

GCC Markets Monthly Report

November-2014

In this Report...

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

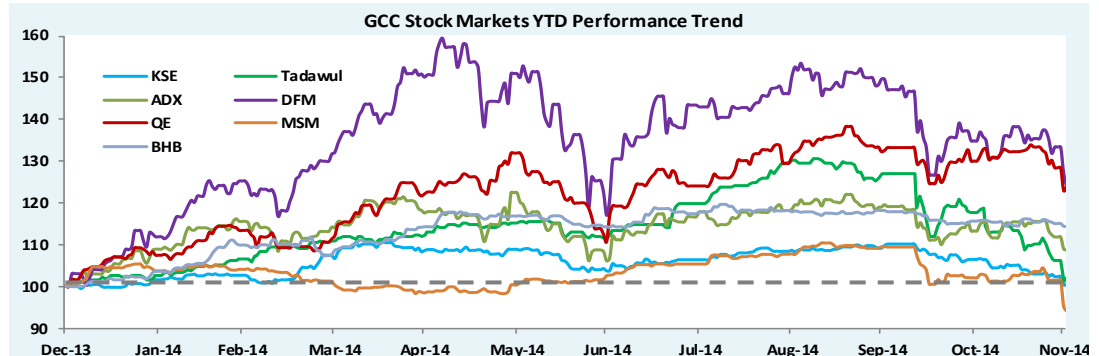
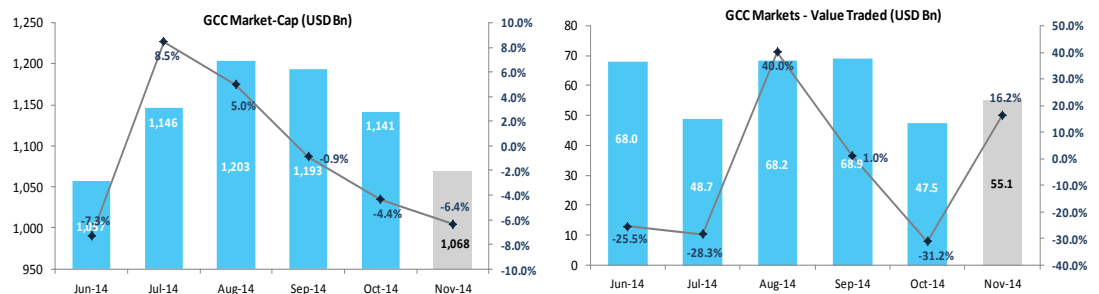
GCC equity markets saw one of the steepest monthly declines in November-14 as bearish sentiments continued for the second consecutive month led by sharp decline in oil prices. Although the first half of the month was positive for most of the GCC markets led by positive datapoints from global economies, markets failed to keep the momentum after oil prices declined to four-year low levels at sub-USD 70/barrel.

OPEC's decision of not cutting oil production taken on the last trading session of November-14 hammered markets across the GCC resulting in a single day decline in excess of 4% for most of the GCC equity markets. Investors expressed concerns on the economic growth prospects of the region as oil prices have declined drastically from the highs of USD 110 per barrel to the current sub-70's level. However, we do not expect Saudi Arabia or other GCC countries will reduce their expenditure program though the breakeven oil price for some countries is north of USD 100 per barrel.

Trading activity increased on the back of selling pressure as the value of shares traded on the GCC exchanges increased by 16.2% to reach USD 55.1 Bn as compared to USD 47.4 Bn in the previous month. Total market capitalization of GCC exchanges reached USD 1.1 Tln by the end of the month.

The decline during the month also affected YTD-14 returns of GCC markets with Dubai's YTD-14 return now recorded at 27.1% and Saudi Arabia down from 17.6% in the previous month to merely 1% by the end of November-14. In Kuwait, the divergence between the Price Index and the Weighted index further widened as KSE Price index reported YTD-14 loss of 10.6% as compared to a marginal YTD-14 gain of 0.4% for the weighted index, indicating that investors selling pressure is more on small-cap stocks.

GCC Equity Markets	Index Closing	MTD Chg%	YTD Chg%	M-Cap (USD Bn)	Monthly Value Traded (USD Mn)	P/E (x)	P/B (x)	Div. Yield
Kuwait - Weighted Index	454.5	(5.7%)	0.4%	107.5	1,351.5	19.0	1.3	3.2%
Kuwait - TRW Index	2,816.7	(3.9%)	0.3%					
Kuwait - Price Index	6,752.9	(8.3%)	(10.6%)					
Saudi Arabia	8,624.9	(14.1%)	1.0%	499.8	40,907.0	15.4	2.1	3.2%
Abu Dhabi	4,675.0	(3.8%)	9.0%	127.4	1,901.4	12.8	1.5	4.2%
Dubai	4,281.4	(5.8%)	27.1%	100.0	5,329.0	15.8	1.6	2.0%
Qatar	12,760.5	(5.5%)	22.9%	191.8	5,152.5	17.2	2.4	3.3%
Bahrain	1,428.7	(1.1%)	14.4%	21.5	15.9	12.8	1.0	3.5%
Oman	6,506.0	(6.7%)	(4.8%)	20.5	460.7	10.5	1.5	3.8%
Total GCC				1,068.4	55,118.0	15.4	1.8	3.2%



Source: GCC Stock Exchanges, KAMCO Research

Faisal Hasan, CFA

Senior Vice President

+(965) 2233 6907

faisal.hasan@kamconline.com

Junaid Ansari, MBA

Senior Financial Analyst

+(965) 2233 6912

Junaid.ansari@kamconline.com

Kuwait Stock Exchange

Monthly Indicators	Dec-13	Jan-14	Feb-14	Mar-14	Apr-14	May-14	Jun-14	Jul-14	Aug-14	Sep-14	Oct-14	Nov-14
KAMCO TRWI	2,808.2	2,840.2	2,862.1	2,938.5	2,977.7	2,978.5	2,879.0	2,931.9	2,974.5	2,985.4	2,931.1	2,816.7
Monthly % Change	(0.9%)	1.1%	0.8%	2.7%	1.3%	0.0%	(3.3%)	1.8%	1.5%	0.4%	(1.8%)	(3.9%)
KSE Price Index	7,549.5	7,755.8	7,692.8	7,572.8	7,407.7	7,291.1	6,971.4	7,130.9	7,430.5	7,621.5	7,361.6	6,752.9
Monthly % Change	(3.0%)	2.7%	(0.8%)	(1.6%)	(2.2%)	(1.6%)	(4.4%)	2.3%	4.2%	2.6%	(3.4%)	(8.3%)
KSE Weighted Index	452.9	460.1	465.0	483.1	491.8	493.1	469.8	481.8	492.1	494.4	482.2	454.5
Monthly % Change	(1.3%)	1.6%	1.1%	3.9%	1.8%	0.3%	(4.7%)	2.6%	2.1%	0.5%	(2.5%)	(5.7%)
Kuwait 15 Index	1,068.4	1,077.5	1,101.0	1,175.1	1,201.7	1,208.7	1,140.1	1,176.6	1,200.4	1,203.8	1,170.7	1,105.8
Monthly % Change	(1.4%)	0.9%	2.2%	6.7%	2.3%	0.6%	(5.7%)	3.2%	2.0%	0.3%	(2.8%)	(5.5%)
Market Cap (KWD Mn)	31,107	31,601	31,760	32,637	33,058	32,989	31,328	32,174	32,860	33,021	32,178	30,432
P/E (X)	19.80	19.60	20.00	18.90	19.90	20.02	19.02	19.63	20.05	20.70	20.20	19.01
P/BV (X)	1.40	1.43	1.43	1.43	1.46	1.43	1.38	1.42	1.45	1.46	1.43	1.35
Dividend Yield	2.83%	2.78%	2.73%	3.00%	2.96%	2.73%	3.12%	3.04%	2.98%	2.96%	3.04%	3.21%
Volume (Mn Shares)	5,128	8,106	4,520	4,698	4,518	3,510	2,962	2,423	4,101	6,135	3,263	3,271
Value (KD Mn)	516	718	535	620	626	439	441	247	417	622	382	383
Trades ('000)	118.7	142.1	95.2	107.5	110.0	76.2	76.9	52.8	93.2	133.5	70.9	72.6

