value traded chart with QAR 745 Mn worth of shares traded, followed by Vodafone Qatar and Investment Holding Group recording QAR 351 Mn and QAR 273 Mn in monthly value traded. In terms of volumes traded Vodafone Qatar led all stocks with traded volumes of 42 Mn shares. Investment Holding Group and Qatar First Bank followed with traded volumes of 35.0 Mn shares and 29.0 Mn shares respectively. Investment Holding Group was the top performing stock in the index for the month as its share price surged by 12.6%. Qatar General Insurance followed along with GISS, as their stock prices moved up by 11.4% and 8.7% respectively. On the other hand, shares of Qatar Insurance Co led the monthly losers chart with its stock losing 20.7% m-o-m. Aamal and Qatar Investors Group followed with declines of 17.8% and 17.6% respectively for the month.

According to Moody's, Qatar reportedly injected USD 38.5 Bn into its economy and financial system over June and July, which represents close to 23% of its GDP and is more than 10% of its USD 340 Bn financial reserves. Nevertheless, Moody's does not expect Qatar to raise funds from the international markets in 2017.

### QE Monthly Sector Performance



### Monthly Value Traded (QAR Mn)



Source: Qatar Exchange, KAMCO Research

## Bahrain Bourse

Monthly Indicators	Oct-16	Nov-16	Dec-16	Jan-17	Feb-17	Mar-17	Apr-17	May-17	Jun-17	Jul-17	Aug-17	Sep-17
<b>Bahrain All Share Index</b>	<b>1,148.83</b>	<b>1,174.12</b>	<b>1,220.45</b>	<b>1,303.70</b>	<b>1,349.67</b>	<b>1,355.99</b>	<b>1,335.67</b>	<b>1,319.75</b>	<b>1,310.04</b>	<b>1,327.81</b>	<b>1,302.46</b>	<b>1,283.78</b>
Monthly % Change	(0.1%)	2.2%	3.9%	6.8%	3.5%	0.5%	(1.5%)	(1.2%)	(0.7%)	1.4%	(1.9%)	(1.4%)
<b>Market Cap (BHD Mn)</b>	<b>6,796</b>	<b>6,946</b>	<b>7,221</b>	<b>7,721</b>	<b>7,995</b>	<b>7,683</b>	<b>7,575</b>	<b>7,487</b>	<b>7,434</b>	<b>7,536</b>	<b>7,385</b>	<b>7,284</b>
P/E (X) - TTM	9.70	9.29	9.68	9.97	9.92	10.06	9.60	9.30	9.27	9.62	8.75	8.64
P/BV (X) - TTM	0.78	0.80	0.83	0.89	0.89	0.87	0.86	0.85	0.85	0.86	0.86	0.82
Dividend Yield (%)	4.47%	4.39%	4.22%	3.95%	4.44%	4.96%	5.03%	5.10%	5.13%	5.05%	5.14%	5.21%
Volume (Mn Shares)	29	55	211	136	86	96	141	61	39	64	48	165
Value (BHD Mn)	6	12	10	26	18	24	19	14	9	13	10	13
Trades	750	998	1,163	2,164	1,621	1,864	1,684	1,146	926	1,443	1,250	1,484

Source: Bahrain Bourse, KAMCO Research

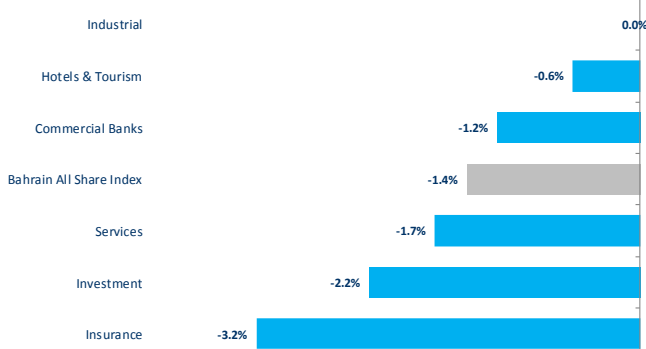
The Bahrain All Share Index, which remains one of the best performing markets YTD, witnessed a consecutive month of decline in Sept-17, albeit moderately. The index closed 1.5% lower on a m-o-m basis during the current month. The index closed at 1283.46 points at the end of the month. Sectoral performance was mostly down, as all indices barring the Industrials index declined during the month. Market breadth for the index was weak as well, as 6 stocks gained ground, while 12 stocks witnessed declines in their share prices. The entire financials pack of Banks, Investment and Insurance companies were down. Insurance companies were down 3.2% m-o-m in Sept-17 as Al Ahlia Insurance declined in double digits. The Investment sector receded by 2.2% m-o-m as GFH declined by 4.3% and Arab Banking Corp went down by 3.5% for the month of Sept-17. Banks went down by 1.2% m-o-m in Sept-17, as bellwether AUB dragged the index down with a drop of 2.8% m-o-m. Large-cap in the Industrial sector, Aluminum Bahrain lost 0.4% m-o-m for the month of Sept-17.

