

GCC Markets Monthly Report

September-2018

In this Report...

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

GCC markets see marginal gains after a late month recovery on oil and valuations...

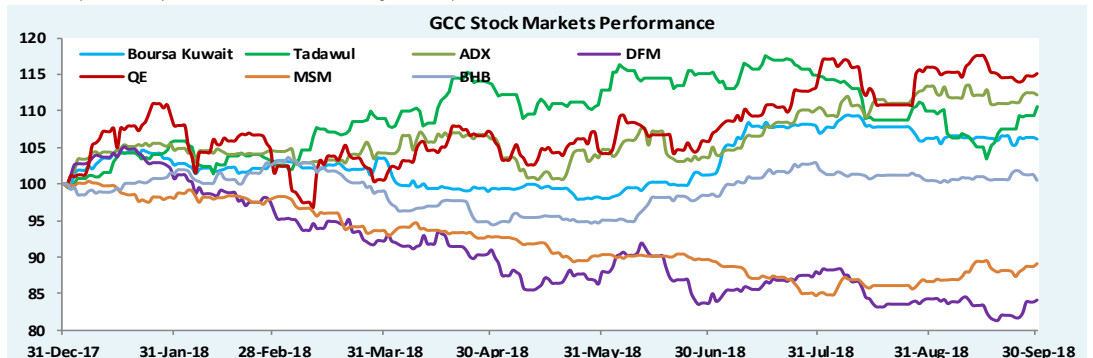
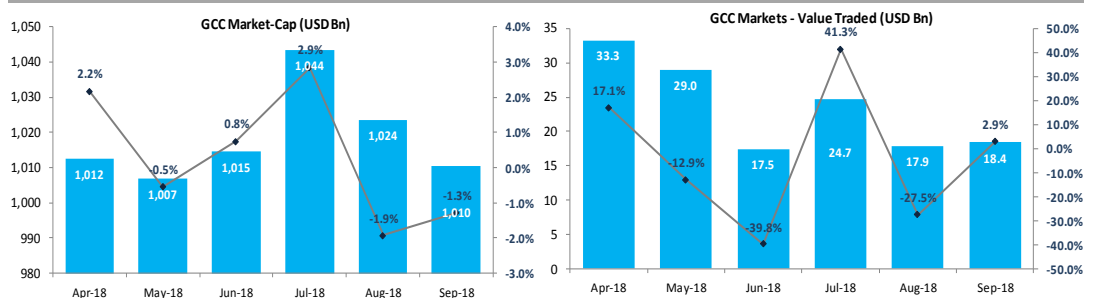
Taking cues from global weakness, GCC markets trended downward during the start of September-18, only to recover during the second half of the month. This trend was particularly visible in Saudi Arabia, on the back of higher oil prices and attractive valuations in the GCC as compared to most of the other emerging markets across the globe. In terms of monthly sector performance, energy stocks recorded the biggest gains during the month, supported by an oil price recovery, followed by Insurance and Banking stocks, while the other sectors declined.

Globally, most markets witnessed weak trends during the month, as the ongoing US-China trade war intensified after both the trading partners imposed additional tariffs on trades between the two countries. Manufacturing activity in China has already started showing signs of softening, while surveys point to a cooling down in domestic and export demand.

Meanwhile, oil prices have provided strong support to oil exporting gulf economies with crude prices reaching 4-year high, led by US sanctions on Iran that have gradually started reflecting in oil market fundamentals. Brent crude futures reached USD 82.7/b on the back of tightening oil supply while GCC producers added production.

Investors also took positions in GCC stocks amid an emerging market turmoil that has affected most of the emerging market currencies against the USD. As most of the GCC currencies are pegged to the USD, the impact on the economy was minimal, and is also supported by strong government balance sheets of most countries in the region. Moreover, the healthy project market in the region that got additional support from upcoming plans from Saudi Arabia to boost spending next year also supported markets towards the end of the month.

GCC Equity Markets	Index Closing	MTD Chg%	YTD Chg%	M-Cap (USD Bn)	Monthly Value Traded (USD Mn)	P/E (x) TTM	P/B (x) TTM	Div. Yield
Kuwait - Premier Market Index	5,343.9	1.6%	11.5%	96.2	1,733.9	15.4	1.2	3.8%
Kuwait - Main Market Index	4,735.6	(3.3%)	(1.9%)					
Kuwait - All Share Index	5,128.0	(0.1%)	6.2%					
Saudi Arabia	7,999.5	0.6%	10.7%	506.6	13,242.5	15.4	1.8	3.9%
Abu Dhabi	4,935.4	(1.0%)	12.2%	125.7	892.4	12.3	1.3	5.2%
Dubai	2,835.0	(0.2%)	(15.9%)	98.1	1,192.1	7.7	1.0	5.8%
Qatar	9,813.3	(0.7%)	15.1%	150.4	1,225.1	13.8	1.3	4.1%
Bahrain	1,338.6	0.0%	0.5%	20.8	58.5	8.8	0.8	5.7%
Oman	4,543.7	2.8%	(10.9%)	12.7	63.1	9.6	0.8	6.4%
Total GCC				1,010.4	18,407.5	13.4	1.4	4.3%



