

GCC Markets Performance – 2015

GCC Markets

- GCC markets ended the year in the red zone due to volatile oil prices
- Trading activities fell due to negative sentiments over the region
- Market capitalization declined 11.4%YoY in 2015

GCC markets close lower in 2015

GCC markets closed lower in 2015; the sharp fall in oil prices weighed on investor sentiments most of the time. Notably, oil touched its 11-year low during 2015, and went below USD35 per barrel, negatively impacting the investors' sentiments. Saudi Arabia's decision to maintain oil production further invoked a bearish outlook. During the end of the year, budget releases by Qatar and Saudi Arabia designated massive spending cuts by the two countries. Furthermore, these two countries announced budget deficits in 2016, which led to further dampening of sentiment. Saudi's verdict to cut energy subsidies and raise feedstock cost led to a sharp plunge in the country's petrochemical stocks. Overall, markets remained volatile during most sessions in the year, with thin trading during festive seasons.

TASI (-17.1%YoY) was the key laggard of the year, followed by DFM (-16.5%YoY), QSE (-15.1%YoY), MSM30 (-14.8%YoY), BSE (-14.8%YoY), KSE (-14.1%YoY), and ADX (-4.9%YoY).

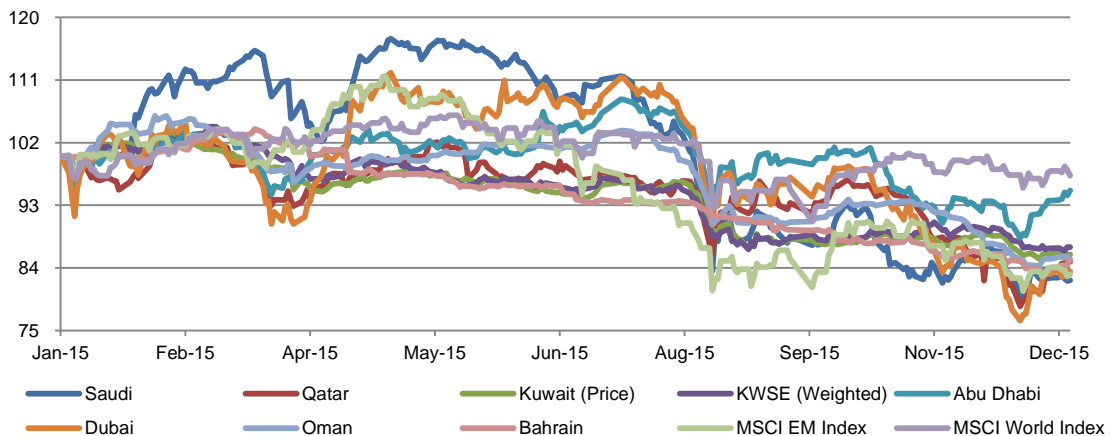
Combined market capitalization down 11.4%YoY

The combined market capitalization of GCC bourses declined 11.4%YoY to USD856.3bn in 2015 from USD954.2bn in 2014. The Saudi bourse, which registered a 7.1%YoY fall in market capitalization, was the biggest contributor to the overall market capitalization (USD420.8bn or 49.1%), followed by the Qatari bourse (USD128.0bn or 15.0%), and the Abu Dhabi and Dubai bourses (USD186.7bn or 21.8%). The Kuwaiti, Omani, and Bahraini bourses contributed USD120.8bn and together added 14.1% to the total market capitalization of the region.

Trading declines in 2015

Trading across GCC markets declined in 2015. The volume and value of shares traded fell 33.5%YoY and 31.5%YoY, respectively, owing to a fall in trading activities across members due to weaker sentiments over the fall in oil prices during the year.

Market Performance in 2015



Indices	% Chg (MoM)	% Chg (YoY)
KSE Price Index	-3.2%	-14.1%
Tadawul All Share Index	-4.5%	-17.1%
DFM Index	-1.7%	-16.5%
ADX Index	1.7%	-4.9%
Bahrain All Share	-1.4%	-14.8%
QE Index	3.4%	-15.1%
MSM30 Index	-2.6%	-14.8%

Source: Bloomberg & Global Research

GCC Aggregate Market Capitalization

Country	Market Cap (USDbn) 2015	Market Cap (USDbn) 2014	% Chg (YoY)	% of total 2015
Kuwait	86.1	101.2	-14.9%	10.1%
Saudi Arabia	420.8	452.9	-7.1%	49.1%
Abu Dhabi	111.8	126.3	-11.4%	13.1%
Dubai	74.8	80.2	-6.7%	8.7%
Qatar	128.0	154.1	-16.9%	15.0%
Oman	15.8	17.7	-10.5%	1.8%
Bahrain	18.9	21.9	-13.4%	2.2%
Total GCC	856.3	954.2	-11.4%	100.0%

Source: Bloomberg & Global Research

GCC Aggregate Trading Activity

Country	2015			2014		
	Value traded (USDbn)	Volumes (mn)	As a % of total value traded	Value traded (USDbn)	Volumes (mn)	As a % of total value traded
Bahrain	0.29	512.9	0.1%	0.71	1,122.5	0.1%
Kuwait	13.13	41,509.7	2.5%	21.38	52,866.6	2.8%
Oman	2.87	3,190.4	0.5%	4.67	4,482.1	0.6%
Qatar	21.61	1,892.6	4.1%	39.71	2,804.7	5.2%
Saudi Arabia	439.88	61,140.7	83.4%	572.12	65,436.6	74.3%
UAE	49.80	90,507.6	9.4%	131.15	172,025.2	17.0%
GCC Total	527.57	198,753.9	100.0%	769.74	298,737.7	100.0%

Source: Bloomberg & Global Research

Continued fall in oil led to huge spending, subsidy cuts across GCC; long-term outlook positive

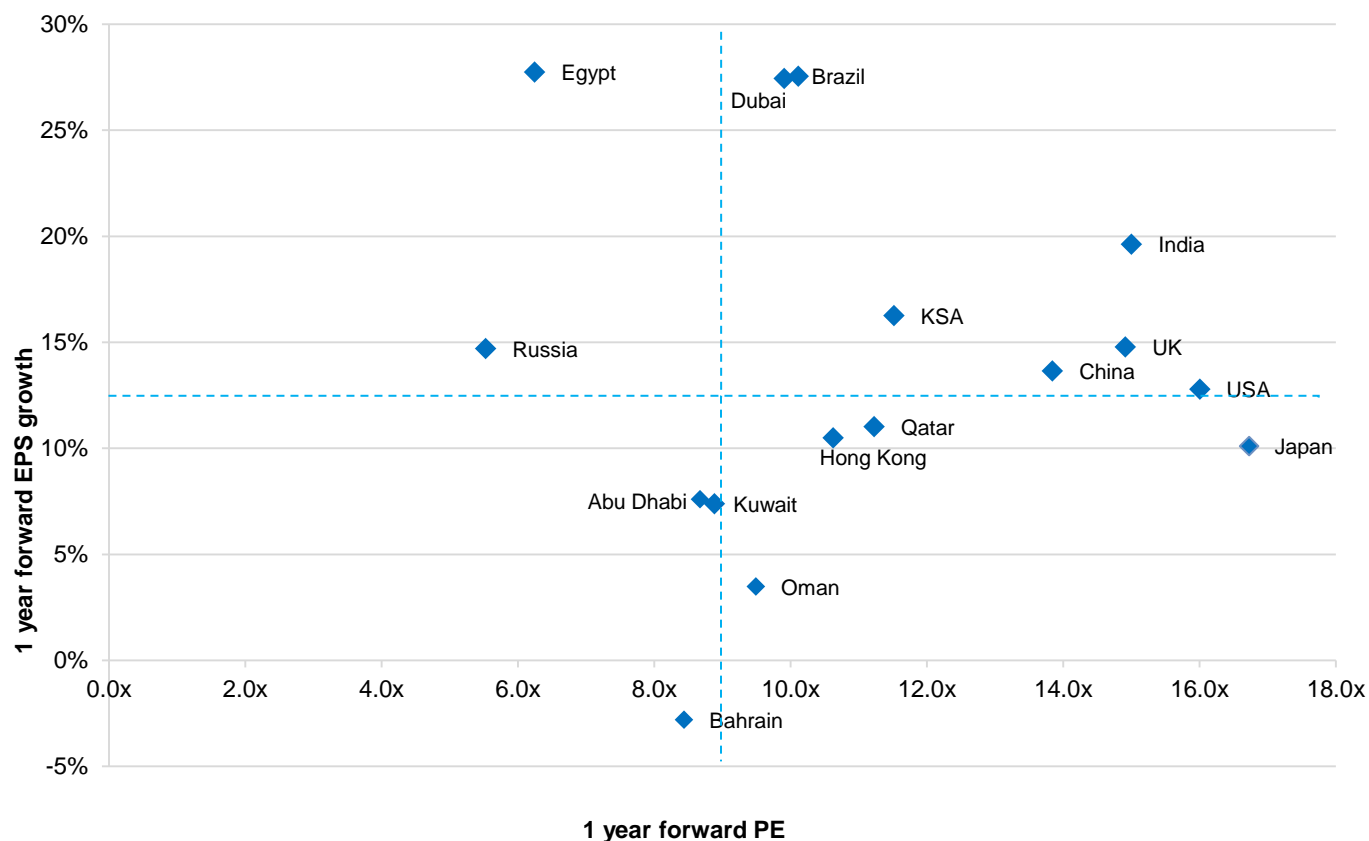
GCC markets were severely affected in 2015 due to a sharp plunge in oil prices. Since oil is the key revenue source for most GCC members, a 50% plus drop in oil prices shook up the fiscal balances of oil-rich GCC players. During the end of the year, Saudi Arabia's decision to maintain oil output to retain market share added to the negative blow; it led to another set of declines in crude prices. During December, both Qatar and Saudi Arabia released their 2016 budgets, which indicated huge spending cuts and a projected fiscal deficit. Saudi Arabia's decision to cut the energy subsidy and increase feedstock prices would negatively impact petrochemical stocks.

