



أهلي كابيتال
AHLI CAPITAL

AHLI CAPITAL KUWAIT MARKET MONTHLY REPORT 2022



Market Performance

Kuwait's All Share Index closed **0.1%** MoM lower at 7,709.1 points in August 2022. The total volume traded increased 80.3% MoM to 6.2BLN, number of deals climbed 43.3% MoM to 270,461, and total value traded increased 34.1% MoM to KWD 1.2BLN. A marginal decline in the market was mainly attributed to the financial services and industrials sectors.

As per the second estimate released by the Bureau of Economic Analysis, US real GDP dropped at an annualized rate of **0.6%** YoY in Q2 2022 compared with the **1.6%** YoY decrease in Q1 2022. Real PCE increased 0.2% in July as opposed to the revised decline of 0.0% and **0.1%** MoM in June 2022 and May 2022, respectively. Personal income rose 0.2% MoM in July 2022 vis-à-vis the revised increment of 0.7% MoM in May 2022. It was primarily led by higher compensation (private wages and salaries), partly offset by fall in proprietors' income, personal current transfer receipts, and rental income of individuals. The US current account deficit was USD 79.6BLN in June 2022 against the revised deficit of USD 84.9BLN in May 2022. Total exports went up USD 4.3BLN to USD 260.8BLN in June 2022 from that in May 2022. Furthermore, total imports stood at USD 340.4BLN in June 2022, a decrease of USD 1.0BLN from that in May 2022.

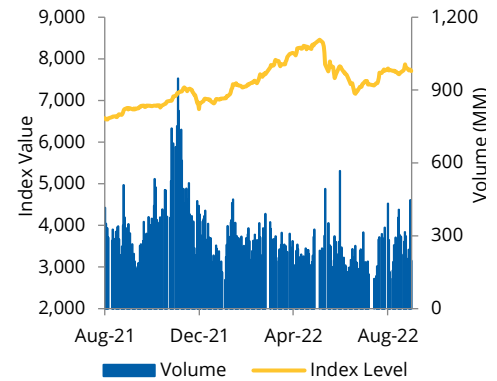
As per Eurostat, the Euro area's annual inflation rate is projected to be 9.1% in August 2022, up from 8.9% in July 2022. The Euro area's international trade deficit was EUR 24.6BLN in June 2022. Export of goods was up 20.1% YoY and imports rose 43.5% YoY. The EU recorded a EUR 34.0BLN international trade deficit during the same period. As per the latest data released by the Office for National Statistics, the annual inflation rate (CPI) in the UK climbed 10.1% YoY in July 2022 from 9.4% YoY in June 2022, whereas the CPI, including owner occupiers' housing costs (CPIH), in the UK climbed 8.8% YoY in July 2022 from 8.2% YoY in June 2022.

Based on the latest data released by the National Bureau of Statistics, China's CPI rose to 2.7% YoY in July 2022 from 2.5% YoY in June 2022, marking it as the highest inflation rate since July 2020. This was driven by food prices rising 6.3% (2.9% in June), the most in 22 months. According to the Statistics Bureau of Japan, CPI stood at 2.6% YoY in July 2022 compared with an increment of 2.4% YoY in June 2022. The latest figure also marked the 11th straight monthly rise in consumer prices. Food prices grew 4.4% YoY in July 2022 compared with 3.7% YoY in June 2022, whereas fuel, light and, water charges rose 14.7% YoY compared with 14.0% YoY in June 2022.

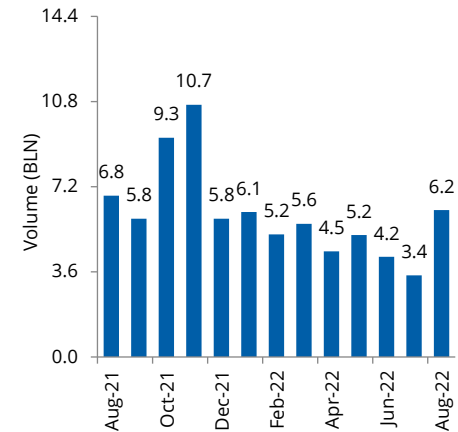
Kuwait Market Summary	August, 2022	July, 2022	Change (%)
Open	7,736.42	7,470.46	3.6
High	7,941.13	7,766.21	2.3
Low	7,622.03	7,302.48	4.4
Close	7,709.05	7,716.90	(0.1)
Volume traded (MM)	6,212.88	3,445.37	80.3
Value Traded (KWD MM)	1,244.27	928.11	34.1
No. of deals	270,461	188,741	43.3
No. of advances	76	96	(20.8)
No. of declines	72	53	35.8
No. of unchanged	9	9	-

