

GCC Markets Monthly Report

July-2018

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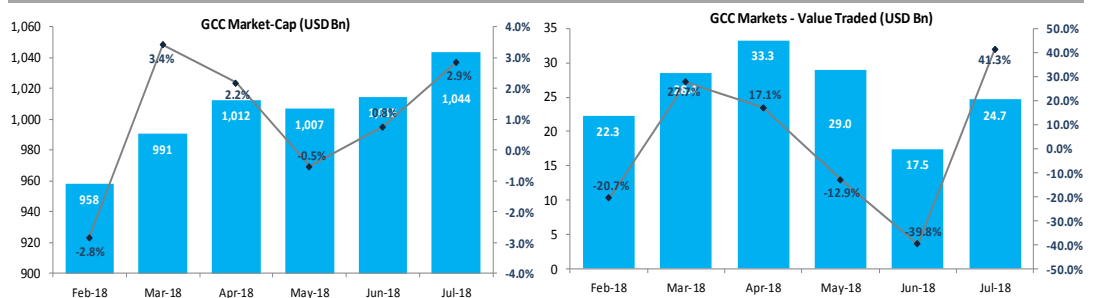
GCC markets close higher even as Saudi reports a marginal decline...

The Q2-18 GCC earnings season kicked off on a positive note with most banks reporting strong earnings across the GCC, thereby boosting investor sentiment in most of the GCC markets during the month. This pushed the aggregate GCC index up by more than 3% in July-18. Industrials stocks (Industries Qatar +16%, Tabreed +12%, Aamal Co. +13.5%) were up during the month, outperforming with an aggregate gain of more than 10%. Petrochemical stocks also reported gains largely due to elevated oil prices that resulted in better product prices.

Qatar recorded the best monthly performance during the month led, by higher foreign institutional buying due to the recent amendment in foreign ownership limits. Abu Dhabi was second on the list followed by Kuwait that was up due to buying in large-cap stocks following the MSCI announcement. Saudi Arabia witnessed profit booking after recording the second-best YTD-18 performance of 14.8%. Regional geopolitical issues affected the performance of Saudi indices that outweighed the news that S&P Dow Jones would add stocks listed in the Kingdom to its Emerging Market index in 2019.

Markets globally also had a positive show with the MSCI World Index up 2.8% highlighting strong US market performance on the back of solid improvement in quarterly earnings. Moreover, although the ongoing trade war concerns between US and China did limit growth in some of the indices, both economies are expected to post economic growth based on the most recent data. The US Fed chairman's statement with an upbeat view of the US economy also provided support, in addition to a GDP growth of 4.1% for the US in Q2-18, the fastest since 2014. On the other hand, in a report, the IMF has predicted robust growth for China, although the agency also highlighted risks and challenges. According to reports, China is aiming to boost its domestic consumption to counter the impact of the US trade war.

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	5,297.0	8.0%	2.2%	96.7	2,096.4	15.8	1.3	3.7%
Kuwait - Main Market Index	4,933.0	1.4%	7.0%					
Kuwait - All Share Index	5,167.6	5.7%	10.5%					
Saudi Arabia	8,294.8	(0.2%)	14.8%	525.3	19,522.8	15.9	1.8	3.8%
Abu Dhabi	4,859.5	6.6%	10.5%	139.1	578.4	12.1	1.3	5.2%
Dubai	2,956.0	4.8%	(12.3%)	101.3	1,131.6	7.8	1.0	5.0%
Qatar	9,825.1	8.9%	15.3%	148.3	1,231.9	13.8	1.3	4.1%
Bahrain	1,358.4	3.6%	2.0%	21.1	66.0	8.7	0.8	5.6%
Oman	4,336.6	(5.1%)	(15.0%)	11.8	45.6	9.3	0.8	6.7%
Total GCC				1,043.6	24,672.7	13.6	1.4	4.2%



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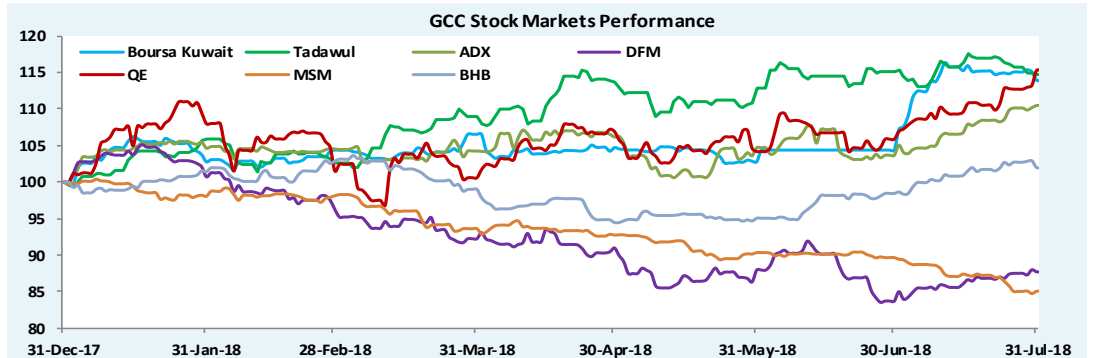
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Source: GCC Stock Exchanges, KAMCO Research

Boursa Kuwait

Monthly Indicators	Aug-17	Sep-17	Oct-17	Nov-17	Dec-17	Jan-18	Feb-18	Mar-18	Apr-18	May-18	Jun-18	Jul-18
Premier Market Index	5,128.0	5,177.7	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
Monthly % Change	5.8%	1.0%	(2.8%)	(5.5%)	0.7%	2.7%	1.2%	0.3%	(4.4%)	(1.8%)	4.6%	8.0%
Main Market Index	5,325.6	5,181.1	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
Monthly % Change	0.6%	(2.7%)	(1.7%)	(6.8%)	1.8%	2.6%	(2.2%)	3.2%	(3.3%)	(0.4%)	1.0%	1.4%
All Share Market Index	5,177.8	5,188.3	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
Monthly % Change	4.2%	0.2%	(2.5%)	(5.0%)	0.5%	2.6%	0.5%	0.4%	(4.0%)	(1.3%)	3.3%	5.7%
Thomson Reuters Kuwait TRI	199.4	202.3	196.2	186.4	189.2	194.4	197.5	201.6	198.1	194.5	202.6	215.6
Monthly % Change	5.9%	1.5%	(3.0%)	(5.0%)	1.5%	2.8%	1.6%	2.1%	(1.7%)	(1.9%)	4.2%	6.4%
Market Cap (KWD Mn)	29,362	29,349	28,493	27,044	27,243	27,973	28,036	28,158	26,912	26,607	27,473	29,205
P/E (X) - TTM	15.84	15.87	15.44	14.64	14.80	14.40	14.48	14.55	14.60	14.50	14.90	15.80
P/BV (X) - TTM	1.29	1.29	1.26	1.20	1.20	1.22	1.22	1.23	1.15	1.14	1.17	1.25
Dividend Yield (%)	4.34%	4.34%	4.51%	4.75%	4.72%	4.75%	4.34%	4.31%	3.44%	3.92%	3.88%	3.72%
Volume (Mn Shares)	1,733.3	2,074.5	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
Value (KD Mn)	320.4	426.2	465.8	327.6	192.5	322.9	207.3	227.3	240.8	204.8	242.1	633.4
Trades ('000)	70.3	71.9	86.4	71.7	52.8	93.3	54.5	55.4	61.0	57.4	47.5	126.5

