

ABK CAPITAL  
**KUWAIT**  
MARKET  
MONTHLY  
REPORT

2023



# Kuwait Market Monthly Report

July 2023

## Market Performance

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 rise in the market was mainly led by the banking and financial services sectors.

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. As per the third estimate released by the Bureau of Economic Analysis, US real GDP was up 2.4% YoY in Q2 2023 as opposed to the 2.0% YoY increase in Q1 2023. Real personal consumption expenditure (PCE) increased 0.4% in June 2023, while personal income rose 0.3% MoM in June compared with 0.5% (revised MoM) in May 2023. This is attributed to an increase in compensation partly offset by a decrease in personal income receipts on assets. US current account deficit stood at **USD 65.5BLN** in June 2023 against deficit of **USD 68.3BLN** in May 2023 (revised). Total exports fell to USD 247.5BLN in June 2023, **USD 0.3BLN** less than the amount in May 2023. Furthermore, total imports stood at USD 313.0BLN in June 2023, a decrease of **USD 3.1BLN** from that in May 2023.

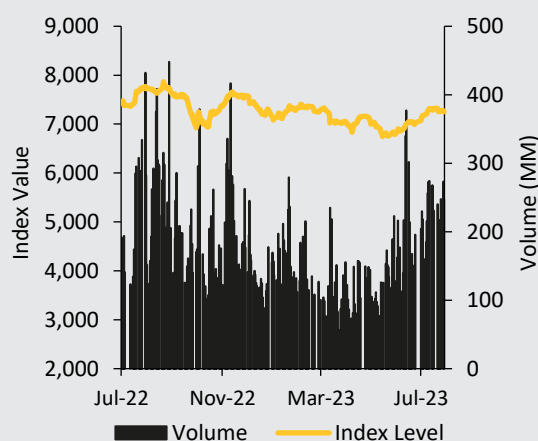
IMF projects Euro Area's GDP would increase 0.9% and 1.5% in FY23 and FY24, respectively. According to Eurostat, EU's statistical office, the Euro area's annual inflation rate is expected to be 5.3% in July 2023, down from 5.5% in June 2023. The first estimate for Euro Area's international trade deficit was EUR 11.7BLN in May 2023 as opposed to a surplus of EUR 34.5BLN in April 2022. According to IMF projection, the UK's GDP is expected to fall **0.4%** in FY23 and increase 1.0% in FY24. As per the latest data released by the Office for National Statistics, the UK's consumer price index (CPI) rose 7.9% YoY in June, down from 8.7% in May 2023. However, CPI, including owners and occupiers' housing costs (CPIH), in the UK edged up 7.3% YoY in June 2023 compared with 7.9% YoY in May 2023.

IMF expects China's GDP to grow 5.2% and 4.5% in FY23 and FY24, respectively. Based on the latest data released by the National Bureau of Statistics, China's CPI (YoY) was unexpectedly flat in June 2023 as against 0.2% YoY in May 2023 as food prices decreased to **0.6%** YoY in June 2023 (flat in May 2023). According to IMF's projection, Japan's GDP is likely to gain 1.4% and 1.0% in FY23 and FY24, respectively. According to the Statistics Bureau of Japan, CPI stood at 3.3% YoY in June 2023 compared with 3.2% in May 2023. As a result of high prices of imported raw commodities and food, the figure came in above the Bank of Japan's 2.0% target for the 15<sup>th</sup> straight month.

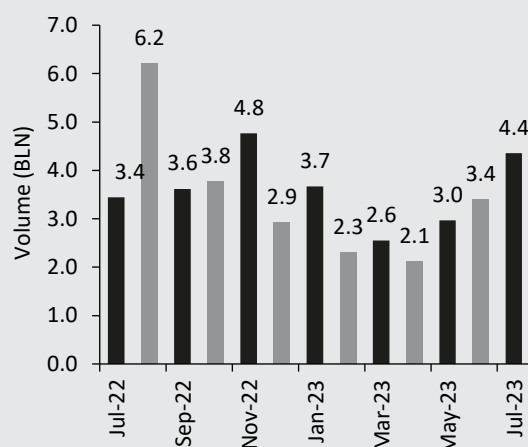
| Kuwait Market Summary | July, 2023 | June, 2023 | Change (%) |
|-----------------------|------------|------------|------------|
| Open                  | 7,051.43   | 6,812.07   | 3.5        |
| High                  | 7,363.33   | 7,062.95   | 4.3        |
| Low                   | 7,046.92   | 6,782.28   | 3.9        |
| Close                 | 7,253.76   | 7,029.77   | 3.2        |
| Volume traded (MM)    | 4,353.95   | 3,396.06   | 28.2       |
| Value Traded (KWD MM) | 904.33     | 813.84     | 11.1       |
| No. of deals          | 217,927    | 168,060    | 29.7       |
| No. of advances       | 81         | 97         | (16.5)     |
| No. of declines       | 55         | 38         | 44.7       |
| No. of unchanged      | 14         | 15         | (6.7)      |

