

GCC Monthly Market Snapshot

December 2020

GCC Market Performance

- Bahrain (BAX)** – Bahrain's BAX closed 0.8% higher in December. We expect Bahrain's market to continue positive momentum in January amid optimism about rollout of mass coronavirus vaccination programs across the region.
- Kuwait (KSE)** – Kuwait's KSE gained 1.6% in December. The market is expected to be positive in January on the back of optimism surrounding the coronavirus vaccine rollout program coupled with recovery in oil prices.
- Oman (MSM)** – Oman's MSM rose 0.4% in December. We expect Oman's market to see positive trend in January amid increase appetite for riskier assets on vaccine optimism.
- Qatar (DSM)** – Qatar's DSM gained 1.7% during December. We anticipate positive stance on Qatar's markets in January due to improving geopolitical relations with the neighboring countries.
- Saudi Arabia (TASI)** – Saudi Arabia's TASI fell 0.7% in December but ended the year on a positive note. The market to gain positive momentum in January on the back of recovery in oil prices, while investors are also expected to assess corporate earnings trends.
- UAE (DFM and ADX)** – The UAE's ADX gained 1.6% and DFM surged 3.0% in December. We expect UAE's market to continue positive momentum in January and in near term on the back of attractive valuations and improving economic fundamentals.

Index	Level	Performance		P/E	Dividend Yield
		MTD	YTD		
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

Source: Bloomberg

Macroeconomic Snapshot

- Bahrain** – The International Monetary Fund (IMF) estimates Bahrain's real Gross Domestic Product (GDP) to decline by 4.9% this year, compared to 3.6% contraction initially estimated in April. According to Information & e-Government Authority, Bahrain's inflation fell 3.6% YoY in November 2020.
- Kuwait** – As per IMF's projections Kuwait's economy is expected to shrink by 8.1% this year, more than 1.1% decline estimated previously in April. According to the latest data released by Central Statistical Bureau (CSB), annual inflation increased by 2.8% YoY in November 2020, compared to a growth of 2.5% YoY in October.
- Oman** – As per IMF estimates, Oman's economy is projected to contract most in the region by 10.0% this year, much faster than initial estimate of 2.8% contraction. According to National Centre for Statistics and Information, Oman's Inflation fell 1.5% YoY in November 2020.
- Qatar** – As per IMF estimates, Qatar's real GDP growth is expected to shrink by 4.5% this year, against initial forecast of 4.3% contraction. 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.
- Saudi Arabia** – The IMF expects kingdom's real GDP to shrink by 5.4% this year, compared to its previous estimate of 6.8% contraction. According to the General Authority of Statistics (GASTAT), 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.
- UAE** – As per revised estimates released by the IMF, the real GDP growth rate for UAE is expected to drop 6.6% this year, against the previous estimate of 3.5% contraction. 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.

Country	Real GDP Growth*	Inflation*	Interbank Rate (3M)	REPO Rate
Bahrain	(4.9)	0.0	2.25	2.25
Kuwait	(8.1)	1.0	1.43	0.875
Oman	(10.0)	1.0	2.68	0.50
Qatar	(4.5)	(2.2)	1.13	1.00
Saudi Arabia	(5.4)	3.6	0.82	1.00
UAE	(6.6)	(1.5)	0.42	0.60

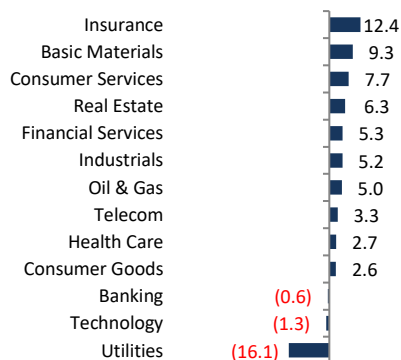
Source: IMF World Economic Outlook Update (October 2020), Central Bank, Bloomberg

* 2020 forecast, **Discount rate of Kuwait

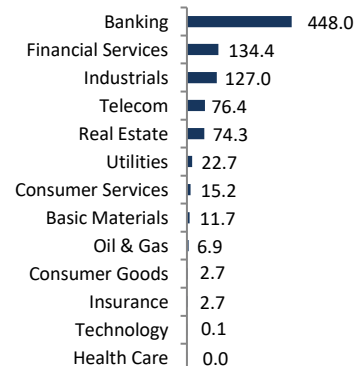
Kuwait –Sector Returns and Value Traded

- Insurance sector closed 12.4% higher during the month. Gulf Insurance Group (up 37.9%) was the top gainer, followed by First Takaful Insurance Co. (up 15.3%). The total traded value stood at KWD2.7mn.
- The sector closed 16.1% lower 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 total traded value stood at KWD22.7mn.

