

ABK CAPITAL
KUWAIT
MARKET
MONTHLY
REPORT

2023



Kuwait Market Monthly Report

February 2023

Market Performance

Kuwait's All Share Index closed **0.5%** MoM lower at 7,244.4 points in February 2023. The total volume traded declined **37.4%** MoM to 2.3BLN, the number of deals decreased **27.8%** MoM to 152,526, and the total value traded fell **33.5%** MoM to KWD 0.7BLN. The decline in the market was mainly due to the financial services and basic materials sectors.

As per the second estimate released by the Bureau of Economic Analysis, real GDP growth of the US stood at 2.7% YoY in 4Q 2022 compared with 3.9% YoY in 3Q 2022. The PCE price index rose 3.7% QoQ in 4Q 2022, upward revised by 0.4% from the previous estimate. Personal income went up 0.6% MoM in January 2023, from 0.3% MoM growth in December 2022, primarily attributed to growth in compensation.

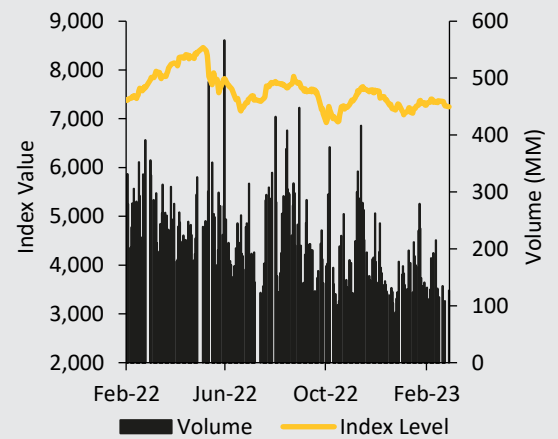
As per Eurostat, the EU's statistical office, the Euro Area's annual inflation for February 2023 is estimated to come in at 8.5%, down from 8.6% in January 2023. The Euro Area's international trade deficit was **EUR 8.8BLN** in December 2022, same as of December 2021. In December 2022, the Euro Area exported goods worth EUR 238.7BLN to the rest of the world, up 9.0% YoY compared with December 2021, while imports increased to EUR 247.5BLN, up 8.7% YoY. According to the Office for National Statistics, the Consumer Price Index (CPI) of UK rose 10.1% in the 12 months to January 2023, down from 10.5% in December 2022. In the same period, CPI, including owner occupiers' housing prices (CPIH) rose 8.8%, as against the 9.2% rise in December 2022.

As per the National Bureau of Statistics, China's CPI edged up to 2.1% YoY in January 2023 from 1.8% YoY in December 2022, compared with market consensus of 2.2% YoY, primarily due to 6.2% YoY growth in food prices in January 2023 compared with 4.8% YoY growth in December 2022. Consumer prices hiked 0.8% MoM in January 2023. According to Japan's Ministry of Internal Affairs & Communications, CPI came in at 4.3% in January 2023, as opposed to 4.0% in December 2022. This was the highest level since December 1981, amid a rise in prices of imported raw commodities and yen weakness. Core consumer prices increased by 4.2% YoY in January 2023, the most since September 1981, matching the market forecast but surpassing the Bank of Japan's 2.0% target for the 10th straight month. Consumer prices rose 0.4% MoM in January 2023, following a 0.3% MoM gain in December 2022.

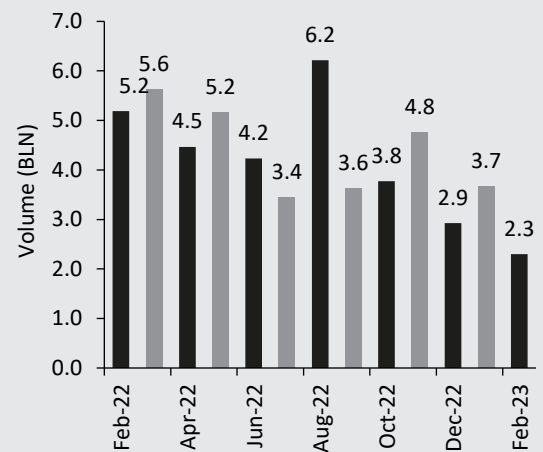
Kuwait Market Summary	February, 2023	January, 2023	Change (%)
Open	7,278.92	7,286.21	(0.1)
High	7,434.16	7,410.18	0.3
Low	7,221.54	7,080.58	2.0
Close	7,244.43	7,277.29	(0.5)
Volume traded (MM)	2,297.16	3,668.24	(37.4)
Value Traded (KWD MM)	699.06	1,051.95	(33.5)
No. of deals	152,526	211,202	(27.8)
No. of advances	62	48	29.2
No. of declines	78	86	(9.3)
No. of unchanged	14	20	(30.0)