## Kuwait Index Performance

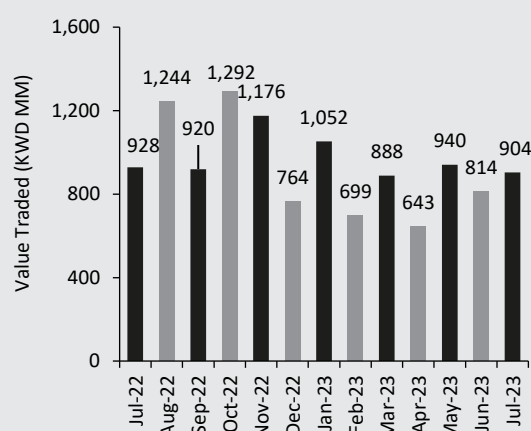
### Benchmark Index and Volume Trade



### Monthly Volume Traded (BLN)



### Monthly Value Traded



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## Top Gainers and Losers

The market breadth was broadly positive; 81 stocks rose, and 55 stocks declined, while 14 remained unchanged.

### Top Five Gainers

| Particulars  | Close<br>(KWD Fils) | MTD (%) | YTD (%) | Market Capitalization<br>(KWD MM) | Volume<br>(MM) | EPS<br>(KWD Fils) | BVPS<br>(KWD Fils) | P/E<br>(x) | P/B<br>(x) |
|--|---------------------|---------|---------|-----------------------------------|----------------|-------------------|--------------------|------------|------------|
| IFA Hotels & Resorts Co.                           | 165.00              | 587.50  | 480.99  | 29.41                             | 56.71          | 0.06              | 3.56               | 9.27       | 0.59       |
| International Financial Advisers Holding           | 162.00              | 36.13   | 63.47   | 40.38                             | 197.11         | 0.19              | 6.95               | 31.18      | 1.13       |
| Al-Deera Holding Co.                               | 192.00              | 35.21   | 20.00   | 17.62                             | 0.20           | 0.15              | 8.21               | 28.77      | 1.58       |
| Arzan Financial Group For Financing And Investment | 142.00              | 32.71   | 23.48   | 115.71                            | 243.76         | 0.19              | 7.49               | 27.34      | 1.06       |
| Privatization Holding Co.                          | 31.30               | 28.81   | (13.06) | 19.09                             | 51.01          | NA                | 9.49               | NA         | 0.30       |

### Top Five Losers

| Particulars                        | Close<br>(KWD Fils) | MTD (%) | YTD (%) | Market Capitalization<br>(KWD MM) | Volume<br>(MM) | EPS<br>(KWD Fils) | BVPS<br>(KWD Fils) | P/E<br>(x) | P/B<br>(x) |
|------------------------------------|---------------------|---------|---------|-----------------------------------|----------------|-------------------|--------------------|------------|------------|
| Kuwait Foundry Co.                 | 375.00              | (30.04) | 27.55   | 24.37                             | 1.91           | 0.01              | 2.69               | 3.15       | 1.01       |
| Gulf Franchising Holding Co.       | 57.50               | (15.44) | (36.04) | 2.30                              | 0.13           | 1.51              | 17.85              | 86.73      | 1.03       |
| Automated Systems Company          | 79.30               | (14.64) | (17.14) | 7.93                              | 0.54           | NA                | 9.00               | NA         | 0.71       |
| Kuwait Hotels Company              | 195.00              | (14.10) | 10.17   | 11.00                             | 0.00           | 0.07              | 11.83              | 12.68      | 2.31       |
| National International Holding Co. | 109.00              | (12.10) | (16.15) | 24.40                             | 26.51          | 0.14              | 5.94               | 15.33      | 0.65       |

