

Market Performance

Kuwait's All Share Index closed 1.6% higher at 5,546.0 points in December 2020 amid positive developments surrounding rollout of mass coronavirus vaccination programs across the Middle East region. However, total traded volume decreased **11.7%** MoM to 4.9bn; total value traded decreased **57.6%** MoM to KWD922.1mn. Number of deals decreased **26.7%** MoM to 211,211.

As per the third estimate released by the Bureau of Economic Analysis (BEA), real Gross Domestic Product (GDP) of the US grew at an annualized rate of 33.4% QoQ in Q3 2020, revised up from 33.1% growth estimates in previous month, driven by continued efforts to reopen businesses and resume activities that were restricted due to COVID-19 pandemic. The current account deficit of the US widened by 10.6% QoQ to \$178.5bn in Q3 2020, representing 3.4% of current dollar GDP. Personal Consumption Expenditures (PCE) decreased **0.4%** MoM in November 2020, after increasing 0.3% MoM in October, while personal income contracted **1.1%** MoM in November 2020, after decreasing **0.6%** MoM in the previous month. The personal income dropped as federal economic recovery payments slowed as pandemic-related assistance programs continued to wind down. As per the Bureau of Labor statistics, annual inflation in the US was unchanged in November 2020 on a seasonally adjusted basis after rising 0.2% YoY in October. As per the data released by Institute of Supply Management, manufacturing PMI of the US climbed to 60.7 in December 2020, reaching its highest level since August 2018 and up from 57.5 in the previous month. The US consumer confidence index dropped to 88.6 in December 2020, down from a revised 92.9 in previous month amid record increase in COVID-19 cases.

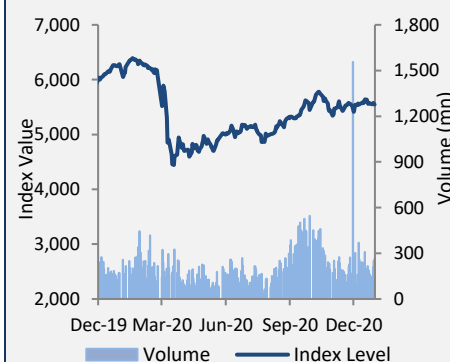
According to the flash estimates released by Eurostat, seasonally adjusted GDP of Euro area grew at revised rate of 12.5% QoQ during Q3 2020, slightly below previous reding of 12.6%. The annual inflation in the Euro area is estimated to decline **0.3%** YoY in November 2020. The Euro area trade in goods was in surplus by EUR30.0bn in October 2020, compared with surplus of EUR27.2bn in the same month previous year. Exports of goods decreased **9.0%** YoY and imports dropped **11.7%** YoY. According to the latest data released by Office for National Statistics, annual inflation rate in the UK was at 0.6% YoY in November 2020, down from 0.9% YoY in October. The UK GDP growth expanded by record 16.0% QoQ in the Q3 2020, revised up from the first estimate of 15.5% growth as lockdown measures were eased.

In Asia, according to data released by National Bureau of Statistics, China's Consumer Price Index (CPI) fell **0.5%** YoY in November 2020, compared with 0.5% YoY growth in October. The CPI fell into negative zone for the first time in about a decade as food prices dropped. Meanwhile, China's Manufacturing Purchasing Managers' Index (PMI) fell to 53.0 in December 2020 from a decade-high 54.9 in November. According to Statistics Bureau of Japan, the CPI fell **0.9%** YoY in November 2020, following **0.4%** YoY decline in October.

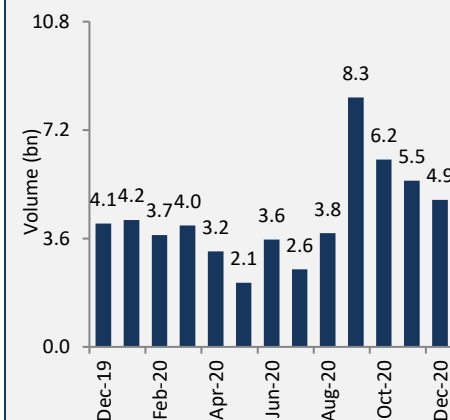
Kuwait Market Summary	December, 2020	November, 2020	Change (%)
Open	5,420.71	5,414.58	0.1
High	5,647.58	5,639.26	0.1
Low	5,357.86	5,335.28	0.4
Close	5,546.04	5,459.49	1.6
Volume traded (mn)	4,877.45	5,521.34	(11.7)
Value Traded (KWD mn)	922.08	2,173.92	(57.6)
No. of deals	2,11,211	2,88,151	(26.7)
No. of advances	103	67	53.7
No. of declines	44	89	(50.6)
No. of unchanged	24	17	41.2

