



أهلي كابيتال
AHLI CAPITAL

AHLI CAPITAL KUWAIT MARKET MONTHLY REPORT 2022



Market Performance

Kuwait's All Share Index closed 4.2% MoM higher at 7,716.9 points in July 2022. The total volume traded decreased 18.6% MoM to 3.4BLN, number of deals declined 30.4% MoM to 188,741, and total value traded was down 23.5% MoM to KWD 928.1MM. A rise in the market was mainly driven by the financial services and banking sectors.

The International Monetary Fund (IMF) in its latest projection stated US gross domestic product (GDP) is expected to grow 2.3% and 1.0% in FY22 and FY23, respectively. As per the advance estimate released by the Bureau of Economic Analysis, real GDP of the US dropped at an annualized rate of 0.9% YoY in Q2 2022 compared with the 1.6% YoY decrease in Q1 2022. The US current account deficit was USD 85.5BLN in May 2022 against the revised deficit of USD 86.7BLN in April 2022. Total exports went up to USD 255.9BLN in May 2022, up USD 3.0BLN from that in April 2022. Furthermore, total imports stood at USD 341.4BLN in May 2022, an increase of USD 1.9BLN from that in April 2022.

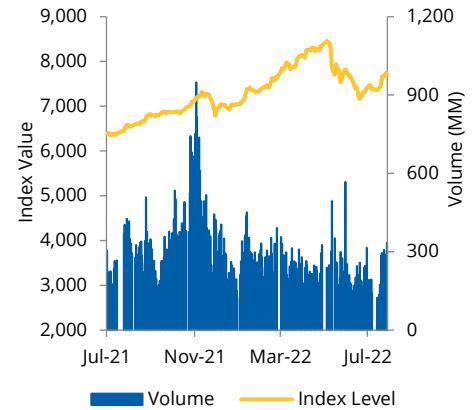
IMF in its latest projection stated the Euro Area's GDP is expected to increase 2.6% and 1.2% in FY22 and FY23, respectively. As per Eurostat, the Euro area's annual inflation rate is projected to be 8.9% in July 2022, up from 8.6% in June 2022. The Euro area's international trade deficit was EUR 26.3BLN in May 2022. Export of goods was up 28.9% YoY and imports rose 52.0% YoY. The EU recorded a EUR 35.0BLN international trade deficit during the same period. IMF in its latest projection stated the UK's GDP is estimated to go up 3.2% and 0.5% in FY22 and FY23, respectively. As per the latest data released by the Office for National Statistics, the annual inflation rate (CPI) in the UK climbed 9.4% YoY in June 2022 from 9.1% YoY in May 2022, whereas the CPI, including owner occupiers' housing costs (CPIH), in the UK climbed 8.2% YoY in June 2022 from 7.9% YoY in May 2022.

IMF in its latest projection stated China's GDP is projected to increase by 3.3% and 4.6% in FY22 and FY23, respectively. Based on the latest data released by the National Bureau of Statistics, China's CPI climbed to 2.5% YoY in June 2022 from 2.1% YoY in April 2022, marking it as the highest inflation rate since July 2020. IMF in its latest projection stated Japan's GDP is expected to rise 1.7% in FY22 and FY23. According to the Statistics Bureau of Japan, CPI stood at 2.4% YoY in June 2022 compared with 2.5% YoY increment in May 2022. The latest figure also marked the 10th straight monthly rise in consumer prices. Food prices grew 3.7% YoY in June 2022 compared with 4.1% YoY in May 2022, whereas fuel, light and, water charges rose 14.0% YoY compared with 14.4% YoY in May 2022.