Source: Kuwait Stock Exchange, KAMCO Research

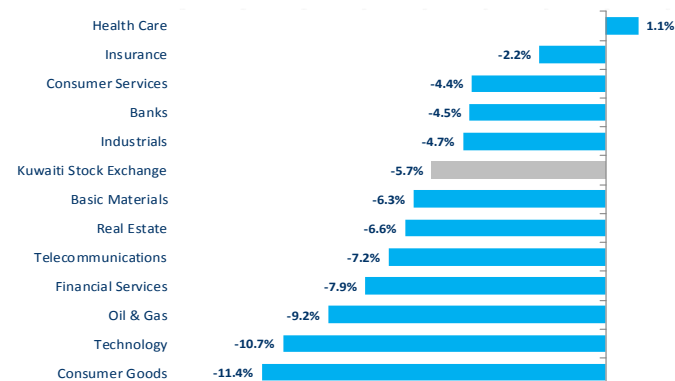
KSE saw steep monthly decline during November-14 as market sentiments turned bearish due to the ongoing slide in oil prices. All the sectoral indices, with the exception of the Healthcare index, ended in the red zone. As seen in the previous month, the steepest monthly decline was recorded in the Price index which declined by 8.3% during the month. The price index recorded a daily decline of 3.35% on the last trading session of the month, which was the steepest single day decline since July 2009. This came after the OPEC decided not to cut the oil output levels. On the other hand, the KSE Weighted index declined by 5.7% to end at 454.5 points, the biggest monthly decline since June-13. The large-cap KSE-15 index declined by 5.5% as all of the large-cap index constituents recorded monthly declines during the month. Amid the large sell-off, total market capitalization declined by 5.5% to 30.4 Bn (USD 107.5 Bn) by the end of the month. The YTD-14 return on the Price Index is currently negative at 10.6% whereas for the Weighted Index the YTD-14 is almost flat at 0.4%.

The month also marked the end of the 9M-14 earnings season which saw total 9M-14 profit reported by listed companies in Kuwait increase by a marginal 0.6% to KWD 1.3 Bn. However, 9M-14 profitability of Kuwaiti companies increased by a 3.2% to KWD 1.2 Bn. The Q3 -14 result was relatively more encouraging with an 18.7% y-o-y increase in net profits recorded at KWD 440.2 Mn. Q3-14 profitability of Kuwaiti companies stood at KWD 398.4 Bn, an 18.5% increase as compared to Q3-13 profits. Nevertheless, the positive earnings season could not bring cheers for the market as the oil price decline overshadowed cooperate profitability.

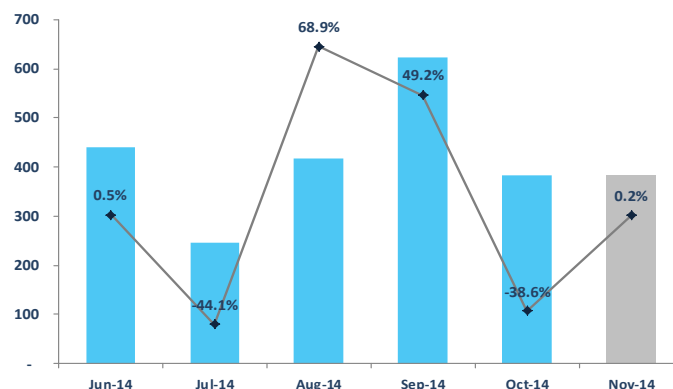
The sectoral index decline was led by the Consumer Goods index which declined by 11.4% primarily due to 11.0% decline in stock prices of Kuwait Food Co. (Americana). Shares in Americana, whose shareholders are in stake sale talks, declined despite reporting 15% and 33.6% increase in net profits for 9M-14 and Q3-14, respectively. Other major sector indices that declined included the Oil & Gas index which declined by 9.2% on the back of decline in sector earnings as well as due to the negative outlook on oil companies due to the decline in oil prices. The Financial Services index declined by 7.9% despite a 9.8% increase in 9M-14 profits for the sector. On the similar lines, the heavyweight Banking sector index declined by 4.5% despite reporting 9M-14 earnings growth of 8.4%.

Trading activity on the KSE saw marginal change during the month as it continued to remain at depressed levels. Average daily volume for the month declined from 192.0 Mn shares in October-14 to 155.8 Mn shares whereas average daily value traded declined from KWD 22.5 Mn in October-14 to KWD 18.2 Mn in November-14. The monthly gainers list was topped by The Securities Group (+24.5%) followed by Kuwait Real Estate Holding (+21.4%) whereas GFH and Al Deera Holding reported the highest monthly liquidity of KWD 410.5 Mn and KWD 245.8 Mn, respectively.

KSE Sector Performance



Value Traded (KWD Mn)



Source: Kuwait Stock Exchange, KAMCO Research

Saudi Arabia (Tadawul)

Monthly Indicators	Dec-13	Jan-14	Feb-14	Mar-14	Apr-14	May-14	Jun-14	Jul-14	Aug-14	Sep-14	Oct-14	Nov-14
Tadawul All Share Index	8,535.6	8,760.6	9,106.6	9,473.7	9,585.2	9,823.4	9,513.0	10,214.7	11,112.1	10,854.8	10,034.9	8,624.9
Monthly % Change	2.5%	2.6%	3.9%	4.0%	1.2%	2.5%	(3.2%)	7.4%	8.8%	(2.3%)	(7.6%)	(14.1%)
Market Cap (SAR Bn)	1,752.9	1,801.8	1,865.9	1,925.2	1,953.1	1,989.6	1,944.6	2,108.8	2,269.2	2,210.4	2,051.9	1,874.2
P/E (X)	17.64	18.13	18.76	18.68	18.95	19.31	18.30	19.82	21.33	19.93	18.50	15.38
P/BV (X)	2.04	2.10	2.17	2.32	2.35	2.40	2.17	2.36	2.54	2.57	2.40	2.07
Dividend Yield	3.15%	3.06%	2.96%	3.09%	3.05%	2.99%	3.07%	2.83%	2.63%	2.70%	2.90%	3.19%
Volume (Mn Shares)	4,335	4,922	5,188	7,125	7,546	8,011	5,352	3,529	6,011	6,090	4,065	4,559
Value (SAR Mn)	115,885	139,255	135,153	193,969	232,300	242,531	180,033	122,639	208,390	201,646	132,885	153,409
Trades ('000)	2,143	2,540	2,228	3,015	3,902	3,705	3,119	2,412	3,299	2,999	2,124	2,594

