

ABK CAPITAL
KUWAIT
MARKET
MONTHLY
REPORT

2022



Kuwait Market Monthly Report

November 2022

Market Performance

Kuwait's All Share Index closed 3.6% MoM higher at 7,584.6 points in November 2022. The total volume traded rose 26.3% MoM to 4.8BLN, the number of deals decreased 2.1% MoM to 232,419, and total value traded fell 9.0% MoM to KWD 1.2BLN. The rise in the market was mainly driven by the banking and financial services sectors.

As per the second estimate released by the Bureau of Economic Analysis, US's real GDP growth increased 2.9% YoY in Q3 2022 as opposed to 0.6% YoY decrease in Q2 2022. The 0.5% increase in real personal consumption expenditure (PCE) in October 2022 reflected a 1.1% and 0.2% rise in spending on goods and services, respectively. Personal income rose 0.7% MoM in October 2022 compared with the revised increment of 0.4% MoM in September 2022. It was largely attributed to increased compensation and government social benefits. The increased compensation was due to private wages and salaries. The US current account deficit stood at USD 78.2BLN in October 2022 against the revised deficit of USD 74.1BLN in September 2022. Total exports slipped to USD 256.6BLN in October 2022, USD 1.9BLN less than September 2022 exports. Furthermore, total imports stood at USD 334.8BLN in October 2022, an increase of USD 2.2BLN from September 2022.

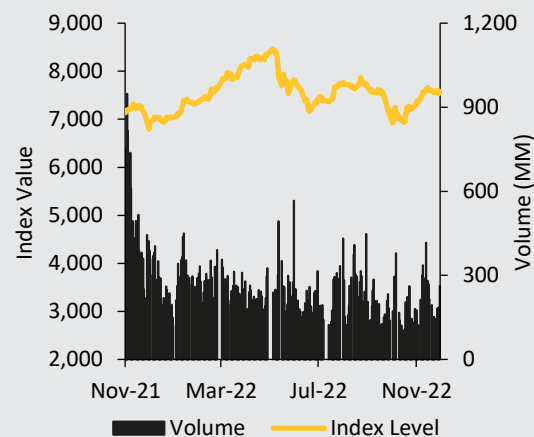
According to a flash estimate from Eurostat, EU's statistical office, the Euro area's annual inflation rate is expected to be 10.0% in November 2022, down from 10.6% in October 2022. The Euro area's international trade deficit was EUR 34.4BLN in September 2022 against a surplus of EUR 6.7BLN in September 2021. As per the latest data released by the Office for National Statistics, the Consumer Prices Index (CPI) in the UK climbed 11.1% YoY in October 2022 from 10.1% YoY in September 2022. However, the Consumer Prices Index including owner occupiers' housing costs (CPIH), in the UK edged up to 9.6% YoY in October 2022, from 8.8% YoY in September 2022.

Based on the latest data released by the National Bureau of Statistics, China's CPI unexpectedly dropped to 2.1% YoY in October 2022 (lowest since May 2022) from 2.8% YoY in September 2022, below market consensus of 2.4%. This was owing to food prices easing to 7.0% (8.8% in September, the 25-month peak). According to the Statistics Bureau of Japan, CPI stood at 3.7% YoY in October 2022, highest since January 1991, compared with the increment of 3.0% YoY in September 2022; due to high prices of imported raw commodities, food, and persistent yen weakness. The figure came in above consensus of 3.5% as well as the Bank of Japan's 2.0% target for the seventh straight month.

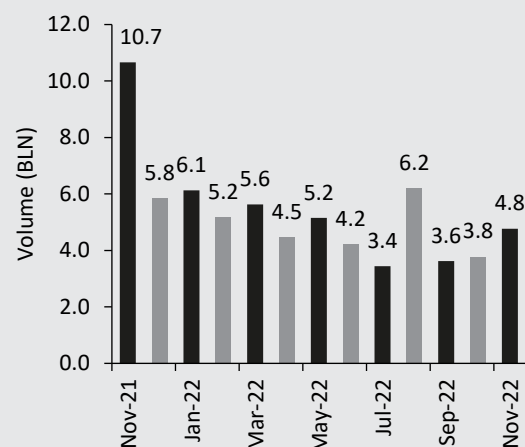
Kuwait Market Summary	November, 2022	October, 2022	Change (%)
Open	7,313.46	7,123.72	2.7
High	7,660.99	7,341.11	4.4
Low	7,307.03	6,861.80	6.5
Close	7,584.59	7,318.41	3.6
Volume traded (MM)	4,763.18	3,770.90	26.3
Value Traded (KWD MM)	1,175.99	1,291.62	(9.0)
No. of deals	232,419	237,375	(2.1)
No. of advances	107	75	42.7
No. of declines	40	68	(41.2)
No. of unchanged	9	14	(35.7)

