

ABK CAPITAL
GCC
MARKET
MONTHLY
REPORT

2022



GCC Market Monthly Report

December 2022

GCC Markets Performance

Index	Close	Change MTD (%)	Change YTD (%)	P/E	Dividend Yield (%)
Bahrain (BAX)	1,895.3	1.63	5.45	7.96	5.60
Kuwait (KWSEAS)	7,292.1	(3.86)	3.53	17.97	2.83
Oman (MSM)	4,857.4	5.28	17.63	14.99	3.59
Qatar (DSM)	10,681.1	(10.44)	(8.13)	11.81	4.27
Saudi Arabia (TASI)	10,478.5	(3.84)	(7.12)	16.68	2.73
UAE (ADX)	10,211.1	(3.23)	20.30	27.72	2.01
UAE (DFM)	3,336.1	0.36	4.39	9.17	3.29

Market Highlights

Four GCC indices ended in negative territory, while three ended in positive territory during the month of December. Oman's MSM Index (up 5.3%) was the top gainer, followed by Bahrain's BAX (up 1.6%), while Qatar's DSM (down 10.4%) declined the most.

- ▶ Bahrain's BAX closed 1.6% higher at 1,895.3 points. Among sectors, Material (up 7.5%) was the top gainer, followed by Consumer Staples (up 4.8%). Among stocks, Trafco Group (up 7.7%) increased the most, followed by Aluminium Bahrain B.S.C. (up 7.5%), while Esterad Investment Co. (down 16.7%) was the top loser. In January, we expect Bahrain's market to follow trend in oil prices.
- ▶ Kuwait's All Share Index closed 3.9% lower at 7,292.1 points. Among sectors, Technology (down 9.7%) declined the most. On the contrary, Oil and Gas (up 4.3%) rose the most. Metal & Recycling Company (down 37.6%) declined the most followed by Al-Arabiya Real Estate Co. (down 19.4%), while Arabi Holding Group Co. (up 15.4%) was the top gainer. We estimate the Kuwaiti market to rise in January on expectation of increased in demand ensuing positive outlook for oil prices.
- ▶ Oman's MSM was up 5.3% at 4,857.4 points. Among sectors, Industrials (up 6.6%) was the top gainer, followed by Financials (up 5.5%). Among stocks, Dhofar Generating Company (up 38.1%) increased the most, followed by Raysut Cement Company (up 37.7%), while Al Hassan Engineering Co. (down 33.3%) was the top loser. We expect Oman's bourses to rise in January driven by robust energy prices, expansion of oil-gas production, and wide-ranging structural reforms.
- ▶ Qatar's DSM fell 10.4% to close at 10,681.1 points. Among sectors, Banks and Financial Services (down 12.3%) decreased the most, followed by Real Estate (down 10.2%). Among stocks Qatar Islamic Bank (down 23.6%) was the top loser, followed by Qatar General Insurance & Reinsurance (down 20.6%), while Qatar National Cement (up 5.2%) increased the most. We anticipate Qatar's market to rise on account of the lingering effect of FIFA World cup that was held in November and December.
- ▶ Saudi Arabia's TASI decreased 3.8% to close at 10,478.5 points. Among sectors, Food & Staples Retailing (down 9.4%) declined the most, followed by Capital Goods (down 8.8%), while Materials (up 0.7%) rose the most. Tourism Enterprise Co. (down 45.7%) declined the most, followed by Tihama Advertising Public Relations (down 37.5%) while Saudi Kayan Petrochemical Co. (up 17.4%) rose the most. The market is expected to rise in January as OPEC+ group plans to cut down oil price production ensuing price rise.
- ▶ The ADX rose 3.2% lower at 10,211.1 points. Among sectors, Consumer Staples (down 6.8%) were the top loser, while Health Care (up 1.3%) was the only gainer. Among stocks, Al Khaleej Investment (down 39.9%) declined the most, followed by Aram Group (down 25.4%), while Sudatel Telecommunications Group Company (up 24.3%) rose the most. The DFM ended 0.3% higher at 3,336.1 points. Among sectors, Materials (up 14.8%) was the top gainer, followed by Communication Services (up 2.7%), whereas Consumer Staples (down 9.5%) was the top gainer. Among stocks Ajman Bank PJSC (up 30.4%) rose the most, followed by Salik Company PJSC (up 7.8%), while Dubai Investments PJSC (down 2.3%) declined the most. In January, we expect the UAE markets to grow as there is positive sentiment in GCC due to projected oil prices.