Source: GCC Stock Exchanges, KAMCO Research

Faisal Hasan, CFA

Head - Investment Research

+(965) 2233 6907

faisal.hasan@kamconline.com

Junaid Ansari

Vice President

+(965) 2233 6912

junaid.ansari@kamconline.com

Thomas Mathew

Assistant Vice President

+(965) 2233 6914

thomas.mathew@kamconline.com

Boursa Kuwait

Monthly Indicators	Oct-17	Nov-17	Dec-17	Jan-18	Feb-18	Mar-18	Apr-18	May-18	Jun-18	Jul-18	Aug-18	Sep-18
Premier Market Index	5,034.2	4,758.8	4,793.5	4,921.6	4,982.6	5,000.0	4,778.7	4,690.6	4,904.8	5,297.0	5,261.8	5,343.9
Monthly % Change	(2.8%)	(5.5%)	0.7%	2.7%	1.2%	0.3%	(4.4%)	(1.8%)	4.6%	8.0%	(0.7%)	1.6%
Main Market Index	5,093.6	4,744.8	4,827.9	4,954.2	4,844.0	5,000.0	4,834.9	4,816.3	4,863.5	4,933.0	4,897.5	4,735.6
Monthly % Change	(1.7%)	(6.8%)	1.8%	2.6%	(2.2%)	3.2%	(3.3%)	(0.4%)	1.0%	1.4%	(0.7%)	(3.3%)
All Share Market Index	5,056.2	4,805.0	4,830.4	4,955.7	4,979.0	5,000.0	4,799.1	4,735.7	4,890.4	5,167.6	5,132.3	5,128.0
Monthly % Change	(2.5%)	(5.0%)	0.5%	2.6%	0.5%	0.4%	(4.0%)	(1.3%)	3.3%	5.7%	(0.7%)	(0.1%)
Thomson Reuters Kuwait TRI	196.2	186.4	189.2	194.4	197.5	201.6	198.1	194.5	202.6	215.6	214.2	215.5
Monthly % Change	(3.0%)	(5.0%)	1.5%	2.8%	1.6%	2.1%	(1.7%)	(1.9%)	4.2%	6.4%	(0.6%)	0.6%
Market Cap (KWD Mn)	28,493	27,044	27,243	27,973	28,036	28,158	26,912	26,607	27,473	29,205	28,989	29,054
P/E (X) - TTM	15.44	14.64	14.80	14.40	14.48	14.55	14.60	14.50	14.90	15.80	15.37	15.40
P/BV (X) - TTM	1.26	1.20	1.20	1.22	1.22	1.23	1.15	1.14	1.17	1.25	1.24	1.24
Dividend Yield (%)	4.51%	4.75%	4.72%	4.75%	4.34%	4.31%	3.44%	3.92%	3.88%	3.72%	3.78%	3.77%
Volume (Mn Shares)	2,478.5	1,681.0	1,238.8	2,613.4	1,316.2	1,156.4	1,348.6	1,198.0	1,017.4	2,916.2	1,789.5	2,100.8
Value (KD Mn)	465.8	327.6	192.5	322.9	207.3	227.3	240.8	204.8	242.1	633.4	356.5	523.8
Trades ('000)	86.4	71.7	52.8	93.3	54.5	55.4	61.0	57.4	47.5	126.5	85.2	91.7

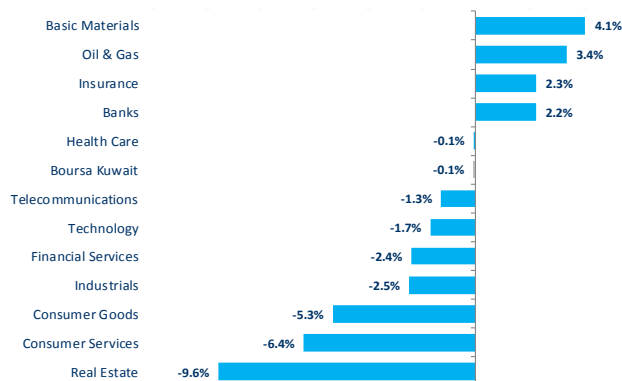
Source: Kuwait Stock Exchange, KAMCO Research

Kuwaiti benchmarks indices witnessed mixed performance during September-18 as gains recorded by large-cap names were offset by weakness in small-cap stocks. Investors continued to buy blue-chip names in anticipation of the market upgrades. During the month, Kuwait witnessed the first phase of the FTSE upgrade in which 12 stocks were included in the index compiler's Secondary Emerging Market index. Index trends during the month clearly showed investors interest with the Premier Market index up by 1.6% while the Main Market and the All Share Market Index declined by 3.3% and 0.1%, respectively. The steep decline in the Main Market index pushed YTD-18 returns in the red zone to show a decline of 1.9%, while the Premier Market index gains were double digit at 11.5% that pushed gains for the All Share index to 6.2%. The sector performance chart reflected the effects of higher oil prices with the Basic Materials and Oil & Gas indices as top monthly performers with returns of 4.1% and 3.4%, respectively, followed by Insurance and Bank indices at around +2%. The Real Estate Index was the top decliner for the month with a fall of 9.6%.

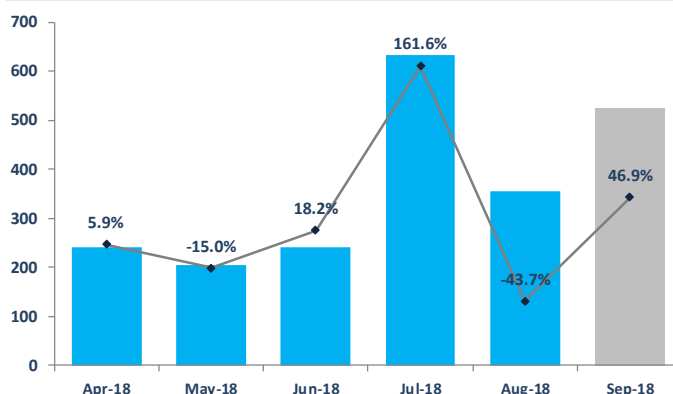
Trading during the month was boosted by the FTSE upgrade. The day before the upgrade, on 20-September-18, the exchange recorded KWD 167.3 Mn worth of trades, the highest daily value traded since May-2013. Volume during the day was also the highest in 17 months at 345.6 Mn. For the full month, total value traded was up almost 50% to reach KWD 523.8 Mn as compared to KWD 356.5 Mn during August-18. Volume traded also surged, although at a much slower pace or 17.4% to reach 2.1 Bn traded shares. The m-o-m increase in trading activity also came as a result of a lower base during August-18 due to the week-long holiday. NBK (+3.7%) topped the trading activity in terms of monthly value traded recorded at KWD 116.0 Mn followed by KFH (+1.7%) and Zain (-0.2%) at KWD 90.9 Mn and KWD 55.4 Mn, respectively. In terms of monthly volume, Al Tameer Real Estate Investment Co. (-1.0%) topped the chart with 172 Mn shares changing hands during the month followed by KFH and NBK at 152 Mn and 140.4 Mn traded shares, respectively.

The monthly gainers chart was topped by Energy House recording a gain of 36.7%. The surge came after the company disclosed that one of company's investments in which it owns 13.77% was in sale negotiations with a Chinese company. Burgan Drilling was next on the gainer's list with a gain of 33.3% followed by Al Madar Finance & Investment and KMEFIC with gains of 33.0% and 23.0%, respectively. On the decliners side, REAM topped the list with a decline of 87.3% after the company's shares traded for the first time since March-18. Al Rai Media Group was next on the list with a decline of 46.3% after the company's board proposed to voluntarily delist the company from Boursa Kuwait. The monthly market breadth was strongly skewed towards decliners that included 101 stocks as compared to 49 gainers.