Both Qatar and Saudi Arabia took several initiatives in their budget to increase their non-oil revenue by raising taxes, fees, etc. To finance the deficit, the governments issued bonds, created provisions, and moved to promote their private sectors. Amongst other GCC countries, Dubai released a zero deficit budget in 2016, as oil accounts for only 6% of the emirate's total revenue. Though a fall in oil appears to be a huge negative for the GCC countries at

present; however, the GCC nations are trying to boost their non-oil revenue through various measures, which would be beneficial in the longer run.

In terms of valuation, the one-year forward PE ratio of GCC markets stands between 8.4x-11.5x; lower than that of emerging market peers. Thus, GCC markets are still attractive vis-à-vis peers. Qatar and the UAE are a part of the MSCI Emerging Markets Index. Saudi Arabia is likely to be added to the index in 2017. The FTSE has upgraded Qatar to secondary emerging market from frontier market. These markets are lucrative for long-term investors and the growth outlook, though challenging in the short term, remains positive in the long term.

GCC Market Valuation – EPS Growth versus Price to Earnings



Source: Bloomberg & Global Research

Global markets performed mixed over the year 2015

Global markets started the year 2015 on a weak note as investors remained cautious due to declining oil prices, rising geopolitical tensions, and weak macroeconomic conditions, particularly in the Eurozone. US stocks ended in the red after remaining volatile throughout January. Falling crude oil prices due to excess supply amid subdued demand and the OPEC's reluctance to cut production weighed on the markets. Furthermore, the slowdown in the US services sector, poor retail sales, and lower GDP growth in 4Q14 impacted investor optimism. However, upbeat job data lifted the sentiment in the middle of the month and partially offset losses. European markets also closed the month in negative territory as a series of economic and political events weighed on the markets. The bourses began the month in the red due to unimpressive economic data from the Eurozone and lingering concerns about the region's sluggish economy. Weak German industrial production data further invoked negative sentiments. The markets remained range-bound mid-month as the World Bank downgraded its global economic forecast. However, investor sentiments turned positive in the last few sessions as the European Central Bank came up with a full-scale EUR1tn stimulus package for the Eurozone. However, sentiments were again shaken as Syriza, an anti-austerity party, won the general election in Greece, which raised concerns about Greece's potential exit from the Eurozone. At the end of the month, the Russian central bank's unexpected rate cut pulled markets down. Despite negative

cues from global markets, Asian markets remained mixed during the month; however, falling oil prices weighed on energy stocks. China's better-than-expected GDP data kept investors positive about the markets. However, a cut in the inflation rate forecast by the Bank of Japan raised concerns about a deflationary economy.

All US markets ended higher in February, with the S&P 500 and Dow Jones industrial average achieving record highs. Markets cheered the recovery of oil prices while energy stocks led gainers in the first half of the month. Also, the Fed's decision to keep interest rates low relieved investors. In the last week of the month, poor economic data dragged markets down. European markets ended the month higher, cheering the decision to extend Greece's bailout by four months. Furthermore, while gains in oil boosted investor sentiment, positive cues from the US and news of the gradual progress of European QE helped markets regain investor confidence. Asian markets were up in February, following positive global cues. The Fed's decision to keep interest rates low and the positive outcome of Greece's meeting with Eurozone leaders helped markets continue with gains. Additionally, the reduction in interest rate by the Chinese central bank at the end of the month cheered investors.

In March, NASDAQ rose above the key level of 5,000 for the first time since March 2000, while the Dow and S&P 500 registered record levels amid positive US economic data and an interest-rate cut in China. However, all markets ended lower in March, as investors remained concerned over the impact of the strengthening dollar on the US economy and the 1Q15 earnings season. Renewed concerns about a sooner-than-expected interest-rate hike, owing to better-than-expected US housing data and job reports, also kept investors shaky. Political unrest in Yemen added to the negativity. European markets ended the month on a mixed note. Markets started positively, breaking multi-year records, led by the launch of the European central bank's quantitative easing program. However, a continued decline in oil prices and poor economic data dampened investor sentiment. A stronger euro added to woes, resulting in significant profit booking. In March, Asian markets ended on a mixed note. The Reserve Bank of Australia's (RBA) decision to hold further easing led to a decline in Australian shares in the beginning of the month; however, the Chinese and Japanese markets remained positive over the interest-rate cut in China and mixed economic outlook for Japan, respectively.

US markets began April on a positive note. Lower US initial jobless claims and reduced trade deficit increased investor optimism. Positive corporate earnings and improvement in the oil scenario boosted value buying. However, markets witnessed a sharp fall after mid-month due to a surprise rate cut and unexpected stimulus from China's central bank. Furthermore, a weaker US 1Q15 GDP hurt investor sentiments. Nevertheless, markets ended the month on a positive note as investors expected a delay in the interest-rate hike after weaker-than-expected GDP data. European markets ended the month on a mixed note. European markets began on a negative note as investors reacted negatively to higher-than-expected Eurozone unemployment data and concerns over the resurgence in Greece's debt crisis; however, positive economic data from the Eurozone offset losses. Again, market sentiment was hurt due to lower retail sales and a drop in factory orders in Germany. However, investor optimism rose after Greece repaid a EUR450mn loan to the International Monetary Fund (IMF) and the ECB maintained key interest rates at a record low for the sixth consecutive policy session. China's stimulus hurt investors partially; however, Greece's willingness to negotiate debt obligations cheered investors. Asian markets ended the month broadly higher, boosted by positive global cues, stable corporate earnings, and stimulus from China.

US markets were up in May, majorly due to a mixed set of economic data. While 1Q15 GDP growth was revised down to -0.7%QoQ, positive labor market data boosted sentiments. April payrolls added 223k jobs following March's weak +85k reading, while the April unemployment rate fell to a new cycle-low. Weekly jobless claims also continued to fall during May to new cycle-lows. On the other hand, US consumer sentiment, purchasing managers' indices, etc. remained unimpressive. European markets ended the month on a mixed note. The concern about Greece and a lack of clarity about the debt payment and agreements kept investors concerned. A clear win by Conservatives in the UK elections could not help cheer the markets and strengthening of USD against EUR and GBP invoked negativity. Asian markets ended the month on a mixed note due to fluctuation in oil prices, mixed global cues, and concerns over Yemen. Furthermore, a stronger USD dampened investor sentiments across major emerging markets.

US markets started the month of June on a negative note. The US economy contracted in 1Q15 as it buckled under the weight of unusually heavy snowfalls and a resurgent US dollar. The government slashed its gross domestic product (GDP) estimate to exhibit an annual shrinking rate of 0.7%. Mixed 2Q15 economic reports could not support the market sentiment much. Towards the end of the month, uncertainty about Greece's exit from the Eurozone and expected failure to repay debt raised concerns among investors. The markets ended the month in the red on Greece's decision to go to a referendum about its Eurozone exit. European markets ended the month lower due to

the tussle between Greece and its creditors. Notably, at the end of the month, European officials decided not to offer additional funds to Greece, signaling a final impasse in the recent round of negotiations. Greek officials responded by announcing a referendum on European austerity demands, closing the nation's banks and stock market for at least a week, and instituting capital controls to prevent assets from leaving the country. Stocks fell sharply across Europe after this event. Asian markets closed the month broadly on a negative note due to poor global cues and concerns over Greece.

After some choppy trading in the start of July, US markets gathered steam following positive negotiations between Greece and its creditors, with the S&P 500 index rising to an all-time high of 2,135. Thereafter, focus shifted mainly to 2Q15 corporate earnings, which broadly remained mixed. Energy stocks, particularly, dragged markets lower on the back of poor earnings due to low oil prices. Slightly weak economic data also weighed on US markets. However, the markets managed to end higher in July, recovering from the weakness in the previous month due to debt concerns about Greece. European markets also ended higher in July, with the pan-European index reporting its best performance since February. Much of the gains were ascribed to positive developments related to the Greece debt crisis. However, mining stocks came under pressure due to tumbling commodity prices amidst demand concerns from China, which partially erased the gains on the index. Asian markets ended the month on a mixed note as the sell-off in the Chinese equity markets (which even forced the Chinese regulator to intervene) limited gains for other regional markets.

