



أهلي كابيتال  
AHLI CAPITAL

# AHLI CAPITAL KUWAIT MARKET MONTHLY REPORT 2022



## Market Performance

Kuwait's All Share Index closed **5.3%** MoM lower at 7,408.57 points in June 2022. The total volume traded decreased **17.9%** MoM to 4.2BLN, number of deals declined **11.9%** MoM to 271,044, and total value traded was down **24.3%** MoM to KWD 1,213.4MM. A fall in the market was mainly driven by the financial services and industrials sectors.

As per the third estimate released by the Bureau of Economic Analysis, real GDP of the US dropped at an annualized rate of **1.6%** YoY in Q1 2022 compared to the 6.9% YoY increase in Q4 2021. Real PCE decreased **0.4%** MoM in May 2022 as opposed to the 0.3% MoM revised increase in April 2022. Personal income rose 0.5% MoM in May 2022 vis-à-vis the 0.5% MoM revised increment in April 2022. It was primarily led by higher compensation (private and government wages and salaries), partly offset by a decrease in government social benefits. The US current account deficit widened to USD 291.4BLN in 1Q 2022 from the revised deficit of USD 224.8BLN in 4Q 2021. Total exports went up to USD 1.03TLN in 1Q 2022, up by USD 25.7BLN from 4Q 2021. On the other hand, total imports stood at USD 1.32TLN in 1Q 2022, an increase of USD 92.3BLN from 4Q 2021.

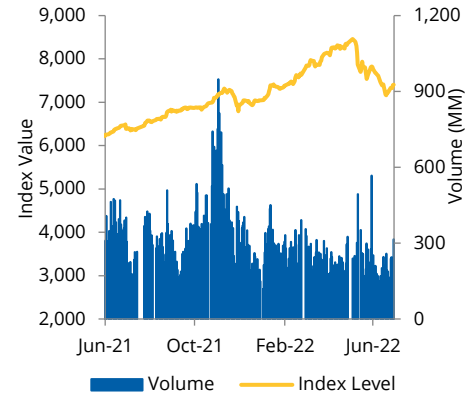
According to a flash estimate released by Eurostat, seasonally adjusted GDP in the Euro area grew 0.6% QoQ in Q1 2022, after rising 0.2% QoQ in Q4 2021. As per Eurostat, the Euro area's annual inflation rate was expected to be 8.6% in June 2022, up from 8.1% in May 2022. The Euro area's international trade deficit was EUR 32.4BLN in April 2022. Exports of goods increased 12.6% YoY and imports rose 39.4% YoY. The EU recorded a EUR 43.6BLN international trade deficit during the same period. The UK's GDP is estimated to increase by 0.8% QoQ in Q1 2022 and by 8.7% compared with Q1 2021, driven by an increase in services by 0.4% QoQ (9.9% YoY), with major contributions from information and communication. As per the latest data released by the Office for National Statistics, the annual inflation rate (CPI) in the UK climbed 9.1% YoY in May 2022 from 9.0% YoY in April 2022.

Based on the latest data released by the National Bureau of Statistics, China's CPI remained stable at the 2.1% YoY increment in May 2022, same as the April 2022 YoY increase. According to the Statistics Bureau of Japan, CPI remained stable at the 2.5% YoY increment in May 2022, same as the April 2022 YoY increment. The latest figure also marked the ninth straight month rise in annual inflation, with food prices rising at the fastest pace in seven years (4.1% in May vs 4.0% in April).