Kuwait Index Performance

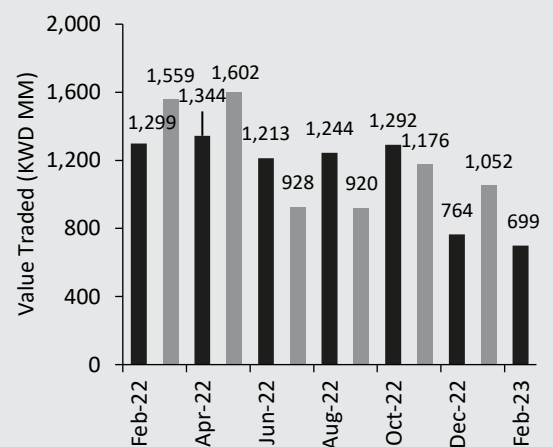
Benchmark Index and Volume Trade



Monthly Volume Traded (BLN)



Monthly Value Traded



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Top Gainers and Losers

The market breadth was broadly negative; 78 stocks declined and 62 firmed up, while 14 remained unchanged.

Top Five Gainers

Particulars	Close (KWD Fils)	MTD (%)	YTD (%)	Market Capitalization (KWD MM)	Volume (MM)	EPS (KWD Fils)	BVPS (KWD Fils)	P/E (x)	P/B (x)
Aan Digital Services Co.	86.40	436.65	436.65	14.04	NA	NA	52.25	NA	4.51
Warba Insurance and Reinsurance Company	162.00	36.13	32.79	27.49	9.16	0.05	NA	8.71	NA
Kuwait Reinsurance Company	352.00	21.38	22.22	83.85	0.03	0.03	NA	10.75	NA
Sanam Real Estate Co.	70.00	19.66	11.29	8.49	29.17	1.12	13.22	78.48	0.93
Kuwait Business Town Real Estate Co.	62.80	17.38	11.94	36.12	0.00	0.13	11.55	7.99	0.73

Top Five Losers

Particulars	Close (KWD Fils)	MTD (%)	YTD (%)	Market Capitalization (KWD MM)	Volume (MM)	EPS (KWD Fils)	BVPS (KWD Fils)	P/E (x)	P/B (x)
Salbookh Trading Co.	8.10	(46.71)	(47.40)	0.82	7.85	NA	32.81	NA	0.27
The Energy House Co	58.90	(41.10)	173.95	2.67	0.78	NA	2.20	NA	0.13
First Investment Company	45.00	(17.73)	(28.46)	20.07	13.48	1.12	9.07	50.56	0.41
Taameer Real Estate Investment Co.	18.90	(17.11)	(10.00)	4.53	0.93	NA	16.77	NA	0.32
Manazel Holding Co.	21.80	(16.15)	(19.85)	9.38	9.77	0.31	22.62	6.81	0.49

Top Five by Volume

Particulars	Close (KWD Fils)	MTD (%)	YTD (%)	Market Capitalization (KWD MM)	Volume (MM)	EPS (KWD Fils)	BVPS (KWD Fils)	P/E (x)	P/B (x)
Kuwait Finance House	857.00	2.51	4.13	11417.37	249.80	0.03	2.49	26.23	2.13
GFH Financial Group (B.S.C)	76.10	(2.69)	0.13	265.70	180.40	0.12	11.42	9.34	0.87
Aayan Leasing & Investment Co.	140.00	0.72	5.26	92.97	127.29	0.07	7.28	10.43	1.02
The National Real Estate Company	88.90	(11.81)	(28.88)	165.19	115.33	NA	5.91	NA	0.53
Kuwait International Bank	197.00	(2.96)	0.51	208.92	114.13	0.13	4.17	25.18	0.82