US markets remained range-bound in the first two weeks of August. Although news of a major planned acquisition (~USD37bn) by Berkshire Hathaway boosted investor confidence, the ongoing uncertainty over interest-rate hikes by the US Federal Reserve kept investors at bay. The stable period was replaced by a spell of significant correction during the third week. Weak economic data from China, along with the move by China's central bank to devalue the yuan, triggering currency war, created turmoil in global equity markets. Moreover, due to a slowdown in the expected demand for energy in China, crude prices declined to multi-year lows, which further weighed on the markets. However, the significant fall was followed by value-buying towards the end of the month. Although European markets have been relieved from concerns about the Greek debt crisis for some time, these were also victims of the global sell-off, with the three major indices posting declines of 6–10%MoM. Asian markets too remained weak, with the SSE Composite Index – Shanghai posting a significant fall. Weak economic data from China, including manufacturing data, dented overall investor confidence in the region, dragging down global equity markets. However, towards the end of the month, a trimming of the benchmark interest rate by China's central bank provided some support to the market.

In September, US markets started the month in the red due to concerns over the timing of the Fed's interest-rate hike and worries over the Chinese economy. China's manufacturing PMI fell in August, escalating concerns. Investors continued to worry about oil price volatility. Stimulus talks in China revived hopes of an economic recovery however, Japan's revised GDP contracted in 2Q15, contributing to the negative sentiment in the middle of the month; traders also speculated over the outcome of the US Fed meeting on a rate hike. The Fed's decision to keep short-term interest rates unchanged brought partial relief to market participants. During the end of the month, worries over China's waning commodity demand and the possibility of new drug-pricing rules triggered negativity. Material and healthcare stocks led a steep sell-off and investors rejected the highly valued shares that led the market's advance earlier in the year. European markets closed the month in the red due to poor cues from US markets, the Fed's rate-hike decision, and concerns over China. Furthermore, worries over carmaker Volkswagen and miner Glencore continued to feed negative investor sentiments. Asian markets exhibited weak performances owing to negative data from China and Japan. Investors remained concerned over the Fed's rate-hike dilemma.

US markets closed the month of October in the green owing to the US Federal Reserve's statement of raising the interest rate in December. Mixed corporate earnings and positive economic data improved investor sentiment. In the US, consumer spending marginally rose in September. Employment cost increased in 3Q15, while the Chicago PMI rebounded in October. Improving oil prices helped to lift up investor sentiments. Moreover, easing concerns over China improved trading activity. European markets closed in the green at the end of the month on hints of additional quantitative easing measures from the ECB. Furthermore, the Fed's statement of raising the interest rate in December supported the market movements. Mixed corporate earnings were reported during the month. Asian markets closed higher in October due to positive global cues and easing concerns over China. Investor sentiment in the region improved as the economic outlook for China stabilized and the country's central bank cut borrowing rates to support the economy.

In November, US markets advanced after the minutes of the Federal Reserve's October policy meeting revealed that most policymakers favored the rate hike in December. This helped the financial sector stocks to rise as higher rates are expected to boost banks' profits. Moreover, the US Department of Commerce stated that preliminary GDP data showed that the US economy expanded at a faster rate than estimated in 3Q15. European markets closed mixed in November. UK indices declined owing to losses in the mining index after the release of weak Chinese industrial data. Asian markets closed mixed in November. The markets moved up due to expectations of Chinese authorities introducing additional stimulus measures for the property segment and the release of positive factory activity data by Japan. However, the initial gains disappeared as the Chinese government widened its probe against brokerage firms over allegations of speculative trading. Furthermore, Japan's quarterly GDP data indicated a recession, which weakened investor sentiments.

In December, US market sentiments stayed broadly positive due to a much anticipated 25-50bps interest-rate hike by the US Fed and better-than-expected 3Q15 GDP data; however, a significant drop in crude price kept investors on their toes. Furthermore, news of an approximately USD800mn junk bond fund preventing withdrawals unnerved markets. At the end of the month, due to the holiday season, trades remained thin. The market closed on a declining note. European markets started mixed in December. Sentiment was mixed over the announcement of further stimulus from the ECB and falling crude and commodity prices. The market was bearish in most trading sessions, although investors welcomed the Fed's interest-rate hike. The markets closed lower in December on weaker oil prices. Asian markets finished mixed with a volatile session throughout the month. Markets followed global cues in most trading sessions. Investors cheered the US Fed's rate-hike decision.

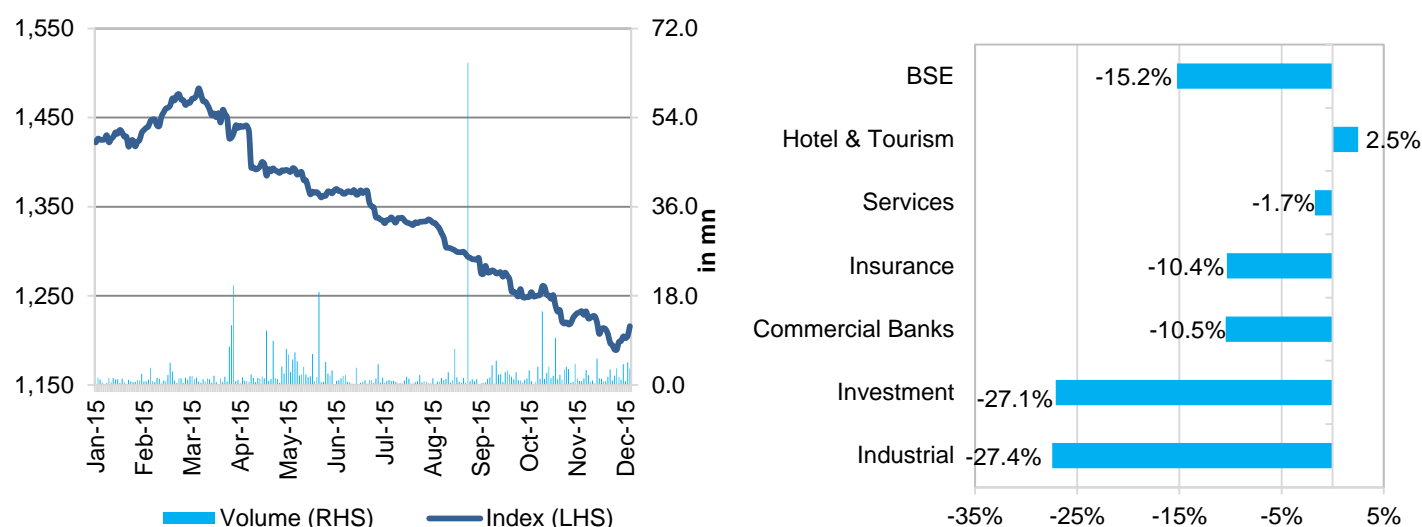
Bahrain

BSE falls 14.8%YoY in 2015

BSE started the year on a bearish note, falling 0.2%MoM in January, after advancing 14.2%YoY in 2014. Continued decline in oil prices weakened investor sentiment; however, positive earnings releases from a few companies partially restricted the bourse's fall. The market remained volatile through the month and witnessed a sharp fall after the US Energy Information Administration's report revealed that crude stockpiles in the US surged to an 80-year high and could eventually lead to a fall in oil prices. In February, BSE advanced 3.5%MoM. Positive earnings results, coupled with improvement in oil prices, boosted the market sentiment. With recovery in oil prices, the market witnessed a strong uptrend during the month; furthermore, the index remained buoyant, led by positive cues from global and major GCC markets. However, the market reversed its bullish trend in March, falling 1.7%MoM, primarily due to declining oil prices. Furthermore, there was no upside trigger during the month to boost investor sentiment. The index remained largely volatile due to profit booking. Political unrest in Yemen partially impacted investor optimism.

The second quarter made a weaker start, with the index falling 4.1% in April, primarily due to mixed corporate earnings. Index movement was largely impacted by profit booking. The BSE fell 1.9% in May 2015, consequently in the third straight month, primarily due to volatility in oil prices. Though BSE's consolidated earnings rose 8.9%YoY in 1Q15, the market failed to maintain the momentum. In June, the market rose 0.3%MoM, bucking the trend over the last two months. Investor sentiment remained subdued during the month due to shortened trading hours of the bourse and no upside trigger. Investors awaited the 2Q15 results and concerns over Greece impacted investor sentiment.

BSE – Index and Volume Performance and Sectoral Performance



Source: Bloomberg & Global Research

The BSE declined 2.6%MoM in July on subdued investor sentiment during the month due to shortened trading hours of the bourse. Moreover, concerns over weak oil prices continued to weigh on the markets. The bourse continued its downfall in August, with a 2.4%MoM decline. The market witnessed a significant weakening at the end of the month due to a sharp downturn in crude prices. In September, the market remained closed for Eid holidays; hence, liquidity was poor. Furthermore, uncertainty over the rate hike by the Fed and weakening emerging markets, particularly China, weighed on investor sentiment. This led to a 1.8%MoM drop in the market.