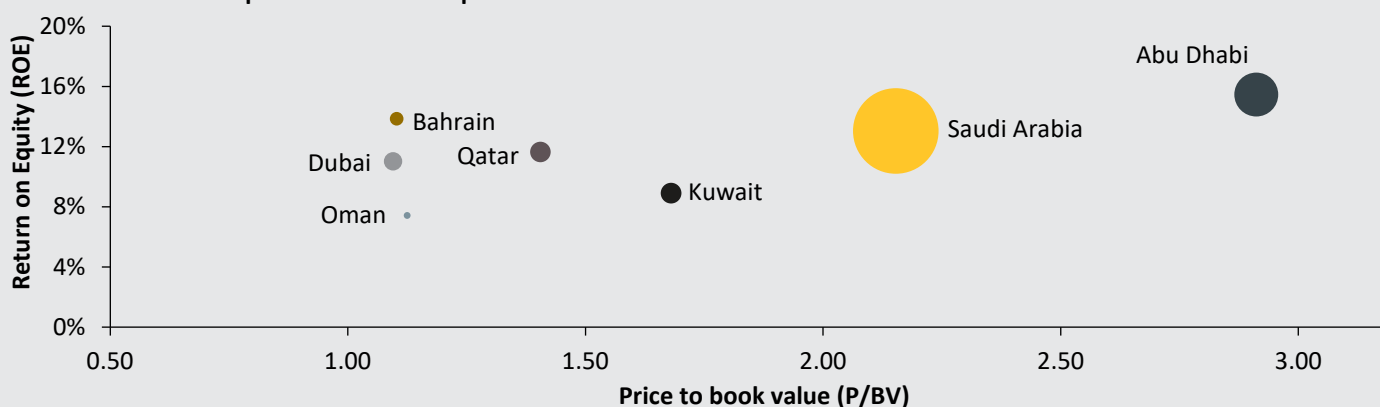
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Valuation

Size of the bubble represents Market Capitalization



Macroeconomic Snapshot

- Bahrain** – The International Monetary Fund (IMF) estimates Bahrain’s real Gross Domestic Product (GDP) to increase by 3.4% this year, and inflation is projected to rise by 3.5%. According to the Information & eGovernment Authority, the inflation rate in Bahrain stood at 3.90% YoY in November 2022, slightly higher than 3.80% YoY in October 2022.
- Kuwait** – As per IMF’s projections Kuwait’s economy is expected to increase by 8.7% this year, and inflation is projected to rise by 4.3%. The annual consumer price inflation (CPI) rate increased 3.18% in November 2022 compared to November 2021, as reported by the Central Statistical Bureau.
- Oman** – As per IMF estimates, Oman’s economy is projected to grow 4.4% this year, and inflation is estimated to rise by 3.1%. According to the National Centre for Statistics and Information, Oman’s inflation decreased to 2.06% (the lowest rate since June 2021) in November 2022 from 2.39% in October 2022.
- Qatar** – As per IMF estimates, Qatar’s real GDP growth is expected to grow by 3.4% this year, and inflation is expected to increase by 4.5%. Qatar’s CPI reached 106.86 points in November 2022, increasing 1.36% MoM and 5.30% YoY.
- Saudi Arabia** – The IMF in its latest projection stated that Saudi Arabia’s GDP is expected to grow by 7.6% in FY22, and inflation is expected to grow by 2.7%. According to the General Authority for Statistics (GASTAT)’s revised estimates, Saudi Arabia’s real GDP grew 8.8% YoY in Q3 2022, driven by 14.2% YoY and 6.0% YoY increases in oil and non-oil activities, respectively.
- UAE** – As per estimates released by the IMF, the real GDP growth rate for UAE is expected to increase 5.1% this year, and inflation is projected to rise by 5.2%. In comparison, UAE’s PMI declined to 54.4 in November 2022 from 56.6 in October 2022.

