

ABK CAPITAL
GCC
MARKET
MONTHLY
REPORT

2023



GCC Market Monthly Report

July 2023

GCC Markets Performance

| Index | Close | Change MTD (%) | Change YTD (%) | P/E | Dividend Yield (%) |
|---------------------|----------|----------------|----------------|-------|--------------------|
| Bahrain (BAX) | 1,992.4 | 1.76 | 5.13 | 7.07 | 7.67 |
| Kuwait (KWSEAS) | 7,253.8 | 3.19 | (0.53) | 17.89 | 3.64 |
| Oman (MSM) | 4,776.1 | 0.17 | (1.67) | 13.05 | 4.57 |
| Qatar (DSM) | 10,963.0 | 8.82 | 2.64 | 13.20 | 4.51 |
| Saudi Arabia (TASI) | 11,692.2 | 2.04 | 11.58 | 18.34 | 2.91 |
| UAE (ADX) | 9,787.1 | 2.48 | (4.15) | 32.82 | 1.72 |
| UAE (DFM) | 4,059.3 | 7.05 | 21.68 | 9.29 | 4.35 |

Market Highlights

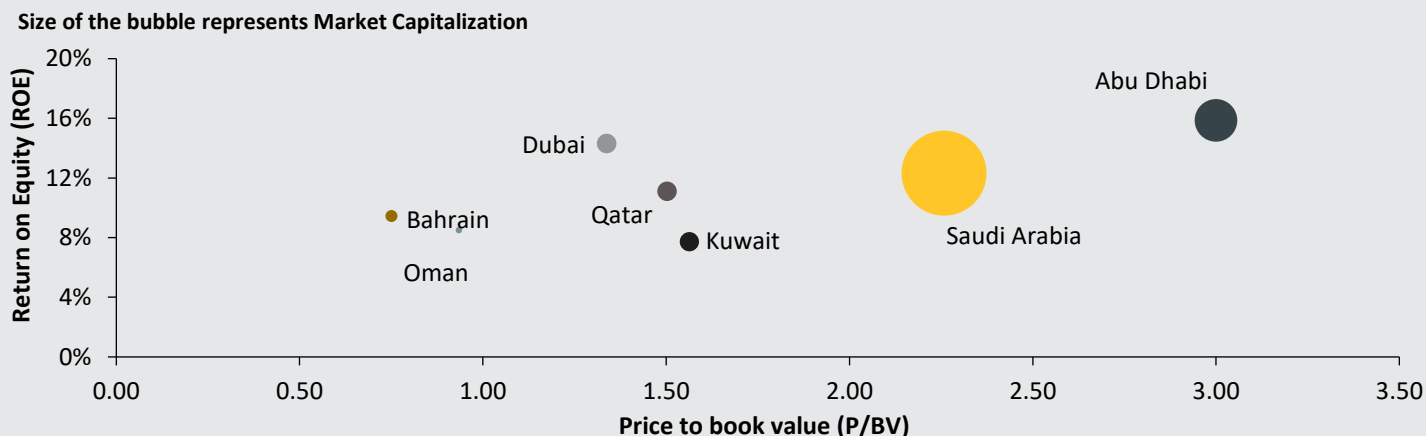
All GCC indices ended in positive territory during the month of July. Qatar's DSM (up 8.8%) rose the most, followed by UAE's DFM (up 7.1%).

