

## GCC Markets Monthly Report

May-2016

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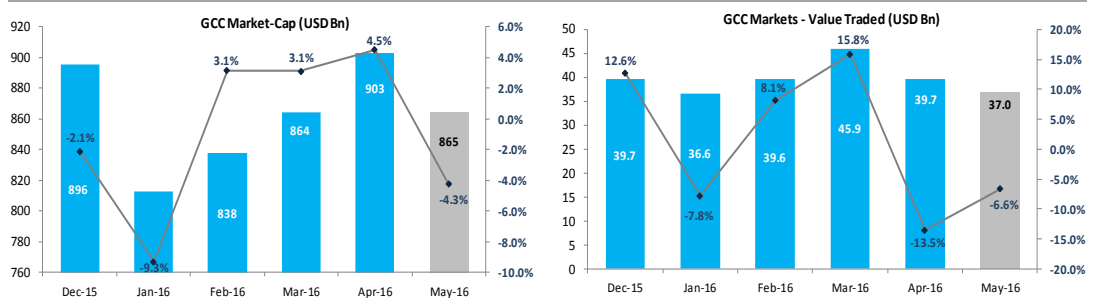
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**GCC equity markets were back in the red after three consecutive months of sustained rally that was largely led by improving oil prices. Although oil prices broadly continued on its upward trend reaching almost USD 50/b during May-16, markets took a breather on the back of profit booking on key stocks ahead of Ramadan and summer vacations. Performance remained largely negative for most of the month, for almost all of the equity markets in the GCC with Saudi Arabia registering a decline of 5.3% by the end of the month, behind Abu Dhabi (-6.5%) and Qatar (-6.4%) exchanges. Trading activity in the region also witnessed a steep decline, led by UAE and Qatar resulting in a decline of almost USD 3 Bn in total value traded during May-16.**

Internationally, equity markets remained largely stable with the MSCI World Index almost flat month-on-month. Equity markets in Asia and Emerging Markets declined, whereas US and European markets strengthened, partially offsetting the broad decline. **In a key development, Federal Reserve Chair Janet Yellen said that a near term hike in US Fed rate is possible, highlighting improving economic conditions in the US.** The rate hike, that could happen in months, as per the comment, would be driven by expectations of continued improvement in the job market and the overall economy. The comment led to a surge in the USD, pushing it close to a 2-month high against a basket of currencies.

It is pertinent to note that a strengthening USD has an opposite impact on the oil market which in turn affects GCC markets. This coupled with **the outcome of the OPEC meeting on 2-June-16 in which oversupply concerns and production curbs (or a possible freeze) would take center stage, would determine the direction of the market in the near term, although trading activity is expected to remain subdued due to the onset of Ramadan.**

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	357.4	(2.4%)	(6.4%)	82.3	814.3	15.6	1.1	4.2%
Kuwait - 15 Index	826.2	(4.3%)	(8.2%)					
Kuwait - Price Index	5,400.3	0.2%	(3.8%)					
Saudi Arabia	6,448.4	(5.3%)	(6.7%)	397.1	31,450.2	12.8	1.5	3.7%
Abu Dhabi	4,250.2	(6.5%)	(1.3%)	118.0	893.8	10.4	1.4	5.4%
Dubai	3,313.7	(5.1%)	5.2%	88.4	2,114.7	8.9	1.2	4.0%
Qatar	9,538.8	(6.4%)	(8.5%)	142.0	1,501.3	12.3	1.5	4.1%
Bahrain	1,111.6	0.1%	(8.6%)	17.4	12.8	9.2	0.8	5.8%
Oman	5,811.0	(2.2%)	7.5%	19.3	249.8	10.5	1.2	5.1%
<b>Total GCC</b>				<b>864.5</b>	<b>37,036.9</b>	<b>11.8</b>	<b>1.4</b>	<b>4.2%</b>



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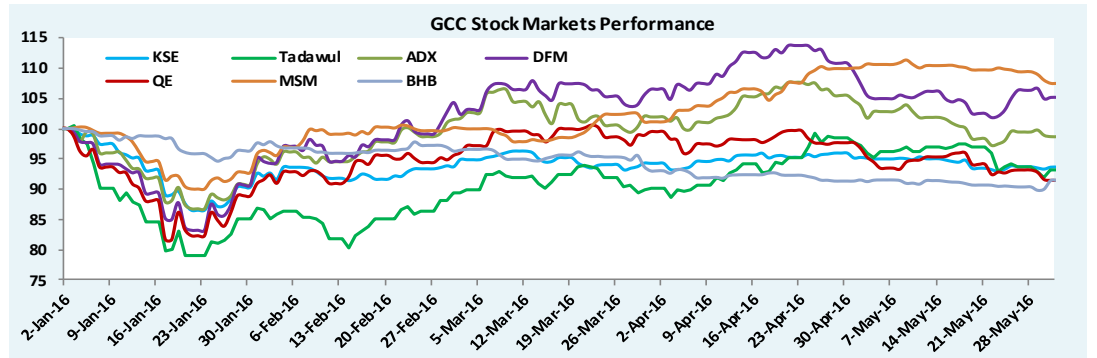
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Source: GCC Stock Exchanges, KAMCO Research

## Kuwait Stock Exchange

Monthly Indicators	Jun-15	Jul-15	Aug-15	Sep-15	Oct-15	Nov-15	Dec-15	Jan-16	Feb-16	Mar-16	Apr-16	May-16
<b>KSE Price Index</b>	<b>6,203.0</b>	<b>6,253.7</b>	<b>5,820.6</b>	<b>5,726.0</b>	<b>5,775.4</b>	<b>5,802.4</b>	<b>5,615.1</b>	<b>5,114.5</b>	<b>5,207.4</b>	<b>5,228.8</b>	<b>5,391.8</b>	<b>5,400.3</b>
Monthly % Change	(1.4%)	0.8%	(6.9%)	(1.6%)	0.9%	0.5%	(3.2%)	(8.9%)	1.8%	0.4%	3.1%	0.2%
<b>KSE Weighted Index</b>	<b>419.9</b>	<b>418.9</b>	<b>385.3</b>	<b>388.4</b>	<b>388.4</b>	<b>393.0</b>	<b>381.7</b>	<b>353.4</b>	<b>358.3</b>	<b>359.8</b>	<b>366.3</b>	<b>357.4</b>
Monthly % Change	(0.4%)	(0.2%)	(8.0%)	0.8%	(0.0%)	1.2%	(2.9%)	(7.4%)	1.4%	0.4%	1.8%	(2.4%)
<b>Kuwait 15 Index</b>	<b>1,017.0</b>	<b>1,014.9</b>	<b>919.2</b>	<b>935.1</b>	<b>924.3</b>	<b>929.6</b>	<b>900.4</b>	<b>829.8</b>	<b>841.0</b>	<b>850.5</b>	<b>863.3</b>	<b>826.2</b>
Monthly % Change	0.1%	(0.2%)	(9.4%)	1.7%	(1.2%)	0.6%	(3.1%)	(7.8%)	1.4%	1.1%	1.5%	(4.3%)
<b>Market Cap (KWD Mn)</b>	<b>28,755</b>	<b>28,647</b>	<b>26,372</b>	<b>26,585</b>	<b>26,586</b>	<b>26,894</b>	<b>26,159</b>	<b>24,224</b>	<b>24,557</b>	<b>24,875</b>	<b>25,025</b>	<b>24,857</b>
P/E (X) - TTM	16.68	16.61	15.32	15.29	14.86	15.04	15.50	14.30	13.20	13.24	15.40	15.56
P/BV (X) - TTM	1.24	1.23	1.14	1.13	1.14	1.16	1.13	1.04	1.07	1.05	1.09	1.09
Dividend Yield (%)	3.59%	3.61%	3.91%	3.92%	3.89%	3.84%	3.95%	4.57%	4.67%	4.00%	4.14%	4.24%
Volume (Mn Shares)	3,420	2,228	3,073	2,784	2,812	2,997	2,340	2,697	2,773	3,983	3,929	2,931
Value (KD Mn)	338	219	300	248	230	313	242	282	225	329	277	246
Trades ('000)	71.7	50.7	76.1	65.3	64.1	74.9	59.3	64.7	67.5	84.8	81.2	68.9