Country	Real GDP Growth	Inflation	Interbank Rate (3M)	REPO Rate
Bahrain	3.4	3.5	5.97	6.50
Kuwait	8.7	4.3	4.00	3.13
Oman	4.4	3.1	4.32	5.00
Qatar	3.4	4.5	5.28	5.25
Saudi Arabia	7.6	2.7	5.28	5.00
UAE	5.1	5.2	4.55	4.00

Source: IMF World Economic Outlook Update (October 2022), Central Bank, Bloomberg

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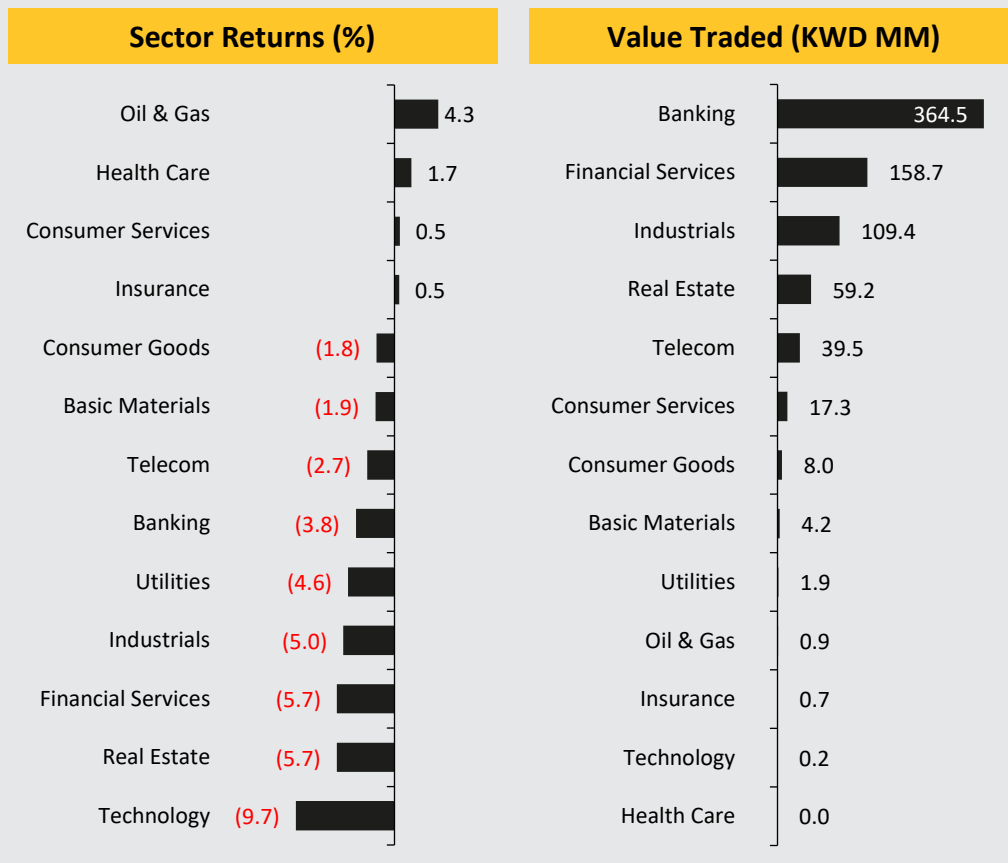
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Kuwait – Sector Returns and Value Traded

◆ **Oil & Gas:** The sector closed 4.3% higher at 1,138.5 points. National Petroleum Services Co (up 8.1%) was the top gainer, followed by Independent Petroleum Group (up 5.2%); while Gulf Petroleum Investment (down 4.6%) was the top loser. Total volume and turnover stood at 25.7MM shares and KWD 0.9MM.

◆ **Technology:** The sector closed 9.7% lower at 696.2 points during the month. Automated Systems Company, being the only company in the sector, decreased 9.7%. Total volume and value traded stood at 1.7MM and KWD 0.17MM, respectively.

Source: KSE



Commodity Tracker

◆ Gold ended the month at \$1,824.0/troy oz., was up 3.1% MoM in December 2022. In January, gold prices are estimated to marginally decline as the Federal Reserve is expected to raise interest rates as a response to curtail inflation.