Source: Tadawul, KAMCO Research

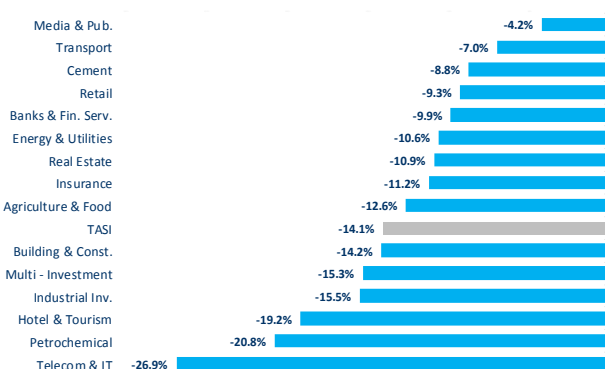
Saudi stock market witnessed a huge sell-off as the steep decline in the oil price weighed on the investors' sentiments and the benchmark Saudi market index witnessed a huge drop of 14.05% in Nov-14 as it ended the month at 8,624.89 points. The market which started the year on a promising note showing positive return in each of the first five months and reached more than 11,000 point mark now shows the YTD-14 growth of just 1%. The market lost a whopping 23% decline in the last three months which indicates that investors seem to be in no mood to enter the markets. The market lost 4.8% itself on the last day of trading of November as investor reacted to the news that OPEC decided not to cut oil production which resulted in a steep decline in oil prices subsequently. In addition, the market also measured the fact that OPEC statement made no mention of any extraordinary meeting or a need for members to stop overproducing which represents a major shift in the group's policies away from defending prices. The market capitalization of the Saudi market reached SAR 1.83 Tln (USD 488.9 bn) registering a monthly decline of 10.6% in the month.

The trading activity increased as the volume of shares traded on the exchange reached 4.56bn shares, up 12.2% from the previous month. The value of shares traded on the exchange too increased by 16.4% as it reached SAR 154.4 bn in Nov-14. Banks and financial services accounted for around 23% of total volume and value of shares traded on the exchanges followed by Insurance Sector which accounted for around 18% of the total value of shares traded on the exchange. The market breadth was totally skewed in favor of the decliners as only seven stocks managed to eke out gains during the month. The steep decline was also pointed by the fact that 19 stocks registered monthly decline of more than 20% on the exchange in the month of Nov-14.

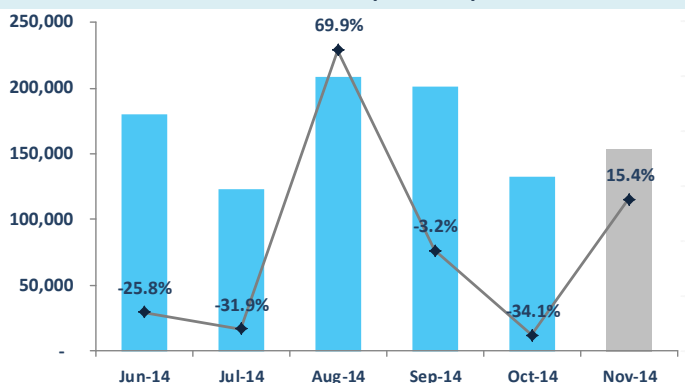
Among the major losers on the exchange were AlKhodari (-45.2%), Amana Insurance (-42.2%) and MedGulf (-32.2%). The petrochemical stocks got hit hard by the declining oil prices and the negative sentiments thereof as the bellwether SABIC declined by 20.4% to reach SAR 88.25. All the stocks in the sector registered monthly decline of more than 10% led by SIIG (-33.1%), SIPCHEM (-30.2%) and National Petrochemical (-25.3%). Among the individual stocks, Etihad Etisalat (Mobily) stock was hammered by the investors and reported a monthly decline of 38.5% which can be attributed to the negative perception of the company as the announcements of accounting errors which lead to restatement of the earnings and subsequent suspension of the CEO came in. The company also announced that it will be not distribute dividends which affected the investor sentiment towards the stock. Another telecom player, Zain Saudi proposed a capital reduction to shareholders to eliminate all accumulated losses up to Sept. 30. Zain Saudi stock too witnessed a steep decline of 18% as it ended the month at SAR 8.05 per share.

The newly listed stock of NCB managed to end the month on a positive note, defying the trend as it ended the month at SAR 58.7 registering a monthly gain of 30.3%. NCB also witnessed strong trading activity and was among the highly traded stocks as its stock worth SAR 10.2 bn changed hands. Among the other gainers were Malath Insurance (+35.5%), Middle East Specialized Cables (+13.5%) and SASCO (+6.3%).

Tadawul Sector Performance



Value Traded (SAR Mn)



Source: Tadawul, KAMCO Research

Abu Dhabi Securities Exchange

Monthly Indicators	Dec-13	Jan-14	Feb-14	Mar-14	Apr-14	May-14	Jun-14	Jul-14	Aug-14	Sep-14	Oct-14	Nov-14
ADX General Index	4,290.3	4,673.1	4,958.7	4,894.4	5,044.6	5,253.4	4,551.0	5,055.0	5,082.7	5,106.3	4,861.5	4,675.0
Monthly % Change	11.4%	8.9%	6.1%	(1.3%)	3.1%	4.1%	(13.4%)	11.1%	0.5%	0.5%	(4.8%)	(3.8%)
Market Cap (AED Bn)	447.3	484.4	505.1	496.9	507.4	537.3	471.3	510.4	510.3	509.5	488.0	468.1
P/E (X)	13.14	14.23	14.84	15.17	15.50	16.41	13.63	14.76	14.76	13.90	13.30	12.77
P/BV (X)	1.53	1.66	1.73	1.66	1.70	1.80	1.59	1.72	1.72	1.68	1.60	1.55
Dividend Yield	3.96%	3.66%	3.51%	3.73%	3.84%	3.65%	4.16%	3.84%	3.84%	3.85%	4.00%	4.19%
Volume (Mn Shares)	9,457	10,697	6,310	4,747	8,600	5,400	4,930	3,509	1,509	2,158	1,816	3,590
Value (AED Mn)	15,225	22,923	16,969	12,266	22,768	17,732	12,678	7,838	4,327	6,891	5,274	6,984
Trades	88,765	114,266	86,229	67,478	105,996	94,134	81,625	62,310	37,017	45,493	43,163	53,397

Source: Abu Dhabi Securities Exchange, KAMCO Research

ADX General Index continued to decline for the second consecutive month sliding by 3.8% during November-14. However, the relative decline was less severe as compared to the rest of the GCC markets with the exception of Bahrain. The market started the month on a positive note but failed to keep up the momentum as negative investor sentiments across the GCC overshadowed the buying opportunities in the markets. After two consecutive months of declines, the YTD-14 gains on the ADX General Index currently stands at 9% after shedding close to 8.4% over the past two months.