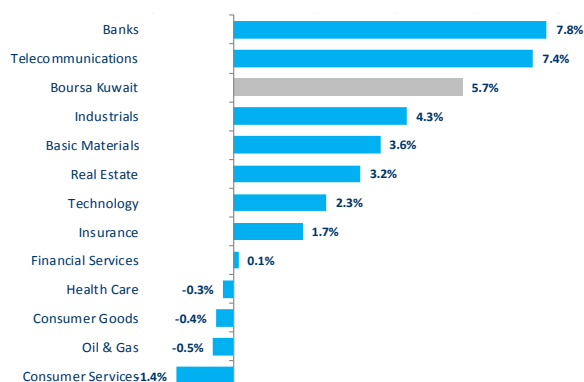
Source: Kuwait Stock Exchange, KAMCO Research

Boursa Kuwait indices posted positive performance during July-18, however, gains were primarily skewed towards large-cap stocks. This was evident from the 8.0% return for the Premier Market index that pushed the All Share Market Index to a monthly gain of 5.7%, while the Main Market Index recorded a much smaller gain of 1.4%. Gains for the Premier Market index came after investors started accumulating large-cap stocks before the expected MSCI decision to upgrade to the Emerging Market status next year. Within the Premier Market index, 15 out of the 17 constituents reported positive performance during the month with KIB leading the gains at 15.1% followed by AUB Bahrain at 14.3% and Zain at 11.7%. Shares of NBK were up 8.0%. The Boursa also saw the listing of Integrated Holding Co. in the Premier market during the month with a market cap of KWD 185 Mn. The company was listed in the Industrials sector and closed the month with a gain of 7.6% and a market cap of KWD 199 Mn.

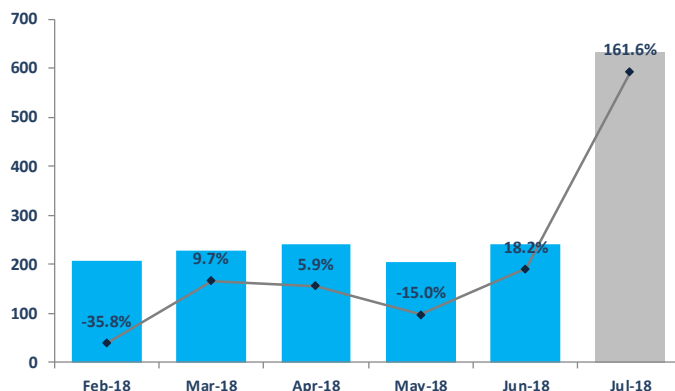
Performance during the month was boosted by large-cap Banking and Telecom stocks which was reflected in the index performance chart with the Banking index topping the monthly performance with a gain of 7.8% followed by Telecom and Industrials indices with gains of 7.4% and 4.3%, respectively. Banking stocks were also supported by strong earnings performance for 1H-18. Net profits reported by all the nine banks that reported earnings by the end of July-18 was positive, with aggregate 1H-18 profits up by 15.6% to KWD 552.4 Mn as compared to KWD 478.0 Mn during 1H-17. Burgan Bank posted the strongest net profit growth of 29.8% that reached KWD 50.5 Mn in 1H-18 on the back of higher operating income that grew by 13% to reach KWD 139.2 Mn. NBK also recorded double digit growth in net income that reached KWD 185.9 Mn for 1H-18 after recording a y-o-y increase of 12.9%. Within the banking sector, the long touted potential merger of KFH and AUB Bahrain saw a positive development during the month with KFH formally inviting AUB Bahrain to begin a due diligence process for the merger.

Trading activity on the exchange more than doubled during the month. Monthly value traded reached the highest level in 16 months to KWD 633.4 Mn during July-18 recording an increase of 162% as compared to KWD 242.1 Mn during June-18. Monthly volume traded saw a bigger surge of 187% to reach 2.9 Bn shares in July-18 as compared to 1 Bn shares during June-18. AUB Bahrain topped the monthly volume chart with 229.1 Mn shares traded during the month followed by KFH and Investors Holding Group at 218.3 Mn and 157.2 Mn shares, respectively. KFH topped the monthly value traded chart with KWD 131.4 Mn worth of shares changing hands during the month followed by NBK and Integrated Holdings Group at KWD 70.9 Mn and KWD 52.5 Mn, respectively.

Boursa Kuwait Monthly Sector Performance



Monthly Value Traded (KWD Mn)



Source: Kuwait Stock Exchange, KAMCO Research

Saudi Arabia (Tadawul)

Monthly Indicators	Aug-17	Sep-17	Oct-17	Nov-17	Dec-17	Jan-18	Feb-18	Mar-18	Apr-18	May-18	Jun-18	Jul-18
Tadawul All Share Index	7,258.6	7,283.0	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
Monthly % Change	2.3%	0.3%	(4.8%)	1.0%	3.2%	5.9%	(3.0%)	6.1%	4.3%	(0.6%)	1.9%	(0.2%)
Market Cap (SAR Bn)	1,718.4	1,724.0	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
P/E (X) - TTM	15.33	15.41	14.41	14.81	14.81	16.34	15.04	16.12	16.25	16.37	16.73	15.93
P/BV (X) - TTM	1.68	1.68	1.60	1.62	1.62	1.76	1.67	1.75	1.82	1.81	1.85	1.85
Dividend Yield (%)	4.23%	4.26%	4.47%	4.42%	4.42%	3.87%	3.99%	4.06%	3.75%	3.74%	3.62%	3.78%
Volume (Mn Shares)	2,858.3	2,022.8	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
Value (SAR Mn)	60,185.1	49,899.8	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
Trades ('000)	1,873	1,167	1,735	1,979	2,352	2,204	1,925	2,180	2,769	2,195	1,251	2,031