BSE started the fourth quarter with a fall, declining 2.0%MoM in October. Market activities remained mixed over the earning results. Positive global cues partially offset the negative investor sentiment. The index witnessed a steep fall during the first half of the month and attempted to recover during the next half. Continued volatility in oil prices affected market sentiment in November as well, which led to a 1.4%MoM decline in November. The market declined

sharply during the mid-month due to a significant plunge in crude prices. However, the market recovered marginally at the end of the month due to geopolitical tension between Turkey and Russia invoked, which led to a marginal recovery in oil prices. The index began December on a positive note, as Bahrain followed suit after the US FED's rate hike; however, the index closed 1.4% lower in December due to volatility in the market over a sharp plunge in oil prices. BSE declined 14.8% in 2015.

Sectoral performance

In 2015, all sectors declined, except Hotel & Tourism, which gained 2.5%YoY. Industrial (-27.4%YoY) was the biggest loser, followed by Investment (-27.1%YoY), Commercial Banks (-10.5%YoY), Insurance (-10.4%YoY), and Services (-1.7%YoY).

Industrial declined due to weak performance by Aluminium Bahrain Co. (-28.8%YoY). Investment declined due to fall in Albaraka Banking Group (-29.6%YoY), followed by Arab Banking Corporation (-38.6%YoY).

Heavyweight Commercial Banks ended the month on a negative note, primarily led by Al Ahli United Bank (-13.6%YoY), followed by Al Salam Bank (-30.8%YoY) and National Bank of Bahrain (-17.6%YoY). Hotel & Tourism was the sole gainer during the month, led by gains in Banader Hotel Co. (16.7%YoY).

Trading declines in 2015

Trading on the BSE decreased in 2015. Volumes traded fell 54.3%YoY to 512.9mn shares in 2015, while the trading value declined 59.2%YoY to USD0.3bn from USD0.7bn.

BSE Trading Statistics – Top 5

Top Gainers								
Company	Close	% Chg YoY	52 wk High	52 wk Low	P/E	P/B	Value Traded (USDmn)	MCAP (USDbn)
Khaleeji Commercial Bank	0.07	75.0%	0.07	0.05	10.0	0.66	19.39	0.19
Investcorp Bank -\$US*	6.60	42.9%	6.60	4.52	3.5	0.80	5.07	0.53
Banader Hotels Co	0.07	16.7%	0.08	0.06	NA	0.54	0.16	0.03
Al-Ahlia Insurance Co	0.30	11.1%	0.33	0.22	NA	NA	2.77	0.05
Bahrain Commercial Facilities	0.77	10.0%	0.83	0.65	7.6	1.18	1.51	0.33
Top 5 Losers								
Company	Close	% Chg YoY	52 wk High	52 wk Low	P/E	P/B	Value Traded (USDmn)	MCAP (USDbn)
Arab Banking Corp*	0.43	-38.6%	0.72	0.43	6.1	0.35	1.73	1.32
Takaful International Co	0.10	-33.3%	0.15	0.08	NA	NA	6.65	0.02
Al-Salam Bank	0.09	-30.8%	0.16	0.09	11.5	0.62	12.27	0.52
Albaraka Banking Group*	0.57	-29.6%	0.80	0.54	4.0	0.50	3.81	0.64
Nass Corp Bsc	0.12	-29.4%	0.18	0.12	12.6	0.47	2.76	0.07
Top 5 Volume Traded								
Company	Close	% Chg YoY	52 wk High	52 wk Low	P/E	P/B	Volume Traded (mn)	MCAP (USDbn)
Khaleeji Commercial Bank	0.07	75.0%	0.07	0.05	10.0	0.66	19.39	0.19
United Gulf Bank	0.39	0.0%	0.40	0.30	NA	NA	16.03	0.86
Ahli United Bank B.S.C*	0.70	-13.6%	0.76	0.68	8.7	1.18	110.19	4.47
Ithmaar Bank Bsc*	0.15	-6.3%	0.18	0.12	NA	0.91	7.46	0.45
Al-Salam Bank	0.09	-30.8%	0.16	0.09	11.5	0.62	12.27	0.52

Top 5 Value Traded

Company	Close	% Chg YoY	52 wk High	52 wk Low	P/E	P/B	Value Traded (USDmn)	MCAP (USDbn)
Ahli United Bank B.S.C*	0.70	0.7%	0.76	0.68	8.7	1.18	110.19	4.47
United Gulf Bank	0.39	0.4%	0.40	0.30	NA	NA	16.03	0.86
Khaleeji Commercial Bank	0.07	0.1%	0.07	0.05	10.0	0.66	19.39	0.19
Ithmaar Bank Bsc*	0.15	0.2%	0.18	0.12	NA	0.91	7.46	0.45
Aluminium Bahrain Bsc	0.37	0.4%	0.50	0.36	4.8	0.55	15.11	1.40

Source: Bloomberg & Global Research, *Price data in USD

Market capitalization

The total market capitalization of BSE-listed companies decreased 13.4%YoY to USD18.9bn in 2015 from USD21.9bn in 2014. Market capitalization of the top 10 listed companies fell 14.7%YoY.

Largest 10 Listed Companies by Market Capitalization (in BHDbn)

Company	Dec-15	Nov-15	Dec-14	MoM%	YoY%
Ahli United Bank B.S.C	1.7	1.7	1.9	-2.2%	-9.3%
National Bank Of Bahrain	0.7	0.7	0.8	-2.1%	-9.4%
Bahrain Telecom Co	0.5	0.5	0.5	3.2%	-3.0%
Aluminium Bahrain Bsc	0.5	0.5	0.7	0.0%	-27.8%
Arab Banking Corp	0.5	0.6	0.8	-17.5%	-39.3%
BBK Bsc	0.5	0.5	0.5	3.3%	-2.6%
United Gulf Bank	0.3	0.3	0.3	0.0%	0.0%
Albaraka Banking Group	0.2	0.2	0.3	-0.1%	-27.8%
Investcorp Bank -\$US	0.2	0.2	0.2	1.5%	31.6%
Al-Salam Bank	0.2	0.2	0.3	3.4%	-29.8%
Total Market Capitalization (Top 10 stocks)	5.4	5.5	6.3	-2.1%	-14.7%

Source: Bloomberg and Global Research

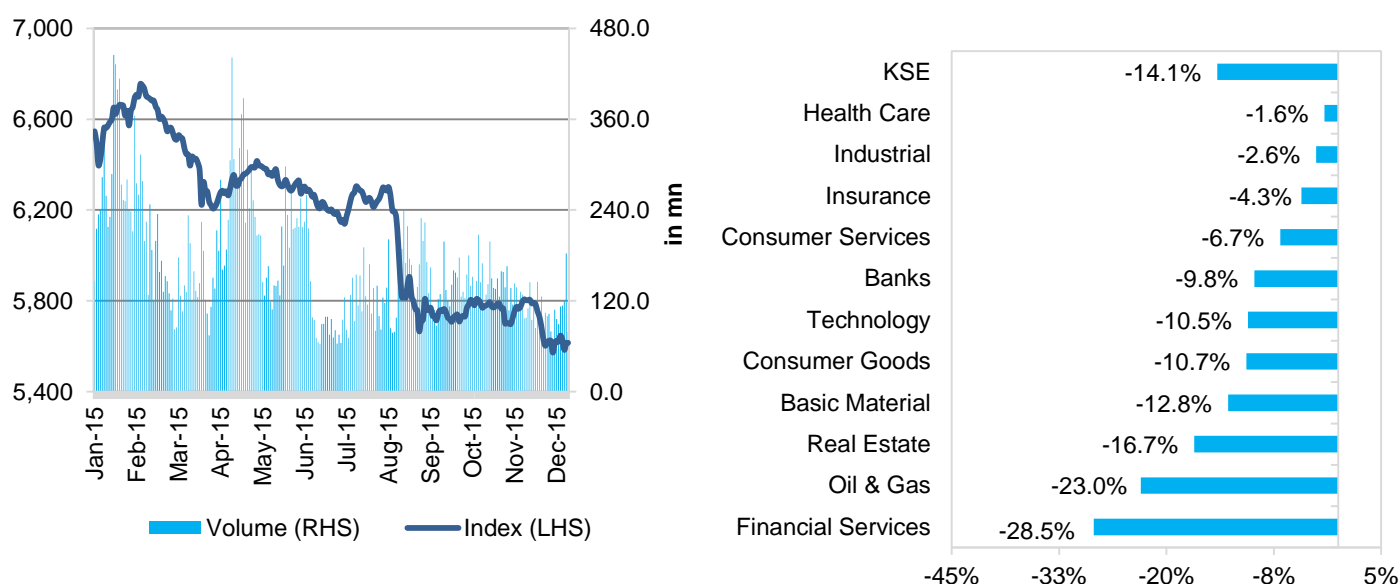
Kuwait

KSE declines 14.1%YoY in 2015

KSE started 1Q15 on a bullish note, rising 0.6%MoM in January, after falling 13.4%YoY in 2014. The index rose marginally on value buying, following positive earnings reports. However, falling oil prices weakened investor sentiment. The market started on a negative note, but recovered during the second half of the month. In February, KSE climbed 0.4%MoM. Although the market surged gradually until mid-month on rising oil price, it began to fall in the second half due to mixed corporate earnings. Sentiment remained subdued after the Kuwaiti government decided to cut its budget spending. In March, KSE remained volatile and declined 4.8%MoM due to military operation in Yemen, falling oil price, selling pressure, and speculations. The market gained some momentum during the beginning of the month, led by optimism owing to expectation of a marginal increase in oil prices. However, the market declined gradually on continued profit booking.

