

GCC Equity Markets: 2019 - The Year That Was...

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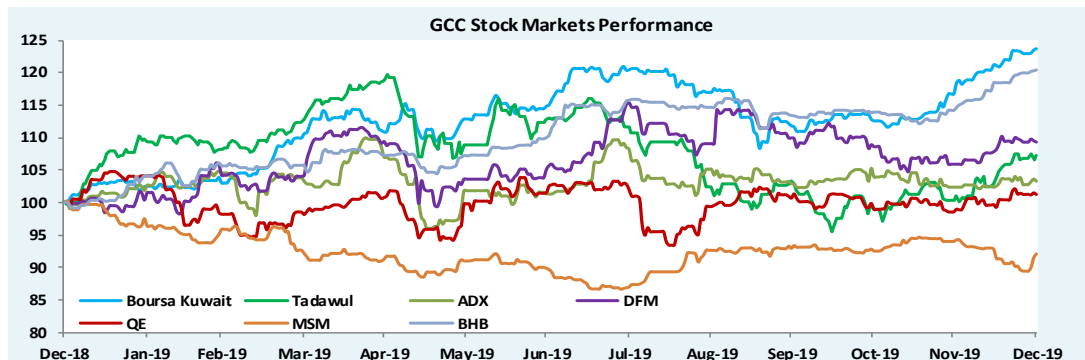
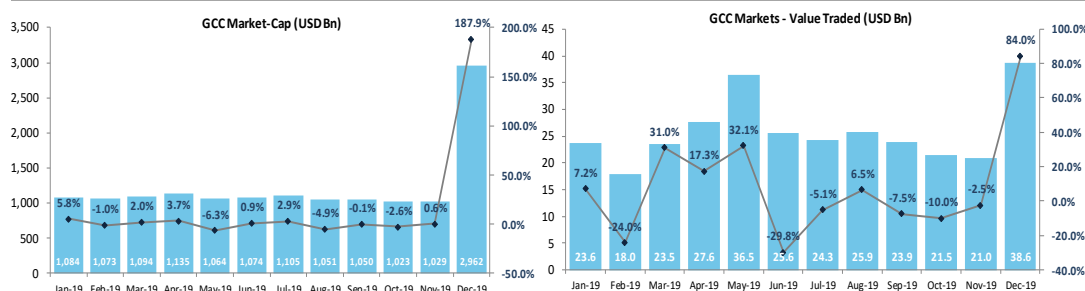
Global equity markets record best performance in 2019 since the global financial crisis...

Equity markets in almost all major global financial centers posted healthy growth in 2019 despite several warnings of slower global economic growth rates, amid the US-China trade war, and declining international trade volumes. The MSCI World index closed the year with a gain of 25.2%, supported primarily by the US in addition to double digit gains for most other developed markets. Emerging markets also posted healthy gains of 15% during the year. Positive performance was also seen in almost all the major asset classes, with oil prices showing a growth of more than 23%. The top performing asset classes of 2019 witnessed a steep reversal from their lows of 2018.

US equity markets recorded the best yearly performance among major equity markets across the globe. With a return of 29% for the S&P 500 index and an even higher 35% return for the Nasdaq Composite index for 2019, the US equity markets closed little short of the record high level touched during late December. Markets in Europe also had a positive run during the year with the DJ Stoxx 600 index gaining 23% during the year. In the Asia Pacific region, gains were slightly less but nevertheless positive and in double digits at 16.3% for the MSCI Asia Pacific Index.

Performance of the GCC equity markets were also positive during the year, barring Oman a decline of 7.9% was recorded. The MSCI GCC Index witnessed a gain of 5.9%, its fourth consecutive year of gains. Kuwaiti indices were the best performers in the MENA region and also one of the best performing globally. Dubai posted a gain of 9.3% after declining for the previous two years while Saudi Arabia posted a gain for the fourth consecutive year at 7.2%. In the MENA region, Egypt reported gains of 7.1% while most other markets retracted during the year.

GCC Equity Markets	Index Closing	2019 Chg%	M-Cap (USD Bn)	2019 Value Traded (USD Mn)	P/E (x) TTM	P/B (x) TTM	Div. Yield
Kuwait - Premier Market Index	6,976.0	32.4%	120.3	26,270.0	16.8	1.5	3.4%
Kuwait - Main Market Index	4,910.7	3.6%					
Kuwait - All Share Index	6,282.5	23.7%					
Saudi Arabia	8,389.2	7.2%	2,397.8	234,679.6	17.9	2.1	4.1%
Abu Dhabi	5,075.8	3.3%	144.0	14,050.4	12.8	1.4	4.9%
Dubai	2,764.9	9.3%	98.0	13,791.5	6.8	0.9	4.3%
Qatar	10,425.5	1.2%	160.1	18,619.9	14.2	1.4	4.0%
Bahrain	1,610.2	20.4%	24.3	794.5	11.1	1.0	4.4%
Oman	3,981.2	(7.9%)	17.1	1,722.4	8.1	0.7	7.2%
Total GCC			2,961.6	309,928.3	16.4	1.9	4.1%



Source: GCC Stock Exchanges, Kamco Research

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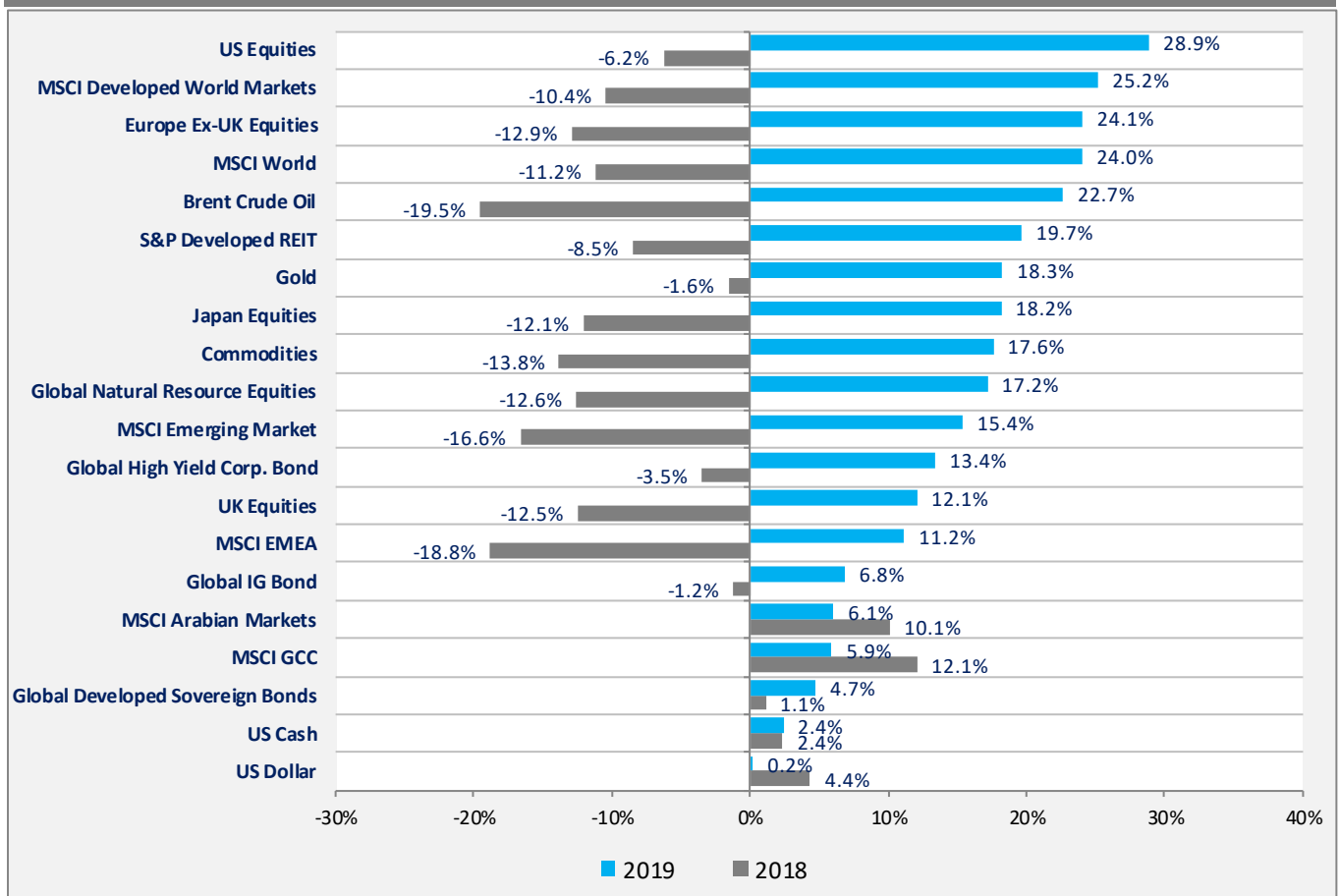
Global Market Performance

Clear disconnect between economic signals and equity market performance ...