Source: Tadawul, KAMCO Research

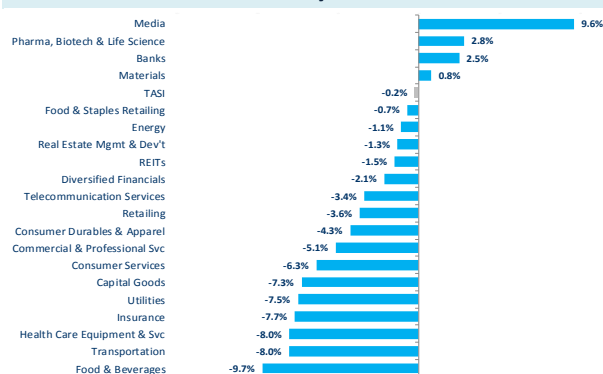
Saudi Arabia witnessed flattish performance during July-18 with the index marginally down by 0.2% to close at 8,294.8 points. A spate of positive news in the past few months has pushed the index higher triggering investors to book profits during July-18. The benchmark TASI recorded the second-best performance in the GCC in terms of YTD-18 gains that stood at 14.8%. Regional geopolitical issues did affect Saudi Arabia's market performance, which more than offset the news of S&P Dow Jones including Saudi Exchange to its Emerging Markets index from next year in two stages in March-19 and September-19.

The sector performance chart highlighted negative performance for a majority of the sectoral indices that was almost fully offset by positive return on large-cap Banking and Materials indices that recorded monthly gains of 2.5% and 0.8%, respectively. Smaller sectors like Media and Pharma also reported positive performance of 9.6% (leading monthly sectoral gains) and 2.8%, respectively. On the other hand, the Food & Beverage sector recorded the steepest monthly decline of 9.7% followed by Transportation and Healthcare indices both declining by 8.0%. Within the Banking sector, 10 out of the 12 banks reported positive performance during the month topped by Bank Albilad with a return of 11.9% followed by Riyadh Bank and SABB at 8.9% and 7.5%, respectively. The overall aggregate performance was partially offset by 4.7% decline reported by NCB and 2.5% decline in shares of Samba Financial Group. Shares of Bank Albilad gained after the bank reported 13.6% y-o-y increase in net profit for 1H-18, while Riyadh Bank and SABB also reported 1H-18 net profit growth of 16.0% and 14.1%, respectively. Profits of NCB was also up by 8.7% for 1H-18, which helped to offset some of the downward pressure on the stock during the month.

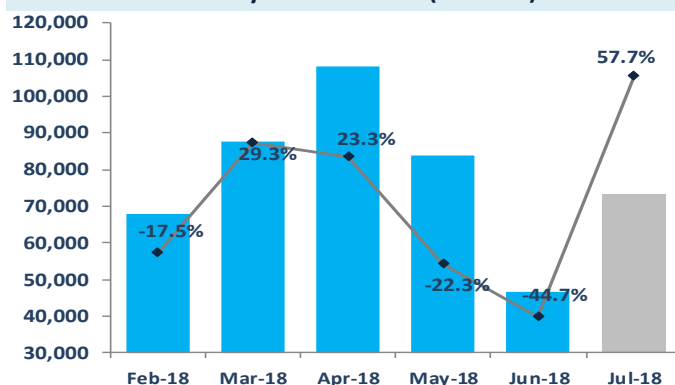
Trading activity during the month bounced back after a steep decline during June-18. Total monthly volume traded on the exchange increased by 49.0% to 2.9 Bn shares as compared to 1.9 bn shares during June-18. Total value traded during the month increased at relatively faster pace of 57.7% to reach SAR 73.2 Bn in July-18 as compared to SAR 46.4 Bn during the previous month. Alinma Bank topped the monthly volumes chart with 564.4 Mn shares traded during the month followed by Dar Al Arkan Real Estate and Saudi Kayan recording 346.4 Mn and 259.5 Mn traded shares, respectively. In terms of the value of shares traded, SABIC once again topped the list with SAR 14.3 Bn worth of shares changing hands in July-18 followed by Alinma Bank and Saudi Kayan recording trades worth SAR 12.3 Bn and SAR 4.5 Bn, respectively.

The monthly gainers chart was topped by Methanol Chemical Co. with a return of 28.0% after the company reported a significant jump in its Q2-18 net profits owing to better prices. Another petrochemical stock Saudi Kayan was second on the list with a gain of 15.6% also led by a more than three fold increase in its quarterly net profit. Bank Albilad was third on the list with a gain of 11.9% closely followed by SRMG with a gain of 11.5%. On the decliners side, Saudi Company for Hardware topped the list with a decline of 33.1% after the company's Q2-18 net profit declined by almost 50%. Dallah Healthcare and Saudi Cable were next on the list with monthly declines of 23.1% and 21.5%, respectively.

Tadawul Monthly Sector Performance



Monthly Value Traded (SAR Mn)



Source: Tadawul, KAMCO Research

Abu Dhabi Securities Exchange

Monthly Indicators	Aug-17	Sep-17	Oct-17	Nov-17	Dec-17	Jan-18	Feb-18	Mar-18	Apr-18	May-18	Jun-18	Jul-18
ADX General Index	4,468.4	4,397.4	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
Monthly % Change	(2.1%)	(1.6%)	1.9%	(4.4%)	2.7%	4.6%	(0.1%)	(0.3%)	1.8%	(1.4%)	(1.0%)	6.6%
Market Cap (AED Bn)	461.9	450.8	459.8	438.7	485.8	508.1	503.4	499.7	502.4	491.1	486.8	510.9
P/E (X) - TTM	11.36	11.18	11.11	10.89	11.12	11.54	11.63	11.71	11.27	11.76	11.60	12.12
P/BV (X) - TTM	1.57	1.55	1.57	1.51	1.54	1.59	1.26	1.26	1.28	1.20	1.19	1.27
Dividend Yield (%)	5.41%	5.46%	5.38%	5.58%	5.46%	5.94%	6.01%	6.02%	5.93%	5.52%	5.60%	5.20%
Volume (Mn Shares)	1,215.8	2,350.9	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
Value (AED Mn)	2,463.8	4,094.4	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
Trades	18,124	24,571	23,607	18,355	19,576	23,586	17,775	20,106	22,015	26,261	17,927	16,717