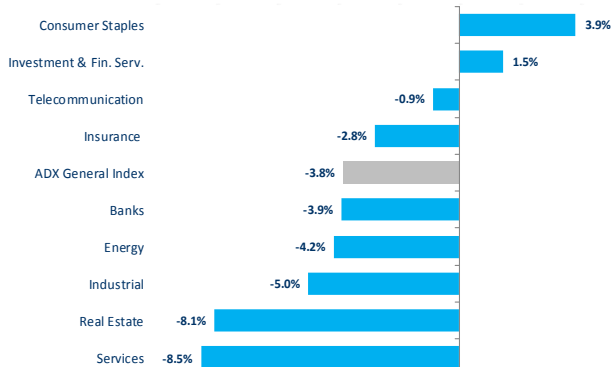
Trading activity gained momentum during the month amid selling pressure as investors targeted the banking and real estate sectors, in line with the previous month. The Banking index declined by 3.9% during the month, despite recording 15.3% improvement in aggregate net profit for the sector, primarily due to a 3.3% decline in shares of First Gulf Bank (FGB). The Bank also remained the second most liquid stock in the market, after Eshraq Properties, accumulating trades worth AED 1.5 Bn or close to 21% of total monthly value traded. Other major decliners in the sector included ADCB and UNB, with monthly declines of 9.5% and 9.3%, respectively. It is noteworthy that all the three aforementioned banks reported double digit growth in 9M-14 earnings. The overall Banking sector accounted for AED 2.5 Bn or 36% of total value traded for the month.

Meanwhile, the Real Estate index remained the second worst performing index during the month after Services index, with both the sectors reporting monthly declines in excess of 8%. The Real Estate sector accounted for 40% of the total monthly liquidity or AED 2.8 Bn worth of trades. Within the sector, Eshraq Properties topped the liquidity chart for the month garnering AED 1.5 Bn worth of trades. Aldar Properties, which came third on the monthly liquidity chart, accounted for AED 1.0 Bn in total monthly trades. Both Eshraq Properties and Aldar Properties recorded negative monthly returns as they reported net profit declines of 33.1% and 15.2%, respectively, for 9M-14.

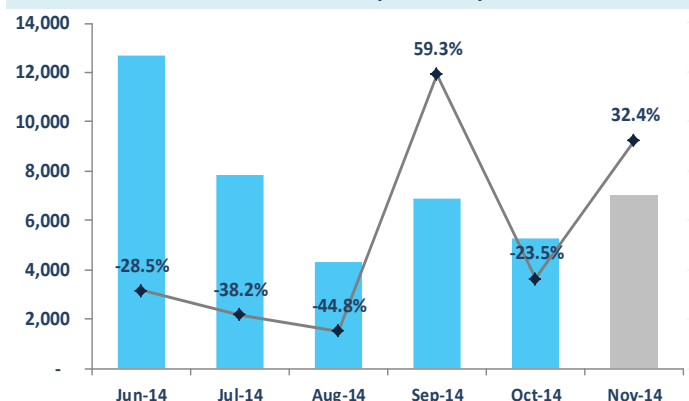
On the trading front, total volumes traded doubled during the month to 3.5 Bn shares, while it still remained below historical levels. Total value traded increased by 32.7% to AED 6.9 Bn as compared to AED 5.3 Bn recorded during the previous month. The average daily volume traded increased to 170.9 million shares as compared to 90.8 Mn shares during October-14. On the other hand, average daily value traded increased to AED 332.6 Mn during November-14 as compared to AED 263.7 Mn during the previous month. Market breadth remained skewed towards losers that included 39 stocks as compared to 13 gainers. Prices of 13 stocks remained unchanged during the month.

The monthly gainers list was topped by Umm Al Qaiwan Cement that gained 16.7% on the back of a 26.6% increase in 9M-14 earnings. Other prominent monthly gainers included Emirates Driving and Foodco with monthly returns of 11.1% and 10.8%, respectively. Emirates Driving reported a strong 62.1% increase in 9M-14 profits whereas the profitability of Foodco more than doubled to AED 54.3 Mn. On the losers side, Green Crescent Insurance, which reported a 29.5% decline in 9M-14 profits, declined the most during the month recorded at 16.7%. Sudan Telecom saw the second steepest monthly decline of 15.1%, despite reporting positive earnings for 9M-14.

ADX Sector Performance



Value Traded (AED Mn)



Source: Abu Dhabi Securities Exchange, KAMCO Research

Dubai Financial Market

Monthly Indicators	Dec-13	Jan-14	Feb-14	Mar-14	Apr-14	May-14	Jun-14	Jul-14	Aug-14	Sep-14	Oct-14	Nov-14
DFM General Index	3,369.8	3,770.4	4,220.5	4,451.0	5,059.0	5,087.5	3,942.8	4,819.1	5,063.0	5,042.9	4,545.4	4,281.4
Monthly % Change	14.4%	11.9%	11.9%	5.5%	13.7%	0.6%	(22.5%)	22.2%	5.1%	(0.4%)	(9.9%)	(5.8%)
Market Cap (AED Bn)	267.1	287.9	318.8	331.7	369.7	370.2	301.7	356.6	367.6	369.0	380.6	367.4
P/E (X)	17.40	18.76	20.78	18.59	20.99	21.02	15.51	18.34	18.95	16.85	16.50	15.80
P/BV (X)	1.30	1.40	1.55	1.56	1.73	1.74	1.39	1.64	1.69	1.67	1.60	1.56
Dividend Yield	2.55%	2.36%	2.13%	2.11%	1.91%	1.99%	2.44%	2.07%	2.01%	2.00%	1.90%	2.01%
Volume (Mn Shares)	17,363	22,821	20,779	14,811	16,872	12,626	12,407	16,683	7,061	8,096	8,801	7,243
Value (AED Mn)	22,851	36,455	41,719	31,995	44,771	46,503	35,621	34,078	17,320	25,395	21,663	19,574
Trades	165,971	231,321	233,760	194,605	234,516	253,669	234,366	252,568	121,556	148,274	167,489	130,553

Source: Dubai Financial Market, KAMCO Research

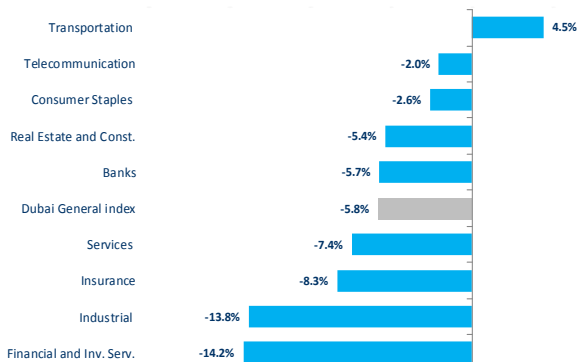
DFM General Index declined for the third straight month by 5.8% to end November at 4,281.4 points. The index has declined by almost 15% over the past 3 months that affected YTD-14 gains which currently stands at 27.1%. Nevertheless, the DFM is still leads the rest of the GCC exchanges in terms of YTD-14 gains, followed by Qatar and Bahrain. In addition, the DFM also leads the rest of the GCC in terms of IPO activity after adding Amanat Holdings at the last day of the month. The DFM reported positive trend at the beginning of the month and despite the negative sentiments surrounding the GCC equity markets, the index was down by a marginal 1.1% until the last trading session which saw the market plunge on OPEC's decision. The decline in the index came as a result of a general sell-off as investors panicked to book profits after testing several bottoms over the past three months.