Boursa Kuwait Monthly Sector Performance



Monthly Value Traded (KWD Mn)



Source: Kuwait Stock Exchange, KAMCO Research

Saudi Arabia (Tadawul)

Monthly Indicators	Oct-17	Nov-17	Dec-17	Jan-18	Feb-18	Mar-18	Apr-18	May-18	Jun-18	Jul-18	Aug-18	Sep-18
Tadawul All Share Index	6,934.4	7,004.0	7,226.3	7,650.1	7,418.8	7,870.9	8,208.9	8,161.1	8,314.2	8,294.8	7,948.3	7,999.5
Monthly % Change	(4.8%)	1.0%	3.2%	5.9%	(3.0%)	6.1%	4.3%	(0.6%)	1.9%	(0.2%)	(4.2%)	0.6%
Market Cap (SAR Bn)	1,636.2	1,660.8	1,692.1	1,795.2	1,749.3	1,873.2	1,929.4	1,957.8	1,983.1	1,970.2	1,893.5	1,899.8
P/E (X) - TTM	14.41	14.81	14.81	16.34	15.04	16.12	16.25	16.37	16.73	15.93	15.34	15.41
P/BV (X) - TTM	1.60	1.62	1.62	1.76	1.67	1.75	1.82	1.81	1.85	1.85	1.77	1.78
Dividend Yield (%)	4.47%	4.42%	4.42%	3.87%	3.99%	4.06%	3.75%	3.74%	3.62%	3.78%	3.93%	3.91%
Volume (Mn Shares)	3,087.0	4,022.7	4,965.8	4,409.2	3,065.6	3,570.2	4,839.5	3,706.3	1,933.7	2,881.1	2,020.9	2,227.3
Value (SAR Mn)	66,564.1	75,240.4	87,409.8	82,079.2	67,740.7	87,560.8	107,967.1	83,905.9	46,427.9	73,214.0	54,251.5	49,661.6
Trades ('000)	1,735	1,979	2,352	2,204	1,925	2,180	2,769	2,195	1,251	2,031	1,486	1,678

Source: Tadawul, KAMCO Research

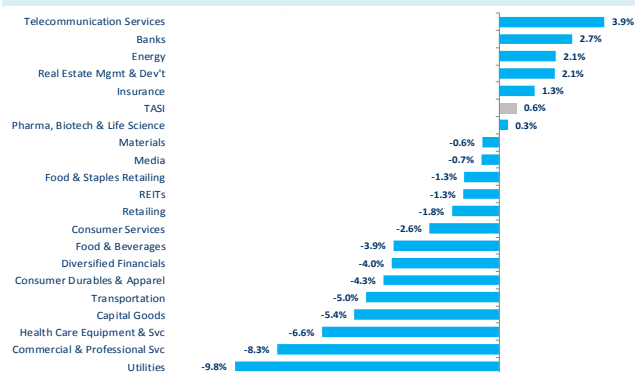
Saudi market witnessed a spike in volatility during September-18 with the benchmark reaching 6-month low during the first half of the month amid a broader emerging market sell-off followed by a strong recovery during the second half that saw the index reaching a one-month high level. TASI closed the month with a gain of 0.65% to reach little short of the 8,000 mark at 7,999.5 points after gaining 1.3% in the last trading session. The monthly gain further pushed YTD-18 gains to 10.7%. Gains during the month were led by a strong recovery in shares of large-cap stocks after being battered during the first half sell-off by foreign institutional investors. This was also reflected in the sector performance chart with the Telecom index leading monthly gains at 3.9% followed by Banks and Energy with monthly gains of 2.7% and 2.1%. On the other hand, Utilities dragged monthly performance with biggest decline of 9.8% followed by Commercial & Professional Services and Healthcare & Equipment indices that recorded declines of 8.3% and 6.6%, respectively.

Trading activity took a hit during September-18 due to the initial sell-off. Monthly value traded declined by 8.5% to reach SAR 49.7 Bn in September-18. Monthly volume traded was up by 10% to reach 2.2 Bn shares as compared to 2.0 Bn shares during August-18. Alinma Bank once again topped the monthly volume and value chart with a total of 356.7 Mn shares traded during the month worth SAR 7.4 Bn followed by Dar Al Arkan Real Estate Development and Saudi Kayan with volumes at 323.6 Mn and 195.9 Mn, respectively. In terms of monthly value traded, SABIC was second on the list with SAR 6.7 Bn worth of shares changing hands during the month followed by Al Rajhi Bank and Saudi Kayan with shares worth SAR 3.3 Bn and SAR 3.2 Bn trading during the month, respectively.

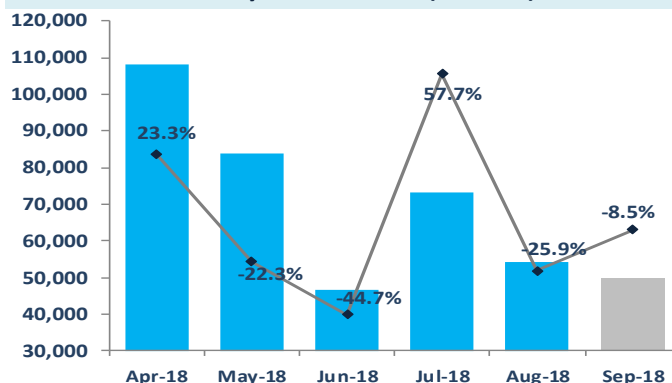
Al Alamiya Coop Insurance topped the monthly gainers chart with a gain of 24.1% followed by SAFCO and Saudi Steel Pipes (SSP) with gains of 17.8% and 14.7%, respectively. Shares of SSP has gained momentum recently after the company entered into an agreement to sell 47.8% stake to Tenaris SA for USD 144 Mn. On the other hand, the monthly decliners side was dominated by insurance stocks with three out of the top five decliners from the sector. The list was topped by Saudi Fisheries that recorded a decline of 26.6% followed by Dallah Health and Sagr Insurance with declines of 16.3% and 13.9%, respectively.

On the regulatory front, the CEO of Saudi Stock Exchange said that the market is expected to see a slew of reforms to prepare for the influx of foreign money next year after the MSCI upgrade. He said that authorities are planning to incentivize listing on the exchange and is also working on a framework for foreign companies to cross-list their shares on the Saudi exchange. He added that in order to smoothen the entry of foreign money in the Saudi market without causing any turbulence the exchange would introduce index futures during 1H-19, earlier than previously expected, after the expected introduction of a new MSCI/Tadawul index during Q4-18. On the economic front, the private sector in the Kingdom got a big boost after the Finance Minister recently said that public spending by the government would reach almost SAR 1.106 Trillion in 2019, almost SAR 100 Bn more than previous expectation and 7% higher than the projections for 2018. This would be enabled by higher oil prices and would be utilized to boost economic growth and reduce unemployment in the Kingdom by encouraging private sector growth. The spending is expected to reach SAR 1.17 Trillion by 2021.

