



أهلي كابيتال
AHLI CAPITAL

AHLI CAPITAL GCC MARKET MONTHLY REPORT 2022

GCC Markets Performance

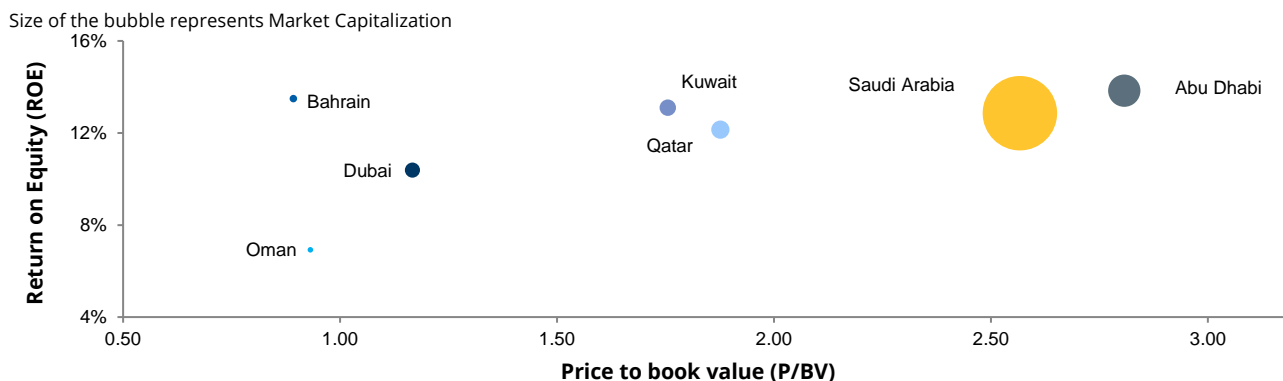
Index	Close	Change MTD (%)	Change YTD (%)	P/E	Dividend Yield (%)
Bahrain (BAX)	1,918.0	0.66	6.72	6.56	5.53
Kuwait (KWSEAS)	7,709.1	(0.10)	9.45	17.46	2.83
Oman (MSM)	4,585.3	1.17	11.04	13.25	4.49
Qatar (DSM)	13,425.6	0.42	15.48	15.52	3.24
Saudi Arabia (TASI)	12,283.3	0.69	8.88	20.29	2.43
UAE (ADX)	9,874.5	2.18	16.33	19.73	1.95
UAE (DFM)	3,443.1	3.15	7.73	10.59	2.62

Market Highlights

All GCC indices ended in positive territory except Kuwait's KWSEAS, during the month of August. UAE's DFM index (up 3.2%) was the top gainer, followed by UAE's ADX (up 2.2%), while Kuwait's KWSEAS (down 0.1%) lost marginally.