The year 2019 proved to be a recovery year for most major global financial markets after a majority of these markets declined during 2018. Gains during the year came despite several warnings from various international agencies regarding a slowdown in economic growth rates. Most of these estimates were based on the decline in international trade due to the unresolved trade war between two of the world's largest trading partners-US and China. Nevertheless, in what was termed as a part of the 'Phase one' deal, the two countries made some progress on a trade deal during mid-December that provided a big boost to the equity markets. Also, the year 2020 started with more concrete steps towards a trade deal with the US President announcing 15-January-2020 as the date of signing of the Phase One Trade Deal between the two countries followed by a Phase Two deal in the coming months.

Equity market performance during the year showed corporate optimism that hoped for an economic recovery during the year. The US markets touched record highs during the year backed by technology stocks while on the other hand the consumer retail segment suffered amid efficiency improvement measures. European stock markets also gained during the year with Greece, Russia and Italy being the best performing markets during the year with returns of 43%, 29% and 28%, respectively. The larger markets in the region also saw healthy

Global Asset Class Performance - 2019 vs. 2018



Source: Bloomberg, Kamco Research

gains with France recording a gain of 26.4% followed by Germany and UK with gains of 25.5% and 12.1%, respectively. UK's stock market was lagging behind its European peers for the most part of the year but post the election results in December-19, the market reported gains that pushed it to double digit territory. In the Emerging Market space, China was one of the best performing equity markets with a gain of 22.3% while India's SENSEX recorded a surge of 14.4%. The overall MSCI Emerging Market index was up by 15.4% during the year.

In terms of other asset classes, the broader global commodity gauge was up 17.6%, with crude oil being the best performer with a gain of more than 23%, whereas natural gas was one of the few asset types that declined during the year by more than 25%. Prices of gold gained during the year as its safe haven status got strengthened while the greenback weakened led by the US-China trade talks. Both the Global High Yield and the Investment grade bond indices saw gains during the year at 13.4% and 6.8%, respectively.

GCC Market Performance - 2019

GCC Historical Performance	Index	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Kuwait	All Share Index	N/A	N/A	N/A	N/A	N/A	N/A	2.3%	5.6%	5.2%	23.7%
Saudi Arabia	TASI	8.2%	-3.1%	6.0%	25.5%	-2.4%	-17.1%	4.3%	0.2%	8.3%	7.2%
Dubai	DFM General Index	-9.6%	-17.0%	19.9%	107.7%	12.0%	-16.5%	12.1%	-4.6%	-24.9%	9.3%
Abu Dhabi	ADX General Index	-0.9%	-11.7%	9.5%	63.1%	5.6%	-4.9%	5.6%	-3.3%	11.7%	3.3%
Qatar	QE 20 Index	24.8%	1.1%	-4.8%	24.2%	18.4%	-15.1%	0.1%	-18.3%	20.8%	1.2%
Bahrain	Bahrain All Share Index	-1.8%	-20.1%	-6.8%	17.2%	14.2%	-14.8%	0.4%	9.1%	0.4%	20.4%
Oman	MSM 30 Index	6.1%	-15.7%	1.2%	18.6%	-7.2%	-14.8%	7.0%	-11.8%	-15.2%	-7.9%

Source: GCC Stock Exchanges, Kamco Research.

After ending 2018 as the best performing market, GCC equity markets underperformed global peers during 2019, reporting significantly lower gains during the year. The MSCI GCC index reported a gain of 5.9% during the year as geopolitical issues and subdued oil prices as compared to historical levels, affected investor sentiments towards regional markets. Volatility in the GCC was one of the highest on record, and was in line with the US markets with both recording 37 days when the markets moved more than 1% during the year as compared to 32 days and 64 days for the GCC and US equity market in 2018, respectively. In addition, gains for the individual markets also varied across the GCC, with Kuwait reporting gains of 23.7% during the year, while on the other hand, Oman reported a decline of 7.9%. Last years best performing market, Qatar, reported marginal gains of 1.2% while 2018's worst performer, Dubai, reported a gain this year of 9.3%. Saudi Arabia was one of the most volatile markets during the year with YTD gains reaching around 20% during the first half of the year being wiped off by 9M-19 post the MSCI inclusion, as well as due to the attacks on Aramco's oil facilities during September-19. Nevertheless, the Kingdom reported gains during the last quarter and closed the year with a gain of 7.2%.

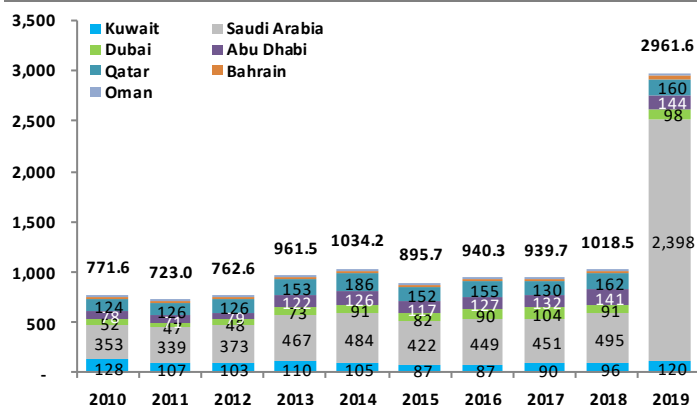
Market performance during the year was once again swayed by regional geopolitics in addition to oil price movement while changes in international markets had minimal impact on the GCC, as gains in the international market were significantly more than the GCC markets. Lack of catalysts was also one of the primary reasons for the subdued performance of most major markets in the GCC. Kuwait was the only market that benefited from the MSCI upgrade announcement, whereas Saudi Arabia's gains during December-19 came primarily after the listing of Aramco. On the other hand, international events like the US China trade war affected prospects of stronger economic growth across the region denting investor sentiments.

In terms of sector performance, the Food Beverage & Tobacco sector posted the biggest gain during the year, primarily on the back of multifold gains in the shares of Abu Dhabi-listed IHC further supported by gain in shares of Saudi Arabia's Sadafco. The Utilities sector also witnessed gains of more than 25% solely on the back of gain in shares of Saudi-listed utilities giants Saudi Electricity and National Gas and Industrialization Co. Meanwhile, Banking sector was one of the strongest performing large cap sectors in the GCC with gains of almost 20%. Bank's performance was positive for a majority of the markets with 50 GCC banks seeing their stocks gain during the year while shares of 14 banks receded. In terms of trading activity, value traded on GCC stock exchanges gained 5.5% to reach USD 310 Bn in 2019 as compared to USD 294 Bn during 2018. Kuwait and Abu Dhabi witnessed significantly higher trading activity during the year while Dubai, Bahrain and Oman recorded declines.