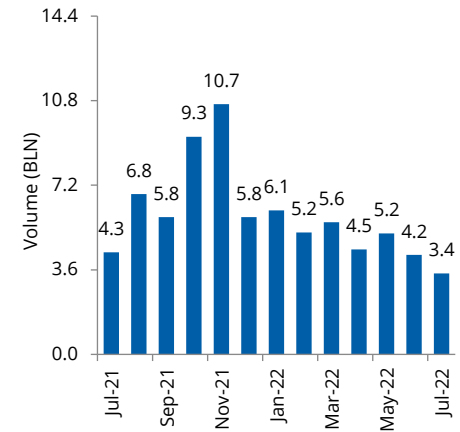
Kuwait Market Summary	July, 2022	June, 2022	Change (%)
Open	7,470.46	7,824.10	(4.5)
High	7,766.21	7,836.82	(0.9)
Low	7,302.48	7,093.47	2.9
Close	7,716.90	7,408.57	4.2
Volume traded (MM)	3,445.37	4,231.20	(18.6)
Value Traded (KWD MM)	928.11	1,213.35	(23.5)
No. of deals	188,741	271,044	(30.4)
No. of advances	96	24	300.0
No. of declines	53	126	(57.9)
No. of unchanged	9	9	-

Kuwait Index Performance

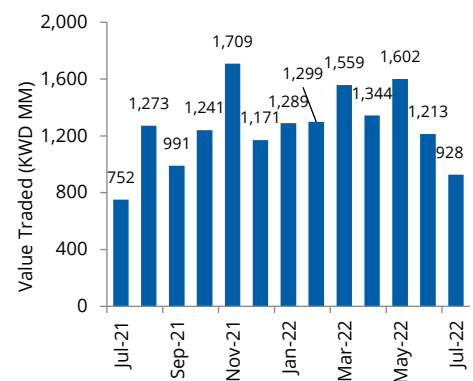
Benchmark Index and Volume Traded



Monthly Volume Traded (BLN)



Monthly Value Traded



Top Gainers and Losers

The market breadth was largely positive; 96 stocks firmed up and 53 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)
Kuwait Hotels Company	159.00	38.26	127.14	8.97	0.01	0.12	12.18	18.66	1.94
National Consumer Holding Co.	135.00	32.35	12.50	40.50	185.11	NA	13.66	NA	1.84
Arabi Holding Group Co.	280.00	27.27	(3.78)	46.20	3.70	NA	5.78	NA	1.62
Tijara & Realestate Investment Co.	62.60	25.70	2.45	23.16	81.23	0.15	9.07	9.59	0.57
Future Kid Entertainment & Real Estate	115.00	21.31	46.12	13.18	5.33	3.02	8.88	347.43	1.02

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)
Munshaat Real Estate Projects Co	52.00	(21.21)	(27.27)	16.74	0.22	NA	33.43	NA	1.74
Ekttitab Holding Co.	9.90	(20.16)	(53.52)	3.15	44.99	NA	31.86	NA	0.32
Umm Al Qaiwain General Investments Company P.S.C	85.50	(14.50)	(1.95)	31.04	0.26	0.05	6.08	4.28	0.52
Kuwait Reinsurance Company	230.00	(14.18)	(16.36)	54.75	0.00	0.04	3.92	8.59	0.90
Ras Al Khaimah Co. For White Cement Construction Materials	144.00	(12.73)	14.29	72.02	0.17	0.17	7.54	24.60	1.09

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)	305.00	14.23	9.71	3,400.12	563.94	0.06	8.12	19.51	2.48
GFH Financial Group (B.S.C)	93.00	8.77	(6.81)	336.30	388.00	10.51	1023.24	11.35	1.11
Kuwait Finance House	883.00	1.38	6.13	8,130.49	187.38	0.03	4.84	30.24	4.27
National Consumer Holding Co.	135.00	32.35	12.50	40.50	185.11	NA	13.66	NA	1.84
Kuwait Investment Company	156.00	5.41	(44.48)	85.49	131.02	0.02	4.44	3.04	0.69