- Bahrain's BAX closed 0.7% higher at 1,918.0 points. Among sectors, Consumer Discretionary (up 3.2%) was the top gainer. Among stocks, Nass Corporation B.S.C. (up 17.7%) increased the most, followed by Solidarity Bahrain (up 8.9%), while United Gulf Investment Co. (down 16.0%) was the top loser. In September, we expect Bahrain's market to follow the trend in oil prices.
- Kuwait's All Share Index closed 0.1% lower at 7,709.1 points. Among sectors, Technology (down 14.8%) declined the most. On the contrary, Oil and Gas (up 4.6%) rose the most. Dar Al Thuraya Real Estate Co. (down 24.1%) was the top loser, while Jiyad Holding Company (up 95.5%) was the top gainer. We estimate the Kuwaiti market to slightly rise in September as effect of inflation; countered by marginally decreasing oil prices.
- Oman's MSM was up 1.2% at 4,585.3 points. Among sectors, Industries (up 14.2%) was the top gainer, whereas Services (up 1.0%) gained the least. Among stocks, Asaffa Foods (up 118.6%) increased the most, followed by Raysut Cement (up 51.0%), while Barka Water and Power (down 50.0%) was the top loser. We anticipate Oman's bourses to rise in September as GCC market has positive sentiment, reaping benefits of hydrocarbon economy.
- Qatar's DSM rose 0.4% to close at 13,425.6 points. Among sectors, Real Estate (up 5.3%) increased the most, while Telecoms (down 2.4%) declined the most. Among stocks, Qatar German for Medical Devices (up 36.4%) was the top gainer, followed by Mannai Corporation (up 30.9%), while Qatar Industrial Manufacturing (down 7.1%) decreased the most. We anticipate Qatar's market to be volatile in September.
- Saudi Arabia's TASI increased 0.7% to close at 12,283.3 points. Among sectors, Software and Services (up 16.9%) increased the most, while Energy (down 5.2%) declined the most. Naseej International Trading Co. (up 51.8%) rose the most, followed by Red Sea International Co. (up 37.4%); while Leejam Sports Co. (down 24.0%) declined the most. The market is expected to rise in September as the global markets and GCC markets have a positive sentiment; being a hydrocarbon positive economy and benefitting from the soaring inflations.
- The ADX ended 2.2% higher at 9,874.5 points. Among sectors, Basic Materials (up 10.4%) was the top gainer, while Telecommunications declined the most (down 7.5%). Among stocks, Eshraq Investments P.J.S.C (up 80.5%) rose the most, followed by Multiply Group PJSC (up 21.4%), while National Corporation for Tourism & Hotels (down 24.1%) declined the most.
- The DFM ended 3.2% higher at 3,443.1 points. Among sectors, Consumer Staples and Discretionary (up 80.9%) was the top gainer, followed by Real Estate & Constructions (up 12.3%), whereas Insurance (down 4.1%) was the top loser. Among stocks, Emirates Refreshments Company (up 80.9%) rose the most, followed by Amlak Finance P.J.S.C (up 37.1%), while Takaful Emarat (PSC) (down 32.4%) declined the most. In September, we expect the UAE markets to slightly rise as there is positive sentiment in all hydrocarbon economies.

Valuation



Macroeconomic Snapshot

- **Bahrain** – The International Monetary Fund (IMF) estimates Bahrain’s real Gross Domestic Product (GDP) to increase by 3.3% this year, and inflation is projected to rise by 3.5%. According to the Information & e-Government Authority, the inflation growth rate in Bahrain for July 2022 was 3.9% YoY compared to 3.1% YoY for June 2022.
- **Kuwait** – As per IMF’s projections Kuwait’s economy is expected to increase by 8.2% this year, and inflation is projected to rise by 4.8%. According to the latest data released by Central Statistical Bureau (CSB), annual inflation increased by 4.2% YoY in July 2022.
- **Oman** – As per IMF estimates, Oman’s economy is projected to grow 5.6% this year, and inflation is estimated to rise by 3.7%. As per the National Centre for Statistics and Information (NCSI), Oman’s inflation decreased to 2.6% in July 2022 from 2.9% in June 2022.
- **Qatar** – As per IMF estimates, Qatar’s real GDP growth is expected to grow by 3.4% this year, and inflation is expected to increase by 3.5%. Qatar’s CPI for July 2022 edged lower to 4.98% YoY from 5.41% YoY in June 2022.
- **Saudi Arabia** – The IMF in its latest projection stated that Saudi Arabia’s GDP is expected to grow by 7.6% and 3.7% in FY22 and FY23, respectively. According to the flash estimate of the General Authority for Statistics (GASTAT), Saudi Arabia’s real GDP growth increased 11.8% YoY in Q2 2022, driven by an increase in oil activities by 23.1%, non-oil activities by 5.4%, and government activities by 2.2% YoY.
- **UAE** – As per estimates released by the IMF, the real GDP growth rate for UAE is expected to increase 4.2% this year, and inflation is projected to rise by 3.7%. According to the Ministry of Finance, the UAE’s public spending in Q1 2022 was AED 87.4BLN, a 19.6% rise from 73.7BLN in Q1 2021.