In terms of sector performance, the Financial & Investment Services index saw the steepest monthly decline of 14.2% despite of encouraging datapoints relating strong profitability growth for companies in this sector. Market operator Dubai Financial Market and Dubai Investments recorded monthly declines of 14.2% and 12.4%, respectively, despite reporting strong net profit growth for 9M-14 and Q3-14. Overall, the earnings for overall Financial & Investment Services sector more than doubled to AED 1.5 Bn for 9M-14 and increased by almost 60% during Q3-14. Meanwhile, the large-cap Banking index declined by 5.7% during the month as the two largest banks, Emirates NBD and Dubai Islamic Bank, declined by 7.2% and 6.8%, respectively. Nevertheless, both the banks reported earnings growth in excess of 50% during 9M-14. The overall banking sector posted strong profitability growth of 49% during 9M-14 and 62% in Q3-14 on the back of economic growth in the UAE coupled with lower provisions for bad debts during the year. Corporate profitability for listed companies on the exchange increased by 51.1% during 9M-14 to AED 19.4 Bn whereas the improvement was even stronger for Q3-14 at 67.4% to record AED 6.4 Bn.

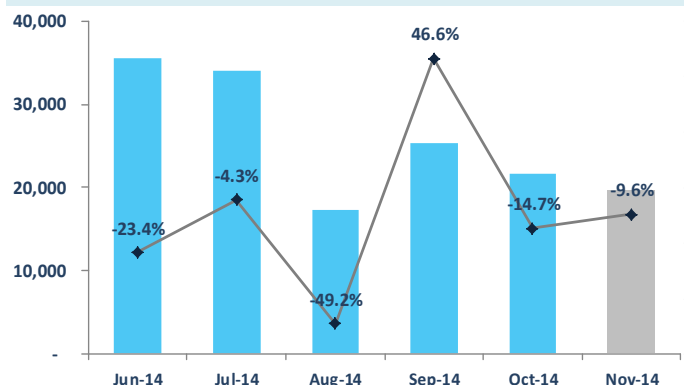
Trading activity declined during the month after it picked up in the previous month. Total volume traded declined by 17.7% to 7.2 Bn shares resulting in average daily traded volume of 344.9 Mn shares as compared to 440.1 Mn shares during October-14. On the other hand, total monthly value declined by 9.6% to AED 19.6 Bn resulting in average daily traded value of AED 932.1 Mn as compared to AED 1.1 Bn during the previous month. Trading continued to be dominated by Real Estate, Banking and Investment & Financial Services sectors. In terms of liquidity, Emaar Properties remained the most traded stock with value traded recorded at AED 6.8 Bn followed by Arabtec Holding which traded almost AED 5.4 Bn worth of shares. Shares in Arabtec got a boost during the first week of the month when its second-biggest shareholder acquired a stake in Palm Hills of Egypt increasing Arabtec's chances of winning projects in the country. However, shares plunged after reporting 31.9% decline in Q3-14 profits due to restructuring charges.

In line with the previous month, the monthly gainers chart primarily included small-cap companies with minimal trades led by Emirates Islamic Bank and United Kaipara Dairies. The losers chart included Gulf General Investment with a monthly decline of 29.7% followed by Shuaa Capital and Union Properties with declines of 28.7% and 23.2%, respectively.

DFM Sector Performance



Value Traded (AED Mn)



Source: Dubai Financial Market, KAMCO Research

Qatar Exchange

Monthly Indicators	Dec-13	Jan-14	Feb-14	Mar-14	Apr-14	May-14	Jun-14	Jul-14	Aug-14	Sep-14	Oct-14	Nov-14
QE 20 Index	10,379.6	11,155.7	11,771.8	11,639.8	12,677.6	13,694.2	11,488.9	12,865.5	13,596.7	13,728.3	13,498.9	12,760.5
Monthly % Change	0.0%	7.5%	5.5%	(1.1%)	8.9%	8.0%	(16.1%)	12.0%	5.7%	1.0%	(1.7%)	(5.5%)
Market Cap (QAR Bn)	555.6	589.4	683.5	650.4	732.0	736.9	632.2	690.1	721.2	736.1	728.3	698.1
P/E (X)	14.05	14.90	17.28	15.82	17.80	17.92	15.20	16.60	17.34	18.11	17.90	17.20
P/BV (X)	1.94	2.05	2.38	2.16	2.43	2.45	2.19	2.39	2.50	2.53	2.50	2.40
Dividend Yield	3.63%	3.42%	2.95%	3.54%	3.15%	3.08%	3.59%	3.29%	3.15%	3.08%	3.10%	3.30%
Volume (Mn Shares)	225	225	287	336	732	560	399	304	391	319	232	281
Value (QAR Mn)	7,340	10,942	38,665	15,298	25,951	25,591	17,718	12,568	18,131	13,803	10,694	18,760
Trades	104,081	114,651	124,365	200,230	285,219	239,685	199,130	146,915	174,576	134,960	107,598	157,169

Source: Qatar Exchange, KAMCO Research

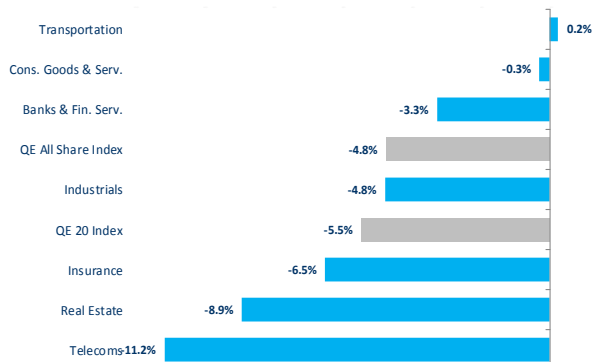
Qatar market too witnessed negative investors sentiments as the market reacted to the decline in energy prices in the month. The representative QE20 Index declined by 738.4 points (-5.5%) as it reached 12,760.5 points at the end of Nov-14. The index declined steeply on the last trading day of November and declined by 4.3% in a day as investors reacted to the news that OPEC decided not to cut oil production which resulted in a huge decline in oil and gas prices. In the last 6 session of trading the market went down from 13,754 points to the low of 12,760.5 points. However, the index is still showing a strong YTD growth of 22.9% at the end of Nov-14. It is to be noted that index has performed well till now on the back of 24.2% growth last year as well. The market capitalization of the Qatar Exchange too declined by 4.1% in Nov-14 as it reached QAR 698.1 bn (USD 192.8 bn).

The trading activity seems to have picked up at the bourse as volume of shares traded increased by 21.3% in the month as 281.5 mn shares were traded. The value of shares traded also reached QAR 18.7 bn reporting a monthly growth of 75.4%. Market breadth was skewed towards the losers as 12 stocks reported monthly gains while 30 stocks reported decline in the prices in the month. However 8 stocks showed decline of more than 10% in the month. Among the major traded stocks were the heavyweights QNB (+1.5%), Industries Qatar (-2.9%) and Barwa Real Estate (+4.4%). The market seems to have not declined like other GCC markets as some of the key heavyweights like IQ and QNB did not witness selling pressure. The Banks and Financial Service sector lead in terms of value of shares traded on the exchange as it accounted for 36.5% of the total traded value in Nov-14 followed by Industrial sector which accounted for 24.7% of the value traded on the exchange. Market trading was heavily tilted in 5 stocks (QNB, IQ, GIS, Barwa, Islamic Group) as they accounted for around half of the total trading volumes of the exchange.