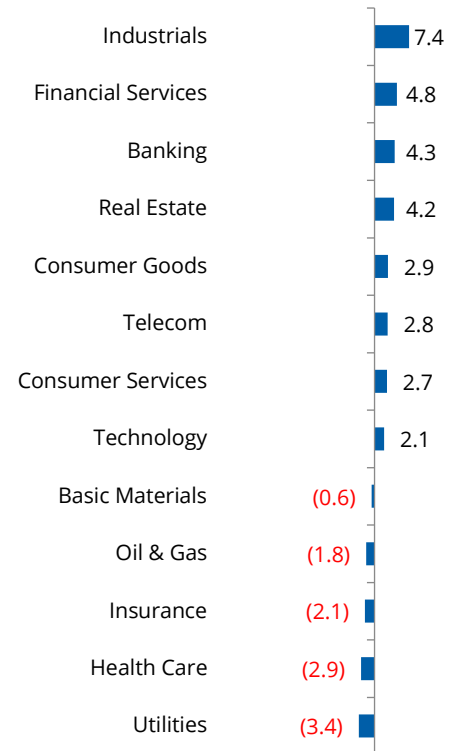
Source: Bloomberg; NM - Not Meaningful; NA - Not Available

Performance by Sector

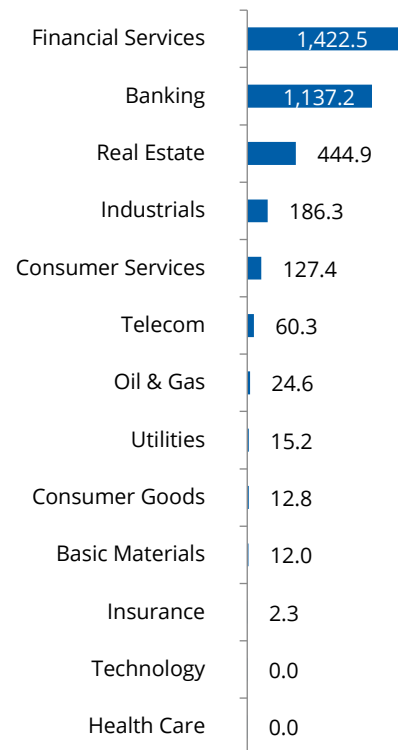
- **Banks:** The sector closed 4.3% higher at 1,857.5 points during the month. Ahli United Bank (up 14.2%) was the gainer, followed by Gulf Bank (up 12.5%), while Burgan Bank (down 2.5%) declined the most. Total turnover stood at KWD 499.6MM. The volume traded and number of deals stood at 1,137.2MM shares and 64,973, respectively.
- **Basic Materials:** The sector closed 0.6% lower at 1,006.5 points during the month. Qurain Petrochemical Industries Co. (down 3.2%) was the top loser, whereas Boubyan Petrochemical Co. (up 1.1%) rose the most. The number of shares traded, and total turnover stood at 12.0MM and KWD 4.7MM, respectively, while total transactions stood at 2,519.
- **Consumer Goods:** The sector ended 2.9% higher at 542.8 points during the month. Mezzan Holding Co. (up 2.2%) rose the most, whereas Livestock Transport & Trading Co. (down 2.2%) declined the most. Total volume, turnover, and deals made stood at 12.8MM shares, KWD 5.4MM, and 1,118 respectively.
- **Consumer Services:** The sector closed 2.7% higher at 1,528.3 points during the month. Among stocks, Kuwait Hotels Company (up 38.3%) rose the most, followed by Future Kid Entertainment & Real Estate (up 21.3%), while Kuwait National Cinema (down 4.5%) was the top loser. Total volume, turnover, and transactions stood at 127.4MM shares, KWD 33.1MM, and 9,511, respectively.
- **Financial Services:** The sector closed 4.8% higher at 1,438.0 points during the month. National Consumer Holding Co. (up 32.4%) was the top gainer, followed by Arabi Holding Group Co. (up 27.3%), while Ektitab Holding Co. (down 20.2%) was the top loser. Total volume, turnover, and deals made stood at 1.4BLN shares, KWD 184.9MM and 52,217, respectively.
- **Healthcare:** The sector ended 2.9% lower at 462.2 points. Al Maidan Clinic for Oral Health Services Co (down 4.9%) declined the most, while Advanced Technology Company (up 0.8%) was the top gainer. There were 16 deals; quantity and value traded stood at 1,545 and KWD 791, respectively.
- **Industrials:** The sector closed 7.4% higher at 1,250.6 points during the month. Heavy Engineering Industries and Ship Building Co. (up 21.2%) was the top gainer, followed by Specialties Group Holding Co. (up 18.0%), while Ras Al Khaimah Co. For White Cement Construction Materials (down 12.7%) was the top loser. Total volume, turnover, and deals made stood at 186.3MM shares, KWD 108.9MM and 27,872, respectively.