Country	Real GDP Growth	Inflation	Interbank Rate (3M)	REPO Rate
Bahrain	3.3	3.5	4.13	4.50
Kuwait	8.2	4.8	2.49	2.13
Oman	5.6	3.7	3.16	3.00
Qatar	3.4	3.5	2.45	3.25
Saudi Arabia	7.6*	2.5	3.03	3.00
UAE	4.2	3.7	2.80	2.40

Source: IMF World Economic Outlook Update (* July 2022, for others: April 2022), Central Bank, Bloomberg

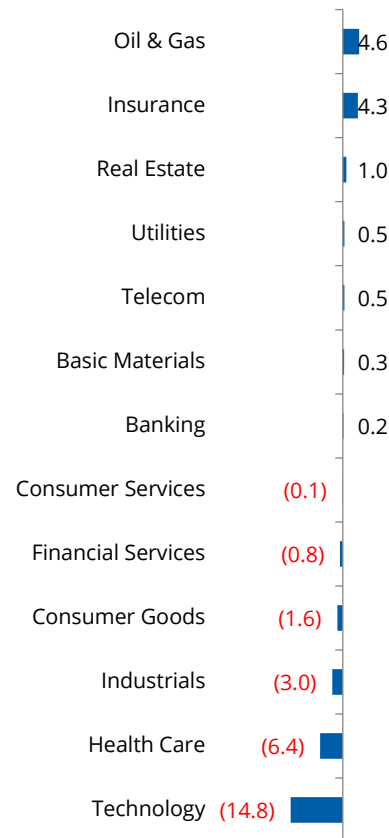
Kuwait –Sector Returns and Value Traded

➤ **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 and turnover stood at 216.6 MM shares, and KWD 4.8MM, respectively.

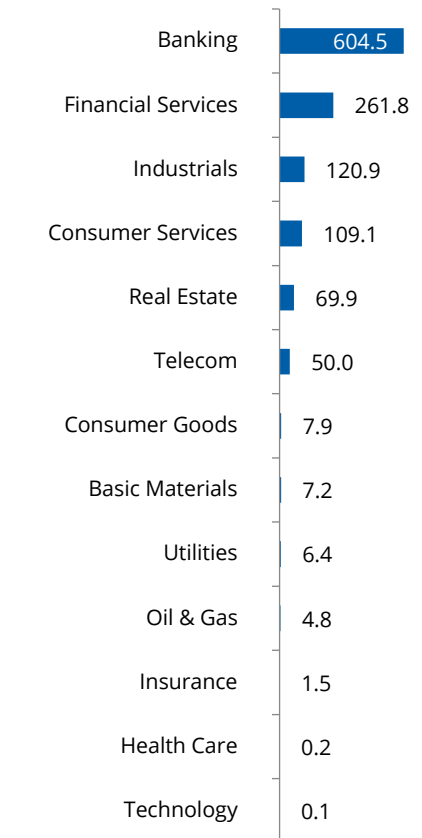
➤ **Technology:** The sector closed 14.8% lower at 607.5 points during the month. Automated Systems Company being the only company in the sector declined 14.8%. Total volume and value traded stood at 0.84MM and KWD 0.07MM, respectively.

Source: KSE

Sector Returns (%)



Value Traded (KWD MM)



Commodity Tracker

- Gold ended the month at \$1,711.0/troy oz., was down 3.1% MoM in August 2022. In September, gold prices are estimated to further decline as Federal Reserve is expected to raise interest rates as a response to curtail inflation.
- Brent crude closed at \$96.5 per barrel in August 2022, representing a negative return of 12.3% MoM. Oil prices are projected to remain stable or slightly decline in September 2022 recovering back from high levels; countered by inflation and rising global demand.
- Silver ended the month at \$18.0/troy oz., registering a negative return of 11.6% MoM. Silver prices are projected to decline in September due to US Treasury yield and US dollar growth against a basket of other currencies.