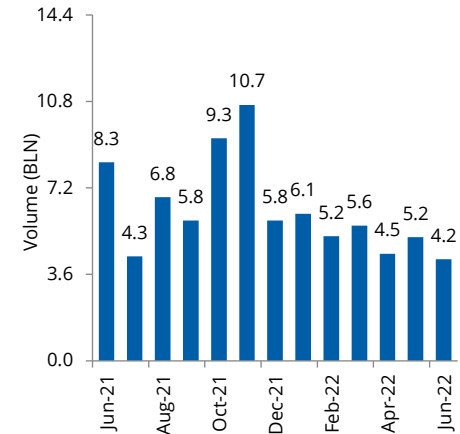
Kuwait Market Summary	June, 2022	May, 2022	Change (%)
Open	7,824.10	8,395.22	(6.8)
High	7,836.82	8,472.15	(7.5)
Low	7,093.47	7,459.65	(4.9)
Close	7,408.57	7,823.58	(5.3)
Volume traded (MM)	4,231.20	5,151.83	(17.9)
Value Traded (KWD MM)	1,213.35	1,601.89	(24.3)
No. of deals	271,044	307,812	(11.9)
No. of advances	24	29	(17.2)
No. of declines	126	121	4.1
No. of unchanged	9	8	12.5

## Kuwait Index Performance

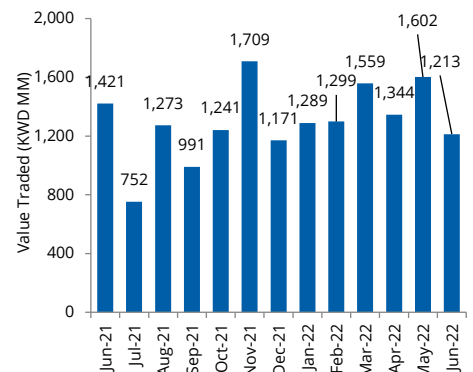
### Benchmark Index and Volume Traded



### Monthly Volume Traded (BLN)



### Monthly Value Traded



## Top Gainers and Losers

The market breadth was largely negative; 24 stocks firmed up and 126 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)
The Energy House Co	48.90	13.46	(22.50)	36.68	2.51	0.32	37.64	15.49	1.84
Combined Group Contracting Co.	448.00	13.42	26.55	76.64	24.42	0.02	3.57	7.27	1.60
Future Kid Entertainment & Real Estate	94.80	12.72	20.46	10.87	11.97	3.02	8.88	286.40	0.84
Wethaq Takaful Insurance Company	38.20	11.05	(24.95)	4.21	2.16	0.37	8.88	14.16	0.34
Aqar Real Estate Investments Co.	72.60	10.00	(7.87)	17.01	0.91	0.27	8.12	19.40	0.59

### 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)
Jiyad Holding Company	17.90	(48.12)	(77.82)	3.29	161.99	NA	11.37	NA	0.20
The National Real Estate Company	160.00	(31.62)	(27.60)	300.22	61.97	0.01	4.64	1.44	0.74
Agility Public Warehousing Company	813.00	(29.18)	(13.97)	2,053.53	75.77	0.07	1.39	57.14	1.13
Tijara & Realestate Investment Co.	49.80	(26.98)	(18.49)	18.43	63.54	0.20	9.29	9.84	0.46
Specialities Group Holding Co.	94.90	(26.43)	(25.86)	15.34	NA	0.14	5.46	13.31	0.52

### 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)
Ahli United Bank (B.S.C)	267.00	(2.6)	(4.0)	2,976.50	388.42	0.06	8.13	17.10	2.17
GFH Financial Group (B.S.C)	85.50	(11.40)	(14.33)	309.18	384.54	0.13	12.25	10.76	1.05
Aayan Leasing & Investment Co.	137.00	(17.96)	(14.38)	90.97	377.45	NA	7.36	NA	1.01
Kuwait Finance House	871.00	(3.11)	4.69	8,020.00	287.76	0.04	5.51	31.25	4.80
Kuwait Investment Company	148.00	(13.95)	(47.33)	81.10	278.87	0.02	4.45	2.88	0.66