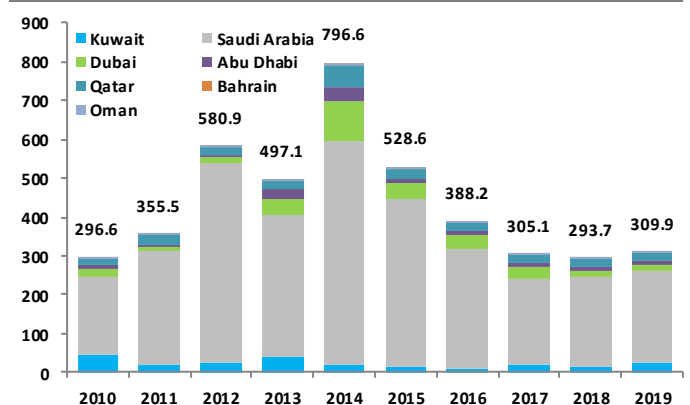
2019 closing indices vs. year's lowest close

Market	2018 Close	2019 Low	2019 Close	2019 Close vs. 2019 lows
KSE-All Share	5,079.56	5,109.62	6,282.46	23.0%
KSE-Premier	5,267.36	5,304.96	6,975.96	31.5%
Tadawul	7,826.73	7,481.53	8,389.23	12.1%
DFM	2,529.75	2,484.80	2,764.86	11.3%
ADX	4,915.07	4,719.26	5,075.77	7.6%
QE	10,299.01	9,621.70	10,425.51	8.4%
BHB	1,337.26	1,325.76	1,610.18	21.5%
MSM	4,323.74	3,745.65	3,981.19	6.3%

GCC Market-Cap (USD Bn)



GCC Markets - Value Traded (USD Bn)



Source: GCC Stock Exchanges, Bloomberg, Reuters, Kamco Research. Value traded in Oman includes regular, parallel, under monitoring markets and rights issues.

Boursa Kuwait

Monthly Indicators	Jan-19	Feb-19	Mar-19	Apr-19	May-19	Jun-19	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19
Premier Market Index	5,430.1	5,482.2	5,986.9	6,047.3	6,242.2	6,377.0	6,744.1	6,527.8	6,174.8	6,211.1	6,519.4	6,976.0
Monthly % Change	3.1%	1.0%	9.2%	1.0%	3.2%	2.2%	5.8%	(3.2%)	(5.4%)	0.6%	5.0%	7.0%
Main Market Index	4,798.1	4,773.0	4,917.3	4,828.8	4,736.6	4,766.5	4,881.6	4,789.4	4,713.8	4,757.9	4,767.0	4,910.7
Monthly % Change	1.3%	(0.5%)	3.0%	(1.8%)	(1.9%)	0.6%	2.4%	(1.9%)	(1.6%)	0.9%	0.2%	3.0%
All Share Market Index	5,206.0	5,231.7	5,617.8	5,630.0	5,731.7	5,832.1	6,116.7	5,941.1	5,678.7	5,717.3	5,928.3	6,282.5
Monthly % Change	2.5%	0.5%	7.4%	0.2%	1.8%	1.8%	4.9%	(2.9%)	(4.4%)	0.7%	3.7%	6.0%
Thomson Reuters Kuwait TRI	218.3	221.8	240.0	247.0	254.3	259.1	271.9	263.0	249.9	251.6	262.0	276.7
Monthly % Change	1.6%	1.6%	8.2%	2.9%	2.9%	1.9%	4.9%	(3.3%)	(5.0%)	0.6%	4.2%	5.6%
Market Cap (KWD Mn)	29,745	29,938	32,179	32,369	33,083	33,664	35,399	34,380	32,862	33,081	34,285	36,345
P/E (X) - TTM	15.00	15.10	16.20	15.50	15.60	15.83	16.60	16.20	15.50	15.60	16.10	16.80
P/BV (X) - TTM	1.22	1.23	1.32	1.36	1.41	1.44	1.51	1.44	1.38	1.39	1.44	1.49
Dividend Yield (%)	3.91%	3.84%	3.68%	3.79%	3.65%	3.59%	3.42%	3.52%	3.69%	3.68%	3.55%	3.35%
Volume (Mn Shares)	3,960.0	2,509.3	3,651.9	3,643.3	2,264.3	2,630.3	4,682.6	2,587.2	3,113.0	2,924.1	2,981.0	4,099.3
Value (KD Mn)	610.0	438.7	817.2	702.7	617.2	660.2	979.0	490.3	749.9	503.8	514.1	853.5
Trades ('000)	123.1	87.7	120.4	141.8	112.9	108.1	180.3	108.5	139.2	122.7	122.4	176.1

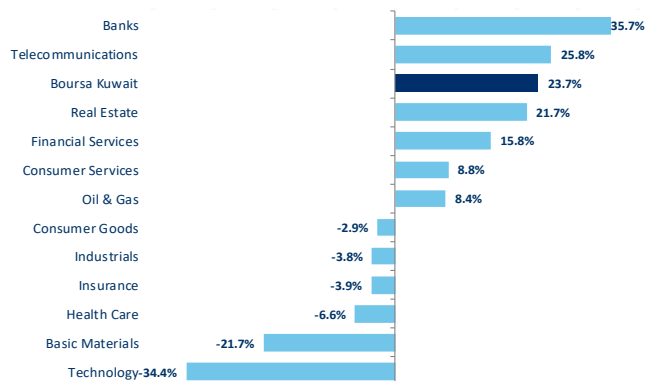
Source: Kuwait Stock Exchange, KAMCO Research

Kuwait's benchmark index recorded positive performance for the fourth consecutive year with gains across most major indices and in all the market segments. The gains were primarily on the back of talks of MSCI upgrading Kuwait to Emerging Market which was announced during December-19. The Premier Market index was the best performing index during the year with gains of 32.4% backed by positive performance in 14 out of the 19 constituents in the index. A majority of the stocks that are expected to be included in the MSCI's Emerging Market index are constituents of the Premier Market index which led to heavy buying during the year. These gains helped offset the muted gain for the main index at 3.6% resulting in 23.7% gain for the All Share Index. The year saw Kuwait's total market cap gain KWD 7.4 Bn to reach KWD 36.3 Bn.

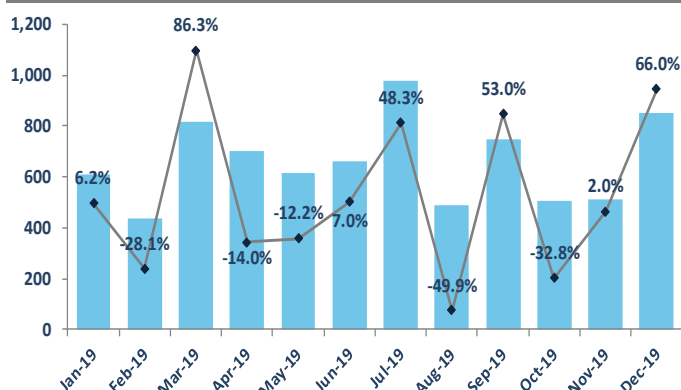
The sector performance chart for 2019 showed gains predominantly came on the back of large cap sectors including Banks and Telecom which together accounted for 70% of the total stock exchange market cap. The Banking index topped the sector performance chart for the year with a gain of 35.7% followed by the Telecom index with a gain of 25.8%. On the decliner's side, the Technology Index saw the steepest decline of 34.4% primarily on the back of fall in shares of ASC. The Basic Materials index also declined by almost 22% led by decline in shares of three out of four stocks in the sector. In the Banking sector, shares of 9 out of 10 Kuwaiti banks saw gains during the year with Al Ahli Bank of Kuwait being the only local bank which saw its shares decline. KFH was the biggest gainer in the sector with its shares up by 46% during the year followed by 34.7% gains for NBK. The two banks account for almost 60% of the banking sector market cap in Kuwait. In the Telecom sector, shares of Zain were up by 33.6% during the year further supported by 16% gain in shares of Ooredoo Kuwait that more than offset the decline in shares of AAN Digital Services and STC Kuwait.

Trading activity on the exchange almost doubled during the year primarily on the back of buying led by positive sentiments surrounding the MSCI decision. Total value traded was up 92% to reach KWD 7.9 Bn in 2019 as compared to KWD 4.1 Bn during the previous year. Volume traded was also up by 82% during the year at 39 Bn shares as compared to 21.4 Bn shares during 2018. Banks once again dominated trading activity during the year with KFH topping the yearly value traded chart with KWD 1.3 Bn in trades followed by NBK at KWD 1.1 Bn in trades. AUB Bahrain and Gulf Bank were next on the chart with trades of KWD 810 Mn and KWD 709 Mn during the year, respectively. The top five stocks by value traded accounted for 56% of the value traded during the year. In terms of yearly volume, AUB Bahrain topped with 3.1 Bn shares traded during the year followed by Aayan Leasing and Gulf bank with 2.8 Bn and 2.4 Bn shares traded during the year, respectively.

