

ABK CAPITAL
KUWAIT
MARKET
MONTHLY
REPORT

2023



Kuwait Market Monthly Report

January 2023

Market Performance

Kuwait's All Share Index closed **0.2%** MoM lower at 7,277.3 points in January 2023. The total volume traded rose 25.4% MoM to 3.7BLN, the number of deals increased 32.9% MoM to 211,202, and the total value traded increased 37.6% MoM to KWD 1.1BLN. The slight decline in the market was mainly attributed to the financial services and real estate sectors.

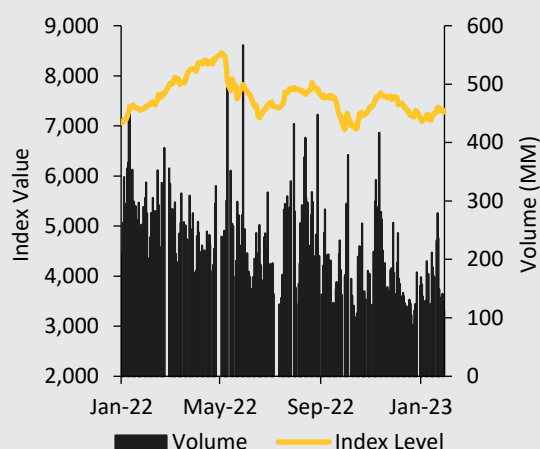
In its latest projection, the International Monetary Fund (IMF) predicts the US gross domestic product (GDP) will grow 1.4% and 1.0% in 2023 and 2024, respectively. As per the advance estimate released by the Bureau of Economic Analysis, real GDP growth stood at 2.1% YoY in 2022 as compared to 5.9% YoY growth in 2021. The PCE price index rose 6.2% in 2022 from 4.0% a year ago. Personal income went up 0.2% in December 2022, down from 0.3% growth in November 2022. The rise in December was largely due to growth in compensation and proprietors' income.

IMF forecasts that Euro Area's GDP growth will stand at 0.7% in 2023 and 1.6% in 2024. As per Eurostat, the EU's statistical office, the Euro Area's annual inflation for January 2023 is estimated to come in at 8.5%, down from 9.2% in December 2022. The Euro Area's international trade deficit was EUR 11.7BLN in November 2022 as opposed to a deficit of EUR 3.9BLN in November 2021. Between January and November 2022, goods exports from the Euro Area to the rest of the world were EUR 2,638.4BLN, up 18.9% compared to the same period a year ago, while imports increased to EUR 2,943.4BLN, up 40.5%. IMF projects the UK's GDP will decline **0.6%** in 2023 and rise 0.9% in 2024. According to the Office for National Statistics, the Consumer Prices Index (CPI) rose 10.5% in the 12 months to December 2022, a decrease from 10.7% in November 2022. In the same period, CPI, including owner occupiers' housing prices (CPIH) rose 9.2% from 9.3% in November 2022.

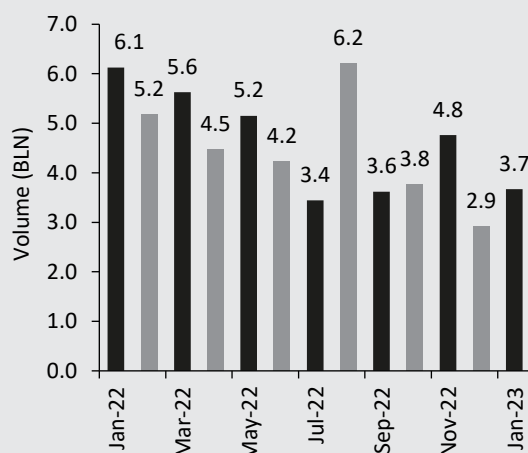
IMF predicts China's GDP will grow by 5.2% in 2023 and subsequently by 4.5% in 2024. As per the National Bureau of Statistics, China's CPI edged up to 1.8% in December 2022 from November's eight-month low of 1.6%, primarily due to 4.8% growth in food prices. Inflation in 2022 stood at 2.0%, well within the government's 3.0% target. IMF estimates Japan's GDP will grow by 1.8% in 2023 and by 0.9% in 2024. According to Japan's Ministry of Internal Affairs & Communications, CPI came in at 4.0% in December 2022, the highest level since 1991, as opposed to 3.8% in November 2022.