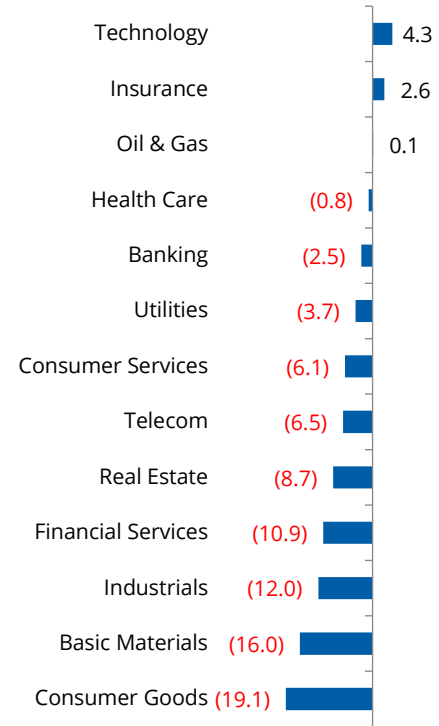
Source: Bloomberg; NM – Not Meaningful; NA – Not Available

## Performance by Sector

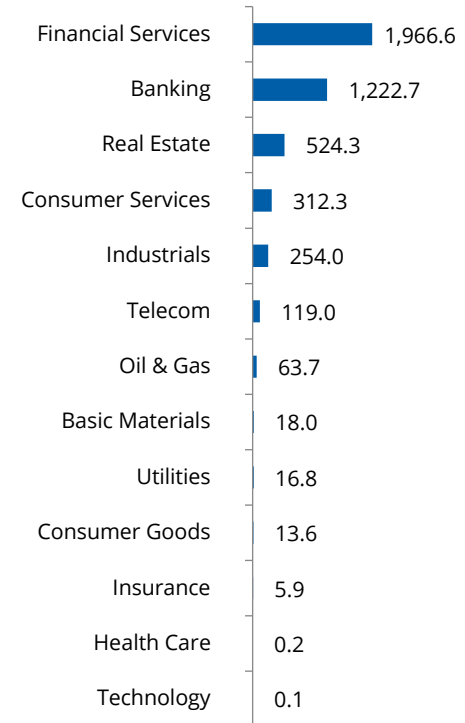
- **Banks:** The sector closed **2.5%** lower at 1,780.8 points during the month. Burgan Bank (down **12.7%**) was the loser, followed by Warba Bank (down **9.3%**), while Gulf Bank (up **2.2 %**) rose the most. Total turnover stood at KWD 613.9MM. The volume traded and number of deals stood at 1,222.7MM shares and 78,189, respectively.
- **Basic Materials:** The sector closed **16.0%** lower at 1,012.9 points during the month. Alkout Industrial Projects Co. (down **25.5%**) was the top loser, followed by Boubyan Petrochemical Co. (down **16.1%**). The number of shares traded, and total turnover stood at 18.0MM and KWD 11.5MM, respectively, while total transactions stood at 3,663.
- **Consumer Goods:** The sector ended **19.1%** lower at 527.4 points during the month. Mezzan Holding Co rose (down **20.9%**) declined the most, followed Livestock Transport & Trading Co. (down **9.5%**). Total volume, turnover, and deals made stood at 13.6MM shares, KWD 6.1MM, and 2,263 respectively.
- **Consumer Services:** The sector closed **6.1%** lower at 1,488.8 points during the month. Among stocks, Jiyad Holding Company (down **48.1%**) declined the most, followed by Al Eid Food Co. (down **26.3%**), while Future Kid Entertainment & Real Estate (up **12.7%**) was the top gainer. Total volume, turnover, and transactions stood at 312.3MM shares, KWD 100.1MM, and 23,378, respectively.
- **Financial Services:** The sector closed **10.9%** lower at 1,371.8 points during the month. Arabi Holding Group Co. (down **24.1%**) was the top loser, followed by Kuwait Syrian Holding Co (down **20.6%**), while Gulf Franchising Holding Co. (up **4.9%**) was the top gainer. Total volume, turnover, and deals made stood at 2.0BLN shares, KWD 287.8MM and 83,959, respectively.
- **Healthcare:** The sector ended **0.8%** lower at 476.1 points. Advanced Technology Company (down **7.3%**) was the top loser, while Al Maidan Clinic for Oral Health Services Co (up **2.7%**) rose the most. There were 67 deals; quantity and value traded stood at 0.24MM and KWD 0.14MM, respectively.
- **Industrials:** The sector closed **12.0%** lower at 1,164.0 points during the month. Agility Public Warehousing Company (down **29.2%**) was the top loser, followed by Specialities Group Holding Co. (down **26.4%**), while Combined Group Contracting Co. (up **13.4%**) was the top gainer. Total volume, turnover, and deals made stood at 254.0MM shares, KWD 142.4MM and 36,048, respectively.