Commodity	Close	MTD (%)	YTD (%)
Gold (USD/troy oz.)	1711.0	(3.1)	(6.5)
Brent Crude (USD/bbl)	96.5	(12.3)	24.1
Silver (USD/troy oz.)	18.0	(11.6)	(22.8)

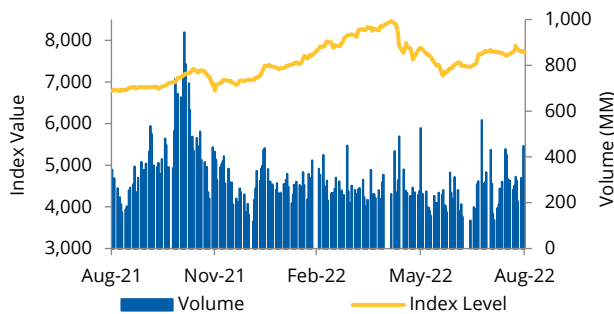
Stock Watch (Kuwait)

Jiyad Holding Company (up 95.5%) was the top gainer, while Dar Al Thuraya Real Estate Co. (down 24.1%) was the top loser.

Name	M Cap (KWD MM)	Last (KWD Fils)	MTD (%)	YTD (%)	Shares Traded (MM)	P/E	P/B
TOP GAINERS							
JIYAD	6.32	34.40	95.45	(57.37)	267.32	NA	NA
EKTTITAB	4.65	14.60	47.47	(31.46)	166.36	NA	0.47
MUNSHAAT	22.54	70.00	34.62	(2.10)	1.49	13.05	NA
REMAL	4.71	15.40	32.76	(19.37)	16.86	NA	NA
KSHC	6.68	37.90	28.47	(11.45)	24.84	9.80	6.15
TOP LOSERS							
THURAYA	17.58	120.00	(24.05)	14.29	0.64	17.69	NA
PAPCO	2.39	45.70	(22.54)	(32.99)	0.01	NA	0.46
MADAR	18.01	87.00	(17.92)	(26.89)	11.32	NA	0.82
ASC	8.35	83.50	(14.80)	(11.17)	0.84	NA	0.74
KMEFIC	28.60	130.00	(13.91)	(13.33)	0.83	16.53	NA

Source: Bloomberg, CapIQ. NA – Not available, NM – Not meaningful`

Kuwait (KWSEAS)



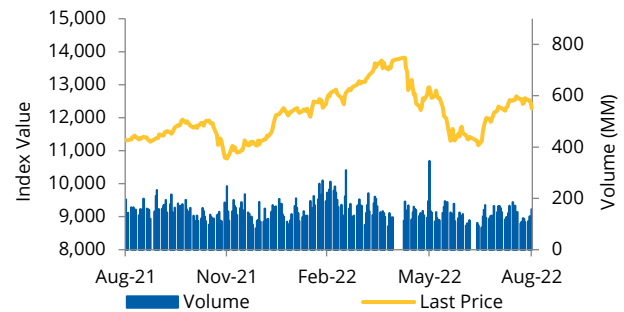
Source: Bloomberg

Stock Watch (Saudi Arabia)

Naseej International Trading Co. (up 51.8%) rose the most, while Leejam Sports Co. (down 24.0%) declined the most.

Name	M Cap (SAR MM)	Last (SAR)	MTD (%)	YTD (%)	Shares Traded (MM)	P/E	P/B
TOP GAINERS							
NASEEJ	528.52	48.50	51.80	(12.61)	21.70	NM	4.37
RED SEA	1,065.76	35.25	37.43	(15.89)	17.93	NM	4.39
MAADEN	183,358.08	74.50	32.56	89.81	101.74	19.18	4.37
GASCO	4,380.00	58.40	31.83	7.75	11.38	23.70	2.54
ALRAJHI TAKAFUL	4,000.00	100.00	29.53	28.70	7.42	32.80	3.05
TOP LOSERS							
FITNESS TIME	4,389.73	83.80	(23.96)	(23.12)	26.48	17.98	5.37
SALAMA	235.40	23.54	(23.45)	(44.61)	10.45	NM	8.94
SIIG	19,322.88	25.60	(10.02)	(17.82)	36.87	22.87	1.70
BJAZ	19,319.20	23.56	(9.38)	22.07	125.46	18.12	1.39
NAJRAN CEMENT	2,376.60	13.98	(8.98)	(22.59)	16.75	21.88	1.21

Saudi Arabia (TASI)

