

ABK CAPITAL
GCC
MARKET
MONTHLY
REPORT

2023



GCC Market Monthly Report

August 2023

GCC Markets Performance

Index	Close	Change MTD (%)	Change YTD (%)	P/E	Dividend Yield (%)
Bahrain (BAX)	1,952.2	(2.02)	3.00	7.35	8.58
Kuwait (KWSEAS)	7,005.8	(3.42)	(3.93)	16.27	3.92
Oman (MSM)	4,799.0	0.48	(1.20)	13.25	4.53
Qatar (DSM)	10,194.7	(7.01)	(4.55)	12.77	4.85
Saudi Arabia (TASI)	11,491.2	(1.72)	9.66	19.15	3.21
UAE (ADX)	9,810.2	0.24	(3.93)	31.82	1.72
UAE (DFM)	4,082.9	0.58	22.39	9.33	4.47

Market Highlights

Four GCC indices ended in negative territory, while three ended in positive territory during the month of August. Qatar's DSM (down 7.0%) declined the most, followed by Kuwait's KWEAS (down 3.4%), while UAE's DFM Index (up 0.6%) was the top gainer.

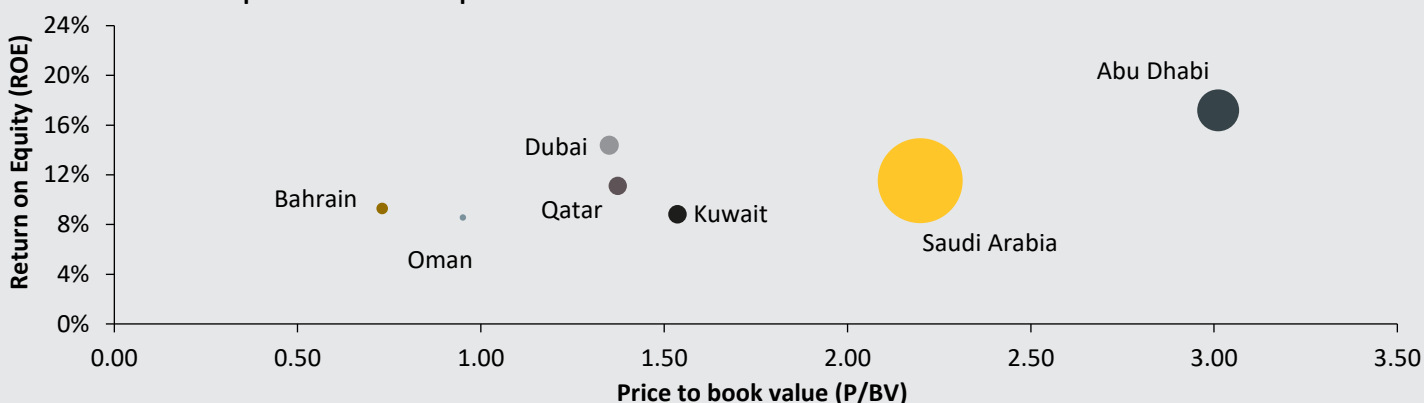
- ◆ Bahrain's BAX closed 2.0% lower at 1,952.2 points. Among sectors, Consumer Staples (down 6.7%) was the top loser, followed by Communications Services (down 5.5%), whereas Materials (up 1.4%) increased the most. Among stocks, Bahrain Commercial Facilities Co (down 22.5%) decreased the most, followed by Ithmaar Holding B.S.C. (down 21.9%), while National Hotels Co. (up 5.7%) was the top gainer. In September, we expect Bahrain's market to follow trend in oil prices.
- ◆ Kuwait's All Share Index closed 3.4% lower at 7,005.8 points. Among sectors, Consumer Services (down 7.0%) declined the most, followed by Industrials (down 6.1%), whereas Healthcare (up 6.3%) increased the most. Jazeera Airways Co. (down 16.5%) was the top loser, followed by Taameer Real Estate Investment Co. (down 14.6%), while Al Masaken International Real Estate Development. Co. (up 67.5%) increased the most. We estimate the Kuwaiti market to rise marginally in September as the market sentiment for oil prices is expected to be positive.
- ◆ Oman's MSM was up 0.5% at 4,799.0 points. Among the sectors, Only Financial (up 0.1%) increased, whereas Industrials (down 1.8%) declined the most. Among stocks, Oman Chromite (up 14.4%) increased the most, followed by Renaissance Services (up 10.5%), while Dhofar Insurance (down 15.5%) was the top loser. We expect Oman's bourses to rise in September driven by rising energy prices with respect to planned reduced supply of oil-gas production, and wide-ranging structural reforms.
- ◆ Qatar's DSM fell 7.0% to close at 10,194.7 points. Among sectors, Transportation (down 10.5%) declined the most, followed by Banks and Financial Services (down 8.2%), while only Insurance (up 2.1%) increased. Among stocks, Mannai Corporation (down 12.1%) was the top loser, followed by Qatar Gas Transport (down 12.0%), while Gulf International Services (up 27.0%) increased the most. We anticipate Qatar's market to slightly increase in September.
- ◆ Saudi Arabia's TASI decrease 1.7% to close at 11,491.2 points. Among sectors, Health Care Equipment (down 13.5%) declined the most, followed by Commercial & Professional Services (down 9.3%), whereas Software & Services (up 13.1%) increased the most. Development Works Food Co (down 24.9%) decreased the most, followed by Dallah Healthcare Co. (down 20.6%), while Fawaz Abdulaziz Alhokair Co. (up 36.7%) increased the most. The market is expected to rise in September as Saudi Arabia plans to cut down oil production by 1.0MM bpd for another three months until the end of December 2023 to combat price decline, aided by positive broad economic outlook.
- ◆ The ADX rose 0.2% higher at 9,810.2 points. Among sectors, healthcare (up 19.6%) was the top gainer, followed by Consumer Discretionary (up 14.1%), while Telecommunications (down 11.2%) was the top loser. Among stocks, Q Holding PSC (up 51.4%) increased the most, followed by Abu Dhabi National Co. for Building Materials (up 37.36%), while Foodco National Foodstuff PRJSC (down 12.4%) decreased the most.
- ◆ The DFM ended 0.6% higher at 4,082.9 points. Among sectors, Consumer Staples (up 8.2%) was the top gainer, followed by Industrials (up 4.3%), whereas Communication Services (down 3.6%) declined the most. Among stocks, Al Mazaya Holding Company (up 18.0%) was the top gainer, followed by National Central Cooling Co. (up 13.2%), while Takaful Emarat (PSC) (down 33.0%) declined the most. In September, we expect the UAE markets to grow as there is a positive economic outlook aided by rising oil prices.