Tadawul Monthly Sector Performance



Monthly Value Traded (SAR Mn)



Source: Tadawul, KAMCO Research

Abu Dhabi Securities Exchange

Monthly Indicators	Oct-17	Nov-17	Dec-17	Jan-18	Feb-18	Mar-18	Apr-18	May-18	Jun-18	Jul-18	Aug-18	Sep-18
ADX General Index	4,479.6	4,283.1	4,398.4	4,602.2	4,597.7	4,585.4	4,669.5	4,605.0	4,560.0	4,859.5	4,986.9	4,935.4
Monthly % Change	1.9%	(4.4%)	2.7%	4.6%	(0.1%)	(0.3%)	1.8%	(1.4%)	(1.0%)	6.6%	2.6%	(1.0%)
Market Cap (AED Bn)	459.8	438.7	485.8	508.1	503.4	499.7	502.4	491.1	486.8	510.9	518.3	461.9
P/E (X) - TTM	11.11	10.89	11.12	11.54	11.63	11.71	11.27	11.76	11.60	12.12	12.52	12.34
P/BV (X) - TTM	1.57	1.51	1.54	1.59	1.26	1.26	1.28	1.20	1.19	1.27	1.30	1.29
Dividend Yield (%)	5.38%	5.58%	5.46%	5.94%	6.01%	6.02%	5.93%	5.52%	5.60%	5.20%	5.07%	5.16%
Volume (Mn Shares)	1,976.9	1,063.7	1,354.8	1,276.2	1,026.9	1,305.5	1,546.9	1,403.4	942.2	686.5	597.7	1,029.2
Value (AED Mn)	4,419.0	2,517.2	2,522.6	3,186.1	2,348.6	2,902.3	2,807.8	2,971.8	2,485.7	2,124.5	2,193.1	3,278.0
Trades	23,607	18,355	19,576	23,586	17,775	20,106	22,015	26,261	17,927	16,717	15,859	22,373

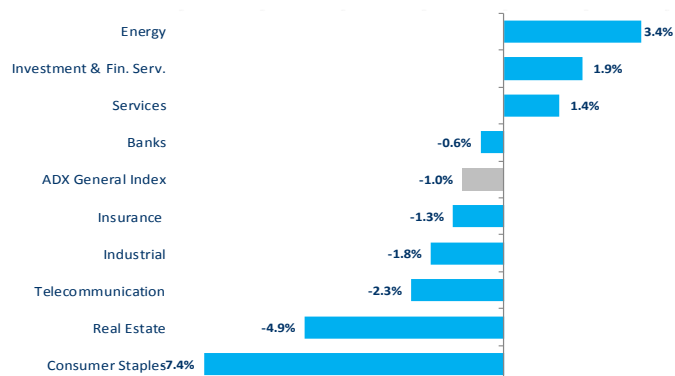
Source: Abu Dhabi Securities Exchange, KAMCO Research

Similar to other frontline GCC indices, the ADX index was broadly rangebound in Sept-18 and closed marginally lower by 1.0% m-o-m at 4835.37 points. Market breadth favored decliners, as 16 stocks gained, while 27 stocks declined. Sectoral performance also included more decliners than gainers. Energy was the best performer during Sept-18, as the index closed higher by 3.4% m-o-m, led by Dana Gas which gained by 6.3% m-o-m. Investment and Financial Services followed with gains of 1.9% m-o-m, as Waha Capital single handedly drove the increase, as the stock was up by 2.2% in Sept-18. Consumer Staples, Real Estate and Telecoms were the major decliners in Sept-18, as they receded by 7.4%, 4.9% and 2.3% m-o-m respectively. Consumer Staples saw most of its stocks close lower and was dragged down by Agthia Group (-8.6%) and FOODCO Holding (-9.5%). Real Estate names also lower levels led by Aldar (-5.7%).

In corporate M&A activity, Moodys reportedly expects the potential merger of Abu Dhabi Commercial Bank, Union National Bank and Al Hilal Bank to be credit positive for the country's banking industry. They further expect the merger to increase banks' pricing power, and lead to reduced funding costs and increased ability to meet larger investments. All three have some overlap of shareholding as Abu Dhabi Investment Council holding stakes of 63% in ADCB, 50% in UNB and 100% in AHB. Separately in funding initiatives, Aldar announced that its 100% owned subsidiary Aldar Investments successfully issued its debut fixed rate USD denominated sukuk, with a tenor of 7 years, raising a total of USD 500 Mn. The issue was oversubscribed by over two times and the new sukuk had a profit rate of 4.75%, underpinned by Aldar Investments' Baa1 credit rating. Aldar also announced that it has acquired 40% of Khidmah one of UAE's leading integrated property services companies - taking its total ownership to 100%. In exchange related news, ADX announced the start of trading with the new tick size for stocks with share price of less than AED 1.00. The new tick sizes which consist of five units: AED 0.0001 for shares within the price range of AED 0.1 to 0.99 AED; AED 0.01 for a price range of AED 1 to AED 9.99; AED 0.02 for a price range of AED 10 to AED 49.98, AED 0.05 for shares within the price range of AED 50 to 99.95, and AED 0.10 for shares at AED 100 and above. Separately, Dana Gas received a further AED 218 Mn dividend payment from its JV operations in the Kurdistan Region of Iraq. This payment takes the total dividends received from those operations to AED 439 Mn in 2018, with all payment received on time and no outstanding receivables.

Union National Bank topped the monthly gainers chart with a gain of 34.2% m-o-m followed by National Bank of Fujairah and Ras Al Khaimah White Cement with gains of 28.3% and 13.8% respectively. On the decliners side, the top two companies were National Marine Dredging Co and Abu Dhabi Ship Building with declines of 12.3% and 11.1%, respectively. Trading activity was up, as traded volumes moved up by 73.6% m-o-m in Sept-18 to reach 1.0 Bn shares. Value traded increased by 49.5% m-o-m to reach AED 3.3 Bn. In terms of most actively traded stocks, First Abu Dhabi Bank led all stocks in terms of value traded, with AED 894 Mn worth of shares traded during Sept-18. UNB and Dana Gas followed as AED 553 Mn and AED 468 Mn worth of shares were traded respectively. Dana Gas led the most active stocks list in terms of volumes traded, as 405 Mn shares were traded on the exchange. Aldar Properties and UNB followed with 142 Mn and 113 Mn shares traded during Sept-18.