KSE rebounded in April, advancing 1.5%MoM, driven by better corporate earnings by heavyweight sectors and improvement in oil prices. In May, the bourse declined 1.3%MoM due to volatility in oil prices. The market continued its fall in June, dragging down 1.4%MoM. Furthermore, market sentiments were subdued over the month due to shortened trading hours during Ramadan. No significant upside was triggered in the market following the release of 1Q15 earnings, even after the listing of new stocks, such as Mezzan Holding, which breached the upper circuit on the first day of trading. Investors awaited the next quarterly results.

KSE Index and Volume Performance and Sectoral Performance



Source: Bloomberg & Global Research

KSE started 3Q15 on a positive note, increasing 0.8%MoM in July. The index started the month on a weaker note, but gained strength primarily driven by bargain buying. This rally continued for more than a week, followed by a brief spell of profit booking. In August, the index declined 6.9%MoM; the market remained strong on moderate corporate earnings; however, the index came under pressure toward the end of the month due to weak global cues and a decline in oil prices. In September, the index remained volatile and closed 1.6%MoM lower. Concerns over the Fed's interest rate hike decision and slower growth in Asian countries weakened investor sentiment. Furthermore, Kuwait's budget deficit and delisting of stocks weighed on domestic investor sentiment.

The index gained 0.9%MoM in October due to earnings surprises from Real Estate and Consumer Goods. KSE edged up 0.5%MoM in November. The index declined during the mid-month on weakness in oil prices and negative global cues. However, it recovered in the second half amid rising geopolitical tension in Syria, which is expected to support oil price recovery, and as Saudi Arabia pledged to focus on oil price stability. In December, the index witnessed a gradual fall over weakening of oil. The market cheered the US FED's decision to raise interest rates;

however, a significant spending cut in the budget of KSA and Qatar dampened investor sentiment. Trading was thin during the end of the month due to the holiday season. The index finished 3.2%MoM lower in December. In 2015, KSE fell 14.1%YoY.

Sectoral performance

In 2015, all sectors declined. Financial Services (-28.5%YoY) was the key loser, followed by Oil & Gas (-23.0%YoY), Real Estate (-16.7%YoY), Basic Material (-12.8%YoY), Consumer Goods (-10.7%YoY), Technology (-10.5%YoY), Banks (-9.8%YoY), Consumer Services (-6.7%YoY), Insurance (-4.3%YoY), Industrial (-2.6%YoY), and Health Care (-1.6%YoY).

Financial Services declined, dragged down by Kuwait Projects Co. (-17.1%YoY), followed by Noor Financial Investment (-50.0%YoY), The Securities House Co. (-53.8%YoY), Jeeran Holding Co. (-14.3%YoY), and The National Industries Group (-33.7%YoY).

Oil & Gas recorded a fall during the year due to weakening of oil prices. The key losers were The Energy House Co. (-53.4%YoY), followed by Gulf Petroleum Investment Co. (-37.8%YoY), Independent Petroleum Group (-23.2%YoY), and Burgan Co. for Well Drilling, Trading & Maintenance (-40.4%YoY).

Trading drops in 2015

The year 2015 witnessed shallow trading activity, with the value of shares falling 38.6%YoY to USD13.1bn from USD21.4bn and volumes declined 21.5%YoY to 41.5bn shares from 52.9bn shares during the same period.

KSE Index Trading Statistics – Top 5

Top 5 Gainers								
Company	Close	% Chg YoY	52 wk High	52 wk Low	P/E	P/B	Value Traded (USDmn)	MCAP (USDbn)
Taiba Kuwaiti Holding Co KSCC	300.0	240.9%	300.0	88.0	NA	2.68	0.00	0.18
Human Soft Holding Co KSCC	950.0	146.8%	1280.0	351.4	9.9	4.02	16.87	0.38
Al Deera Holding Co KSCC	31.5	142.3%	56.0	9.0	NA	0.41	37.07	0.08
Nafais Holding Co KSCC	184.0	111.5%	204.0	84.0	15.8	1.22	33.10	0.26
Jazeera Airways KSCC	900.0	104.5%	1028.7	767.0	12.7	2.84	134.79	0.59
Top 5 Losers								
Company	Close	% Chg YoY	52 wk High	52 wk Low	P/E	P/B	Value Traded (USDmn)	MCAP (USDbn)
Boubyan International Industries Holding Co KSCC	29.5	-57.2%	81.0	28.5	NA	0.29	66.56	0.03
The Securities House KSCC	36.5	-53.8%	88.0	36.0	NA	0.45	84.25	0.08
Energy House Holding Co Kscc	40.5	-53.4%	116.0	40.5	NA	0.48	17.38	0.10
Al Mudon International Real Estate	32.0	-52.9%	130.0	29.0	NA	0.21	160.99	0.01
Gulf Investment House KSCC	26.5	-50.9%	65.0	25.5	NA	0.45	83.98	0.01
Top 5 Volume Traded								
Company	Close	% Chg YoY	52 wk High	52 wk Low	P/E	P/B	Volume Traded (mn)	MCAP (USDbn)
Tijara and Real Estate Investment Co KSCC	42.5	-26.7%	61.0	40.0	7.0	0.44	16.27	0.05
Commercial Real Estate Co	79.0	-17.7%	91.1	78.0	7.5	0.53	113.20	0.47
Sokouk Holding Co KSCC	47.0	-24.2%	71.4	39.0	11.8	0.35	98.16	0.09
Al Mowasat Healthcare Co	180.0	-2.2%	240.0	148.6	6.5	0.84	0.46	0.06
Boubyan International Industries Holding Co KSCC	29.5	-57.2%	81.0	28.5	NA	0.29	66.56	0.03

Top 5 Value Traded

Company	Close	% Chg YoY	52 wk High	52 wk Low	P/E	P/B	Value Traded (USDmn)	MCAP (USDbn)
National Bank of Kuwait SAK	800.0	-12.1%	875.6	770.0	13.5	1.38	1,034.28	13.28
National Cleaning Co KSCC	40.0	-37.5%	79.0	38.5	19.4	0.26	31.11	0.03
Kuwait Finance House KSC	540.0	-25.0%	713.1	530.0	17.8	1.48	855.94	8.48
Hits Telecom Holding Co KSCC	28.5	-6.6%	36.0	24.5	NA	0.36	166.21	0.07
Kuwait Projects Company Holding KSCC	580.0	-17.1%	702.3	570.0	17.7	1.25	356.67	2.82

Source: Bloomberg & Global Research

Market capitalization

The market capitalization of KSE-listed companies fell 14.9%YoY to USD86.1bn in 2015 from USD101.2bn. The market capitalization of the top 10 listed companies declined 15.4%YoY.

Top 10 Listed Companies by Market Capitalization (in KWDbn)

Company	Dec-15	Nov-15	Dec-14	MoM%	YoY%
National Bank of Kuwait SAK	4.0	4.1	4.4	-2.4%	-7.7%
Kuwait Finance House KSC	2.6	2.7	3.1	-5.3%	-17.5%
Mobile Telecommunications Co	1.5	1.6	2.3	-2.8%	-34.0%
Boubyan Bank KSC	0.9	0.9	0.8	0.0%	12.7%
Kuwait Projects Company Holding KSCC	0.9	0.9	1.0	0.0%	-17.1%
Kuwait Food Co SAK	0.8	0.9	1.1	-11.5%	-28.6%
Burgan Bank SAK	0.8	0.8	0.9	0.0%	-15.8%
Ahli United Bank KSC	0.8	0.9	0.9	-3.6%	-8.9%
Gulf Bank KSC	0.8	0.8	0.8	-5.5%	-5.9%
Commercial Bank of Kuwait SAK	0.7	0.7	0.9	0.0%	-20.6%
Total Market Capitalization (Top 10 stocks)	13.8	14.3	16.3	-3.3%	-15.4%