### Top Five by Volume

| Particulars                                    | Close<br>(KWD Fils) | MTD (%) | YTD (%) | Market Capitalization<br>(KWD MM) | Volume<br>(MM) | EPS<br>(KWD Fils) | BVPS<br>(KWD Fils) | P/E<br>(x) | P/B<br>(x) |
|--|---------------------|---------|---------|-----------------------------------|----------------|-------------------|--------------------|------------|------------|
| GFH Financial Group                            | 85.20               | (2.41)  | 12.11   | 297.47                            | 501.93         | 0.11              | 12.70              | 9.76       | 1.08       |
| Arzan Financial Group for Financing & Investm. | 142.00              | 32.71   | 23.48   | 115.71                            | 243.76         | 0.19              | 7.49               | 27.34      | 1.06       |
| Aayan Leasing & Investment Co.                 | 159.00              | 8.16    | 19.55   | 105.58                            | 230.49         | 0.06              | 7.18               | 9.33       | 1.14       |
| Kuwait Finance House                           | 789.00              | 5.91    | (4.13)  | 11524.40                          | 203.26         | 0.03              | 2.82               | 21.09      | 2.23       |
| International Financial Advisers Holding       | 162.00              | 36.13   | 63.47   | 40.38                             | 197.11         | 0.19              | 6.95               | 31.18      | 1.13       |

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

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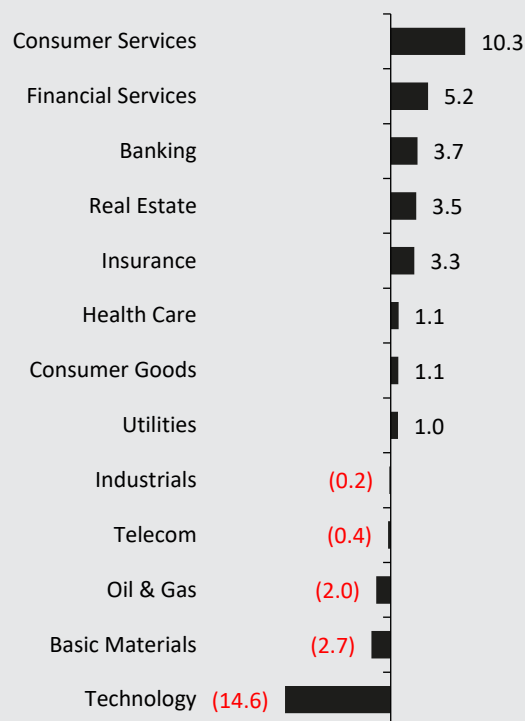
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## Performance by Sector

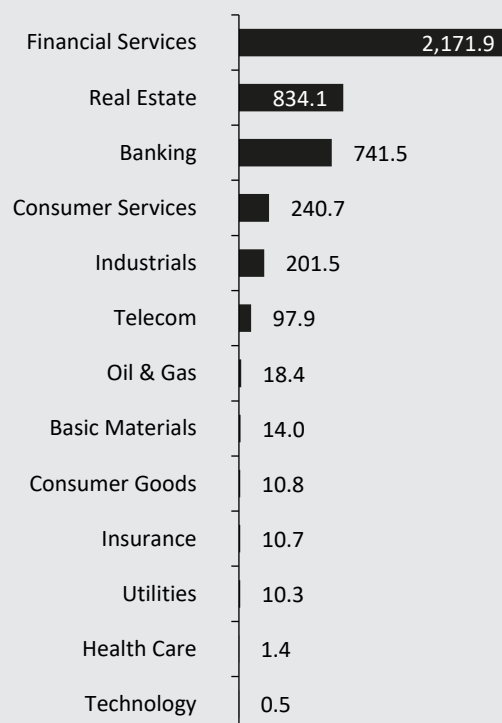
- Banks:** The sector closed 3.7% higher at 1,769.1 points during the month. Commercial Bank of Kuwait (up 14.9%) rose the most, followed by Kuwait Finance House (up 5.9%) while Boubyan Bank (down 3.1%) was the top Loser. The sector recorded 54,761 transactions. Total volume and value traded stood at 741.5MM and KWD 349.3MM, respectively.
- Basic Materials:** The sector closed 2.7% lower at 883.1 points during the month. Kuwait Foundry Co. (down 30.0%) declined the most, followed by Boubyan Petrochemical Co. (down 0.8%), whereas Alkout Industrial Projects Co. ended flat. The sector recorded 4,415 transactions. Total volume and value traded stood at 14.0MM and KWD 9.9MM, respectively.
- Consumer Goods:** The sector closed 1.1% higher at 621.7 points during the month. Livestock Transport & Trading Com. (up 6.7%) rose the most, followed by Mezzan Holding Co (up 0.4%). The sector recorded 991 transactions. Total volume and value traded stood at 10.8MM and KWD 5.4MM, respectively.
- 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. The sector recorded 16,244 transactions. Total volume and value traded stood at 240.7MM and KWD 52.7MM, respectively.
- Financial Services:** The sector closed 5.2% higher at 1,290.3 points during the month. International Financial Advisers Holding (up 36.1%) rose the most, followed by Al-Deera Holding Co. (up 35.2%) while Gulf Franchising Holding Co. (down 15.4%) was the top Loser. The sector recorded 67,946 transactions. Total volume and value traded stood at 2.2BLN and KWD 269.4MM, respectively.
- Healthcare:** The sector closed 1.1% higher at 454.3 points during the month. Advanced Technology Company (up 3.5%) rose the most, whereas Al-Maidan Clinic For Oral Health Services Co. and Yiaco Medical Co. ended flat. The sector recorded 141 transactions. Total volume and value traded stood at 1.4MM and KWD 0.6MM, respectively.
- Industrials:** The sector closed 0.2% lower at 1,001.4 points during the month. United Projects Co. (down 12.0%) declined the most, followed by Mubarrad Holding Company K.S.C.P (down 11.7%) while Shuaiba Industrial Co. (up 20.4%) was the top gainer. The sector recorded 23,033 transactions. Total volume and value traded stood at 201.5MM and KWD 85.0MM, respectively.