Kuwait Index Performance

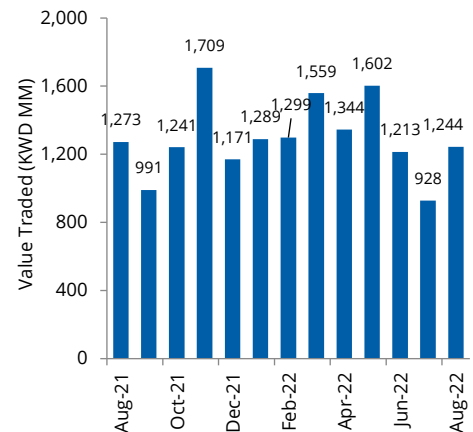
Benchmark Index and Volume Traded



Monthly Volume Traded (BLN)



Monthly Value Traded



Top Gainers and Losers

The market breadth was marginally positive; 76 stocks firmed up and 72 declined, while 9 remained unchanged.

Top Five Gainers

	Close (KWD Fils)	MTD (%)	YTD (%)	Market Capitalization (KWD MM)	Volume (MM)	EPS (KWD Fils)	BVPS (KWD Fils)	P/E (x)	P/B (x)
Jiyad Holding Company	34.40	95.45	(57.37)	6.32	267.32	NA	NA	NA	NA
Ekttitab Holding Co.	14.60	47.47	(31.46)	4.65	166.36	NA	32.45	NA	0.47
Munshaat Real Estate Projects Co	70.00	34.62	(2.10)	22.54	1.49	0.19	NA	13.05	NA
Kuwait Remal Real Estate Co.	15.40	32.76	(19.37)	4.71	16.86	NA	NA	NA	NA
Kuwait Syrian Holding Co	37.90	28.47	(11.45)	6.68	24.84	3.02	0.16	9.80	6.15

Top Five Losers

	Close (KWD Fils)	MTD (%)	YTD (%)	Market Capitalization (KWD MM)	Volume (MM)	EPS (KWD Fils)	BVPS (KWD Fils)	P/E (x)	P/B (x)
Dar Al Thuraya Real Estate Co.	120.00	(24.05)	14.29	17.58	0.64	0.15	NA	17.69	NA
Palms Agro Production Co.	45.70	(22.54)	(32.99)	2.39	0.01	NA	10.14	NA	0.46
Almadar Investment Company	87.00	(17.92)	(26.89)	18.01	11.32	NA	9.43	NA	0.82
Automated Systems Company	83.50	(14.80)	(11.17)	8.35	0.84	NA	8.81	NA	0.74
Kuwait And Middle East Financial Investment Co.	130.00	(13.91)	(13.33)	28.60	0.83	0.13	NA	16.53	NA

Top Five by Volume

	Close (KWD Fils)	MTD (%)	YTD (%)	Market Capitalization (KWD MM)	Volume (MM)	EPS (KWD Fils)	BVPS (KWD Fils)	P/E (x)	P/B (x)
IFA Hotels & Resorts Co.	43.50	6.10	(18.69)	26.86	1229.37	6.49	131.91	282.47	5.74
GFH Financial Group (B.S.C)	92.90	(0.11)	(6.91)	335.94	797.71	0.13	12.72	11.63	1.18
Kuwait Finance House	900.00	1.93	8.17	8287.02	314.53	0.03	4.84	30.82	4.35
Ahli United Bank (B.S.C)	305.00	0.00	9.71	3400.12	305.77	0.06	8.09	19.43	2.47
Jiyad Holding Company	34.40	95.45	(57.37)	6.32	267.32	NA	NA	NA	NA