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Valuation

Size of the bubble represents Market Capitalization



Macroeconomic Snapshot

- ◆ Bahrain – The International Monetary Fund (IMF) estimates Bahrain's real Gross Domestic Product (GDP) to increase by 3.0% this year, and inflation is projected to rise by 2.2%. According to the Information & eGovernment Authority, the inflation rate in Bahrain rose 0.4% YoY in June 2023 versus a 1.1% YoY decline in May 2023.
- ◆ Kuwait – As per IMF's projections Kuwait's economy is expected to increase by 0.9% this year, and inflation is projected to rise by 3.3%. Kuwait's annual inflation rate slowed to 3.75% YoY in July 2023 from 3.83% YoY in June 2023.
- ◆ Oman – As per IMF estimates, Oman's economy is projected to grow 1.7% this year, and inflation is estimated to rise by 1.9%. According to the National Centre for Statistics and Information, Oman's inflation decreased for the fifth consecutive month to 0.4% in July 2023 compared with 0.7% in June 2023.
- ◆ Qatar – As per IMF estimates, Qatar's real GDP growth is expected to grow by 2.4% this year, and inflation is expected to increase by 3.0%. Qatar's CPI increased to 106.9 points in July 2023, up 3.1% YoY compared with June 2022.
- ◆ Saudi Arabia – The IMF in its latest projection stated that Saudi Arabia's GDP is expected to grow by 1.9% in this year, and inflation is expected to increase by 2.8%. According to the General Authority for Statistics' revised estimates, Saudi Arabia's real GDP growth was up 1.1% YoY in Q2 2023.
- ◆ UAE – As per estimates released by the IMF, the real GDP growth rate for UAE is expected to increase by 3.5% this year, and inflation is projected to rise by 3.4%. According to S&P Global, Dubai's Purchasing Manager's Index (PMI) fell to 55.7 in July 2023 from 56.9 in June 2023, the UAE's PMI fell to 56.0 in July 2023 from 56.9 in June 2023