In corporate ratings action, Capital Intelligence affirmed GFH's Long-Term Rating at 'BB' and the Short-Term Rating at 'B'. They kept the outlook for GFH's ratings remains 'Stable'. The ratings were supported by GFH's successful implementation of its recent strategy to convert to a financial group; targets of improved liquidity combined with low leverage and increased profitability. In corporate financing activities, Bahrain Islamic Bank closed a debut USD 101 million 1-year Syndicated Murabaha Financing Facility. The Facility was initially launched for USD 50 Mn, but the bank decided to utilize the significant over-subscription to increase the Facility size, following strong interest from the market.

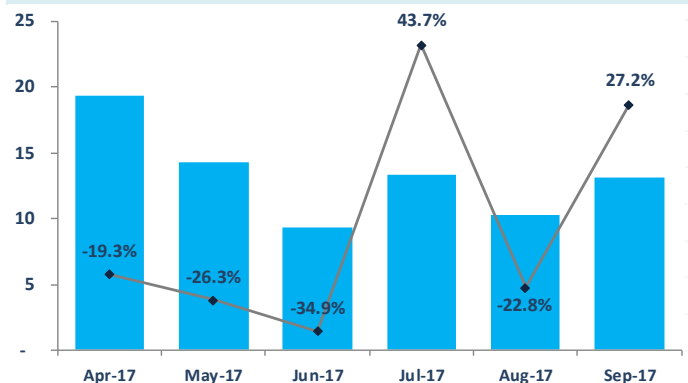
The exchange's figures of value and volumes traded in Sept-17 exhibited improving trends on an m-o-m basis, as compared to the previous month. Volumes traded in the exchange reached 164 Mn and moved up by over 243% m-o-m as compared to 47.9 Mn shares in Aug-17. Value traded improved by over 27.2% in the exchange to reach BHD 13.1 Mn in Sept-17, as compared to BHD 9.9 Mn in Aug-17. Furthermore, the number of trades made in the exchange increased to 1,484 trades, a 18.7% m-o-m jump from Aug-17. Gulf Finance House was the most actively traded stock in Sept-17 with BHD 6.1 Mn worth of its shares traded on the exchange. Ahli United Bank and Investcorp Bank followed with BHD 2.1 Mn and BHD 1.2 Mn worth of shares traded. Bahrain Duty Free Complex topped the gainers list for the month of Sept-17, as it witnessed a m-o-m increase of 2.7%, followed by Esterad Investment Co. and National Bank of Bahrain with monthly gains of 1.8% and 1.6% respectively as compared to Aug-17. Al-Ahlia Insurance was the main laggard for the month of Sept-17, as it witnessed a m-o-m decline of 14.8%, followed by Seef Properties and Banader Co. for Hotels with monthly declines of 10% and 6.7% respectively as compared to Aug-17.

Bahrain reportedly has priced its USD 3 Bn three-tranche bond issue, with the deal including a 7.5 year USD 850 Mn sukuk deal priced at 5.25%. The deal also includes conventional bonds of USD 1.25 Bn and USD 900 Mn with maturities of 12 years and 30 years respectively. The demand for the bonds were stronger than expected as the deal was oversubscribed by 5 times.

### BSE Monthly Sector Performance



### Monthly Value Traded (BHD Mn)



Source: Bahrain Bourse, KAMCO Research

## Muscat Securities Market

Monthly Indicators	Oct-16	Nov-16	Dec-16	Jan-17	Feb-17	Mar-17	Apr-17	May-17	Jun-17	Jul-17	Aug-17	Sep-17
<b>MSM 30 Index</b>	<b>5,481.4</b>	<b>5,487.7</b>	<b>5,782.7</b>	<b>5,776.2</b>	<b>5,780.0</b>	<b>5,550.6</b>	<b>5,513.5</b>	<b>5,422.0</b>	<b>5,118.3</b>	<b>5,024.2</b>	<b>5,052.6</b>	<b>5,137.4</b>
Monthly % Change	(4.3%)	0.1%	5.4%	(0.1%)	0.1%	(4.0%)	(0.7%)	(1.7%)	(5.6%)	(1.8%)	0.6%	1.7%
<b>Market Cap (OMR Mn)</b>	<b>7,930</b>	<b>7,946</b>	<b>5,055</b>	<b>4,959</b>	<b>4,944</b>	<b>6,153</b>	<b>5,991</b>	<b>4,705</b>	<b>4,461</b>	<b>4,356</b>	<b>4,479</b>	<b>4,556</b>
P/E (X) - TTM	9.35	9.54	10.08	10.21	9.91	9.57	10.76	10.72	10.21	10.22	10.53	10.70
P/BV (X) - TTM	1.08	1.08	1.15	1.13	1.12	1.06	1.07	1.05	0.99	0.93	0.94	0.95
Dividend Yield (%)	5.38%	5.39%	5.11%	5.23%	5.33%	5.70%	5.68%	5.80%	6.17%	6.20%	5.96%	5.90%
Volume (Mn Shares)	127	187	147	192	280	258	203	232	115	126	216	272
Value (OMR Mn)	43	58	44	52	99	73	45	43	29	37	53	54
Trades	7,975	5,847	8,793	11,583	12,280	12,395	10,204	9,848	5,549	6,528	7,306	5,615