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

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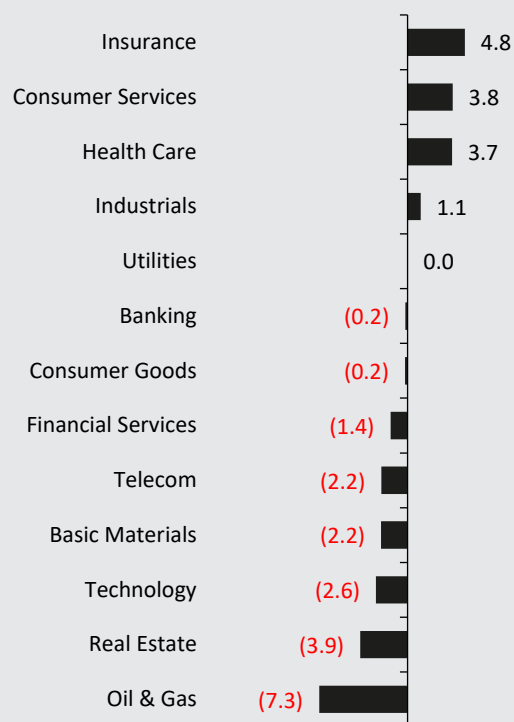
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Performance by Sector

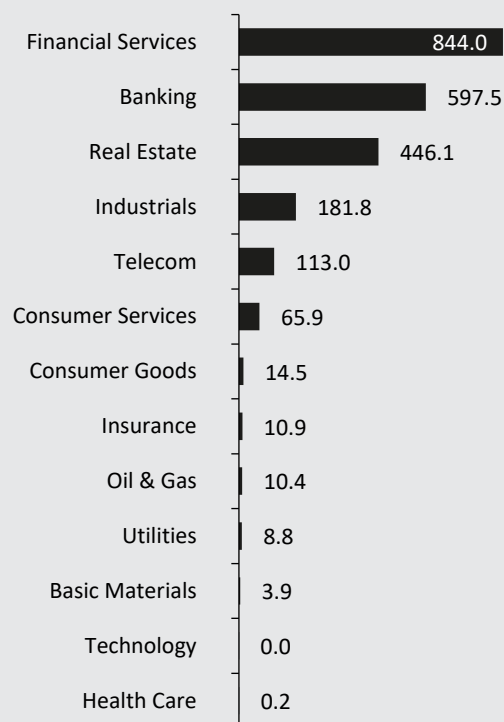
- Banks:** The sector closed **0.2%** lower at 1,809.9 points during the month. Warba Bank (down **4.2%**) declined the most, followed by Ahli United Bank (down **3.5%**) while Kuwait Finance House (up 2.5%) was the top gainer. The sector recorded 46,077 transactions. Total volume and value traded stood at 597.5BLN and KWD 360.3MM, respectively.
- Basic Materials:** The sector closed **2.2%** lower at 844.1 points during the month. Boubyan Petrochemical Co. (down **2.5%**) declined the most, followed by Kuwait Foundry Co. (down **0.3%**), whereas Alkout Industrial Projects Co. ended flat. The sector recorded 1,190 transactions. Total volume and value traded stood at 3.9MM and KWD 3.1MM, respectively.
- Consumer Goods:** The sector closed **0.2%** lower at 478.6 points during the month. Mezzan Holding Co (down **0.3%**) declined the most, whereas Livestock Transport & Trading Com. and Livestock Transport & Trading Com. ended flat. The sector recorded 1,071 transactions. Total volume and value traded stood at 14.5MM and KWD 5.6MM, respectively.
- Consumer Services:** The sector closed 3.8% higher at 1,456.5 points during the month. Jazeera Airways Co. (up 7.4%) rose the most, followed by Palms Agro Production Co. (up 5.8%) while Jiyad Holding Company (down **8.1%**) was the top Loser. The sector recorded 7,207 transactions. Total volume and value traded stood at 65.9MM and KWD 21.9MM, respectively.
- Financial Services:** The sector closed **1.4%** lower at 1,236.1 points during the month. First Investment Company (down **17.7%**) declined the most, followed by Manazel Holding Co. (down **16.2%**) while Credit Rating & Collection (up 9.5%) was the top gainer. The sector recorded 34,182 transactions. Total volume and value traded stood at 844.0MM and KWD 101.0MM, respectively.
- Healthcare:** The sector closed 3.7% higher at 460.0 points during the month. Advanced Technology Company (up 12.3%) rose the most, whereas Al-Maidan Clinic for Oral Health Services Co. and Yiacco Medical Co. ended flat. The sector recorded 61 transactions. Total volume and value traded stood at 0.2MM and KWD 0.1MM, respectively.