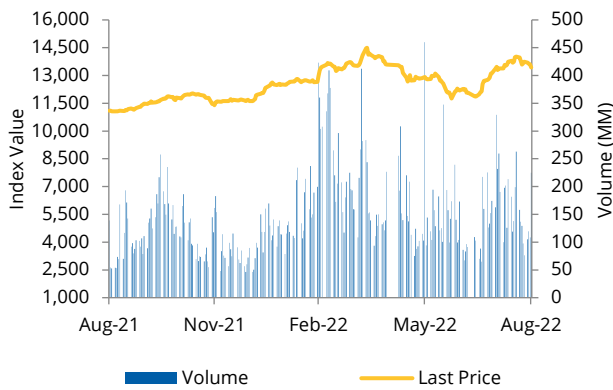


Monthly Market Updates

- 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. The marginal decline 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.
- 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. 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.
- 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.
- 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.

GCC Benchmark Indices – Market Movements

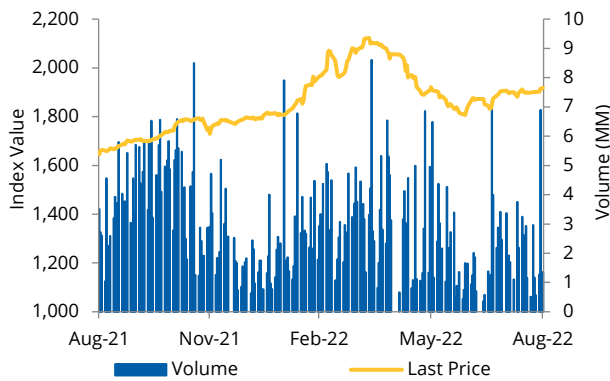
Qatar (DSM)



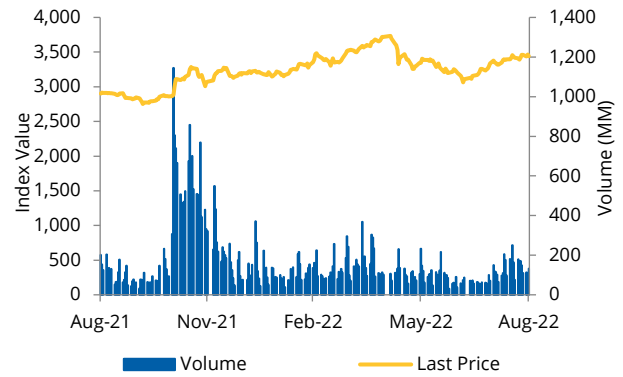
Abu Dhabi (ADX)



Bahrain (BAX)



Dubai (DFM)



Oman (MSM)



GCC Markets – Economy and Industry News

Saudi Arabia

- According to the flash estimate of the General Authority for Statistics (GASTAT), Saudi Arabia's real GDP growth increased 11.8% YoY in Q2 2022, driven by an increase in oil activities by 23.1%, non-oil activities by 5.4%, and government activities by 2.2% YoY.
- In July 2022, the CPI rose 2.7% YoY, higher than June's inflation rate of 2.3% YoY, due to the rising prices of food and beverages by 3.9% and transport by 3.6%.
- Overall, merchandise exports surged 85.1% YoY in Q2 2022 to SAR 429.8BLN, mainly led by a rise in oil exports by 106.5% YoY. Non-oil exports (including re-exports) surged 31.0% YoY in Q2 2022. The share of oil exports in total exports rose to 80.0% in Q2 2022 from 71.7% in Q2 2021.
- As per Saudi Central Bank, the rate of change in Saudi M3 monetary aggregate declined in July 2022 to 8.1% YoY from 8.9% in June 2022. M3 money supply stood at SAR 2.4TLN in July 2022.
- Foreign reserve assets of the KSA rose 5.1% or SAR 84.5BLN (USD 22.5BLN) YoY to SAR 1.7TLN in July 2022.