Kuwait Index Performance

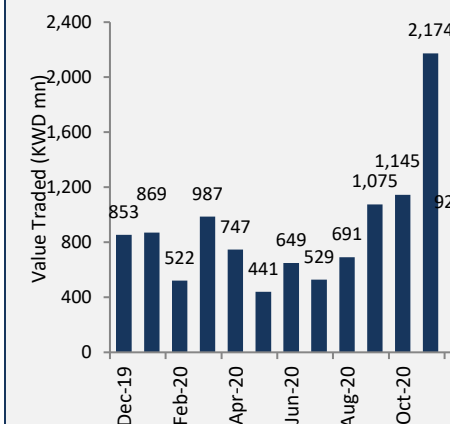
Benchmark Index and Volume Traded



Monthly Volume Traded (bn)



Monthly Value Traded (KWD mn)



Top Gainers and Losers

The market breadth was positive; 103 stocks firmed-up and 44 declined, while 24 remained unchanged.

Top Five Gainers									
	Close (KWd)	MTD (%)	YTD (%)	Market Capitalization (KWd mn)	Volume (mn)	EPS (KWd)	BVPS (KWd)	P/E (x)	P/B (x)
Al Bareeq Holding	65.50	364.54	(34.50)	28.64	49.12	0.33	9.34	21.58	0.61
Burgan Co. for Well Drilling Trading & Maint	155.00	80.23	93.27	35.64	7.34	0.10	3.47	16.19	0.54
Yiaco Medical Co.	840.00	68.00	NM	14.38	0.03	0.43	8.40	361.39	7.06
Metal & Recycling Co.	53.10	38.64	6.20	4.78	2.01	(0.02)	9.00	NM	0.48
Gulf Insurance Group	807.00	37.95	22.27	155.91	0.69	0.01	1.70	9.57	1.37

Top Five Losers									
	Close (KWd)	MTD (%)	YTD (%)	Market Capitalization (KWd mn)	Volume (mn)	EPS (KWd)	BVPS (KWd)	P/E (x)	P/B (x)
United Projects Co.	290.00	(22.67)	(43.36)	109.53	0.22	0.00	68.29	NM	19.81
Shamal Az-Zour Al-Oula Power and Water Company K.S.C.P	277.00	(13.44)	NA	304.70	80.36	0.09	14.36	24.78	3.98
Injazzat Real Estate Dev. Co	74.50	(14.27)	(6.88)	24.89	1.23	(0.02)	6.27	NM	0.47
Dalqan Real Estate Co.	274.00	(13.84)	(21.71)	16.59	0.00	0.26	9.05	72.19	2.48
Hilal Cement Co.	91.00	(12.50)	(9.00)	9.23	0.12	(0.03)	9.64	NM	0.88

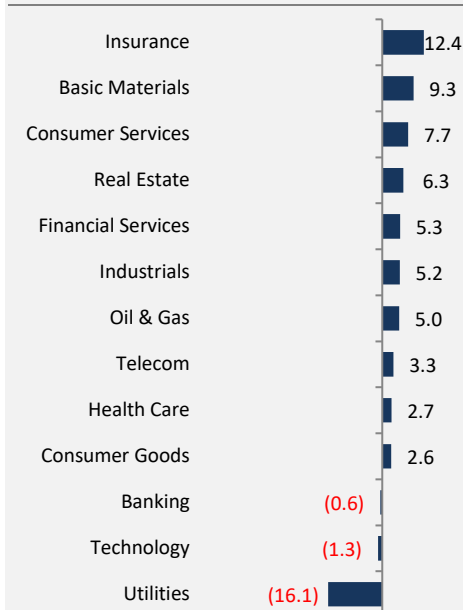
Top Five by Volume									
	Close (KWd)	MTD (%)	YTD (%)	Market Capitalization (KWd mn)	Volume (mn)	EPS (KWd)	BVPS (KWd)	P/E (x)	P/B (x)
First Investment Company	43.00	33.13	25.00	27.93	529.29	(0.07)	14.44	NM	0.62
Ahli United Bank (B.S.C)	227.00	(3.81)	(29.72)	2190.98	289.39	0.05	7.44	10.39	1.69
Arzan Financial Group for Financing and Investment	55.80	(1.24)	135.44	43.73	268.69	(0.02)	7.91	NM	0.44
Aayan Leasing & Investment Co.	91.90	4.67	96.79	73.67	241.27	(0.02)	12.40	NM	1.14
Kuwait Real Estate Co.	109.00	11.22	3.81	95.71	234.55	0.27	6.99	29.27	0.76