- ◆ Bahrain's BAX closed 1.8% higher at 1,992.4 points. Among sectors, Communications Services (up 2.3%) was the top gainer, followed by Financials (up 1.9%), whereas Real Estate (down 0.7%) declined the most. Among stocks, Al Salam Bank (up 25.5%) increased the most, followed by Khaleeji Bank (up 14.3%), while Bahrain Commercial Facilities Co (down 26.7%) was the top loser. In August, we expect Bahrain's market to follow trend in oil prices.
- ◆ Kuwait's All Share Index closed 3.2% higher at 7,253.8 points. Among sectors, Consumer Services (up 10.3%) inclined the most, followed by Financial Services (up 5.2%), whereas Technology (down 14.6%) declined the most. IFA Hotels & Resorts Co. (up 587.5%) was the top gainer, followed by International Financial Advisers Holding (up 36.13%), while Kuwait Foundry Co. (down 30.0%) declined the most. We estimate the Kuwaiti market to rise marginally in August as the market sentiment for oil prices is expected to be positive.
- ◆ Oman's MSM was up 0.2% at 4,776.1 points. Among the sectors, Financial (down 0.04%) fell the least, followed by Industry (down 0.5%) whereas Services (down 1.3%) declined the most. Among stocks, Oman Chromite (up 28.6%) increased the most, followed by Voltamp Energy (up 21.9%), while Majan Glass (down 81.5%) was the top loser. We expect Oman's bourses to rise in August driven by rising energy prices with respect to planned reduced supply of oil-gas production, and wide-ranging structural reforms.
- ◆ Qatar's DSM up 8.8% to close at 10,963.0 points. Among sectors, Industrials (up 11.7%) rose the most, followed by Banks and Financial Services (up 10.1%). Among stocks, Widam Food Company (up 34.4%) was the top gainer, followed by Qatar Oman for Investment (up 24.7%), while Qatar General Insurance & Reinsurance (down 12.3%) decreased the most. We anticipate Qatar's market to remain stable in August.
- ◆ Saudi Arabia's TASI increased 2.0% to close at 11,692.2 points. Among sectors, Commercial and Professional Services (up 17.9%) rose the most, followed by Software and Services (up 13.7%), whereas Consumer Durables & Apparel (down 4.5%) declined the most. Al Mawarid Manpower Co. (up 48.2%) rose the most, followed by The Mediterranean and Gulf Insurance and Reinsurance Co. (up 43.8%), while Abdulmohsen Alhokair Group for Tourism and Development (down 16.3%) declined the most. The market is expected to rise in August as OPEC+ group plans to cut down oil price production to combat price decline, aided by positive broad economic outlook.
- ◆ The ADX rose 2.5% higher at 9,787.1 points. sectors, Consumer Discretionary (up 11.0%) was the top gainer, followed by Energy (up 7.6%), while Utilities (down 8.2%) was the top loser. Among stocks, Hayah Insurance Company P.J.S.C. (up 73.9%) increased the most, followed by Hayah Insurance Company P.J.S.C. (up 60.6%), while Hily Holding P.J.S.C. (down 29.5%) decreased the most.
- ◆ The DFM ended 7.0% higher at 4,059.3 points. Among sectors, Consumer Staples (up 27.9%) was the top gainer, followed by Materials (up 11.4%), whereas Communication Services (up 4.6%) rose the least. Among stocks, Emirates Refreshments Company (up 27.9%) was the top gainer, followed by Al Salam Bank B.S.C. (up 23.5%), while Ektitab Holding Company K.S.C.C (down 19.8%) declined the most. In August, we expect the UAE markets to grow as there is a positive economic outlook aided by rising oil prices.

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Valuation



Macroeconomic Snapshot

- ◆ **Bahrain** – The International Monetary Fund (IMF) estimates Bahrain's real Gross Domestic Product (GDP) to increase by 3.0% this year, and inflation is projected to rise by 2.2%. According to the General Authority for Statistics' revised estimates, Saudi Arabia's real GDP growth was up 1.1% YoY in Q2 2023, driven by a 5.5% YoY rise and 4.2% YoY decrease in non-oil and oil activities, respectively.
- ◆ **Kuwait** – As per IMF's projections Kuwait's economy is expected to increase by 0.9% this year, and inflation is projected to rise by 3.3%. The annual consumer price inflation rate increased 3.83% YoY in June 2023, as reported by the Central Statistical Bureau.
- ◆ **Oman** – As per IMF estimates, Oman's economy is projected to grow 1.7% this year, and inflation is estimated to rise by 1.9%. According to the National Centre for Statistics and Information, Oman's inflation stood at 0.6% in June 2023 compared with 0.9% in May 2023.
- ◆ **Qatar** – As per IMF estimates, Qatar's real GDP growth is expected to grow by 2.4% this year, and inflation is expected to increase by 3.0%. Qatar's CPI reached 105.71 points in June 2023, up 2.49% YoY compared with that in Q1 2022 and down 0.1% MoM from that in May 2023.
- ◆ **Saudi Arabia** – The IMF in its latest projection stated that Saudi Arabia's GDP is expected to grow by 1.9% in this year, and inflation is expected to increase by 2.8%. According to the General Authority for Statistics' revised estimates, Saudi Arabia's real GDP growth was up 1.1% YoY in Q2 2023, driven by a 5.5% YoY rise and 4.2% YoY decrease in non-oil and oil activities, respectively.
- ◆ **UAE** – As per estimates released by the IMF, the real GDP growth rate for UAE is expected to increase by 3.5% this year, and inflation is projected to rise by 3.4%. The UAE's PMI increased to 56.9 in June 2023 from 55.5 in May 2022, driven by strong improvement in the non-oil private sector's operating conditions from the prior month.