Kuwait Index Performance

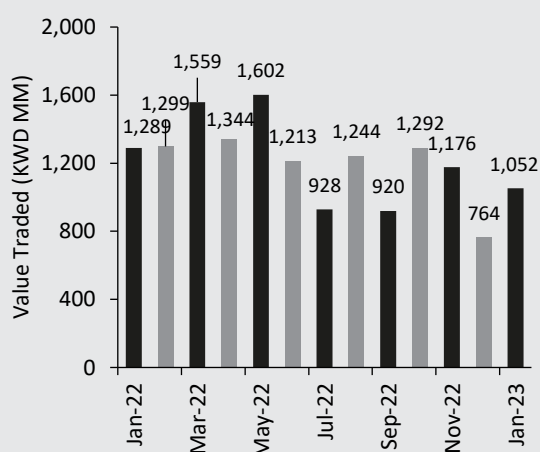
Benchmark Index and Volume Trade



Monthly Volume Traded (BLN)



Monthly Value Traded



Kuwait Market Summary	January, 2023	December, 2022	Change (%)
Open	7,286.21	7,586.88	(4.0)
High	7,410.18	7,596.62	(2.5)
Low	7,080.58	7,177.90	(1.4)
Close	7,277.29	7,292.12	(0.2)
Volume traded (MM)	3,668.24	2,926.28	25.4
Value Traded (KWD MM)	1,051.95	764.35	37.6
No. of deals	211,202	158,928	32.9
No. of advances	48	38	26.3
No. of declines	86	102	(15.7)
No. of unchanged	20	15	33.3

Kuwait Market Monthly Report

January 2023

Top Gainers and Losers

The market breadth was broadly negative; 86 stocks declined and 48 firmed up, while 20 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)
The Energy House Co	100.00	365.12	365.12	4.53	2.19	NA	2.20	NA	0.22
Kuwait Telecommunications Co.	700.00	19.66	19.66	699.11	59.22	0.02	4.31	17.02	3.02
Arabi Holding Group Co.	380.00	18.01	18.01	64.84	10.39	NA	5.92	NA	2.25
Taameer Real Estate Investment Co.	22.80	8.57	8.57	5.46	5.76	NA	16.77	NA	0.38
Specialities Group Holding Co.	117.00	7.34	7.34	18.91	21.73	0.06	5.18	6.99	0.61

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)
Jiyad Holding Company	18.50	(20.26)	(20.26)	3.40	125.82	NA	11.50	NA	0.21
The National Real Estate Company	100.80	(19.36)	(19.36)	187.30	212.90	NA	5.91	NA	0.60
Agility Public Warehousing Company	591.00	(17.92)	(17.92)	1508.43	251.21	0.06	1.85	37.06	1.09
Jazeera Airways Co.	1620.00	(14.74)	(14.74)	356.40	8.19	0.01	5.91	12.76	9.58
First Investment Company	54.70	(13.04)	(13.04)	24.40	13.56	1.12	9.07	61.46	0.50

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	836.00	1.58	1.58	11142.00	372.11	0.03	4.64	28.44	3.88
GFH Financial Group (B.S.C)	78.00	2.89	2.89	273.00	252.59	0.12	13.14	9.70	1.03
Agility Public Warehousing Company	591.00	(17.92)	(17.92)	1508.40	251.21	0.06	1.85	37.06	1.09
Aayan Leasing & Investment Co.	139.00	4.51	4.51	92.30	233.90	0.07	7.28	10.35	1.01
Kuwait Real Estate Company	108.00	0.00	0.00	99.60	223.38	0.15	7.33	15.83	0.79