Source: Kuwait Stock Exchange, KAMCO Research

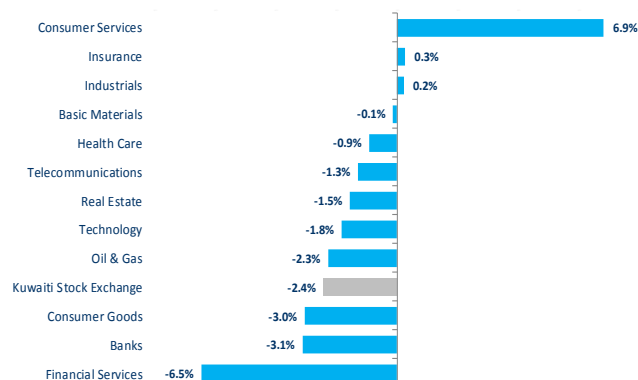
KSE indices declined during May-16 in line with the rest of the GCC markets, however, the decline was smaller than most of the other major markets. The KSE Weighted Index declined by 2.4% during the month, whereas the KSE Price index recorded a positive return of 0.2%. Investors primarily sold large cap blue-chip stocks that saw positive returns during the recent months. This was also reflected in the 4.3% decline in the KSE 15 Index. In terms of trading activity, total volume traded during the month declined by almost 25% to 2.9 Bn shares as compared to 3.9 Bn shares during April-16. Total value traded also declined, but at a much lower rate of 11.1% to KWD 246.0 Mn as compared to KWD 276.7 Mn during the previous month. In terms of sector performance, almost all of the major sectoral indices ended in the red zone led by the Financial Services index that sank 6.5%, whereas the Banking index declined by 3.1%. All the listed Kuwaiti banks recorded negative returns during the month with NBK recording the highest decline of 6%, followed by Burgan Bank and Gulf Bank with a monthly decline of 5.8% each. The Telecom Index declined by 1.3% as positive returns for Ooredoo and Hits Telecom were more than offset by 1.4% fall in Zain and an 8.8% fall in shares of Viva Kuwait.

The monthly gainers chart was topped by Danah Alsafat Foodstuff with a return of 63.6% after the company reported profits of KWD 2 Mn for Q1-16 as compared to KWD 0.03 Mn during Q1-15. Human Soft Holding and Kuwait National Cinema followed on the gainers chart with returns of 48.4% and 41.4%, respectively. In terms of value traded, NBK topped the monthly chart with KWD 29.4 Mn worth of shares traded during the month, followed by Agility and KFH with KWD 16.4 Mn and KWD 16.1 Mn worth of shares traded during the month.

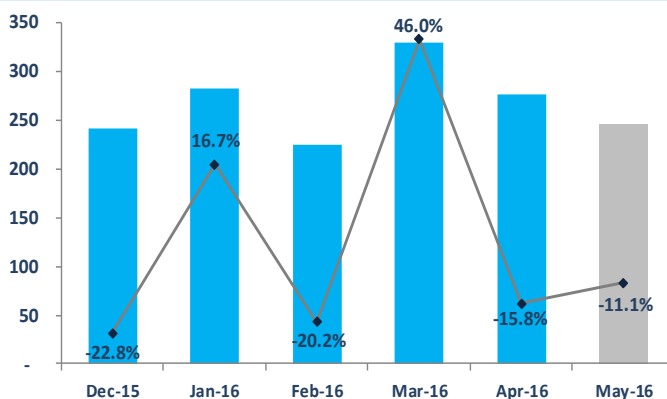
Earnings announcements for Q1-16 concluded during the month with a net profit decline of 4.3% to KWD 496.2 Mn, as compared to a total net profit of KWD 519.8 Mn during Q1-15. Major sectors that witnessed a drop in corporate profitability included Financial Services, Real Estate, Bank and Insurance, whereas Healthcare, Telecom and Oil & Gas sectors saw increase in earnings. The decline in Banking sector profitability was primarily on the back of a fall in Q1-16 earnings for NBK, due to a one time gain during Q1-15.

On the economic front, central bank data showed that the country is stepping up debt issuances in order to finance budget deficit caused by the decline in oil revenues. By mid-May, the government had issued almost KWD 600 Mn of bonds and Islamic tawarruq in almost equal proportion since the start of the new fiscal year from 1-April-16. As a comparison, the government had issued KWD 350 Mn during the first calendar quarter of 2016. During the month, the government also announced its intention to continue investing in key projects with an estimated outlay of KWD 34.5 Bn in the next five years. The primary aim is to increase the country's oil production capacity to 4 mb/d as compared to the current 3 mb/d.