| Country | Real GDP Growth | Inflation | Interbank Rate (3M) | REPO Rate |
|--------------|-----------------|-----------|---------------------|-----------|
| Bahrain | 3.0 | 2.2 | 6.63 | 7.00 |
| Kuwait | 0.9 | 3.3 | 4.20 | 3.63 |
| Oman | 1.7 | 1.9 | 5.67 | 5.75 |
| Qatar | 2.4 | 3.0 | 5.71 | 5.75 |
| Saudi Arabia | 1.9* | 2.8 | 5.95 | 5.75 |
| UAE | 3.5 | 3.4 | 5.27 | 5.40 |

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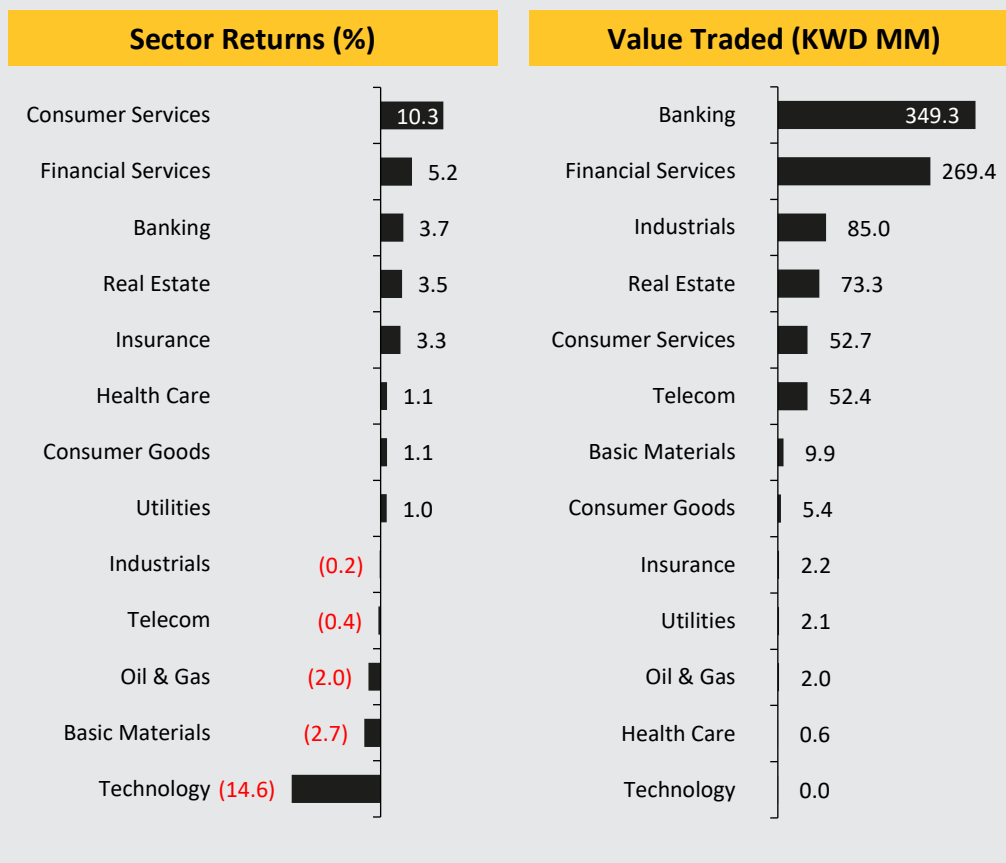
Source: IMF World Economic Outlook Update for FY 2023 (*July 2023 for Saudi Arabia, April 2023 for rest), Central Banks, Bloomberg

Kuwait – Sector Returns and Value Traded

◆ **Consumer Services:** The sector closed 10.3% higher at 1,720.9 points during the month. Ifa Hotels & Resorts Co. (up 587.5%) rose the most, followed by Ali Alghanim Sons Automotive Company K.S.C (up 17.7%) while Kuwait Hotels Company (down 14.1%) was the top Loser. Total volume and value traded stood at 240.7MM and KWD 52.7MM, respectively.