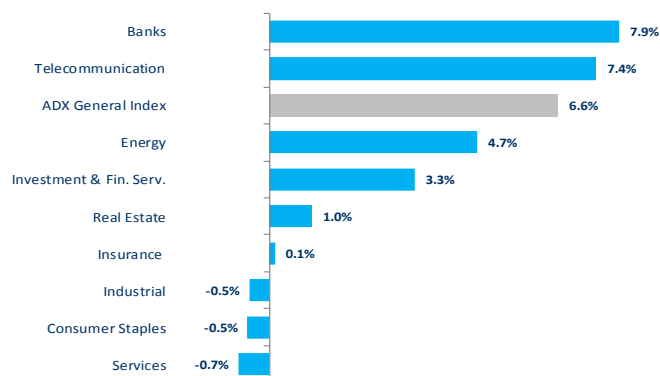
Source: Abu Dhabi Securities Exchange, KAMCO Research

The ADX index was the second best performing index in July-18, as the index moved up by 6.6% m-o-m and closed at 4859.45 points. Market breadth favored gainers, as 22 stocks gained while 17 stocks declined. Sectoral performance also included more gainers than decliners. Banks were the best performers during July-18, as the index closed higher by 7.9% m-o-m, led by First Abu Dhabi Bank which gained by 11.9% m-o-m. Telecoms followed with gains of 7.4% m-o-m, as Etisalat almost single handedly drove the increase, as the stock was up by 7.4% in July-18. Energy companies continued their gains on recovering hydrocarbon prices as the index was up 4.7% m-o-m, and remains the best performing sectoral index YTD with over 50% returns. Services, Industrials and Consumer Staples were the sectors which declined in July-18, albeit marginally, as they receded by 0.7%, 0.5% and 0.5% m-o-m respectively.

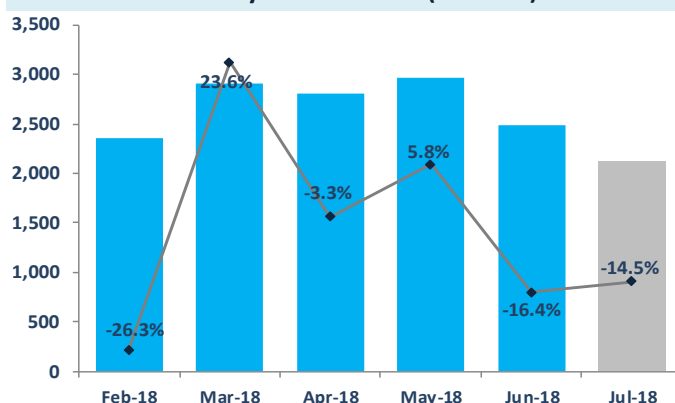
First Abu Dhabi Bank reported a H1-18 group net profit of AED 6.1 Bn, up 10% y-o-y. Operating income came in at AED 9.8 Bn in H1-18, broadly in line with H1-17, which included opportunistic investment gains. Cost-to-income ratio (ex-integration costs) of 25.7% improved on the back of cost discipline and synergy momentum. Competitor ADCB reported net profit of AED 2.33 Bn for H1-18 representing an increase of 10% y-o-y from H1-17. Total operating income came in at AED 4.6 Bn for H1-18, up 7% y-o-y and the Consumer and Wholesale Banking groups contributed to 43% and 32% of total operating income. Net interest and Islamic financing income for H1-18 was AED 3.6 Bn, up 9% y-o-y predominantly driven by the impact of rising rates, higher interest in suspense reversals and a change in the composition of the asset book towards high yielding assets. Abu Dhabi Islamic Bank recorded a group net profit for H1-18 of AED 1163 Mn up 3% y-o-y from AED 1,129.1 Mn H1-17. Group net revenues for H1-18 decreased by 1.9% to AED 2,728.8 Mn compared to AED 2,782.1 Mn in H1-17. Union National Bank reported a net income of AED 841 Mn in H1-18, 12% lower than the AED 958 Mn reported in H1-17. Operating income for H1-18 was lower by 3% y-o-y at AED 1,768 Mn due to a decline in non-interest income by 26% that was partially offset by an increase in net interest income which grew by 7% y-o-y. Telecom player Etisalat mentioned that their aggregate subscriber base reached 144 Mn as of Q2-18, representing a 4% y-o-y. The company reported Q2-18 revenues of AED 13.1 Bn, an increase of 2% y-o-y while consolidated net profit after federal royalty amounted to AED 2.2 Bn, and increased 12% y-o-y.

Sharjah Group topped the monthly gainers chart with a gain of 17.4% m-o-m followed by First Abu Dhabi Bank and Ras Al Khaimah Cement with gains of 11.9% and 11.0% respectively. On the decliners side, the top two companies were Ras Al Khaimah White Cement and Commercial Bank International with declines of 27.7% and 18.9%, respectively. Trading activity was down, as traded volumes went down by 27.1% m-o-m in July-18 to reach 686 Mn shares. Value traded declined by 14.5% m-o-m to reach AED 2.1 Bn. Market breadth was strong and favoured gainers as 22 stocks gained, while 17 stocks lost ground. In terms of most actively traded stocks, First Abu Dhabi Bank led all stocks in terms of value traded, with AED 715 Mn worth of shares traded during Jul-18. Etisalat and ADCB followed as AED 374 Mn and AED 217 Mn worth of shares were traded respectively. Dana Gas led the most active stocks list in terms of volumes traded, as 190 Mn shares were traded on the exchange. Eshraq Properties and Aldar followed with 80 Mn and 75 Mn shares traded during Jul-18.

ADX Monthly Sector Performance



Monthly Value Traded (AED Mn)



Source: Abu Dhabi Securities Exchange, KAMCO Research

Dubai Financial Market

Monthly Indicators	Aug-17	Sep-17	Oct-17	Nov-17	Dec-17	Jan-18	Feb-18	Mar-18	Apr-18	May-18	Jun-18	Jul-18
DFM General Index	3,637.6	3,564.0	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
Monthly % Change	0.1%	(2.0%)	2.0%	(5.9%)	(1.5%)	0.7%	(4.4%)	(4.2%)	(1.4%)	(3.3%)	(4.8%)	4.8%
Market Cap (AED Bn)	366.1	369.3	368.1	373.8	383.6	391.8	377.6	375.6	373.7	358.7	352.1	372.2
P/E (X) - TTM	10.17	9.99	10.04	9.44	9.23	9.11	9.16	8.70	8.38	7.97	7.68	7.84
P/BV (X) - TTM	1.24	1.22	1.25	1.18	1.17	1.17	1.10	1.05	1.04	1.02	0.97	1.04
Dividend Yield (%)	4.72%	4.84%	4.75%	5.03%	5.15%	5.14%	4.71%	6.53%	5.01%	5.16%	5.39%	5.00%
Volume (Mn Shares)	3,665.4	2,526.1	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
Value (AED Mn)	5,453.1	3,878.5	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
Trades	61,143	43,464	99,296	81,175	66,304	80,175	67,869	52,549	46,580	72,982	53,145	50,788