### KSE Monthly Sector Performance



### Monthly Value Traded (KWD Mn)



Source: Kuwait Stock Exchange, KAMCO Research

## Saudi Arabia (Tadawul)

Monthly Indicators	Jun-15	Jul-15	Aug-15	Sep-15	Oct-15	Nov-15	Dec-15	Jan-16	Feb-16	Mar-16	Apr-16	May-16
Tadawul All Share Index	9,086.9	9,098.3	7,522.5	7,404.1	7,124.8	7,239.9	6,911.8	5,996.6	6,092.5	6,223.1	6,805.8	6,448.4
Monthly % Change	(6.2%)	0.1%	(17.3%)	(1.6%)	(3.8%)	1.6%	(4.5%)	(13.2%)	1.6%	2.1%	9.4%	(5.3%)
Market Cap (SAR Bn)	2,017.2	2,026.6	1,694.7	1,670.3	1,630.4	1,659.1	1,580.7	1,373.3	1,403.9	1,439.0	1,560.3	1,489.4
P/E (X) - TTM	18.82	18.91	15.81	15.59	15.22	12.93	12.30	10.73	10.88	12.29	13.41	12.76
P/BV (X) - TTM	2.14	2.15	1.80	1.77	1.73	1.58	1.50	1.31	1.33	1.49	1.64	1.55
Dividend Yield (%)	3.03%	2.38%	2.84%	2.88%	2.96%	4.14%	4.28%	4.94%	4.84%	4.52%	3.65%	3.74%
Volume (Mn Shares)	3,515	2,593	4,971	3,575	4,594	5,336	6,013	6,425	6,817	7,373	6,705	6,110
Value (SAR Mn)	112,807	84,411	116,281	79,409	102,429	107,616	126,338	115,145	120,712	131,199	117,608	117,944
Trades ('000)	2,151	1,615	2,473	1,638	2,039	2,140	2,688	2,766	3,054	2,994	2,625	2,761

Source: Tadawul, KAMCO Research

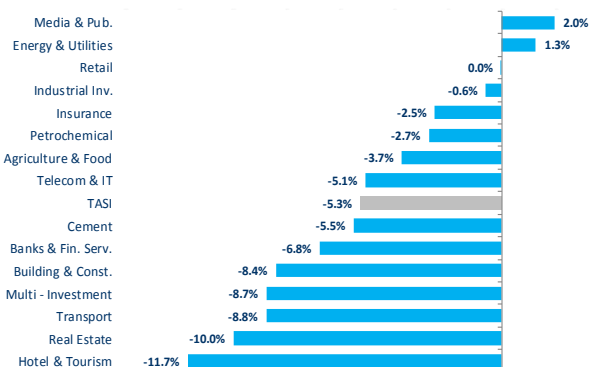
After three consecutive months of positive returns and being the best performing market in April-16, the Tadawul stock exchange witnessed one of the steepest declines in the GCC during May-16, with the TASI declining by 5.3% during the month. The index broke the 6,400 level on 30-May-16 but bounced back on the last trading day of the month to close at 6,448.4 points. The May-16 decline further pushed YTD-16 declines to 6.7% just ahead of Qatar and Bahrain markets. In fact, an oil price of USD 50/b also failed to lift investor sentiments in Saudi Arabia as investors continued to book profits after short term rallies within the month.

Sector performance also reflected the market weakness with almost all of the sectoral indices witnessing monthly declines (Media and Energy indices were the only positive performing sectors albeit with marginal monthly returns of 1.95% and 1.3%, respectively). The sectoral index monthly decline was led by Hotels & Tourism Index that declined by 11.7% with all the four stocks in the index declining during the month followed by the Real Estate Index with a 10% decline which also saw steep declines in individual stocks. The Banking index plunged -7.4% with all the banks reporting negative returns for the month as banks continued to reel under margin pressure amid declining liquidity and economic slowdown. In a related development, the Saudi Central Bank denied any intention of altering its exchange rate policy and said that the currency was under pressure due to market speculation. The Petrochemicals index witnessed a relatively smaller decline of 2.7% as the decline in SABIC (-3.9%) and a majority of the other stocks in the sector was partially offset by positive returns in five stocks. Shares of YANSAB got a late month boost after the company announced increase in quarterly dividends. Shares of Sahara Petrochemical was also up by 5.7% after SIPCHEM (-1.54%) announced plans to revive its aborted merger plan with Sahara.

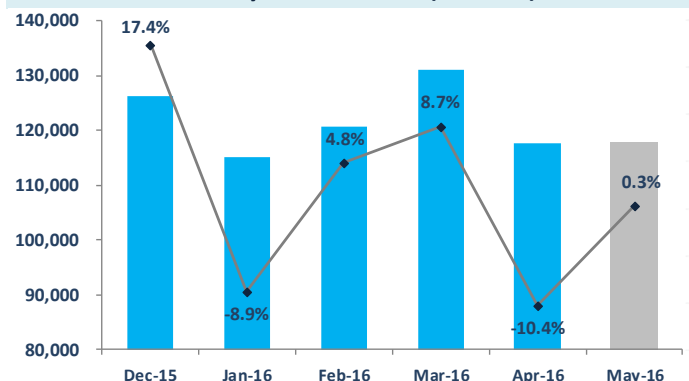
In terms of trading activity, Saudi Arabia was amongst the only two markets that recorded positive growth in value traded during the month primarily due to the three extra trading days as compared to April-16. Monthly value traded increased marginally by 0.3% to SAR 118 Bn although average daily value traded declined to SAR 5.1 Bn as compared to SAR 5.9 Bn during April-16. Alinma Bank (-8.7%) topped the monthly value traded chart with SAR 1.1 Trillion worth of shares traded during the month followed by Saudi Kayan and Dar Al Arkan Real Estate with SAR 363 Mn and SAR 296 Mn worth of shares traded during the month. The monthly volume of shares traded declined by 8.9% to 6.1 Bn shares as compared to 6.7 Bn shares during the previous month. The monthly gainers chart was topped by Fawaz Abdulaziz Al-Hokhair (+20.6%) whereas the newly listed Al Yamamah Steel Industries stood third on the list with a return of 11.9%. The decliners list was dominated by Insurance stocks with Salama (-25.4%) topping the chart followed by Saudi Re (-20.3%) and UCA (-19%).

On the economic front, Moody's lowered the Kingdom's long-term issuer rating by one notch to A1 highlighting the impact of low oil prices on government finances. Nevertheless, the rating agency gave a 'Stable' outlook for the Kingdom highlighting that the major reforms announced by the government during April-16 might help to stabilize the state finances. The plans were also lauded by the IMF which said that the Kingdom is slashing spending at the right speed to deal with the budget deficit and that the fiscal policy is appropriately adjusting in response to the oil price drop.