◆ **Technology:** The sector closed 14.6% lower at 576.9 points during the month. Automated Systems Company, being the only company in the sector, decreased 14.6%. Total volume and value traded stood at 0.5MM and KWD 44,566, respectively.

Source: KSE



Commodity Tracker

- ◆ Gold ended the month at \$1,965.1/troy oz., was up 2.4% MoM in July 2023. In August, 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 \$85.6 per barrel in July 2023, representing a positive return of 14.2% MoM. Oil prices are projected to increase; support will come in August 2023 as OPEC+ group is expected to cut its production.
- ◆ Silver ended the month at \$24.7/troy oz., registering a positive return of 8.7% MoM. Silver prices are projected to decline in August due to US Treasury yield and US dollar growth against a basket of other currencies.

| Commodity | Close | MTD (%) | YTD (%) |
|------------------------|---------|---------|---------|
| Gold (USD/troy oz.) | 1,965.1 | 2.4 | 7.7 |
| Brent Crude (USD/bbl.) | 85.6 | 14.2 | (0.4) |
| Silver (USD/troy oz.) | 24.7 | 8.7 | 3.3 |

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Stock Watch (Kuwait)

IFA Hotels & Resorts Co. (up 587.5%) was the top gainer, while Kuwait Foundry Co. (down 30.0%) declined the most.

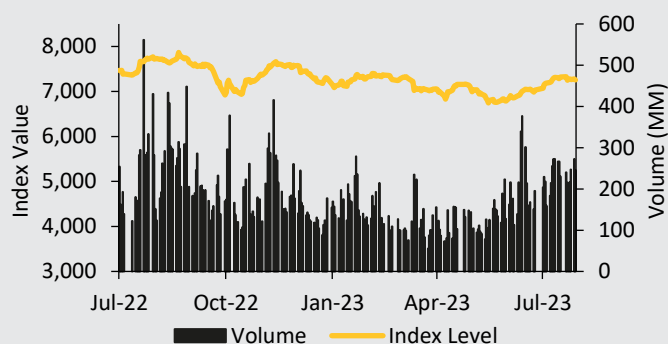
Stock Watch (Saudi Arabia)

Al Mawarid Manpower Co. (up 48.2%) rose the most, while Abdulmohsen Alhokair Group for Tourism and Development (down 16.3%) 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 | | | | | | | |
| IFHR | 29.41 | 165.00 | 587.50 | 480.99 | 56.71 | 9.27 | 0.59 | ALMAWARID | 2,109.00 | 140.60 | 48.16 | 119.69 | 34.00 | NA | NA |
| IFA | 40.38 | 162.00 | 36.13 | 63.47 | 197.11 | 31.18 | 1.13 | MEDGULF | 1,407.00 | 13.40 | 43.78 | 55.45 | 49.18 | NM | 1.89 |
| ALDEERA | 17.62 | 192.00 | 35.21 | 20.00 | 0.20 | 28.77 | 1.58 | JAMJOOM PHARMA | 8,414.00 | 120.20 | 34.30 | 100.33 | 36.77 | NA | NA |
| ARZAN | 115.71 | 142.00 | 32.71 | 23.48 | 243.76 | 27.34 | 1.06 | FIRST MILLS | 4,933.95 | 88.90 | 26.10 | 48.17 | 66.60 | NA | NA |
| KPPC | 19.09 | 31.30 | 28.81 | (13.06) | 51.01 | NA | 0.30 | CATERING | 10,168.00 | 124.00 | 25.51 | 65.33 | 14.74 | 18.96 | 8.95 |
| TOP LOSERS | | | | | | | | TOP LOSERS | | | | | | | |
| KFOUC | 24.37 | 375.00 | (30.04) | 27.55 | 1.91 | 3.15 | 1.01 | ALHOKAIR GROUP | 727.65 | 2.31 | (16.30) | 29.05 | 73.00 | NM | 2.85 |
| GFC | 2.30 | 57.50 | (15.44) | (36.04) | 0.13 | 86.73 | 1.03 | ALKHALEJ TRNG | 1,307.80 | 20.12 | (15.39) | 46.22 | 14.62 | 352.51 | 1.88 |
| ASC | 7.93 | 79.30 | (14.64) | (17.14) | 0.54 | NA | 0.71 | ALBAHA | 504.90 | 0.17 | (15.00) | 41.67 | 1,539.76 | NA | NA |
| KHOT | 11.00 | 195.00 | (14.10) | 10.17 | 0.00 | 12.68 | 2.31 | TAKWEEN | 795.47 | 17.12 | (14.23) | (6.96) | 7.10 | NM | 1.98 |
| NIH | 24.40 | 109.00 | (12.10) | (16.15) | 26.51 | 15.33 | 0.65 | NAQI | 1,514.00 | 75.70 | (12.99) | 15.22 | 5.03 | 6.29 | 30.32 |