Kuwait Index Performance

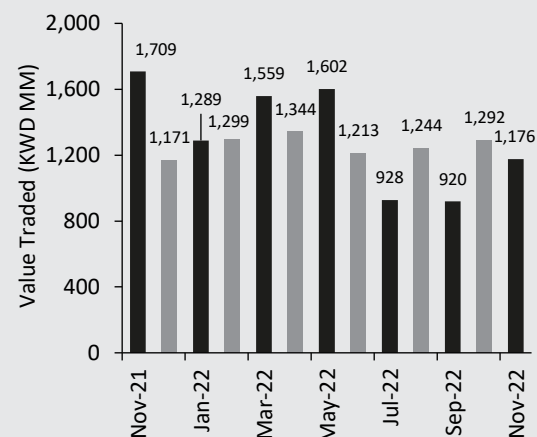
Benchmark Index and Volume Trade



Monthly Volume Traded (BLN)



Monthly Value Traded



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Top Gainers and Losers

The market breadth was broadly positive; 107 stocks firmed up and 40 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)
Equipment Holding Co.	52.00	62.50	(4.59)	4.16	1.55	NA	29.08	NA	1.51
Credit Rating & Collection	22.40	40.00	(44.28)	3.70	0.37	NA	32.72	NA	0.73
Dar Al Thuraya Real Estate Co.	225.00	32.35	114.29	32.96	0.02	0.13	8.58	30.23	1.93
Automated Systems Company	106.00	26.49	12.77	10.60	1.57	NA	8.73	NA	0.93
Alsafat Investment Company	123.00	25.00	(3.91)	34.73	131.30	0.20	12.19	24.19	1.50

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)
Wethaq Takaful Insurance Company	25.20	(31.89)	(50.49)	2.78	9.89	0.58	8.85	14.73	0.22
Kuwait And Middle East Financial Investment Co.	94.00	(29.32)	(37.33)	20.68	8.46	0.15	8.91	13.90	0.84
Advanced Technology Company	409.00	(18.04)	(21.04)	61.35	0.03	0.03	2.23	11.08	0.91
Massaleh Real Estate Co.	30.60	(12.57)	(41.27)	7.13	1.20	NA	16.44	NA	0.50
Salbookh Trading Co.	16.20	(12.43)	(62.67)	1.64	4.07	NA	30.31	NA	0.49

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)
GFH Financial Group (B.S.C)	82.00	5.26	(17.84)	286.30	475.30	0.12	13.04	10.10	1.07
Kuwait Finance House	866.00	6.91	4.09	11551.47	366.33	0.03	4.64	29.46	4.02
Aayan Leasing & Investment Co.	144.00	12.50	(10.00)	95.62	305.56	NA	7.42	NA	1.07
Asiya Capital Investment Company	52.00	16.85	0.00	40.37	181.66	0.06	9.04	3.30	0.47
Kuwait Real Estate Company	110.00	0.00	(38.55)	101.56	205.88	0.15	7.33	16.13	0.81

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

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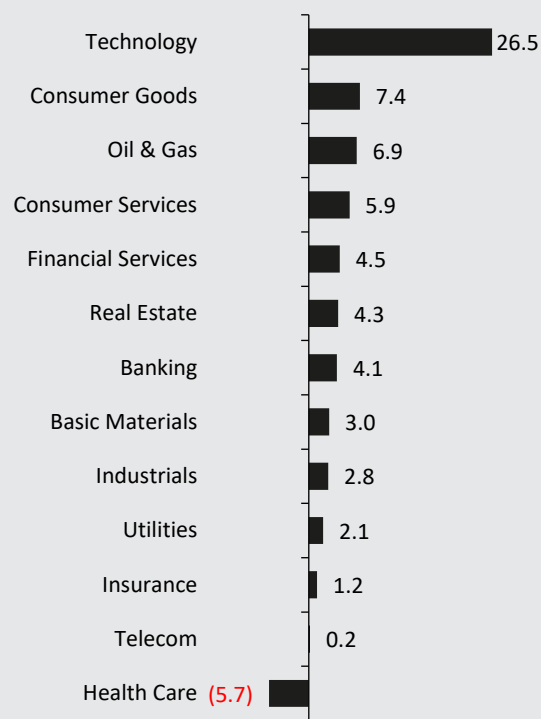
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Performance by Sector