◆ Brent crude closed at \$85.9 per barrel in December 2022, representing a positive return of 0.6% MoM. Oil prices are projected to remain slightly rise in January 2022 as OPEC+ group is expected to cut its production, which would be partially countered by lower demand because of concentrated lockdowns due to zero covid policy.

◆ Silver ended the month at \$24.0/troy oz., registering a positive return of 7.9% MoM. Silver prices are projected to decline in January due to US Treasury yield and US dollar growth against a basket of other currencies.

Commodity	Close	MTD (%)	YTD (%)
Gold (USD/troy oz.)	1,824.0	3.1	(0.3)
Brent Crude (USD/bbl.)	85.9	0.6	10.5
Silver (USD/troy oz.)	24.0	7.9	2.8

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Stock Watch (Kuwait)

Arabi Holding Group Co. (up 15.4%) was the top gainer, while Metal & Recycling Company (down 37.6%) declined the most.

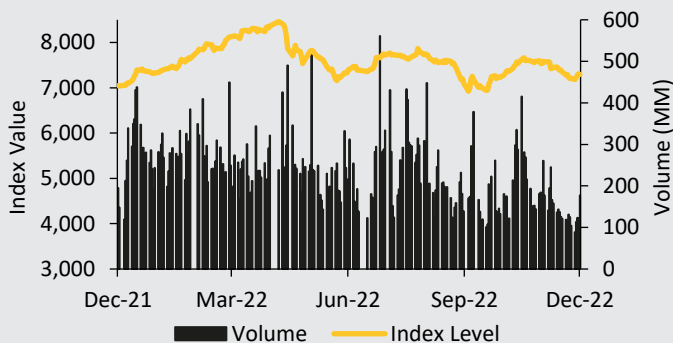
Stock Watch (Saudi Arabia)

Saudi Kayan Petrochemical Co. (up 17.4%) rose the most, while Tourism Enterprise Co. (down 49.7%) declined the most.

Name	M Cap (KWD MM)	Last (KWD Fils)	MTD (%)	YTD (%)	Shares Traded (MM)	P/E	P/B	Name	M Cap (SAR MM)	Last (SAR)	MTD (%)	YTD (%)	Shares Traded (MM)	P/E	P/B
TOP GAINERS								TOP GAINERS							
AGHC	54.78	322.00	15.41	10.65	10.40	NA	1.91	SAUDI KAYAN	20,490.00	13.66	17.35	(19.74)	52.39	NM	1.25
NIH	28.58	130.00	14.04	(14.47)	43.37	17.84	0.79	MEPCO	2,183.33	32.75	14.51	0.15	21.96	6.40	1.86
MADAR	23.60	114.00	14.00	(4.20)	3.05	NM	1.08	TANMIAH	2,624.00	131.20	14.29	59.81	3.77	17.00	5.37
OSOUL	12.38	97.80	11.14	18.55	0.28	NA	0.87	AMERICANA	25,692.08	3.05	13.81	13.81	1,447.27	33.19	53.29
KINV	83.29	152.00	10.14	(45.91)	56.71	31.63	0.75	TASNEE	8,267.78	12.36	11.96	(38.08)	82.20	8.60	0.87
TOP LOSERS								TOP LOSERS							
MRC	4.50	49.90	(37.63)	(47.47)	1.73	NA	0.64	TECO	832.66	14.40	(49.65)	(45.41)	68.79	NM	15.38
ARABREC	13.03	25.80	(19.38)	(38.42)	37.25	NA	0.31	TAPRCO	329.00	65.80	(37.45)	(50.22)	4.15	NA	NA
URC	82.16	63.10	(16.86)	(16.31)	6.40	91.05	0.43	ENAYA	206.54	8.98	(31.55)	(71.47)	31.98	NM	6.03
NRE	232.27	125.00	(16.67)	(43.44)	66.21	NA	0.74	ALINMA TOKIO M	360.00	12.00	(27.27)	(61.78)	4.80	168.62	1.87
CATTL	23.01	110.00	(13.39)	(39.56)	4.07	NA	0.72	ALSAIF GALLERY	3,167.50	90.50	(21.30)	(21.30)	11.66	NA	NA