Country	Real GDP Growth	Inflation	Interbank Rate (3M)	REPO Rate
Bahrain	3.0	2.2	6.66	7.00
Kuwait	0.9	3.3	4.28	3.63
Oman	1.7	1.9	5.90	5.75
Qatar	2.4	3.0	6.00	5.75
Saudi Arabia	1.9*	2.8	6.09	5.75
UAE	3.5	3.4	5.32	5.40

Source: IMF World Economic Outlook Update for FY 2023 (*July 2023 for Saudi Arabia, April 2023 for rest), Central Banks, Bloomberg

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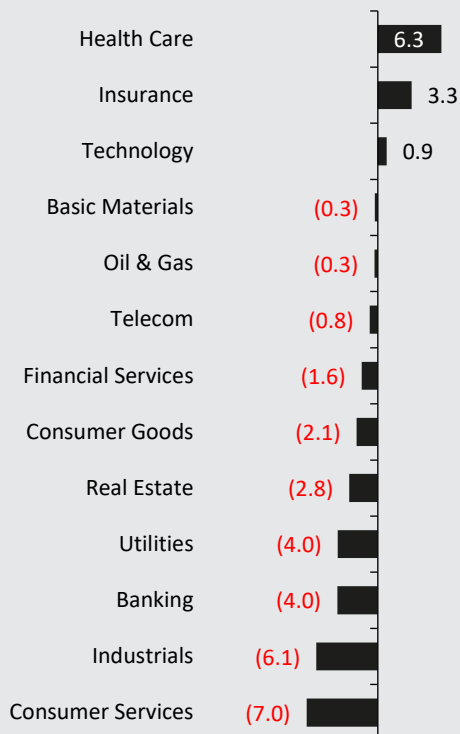
Kuwait – Sector Returns and Value Traded

◆ **Health Care:** The sector closed 6.3% higher at 482.7 points during the month. Al-Maidan Clinic For Oral Health Services Co. (up 9.2%) rose the most, followed by Advanced Technology Company (up 0.8%), whereas Yiacco Medical Co. ended flat. Total volume and value traded stood at 24,238 and KWD 11,163, respectively.

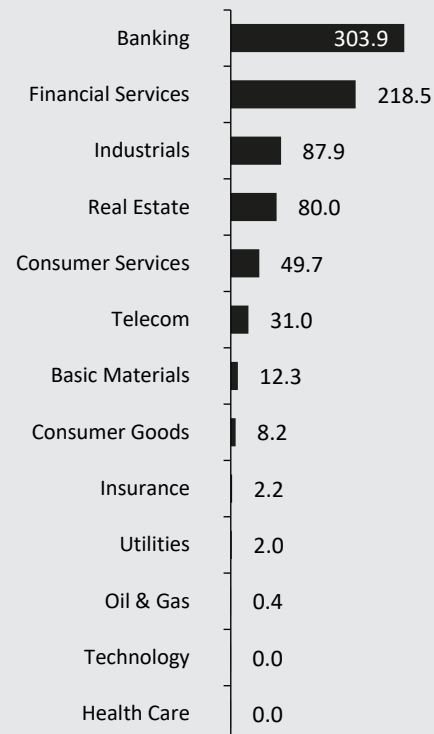
◆ **Consumer Services:** The sector closed 7.0% lower at 1,600.1 points during the month. Jazeera Airways Co. (down 16.5%) declined the most, followed by Sultan Center Food Products Co. (down 12.9%) while Future Kid Entertainment & Real Estate (up 13.3%) was the top gainer. Total volume and value traded stood at 421.2MM and KWD 49.7MM, respectively.