Sector Returns (%) (KSE IXW)



Value Traded (KWDmn) (KSE IXW)



Source: KSE

Commodity Tracker

- Gold ended the month at \$1,898.4/troy oz., representing 6.8% MoM increase in December 2020. Gold prices are expected to continue momentum in January as dollar is expected to remain subdued on growing expectations of a Democratic win in the US Senate run-off election in Georgia, would result in additional fiscal stimulus.
- Brent crude closed at \$51.8 per barrel in December 2020, representing a positive return of 8.8% MoM. Oil prices will trade positively in January amid optimism about rollout of coronavirus vaccine and expectation additional productions cuts by OPEC+.
- Silver ended the month at \$25.4/troy oz., registering a positive return of 12.2% MoM. Silver prices are expected to continue momentum in January.

Commodity	Close	MTD (%)	YTD (%)
Gold (USD/troy oz.)	1,898.4	6.8	25.1
Brent Crude (USD/bbl)	51.8	8.8	(21.5)
Silver (USD/troy oz.)	25.4	12.2	42.3

Source: Bloomberg

Stock Watch (Kuwait)

Al Bareeq Holding (up 364.5%) was the top gainer in December 2020, while United Projects Co. (down 22.7%) declined the most.

Name	M Cap (KWDmn)	Last (KWD)	MTD (%)	YTD (%)	Shares Traded (Mn)	P/E	P/B
TOP GAINERS							
BAREEQ	28.64	65.50	364.54	(34.50)	49.12	21.58	0.61
ABAR	35.64	155.00	80.23	93.27	7.34	16.19	0.54
YIACO	14.38	840.00	68.00	NM	0.03	361.39	7.06
MRC	4.78	53.10	38.64	6.20	2.01	NM	0.48
GINS	155.91	807.00	37.95	22.27	0.69	9.57	1.37
TOP LOSERS							
UPAC	109.53	290.00	(22.67)	(43.36)	0.22	NM	19.81
AZNOULA	304.70	277.00	(13.44)	NA	80.36	24.78	3.98
INJAZZAT	24.89	74.50	(14.27)	(6.88)	1.23	NM	0.47
DALQAN	16.59	274.00	(13.84)	(21.71)	0.00	72.19	2.48
HCC	9.23	91.00	(12.50)	(9.00)	0.12	NM	0.88

Stock Watch (Saudi Arabia)

Saudi Vitrified Clay Pipes Co. (up 46.9%) was the top gainer while, Anaam International Holding Group (down 46.3%) declined the most.

Name	M Cap (SARmn)	Last (SAR)	MTD (%)	YTD (%)	Shares Traded (Mn)	P/E	P/B
TOP GAINERS							
SVCP	1485.00	99.00	46.88	87.50	46.61	104.21	5.05
ALASEEL	2340.00	78.00	37.57	78.90	24.64	27.08	4.36
MALATH INSURANCE	1204.00	24.08	32.75	139.36	204.74	45.43	2.59
HB	2809.71	89.40	31.47	154.70	8.09	32.99	5.46
BAAZEEM	913.28	90.20	26.51	110.50	47.38	35.79	4.93
TOP LOSERS							
ANAAM HOLDING	966.00	92.00	(46.32)	236.75	74.74	NM	66.67
TECO	558.25	55.00	(15.38)	142.72	38.11	NM	7.79
TAPRCO	906.50	51.80	(13.67)	137.40	35.56	NM	7.65
AMIANITIT	697.60	21.80	(12.83)	11.51	40.00	NM	5.65
ALSAMAANI	555.50	222.20	(11.61)	174.73	5.20	NM	16.74

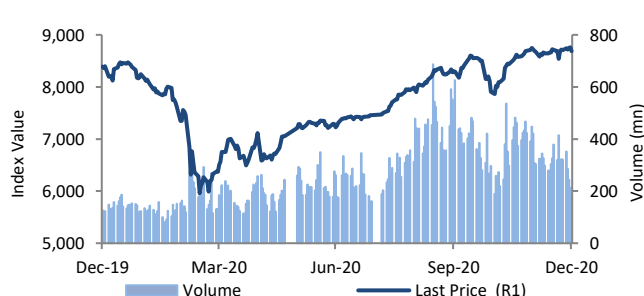
Source: Bloomberg, CapiQ. NA – Not available, NM – Not meaningful

Kuwait(KSE)



Source: Bloomberg

Saudi Arabia (TASI)



Monthly market updates

- 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.
- Saudi Arabia announced a SAR990.0 bn budget for fiscal year 2021, approximately 7.0% less than estimated spending for this year, and expects budget deficit to reach SAR141.0 bn, or 4.9% of the total GDP.
- As per the third estimate released by the Bureau of Economic Analysis (BEA), real 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.
- 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%.
- In Asia, according to data released by National Bureau of Statistics, China's CPI fell 0.5% YoY in November 2020, compared with 0.5% YoY growth in October 2020. According to Statistics Bureau of Japan, the CPI fell 0.9% YoY in November 2020, following 0.4% YoY decline in October.

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