



أهلي كابيتال
AHLI CAPITAL

AHLI CAPITAL KUWAIT MARKET MONTHLY REPORT 2022



Market Performance

Kuwait's All Share Index closed **7.8%** MoM lower at 7,105.7 points in September 2022. The total volume traded decreased **41.8%** MoM to 3.6BLN, number of deals declined **22.5%** MoM to 209,526, and total value traded decreased **26.1%** MoM to KWD 0.9BLN. The decline in the market was mainly attributed to the banking and financial services sectors.

As per the third estimate released by the Bureau of Economic Analysis, US real GDP growth reduced at an annualized rate of **0.6%** YoY in Q2 2022 as opposed to the **1.6%** YoY decrease in Q1 2022. The 0.1% increase in real personal consumption expenditure (PCE) in August reflected a 0.2% rise in spending on services and **0.2%** drop in spending on goods. Personal income rose 0.3% MoM in August 2022 vis-à-vis the revised increment of 0.3% MoM in July 2022. It was largely attributed to higher compensation, proprietors' income, and government social benefits that were partly offset by a decrease in personal interest income. The higher compensation was due to private wages and salaries. The US current account deficit stood at USD 67.4BLN in August 2022 against the revised deficit of USD 70.5BLN in July 2022. Total exports slipped USD 0.7BLN to USD 258.9BLN in August 2022 from that in July 2022. Furthermore, total imports stood at USD 326.3BLN in August 2022, a decrease of USD 3.7BLN from July 2022 levels.

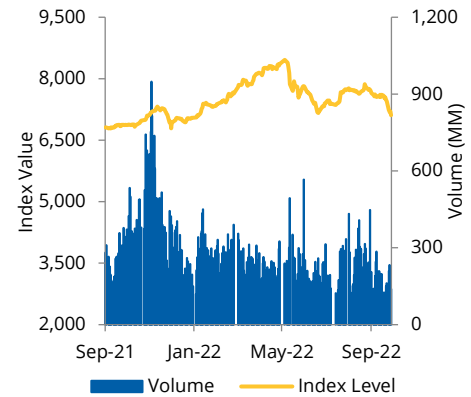
According to a flash estimate from Eurostat, EU's statistical office, the Euro area's annual inflation rate was expected to be 10.0% in September 2022, up from 9.1% in August 2022. The Euro area's international trade deficit was EUR 37.4BLN in the second quarter of 2022, down from a surplus of EUR 8.8BLN in the first quarter of 2022 and down from a surplus of EUR 104.8BLN in the second quarter of 2021. As per the latest data released by the Office for National Statistics, the annual inflation rate (CPI) in the UK climbed 9.9% YoY in August 2022 from 10.1% YoY in July 2022. However, the CPI, including owner occupiers' housing costs (CPIH), in the UK edged up 8.6% YoY in August 2022, down from 8.8% YoY in July 2022.

Based on the latest data released by the National Bureau of Statistics, China's CPI unexpectedly dropped to 2.5% YoY in August 2022 from 2.7% YoY in July 2022, below market forecasts of 2.8%. This was driven by food prices rising 6.1% (6.3% in July), the steepest rate in 22 months. According to the Statistics Bureau of Japan, CPI stood at 3.0% YoY in August 2022 compared with the increment of 2.6% YoY in July 2022 on account of the soaring prices of food and raw materials as well as yen weakness. The figure came in above estimates of 2.7% as well as the Bank of Japan's 2% target for the fifth straight month.