Market Composition

Monthly Sector Index Returns (%)



Monthly Volume Traded (MM)



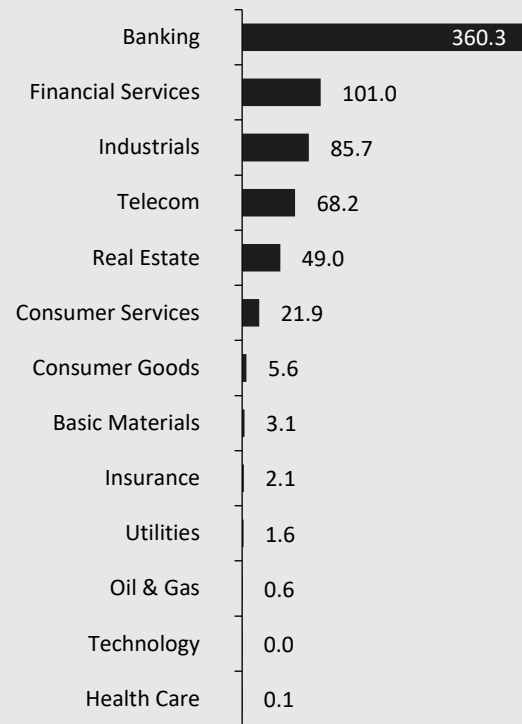
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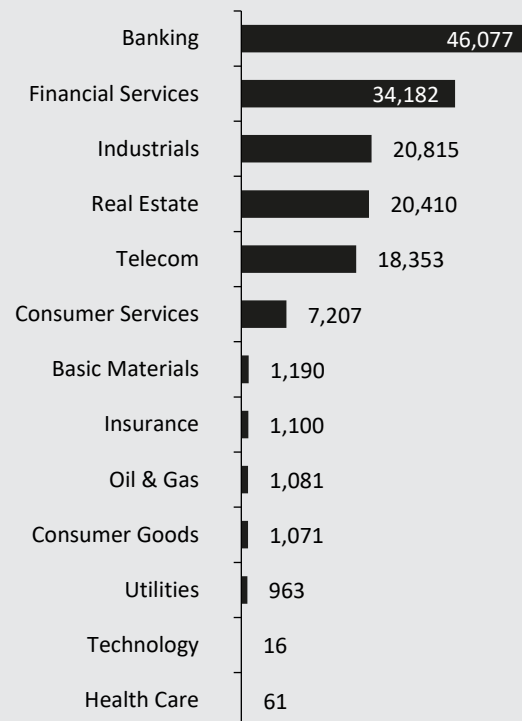
- Industrials:** The sector closed 1.1% higher at 990.4 points during the month. Metal & Recycling Co. (up 9.1%) rose the most, followed by Humansoft Holding Co. (up 8.5%) while Salbookh Trading Co. (down 46.7%) was the top Loser. The sector recorded 20,815 transactions. Total volume and value traded stood at 181.8 MM and KWD 85.7 MM, respectively.
- Utilities:** The sector closed flat at 479.0 points during the month. Shamal Az-Zour Al-Oula Power and Water Company K.S.C.P, being the only company in the sector, ended flat. The sector recorded 963 transactions. Total volume and value traded stood at 8.8MM and KWD 1.6MM, respectively.
- Insurance:** The sector closed 4.8% higher at 1,627.6 points during the month. Warba Insurance and Reinsurance Company (K.S.C.P) (up 36.1%) rose the most, followed by Kuwait Reinsurance Company (up 21.4%) while First Takaful Insurance Company (down 4.8%) was the top Loser. The sector recorded 1,100 transactions. Total volume and value traded stood at 10.9MM and KWD 2.1MM, respectively.
- Oil & Gas:** The sector closed 7.3% lower at 1,017.8 points during the month. The Energy House Co (down 41.1%) declined the most, followed by Independent Petroleum Group (down 13.9%) while National Petroleum Services Company (up 2.7%) was the top gainer. The sector recorded 1,081 transactions. Total volume and value traded stood at 10.4MM and KWD 0.6MM, respectively.
- Real Estate:** The sector closed 3.9% lower at 1,142.0 points during the month. Taameer Real Estate Investment Co. (down 17.1%) declined the most, followed by Arkan Al-Kuwait Real Estate Co. (down 14.7%) while Sanam Real Estate Co. (up 19.7%) was the top gainer. The sector recorded 20,410 transactions. Total volume and value traded stood at 446.1MM and KWD 49.0MM, respectively.
- Technology:** The sector closed 2.6% lower at 677.3 points during the month. Automated Systems Company, being the only company in the sector, decreased 2.6%. The sector recorded 16 transactions. Total volume and value traded stood at 27,690 and KWD 2,642, respectively.
- Telecom:** The sector closed 2.2% lower at 1,171.4 points during the month. Kuwait Telecommunications Co. (down 12.7%) declined the most, followed by National Mobile Telecommunications Co. (down 2.3%) while Aan Digital Services Co. (up 436.6%) was the top gainer. The sector recorded 18,353 transactions. Total volume and value traded stood at 113.0MM and KWD 68.2MM, respectively.