### Tadawul Monthly Sector Performance



### Monthly Value Traded (SAR Mn)



Source: Tadawul, KAMCO Research

## Abu Dhabi Securities Exchange

Monthly Indicators	Jun-15	Jul-15	Aug-15	Sep-15	Oct-15	Nov-15	Dec-15	Jan-16	Feb-16	Mar-16	Apr-16	May-16
<b>ADX General Index</b>	<b>4,723.2</b>	<b>4,834.2</b>	<b>4,493.9</b>	<b>4,502.8</b>	<b>4,322.0</b>	<b>4,236.4</b>	<b>4,307.3</b>	<b>4,054.4</b>	<b>4,351.4</b>	<b>4,390.4</b>	<b>4,543.5</b>	<b>4,250.2</b>
Monthly % Change	4.3%	2.3%	(7.0%)	0.2%	(4.0%)	(2.0%)	1.7%	(5.9%)	7.3%	0.9%	3.5%	(6.5%)
<b>Market Cap (AED Bn)</b>	<b>461.7</b>	<b>471.6</b>	<b>437.7</b>	<b>442.0</b>	<b>431.4</b>	<b>424.2</b>	<b>428.1</b>	<b>411.6</b>	<b>435.4</b>	<b>449.2</b>	<b>461.9</b>	<b>433.4</b>
P/E (X) - TTM	8.59	8.78	8.15	8.23	8.02	10.14	10.41	9.84	10.54	10.70	11.14	10.35
P/BV (X) - TTM	1.46	1.49	1.39	1.40	1.37	1.37	1.38	1.32	1.38	1.40	1.45	1.35
Dividend Yield (%)	4.06%	3.98%	4.28%	4.24%	4.35%	5.16%	5.11%	5.35%	4.89%	5.09%	5.01%	5.38%
Volume (Mn Shares)	2,006	2,347	2,469	2,132	1,187	1,709	1,795	1,534	4,172	3,284	2,730	1,945
Value (AED Mn)	4,099	3,889	4,967	4,457	3,621	6,611	5,119	3,308	5,269	6,433	4,579	3,283
Trades	32,836	32,127	45,353	33,220	24,311	38,316	29,399	32,127	43,275	45,320	31,800	26,059

Source: Abu Dhabi Securities Exchange, KAMCO Research

After remaining in the green on YTD basis up until April-16, ADX General Index gave up its gains in May -16. The index receded the most during the month in the GCC losing 6.5% to end the month at 4250.20 points. Banks and Financials, followed by Telecoms, Energy and Real Estate were the sectoral indices, which contributed most to the drop in the ADX index. Banks and Financials plunged by over 7.7% for the month of May -16, followed by Energy and Telecoms which declined by over 6.3% and 5.5% respectively. National Bank of Abu Dhabi was the worst performing large cap bank declining by over 12% for the month, followed by ADCB, which went down by 9.7%, while FGB lost significant ground as well, declining by 8.5% for the month of May-16. Eshraq Properties was the worst performing amongst real estate players declining by 8.1%, while Aldar also moved down by 3.3% for the month. Insurance remained the only sector which closed in the green for the month, albeit it marginally, with m-o-m gains of 1.4%.

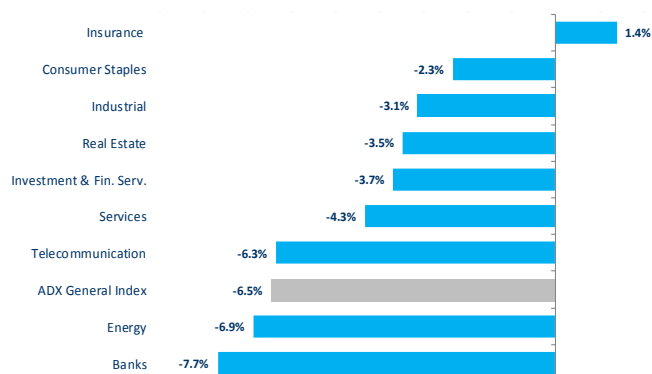
In major Q1-16 earnings announcements that were released during the month of May-16, Aldar Properties posted a revenue growth of 4.2% in Q1-16 to reach AED 1.23 Bn, compared to AED 1.18 Bn from the same period during the previous year. The company recorded net profit of AED 653.95 Mn in the first quarter of 2016, a rise of 14.6% from AED 570.7 Mn in the same period last year. Retail major, Agthia Group recorded revenues amounting to AED 485.9 Mn in Q1-16, a rise of 11.7% from AED 434.9 Mn in Q1-15. The company posted a y-o-y growth of 14% in its profits for the first quarter as net profits reached AED 67.5 Mn in Q1-16, compared to AED 59.2 Mn in Q1-15.

In ratings related action during the month, Moody's confirmed Abu Dhabi's long-term issuer ratings at Aa2, assigned a negative outlook and affirmed the short-term issuer rating P-1. The key driver behind keeping the rating stable is ascribed to Abu Dhabi's large fiscal buffers in the form of diversified offshore investments, which is expected to support economic and fiscal resilience during a period of lower oil prices and subdued growth.

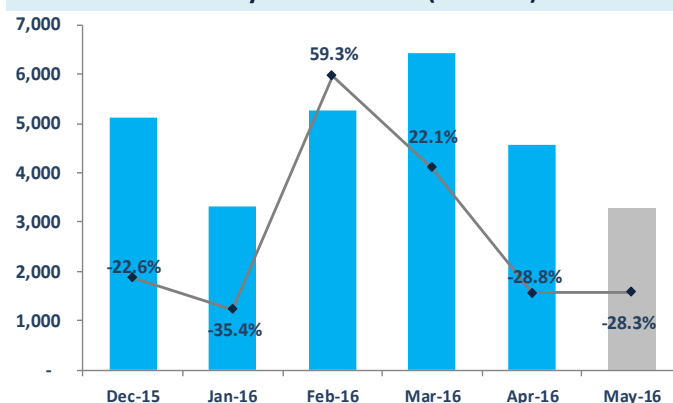
International Fish Farming Co. topped the monthly gainers chart with a monthly return of 29% followed by Abu Dhabi National Insurance & Sharjah Group Co. with gains of 20% and 11.1%, respectively. On the decliners' side, National Marine Dredging Co. led, with a decline of 24.2%, followed by Sudan Telecom and Al Khazna Insurance Co. with declines of 16.7% and 16.3% respectively.

In terms of trading activity however, both volumes and value traded during the month were down, as total volumes traded decreased by 28.7% to 1.9 Bn shares, as compared to 2.72 Bn shares during the previous month. Value traded during the month declined by 28.3% to AED 3.2Bn, as compared to AED 4.5 Bn during the previous month. Eshraq Properties topped the monthly volume chart for the third month in a row with close to 624 Mn shares traded followed by Ras Al Khaimah Properties, with 349 Mn shares and Commercial Bank International with 192 Mn shares. The monthly value traded chart was also topped by Eshraq Properties with AED 0.5 Bn worth of shares traded followed by Etisalat & Aldar with AED 0.46 Bn and AED 0.4 Bn worth of shares traded during the month.