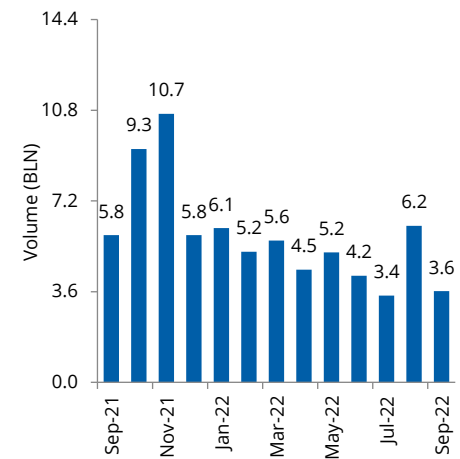
Kuwait Market Summary	September, 2022	August, 2022	Change (%)
Open	7,723.97	7,736.42	(0.2)
High	7,735.32	7,941.13	(2.6)
Low	7,103.42	7,622.03	(6.8)
Close	7,105.71	7,709.05	(7.8)
Volume traded (MM)	3,618.55	6,212.88	(41.8)
Value Traded (KWD MM)	919.78	1,244.27	(26.1)
No. of deals	209,526	270,461	(22.5)
No. of advances	18	76	(76.3)
No. of declines	131	72	81.9
No. of unchanged	8	9	(11.1)

Kuwait Index Performance

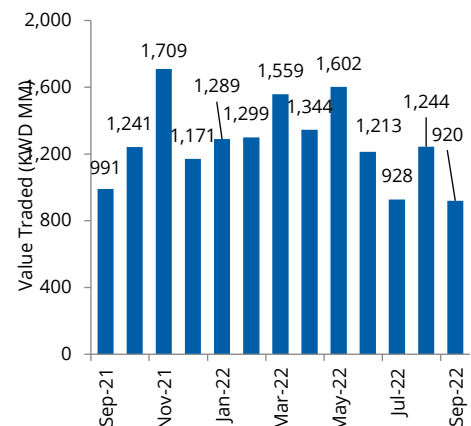
Benchmark Index and Volume Traded



Monthly Volume Traded (BLN)



Monthly Value Traded



Top Gainers and Losers

The market breadth was broadly negative; 131 stocks declined and 18 firmed up, while 8 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)
Palms Agro Production Co.	76.60	67.61	12.32	4.01	0.00	(0.02)	0.10	NA	0.78
Dar Al Thuraya Real Estate Co.	170.00	41.67	61.90	24.91	0.89	0.01	0.12	25.07	1.47
Gulf Investment House	408.00	25.93	36.00	165.85	15.30	(0.00)	0.11	NA	3.82
Almadar Investment Company	100.30	15.29	(15.71)	20.76	1.11	0.00	0.11	NA	0.95
Tamdeen Investment Co.	475.00	10.47	25.33	161.77	1.58	0.04	0.89	12.15	0.54

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)
The Energy House Co	19.20	(59.83)	(69.57)	14.40	14.07	(0.02)	0.03	NA	0.76
IFA Hotels & Resorts Co.	27.70	(36.32)	(48.22)	17.10	726.15	(0.00)	0.01	188.31	3.83
Inovent (B.S.C)	78.30	(33.64)	(33.64)	23.56	30.49	0.01	0.49	110.82	0.58
Acico Industries Co.	88.00	(31.25)	(36.69)	29.08	42.75	(0.00)	0.22	NA	0.38
Credit Rating & Collection	17.20	(29.51)	(57.21)	2.84	0.56	0.00	0.03	NA	0.57

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)
IFA Hotels & Resorts Co.	27.70	(36.32)	(48.22)	17.10	726.15	(0.00)	0.01	188.31	3.83
Kuwait Finance House	841.00	(6.56)	1.08	11127.73	262.20	0.03	0.21	28.53	4.03
National Consumer Holding Co.	112.00	(17.65)	(6.67)	33.60	245.05	(0.01)	0.07	NA	1.54
GFH Financial Group (B.S.C)	77.70	(16.36)	(22.14)	280.97	170.11	0.03	0.26	9.87	1.00
Agility Public Warehousing Company	668.00	(20.67)	(29.31)	1687.28	146.35	0.38	0.59	48.77	1.20