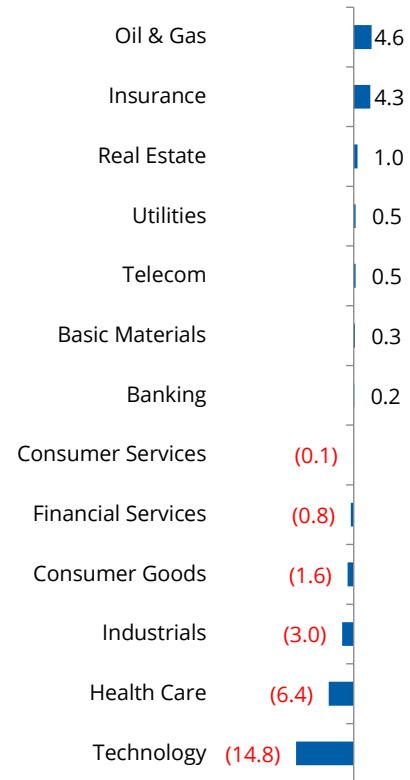
Source: Bloomberg; NM – Not Meaningful; NA – Not Available

Performance by Sector

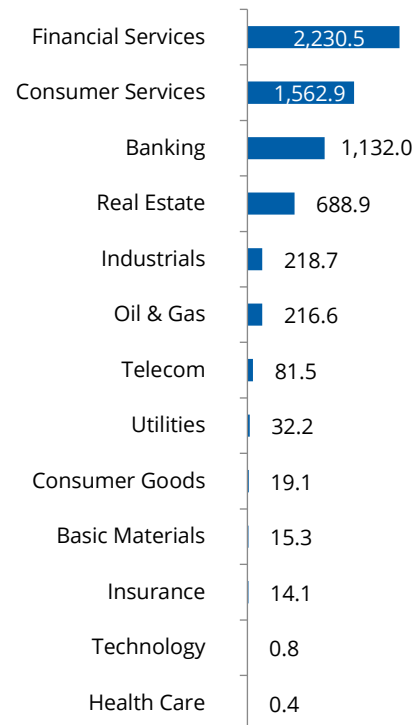
- **Banks:** The sector closed 0.2% higher at 1,860.8 points during the month. Burgan Bank (up 3.4%) was the top gainer, followed by Kuwait Finance House (up 1.9%), while Kuwait International Bank (down 3.6%) declined the most. Total turnover stood at KWD 604.5MM. The volume traded and number of deals stood at 1,132.0MM shares and 76,037, respectively.
- **Basic Materials:** The sector closed 0.3% higher at 1,009.8 points during the month. Qurain Petrochemical Industries Co. (up 3.6%) was the only gainer, whereas Kuwait Foundry Co. (down 2.6%) declined the most. The number of shares traded, and total turnover stood at 15.3MM and KWD 7.2MM, respectively, while total transactions stood at 3,172.
- **Consumer Goods:** The sector ended 1.6% lower at 534.3 points during the month. Mezzan Holding Co. (down 3.4%) declined the most, whereas Livestock Transport & Trading Co. (up 7.6%) rose the most. Total volume, turnover, and deals made stood at 19.1MM shares, KWD 7.9MM, and 1,595, respectively.
- **Consumer Services:** The sector closed 0.1% lower at 1,527.2 points during the month. Among stocks, Palms Agro Production Co. (down 22.5%) declined the most, followed by Jazeera Airways Co. (down 2.4%), while Jiyad Holding Company (up 95.5%) was the top gainer. Total volume, turnover, and transactions stood at 1,562.9MM shares, KWD 109.1MM, and 35,080, respectively.
- **Financial Services:** The sector closed 0.8% lower at 1,427.0 points during the month. Almadar Investment Company (down 17.9%) was the top loser, followed by Kuwait and Middle East Financial Investment Co. (down 13.9%), while Ektitab Holding Co. (up 47.5%) was the top gainer. Total volume, turnover, and deals made stood at 2.2BLN shares, KWD 261.8MM and 74,149, respectively.
- **Healthcare:** The sector ended 6.4% lower at 432.5 points. Al Maidan Clinic for Oral Health Services Co (down 8.3%) declined the most, whereas Yiacco Medical Co. remained ended flat. There were 49 deals; quantity and value traded stood at 0.4MM and KWD 0.2MM, respectively.
- **Industrials:** The sector closed 3.0% lower at 1,213.4 points during the month. United Projects Co. (down 12.5%) was the top loser, followed by Acico Industries Co. (down 11.1%), while Kuwait & Gulf Link Transport Co. (up 18.7%) was the top gainer. Total volume, turnover, and deals made stood at 218.7MM shares, KWD 120.9MM and 31,373, respectively.