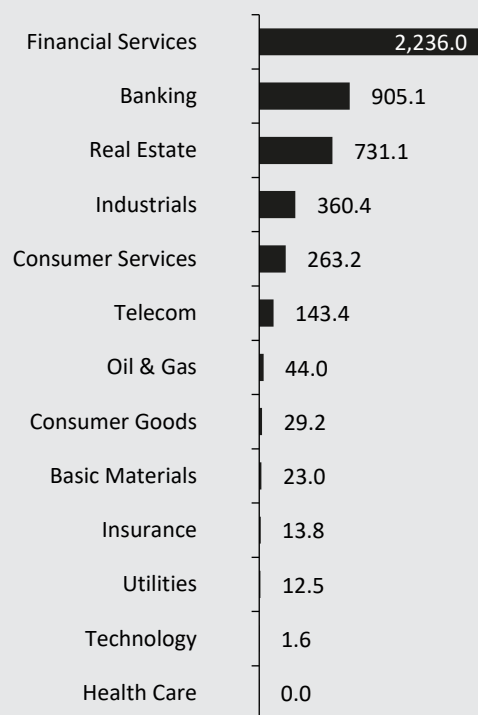
- Banks:** The sector closed 4.1% higher at 1,864.8 points during the month. Ahli United Bank (up 8.6%) was the top gainer, followed by Al- Kuwait Finance House (up 6.9%), while Commercial Bank of Kuwait (down 4.3%) was top loser. Total turnover stood at KWD 550.3MM. The volume traded and number of deals stood at 905.1MM shares and 57,564, respectively.
- Basic Materials:** The sector closed 3.0% higher at 881.7 points during the month. Kuwait Foundry Co. (up 2.8%) rose the most, whereas Alkout Industrial Projects Co. ended flat. The number of shares traded, and total turnover stood at 23.0MM and KWD 10.9MM, respectively, while total transactions stood at 3,511.
- Consumer Goods:** The sector ended 7.4% higher at 488.6 points during the month. Mezzan Holding Co (up 7.7%) rose the most, followed by Livestock Transport & Trading Co. (5.8%). Total volume, turnover, and deals made stood at 29.2MM shares, KWD 10.7MM, and 1,935, respectively.
- Consumer Services:** The sector closed 5.9% higher at 1,479.1 points during the month. Among stocks, Kuwait National Cinema (up 10.0%) rose the most, followed by Jiyad Holding Company (up 8.2%), while Soor Fuel Marketing Company (down 3.4%) was the top loser. Total volume, turnover, and transactions stood at 263.2MM shares, KWD 35.4MM, and 15,889, respectively.
- Financial Services:** The sector closed 4.5% higher at 1,332.8 points during the month. Credit Rating & Collection (up 40.0%) was the top gainer, followed by Alsafat Investment Company (up 25.0%), while Kuwait and Middle East Financial Investment Co. (down 29.3%) was the top loser. Total volume, turnover, and deals made stood at 2.2BLN shares, KWD 259.9MM and 73,178, respectively.
- Healthcare:** The sector ended 5.7% lower at 454.3 points. Advanced Technology Company (down 18.0%) was the top loser, followed by Al Maidan Clinic for Oral Health Services Co (down 0.1%). There were 21 deals; quantity and value traded stood at 40,863 and KWD 20,647, respectively.
- Industrials:** The sector closed 2.8% higher at 1,136.2 points during the month. Equipment Holding Co. (up 62.5%) was the top gainer, followed by ALAFCO Aviation Lease and Finance (up 19.6%), while Salbookh Trading Co. (down 12.4%) was the top loser. Total volume, turnover, and deals made stood at 360.4MM shares, KWD 128.9MM and 30,956, respectively.