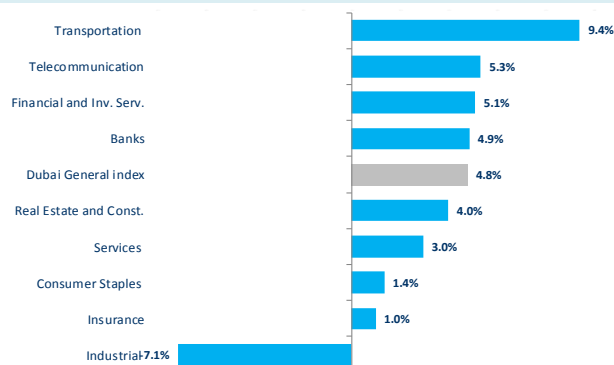
Source: Dubai Financial Market, KAMCO Research

After declining by 4.8% in June-18, the DFM index rebounded during the month of July-18. The index gained by 4.8% m-o-m and closed at 2955.95 points, as most sectoral indices barring Industrials closed lower during July-18. Transportation was the best performing index, as the index went up by 9.4%, as all stocks on the index gained, led by Aramex which gained by 10.1% followed by Air Arabia as the airline gained 9.3%. Telecoms followed as the index went up by 5.3% m-o-m, driven by DU which gained by 5.3% over the same period. Financial and Investment Services companies also gained by 5.1% as Dubai Investment went up by 6.3% m-o-m. Industrials declined by 7.2%, as National Cements declined by an equal amount in percentage terms.

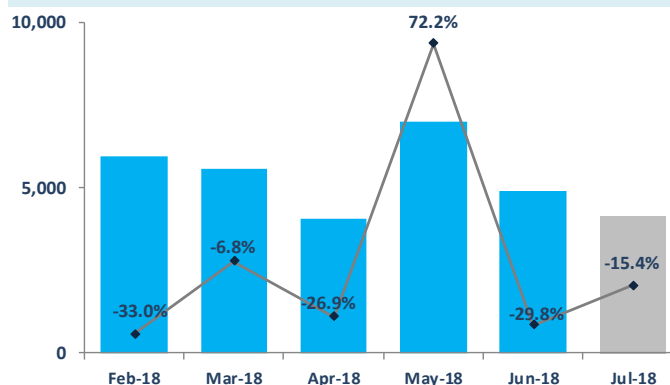
In earnings announcements, Emirates NBD's H1-18 net profit was up 29% to AED 5.0 Bn. Net interest income improved 20% y-o-y for the same period ascribed to loan growth and a further improvement in margins. The operating performance was supported by a 40% improvement in provisions. Revenues for mall operator Emaar malls for H1-18 increased by 29% to AED 2.1 Bn. Net profit over the period improved by 8% y-o-y from AED 1.02 Bn in H1-17 to AED 1.1 Bn in H1-18. Footfall for the first half of 2018 was 67 Mn. Other real estate player, Deyaar reported revenues of AED 314 Mn for H1-18, a 0.7% decrease compared to AED 316 Mn in H1-17. Net profit came in at AED 65.2 Mn, a 2.6% decrease compared to H1-17. DFM stock reported H1-18 revenues of AED 182.4 Mn, a decline of 24% as compared to AED 239.3 Mn during H1-17. Net profit for H1-18 came in at AED 82.8 Mn, a 43% decline from AED 145.6 Mn reported in H1-17. DFM mentioned that traded value over H1-18 by 47.6% y-o-y and reached AED 36.5 Bn. Banking name Dubai Islamic Bank reported net profit of AED 2,441 Mn in H1-18, up 14% compared with AED 2,143 Mn from H1-17. Total income rose to AED 5,577 Mn in H1-18, up 15% compared with AED 4,865 from H1-17. Investment company Dubai Investments reported net profit of AED 491 Mn for H1-18, an increase of AED 11 Mn compared to AED 480 Mn for H1-17. The company's total assets grew to AED 19.04 Bn compared to AED 17.0 Bn as of Dec-17, and the total income during H1-18 was AED 1.58 Bn compared to AED 1.28 Bn for H1-17. Telecom operator DU registered a 4.0% growth in revenue to reach AED 6.68 Bn, and an 18.8% increase in net profit after royalty reaching AED 965 Mn. The company reported a one-off reversal related to regulatory costs in Q1-18, excluding which, net profit after royalty increased by 4.4% y-o-y in H1 2018.

In terms of monthly gainers, Khaleeji Commercial Bank led all stocks as its stock price gained by 26.3% m-o-m in Jul-18. Takaful House and Al Salam Bank-Sudan followed, as their stock prices moved up by 19.5% and 14.3% respectively. On the other hand, shares of Al Salam Bank - Bahrain led the monthly losers chart as its share price declined by 13.8% m-o-m. DSI and Union Properties followed with declines of 13.5% and 9.7% respectively for the month. DSI was the most actively traded stock on the exchange as AED 666 Mn worth of stock was traded. Emaar Properties and GFH followed with value traded of AED 503 Mn and AED 392 Mn respectively. In terms of volumes traded, DSI led all stocks as 989 Mn shares were traded. Air Arabia and GFH followed as 343 Mn and 275 Mn shares were traded. Trading activity on the DFM was mixed as value traded went down by 15.4% m-o-m to reach AED 4.2 Bn, as compared to AED 4.9 Bn in June-18. Traded volumes in June-18 was broadly stable and improved by 2.6% m-o-m from 3.4 Bn shares to reach 3.5 Bn shares.