ADX Monthly Sector Performance



Monthly Value Traded (AED Mn)



Source: Abu Dhabi Securities Exchange, KAMCO Research

Dubai Financial Market

Monthly Indicators	Oct-17	Nov-17	Dec-17	Jan-18	Feb-18	Mar-18	Apr-18	May-18	Jun-18	Jul-18	Aug-18	Sep-18
DFM General Index	3,635.9	3,420.2	3,370.1	3,394.4	3,244.1	3,108.5	3,066.0	2,964.1	2,821.0	2,956.0	2,840.2	2,834.95
Monthly % Change	2.0%	(5.9%)	(1.5%)	0.7%	(4.4%)	(4.2%)	(1.4%)	(3.3%)	(4.8%)	4.8%	(3.9%)	(0.2%)
Market Cap (AED Bn)	368.1	373.8	383.6	391.8	377.6	375.6	373.7	358.7	352.1	372.2	362.4	360.5
P/E (X) - TTM	10.04	9.44	9.23	9.11	9.16	8.70	8.38	7.97	7.68	7.84	7.67	7.66
P/BV (X) - TTM	1.25	1.18	1.17	1.17	1.10	1.05	1.04	1.02	0.97	1.04	1.00	1.00
Dividend Yield (%)	4.75%	5.03%	5.15%	5.14%	4.71%	6.53%	5.01%	5.16%	5.39%	5.00%	5.74%	5.75%
Volume (Mn Shares)	7,267.1	5,128.0	4,736.9	5,925.7	3,812.5	3,559.5	2,633.8	4,919.0	3,361.0	3,448.2	1,718.9	4,089.7
Value (AED Mn)	9,952.6	9,594.0	8,162.2	8,907.2	5,964.5	5,561.6	4,065.4	7,001.7	4,914.5	4,156.5	2,492.8	4,378.6
Trades	99,296	81,175	66,304	80,175	67,869	52,549	46,580	72,982	53,145	50,788	26,532	50,403

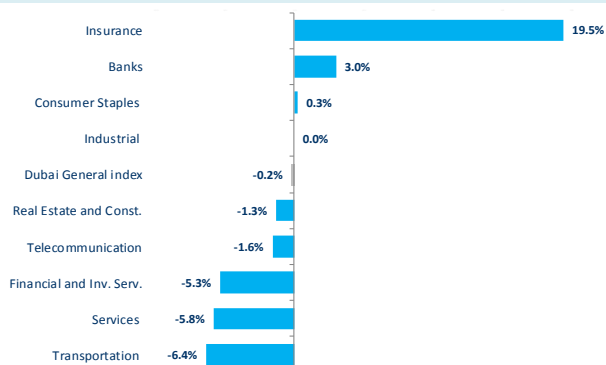
Source: Dubai Financial Market, KAMCO Research

After declining by 3.9% in Aug-18, the DFM index closed broadly flat, declining only marginally. The index declined by 0.2% m-o-m and closed at 2834.95 points, as the performance of sectoral indices was mixed. Insurance was the best performing index, as the index went up by 19.5%, driven mainly by the 47.4% gain in the share price of Islamic Arabic Insurance Co. Banks followed as the index went up by 3.0% m-o-m, driven by Commercial Bank of Dubai, which gained by 5.1% followed by a 1.6% gain from Emirates NBD. Transportation and Services were the worst performing indices as they receded by 6.4% and 5.8% respectively. Financial and Investment Services companies also went down by 5.3%, as Dubai Investments & DFM stock went down by 6.0% and 3.6% m-o-m respectively.

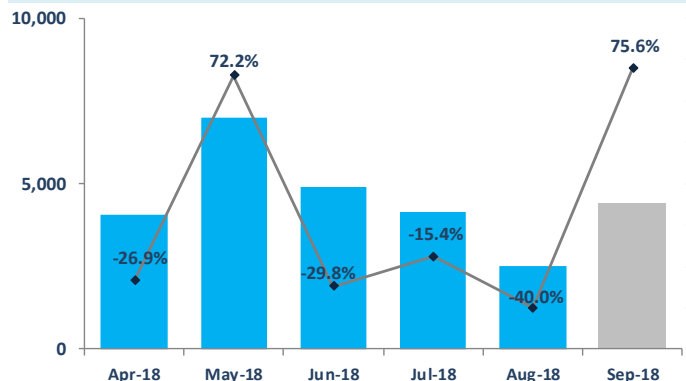
Dubai Investments announced that the construction of its Mirdif Hills project, a mixed-use project being developed by its subsidiary Dubai Investments Real Estate Company (DIRC), is close to 50% complete. Construction for the project is reportedly as per schedule, with the completion of 54% of Janayen Avenue, 50% of Nasayem Avenue, and 12% of Multaqa Avenue. Arabtec announced that the consortium between its wholly owned subsidiary Target Engineering Construction Company and Spain's Tecnicas Reuidas has been awarded the AED 3.2 Bn for the Gas Development Expansion Phase-II project by ADNOC LNG. Target Engineering's share of the contract value is expected to be between 40% and 50%. In ratings action, S&P lowered the rating of Dubai's state-owned utility player Dubai Electricity & Water Authority by one level to BBB, which is now rated two steps above junk, and forecasted a negative outlook. It also downgraded DIFC Investments to BBB- with a stable outlook. The rating downgrades were ascribed to Dubai's deteriorating credit conditions that may affect the ability to provide extraordinary support to state-related firms if needed. Separately Moodys mentioned that the inflationary impact of VAT in the UAE has been modest, with the impact to households mitigated by zero-rated and exempt items. Moodys reportedly mentioned that the impact of exemptions and zero-ratings is most visible in sectors such as housing, healthcare and education, while price increases in sectors like transportation were also minimal. The lower impact is reportedly ascribed to higher input costs for firms that have not been passed through to output costs. They further expect VAT to raise revenues of up to 1.7% of GDP, USD 6.5 Bn (AED 24 Bn).

In terms of monthly gainers, Islamic Arab Insurance Co. led all stocks as its stock price gained by 47.4% m-o-m in Sept-18. Al Salam Bank and Arab Insurance Group followed, as their stock prices moved up by 15.7% and 7.7% respectively. On the other hand, shares of DSI led the monthly losers chart as its share price declined by 20.5% m-o-m. Ekttiab Holding and Dubai Refreshments followed with declines of 12.6% and 9.5% respectively for the month. Emaar Properties was the most actively traded stock on the exchange as AED 714 Mn worth of stock was traded. Dubai Islamic Bank and Islamic Arab Insurance followed with value traded of AED 558 Mn and AED 491 Mn respectively. In terms of volumes traded, Islamic Arab Insurance led all stocks as 831 Mn shares were traded. DSI and Deyaar Development followed as 656 Mn and 470 Mn shares were traded. Trading activity on the DFM was strong as value traded went up by 75.6% m-o-m to reach AED 4.38 Bn, as compared to AED 2.49 Bn in Aug-18. Traded volumes in June-18 more than doubled and grew by 138% m-o-m from 1.7 Bn shares to reach 4.1 Bn shares.