Performance by Sector

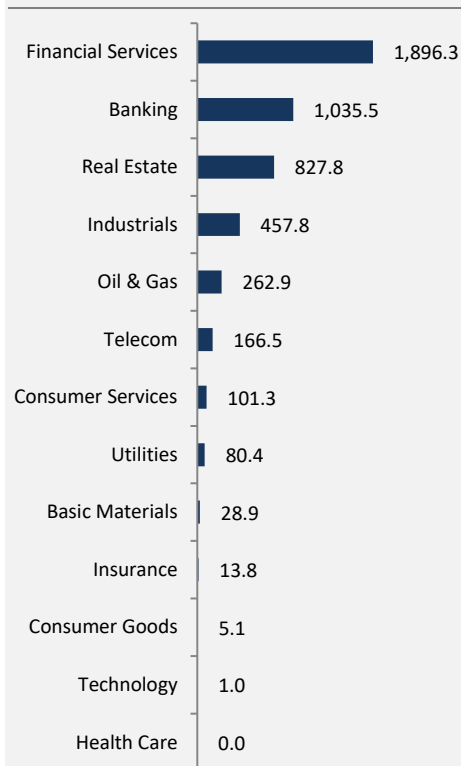
- Banks:** The sector closed **0.6%** lower at 1,252.5 points during the month. Ahli United Bank (B.S.C) (down **3.8%**) was the top decliner, followed by Boubyan Bank (down **3.4%**), while Burgan Bank (up 8.1%) was the top gainer. The sector retained its leading position on the index in terms of turnover (KWD448.0mn). The volume traded and number of deals stood at 1,035.5mn shares and 56,053, respectively.
- Basic Materials:** The sector closed 9.3% higher at 898.6 points during the month. Boubyan Petrochemical Co. (up 11.9%) was the top gainer, followed by Qurain Petrochemical Industries Co. (up 7.6%). The number of shares traded, and total turnover stood at 28.9mn and KWD11.7mn, respectively, while total transactions stood at 3,608.
- Consumer Goods:** The sector gained 2.6% to end at 746.4 points. Mezzan Holding Co. (up 3.4%) was the top gainer, while Livestock Transport & Trading Com. (down **0.6%**) declined the most. Total volume, turnover, and deals made stood at 5.1mn shares, KWD2.7mn, and 932, respectively.
- Consumer Services:** The sector closed 7.7% higher at 818.6 points during the month. Among stocks, Al Eid Food Co. (up 23.0%) led the gainers, followed by Alrai Media Group Company (up 20.0%), while Jiyad Holding Co. (down **7.1%**) was the top loser. Total volume, turnover, and transactions stood at 101.3mn shares, KWD15.2mn, and 7,844, respectively.
- Financial Services:** The sector closed 5.3% higher at 929.7 points during the month. Al Bareeq Holding (up 364.5%) was the top gainer, followed by First Investment Co. (up 33.1%), while Amar For Finance and Leasing Co. (down **11.5%**) was the top loser. Total volume, turnover, and deals made stood at 1,896.3mn shares, KWD134.4mn and 51,410, respectively.
- Healthcare:** The sector ended 2.7% higher at 826.6 points. Yiacco Medical Co. (up 68.0%) supported the sector. The number of deals stood at 122, Quantity and value traded stood at 37,593 and KWD20,891, respectively.
- Utilities:** The sector closed **16.1%** lower at 729.0 points during the month. Shamal Az-Zour Al-Oula Power and Water Company K.S.C.P (down **16.1%**) only listed stock ended in red. The sector recorded 7,631 transactions. Total volume and value traded stood at 80.4mn and KWD22.7mn, respectively.

Market Composition

Monthly Sector Index Returns (%)



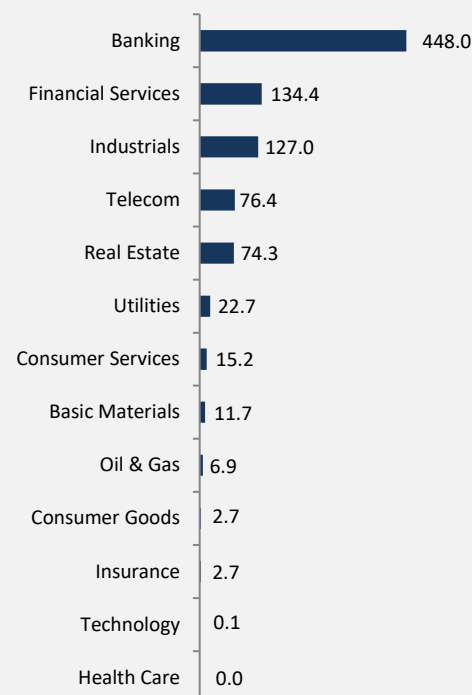
Monthly Volume Traded (million)