Source: Bloomberg, CapIQ. NA – Not Available, NM – Not Meaningful

Kuwait (KWSEAS)



Saudi Arabia (TASI)



Source: Bloomberg

Monthly Market Updates

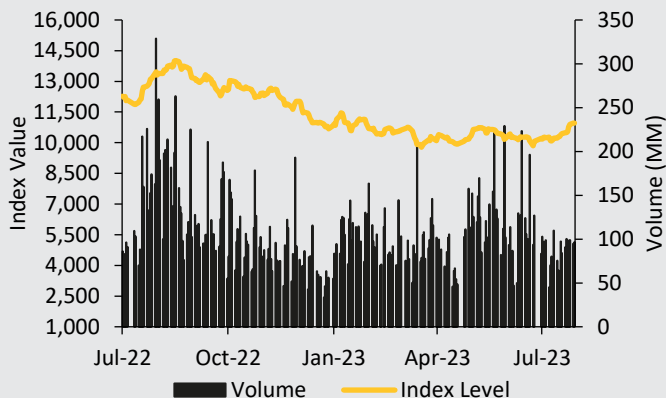
- ◆ Kuwait's All Share Index closed higher at 3.2% MoM to 7,253.8 points in July 2023. The total volume traded rose 28.2% MoM to 4.4BLN, the number of deals increased 29.7% MoM to 217,927, and the total value traded rose 11.1% MoM to KWD 904.3MM.
- ◆ The International Monetary Fund (IMF) stated that US gross domestic product (GDP) is expected to grow 1.8% and 1.0% in FY23 and FY24, respectively.
- ◆ IMF projects Euro Area's GDP would increase 0.9% and 1.5% in FY23 and FY24, respectively.
- ◆ According to IMF projection, the UK's GDP is expected to fall 0.4% in FY23 and increase 1.0% in FY24.
- ◆ IMF expects China's GDP to grow 5.2% and 4.5% in FY23 and FY24, respectively.
- ◆ According to IMF's projection, Japan's GDP is likely to gain 1.4% and 1.0% in FY23 and FY24, respectively.

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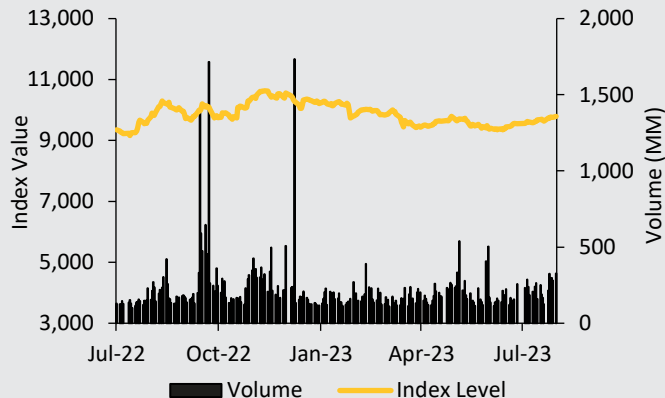
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GCC Benchmark Indices – Market Movements

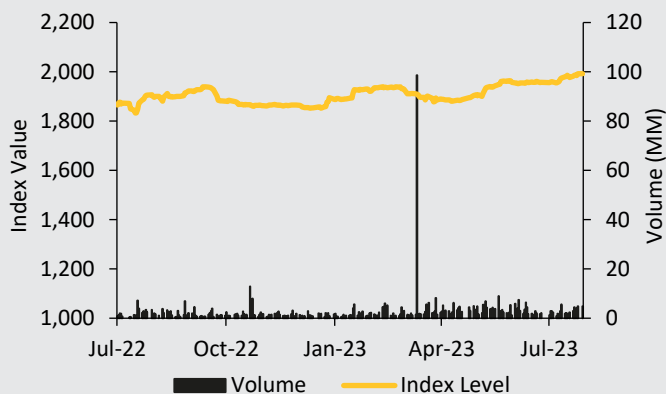
Qatar (DSM)