Market Composition

Monthly Sector Index Returns (%)



Monthly Volume Traded (Million)



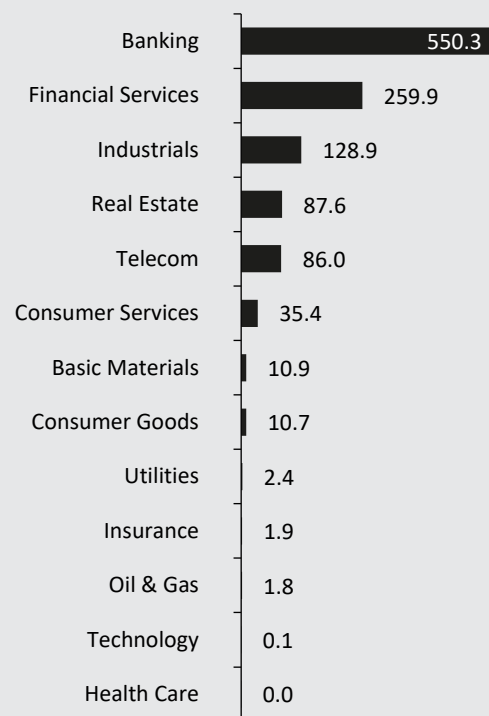
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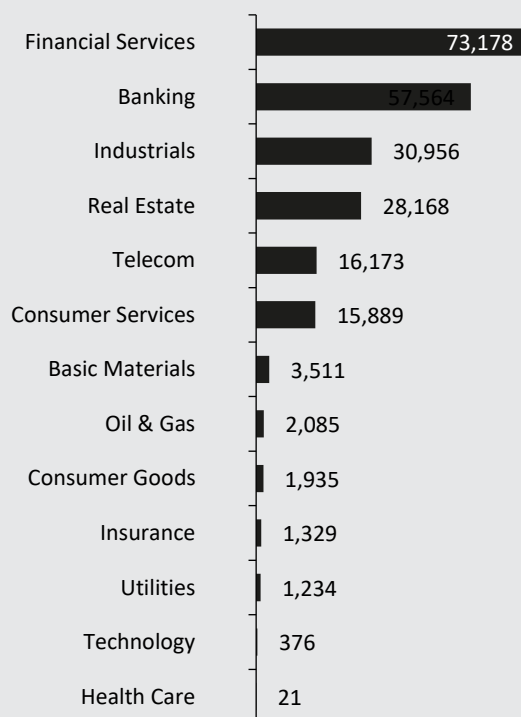
- Utilities:** The sector closed 2.1% higher at 518.4 points during the month. Shamal Az-Zour Al-Oula Power and Water Company K.S.C.P (up 2.1%) only listed stock ended in green. The sector recorded 1,234 transactions. Total volume and value traded stood at 12.5MM and KWD 2.4MM, respectively.
- Insurance:** The sector closed 1.2% higher at 1,543.8 points during the month. Kuwait Insurance Company (up 8.5%), was the top gainer, followed by Gulf Insurance Group (up 1.5%); while Wethaq Takaful Insurance Company (down 31.9%) was the top loser. Total volume, turnover, and deals made stood at 13.8MM shares, KWD 1.9MM and 1,329, respectively.
- Oil & Gas:** The sector closed 6.9% higher at 1,091.5 points. Senergy Holding Company (K.S.C.P.) (up 18.0%) was the top gainer, followed by Independent Petroleum Group (up 12.8%); while Gulf Petroleum Investment (down 5.0%) was the top loser. Total volume, turnover, and number of transactions stood at 44.0MM shares, KWD 1.8MM, and 2,085, respectively.
- Real Estate:** The sector ended 4.3% higher at 1,281.6 points during the month. Dar Al Thuraya Real Estate Co. (up 32.4%) was the top gainer, followed by Real Estate Trade Centers Co. (up 17.0%), while Massaleh Real Estate Co. (down 12.6%) was the top loser. Total volume, turnover, and deals made stood at 731.1MM shares, KWD 87.6MM and 28,168, respectively.
- Technology:** The sector closed 26.5% higher at 771.2 points during the month. Automated Systems Company, being the only company in the sector, increased 26.5%. The sector recorded 376 transactions during the month. Total volume and value traded stood at 1.5MM and KWD 0.14MM, respectively.
- Telecom:** The sector closed 0.2% higher at 1,214.2 points. National Mobile Telecommunications Co. (up 14.1%) was the top and only gainer, followed by Aan Digital Services Co. that ended flat, while by Kuwait Telecommunications Co. (down 2.4%) was the top loser. Total turnover of KWD 143.4MM was generated by 86.0MM shares traded through 16,173 transactions.