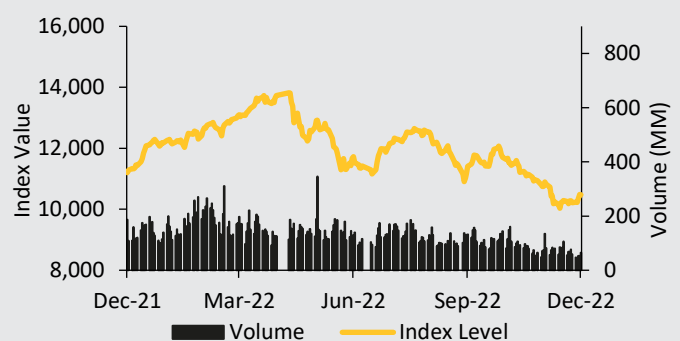
Source: Bloomberg, CapIQ. NA – Not available, NM – Not meaningful

Kuwait (KWSEAS)



Source: Bloomberg

Saudi Arabia (TASI)



Monthly Market Updates

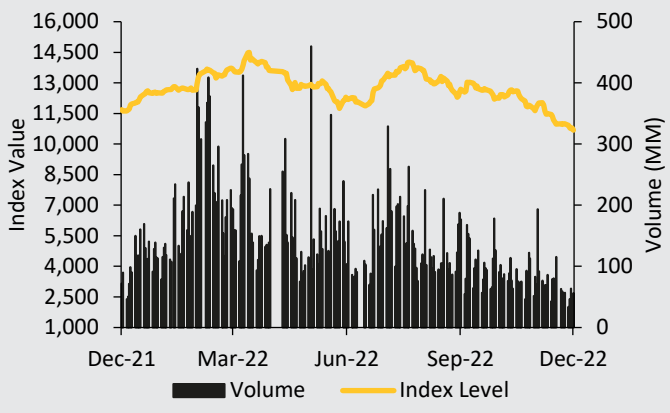
- ◆ Kuwait's All Share Index closed 3.9% MoM lower at 7,292.1 points in December 2022. The total volume traded declined 38.6% MoM to 2.9BLN, the number of deals decreased 31.6% MoM to 158,928, and the total value traded decreased 35.0% MoM to KWD 0.8BLN.
- ◆ As per the third estimate released by the Bureau of Economic Analysis, US real GDP growth increased 3.2% YoY in Q3 2022 as opposed to 0.6% YoY decrease in Q2 2022.
- ◆ According to Eurostat, EU's statistical office, the Euro area's annual inflation rate was 10.1% in November 2022, down from 10.6% in October 2022. As per the Office for National Statistics, the CPI in the UK climbed 10.7% YoY in November 2022 from 11.1% YoY in October 2022.
- ◆ Based on the latest data released by the National Bureau of Statistics, China's CPI dropped to 1.6% YoY in November 2022 (lowest since March 2022) from 2.1% YoY in October 2022.
- ◆ According to the Statistics Bureau of Japan, CPI stood at 3.8% YoY in November 2022, the highest since January 1991, compared with the increment of 3.7% YoY in October 2022.

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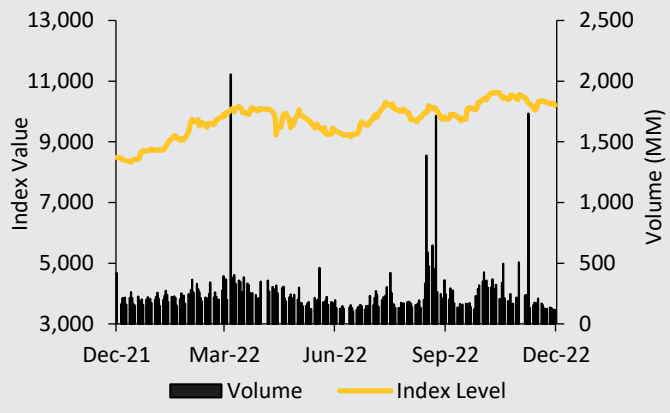
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GCC Benchmark Indices – Market Movements