Source: Bloomberg & Global Research

Oman

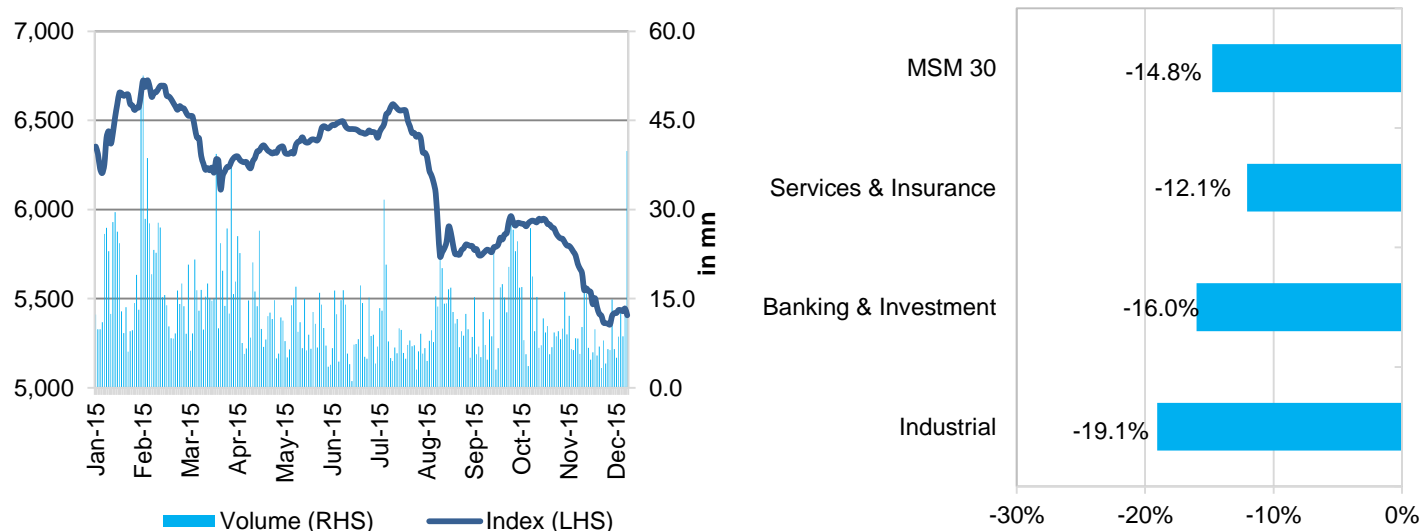
MSM30 declines 14.8%YoY in 2015

The MSM30 index started the year on a positive spree, rising 3.4%MoM in January, after declining 7.2%YoY in 2014. Although the bourse remained volatile during the month, it managed to end higher. Positive earnings lifted sentiment and led to value buying in the sector. Weaker oil and subdued performance in other GCC markets partially weighed on investor sentiments. February was a flattish month for the bourse, as the positive impact of rising oil prices was offset by a mixed set of earnings results. Positive cues from major GCC peers also helped the bourse offset its losses. The market dropped 4.9%MoM in March due to a continuous decrease in oil prices as well as concerns over the conflict in Yemen. Local and foreign investors in the Muscat Securities Market (MSM) lost nearly OMR400mn in market capitalization after a 5.7% fall in share values in the first 13 trading sessions of the month.

The market gained 1.4%MoM in April due to strong buying. Expectations of positive corporate earnings also helped to underpin the momentum in the market. The bourse rose 1.0%MoM in May on higher corporate earnings in the Banks & Investment and Industrial sectors after they posted 6.7%YoY and 1.4%YoY gains in 1Q15 earnings, respectively. The MSM30 advanced 0.6%MoM in June, the third straight monthly rise in the holy month of Ramadan. Despite some new listings such as Phoenix Power, which surged 36.4% on its debut trading, market sentiments remained subdued due to the absence of any catalyst. The third quarter also began on a bullish note, with the index rising 2.1%MoM in July due to the Iran nuclear deal and better-than-expected results from some major companies. The index halted its bull run and declined 10.5%MoM in August, led by a weak oil market. However, towards the end of the month, the index partially recovered due to a sharp rebound in crude oil prices. The bourse continued its fall in September as well and declined 1.4%MoM. Concerns over the global economic slowdown and weak oil prices were the key reasons behind this downfall.

The market came back on track in October with a gain of 2.4%MoM. Market sentiment was positive over the earnings season and helped the market return to gains, however trade remained choppy. In November, the MSM30 declined 6.4%MoM amid selling pressure from international institutions, weaker sentiments, and a readjustment in the MSCI market indices. The MSM30 closed 2.6%MoM lower in December on a sharp fall in oil prices. The market lost 14.8%YoY in 2015 due to a huge decline in oil prices.

MSM30 – Index & Volume and Sectoral Performance



Source: Bloomberg, Gulfbase, & Global Research

Sectoral performance

In 2015, all three sectors ended in the red. During the year, Industrial (-19.1%YoY) declined the most, followed by Banking & Investment (-16.0%YoY), and Services & Insurance (-12.1%YoY).

Heavyweight Banking & Investment fell primarily due to a drop in Bank Muscat (-19.9%YoY), followed by HSBC Bank Oman (-31.0%YoY), Ahli Bank (-14.8%YoY), Oman & Emirates Investment Holding Co. (-24.4%YoY) and Sohar Bank (-24.0%YoY). Most banking stocks declined during the year due to heavy sell-offs.

Industrials declined due to a fall in Oman Cables Industry Co. (-11.7%YoY), Oman Cement (-11.5%YoY), Raysut Cement (-39.5%YoY) and Al Anwar Ceramic Tiles Co. (-27.9%YoY).

Services & Insurance closed in the red, dragged by losses in Oman Telecommunications Co. (-8.5%YoY), followed by Renaissance Services Co. (-65.3%YoY), Galfar Engineering & Contracting Co. (-53.7%YoY) and Oman United Insurance (-24.2%YoY).

Trading activity declines in 2015

Trading on the MSM30 index declined in 2015, with the volume traded falling 28.8%YoY to 3,190.4mn shares from 4,482.1mn shares in 2014. The total turnover reduced 38.6%YoY to USD2.87bn from USD4.67bn in 2014.

MSM30 Trading Statistics – Top 5

Top 5 Gainers								
Company	Close	% Chg YoY	52 wk High	52 wk Low	P/E	P/B	Value Traded (USDmn)	MCAP (USDbn)
United Power Co SAOG	2.9	107.1%	3.5	1.2	12.2	1.55	1.61	0.02
Gulf International Chemicals	0.3	72.2%	0.3	0.1	5.6	1.69	31.35	0.01
Oman National Investment Corporation Holding SAOG	0.5	50.9%	0.5	0.3	NA	NA	21.18	0.22
Sharqiyah Desalination Co	4.9	42.7%	4.9	3.0	26.9	3.38	19.13	0.08
Oman Agriculture Development Co SAOG	1.8	24.1%	1.8	1.7	NA	1.20	0.39	0.01

Top 5 Losers								
Company	Close	% Chg YoY	52 wk High	52 wk Low	P/E	P/B	Value Traded (USDmn)	MCAP (USDbn)
Renaissance Services SAOG	0.2	-65.3%	0.5	0.2	42.8	0.22	61.86	0.12
Port Services Corporation	0.1	-62.2%	0.3	0.1	4.5	0.39	2.45	0.03
Al Jazeera Steel Products Co	0.1	-59.8%	0.3	0.1	8.5	0.44	15.52	0.04
Galfar Engineering and Contracting	0.1	-53.7%	0.2	0.1	NA	0.30	51.02	0.18
National Gas Co SAOG	0.3	-45.1%	0.5	0.3	10.3	1.06	9.17	0.04

Top 5 Volume Traded								
Company	Close	% Chg YoY	52 wk High	52 wk Low	P/E	P/B	Volume Traded (mn)	MCAP (USDbn)
HSBC Bank Oman	0.1	-31.0%	0.2	0.1	5.5	0.65	315.97	0.52
Al Anwar Holdings SAOG	0.2	3.2%	0.2	0.1	4.0	0.88	406.58	0.06
Bank Muscat SAOG	0.5	-19.9%	0.6	0.5	6.2	0.80	502.38	2.81
Bank Nizwa	0.1	-14.6%	0.1	0.1	NA	0.82	64.86	0.27
Gulf Investment Services Hold	0.1	-34.3%	0.2	0.1	NA	0.75	91.71	0.04

Top 5 Value Traded

Company	Close	% Chg YoY	52 wk High	52 wk Low	P/E	P/B	Value Traded (USDmn)	MCAP (USDbn)
Bank Muscat SAOG	0.5	-19.9%	0.6	0.5	6.2	0.80	502.38	2.81
Al Anwar Holdings SAOG	0.2	3.2%	0.2	0.1	4.0	0.88	406.58	0.06
HSBC Bank Oman	0.1	-31.0%	0.2	0.1	5.5	0.65	315.97	0.52
Oman Telecommunications Co	1.6	-8.5%	1.7	1.5	10.0	2.08	233.97	3.05
Oman Cables Industry SAOG	1.7	-11.7%	2.3	1.7	8.9	1.94	136.38	0.41

Source: Bloomberg, Gulfbase, & Global Research

Market Capitalization

The market capitalization of MSM30-listed companies fell 10.5%YoY to USD15.8mn in 2015 from USD17.7mn in 2014. Market capitalization of the top 10 listed companies declined 14.3%YoY.