Source: KSE

Sector Returns (%)



Value Traded (KWD MM)



Commodity Tracker

◆ Gold ended the month at \$1,940.2/troy oz., was down 1.3% MoM in August 2023. In August, gold prices are estimated to remain flat as the Federal Reserve is expected to keep interest rates flat.

◆ Brent crude closed at \$86.9 per barrel in August 2023, representing a positive return of 1.5% MoM. Oil prices are projected to increase; support will come in September 2023 as Saudi Arabia is expected to cut its production.

◆ Silver ended the month at \$24.4/troy oz., registering a negative return of 1.2% 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.)	1,940.2	(1.3)	6.4
Brent Crude (USD/bbl.)	86.9	1.5	1.1
Silver (USD/troy oz.)	24.4	(1.2)	2.0

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Stock Watch (Kuwait)

Al Masaken International Real Estate Development. Co. (up 67.5%) was the top gainer, while Jazeera Airways Co. (down 16.5%) declined the most.

Name	M Cap (KWD MM)	Last (KWD Fils)	MTD (%)	YTD (%)	Shares Traded (MM)	P/E	P/B
TOP GAINERS							
MASAKEN	3.25	33.00	67.51	22.68	68.64	20.05	NA
THURAYA	25.05	171.00	32.56	(20.09)	0.01	55.72	1.44
AGHC	144.60	418.00	29.41	29.81	47.70	NA	2.94
CLEANING	7.94	34.30	18.69	3.94	6.43	NA	0.28
KUWAITRE	102.56	395.00	17.21	37.15	0.04	12.21	1.39
TOP LOSERS							
JAZEERA	367.40	1670.00	(16.50)	(12.11)	7.31	5.23	0.74
TAAMEER	3.78	15.80	(14.59)	(24.76)	72.55	NA	NA
SULTAN	32.13	115.00	(12.88)	5.50	1.11	NA	0.48
ARGAN	21.22	83.20	(12.42)	(10.54)	0.37	NA	0.29
ARABREC	20.20	55.20	(12.10)	113.95	45.61	19.37	11.60

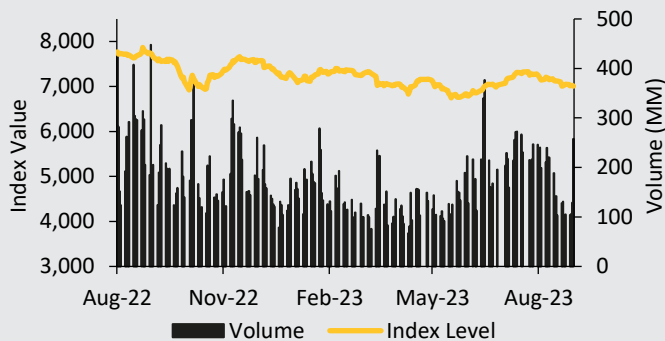
Source: Bloomberg, CapIQ. NA – Not Available, NM – Not Meaningful

Stock Watch (Saudi Arabia)

Fawaz Abdulaziz Alhokair Co. (up 36.7%) rose the most, while Development Works Food Co (down 24.9%) declined the most.

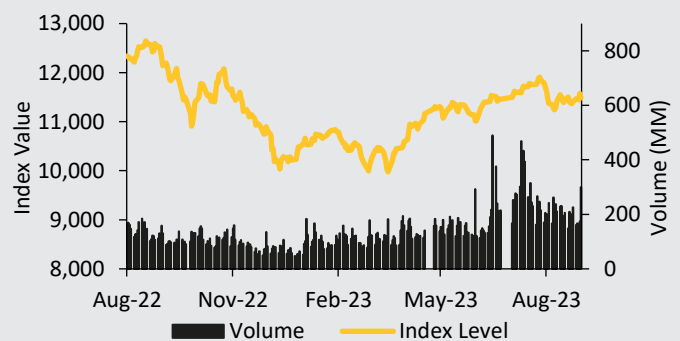
Name	M Cap (SAR MM)	Last (SAR)	MTD (%)	YTD (%)	Shares Traded (MM)	P/E	P/B
TOP GAINERS							
CENOMI RETAIL	2,426.16	21.14	36.74	36.56	55.17	14.99	5.66
ATHEEB TELECOM	1,024.19	113.80	35.15	142.39	26.71	10.59	6.07
APC	796.00	79.60	32.01	99.00	9.10	10.90	4.93
SSP	1,728.90	33.90	30.13	89.39	32.97	NM	2.70
ELM	68,000.00	850.00	24.96	156.02	4.51	57.63	19.30
TOP LOSERS							
DWF	349.80	116.60	(24.87)	(24.10)	5.52	NM	13.02
DALLAH HEALTH	13,675.36	140.00	(20.63)	(5.41)	2.45	50.65	4.36
MUSHARAKA REIT	561.44	6.38	(16.71)	(27.91)	4.72	9.09	0.70
TANMIAH	2,004.00	100.20	(16.50)	(23.63)	3.62	10.69	3.47
AYYAN	1,274.05	15.80	(16.49)	11.90	8.87	NM	1.97