Market Composition

Monthly Sector Index Returns (%)



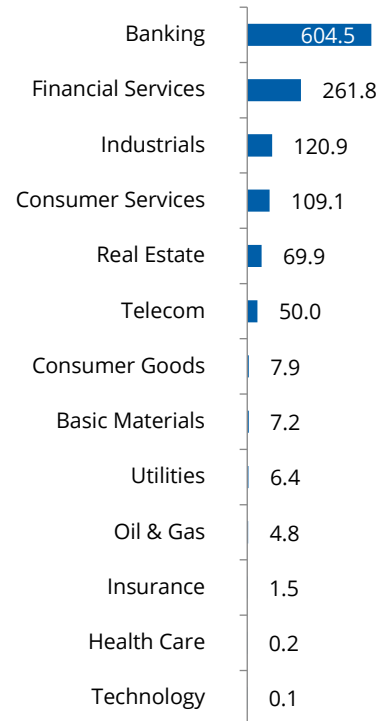
Monthly Volume Traded (Million)



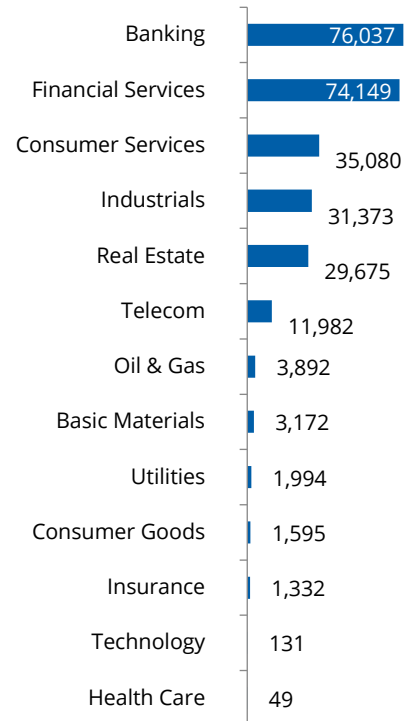
- **Utilities:** The sector closed 0.5% higher at 529.0 points during the month. Shamal Az-Zour Al-Oula Power and Water Company K.S.C.P (up 0.5%) only listed stock ended in red. The sector recorded 1,994 transactions. Total volume and value traded stood at 32.2MM and KWD 6.4MM, respectively.
- **Insurance:** The sector closed 4.3% higher at 1,575.2 points during the month. Kuwait Reinsurance Company (up 26.1%), was the top gainer, followed by First Takaful Insurance Company (up 8.8%); while Warba Insurance and Reinsurance Company (K.S.C.P) (down 0.7%) was the top loser. Total volume, turnover, and deals made stood at 14.1MM shares, KWD 1.5MM and 1,332, respectively.
- **Oil & Gas:** The sector closed 4.6% higher at 1,199.9 points. Gulf Petroleum Investment (up 24.4%) was the top gainer, while Burgan Co. For Well Drilling Trading & Maintenance (down 0.7%) was the top loser. Total volume, turnover, and number of transactions stood at 216.6 MM shares, KWD 4.8MM, and 3,892, respectively.
- **Real Estate:** The sector ended 1.0% higher at 1,267.6 points during the month. Munshaat Real Estate Projects Co. (up 34.6%) was the top gainer, followed by Kuwait Remal Real Estate Co. (up 32.8%), while Dar Al Thuraya Real Estate Co. (down 24.1%) was the top loser. Total volume, turnover, and deals made stood at 688.9MM shares, KWD 69.9MM and 29,675, respectively.
- **Technology:** The sector closed 14.8% lower at 607.5 points during the month. Automated Systems Company being the only company in the sector declined 14.8%. The sector recorded 131 transactions during the month. Total volume and value traded stood at 0.84MM and KWD 0.07MM, respectively.
- **Telecom:** The sector closed 0.5% higher at 1,250.0 points. National Mobile Telecommunications Co. (up 6.9%) was the top gainer, while Hayat Communications Company (down 3.07%) was the top loser. Total turnover of KWD 50.0MM was generated by 81.5MM shares traded through 11,982 transactions.