Market Composition

Monthly Sector Index Returns (%)



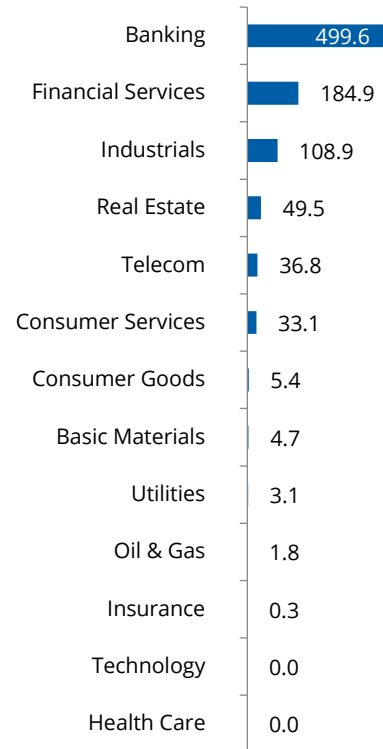
Monthly Volume Traded (Million)



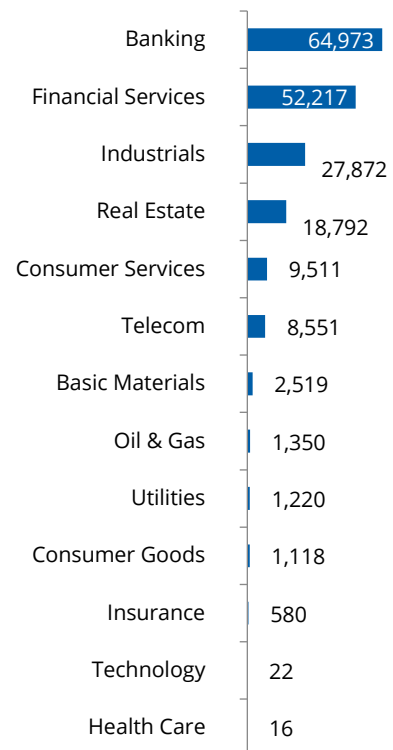
- **Utilities:** The sector closed **3.4%** lower at 526.3 points during the month. Shamal Az-Zour Al-Oula Power and Water Company K.S.C.P (down **3.4%**) only listed stock ended in red. The sector recorded 1,220 transactions. Total volume and value traded stood at 15.2MM and KWD 3.1MM, respectively.
- **Insurance:** The sector closed **2.1%** lower at 1,510.9 points during the month. Kuwait Reinsurance Company (down **14.2%**), was the top loser, followed by First Takaful Insurance Company (down **7.3%**); while Warba Insurance Company (K.S.C.P) (up 7.1%) was the top gainer. Total volume, turnover, and deals made stood at 2.3MM shares, KWD 0.3MM and 580, respectively.
- **Oil & Gas:** The sector closed **1.8%** lower at 1,147.0 points. The Energy House Co. (down **11.2%**) was the top loser, while National Petroleum Services Company (up 4.1%) was the top gainer. Total volume, turnover, and number of transactions stood at 24.6MM shares, KWD 1.8MM, and 1,350, respectively.
- **Real Estate:** The sector ended 4.2% higher at 1,255.4 points during the month. Tijara & Realestate Investment Co. (up 25.7%) was the top gainer, followed by Sokouk Holding Co. (up 12.8%), while Munshaat Real Estate Projects Co. (down **21.2%**) was the top loser. Total volume, turnover, and deals made stood at 444.9MM shares, KWD 49.5MM and 18,792, respectively.
- **Technology:** The sector closed 2.1% higher at 713.0 points during the month. Automated Systems Company being the only company in the sector rose 2.1%. The sector recorded 22 transactions during the month. Total volume and value traded stood at 0.05MM and KWD 4,392, respectively.
- **Telecom:** The sector closed 2.8% higher at 1,244.3 points. National Mobile Telecommunications Co. (up 8.6%) was the top gainer, followed by Hayat Communications Company (up 4.5%), while Aan Digital Services Co. ended flat. Total turnover of KWD 36.8MM was generated by 60.3MM shares traded through 8,551 transactions.