Kuwait (KWSEAS)



Source: Bloomberg

Saudi Arabia (TASI)



Monthly Market Updates

- ◆ Kuwait's All Share Index closed lower at 3.4% MoM to 7,005.8 points in August 2023. The total volume traded declined 15.0% MoM to 3.7BLN, the number of deals increased 4.1% MoM to 226,948, and the total value traded decreased 11.9% MoM to KWD 796.3MM.
- ◆ As per the third estimate released by the Bureau of Economic Analysis, the US real GDP was up 2.1% YoY in Q2 2023 as opposed to the 2.0% YoY increase in Q1 2023.
- ◆ According to Eurostat, the EU's statistical office, the Euro area's annual inflation rate is expected to be 5.3% in August 2023, stable compared to July 2023. As per the latest data released by the Office for National Statistics, the UK's consumer price index (CPI) rose 6.4% YoY in July, down from 7.3% in June 2023.
- ◆ As per National Bureau of Statistics, China's CPI (YoY) dropped 0.3% in July 2023 as against flat in June 2023.
- ◆ According to the Statistics Bureau of Japan, CPI stood at 3.3% YoY in July 2023 compared with 3.3% in June 2023.

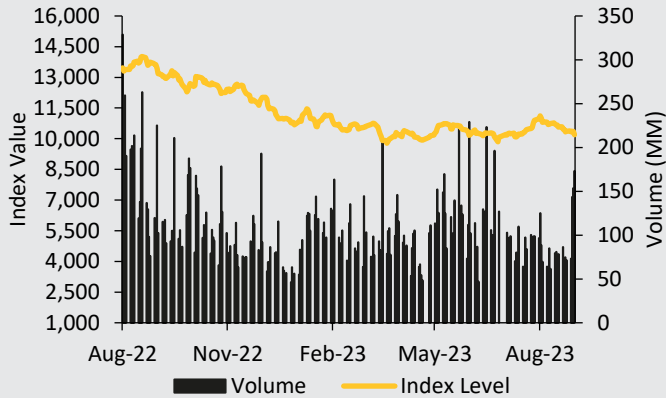
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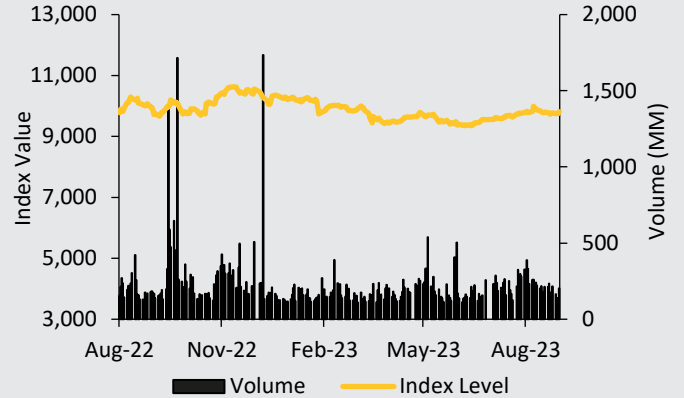
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GCC Benchmark Indices – Market Movements