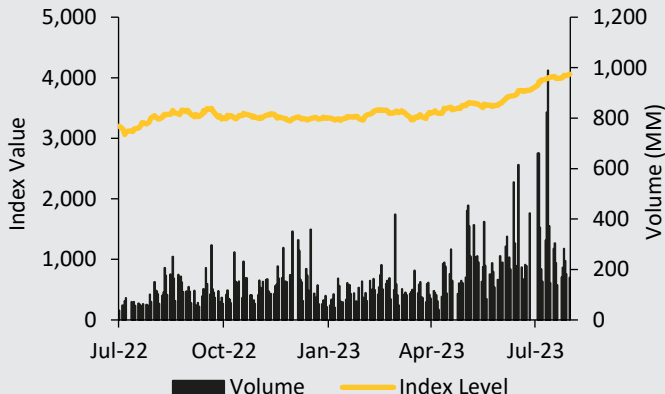
Abu Dhabi (ADX)



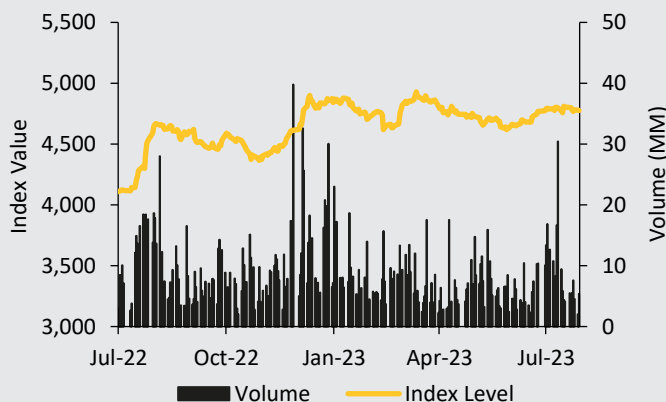
Bahrain (BAX)



Dubai (DFM)



Oman (MSM)



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GCC Markets – Economy and Industry News

Saudi

- ◆ IMF cuts Saudi Arabia's 2023 GDP growth forecast to 1.9% to reflect the impact of prolonged oil production cuts.
- ◆ According to the General Authority for Statistics' revised estimates, Saudi Arabia's real GDP growth was up 1.1% YoY in Q2 2023, driven by a 5.5% YoY rise and 4.2% YoY decrease in non-oil and oil activities, respectively.
- ◆ In June 2023, CPI rose 2.7% YoY compared with a 2.8% YoY increase in May 2023. Overall merchandise exports decreased 32.1% in May 2023 from that in May 2022. The value of oil exports in May 2023 declined 37.7% or SAR 43.5BLN to stand at SAR 72.0BLN compared with SAR 115.5 BLN in May 2022.
- ◆ Saudi Arabia attracted SAR 8.1BLN (USD 2.1BLN) in FDI in the Q1 2023, marking 10.2% growth YoY, as per KSA government report.
- ◆ Saudi Arabia's agricultural gross domestic product advanced over 38.0% in 2022 to SAR 100.0BLN (USD 26.6BLN) from SAR 72.2BLN in 2021.

UAE

- ◆ The UAE's PMI increased to 56.9 in June 2023 from 55.5 in May 2022, driven by strong improvement in the non-oil private sector's operating conditions from the prior month.
- ◆ Dubai's Purchasing Manager's Index (PMI) rose to 56.9 in June 2023 from 55.5 in May 2023.
- ◆ Abu Dhabi's real estate sector advanced 363.0% YoY in foreign direct investments to AED 834.6MM (USD 227.0MM) in H1 2023.
- ◆ UAE banks' external assets rose 3.1% in 2022 amid a significant increase in cross-border exposure, according to the country's central bank.