## Market Composition

### Monthly Sector Index Returns (%)



### Monthly Volume Traded (Million)



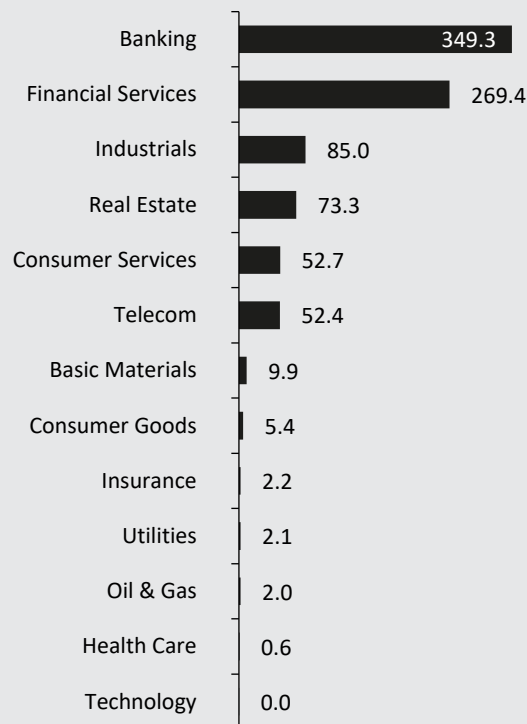
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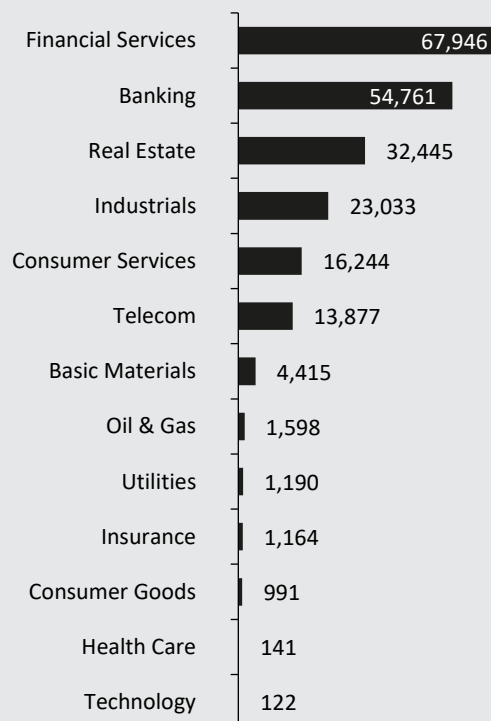
- Utilities:** The sector closed 1.0% higher at 531.6 points during the month. Shamal Az-Zour Al-Oula Power And Water Company K.S.C.P, being the only company in the sector, increased 1.0%. The sector recorded 1,190 transactions. Total volume and value traded stood at 10.3MM and KWD 2.1MM, respectively.
- Insurance:** The sector closed 3.3% higher at 2,179.1 points during the month. Al-Ahleia Insurance Company (up 22.9%) rose the most, followed by Warba Insurance And Reinsurance Company (K.S.C.P) (up 2.9%) while First Takaful Insurance Company (down 9.0%) was the top Loser. The sector recorded 1,164 transactions. Total volume and value traded stood at 10.7MM and KWD 2.2MM, respectively.
- Oil & Gas:** The sector closed 2.0% lower at 998.9 points during the month. The Energy House Co (down 11.1%) declined the most, followed by Independent Petroleum Group (down 5.0%) while Burgan Co. For Well Drilling Tradhing & Maint (up 1.9%) was the top gainer. The sector recorded 1,598 transactions. Total volume and value traded stood at 18.4MM and KWD 2.0MM, respectively.
- Real Estate:** The sector closed 3.5% higher at 1,250.1 points during the month. Munshaat Real Estate Projects Co (up 27.4%) rose the most, followed by First Dubai For Real Estate Development (up 19.9%) while Salhia Real Estate Company (down 7.2%) was the top Loser. The sector recorded 32,445 transactions. Total volume and value traded stood at 834.1MM and KWD 73.3MM, 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%. The sector recorded 122 transactions. Total volume and value traded stood at 0.5MM and KWD 44565.9, respectively.
- Telecom:** The sector closed 0.4% lower at 1,113.5 points during the month. National Mobile Telecommunications Co. (down 5.6%) declined the most, followed by Hayat Communications Company (down 4.8%) while Kuwait Telecommunications Co. (up 1.4%) was the top gainer. The sector recorded 13,877 transactions. Total volume and value traded stood at 97.9MM and KWD 52.4MM, respectively.