### ADX Monthly Sector Performance



### Monthly Value Traded (AED Mn)



Source: Abu Dhabi Securities Exchange, KAMCO Research

## Dubai Financial Market

Monthly Indicators	Jun-15	Jul-15	Aug-15	Sep-15	Oct-15	Nov-15	Dec-15	Jan-16	Feb-16	Mar-16	Apr-16	May-16
<b>DFM General Index</b>	<b>4,086.8</b>	<b>4,143.2</b>	<b>3,662.6</b>	<b>3,593.3</b>	<b>3,503.8</b>	<b>3,204.3</b>	<b>3,151.0</b>	<b>2,997.8</b>	<b>3,239.7</b>	<b>3,355.5</b>	<b>3,491.9</b>	<b>3,313.7</b>
Monthly % Change	4.2%	1.4%	(11.6%)	(1.9%)	(2.5%)	(8.5%)	(1.7%)	(4.9%)	8.1%	3.6%	4.1%	(5.1%)
<b>Market Cap (AED Bn)</b>	<b>382.1</b>	<b>386.2</b>	<b>345.2</b>	<b>341.2</b>	<b>336.0</b>	<b>310.8</b>	<b>301.2</b>	<b>289.5</b>	<b>307.0</b>	<b>319.0</b>	<b>334.3</b>	<b>324.9</b>
P/E (X) - TTM	12.58	12.72	11.38	11.24	11.07	9.50	9.19	8.16	8.68	8.98	9.36	8.90
P/BV (X) - TTM	1.46	1.48	1.32	1.30	1.28	1.24	1.20	1.14	1.19	1.24	1.28	1.24
Dividend Yield (%)	1.94%	2.22%	2.48%	2.51%	2.55%	3.35%	3.46%	3.60%	3.51%	3.60%	3.82%	3.97%
Volume (Mn Shares)	14,249	6,426	7,730	3,850	3,953	5,124	5,935	7,972	9,932	15,527	12,030	6,755
Value (AED Mn)	26,148	9,721	12,604	6,564	5,663	6,733	6,700	9,241	11,755	19,582	14,171	7,768
Trades	227,235	102,255	147,101	80,872	70,076	98,185	90,095	121,266	131,931	184,991	133,516	91,318

Source: Dubai Financial Market, KAMCO Research

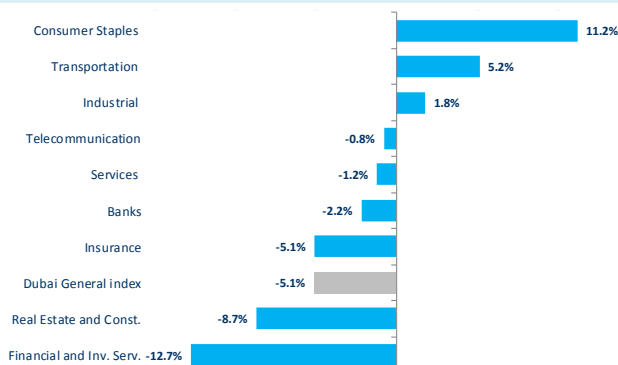
Along with its UAE counterpart, DFM also witnessed declines during the month of May-16 after remaining the best performing market until April-16. The DFM index declined by over 5% and closed at 3306.44 points during the month, but managed to remain amongst the only two markets in the GCC along with the MSM index to close in the green on a YTD basis. On a sectoral basis, the drop in the index was led by Investment & Financial Services firms, followed by Real Estate and Insurance. The Investment & Financial Services index declined by over 12% m-o-m in May-16, followed by Real Estate & Insurance, which went down by over 8% and 6% respectively for the month.

Sectors which gained during the month of May-16 was led by Consumer Staples, which went up by over 8% m-o-m, followed by Transportation which gained by over 2% m-o-m. The Real Estate sector reversed all the gains from last month and declined during May-16, as Emaar lost 8% of its market capitalization during the month, while Union Properties and high beta stock Arabtec Holding lost over 16% and 15% respectively in May-16. In earnings related developments in the sector, DSI reported a y-o-y decline of 7% in Q1-16 revenues, which stood at AED 1.03 Bn as compared to AED 1.11 Bn reported during the same period in 2015. Net profit during Q1-16 was AED 9.52 Mn as compared to a net profit of AED 27.85 Mn reported for the same period last year. DSI's total backlog stood at AED 11.3 Bn as of Q1-16, as compared to AED 13.8 Bn reported during Q1-15.

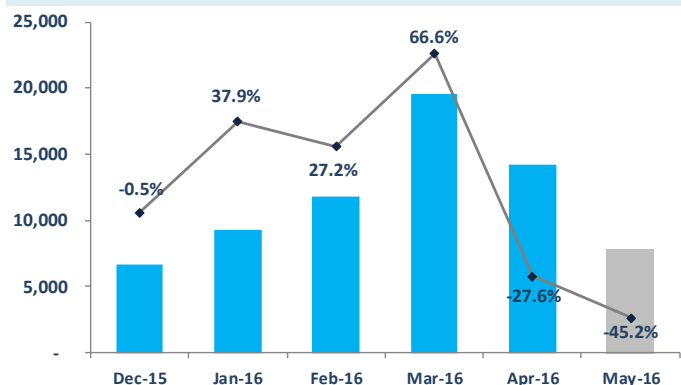
In capital raising initiatives witnessed during the month, DP World announced that the company had raised USD 1.2 Bn in a new seven-year sukuk, due to be listed on Nasdaq Dubai - the Middle East's international financial exchange. The issue received strong investor interest and was oversubscribed by around two times, reportedly receiving bids of more than USD 2 Bn. The money raised from the sale was reportedly meant to fund an offer to buy up to USD 750 Mn of DP World's existing 2017 sukuk, and for general corporate purposes.

The monthly gainers chart was topped by Takaful Emarat with a monthly return of 12.4% followed by Al Madina for Finance & Investment & Hits Telecom as they saw their share prices surge by 10.6% and 8.4% respectively. On the decliners' side, shares of DFM tanked 19.6% during the month. Decliners also included shares of Union Properties, which declined 16.7% and Ajman Bank which went down by 16.6% m-o-m. Market breadth was particularly weak as only 10 stocks gained ground while 30 stocks posted negative m-o-m trends in terms of their share prices. In terms of trading activity however, both volumes and value traded during the month saw significantly lower activity. Total volumes traded decreased by 43.8% to 6.8 Bn shares in May-16 as compared to 12.0 Bn shares during the previous month, whereas value traded during the month declined by an even higher 45.3% to AED 7.8 Bn, as compared to AED 14.2 Bn during the previous month. Number of trades on the exchange also dropped by 31.6% to 91,318 trades in May -16. Arabtec remained the most actively traded scrip during the month, garnering a total value of AED 1.2 Bn, while the shares dipped significantly by 16% m-o-m in general sectoral weakness. Emaar Properties followed in terms of value traded with AED 1.1 Bn. In terms of volumes, Hits Telecom topped Arabtec, as it saw 0.86 Bn worth of shares traded during May -16, while Arabtec witnessed 0.83 Bn shares being traded on the exchange.