DFM Monthly Sector Performance



Monthly Value Traded (AED Mn)



Source: Dubai Financial Market, KAMCO Research

Qatar Exchange

Monthly Indicators	Aug-17	Sep-17	Oct-17	Nov-17	Dec-17	Jan-18	Feb-18	Mar-18	Apr-18	May-18	Jun-18	Jul-18
QE 20 Index	8,800.6	8,312.4	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
Monthly % Change	(6.4%)	(5.5%)	(1.8%)	(5.5%)	10.5%	8.0%	(6.0%)	(0.9%)	6.3%	(2.5%)	1.6%	8.9%
Market Cap (QAR Bn)	476.7	454.6	444.1	418.1	472.0	501.8	461.2	470.5	509.3	491.7	493.6	539.9
P/E (X) - TTM	12.80	12.18	11.92	11.15	12.79	13.70	12.23	12.21	12.82	12.72	12.68	13.75
P/BV (X) - TTM	1.21	1.15	1.11	1.04	1.19	1.22	1.11	1.12	1.20	1.16	1.17	1.27
Dividend Yield (%)	4.61%	4.73%	4.89%	5.25%	4.56%	4.63%	4.67%	4.67%	4.36%	4.55%	4.51%	4.15%
Volume (Mn Shares)	159.4	192.5	167.2	167.9	243.7	251.6	165.1	260.8	249.1	265.9	170.1	166.0
Value (QAR Mn)	3,744.8	4,000.9	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
Trades	49,557	48,956	51,506	68,307	76,196	97,166	66,867	89,162	81,989	107,738	78,360	70,475

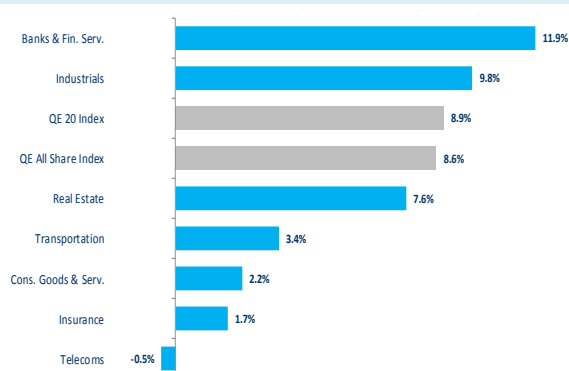
Source: Qatar Exchange, KAMCO Research

Qatar exchange was the best performing GCC index in July-18 and leads other regional markets YTD as well. The QE 20 index gained by 8.8% m-o-m to close at 9825.11 points in Jul-18. The Qatar All Share index which maps the broader market, gained by 0.8% m-o-m, as strong buying interest from foreign institutions was witnessed. Market breadth was strong as 31 companies saw higher levels, while 13 companies receded as compared to the previous month. Sectoral performance was positive, barring Telecoms which was marginally down m-o-m, after ending Jun-18 as the best performing index. Banks and Financial Services was the best performing index during the month, as the index went up by 11.9% m-o-m, as QNB (+15.1%) and QIB (14.7%) witnessed double-digit gains. Industrials also witnessed gains of 9.8% m-o-m, buoyed by Industries Qatar (+16.4%) and Aamal Holding (13.5%). The Real Estate index moved up by 7.6% m-o-m, led by Ezzan Holding as the share price of the company rose by 10.4% m-o-m. Telecoms were down as Ooredoo declined by 3.3% m-o-m.

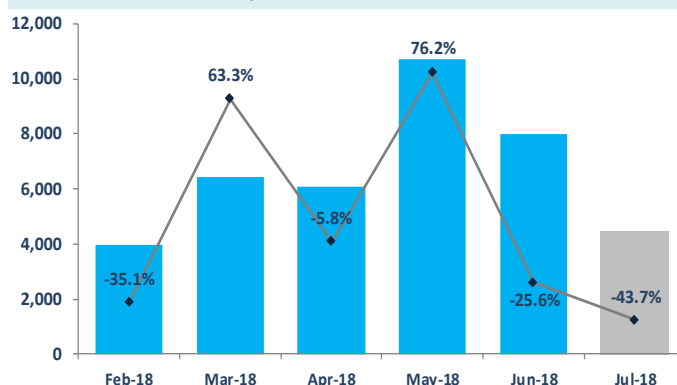
In prominent H1-18 earnings releases, Ooredoo reported H1-18 revenues of QAR 15.3 Bn, down 6% y-o-y, but driven by strong contributions from Qatar, Iraq, Oman, Kuwait, Tunisia and Myanmar offset by reductions in Indonesia and Algeria. Net profit stood at QAR 689 Mn down 37% y-o-y, as positive performances in Iraq and Oman were offset by market challenges and lower revenue in Indonesia and Algeria as well as a substantial FX loss in Myanmar. Number of group customers stood at 130 Mn, negatively impacted by the new SIM card registration requirements by the Indonesian regulator. Competitor Vodafone Qatar saw its revenues increase by 1.7% y-o-y, to reach QAR 1.05 Bn in H1-18, driven by a growth in postpaid subscribers and fixed and higher handset sales. H1-18 net profit reached QAR 49 Mn, an increase of QAR 180 Mn compared to H1-17, driven by higher EBITDA and lower amortization costs due to the extension of its Mobile Telecommunications License. Banking major QNB recorded a net profit of QAR7.1 Bn, up by 7% y-o-y. Loans and advances increased by 9% y-o-y from H1-17 to QAR604 Bn in H1-18. Customer deposits increased by 9% from H1-17 to reach QAR 614 Bn.

Trading activity on the index went down in all parameters, as value traded during Jul-18 decreased by 43.7% to reach QAR 4.5 Bn, while traded volumes declined by 2.4% m-o-m to reach 166 Mn shares. In terms of trading activity, QNB topped the monthly value traded chart with QAR 874 Mn worth of shares traded, followed by Masraf Al Rayan and Vodafone Qatar recording QAR 411 Mn and QAR 409 Mn in monthly value traded. In terms of volumes traded, Vodafone Qatar led all stocks with traded volumes of 44.1 Mn shares. Qatar Gas Transport and Masraf Al Rayan followed with traded volumes of 18.8 Mn shares and 11.4 Mn shares respectively. The Banks & Financial Services sector was the most active in terms of value traded during Jul-18, accounting for 42.8% of the total value traded, followed by Industrial and Consumer Goods & Services sectors, as they accounted for 14.3% and 12.4% of the total value traded respectively. Industries Qatar was the top performing stock in the index for the month as its share price surged by 16.4%. QNB followed along with Qatar Islamic Bank, as their stock prices moved up by 15.1% and 14.7% respectively. On the other hand, shares of Djala Brokerage led the monthly losers chart with its stock losing 11.9% m-o-m. Qatar Cinema & Film Distribution and Doha Bank followed with declines of 11.0% and 4.6% respectively for the month.