Boursa Kuwait 2019 Sector Performance



Value Traded (KWD Mn)



Source: Kuwait Stock Exchange, Kamco Research

Saudi Arabia (Tadawul)

Monthly Indicators	Jan-19	Feb-19	Mar-19	Apr-19	May-19	Jun-19	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19
Tadawul All Share Index	8,560.0	8,492.7	8,819.4	9,304.2	8,516.5	8,821.8	8,732.6	8,019.8	8,091.8	7,744.1	7,859.1	8,389.2
Monthly % Change	9.4%	(0.8%)	3.8%	5.5%	(8.5%)	3.6%	(1.0%)	(8.2%)	0.9%	(4.3%)	1.5%	6.7%
Market Cap (SAR Bn)	2,022.3	2,007.5	2,084.0	2,182.7	1,989.8	1,989.8	2,024.2	1,873.7	1,881.0	1,790.7	1,812.9	8,992.0
P/E (X) - TTM	16.25	16.52	17.36	18.75	17.12	17.62	17.91	17.14	17.28	16.33	16.37	17.89
P/BV (X) - TTM	1.90	1.90	1.97	2.09	1.93	2.01	2.01	1.85	1.87	1.78	1.81	2.12
Dividend Yield (%)	3.63%	3.67%	3.65%	3.45%	3.57%	3.46%	3.60%	3.99%	3.97%	4.12%	4.05%	4.05%
Volume (Mn Shares)	2,883.1	2,036.6	2,723.2	2,905.4	3,525.0	2,689.4	2,528.4	2,563.1	2,536.0	2,456.2	2,225.4	4,306.1
Value (SAR Mn)	68,211.1	46,962.8	61,741.2	77,232.8	109,967.1	74,796.3	65,156.3	78,720.1	64,757.5	61,661.3	57,890.8	112,992.9
Trades ('000)	2,473	1,809	2,217	2,412	2,479	1,858	2,262	2,119	2,318	2,537	2,173	3,740

Source: Tadawul, KAMCO Research. Note: Trading data includes stocks in the Main Market.

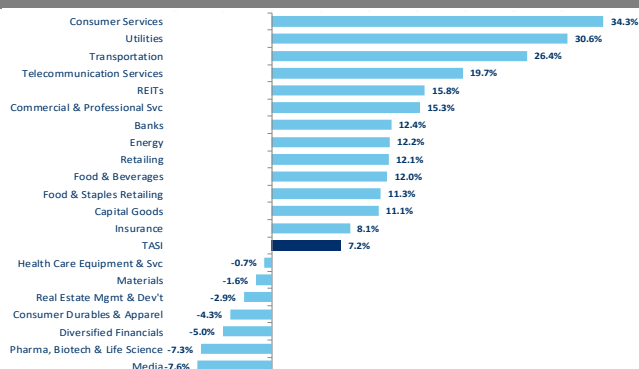
The Saudi Stock Exchange continued to witness steep volatility during 2019, following the trend seen in the previous year. The benchmark reached a YTD-19 gain of almost 20% during May-19 but geopolitical events and the sell-off after the inclusion in the MSCI index wiped off most of the gains by the close of the year. Nevertheless, the listing of Aramco helped push investor sentiments towards the close of the year with gains of 1.5% in November-19 followed by 6.7% gains in December-19 resulting in a full year gain of 7.2% for TASI. This was also the fourth consecutive year of gains for the benchmark. The listing of Aramco also pushed the exchange's market cap multifold from SAR 1.9 Trillion in 2018 to SAR 9.0 Trillion at the end of 2019. The company raised around USD 25.6 Bn in the IPO, according to the initial announcement. The latest update on Aramco showed that the company raised a total of USD 29.4 Bn after the company exercised the green shoe option and sold an additional 450 Mn shares to meet investor demand. This overallotment of shares will take the floated shares of the company from the previously announced 1.5% to 1.7%.

Top gainers during the year included Yamamah Saudi Cement Co. with gain of 103% followed by Aldrees Petroleum & Transport Co. and Qassim Cement Co. with gains of 102.7% and 96.7%, respectively. On the decliners side, Saudi Enaya topped with a decline of 42.6% followed by Al Alamiya for Cooperative Insurance and Al Sorayai Trading with declines of 41.8% and 39.2%, respectively. In terms of sector performance, gains were relatively well spread across sectors with Consumer Services and Utilities topping the chart with yearly gains of 34% and 31%, respectively. The Transportation and Telecom sectors followed with yearly gains of 26.4% and 19.7%, respectively, whereas the Banking index posted a gain of 12.4%. In the Consumer Services sector only two out of the 12 stocks reported decline while a majority of the stocks recorded double digit gains during the year. In the Utilities sector, Saudi Electricity and National Gas & Industrialization recorded gains of 33.6% and 10.4% during the year that pushed the sector index as the second best performing in the market. In the Banking sector, all the banks in the Kingdom recorded gains during the year. Arab National Bank topped the gains in the sector with a surge of 28.8% during the year followed by Bank AlBilad and Riyadh Bank with gains of 23.4% and 21.1%, respectively. NCB was the smallest gainer in the banking sector during the year with a gain of 2.9%. Telcos also recorded strong gains during the year with shares of Etisalat and Zain KSA gaining 51% and 42%, respectively, while shares of STC climbed relatively modestly by 11%. The Energy index closely followed the Banking index with a gain of 12.2% after all the stocks in the index recorded gains during the year.

Among large cap sector decliners, the Materials index recorded a marginal decline of 1.6% during the year. The decline came primarily on the back of decline in large-cap names in the sector including shares of SABIC which declined by 19% and Saudi Kayan with a decline of 15.9%. Nevertheless, the number of gainers dominated in the sector and partially offset the overall decline. Cement stocks reported largely positive performance during the year as almost all the cement stocks reported double digit gains.

In terms of trading activity, value traded on the exchange saw marginal gain of 1.1% to reach SAR 880 Bn while volumes declined 11.8% to reach 33.3 Bn shares. Al Rajhi Bank topped the value traded chart with SAR 109 Bn traded shares during the year.

Tadawul 2019 Sector Performance



Value Traded (SAR Mn)



Source: Tadawul, Kamco Research

Abu Dhabi Securities Exchange

Monthly Indicators	Jan-19	Feb-19	Mar-19	Apr-19	May-19	Jun-19	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19
ADX General Index	5,044.9	5,137.8	5,074.7	5,258.1	5,003.6	4,980.0	5,317.9	5,165.6	5,057.3	5,107.8	5,030.8	5,075.8
Monthly % Change	4.6%	1.8%	(1.2%)	3.6%	(4.8%)	(0.5%)	6.8%	(2.9%)	(2.1%)	1.0%	(1.5%)	0.9%
Market Cap (AED Bn)	531.9	538.4	525.4	547.5	498.7	510.6	542.9	530.2	525.0	525.9	519.2	529.1
P/E (X) - TTM	12.53	12.62	12.66	13.29	12.66	12.69	13.53	13.10	12.72	12.85	12.77	12.85
P/BV (X) - TTM	1.32	1.34	1.32	1.41	1.38	1.38	1.48	1.44	1.41	1.43	1.40	1.42
Dividend Yield (%)	5.17%	4.91%	4.97%	4.76%	4.99%	4.98%	4.67%	4.87%	4.97%	4.94%	5.00%	4.95%
Volume (Mn Shares)	629.3	980.4	1,248.9	1,467.4	921.7	677.9	1,378.2	984.5	956.2	842.7	874.0	1,578.7
Value (AED Mn)	3,055.3	4,206.9	4,347.2	5,092.2	3,801.0	3,446.9	4,017.1	3,240.7	3,394.0	2,663.3	3,436.5	10,907.2
Trades	30,042	36,210	30,142	36,226	36,212	26,310	33,745	32,103	34,016	30,702	29,132	25,376