Market Composition

Monthly Value Traded (KWD MM)



Number Of Deals

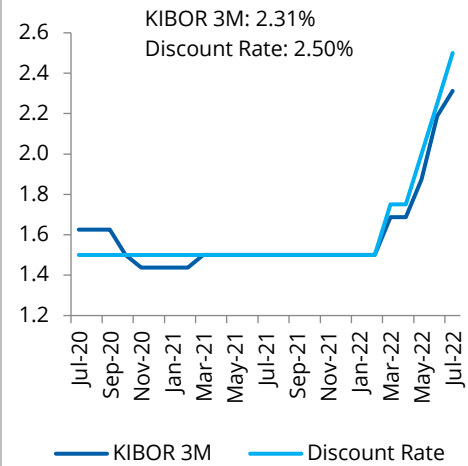


Kuwait – Economy and Industry News

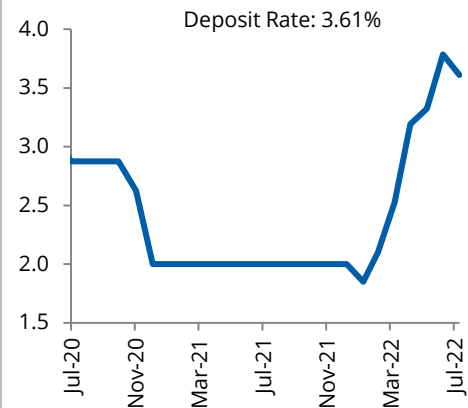
- The Central Bank of Kuwait (CBK) reported that broad money supply (M2) increased to KWD 41.6BLN in May 2022 from KWD 41.5BLN in April 2022.
- CBK raised the discount rate by 0.25% from 2.25% to 2.50% in July 2022, along with changing the rates of monetary policy instruments by different percentages for the entire interest rate yield curve, including repurchases (repo), CBK bonds and tawarruq, term deposits, direct intervention instruments, and public debt instruments.
- S&P Global revised Kuwait's outlook to stable from negative and affirmed the "A+/A-1" long- and short-term foreign and local currency sovereign credit ratings. S&P also expects Kuwait to benefit from the favorable oil price and production outlook until FY23. This would in turn help Kuwait run a cumulative general government surplus of 18.0% of GDP over 2022–23, and simultaneously restock the previously depleted General Reserve Fund (GRF), the main treasury buffer of the state.
- Kuwait's June 2022 trade surplus with Japan increased more than 1.5x compared to the same period last year to JPY 101.9, i.e., 161.2% YoY, rising for the 15th consecutive month.
- 1H22 saw a sharp decline in Kuwait's housing real estate market as compared to the same period last year, i.e., deals worth KWD 1.1BLN happened in 1H22 (2,470 deals) as opposed to KWD 1.4BLN (4,814 deals). The decline in deals was due to real estate's price inflation and static purchasing power of buyers.
- Deputy CEO for Administrative and Commercial Affairs and Official Spokesman estimates that capital expenditure of the Clean Fuels Project (CFP) would be KWD 4.7BLN (USD 15.2BLN), marking the biggest financing process in history of Kuwait's oil industry, portraying Kuwait as one of the major high-quality and eco-friendly products' exporters around the globe. The Kuwait Petroleum Corporation (KPC) has funded 30.0% capex, while the remaining 70.0% was funded by foreign sources.
- Boston Consulting Group expects Kuwait's financial wealth to rise from USD 0.3TLN in 2021 to USD 0.4TLN in 2026. The country's wealth has grown 3% annually since 2016, reaching USD 300.0BLN in 2021.
- Kuwait's banking sector's credit grants grew to a record high of KWD 44.8BLN in May 2022, with the various types of loans granted to all economic sectors reaching around KWD 2.5BLN during January–May 2022.