10 Largest Listed Companies by Market Capitalization (in OMRbn)

Company	Dec-15	Nov-15	Dec-14	MoM%	YoY%
Oman Telecommunications Co	1.2	1.2	1.3	2.0%	-7.7%
Bank Muscat SAOG	1.1	1.1	1.3	-5.2%	-14.8%
National Bank of Oman SAOG	0.4	0.4	0.4	-5.0%	-7.1%
Bank Dhofar SAOG	0.3	0.3	0.5	-4.0%	-30.5%
Ahli Bank SAOG	0.3	0.3	0.3	0.5%	-12.0%
Sembcorp Salalah Power & Wat	0.2	0.2	0.2	-5.4%	10.1%
Raysut Cement Co SAOG	0.2	0.2	0.3	-2.4%	-40.1%
HSBC Bank Oman	0.2	0.2	0.3	-7.4%	-29.1%
Shell Oman Marketing Co SAOG	0.2	0.2	0.2	0.0%	0.0%
Bank Sohar SAOG	0.2	0.2	0.3	-4.3%	-10.1%
Total Market Capitalization (Top 10 stocks)	4.3	4.4	5.0	-2.6%	-14.3%

Source: Bloomberg, Gulfbase, & Global Research

Qatar

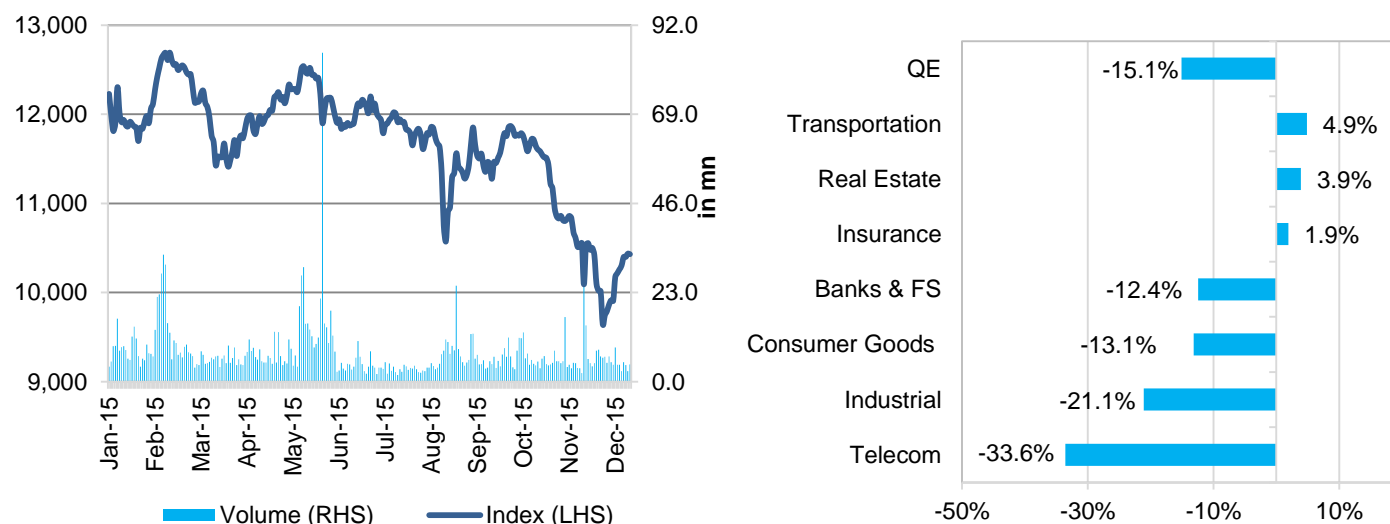
QSE declines 15.1% during the year under review

The Qatar Exchange (QE) index fell 3.1%MoM in January amid lower-than-expected dividend announcement by heavyweight Industries Qatar. The index also experienced pressure from external factors such as the downgrade of the global growth forecast by the IMF. However, by the end of the month, strong buying from foreign investors offset selling pressure from local institutional and retail investors. The index rose 4.6%MoM in February, driven by a rebound in oil prices and improved corporate earnings. Strong activity was recorded in Real Estate and Telecom stocks. However, from mid-month onwards, the index corrected marginally, with large selling by foreign and institutional investors due to slightly softer crude prices. The index ended the last week in the red due to selling pressure in Consumer Goods and Real Estate stocks. March also witnessed a 5.9%MoM decline on the back of a weak earnings season in 2014 and decline in global oil prices. Towards the end of the month, the market witnessed some momentum, driven by buying in Industrial, Real Estate, Banks, and Telecom stocks.

The second quarter of the year started on a positive note as the index advanced 3.9%MoM in April amid strong buying interest in the Transportation, Telecommunication, and Banking stocks. Increased buying from foreign institutions and local retail investors led the index to break the strong resistance at the 12,000 mark on April 23, driven by strong buying interest in the Real Estate and Industrial sectors. However, the index declined 1.0%MoM in May as FIFA's corruption charges related to the hosting of the 2022 World Cup in Qatar and the dilemma related to cancellation of the bid shook investor confidence. Most institutional investors pulled back money from the Qatar bourse when the FIFA scandal erupted. Although the index started the month of June on positively, strong selling pressure from GCC institutions and substantially lower buying interest from domestic institutions weighed on it. Moreover, a statement from the Ministry of Development Planning and Statistics (MDPS) that stocks listed on the QSE are expensive compared with other regional bourses dragged the index lower. During the month, the index gained 1.3%MoM and ended above 12,200.

The QE index declined 3.4%MoM, 1.9%MoM and 0.9%MoM in July, August and September, respectively. Markets edged down during the quarter amid decline in oil prices and concerns related to China. However, this was partially offset by an expected increase in Ezdan Holding's weight in the MSCI index and announcement by the Finance Minister that the government will not be trimming subsidies on fuel and food.

Qatar: Index, Volume, and Sectoral Performance



Source: Bloomberg & Global Research

The benchmark Qatari index headed north in October and rose 1.2%MoM due to bullish sentiment of foreign investors and domestic institutions. The index also experienced lower selling pressure from retail investors due to optimism about the earnings season. However, the index declined 13.0%MoM in November due to the bearish sentiment of foreign investors and domestic institutions. It also witnessed higher selling pressure from retail

investors due to a fall in oil prices. Sentiment towards the Real Estate sector remained weak. The sector witnessed heavy sell-off in the last few days of the month. Weak crude prices and MSCI's decision to remove Gulf International Services (a Qatar-based rig drilling services provider) from the MSCI Emerging Markets Index added to weakening sentiment. However, the index advanced 3.4%MoM in December reversing losses posted in the previous month. The increase in index value was mainly supported by gains in Telecommunication, Industrial, Banks & Financial Services, and Real Estate stocks.

Qatar's government approved the 2016 budget, in which it has intensely reduced expenditure in expectation of the first financial shortfall in 15 years. The country planned to spend QAR202.5bn in 2016, which is 7.3% or QAR15.9bn less compared with the 2015 budget, despite increasing government outlays on salaries, wages, and major projects such as transportation initiatives and preparations for the 2022 World Cup. In terms of revenue, lower oil and gas prices are anticipated to leave a hole of QAR46.5bn in the 2016 budget. To cover this shortfall, the country planned to borrow money, instead of tapping into the massive savings held by the Qatar Investment Authority. In line with that, the government has lowered the GDP growth forecast for 2015 by nearly half to 3.7% from a previously anticipated 7.3% growth, and lowered its expectations for 2016 and 2017.

Sectoral performance

In 2015, the sectoral indices remained mixed. Telecommunication (-33.6%YoY) was the top loser, followed by Industrial (-21.1%YoY), Consumer Goods & Services (-13.1%YoY), and Banks & Financial Services (-12.4%YoY). The losses were partially offset by gains in Transportation (4.9%YoY), which was the top gainer, followed by Real Estate (3.9%YoY), and Insurance (1.9%YoY).

The fall in Industrial was due to Gulf International Services Co. (-47.0%YoY), followed by Industries Qatar Co. (-33.9%YoY), Mesaieed Petrochemical Co. (-34.2%YoY), and Qatari Investors Group (-8.9%YoY).

The fall in the Banks & Financial Services sector was primarily due to a decline in Qatar National Bank (-17.8%YoY), followed by Masraf Al Rayan (-14.9%YoY), Commercial Bank of Qatar (-26.3%YoY), Doha Bank (-21.9%YoY), and Islamic Holding Group (-24.8%YoY).

Mixed trading in November

Trading on the QSE declined in 2015. The value of shares traded declined 45.6% to USD21.6bn in 2015. On the other hand, the volume of shares traded fell 32.5% to 1,892.6mn in 2015 from 2,804.7mn in 2014.