Market Composition

Monthly Value Traded (KWD MM)



Number Of Deals

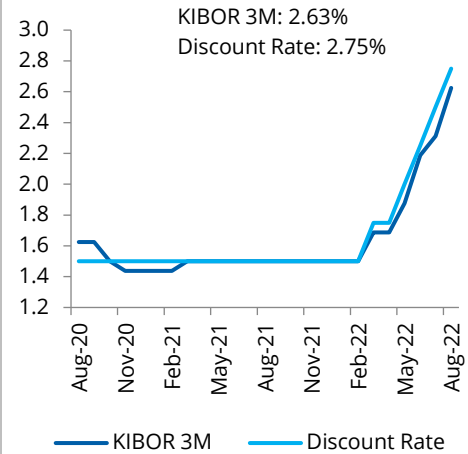


Kuwait – Economy and Industry News

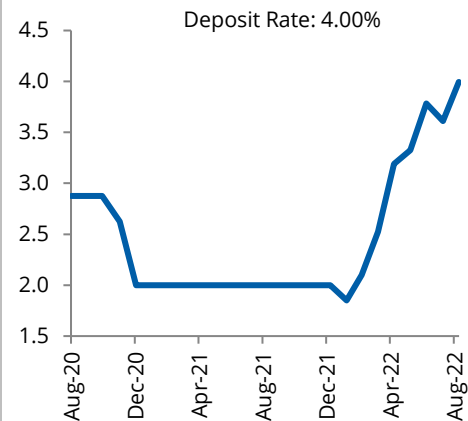
- The Central Bank of Kuwait (CBK) reported that broad money supply (M2) increased to KWD 41.73BLN in July 2022 from KWD 41.69BLN in June 2022.
- CBK raised the discount rate by 0.25% from 2.50% to 2.75% in August 2022. Moreover, it changed the rates of monetary policy instruments, including repurchases (repo), CBK bonds and tawarruq, term deposits, direct intervention instruments, and public debt instruments, by different percentages for the entire interest rate yield curve.
- The annual consumer price inflation (CPI) rate increased 4.24% in July 2022 compared to July 2021, as reported by the Central Statistical Bureau; on a monthly basis, the CPI rose to 125.5 by 0.08%, mainly due to high prices of major groups in the movement of the indices.
- Kuwait's July 2022 trade surplus with Japan increased 102.3% to JPY 101.2BLN compared to the same period last year; it has been rising consecutively for 16 months. Moreover, Kuwait's overall exports to Japan swelled 91.9% YoY to JPY 121.2BLN (USD 902.0MM); this marked the rise in exports for the 16th straight month. Imports from Japan rose for three months in a row; it surged 52.4% to JPY 20.0BLN (USD 149.0MM) in July 2022.
- Moody's Investors Service (Moody's) affirmed the government of Kuwait's long-term local and foreign currency issuer ratings at A1, with a stable outlook. The ratings are based on Moody's assessment that Kuwait's balance sheet and fiscal buffers will remain strong in the foreseeable future, preserving macroeconomic and external stability and anchoring the credit profile. Balanced against this key credit strength is the persistently challenging political environment that limits the prospects for reforms, reducing the vulnerability of the economy and government finances to long-term carbon transition risks.
- According to Al-Anba, Kuwait Investment Authority (KIA) occupies the second place on the list of major investment entities in the Middle East) in terms of AUM, amounting to USD 708.0 BLN, marginally lower than the Abu Dhabi General Investment Authority by USD 709.0 BLN.
- As per Al-Qabas, there was a 6% rise in government development capital spending for the last fiscal year, despite the liquidity crisis due to the decrease in oil prices, which resulted in many austerity and rationalization measures in several items of the general budget.