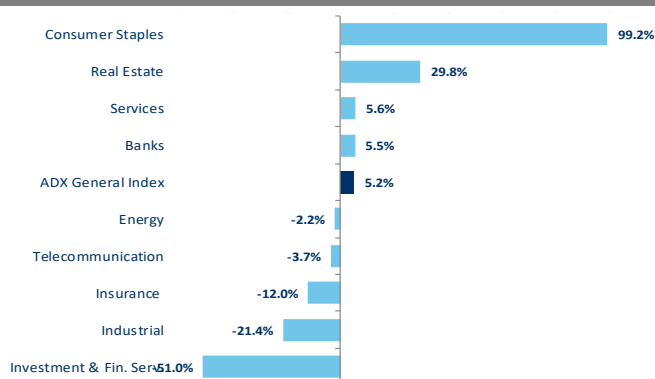
Source: Abu Dhabi Securities Exchange, KAMCO Research

The ADX index witnessed moderate gains in 2019, after featuring amongst the best performing GCC indices in 2018. The index reached 5075.77 points and was up 3.3% y-o-y at the end of Dec-19. Sectoral performance was broadly split evenly between gainers and decliners. Consumer Staples was the best performing index in 2019, almost doubling (+99.2%), driven singlehandedly by a 6.3X jump in the share price of International Holdings Company. Real Estate was the next biggest gainer on the ADX, as the sectoral index gained by 29.8% in 2019, driven by Aldar, as its share price gained by 56% during the same period, from the announced freehold law, and the government projects bagged by the company. Banks also gained by 5.5% at the end of 2019, as ADIB and FAB more than doubled. On the decliners side, the Investment & Financial Services index was the worst performing sectoral index in 2019, as it plunged by over 51% y-o-y, as Waha Capital (-50%) was the main laggard in the index. Industrials names also fell by 21.4% in 2019, as Gulf Pharmaceutical Industries declined by 49.9% over the same period. For Dec-19, the ADX was marginally up by 0.9% m-o-m, but most sectoral indices were up for the month. Consumer Staples was the best performing sectoral index in Dec-19, gaining by 7.6% m-o-m, as International Holdings Company was up 9.5% m-o-m, while Agthia Group was up 2.9% m-o-m. Services and Energy indices followed with gains of 7.4% and 3.8% respectively m-o-m. Investment & Financial Services (-0.3%) and Real Estate (-0.2%) were the only sectors to close in the red m-o-m.

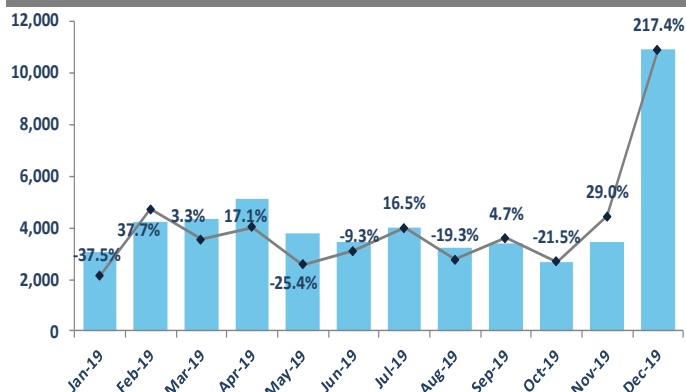
The Government of Abu Dhabi and Aldar agreed on an exchange of land assets in a transaction that redistributes developable land resources, in line with the parties' strategic priorities. The transaction, implemented from December 2019, involves the exchange of land in Abu Dhabi, with no transfer of funds required. Aldar will receive infrastructure enabled land that has a GFA of approximately 3 Mn sqm split equally between the prime areas of Saadiyat Cultural District and Mina Zayed. The Government of Abu Dhabi will receive lands with a comparable GFA in Al Raha Beach West, Lulu Island along with certain plots inside Abu Dhabi island that were not part of Aldar's development strategy in the foreseeable future. In funding related action, Abu Dhabi National Energy Company (TAQA), announced that it has secured a USD 3.5 Bn revolving credit facility in Dec-19. The new 5-year multicurrency facility with a syndicate of 13 banks will be used for general corporate purposes and will replace its existing USD 3.1 Bn revolving credit facility, signed in August 2015.

Apart from International Holdings Company which was the top gainer for 2019, Abu Dhabi Ship Building Co and Emirates Driving Co followed on the yearly gainers chart, with gains of 63.6% y-o-y and 40.6% y-o-y respectively. On the decliners side, the main laggards were Ooredoo and Invest Bank in 2019 with declines of 90.1% and 63.6% y-o-y, respectively. Trading activity on the exchange was mixed y-o-y in 2019, as volumes traded receded by 3.6% to 12.5 Bn shares. Value traded improved by 40.1% m-o-m to reach AED 51.6 Bn during the year. In terms of most actively traded stocks in 2019, FAB led all stocks in terms of value traded, with AED 21.0 Bn worth of shares traded during the year. ADCB and Etisalat followed as AED 7.9 Bn and AED 5.5 Bn worth of shares were traded respectively. Aldar led the most active stocks list in terms of volumes traded, as 2.35 Bn shares were traded. Dana Gas and FAB followed with 2.01 Bn and 1.94 Bn shares traded.

ADX 2019 Sector Performance



Value Traded (AED Mn)



Source: Abu Dhabi Securities Exchange, Kamco Research

Dubai Financial Market

Monthly Indicators	Jan-19	Feb-19	Mar-19	Apr-19	May-19	Jun-19	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19
DFM General Index	2,567.6	2,635.8	2,634.9	2,767.1	2,620.3	2,658.6	2,918.4	2,758.6	2,781.1	2,746.9	2,678.7	2,764.9
Monthly % Change	1.5%	2.7%	(0.0%)	5.0%	(5.3%)	1.5%	9.8%	(5.5%)	0.8%	(1.2%)	(2.5%)	3.2%
Market Cap (AED Bn)	339.7	345.3	346.7	359.4	343.3	347.7	371.6	357.3	361.2	359.0	351.0	359.9
P/E (X) - TTM	7.08	7.17	7.25	7.56	7.26	7.29	7.87	7.56	7.26	6.82	6.57	6.76
P/BV (X) - TTM	0.87	0.90	0.89	0.94	0.90	0.91	0.97	0.92	0.93	0.93	0.90	0.93
Dividend Yield (%)	5.88%	5.90%	5.25%	4.59%	4.84%	4.77%	4.33%	4.43%	4.40%	4.49%	4.43%	4.31%
Volume (Mn Shares)	2,453.4	2,916.0	2,532.2	4,221.2	3,222.4	2,200.7	3,814.1	2,281.1	3,166.0	4,462.3	3,249.9	3,162.9
Value (AED Mn)	2,864.8	4,424.4	4,021.6	5,821.9	4,075.6	2,838.3	4,990.5	2,886.8	5,270.5	4,423.8	4,865.5	4,173.8
Trades	48,929	56,325	46,179	65,625	62,391	45,095	63,397	45,792	51,127	62,712	60,225	47,868

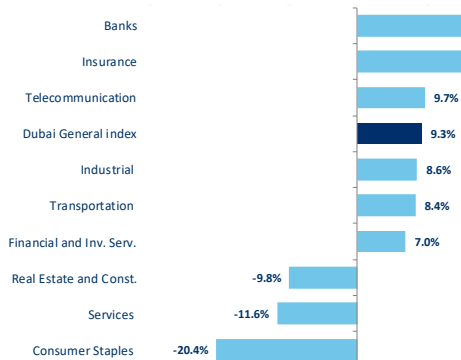
Source: Dubai Financial Market, KAMCO Research

The DFM index on the other hand, featured amongst the top three performers in the GCC markets for 2019, after witnessing declines in 2018. The DFM index gained by 9.3% for the year and closed at 2764.9 points, as sectoral performance was skewed towards gainers. Banks were the top performers and jumped by 32.1% in 2019, led by Emirates NBD, as its share price was up by 46.2%, mainly from the bank's foreign ownership limit increase from 5% to 20%. Insurance companies and Telecoms followed with gains of 22% and 9.7% respectively. Amongst the laggards, Consumer Staples, which was the worst performing index in 2018, continued its slide in 2019, as the sector declined by 20.4% y-o-y. DXB Entertainment remained the worst performing stock on the Consumer Staples index with declines of 23.6% for the year. The Real Estate & Construction index followed with declines of 9.8%, as DAMAC Properties (-50.8%) and Arabtec (-32.1%) were key drivers for the decline. The declining trends in the Consumer Staples and Real Estate indices repeated from 2018 into 2019 and are reflective of the beaten down consumer segment in Dubai. For the month of Dec-19 the DFM was up 3.2% m-o-m and sectoral performance was mixed. Financials were all up as Banks were up 7.2% m-o-m, followed Insurance (+4.0%) and Financial & Investment Services (+2.4%). Consumer Staples were the worst performing sector as the sector was down 11.1% m-o-m in Dec-19.