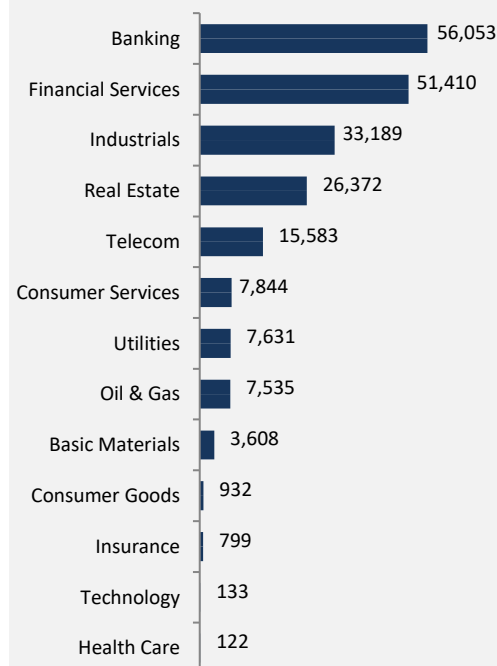
- Industrials:** The sector closed 5.2% higher at 891.1 points during the month. Metal & Recycling Co. (up 38.6%) was the top gainer, followed by Alafco Aviation Lease and Finance (up 27.1%), while United Projects Co. (down 22.7%) was the top loser. Total volume, turnover, and deals made stood at 457.8mn shares, KWD127.0mn and 33,189, respectively.
- Insurance:** The sector closed 12.4% higher at 1,156.0 points during the month. Gulf Insurance Group (up 37.9%) was the top gainer, followed by First Takaful Insurance Co. (up 15.3%), while Kuwait Reinsurance Co. (down 5.0%) was the top loser. Total volume, turnover, and deals made stood at 13.8mn shares, KWD2.7mn and 799, respectively.
- Oil & Gas:** The sector gained 5.0% to close at 1,277.3 points during the month. Burgan Co. for Well Drilling Trading & Maint (up 80.2%) was the top gainer, followed by The Energy House Co. (up 25.1%), while National Petroleum Services Co. (down 10.0%) declined the most. Turnover stood at KWD6.9mn and volume traded was 262.9mn shares. Meanwhile, 7,535 deals were recorded during the month.
- Real Estate:** The sector closed 6.3% higher at 952.6 points during the month. Salhia Real Estate Co. (up 18.6%) was the top gainer, followed by Sanam Real Estate Co. (up 15.0%), while Dalqan Real Estate Co. (down 13.8%) was the top loser. Total volume, turnover, and deals made stood at 827.8mn shares, KWD74.3mn and 26,372, respectively.
- Technology:** The sector closed at 502.7 points, down 1.3% from the previous month. Automated Systems Co. (down 1.3%) was the only decliner. The sector recorded 133 transactions during the month. Total volume and value traded stood at 1.0mn and KWD0.1mn, respectively.
- Telecom:** The sector closed 3.3% higher at 1,102.3 points. Hayat Communications Co. (up 15.7%) was the top gainer, followed by Mobile Telecommunications Co. (up 4.3%), while Kuwait Telecommunications Co. (down 1.5%) ended lower. Total turnover of KWD76.4mn was generated by 166.5mn shares traded through 15,583 transactions.

Market Composition

Monthly Value Traded (KWD mn)