QE Monthly Sector Performance



Monthly Value Traded (QAR Mn)



Source: Qatar Exchange, KAMCO Research

Bahrain Bourse

Monthly Indicators	Aug-17	Sep-17	Oct-17	Nov-17	Dec-17	Jan-18	Feb-18	Mar-18	Apr-18	May-18	Jun-18	Jul-18
Bahrain All Share Index	1,302.46	1,283.78	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
Monthly % Change	(1.9%)	(1.4%)	(0.6%)	0.5%	3.7%	1.4%	1.4%	(3.8%)	(4.6%)	0.6%	3.6%	3.6%
Market Cap (BHD Mn)	7,385	7,284	7,258	7,293	7,653	7,774	7,900	7,516	7,509	7,531	7,667	7,948
P/E (X) - TTM	8.75	8.64	8.52	8.51	8.65	8.70	9.89	9.46	9.11	8.51	8.69	8.71
P/BV (X) - TTM	0.86	0.82	0.82	0.82	0.84	0.86	0.83	0.78	0.76	0.77	0.78	0.81
Dividend Yield (%)	5.14%	5.21%	5.21%	5.18%	5.06%	4.98%	5.24%	5.45%	5.65%	5.92%	5.81%	5.61%
Volume (Mn Shares)	48.0	164.5	78.6	81.5	103.1	156.3	178.0	101.9	86.6	82.4	56.2	190.5
Value (BHD Mn)	10.3	13.1	18.6	15.2	16.8	25.1	31.0	36.8	16.8	14.5	12.8	24.9
Trades	1,250	1,484	2,146	1,763	1,854	2,257	1,871	1,303	1,384	1,429	1,104	2,329

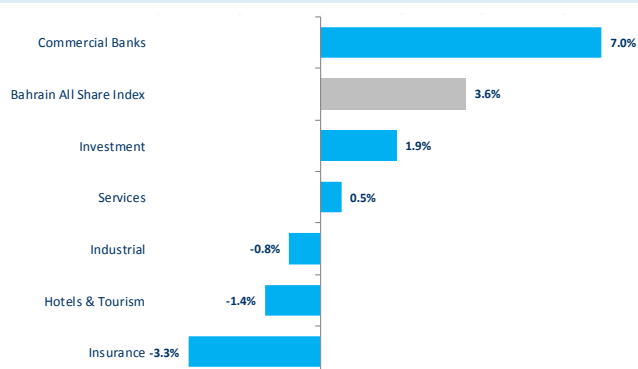
Source: Bahrain Bourse, KAMCO Research

The Bahrain Bourse was amongst the gainers in the GCC for the month of July-18 as well. The Bahrain Bourse gained by 3.6% m-o-m for the month, after gaining by an equal amount in percentage terms in Jun-18. Market breadth was even, as only 8 stocks gained ground during Jul-18, while 9 stocks saw lower levels as compared to their Jun-18 close prices. Commercial Banks went up by 7.0% m-o-m, driven by AUB as the stock rose on merger talks with KFH from Kuwait, followed by Al Khaleeji Commercial Bank as both stocks rose by double digits. The Investment sector also gained by 1.9%, as GFH (+5.6%) and Arab Banking Corporation (+2.7%) contributed to the sector's m-o-m increase. Sectors that declined were mainly the Insurance and the Hotels & Tourism indices. The Insurance index declined by 3.3% and was brought down single-handedly by Bahrain National Holding Co. as the stock declined by 10.5% m-o-m. Similarly, a 1.9% drop in the share price of Gulf Hotels Group was solely responsible for the decline in the Hotels & Tourism index.

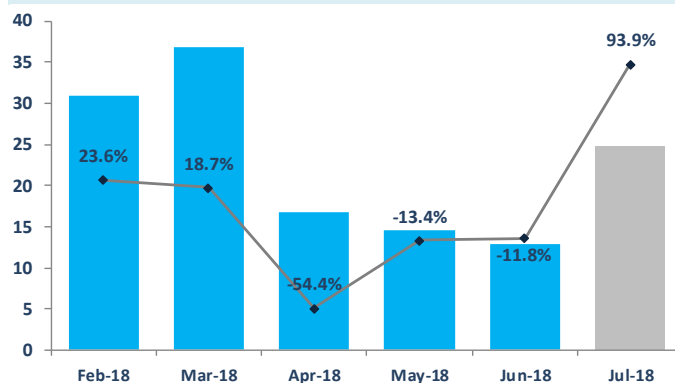
In corporate ratings action, Fitch Ratings In affirmed GFH's long-term Issuer Default Rating (IDR) at 'B' with a Stable Outlook, while the short-term IDR was affirmed at 'B'. The affirmation of the Group's rating was ascribed to continued efforts on shaping the Group's business model towards a greater focus on fee generation and lower risk along with Q1-18 profitability. Separately, Moodys highlighted that the outlook for the Bahraini banking system remains negative, as constrained government spending will weaken economic growth, while credit growth is expected to decelerate slightly to 5% to 7% from 8% in 2017. Higher borrowing costs due to rising interest rates, pressure on loan quality and reduced government capacity to support in a crisis were cited as reasons. Net income at Bahraini banks reportedly will decline slightly to around 1.3% of average assets in 2018, compared with 1.4% in 2017. This is mainly due to higher loan-loss provisions as problem loans rise. In earnings releases, AUB reported a net profit USD 357.4 Mn for H1-18, a growth of 14.8% as compared to the net profit of USD 311.3 Mn achieved in H1-17. Net interest income improved by 12.3% to USD 467.2 Mn during H1-18, driven by improved margins and prudent growth in loan and investments. Alba's H1-18 net income stood at BHD 63.0 Mn, an increase of 46% y-o-y, compared to BHD 43.3 Mn in H1-17. Revenues reached BHD 465.2 Mn, up by 26% y-o-y and were primarily driven by higher sales volume, higher LME prices and the impact of Line 5 recovery in Q2 2017.

Trading activity in Jul-18 jumped higher on an m-o-m basis, as compared to the Jun-18. Volumes traded in the exchange reached 148.9 Mn and rose by 165% m-o-m as compared to 56.2 Mn shares in June-18. Value traded jumped higher by 93.9% in the exchange to reach BHD 24.8 Mn in Jun-18. The number of trades made in the exchange rose to 2,329 trades, up 111% m-o-m from Jun-18. AUB was the most actively traded stock in Jul-18 with BHD 11.8 Mn worth of its shares traded on the exchange. Alba and GFH followed with BHD 2.9 Mn and BHD 2.7 Mn worth of shares traded. Of the 13 stocks that closed in the green in Jul-18, AUB topped the gainers list, as it witnessed a 15% m-o-m increase, followed by Al Khaleeji Commercial Bank with monthly gains of 13.6%. Bahrain National Holding was the main laggard, as it witnessed a m-o-m decline of 10.5%, followed by Al Salam Bank and Esterad with monthly declines of 9.5% and 6.4% respectively.