DFM Monthly Sector Performance



Monthly Value Traded (AED Mn)



Source: Dubai Financial Market, KAMCO Research

Qatar Exchange

Monthly Indicators	Oct-17	Nov-17	Dec-17	Jan-18	Feb-18	Mar-18	Apr-18	May-18	Jun-18	Jul-18	Aug-18	Sep-18
QE 20 Index	8,165.1	7,714.3	8,523.4	9,204.6	8,653.3	8,574.0	9,112.0	8,880.5	9,024.0	9,825.1	9,886.5	9,813.3
Monthly % Change	(1.8%)	(5.5%)	10.5%	8.0%	(6.0%)	(0.9%)	6.3%	(2.5%)	1.6%	8.9%	0.6%	(0.7%)
Market Cap (QAR Bn)	444.1	418.1	472.0	501.8	461.2	470.5	509.3	491.7	493.6	539.9	546.3	547.4
P/E (X) - TTM	11.92	11.15	12.79	13.70	12.23	12.21	12.82	12.72	12.68	13.75	13.82	13.84
P/BV (X) - TTM	1.11	1.04	1.19	1.22	1.11	1.12	1.20	1.16	1.17	1.27	1.29	1.29
Dividend Yield (%)	4.89%	5.25%	4.56%	4.63%	4.67%	4.67%	4.36%	4.55%	4.51%	4.15%	4.09%	4.09%
Volume (Mn Shares)	167.2	167.9	243.7	251.6	165.1	260.8	249.1	265.9	170.1	166.0	107.8	134.7
Value (QAR Mn)	3,621.6	4,253.0	4,414.0	6,087.8	3,948.1	6,447.5	6,074.9	10,703.2	7,966.4	4,485.2	3,187.9	4,460.4
Trades	51,506	68,307	76,196	97,166	66,867	89,162	81,989	107,738	78,360	70,475	59,202	67,546

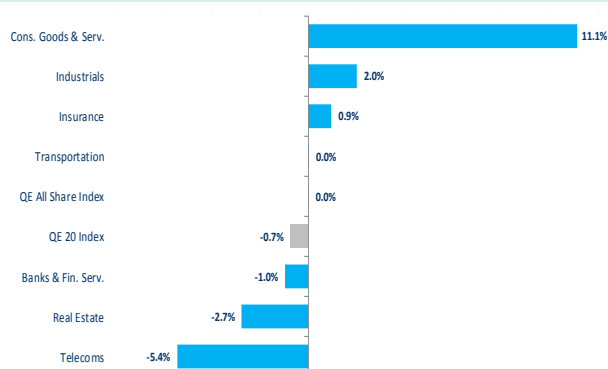
Source: Qatar Exchange, KAMCO Research

Qatar exchange closed marginally down in Sept-18 but continues to lead other regional markets YTD. The QE 20 index declined by 0.7% m-o-m to close at 9813.32 points in Sept-18. The Qatar All Share index which maps the broader market, closed flat as compared to the previous month. Market breadth favored decliners as 26 companies receded, while 18 companies moved higher as compared to the previous month. Sectoral performance was mixed and included both gainers and losers. Consumer Goods & Services was the best performing index during the month, as the index went up by 11.1% m-o-m, led by the jump in Qatar Fuel's stock price (+17.7%), followed by a 16% gain by Zad Holding. Industrials followed with gains of 2.0% m-o-m, buoyed by Mesaieed Petrochemical (+7.3%) and Industries Qatar (2.7%). Telecoms was the worst performing index as it declined by 5.4% m-o-m in Sept18, as both Ooredoo and Vodafone Qatar declined by 5.8% and 4.9% respectively. Real Estate followed with declines of 2.7% m-o-m, dragged down by Ezzan (-3.4%) and Barwa Real Estate (-2.8%).

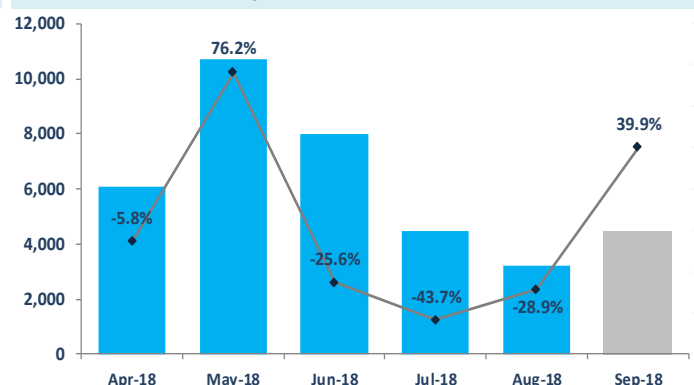
In index updates Qatar stock exchange mentioned that Mesaieed Petrochemical Holding, Qatar Fuel and Qatar Insurance will replace Al Meera Consumer Goods Company, Investment Holding Group and Qatari Investors Group in the QE Index. Further they mentioned that Mesaieed Petrochemical Holding, Qatar Fuel and Zad Holding Company will join QE Al Rayan Islamic Index, while Mazaya Qatar and Qatar Islamic Insurance will leave QE Al Rayan Islamic Index. It was also mentioned that Qatar Cinema & Film Distribution Company will leave both QE All Share Index and QE Consumer Goods and Services Index. In corporate funding activity, it was reported that Al Khaleej Commercial Bank mandated Barclays, QNB Capital, Standard Chartered and Qatar Commercial Bank as managers for a potential USD benchmark bond issue. Separately in terms of sovereign ratings, S&P mentioned that Qatar is the country at highest risk of being downgraded, as it continues to feel the impact of a boycott by other Arab states.

Trading activity on the index went down in all parameters, as value traded during Sept-18 increased by 39.9% to reach QAR 4.5 Bn, while traded volumes improved by 26.6% m-o-m to reach 135 Mn shares. In terms of trading activity, QNB topped the monthly value traded chart with QAR 832 Mn worth of shares traded, followed by Industries Qatar and Barwa Real Estate recording QAR 374 Mn and QAR 371 Mn in monthly value traded. In terms of volumes traded, Investment Holding Group led all stocks with traded volumes of 12.8 Mn shares. Vodafone Qatar and Barwa Real Estate followed with traded volumes of 10.6 Mn shares and 10.1 Mn shares respectively. The Banks & Financial Services sector was the most active in terms of value traded during Sept-18, accounting for 41.1% of the total value traded, followed by Industrial and Consumer Goods & Services sectors, as they accounted for 18.9% and 13.3% of the total value traded respectively. Qatar Fuel was the top performing stock in the index for the month as its share price surged by 17.7%. Zad Holding Co followed along with GISS, as their stock prices moved up by 16.6% and 10.4% respectively. On the other hand, shares of Doha Bank led the monthly losers chart with its stock losing 18.6% m-o-m. Djala Brokerage and Al Khaleej Takaful Group followed with declines of 17.9% and 9.4% respectively for the month.