Source: Muscat Securities Market, KAMCO Research

Oman recorded the best monthly performance in the GCC during September-17 with the MSM 30 Index up 1.7%, a second consecutive month of gain after declining for the previous five months. All the sectoral indices contributed to the gain with the Industrial index surging 4.3% followed by Services and Financial indices with monthly gains of 3.3% and 0.8%, respectively. Nevertheless, the market's YTD-17 performance continues to lag being other GCC markets with a decline of 11.2%, second only to Qatar's YTD performance. In terms of investor participation, local investors led were active during the month accounting for 93% of total value of shares bought during the month as compared to 83.6% in August-17, while in terms of value of sell trades their share stood at 87% as compared to 78.4% during the previous month.

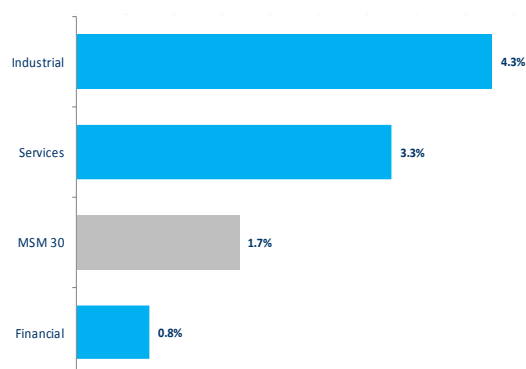
Trading activity was also upbeat during the month with both monthly volume and value reaching multi-month highs despite the Eid holidays. Total monthly volume of shares reached a seven-month high level of 278 Mn, up almost a third from the previous month. Similarly, monthly value of shares traded reached a six-month high level of OMR 56 Mn, although the m-o-m increase was much smaller at 5.6%. The average daily activity during the month also improved with 63% increase in average volumes to 16 Mn shares and 33% increase in daily value that reached OMR 3.2 Mn. Bank Sohar topped both the monthly volume and value chart with 171.7 Mn shares traded worth OMR 28.7 Mn. Bank Muscat ranked second on the value chart with OMR 5.2 Mn worth of shares changing hands followed by Oman Telecom and Oman Flour Mills recording OMR 3.0 Mn and OMR 2.3 Mn in monthly trades.

In terms of sector performance, the Industrial index got support from the 6.1% gains recorded by shares of Raysut Cement in addition to 8.9% and 6.8% gains in smaller stocks Al Anwar Ceramic Tiles and Al Jazeera Steel Products, respectively. These gains were partially offset by 5.2% and 4.8% decline in shares of Oman Cement and Oman Cable Industry. Share performance for the Services index was largely positive with five gainers and one decliner. Telecom stocks supported the gains with shares of Ooredoo gaining 8.2%, while Oman Telecom surged 2%.

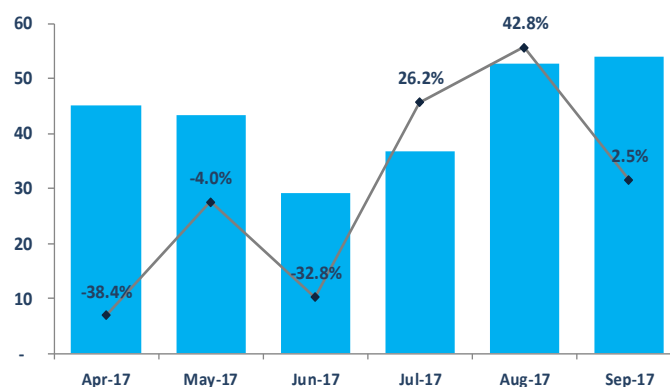
The monthly gainers chart was topped by Al Jazeera Services with a gain of 11.4% followed by Al Anwar Ceramic Tiles and Ooredoo Oman with gains of 8.9% and 8.2%, respectively. On the other hand, Al Maha Petroleum Products topped the decliners chart with a decline of 9.2% followed by Oman Cement and Oman Cables Industry with declines of 5.2% and 4.8%, respectively. The monthly market breadth was strongly skewed towards gainers that included 16 stocks, while decliners included 8 stocks.

On the economic front, Oman's budget for the first seven months of 2017 showed improvements with deficit down by more than a third to OMR 2.59 Bn from 4.02 Bn a year ago, according to data from the Finance Ministry. The improvement comes on the back of higher revenues and lower expenditure. Revenues increased to OMR 4.7 Bn vs. OMR 3.74 Bn while expenditure declined slightly to OMR 6.5 Bn as compared to OMR 6.66 Bn during Jan-Jul of last year.

### MSM Monthly Sector Performance



### Monthly Value Traded (OMR Mn)



Source: Muscat Securities Market, KAMCO Research



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