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

2

Kuwait Market Monthly Report

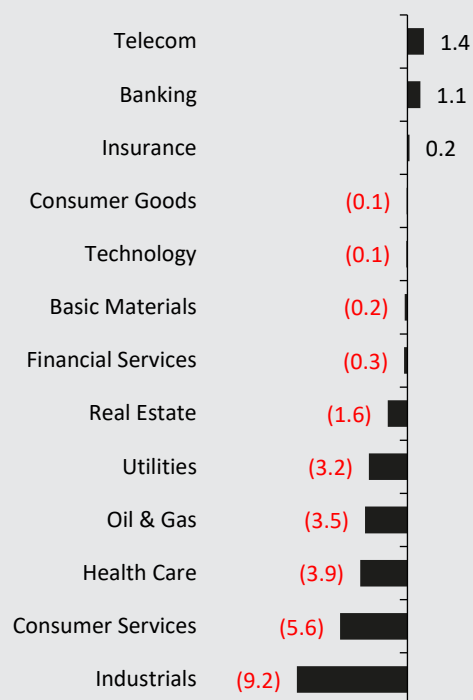
January 2023

Performance by Sector

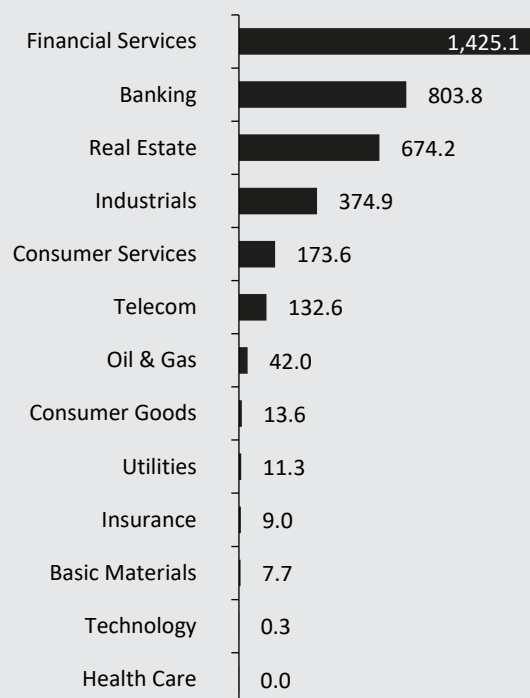
- Banks:** The sector closed 1.1% higher at 1,813.3 points during the month. Al-Ahli Bank of Kuwait (up 5.2%) rose the most, followed by Kuwait International Bank (up 3.6%) while Boubyan Bank (down 1.8%) was the top loser. The sector recorded 55,859 transactions. Total volume and value traded stood at 803.8MM and KWD 487.2MM, respectively.
- Basic Materials:** The sector closed 0.2% lower at 863.1 points during the month. Kuwait Foundry Co. (down 2.7%) declined the most, followed by Boubyan Petrochemical Co. (down 0.1%), whereas Alkout Industrial Projects Co. ended flat. The sector recorded 1,911 transactions. Total volume and value traded stood at 7.7MM and KWD 6.0MM, respectively.
- Consumer Goods:** The sector closed 0.1% lower at 479.6 points during the month. Livestock Transport & Trading Com. (down 1.8%) declined the most, while Mezzan Holding Co (up 0.3%) was top gainer. The sector recorded 1,062 transactions. Total volume and value traded stood at 13.6MM and KWD 5.3MM, respectively.
- Consumer Services:** The sector closed 5.6% lower at 1,403.7 points during the month. Jiyad Holding Company (down 20.3%) declined the most, followed by Jazeera Airways Co. (down 14.7%) while Ali Alghanim Sons Automotive Company (up 5.3%) was the top gainer. The sector recorded 12,578 transactions. Total volume and value traded stood at 173.6MM and KWD 28.3MM, respectively.
- Financial Services:** The sector closed 0.3% lower at 1,253.8 points during the month. First Investment Company (down 13.0%) declined the most, followed by Credit Rating & Collection (down 8.7%) while Arabi Holding Group Co. (up 18.0%) was the top gainer. The sector recorded 49,686 transactions. Total volume and value traded stood at 1.4BLN and KWD 163.8MM, respectively.
- Healthcare:** The sector closed 3.9% lower at 443.7 points during the month. Al-Maidan Clinic for Oral Health Services Co. (down 5.8%) declined the most, whereas Yiaco Medical Co. and Advanced Technology Company ended flat. The sector recorded 11 transactions. Total volume and value traded stood at 526 and KWD 269 respectively.

Market Composition

Monthly Sector Index Returns (%)



Monthly Volume Traded (Million)