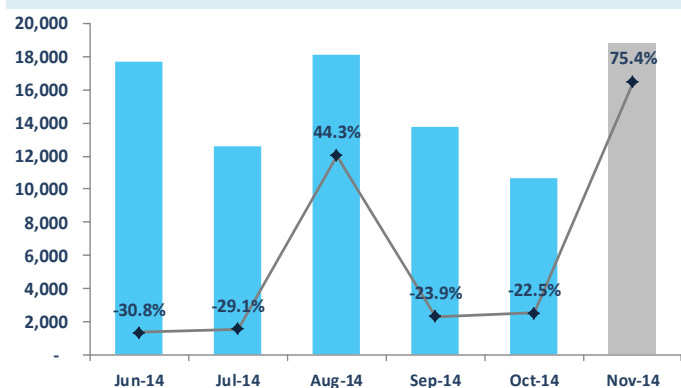
All sector indices barring the transportation index reported monthly losses indicating that the sell-off was broad based. Telecom Index reported a huge monthly decline of 11.2% followed by Real Estate index (-8.9%) and Insurance index (-6.5%). Telecom sector index was effected by the 21% decline in Vodafone Qatar and 7.5% decline in Ooredoo stock price. Among the real estate stocks, Mazaya Qatar (-14.7%) and Ezdan Holding (-13.7%) witnessed selling pressure. On the other hand major gainers were Islamic Holding group (+36.7%), Al Khaleej Takaful (9.3%) and Al Meera Consumer (+9.0%). Islamic Holding group seems to have attracted huge investors' attention as the stocks was also among the highest traded this month and the stock is now up a whopping 350% this year. Gulf international Services stock, though declined by 14.3% in Nov-14 still reports a huge YTD growth 109%.

Among the corporate earnings, the combined net profit of companies listed on Qatar Exchange (QE) increased by 8.8 percent to QAR 32.7 bn for the first nine months of 2014, compared to a year ago. In the economic news, Qatar's quarterly GDP at current prices stood at QR189.65bn in the second quarter of this year, showing an increase of 6.6% compared with the same period in 2013. However, the quarterly GDP at current prices fell 2.2% compared with the first quarter (QR193.88bn) according to the Ministry of Development Planning and Statistics.

QE Sector Performance



Value Traded (QAR Mn)



Source: Qatar Exchange, KAMCO Research

Bahrain Bourse

Monthly Indicators	Dec-13	Jan-14	Feb-14	Mar-14	Apr-14	May-14	Jun-14	Jul-14	Aug-14	Sep-14	Oct-14	Nov-14
Bahrain All Share Index	1,248.9	1,294.3	1,372.7	1,356.9	1,427.3	1,459.3	1,427.6	1,471.7	1,472.2	1,476.02	1,444.13	1,428.67
Monthly % Change	3.3%	3.6%	6.1%	(1.1%)	5.2%	2.2%	(2.2%)	3.1%	0.0%	0.3%	(2.2%)	(1.1%)
Market Cap (BHD Mn)	6,886	7,200	7,655	7,567	8,101	8,281	8,101	8,351	8,354	8,376	8,193	8,105
P/E (X)	9.48	9.92	10.54	11.32	12.12	12.39	13.66	14.08	14.08	13.21	12.90	12.78
P/BV (X)	0.91	0.95	1.02	0.99	1.06	1.08	1.06	1.09	1.09	1.07	1.00	1.03
Dividend Yield	3.63%	3.47%	3.26%	3.78%	3.53%	3.45%	3.53%	3.42%	3.42%	3.41%	3.50%	3.53%
Volume (Mn Shares)	114	140	186	169	115	198	67	25	58	51	64	22
Value (BHD Mn)	16	28	32	32	45	51	15	7	13	12	21	6
Trades	1,140	1,954	2,609	2,069	1,892	1,707	1,050	706	897	1,069	609	628

Source: Bahrain Bourse, KAMCO Research

Bahrain remained one of the most resilient markets during the sell-off in November-14 with a monthly decline of merely 1.1%, the smallest during the month as compared to other GCC equity markets, bringing the YTD-14 return to 14.4% behind Dubai and Qatar. The decline in market capitalization during the month was in line with the index at 1.1% ending at BHD 8.1 Bn (USD 21.5 Bn). The market breadth was negative as the number of declining stocks were 17 as compared to only 6 stocks that reported monthly gains. Prices of 17 stocks remain unchanged.

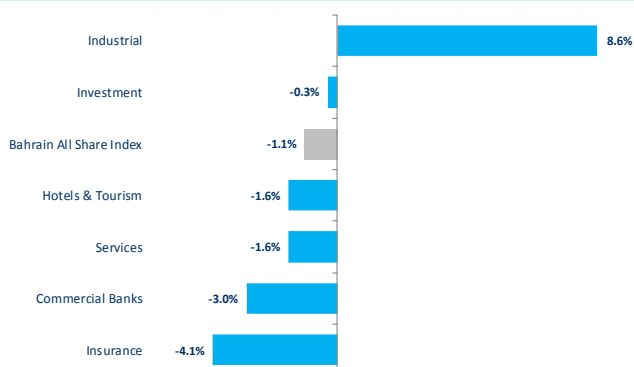
All the listed sectors in the exchange declined during the month, except for the Industrial index which went up by 8.6%, partially offsetting the broad-based decline. The strength in the Industrial index was solely on the back of Aluminum Bahrain which went up by 8.8% during the month, topping the gainers chart for November-14, on the back of significantly high Q3-14 earnings that increased five folds to BHD 29.5 Mn. The profit increase came on the back of strong operational performance as well as higher metal prices during the quarter. The sectoral decline was led by the Insurance index which declined by 4.1% during the month due to decline in stock prices for Al -Ahlia Insurance (-8.8%) and Bahrain National Holding (-9.8%). The heavyweight Commercial Bank index declined by 3.1% as all the listed banks, with the exception of Bank of Bahrain and Kuwait, reported negative monthly returns. Al Salam Bank saw the steepest monthly decline of 13.2% in the commercial banks sector despite reporting positive earnings for both 9M-14 and Q3-14. Meanwhile, AUB declined by 2.4% on profit taking after the bank reported higher net profit for Q3-14 in the previous month.

During the month there were several positive datapoints on the economic front which included reported GDP growth of 4.9% for the first half of 2014. Further, a report from KPMG showed that Bahrain has one of the lowest costs of operating a financial services business in the GCC region. The country boasts one of the lowest average costs related to licensing and registration, commercial rental rates, manpower costs, and communication and utility expenses. Further, the country is expected to see USD 22 Bn worth of infrastructure and development projects by 2020. Nevertheless, S&P highlighted that in line with the rest of the GCC countries, Bahrain's public spending plans may be affected in case of any prolonged decline in oil prices.