UAE

- UAE's overall consumer spending increased 22% during January–June 2022 compared to the same period last year, aided by increase of 16% in retail spending and 31% in non-retail sectors.
- According to the Ministry of Finance, the UAE's public spending in Q1 2022 was AED 87.4BLN, a 19.6% rise from 73.7BLN in Q1 2021.
- According to the data issued by Dubai's Land Department, the Dubai real estate market reported transactions worth over AED 1.6BLN (USD 435.6MM). The market registered 376 sales transactions worth AED 897.38MM, 122 mortgage transactions worth AED 704.22MM, and 13 gift deals worth AED 23.3MM.
- According to the Ministry of Economy, during 2012–21, FDIs in the UAE surged 116.0%, amounting to USD 20.7BLN in 2021 compared with USD 9.6BLN in 2012. Cumulative FDI balance received by the country also shot up 141.6% from 2011 to 2021, i.e., from USD 71.0BLN in 2011 to USD 171.6BLN to 2021.

Qatar

- Qatar's Central Bank foreign reserves and hard currency liquidity jumped 2.79% YoY in July 2022 to QAR 211.33BLN (USD 57.74BLN), as per the Gulf state's official news agency QNA.
- Qatar's CPI for July 2022 edged lower to 4.98% YoY from 5.41% YoY in June 2022.

Bahrain

- According to the Information & e-Government Authority, the inflation growth rate in Bahrain for July 2022 was 3.9% YoY compared to 3.1% YoY for June 2022.

Oman

- As per the National Centre for Statistics and Information (NCSI), Oman's inflation decreased to 2.6% in July 2022 from 2.9% in June 2022.
- The Omani government's H1 2022 budget ended in a surplus of OMR 784.0MM (USD 2.0BLN). Its oil revenue rose to OMR 3.2BLN in the same tenure.

GCC Corporate Developments

Saudi Arabia

- Arabian International Healthcare Holding Company (Tibbiyah) acquired 51.0% stake in Innovative Care Company - New You Medical Center; the transaction was valued at around SAR 213.5MM.
- Maharah Human Resources Company's fully owned subsidiary, Growth Avenue Investment Company (GAC), received a "no obligation to report" from the General Authority of Competition, pertaining to the acquisition of 41.4% stake in Care Shield Holding Company.
- Keir International Company received several contracts with the KSA government amounting to a cumulative value of SAR 16.1MM, including a SAR 8.8MM contract with the Ministry of Interior for providing spare parts and renewing the software license for its network devices.
- Maharah Human Resources Company penned a SAR 306.4MM contract with Saudi Binladin Group for providing manpower services to contracting projects in several locations across Mecca and Medina.
- Wataniya Insurance Company received a SAR 53.6MM contract from Samsung C&T Corporation Saudi Arabia for providing all-risk insurance services for the NEOM spine infrastructure.

UAE

- Apollo acquired 11.10% minority stake in Aldar Investment Properties (AIP), a subsidiary of Aldar Properties, through its managed investment vehicles; the transaction was valued at USD 400.0MM.
- Mubadala Capital signed a definitive agreement for taking over Canada Cartage, the leading short-haul trucking and logistics business in Canada. The deal is expected to be closed in the next two months.
- Emaar Properties expects to account for net profit of AED 628.7MM from the potential sale of 15% stake in Namshi Holding, which is owned by Emaar Malls (Emaar's subsidiary). The potential buyer is Noon AD Holdings for AED 1.2BLN (USD 335.2MM).
- ADNOC Drilling Company signed a USD 70.0MM sale and purchase agreement (SPA) for acquiring a premium offshore jack-up drilling unit.

Qatar

- Gulf International Services and Doha Insurance Group announced they are in initial negotiations for a potential all-share merger of Al-Koot Insurance and Reinsurance Company (a fully owned subsidiary of GIS) with Doha Insurance Group.
- Baladna Q.P.S.C declared Baladna for Trading and Investment W.L.L, its fully owned subsidiary, entered into a conditional shareholders' agreement with Malaysian companies FGV Holdings Berhad (FGV) and Touch Group Holdings Sdn Bhd (TGH) for developing an integrated dairy farming business in Malaysia.

Bahrain

- Roebuck Asset Management, a UK-based subsidiary of GFH Financial Group, signed a EUR 400.0MM joint venture agreement with ICG Real Estate for urban logistics.

Oman

- A new RO 6.0MM project would be developed in an area exceeding 14,000 square meters in Nizwa Industrial City.

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