### DFM Monthly Sector Performance



### Monthly Value Traded (AED Mn)



Source: Dubai Financial Market, KAMCO Research

## Qatar Exchange

Monthly Indicators	Jun-15	Jul-15	Aug-15	Sep-15	Oct-15	Nov-15	Dec-15	Jan-16	Feb-16	Mar-16	Apr-16	May-16
<b>QE 20 Index</b>	<b>12,201.0</b>	<b>11,785.2</b>	<b>11,563.6</b>	<b>11,465.2</b>	<b>11,604.6</b>	<b>10,090.8</b>	<b>10,429.4</b>	<b>9,481.3</b>	<b>9,892.3</b>	<b>10,376.2</b>	<b>10,186.2</b>	<b>9,538.8</b>
Monthly % Change	1.3%	(3.4%)	(1.9%)	(0.9%)	1.2%	(13.0%)	3.4%	(9.1%)	4.3%	4.9%	(1.8%)	(6.4%)
<b>Market Cap (QAR Bn)</b>	<b>648.0</b>	<b>625.7</b>	<b>607.4</b>	<b>604.6</b>	<b>608.0</b>	<b>532.7</b>	<b>553.3</b>	<b>506.7</b>	<b>523.3</b>	<b>556.7</b>	<b>548.2</b>	<b>516.8</b>
P/E (X) - TTM	14.31	13.81	13.41	13.35	13.42	11.23	11.18	10.00	11.87	12.37	12.37	12.34
P/BV (X) - TTM	2.17	2.10	2.04	2.03	2.04	1.58	1.64	1.48	1.53	1.62	1.64	1.53
Dividend Yield (%)	3.97%	4.11%	4.23%	4.25%	4.23%	5.04%	4.85%	5.31%	4.34%	3.76%	3.87%	4.10%
Volume (Mn Shares)	164	77	153	128	167	158	516	150	202	269	216	163
Value (QAR Mn)	7,272	3,456	6,748	5,524	5,759	6,334	5,856	5,050	6,570	9,081	7,234	5,466
Trades	84,557	64,170	100,914	78,606	82,986	77,351	83,826	84,665	100,763	123,003	110,526	94,675

Source: Qatar Exchange, KAMCO Research

The QE 20 index remained in the red for the second consecutive month in May-16, declining by over 6.3% m-o-m, and ending the month at 9538.77 points. Post the decline the index is amongst the worst performing indices YTD declining by 8.5%. The Qatar All share index declined by a lower 5.89% for the month, closing at 2673.73 points. All sectoral indices lost ground during the month, as the declines were led by the Telecom and Real Estate indices.

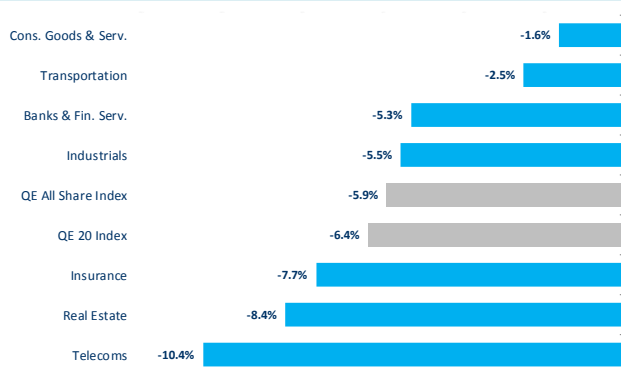
The Telecom index witnessed declines of over 10.4% for the month of May-16, followed by Real Estate which receded by over 8.4% m-o-m. Both telecom names in the index, Ooredoo (-10.6%) & Vodafone (-10%) registered double-digit declines and contributed to the fall in the index. Barwa Real Estate was the key laggard, which pulled down the Real Estate index, as the stock plunged by over 10.3% as compared to the previous month, while large cap Ezdan fell by 8.1% m-o-m. The financials pack consisting of Banking & Finance and Insurance also witnessed significant declines for the month of May-16, as the Banks & Financials Services index receded by 5.3%, while the Insurance index declined by a higher 7.7% m-o-m.

In terms of top gainers for the month, Medicare Group gained the most during May-16, as its share price witnessed a jump of 10%. GISS followed with gains of 8.5% m-o-m followed by Al Ahli United Bank, which witnessed an increase of 5% m-o-m. The laggards for the month were led by Ooredoo which posted double-digit declines for the month, declining by 10.6%. Barwa Real Estate followed, and along with Qatari Investors Group, Widam, and Qatar Cinema registered m-o-m declines of over 10%.

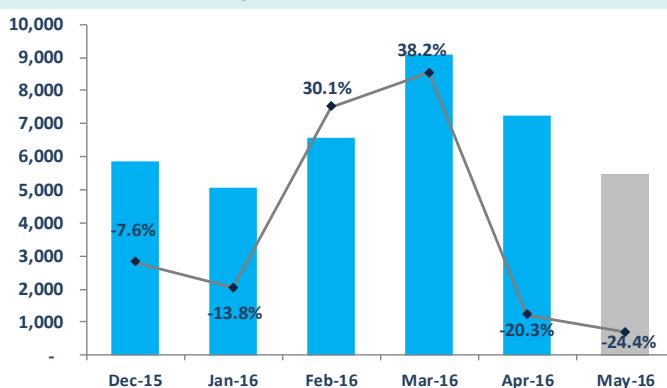
In ratings sovereign ratings action, Moody's confirmed the Government of Qatar's long-term issuer and senior unsecured debt ratings at Aa2 and assigned a negative outlook. Moodys mentioned that despite the negative effect from a protracted period of low oil prices on the country's economy, government finances and external strength, the sovereign's overall credit profile remains consistent with the rating assigned. In corporate ratings action, Fitch Ratings has affirmed Ooredoo's Long-term Issuer Default Rating (IDR) at 'A+' with a Stable Outlook. The rating affirmation is reportedly ascribed to the continued strength of Ooredoo's links with the State of Qatar, which directly and indirectly owns 69% of Ooredoo. The implied state support reportedly underpins the rating and offsets risks associated with diversification into weaker rated emerging markets, slowing sector growth and M&A.

In terms of trading activity, total volumes traded decreased by 24.6% to 163 Mn shares during May-16, as compared to 217 Mn shares during the previous month. Value traded during the month declined by 24.6% to QAR 5.4 Bn, as compared to QAR 7.2 Bn during the previous month. Banks and Financial Services index led trading volumes in May 2016 accounting for over 33.6% of the volumes followed by the Industrials sector, which accounted for 22.8% during the month of May-16. Market breadth shifted towards decliners, as 36 stocks went down while only 8 companies were able to achieve higher stock prices during the month. Number of deals during the month was also down by over 14% as at 110,726 deals.