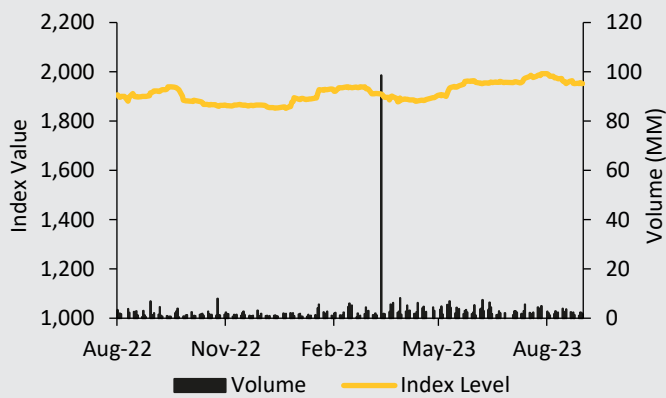
Qatar (DSM)



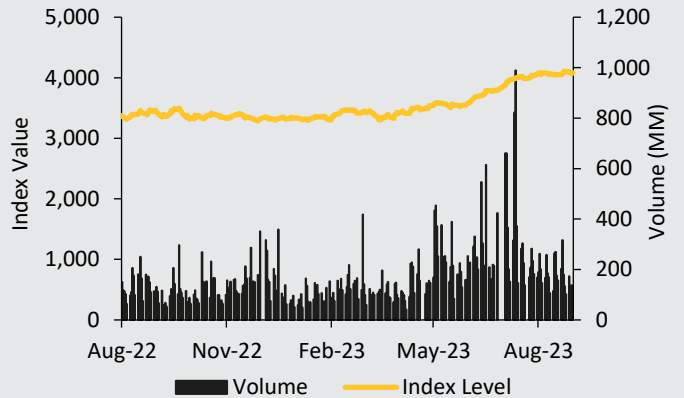
Abu Dhabi (ADX)



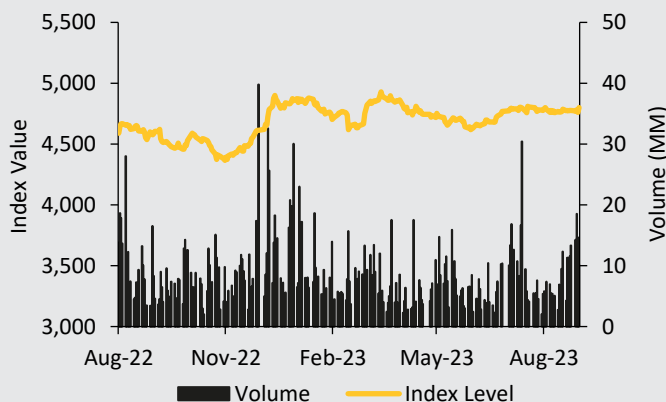
Bahrain (BAX)



Dubai (DFM)



Oman (MSM)



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GCC Markets – Economy and Industry News

Saudi

- ◆ According to the General Authority for Statistics' revised estimates, Saudi Arabia's real GDP growth was up 1.1% YoY in Q2 2023, driven by a 5.5% YoY rise and 4.2% YoY decrease in non-oil and oil activities, respectively.
- ◆ In July 2023, CPI surged 2.3% YoY compared with a 2.7% YoY increase in June 2023. Overall merchandise exports decreased 39.7% in June 2023 from that in June 2022.
- ◆ The value of total exports in June 2023 recorded SAR 88.8BLN compared with SAR 147.1BLN in June 2022. Oil products accounted for 81.0% in June 2023 compared to 79.1% in June 2022 of the country's total exports.
- ◆ Saudi foreign reserves plunged the most since the pandemic to a 2009 low, dropping USD 16.0BLN in July 2023.
- ◆ Saudi Arabia's Crown Prince Mohammed bin Salman announced the launch of a USD 200.0MM (SAR 750.0MM) fund for early investment in local and global high-tech companies, which will enhance economic diversification and contribute to the creation of technical jobs.