Market Composition

Monthly Value Traded (KWD MM)



Number Of Deals



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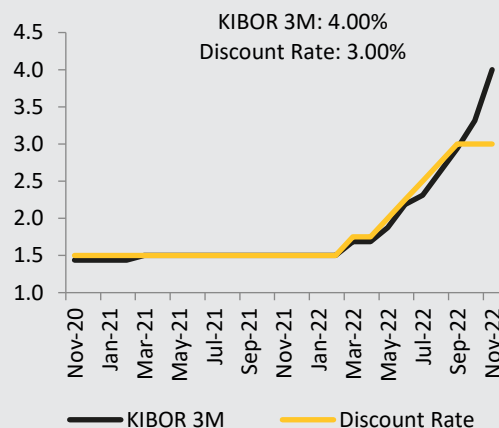
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Kuwait – Economy and Industry News

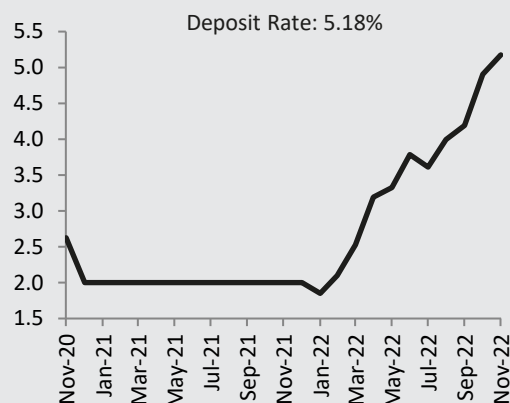
- ◆ The Central Bank of Kuwait reported that the broad money supply (M2) fell to KWD 37.62BLN in September 2022 from KWD 37.85BLN in August 2022.
- ◆ The Kuwait Ministry of Finance announced closing accounts for the fiscal year ending March 31, 2022, recording KWD 18.6BLN in revenue (up 76.9% YoY), KWD 21.6BLN in expenditure (up 1.5% YoY), and a fiscal deficit of **KWD 3.0BLN** (a **72.2%** decrease compared with previous fiscal year's deficit of KWD 10.8BLN). In the same fiscal year, Kuwait's oil and non-oil revenues were up 84.5% and 38.5% YoY, respectively.
- ◆ The annual inflation rate in Kuwait surged to 3.27% in October 2022 from the one-year low of 3.19% in September 2022, driven by the prices of food and non-alcoholic beverages, clothing and footwear, and transportation.
- ◆ Kuwait's trade surplus with Japan jumped 84.4% YoY to USD 887.0MM in October 2022. Overall exports to Japan rose 85.5% YoY to USD 1.0BLN in October 2022, the 19th consecutive month of expansion.
- ◆ Kuwait ranked second on the Sovereign Funds Institute's list of the largest sovereign funds in the GCC countries, with Kuwait Investment Authority's assets estimated at USD 708.0BLN, as per Al-Anba daily.
- ◆ According to the official data, the total amount of instalment loans given by commercial banks to individuals for purchasing, constructing, or remodeling their own homes reached KWD 15.53BLN as of 9M 2022, up from KWD 14.39BLN at the end of the previous year. At the conclusion of 9M 2022, home loans reached high levels, representing more than 40.0% of Kuwait's GDP and over 30.0% of the total amount of credit extended by local banks to individuals and institutions.
- ◆ In response to the growing interest in sustainable financing, the Central Bank of Kuwait (CBK) issued directives to local banks on the guidelines for sustainable financing within the framework of the CBK's direction to support sustainable development and promote and implement sustainable financing in the banking sector in light of the New Kuwait 2035 vision.
- ◆ From October 30 to November 3, 2022, approximately KWD 106.0MM worth of real estate transactions (KWD 104.5MM in contracts and KWD 1.3MM in agencies) occurred, as per the Al-Qabas daily.