Number of Deals

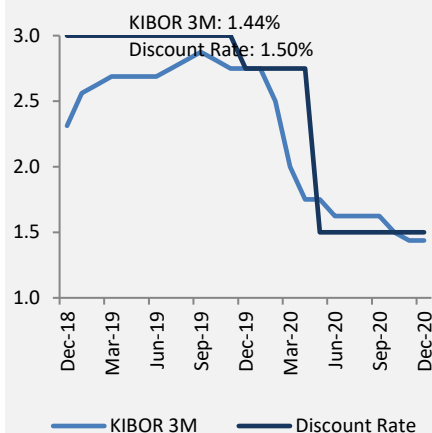


Kuwait – Economy and Industry News

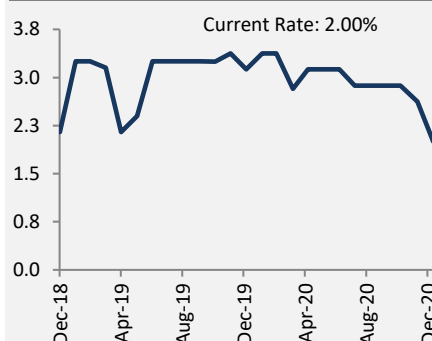
- As per the latest data released by Central Statistical Bureau (CSB), country's annual inflation increased by 2.8% YoY in November 2020, compared to a growth of 2.5% YoY in October. Prices of food and beverages increased the most at 9.8% YoY, followed by recreation and cultural at 6.4% YoY.
- The country's total trade balance stood at KWD390mn in August 2020, registering a decline of 48.8% YoY and total trade volume declined 24.0% YoY to KWD1,695mn as exports and imports fell 30.3% and 11.1% YoY, respectively compared to same month previous year.
- According to latest data released by the Ministry of Finance, government's fiscal deficit stood KWD1.9bn during the first half of FY2020-21 (April-September). Total revenues plunged by 48.0% to KWD4.6bn, impacted by collapse in oil prices. Meanwhile, spending also dropped by 25% to KWD6.5bn during the first half.
- According to the latest data by the Central Bank of Kuwait (CBK), country's official reserves increased 24.9% YoY to KWD14.7bn during October 2020, compared with KWD11.8bn in the same month previous year. The country's monetary gold position remained unchanged at KWD31.7mn in October, the IMF reserve position increased sharply by 37.4% YoY to KWD214.8mn from KWD156.3mn in the same month previous year, while special drawing rights inched up by 0.2% YoY to KWD564.5mn.
- According to preliminary data published by CBK, country's Balance of Payments (BoP) for was is surplus of KWD108.3mn in the current account, compared with a surplus of KD220.3 mn during the previous quarter, representing a drop of 50.8%, due to 37.4% decline in the total value of receipts on the credit side of the current account, compared with the previous quarter, while total value of payments on the debit side of the current account decreased by 36.9% compared with the previous quarter.
- CBK's total assets increased 24.4% YoY to KWD14.1bn in October 2020 from KWD11.3bn in the same month a year ago.
- Boursa Kuwait obtained approval from Capital Markets Authority (CMA) to restructure promotion requirements for the Premier Market with the aim to increase transparency and raise the issuer base in the Premier Market by potentially increasing the number of mid to large-sized companies in the index.

Monetary Indicators

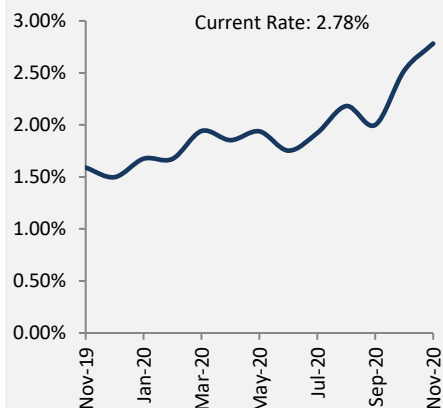
Interest Rate (%)



Deposit Rate (%)



Inflation Rate



Source: Bloomberg

GCC Markets Performance

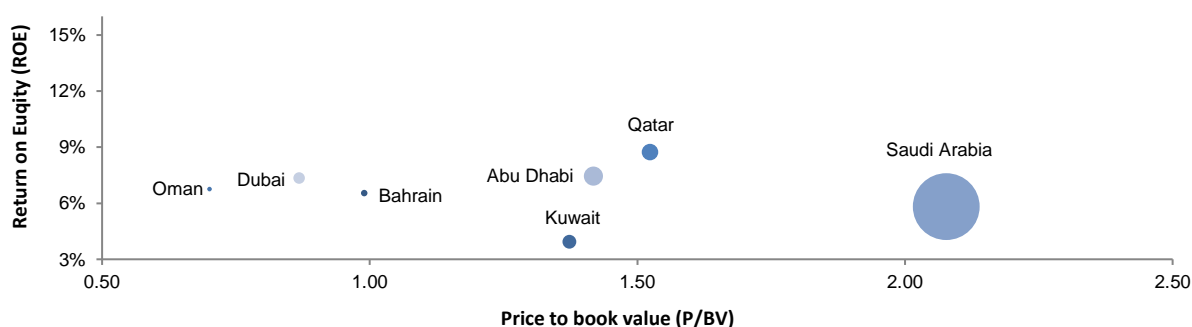
Index	Close	Change MTD (%)	Change YTD (%)	P/E	Dividend Yield (%)
Bahrain (BAX)	1,489.78	0.83	(7.48)	14.47	4.51
Kuwait (KSE)	5,546.04	1.59	(11.72)	35.43	3.55
Oman (MSM)	3,658.77	0.42	(8.10)	11.01	6.90
Qatar (DSM)	10,435.96	1.69	0.10	17.75	3.78
Saudi Arabia (TASI)	8,689.53	(0.66)	3.58	34.85	2.44
UAE (ADX)	5,045.32	1.62	(0.60)	20.07	4.85
UAE (DFM)	2,491.97	2.99	(9.87)	11.62	3.90

Of the seven GCC indices, six ended in positive territory, during the month of December. Dubai's DFM index (up 3.0%) was the top gainer. Conversely, Saudi Arabia's TASI (down 0.7%) was the only decliner.