## Market Composition

### Monthly Sector Index Returns (%)



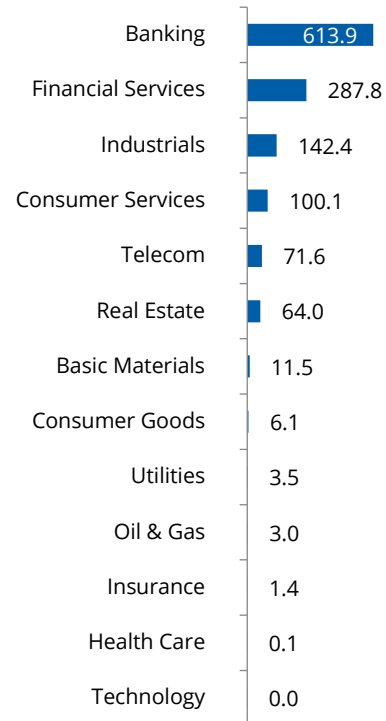
### Monthly Volume Traded (Million)



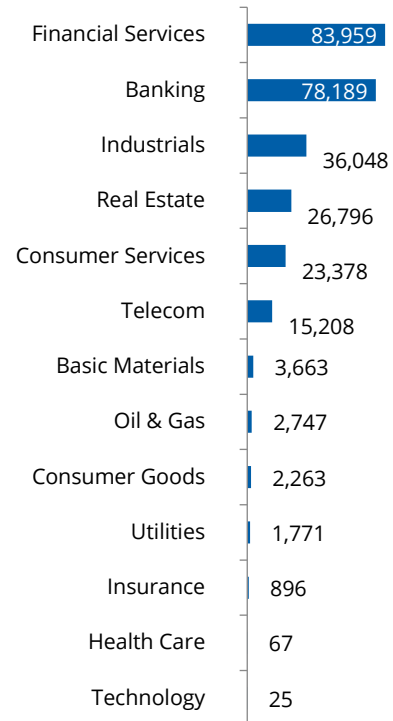
- **Utilities:** The sector closed **3.7%** lower at 544.7 points during the month. Shamal Az-Zour Al-Oula Power and Water Company K.S.C.P (down **3.7%**) only listed stock ended in red. The sector recorded 1,771 transactions. Total volume and value traded stood at 16.8MM and KWD 3.5MM, respectively.
- **Insurance:** The sector closed **2.6%** higher at 1,542.6 points during the month. Wethaq Takaful Insurance Company (up 11.0%), was the top gainer, followed by Kuwait Insurance Company (up 8.8%); while Warba Insurance Company (K.S.C.P) (down **11.0%**) was the top loser. Total volume, turnover, and deals made stood at 5.9MM shares, KWD 1.4MM and 896, respectively.
- **Oil & Gas:** The sector closed **0.1%** higher at 1,168.2 points. The Energy House Co. (up 13.5%) was the top gainer, while Burgan Co. For Well Drilling Trading & Maint (down **4.1%**) was the top loser. Total volume, turnover, and number of transactions stood at 63.7MM shares, KWD 3.0MM, and 2,747, respectively.
- **Real Estate:** The sector ended **8.7%** lower at 1,205.2 points during the month. The National Real Estate Company (down **31.6%**) was the top loser, followed by Tijara & Realestate Investment Co. (down **27.0%**), while Aqar Real Estate Investments Co. (up 10.0%) was the top gainer. Total volume, turnover, and deals made stood at 524.3MM shares, KWD 64.0MM and 26,796, respectively.
- **Technology:** The sector closed **4.3%** higher at 698.4 points during the month. Automated Systems Company being the only company in the sector rose 4.3%. The sector recorded 25 transactions during the month. Total volume and value traded stood at 0.08MM and KWD 0.01MM respectively.
- **Telecom:** The sector closed **6.5%** lower at 1,209.9 points. Kuwait Telecommunications Co. (down **11.0%**) was the top loser, followed by Hayat Communications Company (down **6.7%**), while Aan Digital Services Co. ended flat. Total turnover of KWD 71.6MM was generated by 119.0MM shares traded through 15,208 transactions.