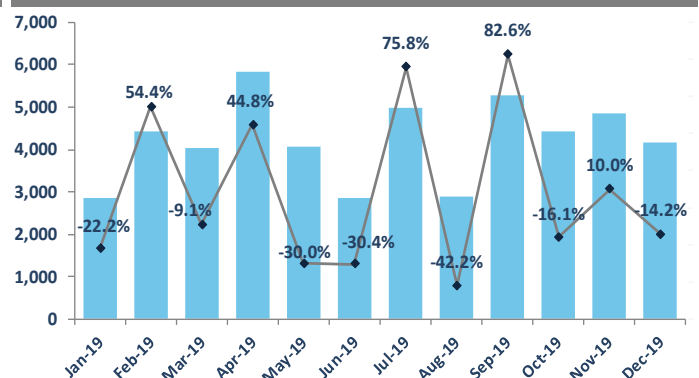
In economic forecasts for 2020, ICAEW -the accountancy and finance body, said that Expo 2020 Dubai is expected to boost UAE's non-oil GDP growth to about 2.8%. They further mentioned that Expo 2020 Dubai is anticipated to attract 25 Mn visitors and is forecasted to contribute up to 1.5 % of the UAE's overall GDP in 2020. In the real estate sector, Deyaar Owners Association Management, a subsidiary of Deyaar Development announced the addition of 1,849 new units, with a saleable area of 1.7m square feet to its portfolio in 2019, increasing the number of units the company now oversees to more than 8,000 units in 29 projects across Dubai. In Dec-19, Dubai Islamic Bank (DIB) announced that the assembly has approved the recommended acquisition of Noor Bank. Shareholders gave their approval for the acquisition, through the increase of bank's capital from 6,589,585,179 Bank shares to 7,240,744,377 shares in line with the approved share swap ratio of 1 new share in DIB for every 5.49 Noor Bank shares, which translates into an issuance of 651,159,198 new DIB shares.

In terms of trading activity, the DFM witnessed lower trends in 2019 as compared to 2018, as volumes traded declined by 15.3% y-o-y to reach 37.7 Bn shares. In terms of value traded, total value of shares receded by 14.6% y-o-y to reach AED 50.7 Bn. In terms of yearly gainers, amongst the UAE companies listed on the DFM, Air Arabia led all stocks as its stock price jumped by 57.8% y-o-y in 2019. Emirates NBD and Islamic Arab Insurance followed, as their stock prices moved up by 52.1% and 36.1% y-o-y respectively. On the other hand, shares of Damac Properties declined the most as its share price declined by 50.8% y-o-y. Al Ramz Corporation & Investment and GGICO followed, as its stock prices receded by 36.9% and 34.3% respectively y-o-y. Emaar Properties was the most actively traded stock on the exchange in 2019 as AED 9.7 Bn worth of stock was traded. Dubai Islamic Bank and Emirates NBD followed with value traded of AED 7.1 Bn and AED 5.6 Bn respectively. In terms of volumes, Union Properties led all stocks as 5.6 Bn shares were traded. GFH and Salama followed as 4.3 Bn and 2.8 Bn shares were traded.

DFM 2019 Sector Performance



Value Traded (AED Mn)



Source: Dubai Financial Market, Kamco Research

Qatar Exchange

Monthly Indicators	Jan-19	Feb-19	Mar-19	Apr-19	May-19	Jun-19	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19
QE 20 Index	10,720.3	10,111.6	10,107.4	10,376.8	10,273.0	10,455.7	10,505.0	10,232.9	10,367.1	10,189.0	10,147.9	10,425.5
Monthly % Change	4.1%	(5.7%)	(0.0%)	2.7%	(1.0%)	1.8%	0.5%	(2.6%)	1.3%	(1.7%)	(0.4%)	2.7%
Market Cap (QAR Bn)	615.9	578.1	567.8	584.4	568.1	577.6	578.1	564.2	574.8	563.4	562.2	582.7
P/E (X) - TTM	15.32	13.83	13.78	14.24	13.68	13.92	13.88	13.84	14.05	13.77	13.74	14.18
P/BV (X) - TTM	1.43	1.32	1.29	1.34	1.29	1.31	1.31	1.27	1.29	1.39	1.39	1.44
Dividend Yield (%)	3.53%	3.89%	3.94%	3.87%	4.03%	3.96%	3.96%	4.08%	4.02%	4.15%	4.16%	4.02%
Volume (Mn Shares)	218.3	167.7	234.5	283.2	439.5	672.0	1,282.1	1,239.7	2,343.5	1,614.2	1,412.0	1,507.5
Value (QAR Mn)	5,789.6	5,247.2	6,841.5	5,484.8	10,299.7	5,468.2	3,784.8	4,083.5	6,021.3	4,711.0	5,238.8	4,822.4
Trades	138,925	107,717	119,732	120,178	194,051	121,014	109,728	118,906	147,557	111,539	116,733	122,888

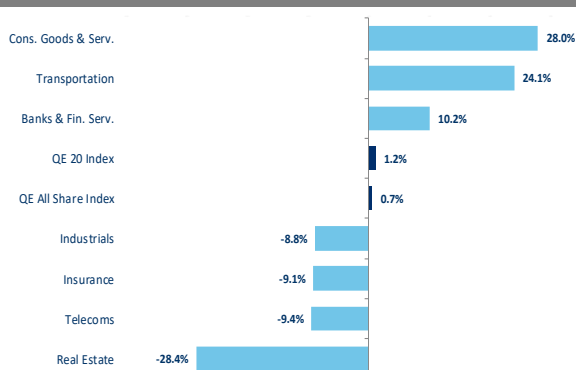
Source: Qatar Exchange, KAMCO Research

After ending 2018 as the best performing market in the GCC, Qatar exchange was broadly flat in 2019. The QE index gained marginally by 1.2% in 2019 and closed at 10,425.51 points, while broader market gains were lower, as the All Share Index gained by 0.65%. Sectoral performance was mixed as heavyweight sectors were amongst gainers and decliners in 2019. The Consumer Goods & Services index and Transport index were the top two sectors for the year, as their indices jumped by 28.0% and 24.1% respectively. The Banks & Financial Services index also gained by 10.2% y-o-y, as multiple index constituents were up in double digits. Amongst large cap banks, Commercial Bank of Qatar gained by 19.3% in 2019, while QNB gained by 5.6% y-o-y. Real Estate was the main laggard in 2019 and plunged by 28.4% reflecting the sector's weakness, as Ezdan Real Estate sunk by 52.6% y-o-y, followed by a 11.3% y-o-y drop for Barwa Real Estate. For Dec-19, the QE 20 index gained by 2.7% m-o-m, while the broader All Share index rallied more and gained by 3.3% m-o-m. All sectors barring Transportation (-2.8%) closed in the green m-o-m led by Banks & Financial Services index (+5.4%) and Real Estate (4.6%).