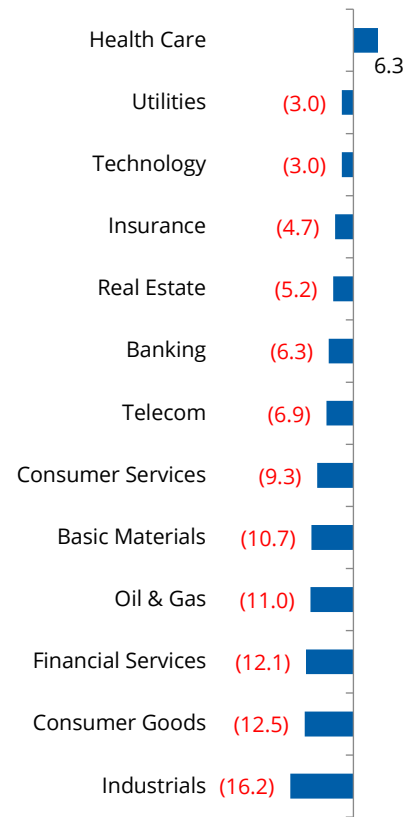
Source: Bloomberg; NM – Not Meaningful; NA – Not Available

Performance by Sector

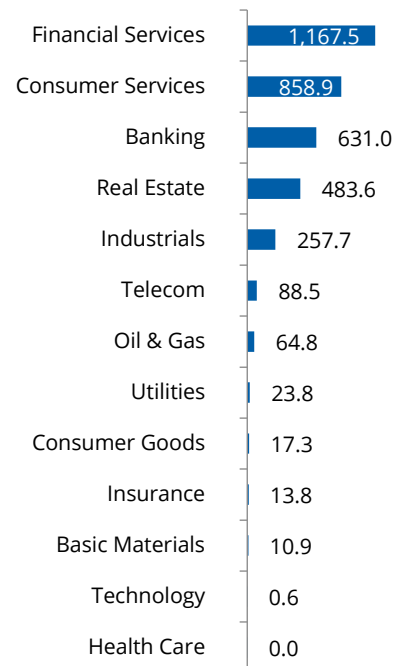
- **Banks:** The sector closed **6.3%** lower at 1,743.3 points during the month. Al-Ahli Bank of Kuwait (down **15.7%**) was the top loser, followed by Gulf Bank (down **14.3%**), while Kuwait International Bank ended flat. Total turnover stood at KWD 413.9MM. The volume traded and number of deals stood at 631.0MM shares and 56,126, respectively.
- **Basic Materials:** The sector closed **10.7%** lower at 901.4 points during the month. Qurain Petrochemical Industries Co. (down **14.2%**) declined the most, whereas Alkout Industrial Projects Co. ended flat. The number of shares traded, and total turnover stood at 10.9MM and KWD 6.4MM, respectively, while total transactions stood at 3,167.
- **Consumer Goods:** The sector ended **12.5%** lower at 467.3 points during the month. Livestock Transport & Trading Co. (down **14.9%**) declined the most, followed by Mezzan Holding Co. (down **12.0%**). Total volume, turnover, and deals made stood at 17.3MM shares, KWD 6.9MM, and 1,609, respectively.
- **Consumer Services:** The sector closed **9.3%** lower at 1,385.2 points during the month. Among stocks, IFA Hotels & Resorts Co. (down **36.3%**) declined the most, followed by Jiyad Holding Company (down **22.4%**), while Palms Agro Production Co. (up **67.6%**) was the top gainer. Total volume, turnover, and transactions stood at 858.9MM shares, KWD 57.1MM, and 22,284, respectively.
- **Financial Services:** The sector closed **12.1%** lower at 1,253.7 points during the month. Inovent (B.S.C) (down **33.6%**) was the top loser, followed by Credit Rating & Collection (down **29.5%**), while Gulf Investment House (up **25.9%**) was the top gainer. Total volume, turnover, and deals made stood at 1.2BLN shares, KWD 160.8MM and 49,846, respectively.
- **Healthcare:** The sector ended **6.3%** higher at 459.7 points. Al Maidan Clinic for Oral Health Services Co (up **7.4%**) rose the most, whereas Yiacco Medical Co. remained ended flat. There were 18 deals; quantity and value traded stood at 8,952 and KWD 4,343, respectively.
- **Industrials:** The sector closed **16.2%** lower at 1,016.6 points during the month. Acico Industries Co. (down **31.3%**) was the top loser, followed by Gulf Cable And Electrical Industries Company (down **26.2%**), while Fujairah Cement Industries (up **9.7%**) was the top gainer. Total volume, turnover, and deals made stood at 257.6MM shares, KWD 144.8MM and 35,150, respectively.