UAE

- ◆ According to S&P Global, Dubai's Purchasing Manager's Index (PMI) fell to 55.7 in July 2023 from 56.9 in June 2023, the UAE's PMI fell to 56.0 in July 2023 from 56.9 in June 2023, despite the downtick, the index remained comfortably above the 50.0 threshold, signaling improvement in non-oil private sector operating conditions from the prior month.
- ◆ UAE's public budget surged 32.0% to USD 176.0BLN (AED 650.0BLN) in June 2023, up from AED 491.4BLN in June 2022.
- ◆ UAE banks financed USD 51.8BLN worth of green projects in 2022.
- ◆ Dubai's property transactions surged 44.0% YoY in 1H 2023, recording its highest half-yearly transactions ever.

Qatar

- ◆ Qatar's CPI increased to 106.9 points in July 2023, up 3.1% YoY compared with June 2022.
- ◆ Qatar's sovereign wealth fund, the Qatar Investment Authority to invest USD 1.0BLN for 1.0% stake in Reliance Retail.

Bahrain

- ◆ According to the Information & eGovernment Authority, the inflation rate in Bahrain rose 0.4% YoY in June 2023 versus a **1.1%** YoY decline in May 2023. Consumer prices on a monthly basis increased 1.4% in June, recovering from a 1.3% fall in May.
- ◆ Bahrain hard currency assets rise USD 800.0MM in June 2023 from May 2023.

Oman

- ◆ According to the National Centre for Statistics and Information, Oman's inflation decreased for the fifth consecutive month to 0.4% in July 2023 compared with 0.7% in June 2023, whereas on a monthly basis CPI remained stable at 0.2% in July 2023 similar to June 2023.
- ◆ Oman posts a budget surplus of USD 1.7BLN (OMR 656.0MM) in 1H 2023 compared to a surplus of OMR 784.0MM achieved over the same period in 2022.

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GCC Corporate Developments

Saudi

- ◆ Gulf Union Alahlia shareholders approve merger with Al-Saqr Cooperative Insurance.
- ◆ Saudi energy firm ACWA Power reached a financial close for USD 123.0MM to develop the 200-megawatt Kom Ombo utility-scale solar project plant in Egypt.
- ◆ Rewaa, a leading full-stack inventory management platform for the retail industry, raised USD 27.0MM (SAR 100.0MM) in a Series A funding round.
- ◆ Saudi Telecom Co's subsidiary, Telecommunications Towers Co (TAWAL), raised USD 1.4BLN in Islamic financing to acquire tower assets from the Netherlands-based United Group.
- ◆ Jadwa Investment acquired 35.0% stake in Kuwaiti perfumer Gissah.

UAE

- ◆ Emirates Reem Investments acquires a 100% stake in Evergreen Plastic Products Manufacturing.
- ◆ Abu Dhabi National Oil Company (ADNOC), the State Oil Company of Azerbaijan (SOCAR) and TotalEnergies have announced a strategic transaction after which ADNOC will acquire a 30.0% equity stake in the Absheron gas and Condensate field in the Caspian Sea.
- ◆ UAE-based MALY concludes USD 1.6MM funding round to expand in MENA.
- ◆ Sports management firm Palms Sports, a subsidiary of the listed International Holding Company (IHC), was awarded a training service contract valued at AED 62.8MM.
- ◆ Al-Mazaya holding partially settled due debts with a total amount of KWD 7.0MM to a Kuwaiti bank.

Qatar

- ◆ Qatari seaport operator QTerminals signed a sale and purchase agreement to acquire Kramer Group's majority stake in the Netherlands' port of Rotterdam.
- ◆ Qatar Fuel signed a deal with Qatarenergy to extend the deal for the sale and purchase of petroleum products.

Bahrain

- ◆ National Bank of Bahrain sells entire shareholding in Esterad.
- ◆ Al Baraka Group extends SICO's appointment as a market maker until the end of December 2023.

Oman

- ◆ Oman LNG signed agreements with Shell International Trading Middle East and Oman's OQ trading to produce and distribute more than 1.5MM metric tons of liquefied natural gas yearly starting from 2025.
- ◆ Salalah Beach Resort receives offer from Golden Sands Hotel to acquire stake in company.
- ◆ Sohar International Board approves increase of issued share capital to OMR 561.6MM.

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