Market Composition

Monthly Value Traded (KWD MM)



Number Of Deals



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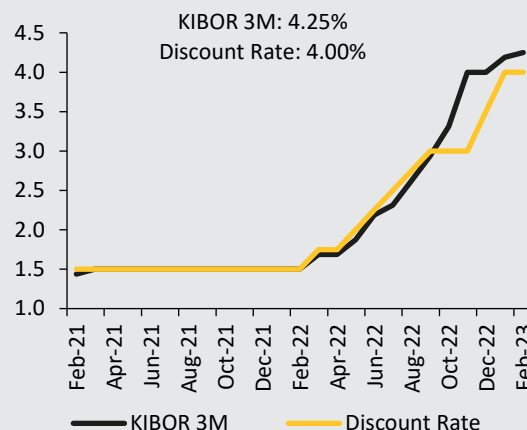
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Kuwait – Economy and Industry News

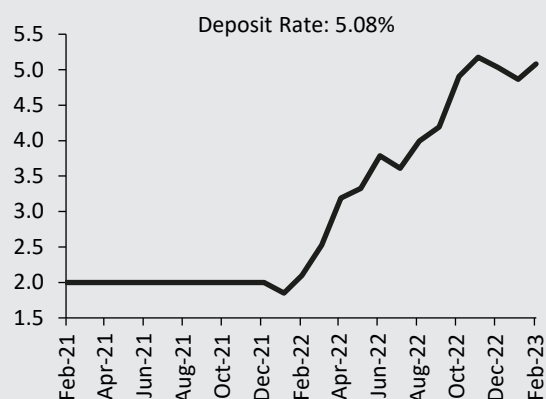
- ◆ The Central Bank of Kuwait (CBK) reported that the broad money supply (M2) increased to KWD 38.43BLN in December 2022 from KWD 38.23BLN in November 2022.
- ◆ Kuwait's annual inflation rate rose to 3.31% in January 2023 from 3.15% in December 2022, marking the highest reading since August 2022; whereas on a monthly basis consumer prices were up by 0.24% in January 2023, after increasing 0.71% in the previous month.
- ◆ Kuwait's budget for FY23–24 was the largest in its history. However, investment spending allocations, on which the private sector depends, decreased 15.2% to KWD 2.4BLN from KWD 2.9BLN and KWD 2.6BLN in FY22–23 and FY21–22, respectively.
- ◆ Kuwait's crude oil exports to Japan in January 2023 soared 26.8% YoY to 8.45 million barrels, or 272,000 barrels per day.
- ◆ Being the third biggest oil provider for Japan, Kuwait supplied 10.0% of the nation's total crude imports in January 2023 compared to 7.9% in January 2022.
- ◆ Non-oil foreign trade between the UAE and Kuwait rose by around 87.0% in the past 10 years, closing at DHS 43.0BLN in FY22 from DHS 23.3BLN in FY13, as per the preliminary data issued by the UAE's Federal Competitiveness and Statistics Centre.
- ◆ According to Fitch Solutions, Kuwait benefits from a robust macroeconomic environment, and is expected to record solid growth in spending in FY23. While strong oil prices are likely to support Kuwait's export revenue, the country would post moderate yet stable growth in consumer spending at 4.4% YoY in FY23, down from 5.2% expected in FY22. In nominal terms, total spending will come in at KWD 20.6BLN in FY23, up from KWD 19.2BLN in FY22.