## Market Composition

### Monthly Value Traded (KWD MM)



### Number Of Deals

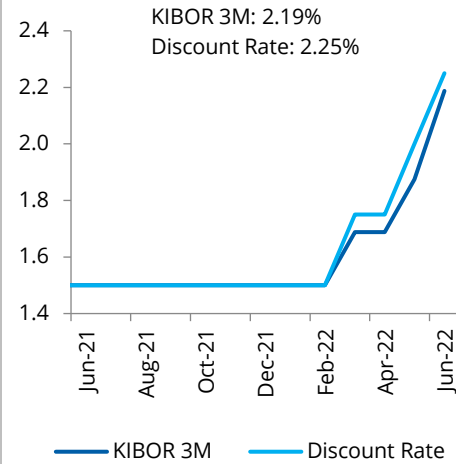


## Kuwait – Economy and Industry News

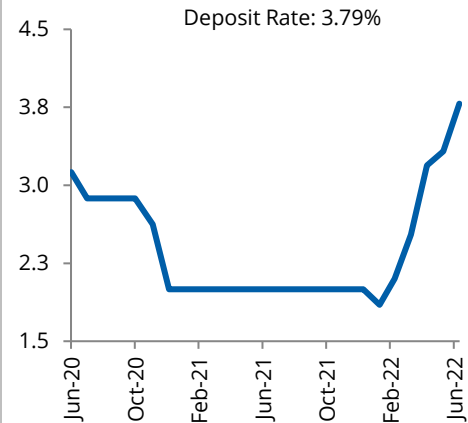
- The Central Bank of Kuwait (CBK) reported that broad money supply (M2) increased to KWD 41.5BLN in April 2022 from KWD 40.6BLN in March 2022.
- CBK raised the discount rate by 0.25% from 2.00% to 2.25% in June 2022. It also changed the rates of monetary policy instruments by different percentages for the entire interest rate yield curve, including repurchases (repo), CBK bonds and tawarruq, term deposits, direct intervention instruments, and public debt instruments.
- Kuwait's crude oil exports to Japan climbed 2.2% YoY to 5.55MM barrels in May 2022. Kuwait, Japan's fourth biggest oil provider, supplied 6.9% of the nation's total crude imports, as per the Japanese Natural Resources and Energy Report.
- Kuwait's May 2022 trade surplus with Japan increased more than 3x compared to the same period last year, i.e., up 202.7% YoY, rising for the 14th consecutive month.
- According to MEED, the four Gulf OPEC countries, including Kuwait, are expected to realize unexpected gains due to the Russia-Ukraine crisis and would build wealth of at least USD 100.0BLN in FY22, i.e., 10% of the expected GDP of the four countries.
- After eight consecutive years of deficits, the Ministry of Finance is hopeful Kuwait will generate surplus cash at the end of the current fiscal year, as the liquidity level of the public treasury is finally boosted by oil revenues.
- Fitch Solutions Country Risk & Industry Research has announced a positive outlook for consumer spending in FY2022, forecasting 6.2% real household spending growth, supported by a lifting of pandemic restrictions. Rising global oil prices in FY2022 improved wage and employment prospects for people employed in the oil sector.
- As per Rystad Energy, a company that specializes in oil research, Kuwait ranked ninth all over the globe for recoverable oil reserve, which would amount to 53.0BLN barrels.
- According to Fitch Solutions Sector Intelligence, demand for Kuwait loans is anticipated to surge from 6.2% in 2021 to 7.6% in 2022, reflecting a stronger growth outlook on the economy after rising oil prices due to geopolitical tensions, and 8.7% YoY credit growth in March 2022, the highest increase after July 2009.