## Market Composition

### Monthly Value Traded (KWD MM)



### Number Of Deals





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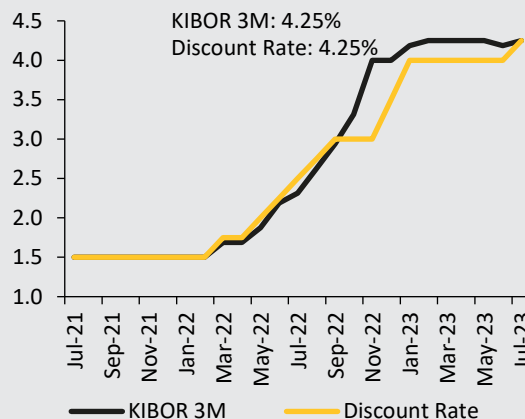
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## Kuwait – Economy and Industry News

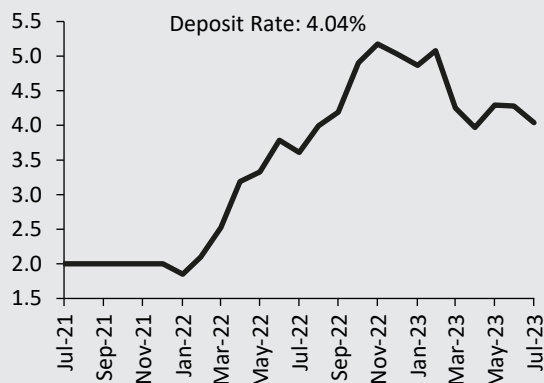
- ◆ The Central Bank of Kuwait (CBK) reported that the broad money supply (M2) increased to KWD 39.6BLN in June 2023 from KWD 39.6BLN in May 2023.
- ◆ Kuwait's annual inflation rate rose to 3.8% YoY in June 2023, slightly higher than 3.7% YoY in May 2023. Similarly, monthly consumer prices were up 0.5% MoM in June 2023, after a 0.2% increase in May 2023.
- ◆ Crude oil, refined products, liquefied natural gas (LNG), and other natural resources, which accounted for 94.7% of the region's total exports to Japan, plunged **35.5%**.
- ◆ Kuwait's trade surplus with Japan decreased **33.4%** YoY to JPY 67.9BLN in June 2023 compared with the same period last year. Kuwait's overall exports to Japan were down **22.7%** YoY to JPY 93.0BLN.
- ◆ The first half of FY 2023 marked an around **41.0%** plunge in the number of transactions within the residential sector with 1,526 deals struck (total value of KWD 736.0MM) compared with 2,592 in the same period last year (total value of KWD 1.7BLN).
- ◆ The Central Bank of Kuwait (CBK) decided to raise the discount rate by 0.25% from 4.00% to 4.25%.
- ◆ The Ministry of Finance announced surplus in the state final account amounting to KWD 6.4BLN in the fiscal year 2022–23 vis-a-vis actual deficit of **KWD 4.3BLN** in the previous fiscal year. The Ministry of Finance also said that actual revenue reached KWD 28.8BLN, rising 54.7%, in the FY 2022–23.
- ◆ Kuwait's refining capacity from joint ventures in Oman, Italy, and Vietnam will rise to more than 600,000 bpd.
- ◆ In June, retail trade turnover fell **2.3%**. Retail trade in non-food products (except for retail sale of automotive fuel) decreased **2.9%**
- ◆ Central Statistical Bureau (CSB) shows that GDP was down **0.9%** in the second quarter of 2023 compared to the same period in 2022.
- ◆ Kuwait's draft budget for 2023-2024 estimates a deficit of **KWD 6.8BLN (USD 22.2BLN)** on the back of lower oil prices and volumes, citing a member of parliament.