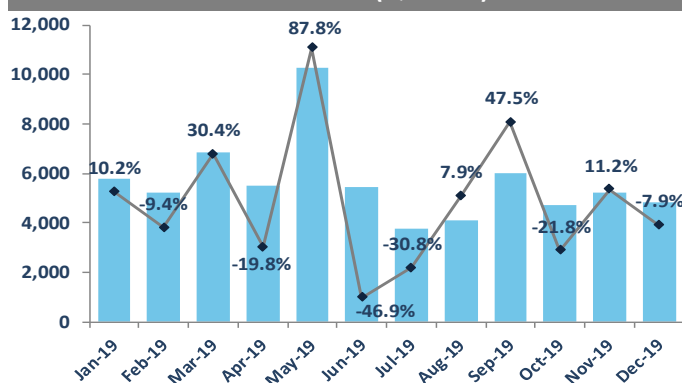
In IPO and subsequent listing activity in 2019, the shares of Qatar's dairy company -Baladna was listed in Dec-19 under the Consumer Goods & Services index. With the admission of the company to trading in Qatar Stock Exchange (QSE), the number of companies listed on the market increased to 47 Qatari public shareholding companies. Baladna was established on 02 Dec 2019 with an authorized capital of QAR 1.9 Bn, which was 100% paid in full. Separately, Qatar Central Securities Depository modified the individuals' ownership limit of Gulf International Services Company to be 2% of the capital, which is equal to 37,168,174 shares. In other corporate action, the Qatar Central Securities Depository has increased the capital of Zad holding company by adding the shares resulting from the acquisition of Meeda company, which equals to 93,105,450 shares and the new capital is now 236,997,200 shares. Qatar First Bank completed the process of reducing the bank's capital. The process included reducing the bank's paid-up capital to become QAR 700 Mn, equivalent to 700 Mn shares with a nominal value of one Qatari riyal per share, instead of 2 Bn shares with a nominal value of one Qatari riyal per share.

Trading value during this year decreased by 1.16% to reach QAR 67.7 Bn compared to QAR 68.5 Bn. Trading volume increased almost 5X to reach 11.4 Bn shares, as against 2.4 Bn shares. In terms of trading activity, Qatar National Bank topped the yearly value traded chart with QAR 12.2 Bn worth of shares traded, followed by Qatar Fuel Company and Mesaieed Petrochemical recording QAR 5.4 Bn and QAR 4.9 Bn in yearly value traded. In terms of volumes traded, Ezdan Holding led all stocks with traded volumes of 1.5 Bn shares. Ezdan Holding and Aamal Co. followed with traded volumes of 1.4 Bn shares and 0.9 Bn shares respectively. The Banks & Financial Services sector was the most active in terms of value traded during 2019, accounting for 41.65% of the total value traded, followed by Industrials and Consumer Goods & Services sectors, as they accounted for 22.9% and 12.6% of the total value traded respectively. Al Khaleej Takaful was the top performing stock in the index for the year, as its share price surged by 132.8%. Mesaieed Petrochemical followed along with Qatar International Islamic Bank, as their stock prices moved up by 67% and 46.4% respectively. On the other hand, shares of Ezdan Holding led the yearly losers chart losing 52.62% y-o-y followed by Qatar General Insurance (+45.2%) and Mannai Corporation (+44%).

QE 2019 Sector Performance



Value Traded (QAR Mn)



Source: Qatar Exchange, Kamco Research

Bahrain Bourse

Monthly Indicators	Jan-19	Feb-19	Mar-19	Apr-19	May-19	Jun-19	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19
Bahrain All Share Index	1,391.42	1,412.66	1,413.32	1,433.92	1,433.52	1,471.04	1,547.68	1,533.09	1,516.53	1,523.27	1,526.95	1,610.18
Monthly % Change	4.1%	1.5%	0.0%	1.5%	(0.0%)	2.6%	5.2%	(0.9%)	(1.1%)	0.4%	0.2%	5.5%
Market Cap (BHD Mn)	8,265	8,061	8,062	8,168	8,176	8,400	8,837	8,751	8,661	8,695	8,708	9,175
P/E (X) - TTM	8.93	9.42	9.36	9.41	10.27	10.60	11.22	11.30	10.15	10.26	10.44	11.09
P/BV (X) - TTM	0.82	0.85	0.83	0.84	0.85	0.88	0.93	0.92	0.91	0.91	0.91	0.95
Dividend Yield (%)	5.48%	4.79%	5.13%	5.06%	5.08%	4.93%	4.54%	4.58%	4.63%	4.60%	4.59%	4.37%
Volume (Mn Shares)	140.7	98.3	100.3	145.0	66.1	123.1	105.9	55.9	68.6	77.4	82.4	88.8
Value (BHD Mn)	35.4	23.1	30.2	33.7	16.2	36.4	27.9	11.8	17.5	17.1	25.4	24.9
Trades	2,094	2,185	1,719	2,040	1,408	1,735	2,420	1,287	1,661	1,535	1,138	1,538

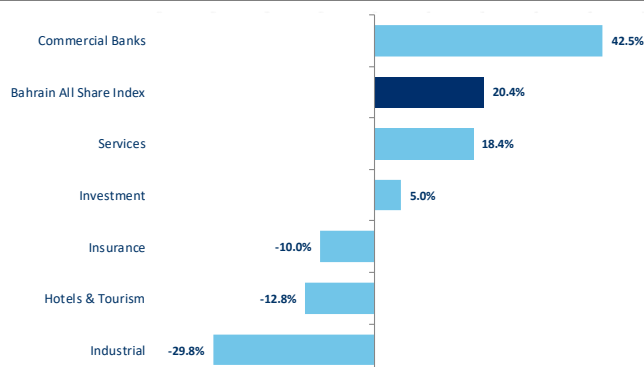
Source: Bahrain Bourse, KAMCO Research

The Bahrain All Share index was the second-best performing market in the GCC in 2019, after remaining range bound in 2018. The index was up 20.4% for the year and closed at 1610.18 points at the end of Dec-19. Commercial Banks were the main drivers of the outperformance, as the sectoral index was up 42.5% for the year. The Services index and Investment index followed with gains of 18.4% and 5.0% respectively. On the decliners side, Industrials names lost ground and declined by 29.8% in 2019. Hotels & Tourism and Insurance indices followed with declines of 12.8% and 10% respectively. For the month of Dec-19, the Bahrain All Share index was up 5.5% m-o-m. Commercial Banks were the best performers in Dec-19, as the sectoral index was up 10% m-o-m, driven by AUB, as its share price gained by 1.8% m-o-m. Hotels & Tourism and Insurance indices followed with gains of 3% and 2.4% respectively.

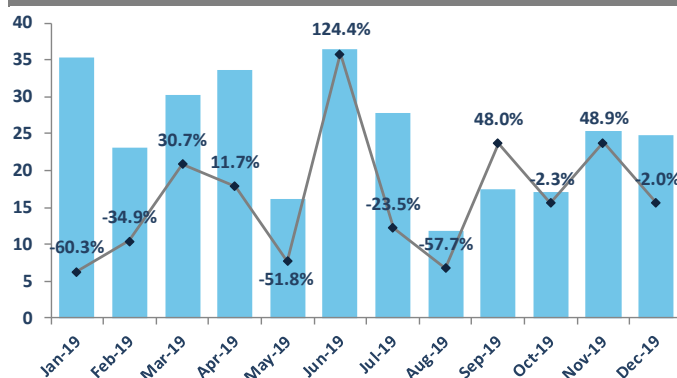
In terms of important events looking forward to 2020, the voluntary acquisition of Bahrain Islamic Bank (BISB) by National Bank of Bahrain (NBB) is expected to close on January 15, 2020. In Dec2019 an announcement was reportedly made that the acceptances by BISB shareholders of the NBB offer reached a total of 47.64% of the issued share capital of BISB exceeding the 40.94% minimum acquisition condition and thereby rendering the offer unconditional as to acceptances by BISB shareholders. The transaction will reportedly take place at either cash of BHD 0.117 per BISB share or a share exchange at a ratio of BHD 0.167 NBB shares per BISB share. In ratings related action S&P Global ratings reportedly gave GFH Financial Group, a 'B' long-term issuer credit rating from S&P Global Ratings on the strength of its earnings and the company's ability to generate cash flows. The rating agency assigned GFH a stable outlook after a review of the company's four distinct business segments. The rating agency also highlighted GFH Group's ability to generate cash flows and its improving earnings, and expects the new treasury function and progress in its subsidiary Khaleeji Commercial Bank to likely contribute to an increase in income and its headline margins. Separately Aluminum Bahrain mentioned that they set a new production record by exceeding the 1.36 Mn MT in 2019 - production stood at 1,365,005 MT, versus 1,011,101 MT in 2018, up by 35% y-o-y.