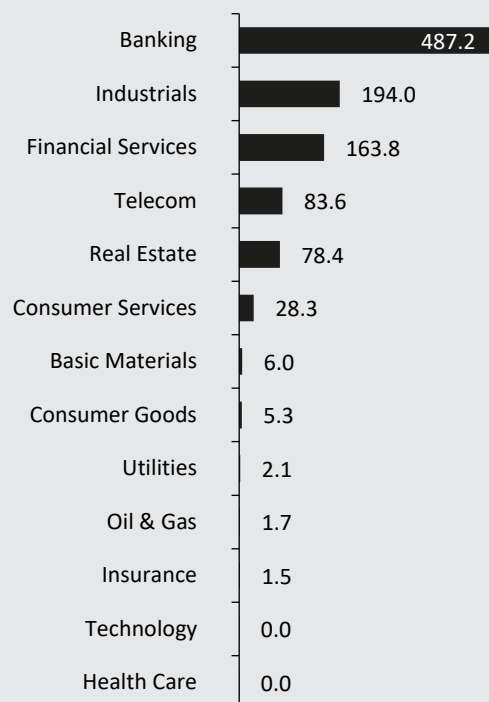
Kuwait Market Monthly Report

January 2023

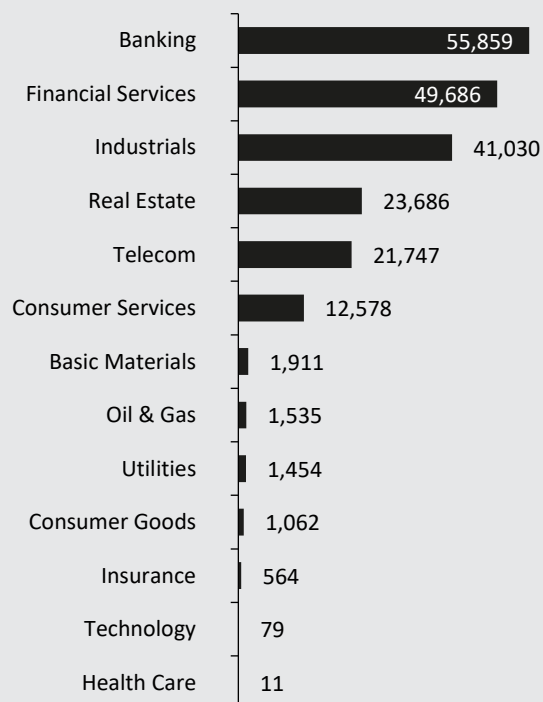
- Industrials:** The sector closed **9.2%** lower at 979.9 points during the month. Agility Public Warehousing Company (down **17.9%**) declined the most, followed by Metal & Recycling Co. (down **7.8%**) while Specialties Group Holding Co. (up 7.3%) was the top gainer. The sector recorded 41,030 transactions. Total volume and value traded stood at 374.9MM and KWD 194.0MM, respectively.
- Utilities:** The sector closed **3.2%** lower at 479.0 points during the month. Automated Systems Company, being the only company in the sector, decreased **3.2%**. The sector recorded 1,454 transactions. Total volume and value traded stood at 11.3MM and KWD 2.1MM, respectively.
- Insurance:** The sector closed 0.2% higher at 1,553.7 points during the month. Al-Ahleia Insurance Company (up 3.4%) rose the most, followed by Kuwait Insurance Company (up 2.3%), while Wethaq Takaful Insurance Company (down **6.9%**) declined the most. The sector recorded 564 transactions. Total volume and value traded stood at 9.0MM and KWD 1.5MM, respectively.
- Oil & Gas:** The sector closed **3.5%** lower at 1,098.5 points during the month. Senergy Holding Company (down **10.6%**) declined the most, followed by Independent Petroleum Group (down **1.0%**) while The Energy House Co. (up 365.1%) was top gainer. The sector recorded 1,535 transactions. Total volume and value traded stood at 42.0MM and KWD 1.7MM, respectively.
- Real Estate:** The sector closed **1.6%** lower at 1,188.8 points during the month. The National Real Estate Company (down **19.4%**) declined the most, followed by Munshaat Real Estate Projects Co (down **12.8%**) while Taameer Real Estate Investment Co. (up 8.6%) was the top gainer. The sector recorded 23,686 transactions. Total volume and value traded stood at 674.2MM and KWD 78.4MM, respectively.
- Technology:** The sector closed **0.1%** lower at 695.5 points during the month. Automated Systems Company, being the only company in the sector, decreased **0.1%**. The sector recorded 79 transactions. Total volume and value traded stood at 0.3MM and KWD 31,286, respectively.
- Telecom:** The sector closed 1.4% higher at 1,197.6 points during the month. Kuwait Telecommunications Co. (up 19.7%) rose the most, while Hayat Communications Company (down **5.0%**) was top loser. The sector recorded 21,747 transactions. Total volume and value traded stood at 132.6MM and KWD 83.6MM, respectively.