Monetary Indicators

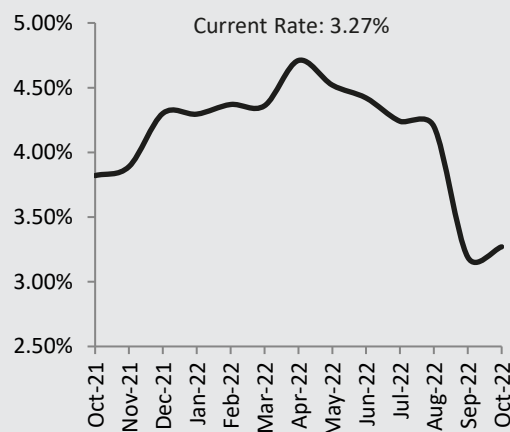
Interest Rate (%)



Deposit Rate (%)



Inflation Rate (%)



Source: Bloomberg

Note: Kuwait Inflation data available till October 2022

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Kuwait Corporate Developments

- ◆ ALAFCO Board discussed a proposal for selling 53 BOEING B737-8MAX aircraft to Macquarie Air-finance Group for USD 2.215BLN (subject to currency-exchange fluctuations). The accounting loss of this transaction is expected to be **USD 61.4MM**, and the total cash inflow is expected to be USD 710.0MM after the repayment of outstanding financing for purchased aircraft and related costs.
- ◆ Agility Public Warehousing Company's unit signed a contract to provide food, water, equipment, and other services to a large humanitarian organization in Congo amounting to USD 63.0MM for one year.
- ◆ Bahrain Bourse declared an increase in the issued and paid-up capital of Kuwait Finance House (KFH) as a part of an offer made by KFH to acquire up to 100.0% of the issued and paid-up ordinary shares of Ahli United Bank (AUB).
- ◆ Gulf Bank received the approval of the Central Bank of Kuwait (CBK) to appoint Mckinsey & Co. for a feasibility study on the Al Ahli Bank of Kuwait (ABK) merger.
- ◆ ABK availed the approval of CBK to appoint J. P. Morgan as principal consultant for the merger with Gulf Bank.
- ◆ Kuwait Projects Company Holding (KIPCO) completed merger with Qurain Petrochemical Industries (QPIC).
- ◆ Gulf Investment House increased its ownership stake in INOVEST to 23.84% by purchasing 25.6MM shares worth KWD 2.3MM.
- ◆ Al Safat Investment received Competition Agency (CPA)'s approval regarding economic concentration for the merger with Cap Corp Investment. In this transaction, Al Safat will be the merging entity and Cap Corp will be the merged entity.
- ◆ Boubyan Petrochemical received Capital Markets Authority (CMA)'s approval for reducing capital to KWD 52.4MM from KWD 53.5MM by cancelling 10.7MM treasury shares to execute the merger by amalgamation with Educational Holding Co.
- ◆ Zain group decided not to proceed with the non-binding offer to sell stake in its operation in Sudan and Kuwait Sudanese Holding Company.
- ◆ Arabi Group Holdings' unit plans for restructuring two banking facilities with a local bank, amounting to KWD 14.4MM.
- ◆ Kuwait's Securities House pens the final agreement to own 100.0% of Gatehouse Capital; the company would avail credit facilities with a local bank to finance the deal.
- ◆ Kuwait International Bank receives CMA's preliminary approval for setting up a shareholding company with KWD 45.0MM capital.
- ◆ Arabi Group Holdings' BOD proposes a 100.0% increase in capital.
- ◆ Sinopec's oilfield service unit was awarded the bid for a drilling project of about USD 830.0MM.
- ◆ Gulf Petroleum Investment Company is in discussion for transferring 10.0% stake in Seram Project to Indonesian Government.
- ◆ AAN Digital Services' BOD approved capital decrease to KWD 16.3MM from KWD 87.2MM by cancelling 709.8MM shares.
- ◆ Alimtia Investment Group exited Hospitality Real Estate Investment in Boston city amounting to USD 24.0MM through a special purpose vehicle (SPV) owned by the group.
- ◆ KFH received the judgement of First Instance Court in its favor, where the Ministry of Health will have to pay financial dues of KWD 15.2MM.
- ◆ Agility pens an agreement with KSA's State Properties General Administration (SPGA) for building a large logistics park, where Agility would invest 611.0MM for building the park near Jeddah. The construction and opening of the park are set to start in Q1 2023 and Q1 2025, respectively. Agility would have the right to operate the park for 25 years.

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