- Bahrain's BAX closed 0.8% higher at 1,489.8 points. Among sectors, Industrial (up 6.1%) was the top gainer, followed by Insurance (up 3.5%). Among stocks, Solidarity Bahrain (up 19.6%) led the gainers, followed by Khaleeji Commercial Bank (up 17.8%), while INOVEST (down 10.0%) declined the most.
- Kuwait's All Share Index closed 1.6% higher at 5,546.0 points. Among sectors, Insurance (up 12.4%) led the gainers. On the contrary, Consumer Goods (down 16.1%) declined the most. Among stocks Al Bareeq Holding (up 364.5%) was the top gainer, followed by Burgan Co. For Well Drilling Trading & Maint (up 80.2%), while United Projects Co. (down 22.7%) was the top loser.
- Oman's MSM gained 0.4% to close at 3,658.8 points. Among sectors, Industrial (up 7.2%) was the top gainer. Among stocks, Raysut Cement (up 16.0%) was the top gainer, followed by Al Jazeera Steel Products (up 14.2%), while National Gas (down 6.5%) was the biggest loser.
- Qatar's DSM gained 1.7% to close at 10,436.0 points. Among sectors, Telecoms (up 8.0%) was the top gainer, followed by Real Estate (up 6.3%). Among stocks, Inma Holding (up 45.0%) was the top gainer, followed by Qatar German for Medical Devices (up 28.5%), while Qatar Insurance (down 7.4%) declined the most.
- Saudi Arabia's TASI declined 0.7% to close at 8,689.5 points. Among sectors, Food & Staples Retailing (down 8.9%) declined the most, followed by Pharma, Biotech & Life Science (down 6.4%), while Consumer Durables & Apparel (up 8.5%) was the top gainer. Among stocks, Anaam International Holding Group (down 46.3%) was the top loser, followed by Tourism Enterprise Co. (down 15.4%), while Saudi Vitriified Clay Pipes Co. (up 46.9%) was the top gainer.
- The ADX ended 1.6% higher at 5,045.3 points. Among sectors, Industrial (up 7.1%) lifted the index, followed by Services (up 5.9%). Among stocks, Gulf Cement Co. (up 107.2%) was the top gainer, followed by Union Insurance Co. (up 27.3%), while Ras Al Khaimah Poultry & Feeding Co. (down 8.8%) declined the most. The DFM ended 3.0% higher at 2,492.0 points. Among sectors, Investment & Financial Services (up 13.4%) was the biggest gainer, followed by Real Estate (up 7.2%). Among stocks, Emirates Refreshments Co. (up 72.2%) led the gainers, followed by Dubai Investments (up 16.0%), while DXB Entertainments (down 22.6%) declined the most.

Valuation

Size of the bubble represents Market Capitalization



Source: Bloomberg

GCC Markets – Economy and Industry News

Saudi Arabia

- Saudi Arabia announced a SAR990.0bn budget for fiscal year 2021, approximately **7.0%** less than estimated spending for 2020, and expects budget deficit to reach SAR141.0 bn, or 4.9% of the GDP.
- According to the General Authority of Statistics (GASTAT), Saudi Arabia's inflation increased 5.8% YoY in November 2020, compared to similar rate of inflation recorded on YoY basis in the previous month. Prices of tobacco increased the most by 13.3% YoY, followed by 13.0% YoY increase in prices of food and beverages.
- Kingdom's GDP at constant prices recorded a negative growth rate of **4.6%** in the third quarter of 2020, compared to the same quarter of the previous year, as per flash estimates released by GASTAT.
- Kingdom's IHS Purchasing Managers' Index (PMI) improved to 54.7 in November 2020, compared to 51.0 in October, supported by rise in output and strengthening business confidence as the impact of the coronavirus pandemic continued to ease.

UAE

- Moody's Investors Service assigned an Aa2 rating for creditworthiness to the UAE's government, the region's highest sovereign rating, with a stable outlook, citing country's high per capita GDP, internal stability, and strong international relations.
- According to Federal Competitiveness and Statistics Authority, UAE's consumer price index fell **2.4%** YoY in November 2020, compared to **2.2%** YoY decline in October. Prices of recreation and culture sector recorded the highest annual decrease at **24.8%** YoY.
- The Central Bank of the UAE (CBUAE) expects Emirates GDP to contract by **6.0%** in 2020, more than its previous forecast of a **5.2%** decline.