QE Monthly Sector Performance



Monthly Value Traded (QAR Mn)



Source: Qatar Exchange, KAMCO Research

Bahrain Bourse

Monthly Indicators	Oct-17	Nov-17	Dec-17	Jan-18	Feb-18	Mar-18	Apr-18	May-18	Jun-18	Jul-18	Aug-18	Sep-18
Bahrain All Share Index	1,276.69	1,283.71	1,331.71	1,350.67	1,369.90	1,318.40	1,257.88	1,265.80	1,310.99	1,358.35	1,338.10	1,338.55
Monthly % Change	(0.6%)	0.5%	3.7%	1.4%	1.4%	(3.8%)	(4.6%)	0.6%	3.6%	3.6%	(1.5%)	0.0%
Market Cap (BHD Mn)	7,258	7,293	7,653	7,774	7,900	7,516	7,509	7,531	7,667	7,948	7,830	7,832
P/E (X) - TTM	8.52	8.51	8.65	8.70	9.89	9.46	9.11	8.51	8.69	8.71	8.45	8.79
P/BV (X) - TTM	0.82	0.82	0.84	0.86	0.83	0.78	0.76	0.77	0.78	0.81	0.80	0.80
Dividend Yield (%)	5.21%	5.18%	5.06%	4.98%	5.24%	5.45%	5.65%	5.92%	5.81%	5.61%	5.70%	5.69%
Volume (Mn Shares)	78.6	81.5	103.1	156.3	178.0	101.9	86.6	82.4	56.2	190.5	82.8	115.2
Value (BHD Mn)	18.6	15.2	16.8	25.1	31.0	36.8	16.8	14.5	12.8	24.9	18.7	22.1
Trades	2,146	1,763	1,854	2,257	1,871	1,303	1,384	1,429	1,104	2,329	1,493	1,320

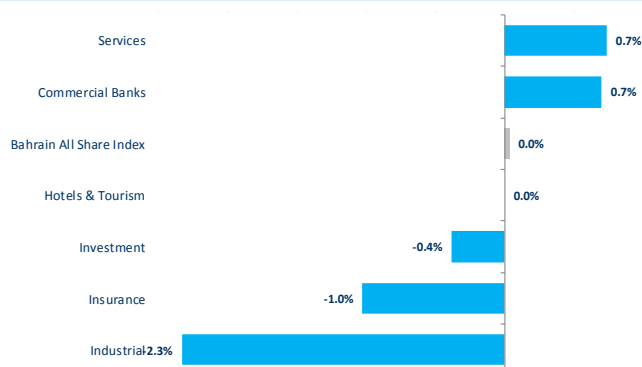
Source: Bahrain Bourse, KAMCO Research

The Bahrain Bourse was amongst the few gainers in the GCC for the month of Sept-18, albeit marginally. The Bahrain Bourse closed at 1338.55 points, gained by 0.5% m-o-m and remains flat on YTD basis as well. Commercial Banks went up by 0.7% m-o-m, driven by AUB as the stock rose by 0.8% m-o-m over the same period, followed by Al Khaleeji Commercial Bank and Al Salam Bank as they moved up by 3.5% and 2.0% respectively. The Services sector also gained by 0.7%, as Bahrain Cinema (+23.5%) almost singlehandedly contributed to the sector's m-o-m increase. Sectors that declined were mainly the Industrial and the Insurance indices. The Industrials index declined by 2.3% and was brought down single-handedly by Aluminium Bahrain as the stock declined by 2.4% m-o-m. Similarly, a 3.6% drop in the share price of Bahrain National Holding was solely responsible for the decline in the Insurance index.

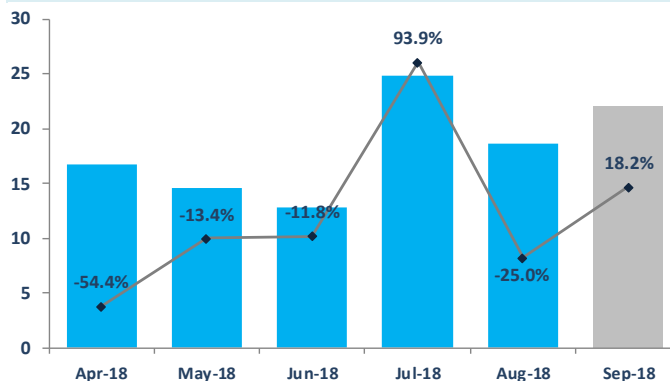
In economic releases, Fitch Solutions forecasts Bahrain's real GDP growth at 3.4% in 2018, slower than the 3.8% increase in real GDP seen in 2017, due to the disrupted oil output in Q1-18. They further expect growth to slow from 2019 on the back of fiscal tightening and see risks in the public finances in Bahrain, with high and rising levels of government debt and lower fiscal buffers. Fitch Solutions sees the upcoming bailout program sponsored by Kuwait, Saudi Arabia and the UAE to be contingent on fiscal consolidation in Bahrain's 2019 budget. In corporate activity Investcorp, acquired its largest U.S. warehouse portfolio, totaling approximately 4.5 Mn sq.ft including 56 industrial properties across seven metropolitan markets, for approximately USD 300 Mn. The investment provides Investcorp with a 90 percent leased portfolio of Class A and B warehouse, light manufacturing and flex buildings, across the e-commerce, manufacturing, design, wholesaling and food services industries. Investcorp, also successfully listed its portfolio company Leejam Sports Company on the Tadawul. Investcorp's Gulf Opportunity Fund I, and other affiliated companies, acquired through Target Opportunities Company for Trading a 25.1% stake in Leejam in 2013. Capital Intelligence Ratings affirmed its long-term rating of GFH at BB, while maintaining the Short-Term Rating at B with a Stable Outlook. The ratings action was supported by the bank's ongoing strong profitability, improved diversification, and transformation to a financial group.

Trading activity in Sept-18 was higher on an m-o-m basis, as compared to the Aug-18. Volumes traded in the exchange reached 115.0 Mn and rose by 38.9% m-o-m as compared to 82.8 Mn shares in Aug-18. Value traded increased by 18.2% in the exchange to reach BHD 22.1 Mn in Sept-18. The number of trades made in the exchange however went down 1,320 trades, down 11.6% m-o-m from Aug-18. AUB was the most actively traded stock in Sept-18 with BHD 10.0 Mn worth of its shares traded on the exchange. GFH and Alba followed with BHD 6.5 Mn and BHD 1.3 Mn worth of shares traded. Of the 9 stocks that closed in the green in Sept-18, Bahrain Cinema topped the gainers list, as it witnessed a 23.5% m-o-m increase, followed by Esterad Investment with monthly gains of 7.8%. United Gulf Holding Company was the main laggard, as it witnessed a m-o-m decline of 3.6%, followed by Bahrain National Holding Co and Al Baraka Banking Group with monthly declines of 3.6% and 3.4% respectively.