Monetary Indicators

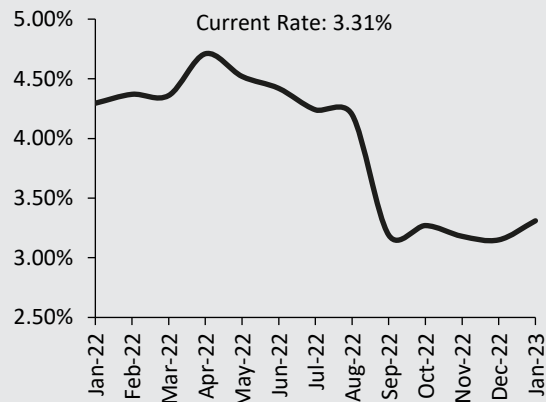
Interest Rate (%)



Deposit Rate (%)



Inflation Rate (%)



Source: Bloomberg

Note: Kuwait Inflation data available till D 2022

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Kuwait Corporate Developments

- ◆ Oman's Abraj Energy Services signed a five-year 'strategic partnership deal' with Kuwait Gulf Oil Company and Saudi Arabian Chevron to extract and drill for oil in Kuwait; Abraj would be building three drilling platforms in Kuwait's Wafra oilfield.
- ◆ Heavy Engineering Industries and Shipbuilding Company KSCP (HEISCO) has been awarded a project amounting KWD 13.2MM for quality control services at KNPC's refineries.
- ◆ HEISCO was awarded a KWD 173.2MM government project to develop and upgrade steam boilers at Doha West Power Generation And Water Distillation Plant.
- ◆ Burgan Bank closed the sale of its 51.8% stake in Bank of Baghdad.
- ◆ Central Bank of Kuwait (CBK) gave Kuwait Finance House (KFH) initial approval of its application to establish a sukuk-issuance programme with a value not exceeding USD 4.0BLN, and to offer a first issuance with a value not exceeding USD 1.0BLN.
- ◆ Combined Group Contracting Company signed a contract for infrastructure works in Al Mubarakiya amounting to KWD 6.6MM with an implementation period of 480 days.
- ◆ Gulf Cables and Electrical Industries Group Co (KSCP)'s unit was awarded a tender amounting to KWD 6.0MM to provide cleaning services for all schools and ministry buildings for a tenure of 3 years.
- ◆ Kuwait Foundry competed the establishment of a new company with authorized capital of KWD 2.1MM for managing Kuwait Foundry's investments.
- ◆ Kuwait and Gulf Link Transport Company's BOD approved the renewal of banking facilities with local banks, valuing at KWD 34.5MM.
- ◆ Kuwait International Bank proposed four bonus shares for every 100 shares.
- ◆ Gulf Investment House Unit established an entertainment company specialising in establishing and managing entertainment, educational and training centers. The new company would launch its first branch in Slamiya, and three more branches in FY23.
- ◆ Boubyan Petrochemical gets CMA's approval for a merger with Educational Holding Group.
- ◆ Kuwait's Combined Group Contracting received a contract by Kuwait Oil Company for pipeline and associated works in Umm Naqa and South Ratqa, worth KWD 23.5MM for a tenure of five years.
- ◆ Jazeera Airways' BOD signed a new credit facilities agreement of up to KWD 42.0MM with a local bank, along with renewal and increase in facilities limits of existing agreements with banks up to KWD 74.7MM.
- ◆ Al Safat Investment's BOD plans to seek shareholders' approval on the merger with Cap Corp Investment and increasing authorised, issued and paid-up capital up to KWD 38.3MM.
- ◆ Kuwait Projects Company (KIPCO) signed a KWD 525.0MM senior unsecured committed credit facility with a group of nine regional and international banks, maturing initially in February 2025 along with a one-year extension option; the proceeds would be mainly used to settle USD 500.0MM euro medium-term notes due in March 2023 and for other general corporate purposes.
- ◆ Al Mazaya Holding's BOD is contemplating an initial cash offer to buy all shares of its subsidiary Ritim Istanbul Company for 310.0MM Turkish Liras.
- ◆ KFH's BOD proposed 10 bonus shares for every 100 shares.
- ◆ Warba Bank's BOD proposed 3 bonus shares for every 100 shares.

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