### QE Monthly Sector Performance



### Monthly Value Traded (QAR Mn)



Source: Qatar Exchange, KAMCO Research

## Bahrain Bourse

Monthly Indicators	Jun-15	Jul-15	Aug-15	Sep-15	Oct-15	Nov-15	Dec-15	Jan-16	Feb-16	Mar-16	Apr-16	May-16
<b>Bahrain All Share Index</b>	<b>1,367.83</b>	<b>1,331.66</b>	<b>1,299.24</b>	<b>1,275.89</b>	<b>1,250.37</b>	<b>1,232.57</b>	<b>1,215.89</b>	<b>1,187.10</b>	<b>1,178.23</b>	<b>1,131.11</b>	<b>1,110.53</b>	<b>1,111.56</b>
Monthly % Change	0.3%	(2.6%)	(2.4%)	(1.8%)	(2.0%)	(1.4%)	(1.4%)	(2.4%)	(0.7%)	(4.0%)	(1.8%)	0.1%
<b>Market Cap (BHD Mn)</b>	<b>7,928</b>	<b>7,840</b>	<b>7,645</b>	<b>7,494</b>	<b>7,410</b>	<b>7,319</b>	<b>7,196</b>	<b>7,025</b>	<b>6,973</b>	<b>6,694</b>	<b>6,573</b>	<b>6,574</b>
P/E (X) - TTM	9.79	9.68	9.44	9.25	9.15	9.13	9.03	8.70	9.37	8.91	8.77	9.16
P/BV (X) - TTM	1.01	0.99	0.97	0.95	0.94	0.92	0.91	0.88	0.84	0.82	0.81	0.82
Dividend Yield (%)	4.59%	3.62%	3.71%	3.78%	3.83%	4.99%	5.06%	5.25%	5.28%	5.72%	5.82%	5.79%
Volume (Mn Shares)	28	19	26	87	28	63	40	23	38	33	22	26
Value (BHD Mn)	7	5	5	22	5	12	7	4	8	7	5	5
Trades	866	758	797	641	641	1,169	1,036	759	1,014	813	577	755

Source: Bahrain Bourse, KAMCO Research

After posting ten months of consecutive declines, the Bahrain All share index, showed a reversal in trend and posted its first m-o-m gains, albeit marginally, and was the only GCC market to close in the green for the month. However, on a YTD basis, the index continues to be the worst performing index with YTD declines of 8.6% until May-16. Industrials and Commercial banks were the key indices, which buoyed the index into the positive territory with gains of 2.8% and 2.6% respectively. The commercial banking sector was aided by a 4.7% increase in the price of large cap Ahli United Bank primarily, while the top performing stock in the sector was ALKhaleeji Commercial Bank. Aluminum Bahrain was the sole stock, which moved in the Industrials segment, with gains of 2.9% m-o-m for the month of May-16.

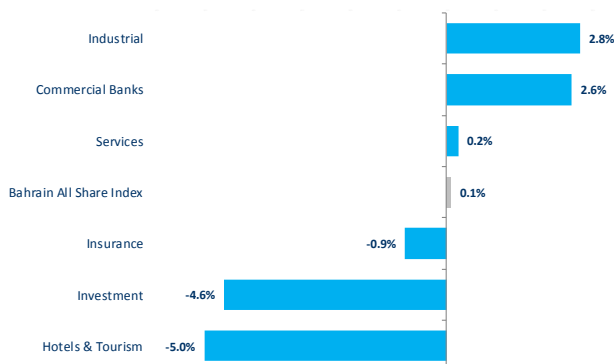
Investment companies however lost ground as the sectoral index went down by 4.6% m-o-m, driven by double digit declines from Gulf Finance House and Arab Banking Corp (-8.9%). The Hotels sector was also declined by 5% as Gulf Hotels group (-7.8%) contributed to index moving into the red. In earnings related announcements for the Q1-16, AUB recorded a net profit of USD 154.6 Mn in Q1-16, representing an increase of 5% y-o-y, as net interest income improved by 5.5% y-o-y from USD 190.8 Mn in Q1-15 to USD 201.2 Mn in Q1-16. Batelco reported group net profit of BHD 9.6M in Q1-16 representing a 33% decline compared to Q1-15, mainly as a result of one-off items, but a 12% increase over the previous quarter. For the period, 60% of group revenues and 55% of EBITDA was attributable to international operations of Batelco.

In ratings action, Moody's downgraded the Government of Bahrain's long-term issuer ratings to Ba2 from Ba1 and assigned a negative outlook, as the agency expects credit profile of the Bahraini government to continue to weaken materially in the coming years, despite its fiscal consolidation efforts. Meanwhile Bahrain, tapped the bond market for a second time in three months as the country reportedly appointed Noor Bank, Bank ABC and Kuwait Finance House to arrange a USD 435 Mn, privately placed Islamic offering, The three-year debt will reportedly have a profit rate of 325 basis points over midswaps.

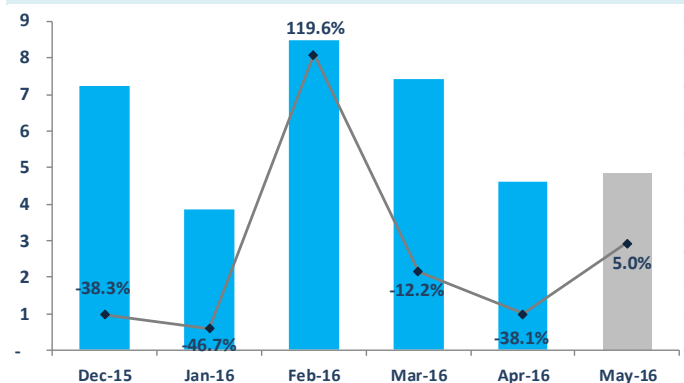
Trading activity on the exchange also rose during May-16, as volume and value traded were up by 16.1% and 5.0% m-o-m, respectively. Total volume traded during the month increased to reach 26 Mn shares, whereas monthly value traded rose to BHD 4.8 Mn. Number of trades for the month jumped by over 30% m-o-m, falling to 755 trades. Market breadth however leaned towards decliners as 11 stocks declined, as against 8 gainers for the month.

Ithmar Bank led the gainers chart, as its stock price surged by 7.7% in May-16. ALKhaleeji Commercial Bank followed with aforementioned gains for the month, followed by Seef Properties, which saw its share price climb by 4.5% m-o-m. The monthly decliners chart was led by Bahrain Cinema (-12.3%) followed by Gulf Finance House (-10.2%) and Zain Bahrain (-9.5%). Meanwhile, AUB once again topped the monthly value traded chart with BHD 1.5 Mn in monthly value traded followed by Bahrain Duty Free Complex yet again at BHD 0.5 Mn in monthly value traded for the month of May -16.