BSE Monthly Sector Performance



Monthly Value Traded (BHD Mn)



Source: Bahrain Bourse, KAMCO Research

Muscat Securities Market

Monthly Indicators	Oct-17	Nov-17	Dec-17	Jan-18	Feb-18	Mar-18	Apr-18	May-18	Jun-18	Jul-18	Aug-18	Sep-18
MSM 30 Index	5,010.7	5,106.5	5,099.3	5,000.0	5,003.4	4,773.5	4,729.1	4,606.7	4,571.8	4,336.6	4,419.3	4,543.7
Monthly % Change	(2.5%)	1.9%	(0.1%)	(1.9%)	0.1%	(4.6%)	(0.9%)	(2.6%)	(0.8%)	(5.1%)	1.9%	2.8%
Market Cap (OMR Mn)	4,438	4,517	4,481	4,396	4,376	4,115	4,075	4,063	4,085	4,532	4,654	4,874
P/E (X) - TTM	10.63	11.05	11.04	10.85	11.01	10.77	10.16	10.01	10.08	9.34	9.36	9.65
P/BV (X) - TTM	0.93	0.95	0.95	0.90	0.88	0.85	0.84	0.82	0.82	0.82	0.82	0.85
Dividend Yield (%)	5.99%	5.88%	5.88%	5.87%	5.84%	6.00%	6.05%	6.26%	6.34%	6.67%	6.49%	6.36%
Volume (Mn Shares)	313.9	308.4	62.7	132.0	123.8	203.9	199.4	310.6	65.9	83.4	61.8	91.7
Value (OMR Mn)	68.3	114.0	19.4	30.3	30.7	61.6	44.2	94.8	17.6	17.5	14.6	24.3
Trades	7,923	7,073	3,537	6,760	7,964	7,729	9,227	7,429	2,665	4,569	3,271	5,022

Source: Muscat Securities Market, KAMCO Research

MSM recorded the second consecutive month of growth during September-18 and was one of the top performers in the GCC during the month. The benchmark MSM 30 index recorded the best monthly performance in the GCC during the month. The index witnessed positive trend since the start of the month with almost two weeks of consecutive daily gains, albeit marginal. The Index closed the month with a gain of 2.8% reaching 4,543.68 points, although in terms of YTD-18 performance, the index recorded the second highest decline in the GCC at 10.9%. Gains during September-18 was backed by positive returns in all the three sectoral indices. The Services index recorded the highest monthly gain of 3.8% followed by Financial index and Industrial Index with gains of 2.0% and 1.5%, respectively.

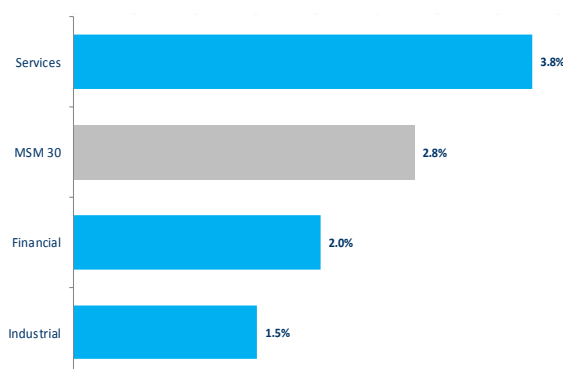
Within the Services index, all four stocks that traded during the month saw gains. Shares of both the telcos were up during the month with Oman Telecom recording a gain of 10.9% while Ooredoo surged 3.4%. For the Financial index, monthly gains came primarily on the back of gain in shares of Bank Muscat that was up 11.6% followed by Ominvest and Al Anwar Holding with gains of 10.6% and 8.33%, respectively. Key decliners in the sector included Bank Sohar with its shares gaining 0.8%. Meanwhile, in the industrial index, gains were limited to small-cap stocks including Al Maha Ceramics and Voltamp Energy that recorded double digit gains during the month. These gains more than offset decline recorded by Oman Cement at 10.5%.

Trading activity on the exchange also witnessed significant gains during the month. Value traded in the regular market reached OMR 24.3 Mn, an m-o-m increase of 66.7%. Shares traded during the month also surged reaching 85.2 Mn shares as compared to 61.8 Mn during the previous month. Bank Muscat topped both the monthly volume and value traded charts with 33 Mn shares changing hands during the month valued at OMR 13.4 Mn. Ooredoo was second on the value traded chart with OMR 4.0 Mn worth of trades followed by Omantel and Al Madina Takaful at OMR 1.7 Mn and OMR 0.9 Mn, respectively. On the volume chart, Al Madina Takaful was second on the monthly list with 9.2 Mn traded shares followed by Ooredoo (7.5 Mn shares) and Bank Sohar (6.5 Mn shares).

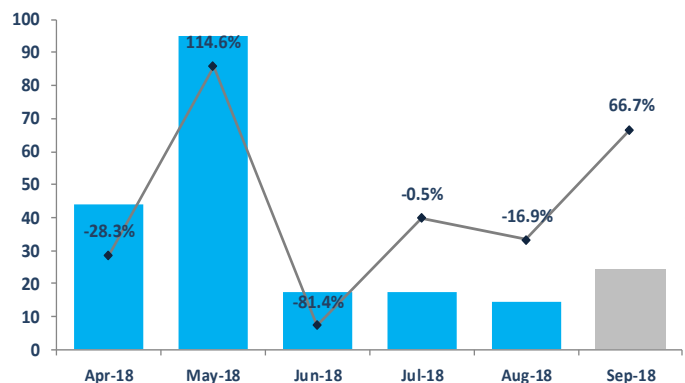
The monthly gainers chart for the regular market was topped by Oman National Engineering and Investment Co. after the company won two contracts during the month worth more than OMR 12.0 Mn. Bank Muscat and Al Maha Ceramics were next on the list both recording a gain of 11.6% followed by Omantel with gain of 10.9%. On the decliners side, Oman Cement topped the chart with a decline of 10.5% followed by United Finance and Al Madina Takaful at 8.0% and 3.1%, respectively. The monthly market breadth for the regular market favored gainers that included 12 companies as against 4 decliners.

In terms of investor participation, local investors' contribution declined as compared to the previous month but continued to remain high. Omanis accounted for 88.24% of total value of shares bought during the month (91.6% during August-18) and 89.6 of volumes (94.3% during the previous month). In terms of value of sell trades, the share of Omani investors stood at 68.6% during September-18 as compared to 80.9% during the previous month.

MSM Monthly Sector Performance



Monthly Value Traded (OMR Mn)



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.

KAMCO Investment Company (DIFC) Limited ("KAMCO DIFC") is regulated by the Dubai Financial Services Authority (DFSA). KAMCO DIFC may only undertake the financial services activities that fall within the scope of its existing DFSA licence. This document is intended for Professional Clients or Market Counterparties only as defined by the DFSA, and no other person should act upon it.'

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.



KAMCO Investment Company - K.S.C. (Public)

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>