Qatar

- ◆ Qatar's CPI reached 105.71 points in June 2023, up 2.49% YoY compared with that in Q1 2022 and down 0.1% MoM from that in May 2023.
- ◆ Qatar's trade surplus remained broadly stable in June, reaching QAR 17.4BLN (USD 4.7BLN) to reflect a slight dip of 4.4% from the previous month.
- ◆ Qatar's non-oil private sector maintained its healthy growth in June, as the country's PMI hit 53.8, driven by a rise in new orders, employment, and purchasing. However, PMI eased in June from 55.6 in May.

Bahrain

- ◆ As per Bahrain's Information & eGovernment Authority, inflation rose 0.7% YoY in April 2023 vs. 0.1% YoY fall in March 2023.
- ◆ Bahrain posted real GDP growth of 2.0% in Q1 2023, fueled by a 3.5% rise in the non-oil sector, according to the country's recent economic report.

Oman

- ◆ According to the National Centre for Statistics and Information, Oman's inflation stood at 0.6% in June 2023 compared with 0.9% in May 2023, while consumer prices increased 0.2% MoM in June 2023 as against a 0.3% MoM decrease in May 2023.
- ◆ Oman's Hydrom signed agreements worth USD 10.0BLN to develop two new green hydrogen production projects with a consortium of South Korea's Posco and French firm Engie, and Hyport Duqm initiative, according to the country's state news agency.

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GCC Corporate Developments

Saudi

- ◆ The Capital Market Authority (CMA) greenlighted an agreement signed between Al Moammar Information Systems Company (MIS) and Al Rajhi Capital to develop an investment fund of SAR 1.0BLN as the first step.
- ◆ ACWA Power Company signed financing agreements for Al Shuaibah 1 and Al Shuaibah 2 photovoltaic (PV) projects at a combined investment of SAR 8.3BLN (USD 2.2BLN).
- ◆ Keir International Company inked two agreements with Saudi Electricity Company (SEC) at a combined value of SAR 165.9MM, according to bourse discourses.
- ◆ Waja Company, a multi-sector Saudi joint stock company, signed a SAR 21.2MM restoration and furnishing contract with Alkhorayef Water and Power Technologies Company, according to a bourse statement.
- ◆ The Saudi Awwal Bank (SAB) announced cash dividends after Zakat valued at SAR 1.8BLN for H1 2023, according to a bourse disclosure.

UAE

- ◆ National Mobile Telecommunications Company (Ooredoo) initiated exclusive negotiations with Mobile Telecommunications Company (Zain Group) and UAE-based TASC Towers Holding to establish the largest tower firm in MENA. The three entities will combine nearly 30,000 telecommunication tower assets in Qatar.
- ◆ UAE-based technology company Astra Tech has inked a share purchase agreement (SPA) to acquire 90.0% stake in Philippine's Y Finance, which operates LoanChamp platform, to expand into international markets within the financial services sector.
- ◆ Dubai-based National Paints Holding Limited acquired the remaining shares of Paint and Chemicals Industries (Pachin) at EGP 9.2 MM.
- ◆ AMEA Power, a Dubai-headquartered renewable energy firm, signed an equity funding round worth USD 75.0MM with Japanese investment holding company SoftBank Group Corp (SBG).
- ◆ Saudi Dar Al Arkan Sukuk listed securities worth USD 600.0MM on Nasdaq Dubai.

Qatar

- ◆ ENOC Group announced a 10-year sale agreement with QatarEnergy starting July 2023. As per the agreement, QatarEnergy will supply up to 120.0MM barrels of condensates to ENOC.
- ◆ Qatar Investment Authority acquires minority stake in NBA's Washington Wizards owner.

Bahrain

- ◆ Bank of Bahrain and Kuwait closed a USD 250.0MM two-year loan facility to support growth.
- ◆ Fitch affirms Arab Banking Corporation B.S.C.'s rating at BB+; citing stable outlook.
- ◆ Kuwait Finance House's BOD decided to distribute a semi-annual cash dividend for the period ended 30 June 2023 at 10.0% of the par value per share (10 Fils per share).

Oman

- ◆ HSBC Bank Oman announced their merger with Sohar International Bank SAOG by way of incorporation (merger).
- ◆ Dhofar Foods and Investment Company SAOG received CMA's decision approving the prospectus of the company's share capital increase through a rights issue and offering shares to Dhofar International Development and Investment SAOG and Dhofar Insurance SAOG through private placement at a share price of 80 Baisa per share.

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