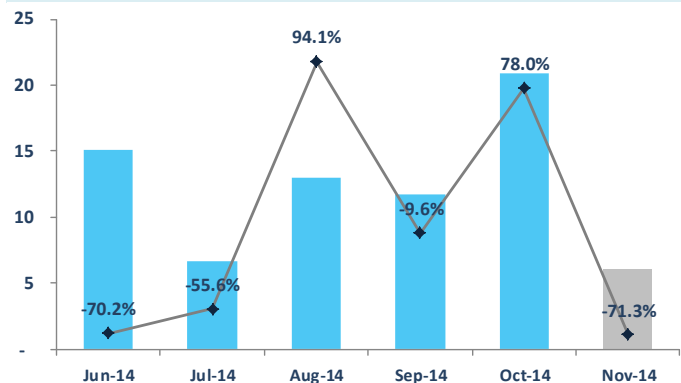
Monthly trading activity plunged both in terms of value and value traded. Total value traded stood at BHD 6.0 Bn as compared to BHD 21 Bn in the previous month, resulting in average daily traded value of BHD 0.3 Mn as compared to BHD 1.2 Mn in the previous month. Likewise, total monthly volume declined by 65% to 21.9 Mn shares as compared to 64 Mn shares during October-14. However, the number of transaction slightly increased to 628 from 609 transactions in the previous month.

The monthly gainers list also included Bahrain Commercial Facilities and Bahrain Duty Free Complex with marginal monthly returns of 2.9% and 2.4%. On the other hand, the losers chart included Al Salam Bank and Esterad Investment with double digit declines. Ahli United Bank topped the liquidity chart with trades worth BHD 3.9 Bn followed by Al Salam Bank garnering trades worth BHD 0.3 Mn.

BHB Sector Performance



Value Traded (BHD Mn)



Source: Bahrain Bourse, KAMCO Research

Muscat Securities Market

Monthly Indicators	Dec-13	Jan-14	Feb-14	Mar-14	Apr-14	May-14	Jun-14	Jul-14	Aug-14	Sep-14	Oct-14	Nov-14
MSM 30 Index	6,834.6	7,087.3	7,113.9	6,856.9	6,727.2	6,857.4	7,008.3	7,200.7	7,367.2	7,484.2	6,974.6	6,506.0
Monthly % Change	1.6%	3.7%	0.4%	(3.6%)	(1.9%)	1.9%	2.2%	2.7%	2.3%	1.6%	(6.8%)	(6.7%)
Market Cap (OMR Mn)	7,253	7,543	7,623	7,320	7,208	8,272	8,448	8,661	8,858	8,991	8,436	7,882
P/E (X)	10.05	10.45	11.80	11.13	10.96	11.16	11.83	12.12	12.40	11.98	11.24	10.50
P/BV (X)	1.46	1.52	1.66	1.56	1.54	1.63	1.71	1.75	1.79	1.75	1.65	1.54
Dividend Yield	4.58%	4.41%	3.84%	4.19%	4.35%	3.63%	3.56%	3.47%	3.39%	3.34%	3.60%	3.81%
Volume (Mn Shares)	584	951	510	360	488	302	347	258	284	377	370	492
Value (OMR Mn)	206	297	180	132	231	133	145	107	113	140	132	177
Trades	27,758	44,977	28,436	21,864	34,313	22,761	20,670	14,040	18,119	18,968	18,170	19,532

Source: Muscat Securities Market, KAMCO Research

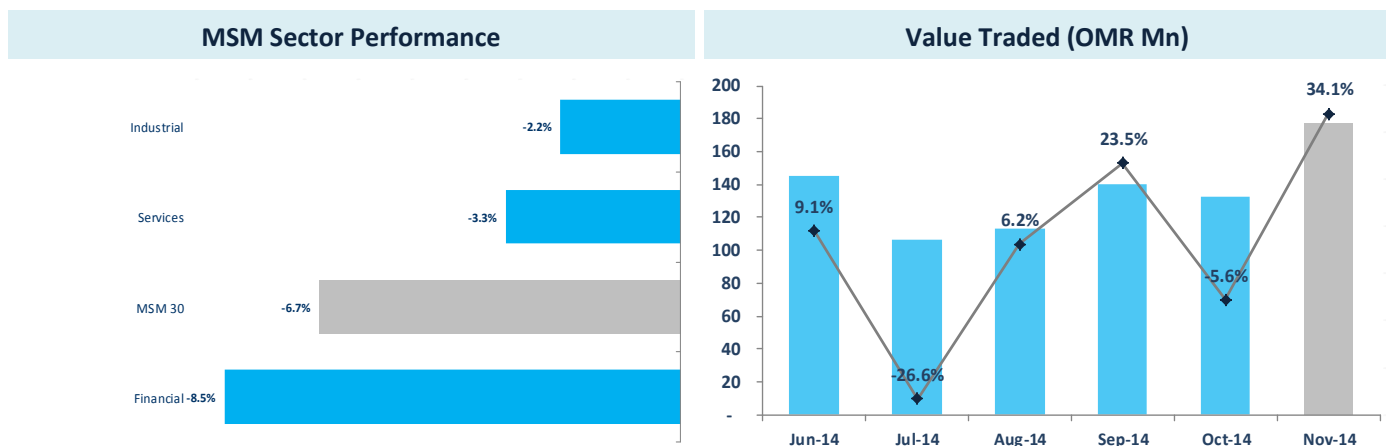
MSM was no exception to the general weakness in the GCC equity markets as the MSM 30 Index declined by 6.7% during November-14 to 6,505.99 points, the lowest level since September-13. The market has seen a cumulative decline of 13.1% over the past two months resulting in YTD-14 decline of 4.8%. The market saw some signs of revival during the first three weeks when it touched the 7,000 mark. However, the index plunged by more than 8.9% in the last three trading sessions more than offsetting the gains accumulated over the month. The market capitalization also declined by 6.6% to OMR 7.9 Bn (USD 20.5 Bn) as compared to OMR 8.4 Bn (USD 21.9 Bn) at the end of October-14.

Due to the large sell-off, trading activity indicators turned positive with total volumes of 492 Mn shares, an increase of almost 33% as compared to the previous month. Total value traded also picked up during November-14 and was reported at OMR 177 Mn, the highest level of market liquidity since February-14. The average daily volume traded stood at 25.9 Mn shares during the month as compared to 23.11 Mn during October-14 whereas average daily value traded of increased to OMR 9.3 Mn as compared to OMR 8.3 Mn during the previous month. Furthermore, the number of trades increased by 7.5% to 19,532 transactions executed during the month of November-14. Broadly in line with previous months, Omanis accounted for 82.8% of total value of purchase transactions and 75.6% of total value of sale transactions.

The monthly gainers list expanded during November-14 and included 11 companies as compared to merely three stocks in the previous month. National Aluminium Products topped the gainers chart with a monthly return of 22.0% as the stock was oversold in the previous month when it declined due to a fall in net profits for Q3-14 and 9M-14. The gainers list also included ACWA Power Baraka and Al Anwar Ceramic Tiles with monthly gains of 15.8% and 8.4%, respectively. On the monthly losers chart included Gulf International Chemicals that declined by 24.9% on the back of an 8.6% decline in net profits for 9M-14. Other prominent losers included United Power and Al Anwar Holding which reported monthly declines of 23.7% and 22.7%, respectively. The market breadth was strongly skewed towards losers with 37 companies as against gainers which included 11 companies. Prices of five companies remained unchanged by the end of the month.