Market Composition

Monthly Sector Index Returns (%)



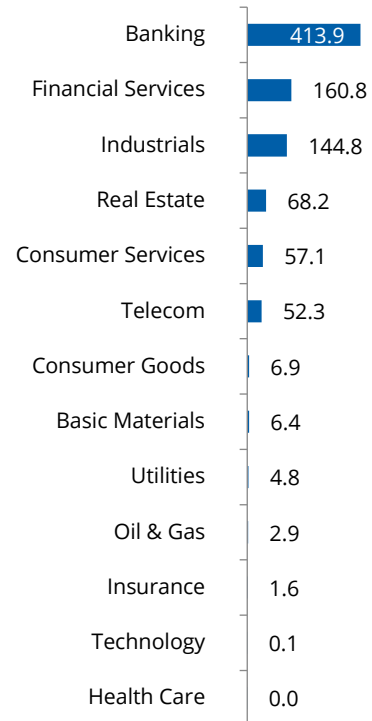
Monthly Volume Traded (Million)



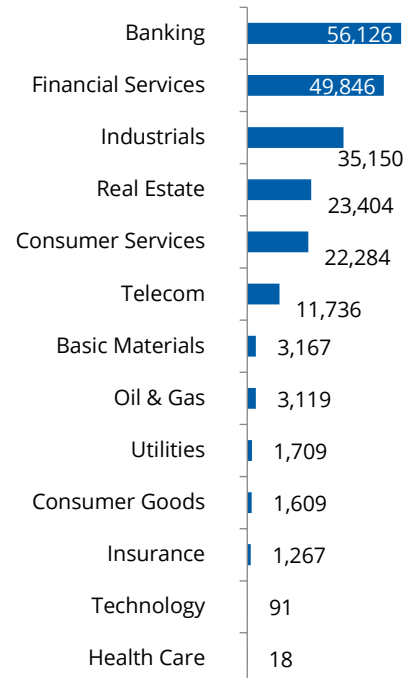
- **Utilities:** The sector closed **3.0%** lower at 513.2 points during the month. Shamal Az-Zour Al-Oula Power and Water Company K.S.C.P (down **3.0%**) only listed stock ended in red. The sector recorded 1,709 transactions. Total volume and value traded stood at 23.8MM and KWD 4.8MM, respectively.
- **Insurance:** The sector closed **4.7%** lower at 1,501.2 points during the month. Al-Ahleia Insurance Company (down **13.8%**), was the top loser, followed by Wethaq Takaful Insurance Company (down **6.3%**); while Kuwait Reinsurance Company (up 1.7%) was the top gainer. Total volume, turnover, and deals made stood at 13.8MM shares, KWD 1.6MM and 1,267, respectively.
- **Oil & Gas:** The sector closed **11.0%** lower at 1,067.5 points. The Energy House Co (down **59.8%**) was the top loser, followed by Gulf Petroleum Investment (down **22.5%**); while Independent Petroleum Group (up 7.0%) was the top gainer. Total volume, turnover, and number of transactions stood at 64.8MM shares, KWD 2.9MM, and 3,119, respectively.
- **Real Estate:** The sector ended **5.2%** lower at 1,202.1 points during the month. First Dubai for Real Estate Development (down **28.2%**) was the top loser, followed by Al Masaken International Real Estate Development. Co. (down **26.4%**), while Dar Al Thuraya Real Estate Co. (up 41.7%) was the top gainer. Total volume, turnover, and deals made stood at 483.6MM shares, KWD 68.2MM and 23,404, respectively.
- **Technology:** The sector closed **3.0%** lower at 589.3 points during the month. Automated Systems Company being the only company in the sector declined **3.0%**. The sector recorded 91 transactions during the month. Total volume and value traded stood at 0.64MM and KWD 0.05MM, respectively.
- **Telecom:** The sector closed **6.9%** lower at 1,163.4 points. National Mobile Telecommunications Co. (down **16.1%**) was the top loser, while Aan Digital Services Co. ended flat. Total turnover of KWD 52.3MM was generated by 88.5MM shares traded through 11,736 transactions.