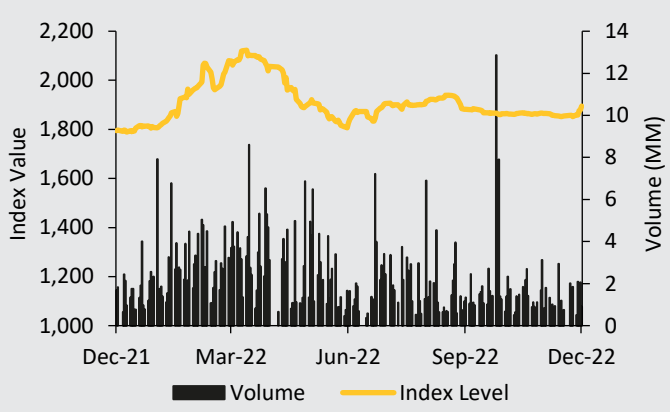
Qatar (DSM)



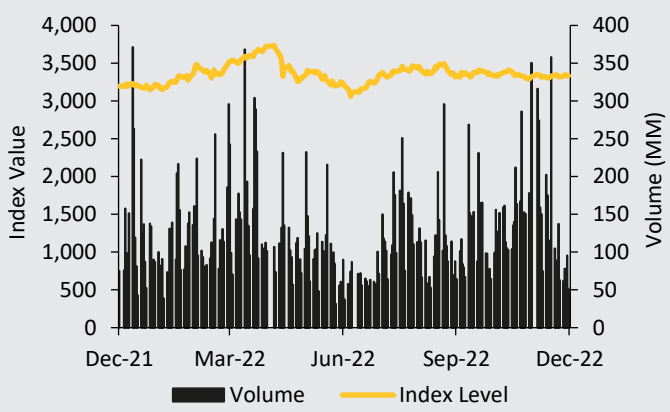
Abu Dhabi (ADX)



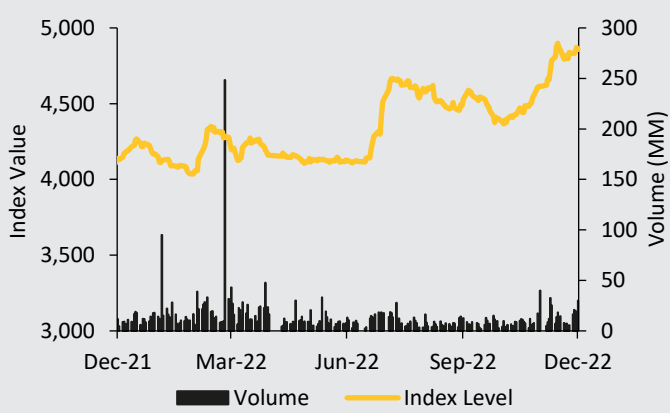
Bahrain (BAX)



Dubai (DFM)



Oman (MSM)



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GCC Markets – Economy and Industry News

Saudi Arabia

- ◆ According to the General Authority for Statistics (GASTAT)'s revised estimates, Saudi Arabia's real GDP grew 8.8% YoY in Q3 2022, driven by 14.2% YoY and 6.0% YoY increases in oil and non-oil activities, respectively.
- ◆ In November 2022, the Consumer Price Index (CPI) was 2.9% compared to November 2021, marginally lower than 3.0% recorded in October 2022.
- ◆ The overall merchandise exports surged 13.9% YoY to SAR 120.7BLN in October 2022, mainly led by a 16.6% YoY rise in oil exports. Non-oil exports (including re-exports) jumped 4.4% YoY in October 2022. The share of oil exports increased to 79.4% of the total exports in October 2022 from 77.5% in October 2021.
- ◆ The Saudi Central Bank (SAMA) increased its repo and reverse repo rates by 50bps to 5.0% and 4.5%, respectively, following the US Federal Reserve (Fed)'s hike.

UAE

- ◆ According to S&P Global, Dubai's Purchasing Manager's Index (PMI) decreased to 54.9 in November 2022 from 56.0 in October 2022, mainly due to weakening global growth.
- ◆ In comparison, UAE's PMI declined to 54.4 in November 2022 from 56.6 in October 2022.
- ◆ The Central Bank of the UAE (CBUAE) increased the base rate applicable to the overnight deposit facility (ODF) to 4.40% from 3.90%.
- ◆ CBUAE expects real GDP growth of 7.6% YoY in 2022, an upward revision from the previous estimate (6.5% YoY). CBUAE also expects 3.9% YoY real GDP growth in 2023, revising down the previous estimate.