### BSE Monthly Sector Performance



### Monthly Value Traded (BHD Mn)



Source: Bahrain Bourse, KAMCO Research

## Muscat Securities Market

Monthly Indicators	Jun-15	Jul-15	Aug-15	Sep-15	Oct-15	Nov-15	Dec-15	Jan-16	Feb-16	Mar-16	Apr-16	May-16
<b>MSM 30 Index</b>	<b>6,424.6</b>	<b>6,558.2</b>	<b>5,871.6</b>	<b>5,787.7</b>	<b>5,928.2</b>	<b>5,547.9</b>	<b>5,406.2</b>	<b>5,179.4</b>	<b>5,395.1</b>	<b>5,467.4</b>	<b>5,942.7</b>	<b>5,811.0</b>
Monthly % Change	0.6%	2.1%	(10.5%)	(1.4%)	2.4%	(6.4%)	(2.6%)	(4.2%)	4.2%	1.3%	8.7%	(2.2%)
<b>Market Cap (OMR Mn)</b>	<b>8,155</b>	<b>8,291</b>	<b>7,622</b>	<b>7,558</b>	<b>7,645</b>	<b>6,861</b>	<b>6,913</b>	<b>6,636</b>	<b>6,870</b>	<b>6,961</b>	<b>7,444</b>	<b>7,428</b>
P/E (X) - TTM	10.69	10.87	9.99	9.91	10.02	10.04	9.74	9.08	9.49	10.06	10.67	10.53
P/BV (X) - TTM	1.51	1.53	1.41	1.40	1.41	1.20	1.18	1.14	1.14	1.14	1.22	1.22
Dividend Yield (%)	3.73%	3.79%	4.12%	4.16%	4.11%	4.90%	4.99%	5.15%	4.96%	5.38%	5.06%	5.10%
Volume (Mn Shares)	227	192	235	202	1,286	184	381	267	339	336	575	347
Value (OMR Mn)	65	54	74	61	190	59	155	73	84	83	113	96
Trades	12,393	11,055	15,789	11,430	13,690	8,595	9,734	12,401	18,699	18,194	26,093	19,226

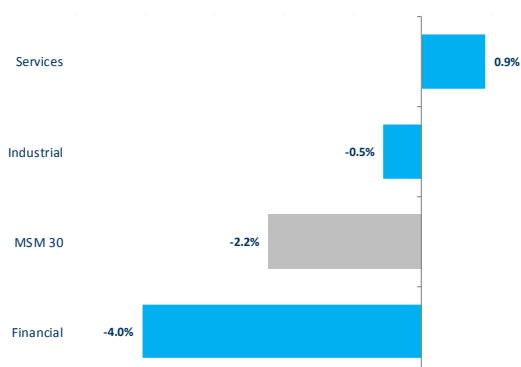
Source: Muscat Securities Market, KAMCO Research

Muscat Securities Market recorded one of the smallest declines in the GCC during May-16 with the MSM30 index declining by 2.2% during the month. The decline was primarily due to a 4.0% decline in the Financial Index and marginal decline of 0.6% in the Industrial index partially offset by 0.9% gains in Services index. A 16.9% decline in shares of HSBC Bank Oman weighed heavily on the market. The bank, which was also the top decliner for the month, witnessed sell-off led by almost 8% decline for net profit during Q1-16. In addition, a general profit taking wave ahead of the month of Ramadan affected prices of key large-cap stocks in the market. In a related development, the bank's long-term deposit rating was affirmed by Moody's highlighting support from the Bank's parent company. The rating agency also downgraded the long-term deposit ratings of Bank Muscat to Baa1 from A3, Oman Arab Bank to Baa2 from Baa1 and Bank Dhofar to Baa2 from Baa1. These downgrades followed the rating agency's downgrade of Oman's sovereign rating to Baa1 from A3 with a stable outlook. Moody's acknowledged the sizable fiscal consolidation efforts undertaken by the Omani government but said that the continues decline in oil prices will negatively affect Oman's sovereign credit profile whereas the outlook reflects, among other strengths, low level of government indebtedness and fiscal buffers.

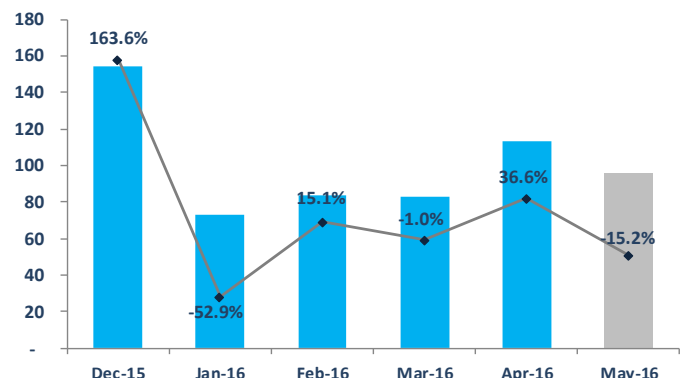
Trading activity declined in line with the rest of the GCC markets with monthly volumes down by 39% to 350 Mn shares as compared to 575 Mn shares during the previous month. On the other hand, total value traded during the month declined by 15% to OMR 96.2 Mn as compared to OMR 113.4 Mn during April-16. In a move to enhance market activity and improve the investment environment, the Oman's Capital Market Authority (CMA) extended margin trading facility to all the companies listed in the regular and parallel markets from the earlier decision to limit it to only the MSM30 constituents. The regulatory review also enhanced the amount a licensed brokerage firm can offer for margin trading to a single client from OMR 250,000 to OMR 500,000, provided that the sum is not more than 15% of the funds a licensed company provides as secured financing. The regulator also increased the duration of the maintenance of margin to five days from three days.

The monthly gainers chart was topped by shares of National Gas that surged 47.4% during the month on the back of sustained buying during the start of the month. Renaissance Services came second on the gainers chart with a gain of 18.3% after the company's subsidiary, Topaz Energy, as part of a consortium bagged a USD 350 Mn contract for Kazakhstan oilfield. Other monthly gainers included United Finance (+13.1%) followed by Salalah Mills (+5.3%) and Al Jazeera Steel Products (+5.1%). On the decliners chart, HSBC Bank Oman topped the list followed by Al Batineh Development Investment Holding (-12.1%) and Galfar Engineering and Construction (-10.2%), which also topped the volume chart for the month with 74 Mn shares traded with a total value of OMR 8.5 Mn. Bank Sohar came second on the volume chart followed by Al Anwar Holding with a volume of 24 Mn and 23.5 Mn shares, respectively. In terms of value traded, Ominvest topped the chart with OMR 11.4 Mn worth of shares traded during the month followed by Bank Muscat (OMR 8.8 Mn).

### MSM Monthly Sector Performance



### Monthly Value Traded (OMR Mn)



Source: Muscat Securities Market, KAMCO Research



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