Market Composition

Monthly Value Traded (KWD MM)



Number Of Deals

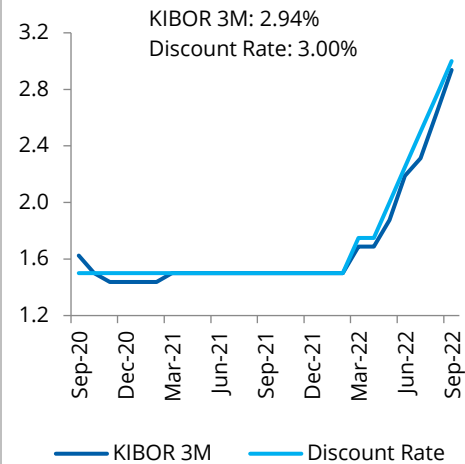


Kuwait – Economy and Industry News

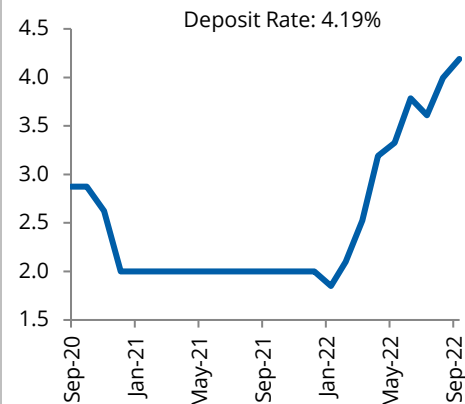
- Central Bank of Kuwait (CBK) raised the discount rate by 0.25% from 2.75% to 3.00% in September 2022. Moreover, CBK would be changing the rates of monetary policy instruments by varying percentages for the entire interest rate yield curve, including repurchases (Repo), CBK bonds and tawarruq, term deposits, direct intervention instruments, and public debt instruments.
- The annual consumer price inflation (CPI) rate increased 4.15% in August 2022 compared to August 2021, as reported by the Central Statistical Bureau; monthly, the CPI rose 0.08%, mainly due to high prices of major groups in the movement of the indices, namely food and education.
- According to CBK, the value of Kuwait's foreign reserves ascended 9.09% YoY and 0.28% MoM to KWD 14.435BLN (USD 47.001BLN) in July 2022, supported by the special drawing rights, foreign currency reserves, and deposits abroad (direct). The above value excludes assets of the state's sovereign fund amounting to USD 708.42BLN, which ranks fourth globally.
- Kuwait ranked seventh in the Arab world and second among the GCC countries in terms of central bank's gold reserves, which amounted to around 79 tons at the end of July 2022, representing 8.7% of the total reserves as per Al-Rai daily.
- Kuwait's crude oil exports to Japan increased 68.8% YoY in August 2022, recording its 31-month high of 310,000 barrels per day.
- Kuwait became Japan's third biggest oil provider, supplying 10.4% of its total crude imports.
- Kuwait's import of various goods and materials totaled about KWD 9.6BLN at the end of 2021, up 12% compared to KWD 8.5BLN in 2020.
- Total number of Kuwaiti employees in the government sector jumped to 372,942 by the end of June 2022 from 354,384 at the end of 2020, according to statistics.
- Kuwait ranked seventh in the Arab world and second among the Gulf Cooperation Council countries in terms of central bank's gold reserves, which amounted to about 79 tons at the end of last July, representing 8.7% of the total reserves.
- The value of Kuwait's foreign reserves as of the end of July 2022 rose 9.09% on an annual basis, aided by the special drawing rights, foreign currency reserves and deposits abroad, according to official data from the Central Bank of Kuwait.