## Monetary Indicators

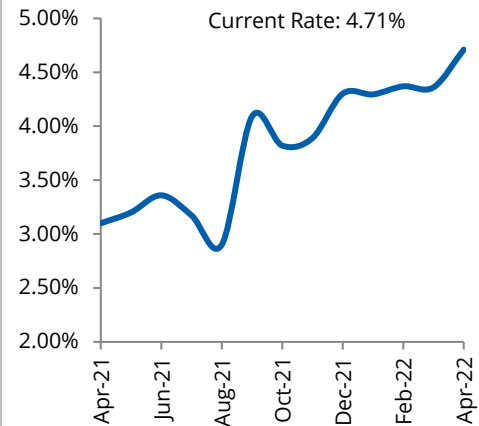
### Interest Rate (%)



### Deposit Rate (%)



### Inflation Rate (%)



Source: Bloomberg

Note: Kuwait Inflation data available till Apr 2022.

## Kuwait Corporate Developments

- Kuwait Investment Company, Boubayan Bank (in alliance with Zain Group), Warba Bank, and Oredoo Kuwait Bank are among those banks that are processing applications to the Central Bank of Kuwait for establishment of a digital bank in a consortium with a group of businessmen.
- United Real Estate Company sold its shares in Kuwait Hotel Company for 180 fils per share having a valuation of KWD 3.1MM. In this transaction, the company has made a profit of KWD 1.2MM.
- Boubayan Bank and Visa jointly launched “Boubayan's Visa FIFA World Cup Qatar 2022™ Prepaid Card”. This event emphasizes the bank's year-old special partnership with Visa and enhances brand image in front of its stakeholders.
- As per Kuwait Finance House (KFH) on Bursa Kuwait, KFH received Competition Protection Agency (Kuwait)'s approval for its potential acquisition of Ahli United Bank B. S. C. (AUB).
- Kuwait Projects Co (KIPCO), a company that invests in the Middle East and North Africa (MENA) in the financial services, media, real estate, and industry sectors, finalized a USD 375.0MM senior unsecured loan with a group of six international banks having maturity of 18 months.
- KIPCO received approval from Capital Markets Authority (CMA) to merge with Qurain Petrochemical Industries Company (QPIC) through amalgamation. Being a non-cash transaction, the share swap ratio would be 2.24 KIPCO shares for every QPIC share.
- Amar Finance and Leasing Unit agreed to initial terms for selling investment property in a deal amounting to KWD 1.5MM.
- As per a bourse filing, Jazeera Airways availed of temporary cash facilities worth KWD 27.0MM (USD 88.0MM) through local banks. The proceeds would be used to buy property and equipment and other capital expenditure.
- Kuwait Oil Company (KOC), owned by the Kuwait sovereign, requested the Central Agency for Public Tenders (CAPT) for extension in the contract involving the development of KOC's Jurassic gas fields valuing both extended deals approximately at USD 21.2MM and USD 18.7MM, respectively.
- Moody's affirmed the insurance financial strength rating (IFSR) of GIG Insurance - Egypt (GIG Egypt), a subsidiary of Kuwait-based Gulf Insurance Group (GIG), at "Ba2" and changed the outlook to negative from stable.
- Board of National Real Estate Co KSCP approved receiving banking facilities from two local banks amounting to KWD 116.0MM. The proceeds would be partially utilized for settling existing banking facilities that were previously obtained from other local banks and partially used for supporting the company's operations.
- Macquarie Group Ltd., based in Australia, is holding rounds of discussion regarding a potential acquisition of Kuwaiti plane leasing firm Alafco Aviation Lease & Finance Co.
- Kuwait and Middle East Financial Investment (KMEFIC) acquired 75% equity stake in Egypt's Global Invest Securities Company. The deal value stood at EGP 7.0MM.

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