Qatar

- ◆ As per the Planning and Statistics Authority (PSA), Qatar's foreign merchandise trade balance reached QAR 26.2BLN (up 6.7% YoY) in November 2022, as exports totalled QAR 37.1BLN (up 8.2% YoY) and imports stood at QAR 10.9BLN (up 11.7% YoY).
- ◆ Qatar's CPI reached 106.86 points in November 2022, increasing 1.36% MoM and 5.30% YoY.

Bahrain

- ◆ According to the Information & eGovernment Authority, the inflation rate in Bahrain stood at 3.90% YoY in November 2022, slightly higher than 3.80% YoY in October 2022. Consumer prices declined 0.1% MoM, the same pace as the last month.
- ◆ Bahrain's exports having national origin decreased around 14.0% in value to BHD 350.0MM in November 2022, as against BHD 406.0MM in November 2021, as per the government data.

Oman

- ◆ According to the National Centre for Statistics and Information, Oman's inflation decreased to 2.06% (the lowest rate since June 2021) in November 2022 from 2.39% in October 2022.
- ◆ Oman Investment Authority, Oman's sovereign wealth fund, plans to spend OMR 1.9BLN (USD 5.0BLN) on investment projects in 2023.

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GCC Corporate Developments

Saudi Arabia

- ◆ Savola Group announced a profit of SAR 81.0MM (USD 21.6MM) from the sale of stakes in Knowledge Economic City Co. and Knowledge Economic City Developers to Taiba Investments Co.
- ◆ Manafa Capital, the first authorised crowdfunding platform in KSA, closed the Series A round of SAR 106.0MM (USD 28.0MM); the transaction was led by the Riyadh-based venture capital firm STV and Wa'ed Ventures, the venture capital arm of Saudi Arabian Oil Co.
- ◆ Mouwasat Medical Services Company's BOD proposed increasing its share capital by 100% through a bonus share issuance; this will increase the capital to SAR 2.0BLN for 200.0MM shares, compared with the current capital of SAR 1.0BLN and 100MM shares.
- ◆ Keir International Company penned a contract with the Saudi Ports Authority (Mawani) for connecting 10 ports with fibre optic networks; the contract value is SAR 16.6MM (including VAT).

UAE

- ◆ UAE-based Agthia Group acquired a 60.0% stake in the Auf Group, an Egypt-based healthy snacks and coffee manufacturer and retailer; the deal amounted around EGP 2.9BLN.
- ◆ AD Ports Group declared the merger of KEZAD Communities with Al Eskan Al Jamae LLC (EAJ) to create Abu Dhabi's largest integrated staff accommodation company with an equity value of around AED 7.0BLN. The transaction would be through equity share swap with no cash exchange, and AD Ports would hold the controlling majority stake in the new entity.
- ◆ e&, previously known as the Etisalat Group, rose equity stake in Vodafone Group's issued share capital (excluding treasury shares) to 11.0% from 9.8%.
- ◆ Mubadala Capital, the asset management arm of Mubadala Investment Company, signed a private equity partnership transaction worth USD 2.1BLN with Ardian, a leading private investment house based in France.
- ◆ National Marine Dredging Company (NMDC) was awarded a contract worth AED 1.0BLN for handling dredging works in the Suez Canal in Egypt.

Qatar

- ◆ The extraordinary general assembly of Oman Qatar Insurance Company (OQIC), a subsidiary of Qatar Insurance Company, approved merging the company with Oman's Vision Insurance Company. OQIC's authorised capital would also be increased to OMR 30.0MM from the current OMR 20.0MM.

Bahrain

- ◆ Dividend Gate Capital (DGC) aims to strengthen its healthcare portfolio in the GCC region through the acquisitions and partnerships of fast-growing healthcare institutions, including specialised eye centres, medical residency screening centres and rehabilitation centres for people with limited disabilities.

Oman

- ◆ SABIC, Omani petroleum major OQ and Kuwait Petroleum International (KPI) penned a three-party project development agreement for a jointly owned petrochemical complex in the Special Economic Zone at Duqm, the Sultanate of Oman.

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