Monetary Indicators

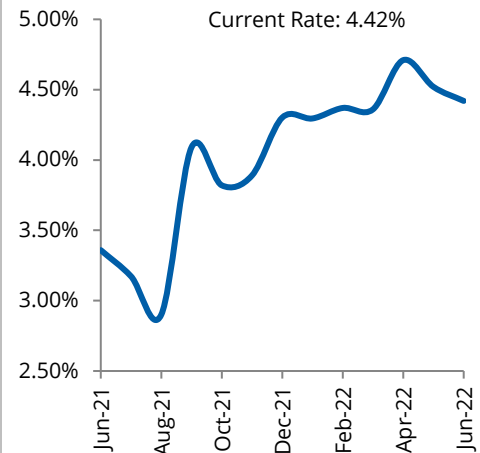
Interest Rate (%)



Deposit Rate (%)



Inflation Rate (%)



Source: Bloomberg

Note: Kuwait Inflation data available till Jun 2022.

Kuwait Corporate Developments

- As per Bloomberg, Kuwait Finance House (KFH) agreed to fully acquire Ahli United Bank (AUB) for USD 11.6BLN; KFH will offer one share per 2.695 shares of AUB for USD 1.04. This cross-border acquisition would make KFH GCC's 7th largest lender, worth USD 115.0BLN.
- Moody's Investors Service (Moody's) affirmed the A2/Prime-1 long- and short-term domestic and foreign currency deposit ratings of KFH and AUBK. Moody's also affirmed both entities' Baseline Credit Assessments (BCA) and Adjusted BCAs at baa3, keeping their outlook on the long-term ratings stable.
- Kuwait and Middle East Financial Investment Co KSCP's unit sold commercial complex in Hawally worth KWD 6.9MM.
- Gulf Insurance Group signed a two-year contract worth KWD 354.6MM for providing health insurance services to pensioners.
- Capital Intelligence Ratings affirmed the rating on Al Ahli Bank of Kuwait's KWD 50.0MM Basel III-compliant Tier 2 Subordinated Bond at BBB.
- Capital Market Authority (CMA) has approved the request for listing Gulf Investment House on Abu Dhabi's Stock Exchange ADX.
- Arkan Al Kuwait Real Estate agreed to their sell investment property at KWD 2.7MM at Midan Hawally.
- CMA approved prospects for the issue of National Industries Group Holding's bonds for an amount not exceeding KWD 50.0MM.
- National Real Estate Co. signed a banking facilities agreement worth KWD 43.0MM with a local bank for paying off existing bank loans.
- Senergy Holding Unit signed a banking facilities agreement worth KWD 2.8MM.
- National Real Estate's unit in Egypt, Kuwait Wadi Elnile Urban Development (KUWADICO), signed a loan agreement for EGP 854.0MM; the funds will be used to restructure existing liabilities.
- Securities House's BOD approved the initiation of an offer for 100% acquisition of Gatehouse Capital at KWD 14.0MM. The transaction is expected to be paid in three installments over six months; and Securities House plans to secure financing of KWD 5.0MM to pay the last installment.
- Combined Group Contracting Unit received a contract worth AED 159.9MM for designing and implementing the remaining works on a major water line in Zayed city within 592 days.
- Al Eid Food completed the establishment of a company with a capital of SAR 1.0MM in the Kingdom of Saudi Arabia.
- Heavy Engineering and Shipbuilding Co. inked two three-month contracts valued at KWD 3.3MM for undertaking mechanical works, one contract for the UT1 unit and another contract for the EGI unit of Equate Petrochemical.

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