Trading activity was down on all parameters in 2019, as average value traded was down from BHD 1.4 Mn in 2018 to BHD 1.2 Mn in 2019. Total value traded in 2019 fell as compared to the previous year, reaching BHD 286.41 Mn in 2019 from BHD 323.83 Mn in 2018, decreasing by -11.6% y-o-y. Total volumes traded decreased in comparison to last year by 19.7%, reaching 1,157.31 Mn shares in 2019 compared to 1441.08 Mn shares in 2018. However, the average number of daily transactions surged by 7.73%. Most of the trading activity was dominated by the Commercial Banks Sector with a value of BHD 191.37 Mn capturing 66.8% of the total value of shares during 2019. Commercial Banks sector also comprised of 59.87% of the total volume of shares traded in the market. In terms of an investor split, Bahraini investors accounted for 60.28% of the total value of shares traded in 2019, while non-Bahraini investors accounted for 39.72% of the total value traded as per the Bahrain Bourse. The market breadth was in favor of decliners 20 declined while 14 stocks advanced during the period.

BSE 2019 Sector Performance



Value Traded (BHD Mn)



Source: Bahrain Bourse, Kamco Research

Muscat Securities Market

Monthly Indicators	Jan-19	Feb-19	Mar-19	Apr-19	May-19	Jun-19	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19
MSM 30 Index	4,215.8	4,144.5	3,983.7	3,945.6	3,934.2	3,884.9	3,760.6	4,004.9	4,017.7	3,999.9	4,064.1	3,981.2
Monthly % Change	(2.5%)	(1.7%)	(3.9%)	(1.0%)	(0.3%)	(1.3%)	(3.2%)	6.5%	0.3%	(0.4%)	1.61%	(2.04%)
Market Cap (OMR Mn)	7,002	6,892	6,709	6,613	6,602	6,544	6,383	6,713	6,729	6,675	6,706	6,591
P/E (X) - TTM	8.91	8.96	8.82	8.82	8.85	8.70	7.67	8.21	8.22	8.26	8.32	8.13
P/BV (X) - TTM	0.79	0.76	0.72	0.71	0.71	0.71	0.69	0.74	0.74	0.74	0.75	0.73
Dividend Yield (%)	6.96%	7.18%	6.61%	6.60%	6.59%	6.70%	7.66%	7.15%	7.13%	7.13%	7.05%	7.21%
Volume (Mn Shares)	261.7	400.7	310.8	303.3	180.6	307.9	276.7	558.0	297.2	433.3	207.2	332.3
Value (OMR Mn)	53.6	51.8	45.3	41.9	27.4	52.9	37.3	164.3	40.9	53.4	32.4	62.0
Trades	8,380	9,847	9,547	12,704	8,473	8,365	9,982	8,464	11,066	10,774	9,901	10,490

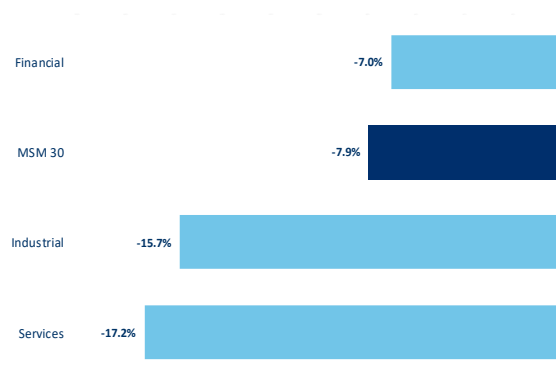
Source: Muscat Securities Market, KAMCO Research.

The declining streak in MSM continued during 2019 with the benchmark falling to one of the lowest historical levels. Oman was also the only market in the GCC that recorded a decline during 2019. The MSM 30 index reached 3,981.2 points by the end of the year recording a third consecutive year of decline of 7.9% in 2019 after recording double digit declines in the previous two years. The decline was seen across the board with all three sectoral indices seeing a fall during the year. The Services index witnessed the steepest decline amongst the three indices after falling by 17.2% during the year. The Industrial index was next with a decline of 15.7% followed by the Financial index that recorded a decline of 7%. Total market cap for the Parallel Market stood at OMR 3.4 Bn while the total market cap for the Regular Market stocks stood at OMR 3.1 Bn. The aggregate market-cap for the overall stocks in the market stood at OMR 6.6 Bn in 2019 as compared to OMR 7.3 Bn at the end of 2018. Oman's Parallel Market included significantly higher number of stocks at 89 as compared to 18 in the regular market at the end of 2019.

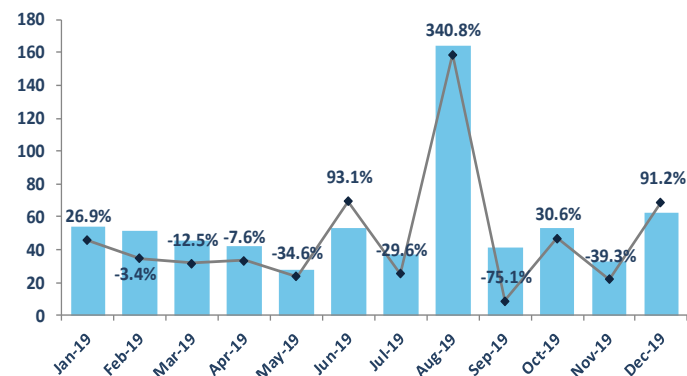
Share performance for the regular market was heavily skewed towards decliners that included 13 stocks as compared to 3 gainers during the year. Oman Chlorine topped the performance in the regular market with a gain of 20.7% followed by Raysut Cement and Bank Muscat with gains of 12.1% and 5.9%, respectively. On the decliners side, Muscat Finance topped with a decline of 37% followed by Omantel and National Gas with declines of 23.9% and 22.6%, respectively. In the Parallel Market, Al Anwar Ceramic Tiles topped during the year with its shares up 88.7% followed by Oman Investment And Finance and Al Jazeera Services with gains of 41.6% and 37.6%, respectively. On the decliner's side, SMN Power Holding topped with a decline of 81.2% followed by Al Jazeera Steel Products and Al Omaniya Financial Services with yearly declines of 57.7% and 51.2%.

Trading activity continued to decline for the third consecutive year with value traded declining by 10% to reach OMR 662 Mn as compared to OMR 738.5 Mn during 2018. Volume traded also declined during the year but at a slightly lower rate of 3.8% to reach 3.9 Bn shares as compared to 4.0 Bn shares during 2018. The share of Regular Market stocks in terms of total value traded increased in 2019 to 56.6% as compared to 51.9% in 2018. In the Regular Market, Ooredoo Oman topped the yearly value traded chart with trades of OMR 152.2 Mn followed by Bank Muscat and Sohar International Bank with value traded at OMR 83.2 Mn and OMR 33.3 Mn, respectively. Ooredoo Oman also topped in terms of volume during the year with 391.5 Mn shares traded during the month followed by Sohar International Bank and Bank Muscat at 295.1 Mn and 197.1 Mn shares, respectively. In the Parallel Market, Galfar Engineering topped the yearly value traded chart with OMR 31.1 Mn worth of shares traded followed by Bank Nizwa and Al Anwar Ceramic Tiles at OMR 27.3 Mn and OMR 21.9 Mn, respectively. In terms of type of investors, Omani's were net buyers during the year. However, their share of total value of buy trades declined significantly from 87.05% in 2018 to 67% in 2019. On the other hand, the share of GCC investors in the value of buy trades increased significantly from 5.9% in 2018 to 24.9% in 2019.

MSM 2019 Sector Performance



Value Traded (OMR Mn)



Source: Muscat Securities Market, Kamco Research

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