Market Composition

Monthly Value Traded (KWD MM)



Number Of Deals



Kuwait Market Monthly Report

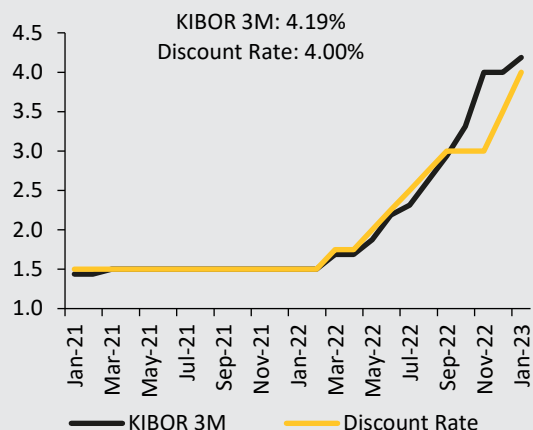
January 2023

Kuwait – Economy and Industry News

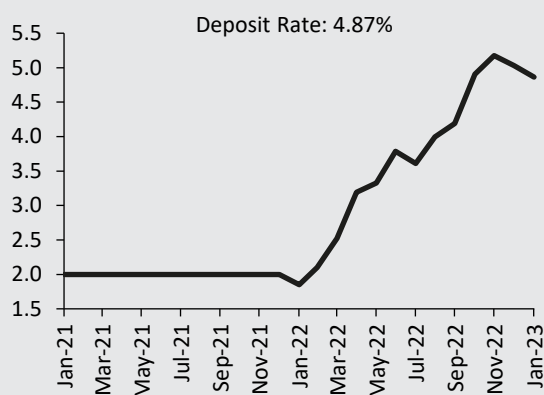
- ◆ The Ministry of Finance expects Kuwait’s general budget deficit for FY23–24 at KWD 5.05BLN (USD 16.3BLN), after considering the expected profits of independent entities.
- ◆ The Central Bank of Kuwait (CBK) reported that the broad money supply (M2) increased to KWD 38.43BLN in December 2022 from KWD 38.23BLN in November 2022.
- ◆ Kuwait's annual inflation rate decreased for the second straight month to 3.15% in December from 3.18% in November 2022.
- ◆ CBK rose the discount rate by 50bps from 3.50% to 4.00% in January 2023.
- ◆ The Fitch Ratings affirmed Kuwait’s Long-Term Foreign-Currency Issuer Default Rating at AA- with a Stable Outlook quoting fiscal and external balance sheets as strengths and frequent institutional gridlock and political constraints on reforms addressing fiscal and structural challenges due to heavy oil dependence, a generous welfare state and a large public sector as weaknesses.
- ◆ Kuwait's crude oil exports to Japan increased 19.4% YoY to 8.11MM barrels in December 2022.
- ◆ As per Japanese Natural Resources and Energy Agency, Kuwait was Japan’s third biggest oil provider, supplying 8.8% of total crude imports in December 2022, compared with 7.4% in December 2021.
- ◆ According to the Ministry of Finance, the Kuwaiti government is adhering to a strict strategy to steadily raise non-oil income over the following years, along with measures that will gradually take effect to control and rationalize expenditure and improve spending efficiency.
- ◆ The Ministry of Finance stated the average price per barrel in the draft budget for FY23–24 was USD 70.0, which is a conservative rate, and is USD 10.0 less than the budget for the current fiscal year, and around USD 15.0 less than the current price in the global market, while the breakeven price reached USD 92.0 per barrel.

Monetary Indicators

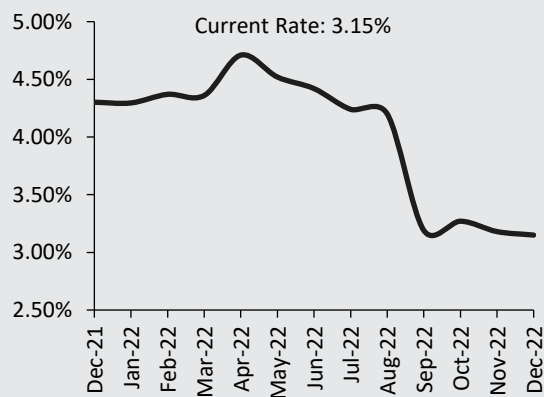
Interest Rate (%)



Deposit Rate (%)



Inflation Rate (%)