### Monetary Indicators

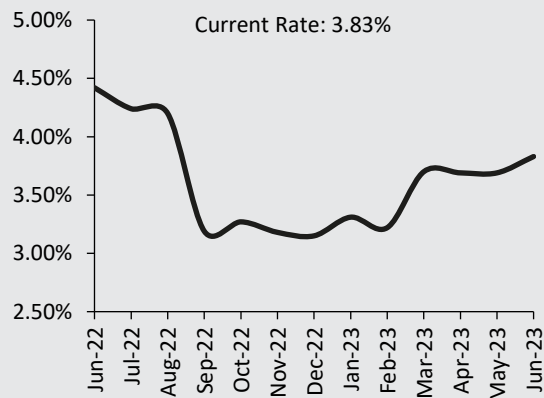
#### Interest Rate (%)



#### Deposit Rate (%)



#### Inflation Rate (%)



Source: Bloomberg

Note: Kuwait Inflation data available till Jun 2023

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## Kuwait Corporate Developments

- ◆ KFH reached an agreement regarding a merger by combination with Ahli United Bank, in which Kuwait Finance House is the merging company and Ahli United Bank is the merged company.
- ◆ Heavy Engineering Industries and Shipbuilding Company (HEISCO) signed a KWD 3.9MM contract with Equate Petrochemical to execute aromatics to 2024 area 1 & 3 mechanical lump sum project.
- ◆ Kuwait's Heavy Engineering Industries and Shipbuilding Company (HEISCO) received a tender for mechanical maintenance services at Mab Refinery worth KWD 91.8MM.
- ◆ Kuwait's Heavy Engineering Industries and Shipbuilding Company (HEISCO) received a KWD 17.8MM contract for KNPC refineries project.
- ◆ Advanced Technology signed a credit facilities agreement worth KWD 37.9MM.
- ◆ Heavy Engineering Industries and Shipbuilding Company (HEISCO) signed a contract with Kuwait Oil Company worth KWD 5.9MM for the construction of a new 11kv,10mw substation in Abdulliah and Dharif.
- ◆ Kuwait's Munshaat board approved a cash purchase offer for its land worth KWD 7.8MM.
- ◆ Kuwait's KIPCO made partial prepayment of USD 330.0MM for the USD 525.0MM syndicated facility.
- ◆ IFA Hotels and Resorts Unit signed various agreements with non-controlling shareholders in a project to buy their share for KWD 9.5MM.
- ◆ Fitch affirmed Bahrain's Ahli United Bank at 'BB+', Outlook Stable. The Viability Rating (VR) reflects AUB's adequate regional franchise, strong geographical diversification, sound profitability, moderate risk appetite, resilient asset quality, adequate capitalization, and comfortable liquidity.
- ◆ Alafco Aviation Lease and Finance completed the sale of 24 aircraft out of 53 aircraft.
- ◆ Kuwait's refining capacity from joint ventures in Oman, Italy, and Vietnam will rise to more than 600,000 bpd, as per Kuwait's refining capacity CEO.
- ◆ Egypt Kuwait Holding Company inaugurated and developed plants in Egypt at USD 46.0MM through its company Sprea for producing sulfuric acid, simultaneously increasing the productivity of other factories and expanding production chains.
- ◆ Al Ahleia Insurance to start voluntary liquidation process for Bahraini unit.
- ◆ Kuwait Finance House Board proposes semi-annual cash dividend of 10 Fils per share.
- ◆ Agility Enters Into funded equity collar agreements in multi-year funded equity collar agreements in relation to 8.0MM shares of Co's stake in DSV. Agreements will allow Agililty to drawdown up to EUR 1.3BLN which will be reflected in company financials.

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