Monetary Indicators

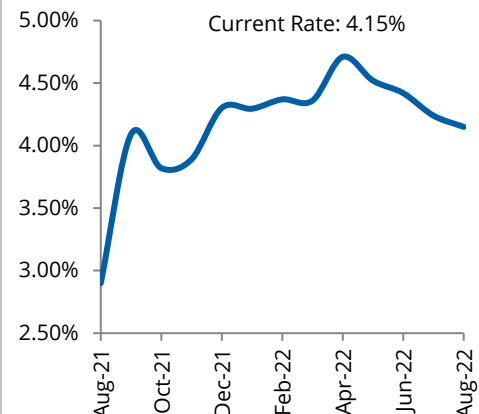
Interest Rate (%)



Deposit Rate (%)



Inflation Rate (%)



Source: Bloomberg

Note: Kuwait Inflation data available till August 2022.

Kuwait Corporate Developments

- Burgan Bank KPSC (Burgan) declared that its Board approved the sale of its 51.8% ownership stake in Bank of Bagdad to Jordan Kuwait Bank. The sale is in line with Burgan's strategy of asset allocation and focus on growth in its core market, Kuwait.
- Kuwait Finance House (KFH) signed an agreement with Ahli United Bank B.S.C. (AUB - Bahrain) to organize the process of cooperation between the two banks during the transitional period preceding a contemplated acquisition.
- Fitch rating agency placed Kuwait International Bank's Viability Rating on Ratings Watch Negative (RWN) due to a fall in the bank's capitalization (CET 1). Fitch Ratings affirmed Burgan Bank's Long-Term Foreign and Local-Currency Issuer Default Ratings (IDR) at 'B-' and 'B', respectively.
- Hayah Insurance announced that Gulf Insurance Group sold its entire 28.05% stake in Hayah.
- Al Manar Financing and Leasing signed credit facility agreement worth KWD 10.0MM with an Islamic bank.
- Kuwait and Gulf Link Transport unit made the lowest bid for the Kuwait Fire Force tender. The transaction value stood at KWD 3.1MM.
- Aayan Real Estate unit sold property in Saudi Arabia for SAR 50.0MM.
- Kuwait Business Town Real Estate units sold two investment properties for KWD 6.8MM.
- National Petroleum Services bagged a tender to supply drilling equipment to Kuwait Oil Company for five years. The transaction value stood at KWD 4.8MM.
- Shareholders of Qurain Petrochemical Industries (QPIC) approved merger with KIPCO. Moreover, shareholders agreed to a reduction of share capital of QPIC from KWD 109.9MM to KWD 107.5MM as well as dissolution of QPIC and transfer of all its assets and liabilities, rights, and obligation to KIPCO.
- Heavy Engineering Industries and Shipbuilding unit signed a tender contract worth KWD 5.5MM for oil facility maintenance and reinforcement with Kuwait National Petroleum Company.
- Zain Kuwait's Jordan unit extended spectrum licenses for 10 years. The company expects the agreement to have a positive impact on its position.
- Warba Capital Board approved to start the process to exit investment in Bawabet Al Kuwait. The company's investment in Bawabet Al Kuwait Holding Company equals to 25.0MM shares or 5.0% of capital.
- State-owned Kuwait National Petroleum Company (KNPC), the OPEC producer's downstream investment arm, is preparing to pump around KWD 1.3BLN (USD 4.2BLN) into new projects as part of its long-term development strategy stretching until 2040.
- National Industries Group Holding completed a KWD 40.0MM (USD 129.75MM) bond issue, making the first Kuwaiti Dinar-denominated bond issuance so far in Kuwait in 2022. Kuwait Financial Centre (Markaz) and Gulf Bank together served as Joint Lead Managers for the five-year bond issue.
- The state-owned Kuwait Oil Company is planning to increase natural gas production to meet local demand, as per the company's acting chief executive officer Khaled Nayef Al Otaibi.

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