Source: Bloomberg

Note: Kuwait Inflation data available till December 2022

Kuwait Market Monthly Report

January 2023

Kuwait Corporate Developments

- ◆ The Central Agency for Public Tenders (CAPT) has approved the tender allotment of KWD 5.8MM to the Specialties Group Holding Company for deepening the seawater channel at the Subiya Thermal Power Plant.
- ◆ A cash dividend of 14-fils per share and 6 bonus shares for every 100 shares have been offered by the Mabanee Board.
- ◆ The Board of Directors of Boubyan Bank have approved the distribution of a 6-fils dividend per share and 6 bonus shares per every 100 shares.
- ◆ The National Bank of Kuwait has offered shareholders a dividend of 25-fils per share and 5 additional shares for every 100 shares.
- ◆ A five-year contract for supplying marine fleet personnel for maritime activities worth KWD 15.5MM has been signed between Heavy Engineering Industries and Shipbuilding Company (HEISCO) and Kuwait Oil Company.
- ◆ Boursa Kuwait has withdrawn the listing of Land United Real Estate Company shares in accordance with CMA's decision.
- ◆ For the purpose of financing investments and primary activities, Al Manar Financing and Leasing Company has renewed its credit facilities contract with an Islamic bank for KWD 7.0MM.
- ◆ A credit facility agreement for EUR 14.0MM has been signed between Kuwait Investment and a German bank to develop a real estate unit in Frankfurt.
- ◆ United Real Estate has inked a long-term banking facility contract worth JOD 45.0MM with a domestic Jordanian bank.
- ◆ An international bank has agreed to lend AED 36.0MM to Aqar Real Estate Investments as part of a contract extension.
- ◆ Zain Iraq has finalized a sale-and-leaseback deal worth USD 180.0MM for 4,968 towers with TASC Towers, which has increased Zain's ownership share in TASC Towers from 69.0% to 83.5%.
- ◆ ALAFCO Aviation Lease and Finance Company has implemented a framework agreement to conclude the novation of an order book of 20 Boeing B737-8MAX aircraft to Macquarie AirFinance Group.
- ◆ National Industries has given the green light to an agreement with Hyundai Engineering & Construction to supply company products to construct a pier on Shuwaikh Port for an estimated period of three years and cost of KWD 7.2MM.
- ◆ KFH Capital's REIT has procured funds of KWD 2.1MM from KFH to fund its real estate dealings.
- ◆ A tender worth KWD 15.5MM has been awarded to HEISCO for providing personnel to Kuwait Oil Company.
- ◆ Arabi Group Holdings has signed a banking facility contract extension worth KWD 13.7MM with a domestic bank.
- ◆ Kuwait Projects Company Holding has concluded the private placement and allotment of senior unsecured bonds totaling KWD 165.0MM, which mature in six years.

Kuwait Market Monthly Report

January 2023

Disclaimer

This material was produced by Ahli Capital Investment Company K.S.C.C ('ABK Capital'), a firm regulated by the Capital Markets Authority (Kuwait). This document is not to be used or considered as an offer to sell or a solicitation of an offer to buy any securities. ABK Capital may, from time to time to the extent permitted by law, participate or invest in other financing transactions with the issuers of the securities ('securities'), perform services for or solicit business from such issuer, and/or have a position or effect transactions in the securities or options thereof. ABK Capital may, to the extent permitted by applicable Kuwaiti law or other applicable laws or regulations, effect transactions in the securities before this material is published to recipients. Information and opinions contained herein have been compiled or arrived at by ABK Capital from sources believed to be reliable, but ABK Capital has not independently verified the contents of this document. Accordingly, no representation or warranty, express or implied, is made as to and no reliance should be placed on the fairness, accuracy, completeness or correctness of the information and opinions contained in this document. ABK Capital accepts no liability for any loss arising from the use of this document or its contents or otherwise arising in connection therewith. This document is not to be relied upon or used in substitution for the exercise of independent judgment. ABK Capital shall have no responsibility or liability whatsoever in respect of any inaccuracy in or omission from this or any other document prepared by ABK Capital for, or sent by ABK Capital to any person and any such person shall be responsible for conducting his own investigation and analysis of the information contained or referred to in this document and of evaluating the merits and risks involved in the securities forming the subject matter of this or other such document. Opinions and estimates constitute our judgment and are subject to change without prior notice. Past performance is not indicative of future results. This document does not constitute an offer or invitation to subscribe for or purchase any securities, and neither this document nor anything contained herein shall form the basis of any contract or commitment whatsoever. It is being furnished to you solely for your information and may not be reproduced or redistributed to any other person. Neither this report nor any copy hereof may be distributed in any jurisdiction outside Kuwait where its distribution may be restricted by law. Persons who receive this report should make themselves aware of and adhere to any such restrictions. By accepting this report, you agree to be bound by the foregoing limitations.