BSE Monthly Sector Performance



Monthly Value Traded (BHD Mn)



Source: Bahrain Bourse, KAMCO Research

Muscat Securities Market

Monthly Indicators	Aug-17	Sep-17	Oct-17	Nov-17	Dec-17	Jan-18	Feb-18	Mar-18	Apr-18	May-18	Jun-18	Jul-18
MSM 30 Index	5,052.6	5,137.4	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
Monthly % Change	0.6%	1.7%	(2.5%)	1.9%	(0.1%)	(1.9%)	0.1%	(4.6%)	(0.9%)	(2.6%)	(0.8%)	(5.1%)
Market Cap (OMR Mn)	4,479	4,556	4,438	4,517	4,481	4,396	4,376	4,115	4,075	4,063	4,085	4,532
P/E (X) - TTM	10.53	10.70	10.63	11.05	11.04	10.85	11.01	10.77	10.16	10.01	10.08	9.34
P/BV (X) - TTM	0.94	0.95	0.93	0.95	0.95	0.90	0.88	0.85	0.84	0.82	0.82	0.82
Dividend Yield (%)	5.96%	5.90%	5.99%	5.88%	5.88%	5.87%	5.84%	6.00%	6.05%	6.26%	6.34%	6.67%
Volume (Mn Shares)	215.9	271.9	313.9	308.4	62.7	132.0	123.8	203.9	199.4	310.6	65.9	83.4
Value (OMR Mn)	52.6	53.9	68.3	114.0	19.4	30.3	30.7	61.6	44.2	94.8	17.6	17.5
Trades	7,306	5,615	7,923	7,073	3,537	6,760	7,964	7,729	9,227	7,429	2,665	4,569

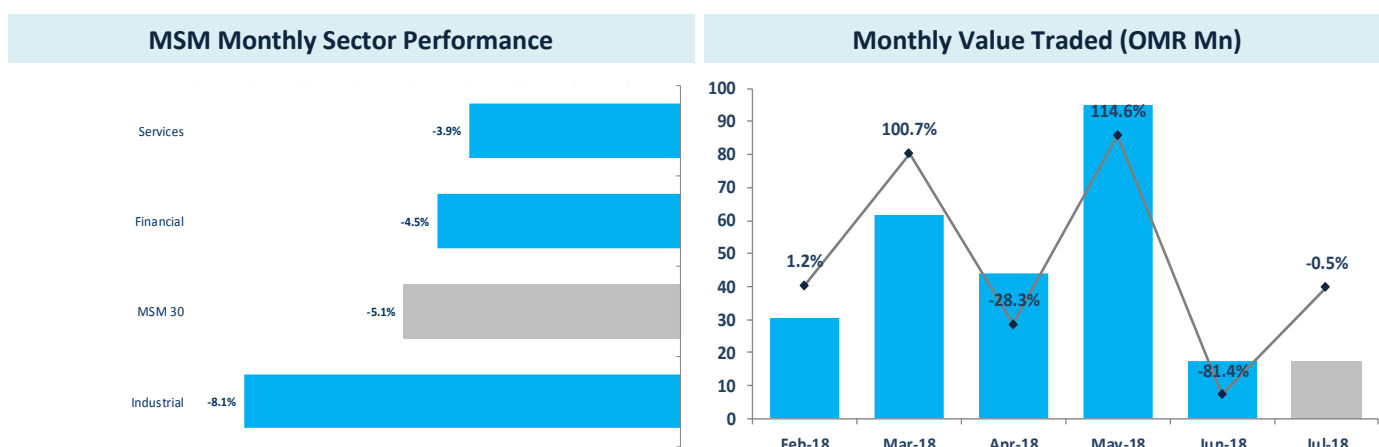
Source: Muscat Securities Market, KAMCO Research

MSM benchmark declined for the fifth consecutive month in July-18, recording the worst monthly performance in the GCC during the month. The MSM 30 index declined by 5.1% during July-18 to close the month at 4,336.6 points, one of the lowest recorded levels for the index. The decline also pushed down YTD-18 performance for the market which stood at -15.0%, the lowest in the GCC. All the three sectoral indices witnessed steep declines during the month. The Industrial index recorded the biggest decline of 8.1% followed by the Financial Index at -4.5% and the Services index at -3.9%. The decline was also reflected in the market breadth of the exchange which included only decliners and no gainers for the month.

The monthly decliners chart was topped by Al Jazeera Services with a decline of 27.7%. The stock reported a steep decline at the start of the month after its board approved an impairment charge of OMR 2.22 Mn related to its 36.99% stake in Al Anwar Ceramic Tiles based on an independent valuation report in addition to a declining trend in the latter's profitability. Voltamp Energy was second on the monthly decliners list with a fall of 18.6% on the back of poor 1H-18 earnings performance. The company reported 5.8% decline in revenues that reached OMR 19.2 Mn, while its net profit plunged from OMR 1.6 Mn in 1H-17 to OMR 2,866 in 1H-18 led by higher reported expenses. Al Anwar Holding and Al Anwar Ceramic Tiles were next on the decliners list with the stocks receding 15.6% and 14.7%, respectively, after decline in net income reported by these companies.

Trading activity in the regular market improved during the month. The higher selling activity led to flattish decline in monthly value traded which stood at OMR 17.5 Mn in July-18 as compared to OMR 17.6 Mn during the previous month. However, volume traded improved by 26.5% to 83.4 Mn shares as compared to 65.4 Mn shares during June-18. Al Madina Takaful topped the monthly volume chart with 29.7 Mn shares traded during the month followed by Bank Muscat and Bank Sohar recording 24.0 Mn and 6.5 Mn traded shares, respectively. Bank Muscat once again topped the monthly value traded chart recording total trades worth OMR 9.5 Mn followed by Al Madina Takaful and Al Anwar Holding at OMR 1.4 Mn and OMR 1.3 Mn, respectively. In terms of monthly value traded, Bank Muscat once again topped the chart with OMR 9.0 Mn worth of shares changing hands during the month. Al Madina Takaful was second on the list with OMR 2.8 Mn worth of trades followed by Oman Telecom and Bank Sohar at OMR 1.4 Mn and OMR 0.8 Mn, respectively.

The Services sector accounted for the bulk of trading activity in the overall market during July-18 at 53.9% of total value traded or OMR 30.6 Mn followed by Financial sector at 36.8% or OMR 20.9 Mn and the Industrial sector at 9.3% or OMR 5.3 Mn. In terms of market structure, parallel market stocks dominated trading during the month at 69% while regular market stocks accounted for 30.8% of the total value traded. In terms of investor contribution, local Omani investors' share of total value of buy trades increased from 84.5% in June-18 to 91.0% during July-18. In terms of the value of sell trades, the share of Omanis declined from 64.9% in June-18 to 39.0% during July-18 while that of GCC Investors increased from 15.0% in June-18 to 46.7% in July-18.



Source: Muscat Securities Market, KAMCO Research

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