Qatar

- According to Planning and Statistics Authority, Qatar's consumer price index fell **2.9%** YoY in November 2020, following a decline of **2.4%** YoY in October.
- Qatar's foreign merchandise trade balance was in surplus by QAR9.1bn during November 2020 as total exports amounted to QAR16.6bn, decreasing **25.1%** YoY and total imports amounted to QAR7.5bn, decreasing **22.1%** YoY.

Bahrain

- According to Information & e-Government Authority, Bahrain's inflation fell **3.6%** YoY in November 2020, in line with the similar rate of deflation recorded on YoY basis in previous month. The prices of recreation and culture sector decreased the most at **43.1%** YoY, followed by **11.9%** YoY decline in prices of clothing and footwear.

Oman

- According to National Centre for Statistics and Information, Oman's Inflation fell **1.5%** YoY in November 2020, ascribed to **5.9%** YoY decline in prices of transportation sector.

GCC Corporate Developments

Saudi Arabia

- **Saudi Aramco** and Baker Hughes has announced formation a 50-50 Joint Venture (JV) named Novel, to develop and commercialize a broad range of non-metallic products for multiple applications in the energy sector.
- **Sahara International Petrochemical Co. (Sipchem)** signed a partnership contract with Linde GMBH to set up a 50-50 owned joint venture for developing industrial gas projects and network in the Kingdom.
- **Maharah Human Resource Co.** signed a non-binding agreement to acquire a majority stake in Spectra Support Services, a limited liability company.
- **Ayyan Investment Co.'s** board started talks to acquire stakes held by non-controlling shareholders in its 69.9%-owned subsidiary Al Ahsa Medical Services Co. The company will also negotiate the method of financing the acquisition deal.
- **Jazan Energy and Development Co. (Jazadco)** signed a binding agreement to acquire 100% stake of Jazel Investments Limited valued at SAR410.0mn, which will be paid through the issuance of 32.8mn new shares for selling partners.
- **Dallah Healthcare Co.** completed the acquisition of 78.6% stake in Makkah Medical Center Co. for a total consideration of SAR161.1mn.
- **Ataa Educational Co.** signed an agreement to acquire complete stake in Education International Schools LLC for a total value of SAR40.0mn.

UAE

- **DAMAC Properties** is considering a potential acquisition related to increasing the company's current shareholding in the Nine Elms project in London.
- **Aldar Properties** signed an agreement to divest two of its district cooling assets on Abu Dhabi's Saadiyat Island to **National Central Cooling Company (Tabreed)** for AED963.0mn.
- **Emaar Properties** has halted new building work after a construction boom in recent years led to oversupply, coupled with additional pressure from COVID-19 pandemic, said company's chairman.
- MetLife, a global life insurance company entered into a 10-year strategic partnership with **National Bank of Ras Al Khaimah** to provide comprehensive life insurance solutions to the bank's customers across the UAE.