In terms of volumes, Ahli Bank topped the chart with a total of 205.3 Mn shares traded during the month followed by Al Anwar Holding and Oman and Emirates Investment with monthly volume of 54.4 Mn and 36.5 Mn shares, respectively. On the liquidity front, Ahli Bank topped the list with total value of OMR 50.0 Mn followed by Bank Muscat and Omantel with monthly value traded amounting to OMR 24.8 Mn and OMR 21.9 Mn, respectively.

In terms of sectoral performance, all the sectors ended in the red with negative monthly returns during the month. In line with the previous month, the decline was led by Financial index that declined by 8.5% followed by Services index at 3.3%.



Source: Muscat Securities Market, KAMCO Research

Disclaimer & Important Disclosures

KAMCO is authorized and fully regulated by the Capital Markets Authority ("CMA, Kuwait") and partially regulated by the Central Bank of Kuwait ("CBK")

This document is provided for informational purposes only. Nothing contained in this document constitutes investment, an offer to invest, legal, tax or other advice or guidance and should be disregarded when considering or making investment decisions. In preparing this document, KAMCO did not take into account the investment objectives, financial situation and particular needs of any particular person. Accordingly, before acting on this document, investors should independently evaluate the investments and strategies referred to herein and make their own determination of whether it is appropriate in light of their own financial circumstances and objectives. The entire content of this document is subject to copyright with all rights reserved. This research and the information contained herein may not be reproduced, distributed or transmitted in Kuwait or in any other jurisdiction to any other person or incorporated in any way into another document or other material without our prior written consent.

Analyst Certification

Each of the analysts identified in this report certifies, with respect to the sector, companies or securities that the individual analyses, that (1) the views expressed in this report reflect his or her personal views about all of the subject companies and securities and (2) no part of his or her compensation was, is or will be directly or indirectly dependent on the specific recommendations or views expressed in this report.

KAMCO Ratings

KAMCO investment research is based on the analysis of regional and country economics, industries and company fundamentals. KAMCO company research reflects a long-term (12-month) target price for a company or stock. The ratings bands are:

- * **Outperform:** Target Price represents expected returns $\geq 10\%$ in the next 12 months
- * **Neutral:** Target Price represents expected returns between -10% and $+10\%$ in the next 12 months
- * **Underperform:** Target Price represents an expected return of $< -10\%$ in the next 12 months

In certain circumstances, ratings may differ from those implied by a fair value target using the criteria above. KAMCO policy is to maintain up-to-date fair value targets on the companies under its coverage, reflecting any material changes to the analyst's outlook on a company. Share price volatility may cause a stock to move outside the rating range implied by KAMCO's fair value target. Analysts may not necessarily change their ratings if this happens, but are expected to disclose the rationale behind their view to KAMCO clients.

Any terms and conditions proposed by you which are in addition to or which conflict with this Disclaimer are expressly rejected by KAMCO and shall be of no force or effect. The information contained in this document is based on current trade, statistical and other public information we consider reliable. We do not represent or warrant that such information is fair, accurate or complete and it should not be relied upon as such. KAMCO has no obligation to update, modify or amend this document or to otherwise notify a recipient thereof in the event that any opinion, forecast or estimate set forth herein, changes or subsequently becomes inaccurate. The publication is provided for informational uses only and is not intended for trading purposes. The information on publications does not give rise to any legally binding obligation and/or agreement, including without limitation any obligation to update such information. You shall be responsible for conducting your own investigation and analysis of the information contained or referred to in this document and of evaluating the merits and risks involved in the securities forming the subject matter of this or other such document. Moreover, the provision of certain data/information in the publication may be subject to the terms and conditions of other agreements to which KAMCO is a party.

Nothing in this document should be construed as a solicitation or offer, or recommendation, to acquire or dispose of any investment or to engage in any other transaction, or to provide any investment advice or service. This document is directed at Professional Clients and not Retail Clients within the meaning of CMA rules. Any other persons in receipt of this document must not rely upon or otherwise act upon it. Entities and individuals into whose possession this document comes are required to inform themselves about, and observe such restrictions and should not rely upon or otherwise act upon this document where it is unlawful to make to such person such an offer or invitation or recommendation without compliance with any authorization, registration or other legal requirements.

Risk Warnings

Any prices, valuations or forecasts are indicative and are not intended to predict actual results, which may differ substantially from those reflected. The value of an investment may go up as well as down. The value of and income from any investment may fluctuate from day to day as a result of changes in relevant economic markets (including, without limitation, foreseeable or unforeseeable changes in interest rates, foreign exchange rates, default rates, prepayment rates, political or financial conditions, etc.).

Past performance is not indicative of future results. Any opinions, estimates, valuations or projections (target prices and ratings in particular) are inherently imprecise and a matter of judgment. They are statements of opinion and not of fact, based on current expectations, estimates and projections, and rely on beliefs and assumptions. Actual outcomes and returns may differ materially from what is expressed or forecasted. There are no guarantees of future performance. Certain transactions, including those involving futures, options, and other derivatives, give rise to substantial risk and are not suitable for all investors. This document does not propose to identify or to suggest all of the risks (direct or indirect) which may be associated with the investments and strategies referred to herein.

Conflict of Interest

KAMCO and its affiliates provide full investment banking services, and they and their directors, officers and employees, may take positions which conflict with the views expressed in this document. Salespeople, traders, and other professionals of KAMCO may provide oral or written market commentary or trading strategies to our clients and our proprietary trading desks that reflect opinions that are contrary to the opinions expressed in this document. Our asset management area, our proprietary trading desks and investing businesses may make investment decisions that are inconsistent with the recommendations or views expressed in this document. KAMCO may have or seek investment banking or other business relationships for which it will receive compensation from the companies that are the subject of this document. Facts and views presented in this document have not been reviewed by, and may not reflect information known to, professionals in other KAMCO business areas, including investment banking personnel. United Gulf Bank, Bahrain owns majority of KAMCO's shareholding and this ownership may create, or may create the appearance of, conflicts of interest.

No Liability & Warranty

KAMCO makes neither implied nor expressed representations or warranties and, to the fullest extent permitted by applicable law, we hereby expressly disclaim any and all express, implied and statutory representations and warranties of any kind, including, without limitation, any warranty as to accuracy, timeliness, completeness, and fitness for a particular purpose and/or non-infringement. KAMCO will accept no liability in any event including (without limitation) your reliance on the information contained in this document, any negligence for any damages or loss of any kind, including (without limitation) direct, indirect, incidental, special or consequential damages, expenses or losses arising out of, or in connection with your use or inability to use this document, or in connection with any error, omission, defect, computer virus or system failure, or loss of any profit, goodwill or reputation, even if expressly advised of the possibility of such loss or damages, arising out of or in connection with your use of this document. We do not exclude our duties or liabilities under binding applicable law.



KIPCO Asset Management Company

Al-Shaheed Tower, Khalid Bin Al-Waleed Street- Sharq

P.O. BOX : 28873, Safat 13149, State of Kuwait

Tel: (+965) 1852626 Fax: (+965) 22492395

Email : Kamcoird@kamconline.com

Website : <http://www.kamconline.com>