Monetary Indicators

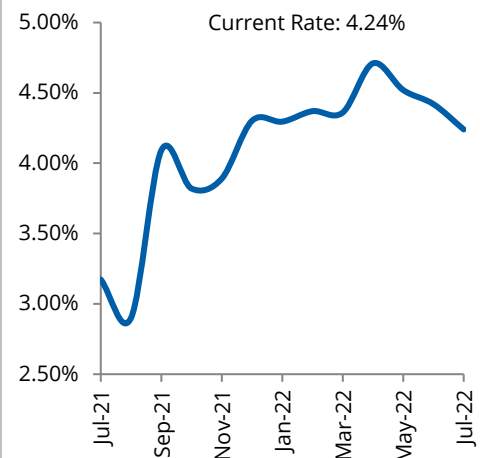
Interest Rate (%)



Deposit Rate (%)



Inflation Rate (%)



Source: Bloomberg

Note: Kuwait Inflation data available till July 2022.

Kuwait Corporate Developments

- Agility Company finalized the acquisition of UK-based John Menzies for approximately GBP 763.0MM (around USD 922.0 MM). Synergy from the transaction would be that the combined business with Agility's National Aviation Services (NAS) would create a world leader in the aviation industry in 58 countries.
- Warba bank's BOD approved the process to exit the 5% stake in Bawabet Al Kuwait Holding amounting to KWD 25.0MM.
- Energy House Holding Co.'s BOD approved the delisting of the company from the Boursa Kuwait platform, capital reduction to KWD 4.5MM from KWD 75.0MM, and amortization of accumulated losses of KW 55.4MM.
- Jazeera Airways penned an agreement renewable for credit facilities with local banks for KWD 30.0MM and USD 10.3MM.
- Agility settles debt claims with the United States army pertaining to disputes on PCO contracts in 2004 and DDKS contracts in 2005, which resulted into elimination and waiver of debt claim of USD 81.0MM by the US Army against Agility and payment of USD 17.7MM by the US Army to Agility. Agility would record USD 17.7MM as income in its financial statements.
- Kuwait Business Town Real Estate is planning housing property development in Chicago through a real estate investment partnership, wherein the projected initial cost of project would be USD 130.0MM - sourced by a USD 82.0MM facility from a foreign bank and the remaining financed by equity. The tenure of the project is expected to end in 2024. Kuwait Business Town Real Estate group's share in strategic partnership would be 62.5%.
- CMA approved Kuwait Finance House's request for listing its shares on the Bahrain Bourse.
- Bayan Investment Holding's BOD approved capital reduction to KWD 33.4MM dinars from KWD 39.3MM; it would amortize accumulated losses of KWD 5.9MM.
- Educational Holding group raised its direct stake in Knowledge Village Education to 62.1%.
- Competition Protection Agency (CPA) approved the economic concentration for a merger between Al Qurain and KIPCO.
- CMA approved a merger by amalgamation between URC, United Towers Holing, and Al Dhiyafa Holding. Combined Group's contracting unit signed an AED 159.9MM contract for the main water line in Zayed City with a tenure of 592 days, where the unit would design and implement the remaining works of the main water line in Zayed City.
- ACICO Industries' BOD approved a KWD 35.4M banking facilities agreement with a local bank for restructuring company debt, where the facility interest rate would be 1.5% above Kuwait Central Bank's discount rate.
- HEISCO (Heavy Engineering Industries and Shipbuilding Co.) was awarded a KWD 91.0MM contract in consortium with Mitsubishi Power to upgrade steam turbines and power generators at the Subiya thermal power plant.

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