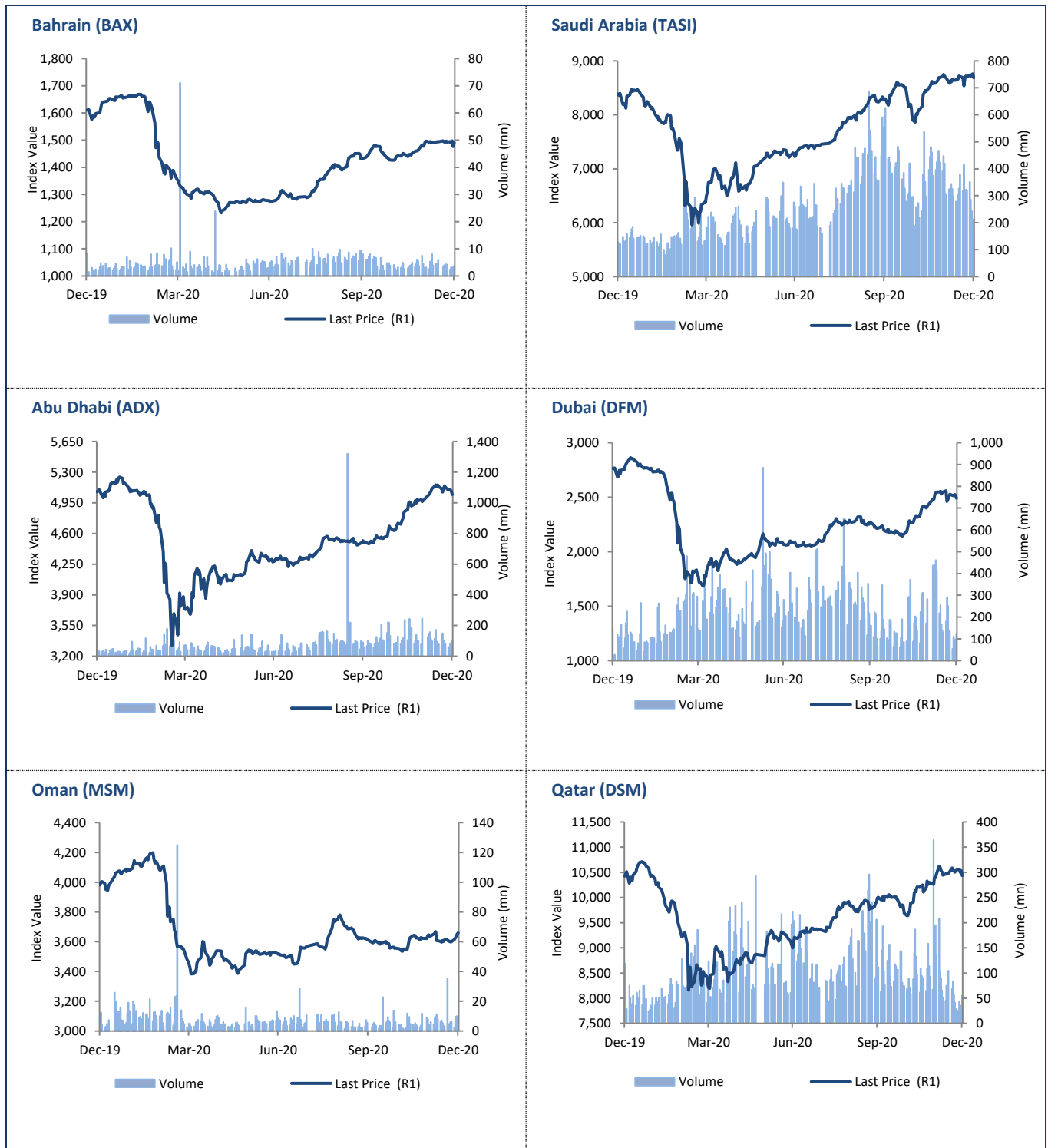
Bahrain

- **GFH Financial Group** acquired AMA International University-Bahrain (AMAIUB) for a total consideration on \$100.0mn to increase the Group's regional presence in the educational sector.

Oman

- **Bank Muscat** signed an agreement with **SICO**, Bahrain-based broker and investment bank, wherein latter company will acquire a majority stake in Saudi-based Muscat Capital, a wholly owned subsidiary of the Omani financial institution.

GCC Benchmark Indices– Market Movement



Disclaimer

This material was produced by Ahli Capital Investment Company K.S.C.C ('Ahli Capital'), a firm regulated by the Capital Markets Authority (Kuwait). This document is not to be used or considered as an offer to sell or a solicitation of an offer to buy any securities. Ahli Capital may, from time to time to the extent permitted by law, participate or invest in other financing transactions with the issuers of the securities ('securities'), perform services for or solicit business from such issuer, and/or have a position or effect transactions in the securities or options thereof. Ahli Capital may, to the extent permitted by applicable Kuwaiti law or other applicable laws or regulations, effect transactions in the securities before this material is published to recipients. Information and opinions contained herein have been compiled or arrived by Ahli Capital from sources believed to be reliable, but Ahli Capital has not independently verified the contents of this document. Accordingly, no representation or warranty, express or implied, is made as to and no reliance should be placed on the fairness, accuracy, completeness or correctness of the information and opinions contained in this document. Ahli Capital accepts no liability for any loss arising from the use of this document or its contents or otherwise arising in connection therewith. This document is not to be relied upon or used in substitution for the exercise of independent judgment. Ahli Capital shall have no responsibility or liability whatsoever in respect of any inaccuracy in or omission from this or any other document prepared by Ahli Capital for, or sent by Ahli Capital to any person and any such person shall be responsible for conducting his 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. Opinions and estimates constitute our judgment and are subject to change without prior notice. Past performance is not indicative of future results. This document does not constitute an offer or invitation to subscribe for or purchase any securities, and neither this document nor anything contained herein shall form the basis of any contract or commitment whatsoever. It is being furnished to you solely for your information and may not be reproduced or redistributed to any other person. Neither this report nor any copy hereof may be distributed in any jurisdiction outside Kuwait where its distribution may be restricted by law. Persons who receive this report should make themselves aware of and adhere to any such restrictions. By accepting this report you agree to be bound by the foregoing limitations.