QSE Index Trading Statistics – Top 5

Top 5 Gainers								
Company	Close	% Chg YoY	52-wk High	52-wk Low	P/E	P/B	Value Traded (USDmn)	MCAP (USDbn)
Qatari German Co. for Medical Devices QSC	13.7	35.2%	19.9	9.5	NA	1.02	239.70	0.04
Qatar Electricity and Water Co.	216.4	15.4%	228.0	177.0	15.8	3.41	581.82	6.54
Gulf Warehousing Co QSC	56.9	10.5%	78.0	46.4	17.1	3.17	144.91	0.93
Al Meera Consumer Goods Co.	220.0	10.0%	288.9	184.1	21.7	3.30	286.94	1.21
Ezdan Real Estate Co.	15.9	6.6%	21.8	13.6	26.5	1.39	2,066.54	11.58

Top 5 Losers								
Company	Close	% Chg YoY	52-wk High	52-wk Low	P/E	P/B	Value Traded (USDmn)	MCAP (USDbn)
Gulf International Services QSC	51.5	-47.0%	106.4	46.3	6.6	2.42	2,267.97	2.63
Djala Brokerage and Investment Holding Co QSC	18.5	-44.7%	37.4	17.2	NA	1.49	192.51	0.14
Qatar Telecom QSC	75.0	-39.5%	119.1	60.0	13.3	1.12	643.91	6.60
Mesaieed Petrochemical Holding Co QSC	19.4	-34.2%	29.8	17.6	20.2	1.75	317.37	6.69
Industries Qatar QSC	111.1	-33.9%	170.0	96.0	12.3	2.03	1,826.23	18.45

Top 5 Volume Traded

Company	Close	% Chg YoY	52-wk High	52-wk Low	P/E	P/B	Volume Traded (mn)	MCAP (USDbn)
Ezdan Real Estate Co.	15.9	6.6%	21.8	13.6	26.5	1.39	2,066.54	11.58
Vodafone Qatar QSC	12.7	-22.8%	19.3	10.7	NA	2.07	1,286.96	2.95
Barwa Real Estate Co QSC	40.0	-4.5%	54.4	36.2	2.6	0.85	2,683.99	4.27
Masraf Al Rayan QSC	37.6	-14.9%	49.9	33.7	13.5	2.44	1,833.53	7.74
Mazaya Qatar Real Estate Development QSC	14.2	-25.9%	20.8	13.2	8.6	1.09	707.16	0.41

Top 5 Value Traded

Company	Close	% Chg YoY	52-wk High	52-wk Low	P/E	P/B	Value Traded (USDmn)	MCAP (USDbn)
Barwa Real Estate Co QSC	40.0	-4.5%	54.4	36.2	2.6	0.85	2,683.99	4.27
Gulf International Services QSC	51.5	-47.0%	106.4	46.3	6.6	2.42	2,267.97	2.63
Ezdan Real Estate Co.	15.9	6.6%	21.8	13.6	26.5	1.39	2,066.54	11.58
Qatar National Bank SAQ	175.0	-17.8%	208.5	158.2	11.0	2.20	2,064.13	33.62
Masraf Al Rayan QSC	37.6	-14.9%	49.9	33.7	13.5	2.44	1,833.53	7.74

Source: Bloomberg & Global Research

Market capitalization

Market capitalization of companies listed on the QSE index declined 16.9%YoY to USD128.0bn in 2015 from USD154.1bn in 2014. Market capitalization of the top 10 listed companies dropped 18.4%YoY.

Top 10 Listed Companies by Market Capitalization (QARbn)

Company	Dec-15	Nov-15	Dec-14	MoM%	YoY%
Qatar National Bank SAQ	122.5	112.0	149.0	9.4%	-17.8%
Industries Qatar QSC	67.2	60.8	101.6	10.5%	-33.9%
Ezdan Holding Group	42.2	42.4	39.6	-0.6%	6.6%
Masraf Al Rayan QSC	28.2	26.8	33.2	5.3%	-14.9%
Qatar Islamic Bank SAQ	25.2	27.5	24.1	-8.4%	4.4%
Mesaieed Petrochemical Holding Co QSC	24.4	24.1	37.1	1.0%	-34.2%
Qatar Telecom QSC	24.0	21.1	39.7	13.6%	-39.5%
Qatar Electricity and Water Co QSC	23.8	21.5	20.6	11.0%	15.4%
Barwa Real Estate Co QSC	15.6	14.8	16.3	5.3%	-4.5%
Qatar Insurance Co SAQ	15.1	15.3	14.5	-1.3%	4.1%
Total Market Capitalization (Top 10 stocks)	388.2	366.3	475.7	6.0%	-18.4%

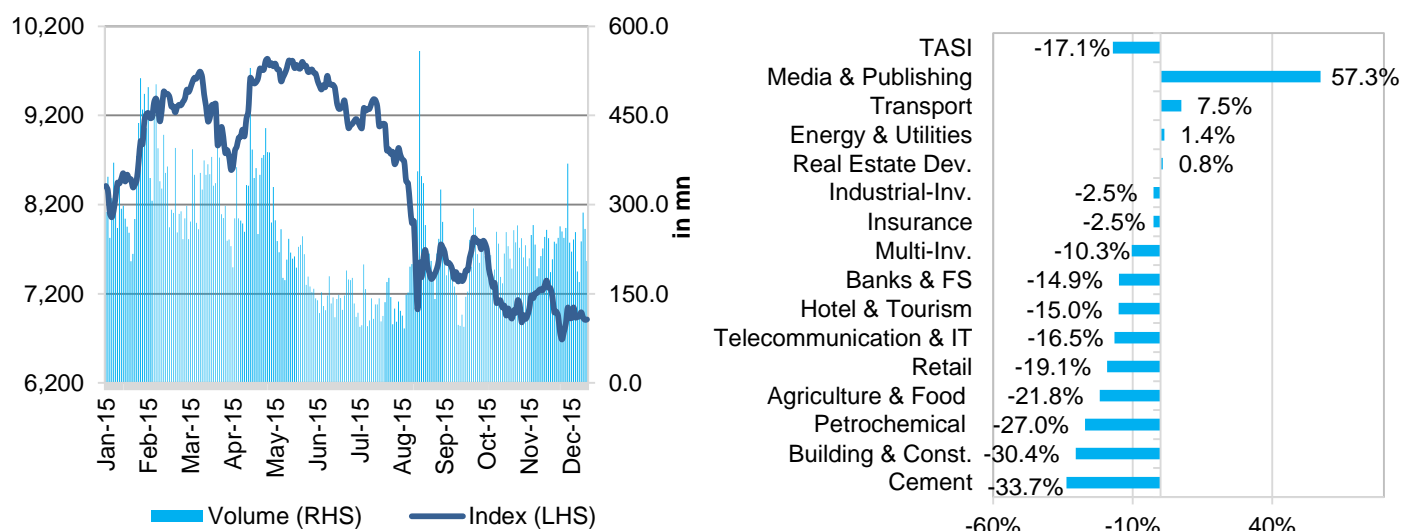
Source: Bloomberg & Global Research

Saudi Arabia

TASI fell 17.1%YoY in 2015

In the first quarter of 2015, Saudi Arabia's Tadawul All-Share Index (TASI) started on a positive note as the index gained 6.5%MoM and 4.9%MoM during January and February, respectively. The gains were due to strong quarterly earnings of various companies. Moreover, the upward move was supported by a slight stability in oil prices (even as prices remained weak) following a report from the International Energy Agency (IEA), which stated that oil production in some areas was being reduced due to subdued oil prices. However, oil prices declined after the first week of February due to a large build-up of inventories in the US, which weighed upon the markets. However, global oil prices rebounded quickly, driving the market higher. The index declined 5.7%MoM in March due to a fall in crude oil prices. Even with brief periods of recovery, the overall trend remained negative due to concerns over Yemen and weak oil prices.

TASI: Index, Volume, and Sectoral Performance



Source: Bloomberg, Gulfbase, & Global Research

In April, TASI gained 12.0%MoM as a rebound in oil prices underpinned the index. Continued stability in oil prices led to strong gains in the index, which was further aided by positive earnings reports from several Saudi companies. Moreover, finalization of regulations in June 2015 for foreign investors looking to enter the market added to the positive atmosphere. The index lost 1.5%MoM in May due to a decline in Petrochemicals amid uncertainty in crude oil prices and concerns over Yemen. However, this was partially offset after MSCI announced the launch of a standalone Saudi Arabia stock index. In June, TASI declined 6.2%MoM as the start of Ramadan kept the index subdued as investment activity generally drops during this month. However, news from MSCI that it would begin consultations with international institutional investors about including Saudi Arabia in the MSCI Emerging Markets Index failed to provide a major boost to the index.

The TASI declined in all the three months of the third quarter amid a fall in crude oil prices and disappointing corporate earnings towards the end. The index dropped significantly in August, the largest monthly decrease since October 2008, with nearly 7% alone on 24 August amid heavy selling due to a fall in crude oil prices and Fitch Ratings' decision to cut its outlook for Saudi Arabia's debt. Fitch Ratings downgraded its outlook for Saudi Arabia to negative from stable due to declining oil prices and increased spending on infrastructure projects. Although the agency affirmed its 'AA' rating for the kingdom, it expects the general government deficit to widen to 14.4% of GDP in 2015. The index started September on a weak note due to a decline in crude oil prices. However, it soon recovered amid strong inflows from qualified foreign investors (QFIs) and as the Saudi government indicated it would keep borrowing to fund important projects in the kingdom. However, towards mid-month, the index started reporting corrections and trended downwards for the rest of the month. The downtrend was majorly led by both weak global cues and crude oil prices. TASI declined 0.1%MoM, 17.3%MoM and 1.6%MoM in July, August and September, respectively.

In October, TASI declined 3.8%MoM amid anticipation that the government would reduce subsidies and spending levels, and increase taxes to cover the budget deficit amid a low oil price environment. However, the index rose 1.6%MoM in November as geopolitical tensions between Russia and Turkey boosted oil prices during the end of the month. However, this was partially offset by the strengthening of the USD index and a sharp fall in crude prices during the month. The index fell 4.5%MoM in December due to negative sentiments over Saudi Budget 2016. Notably, the Saudi government came up with its 2016 budget in December with a huge deficit of SAR326.2bn and massive spending cuts. Furthermore, the government cut energy subsidies, imposed various taxes, issued bonds, etc. to curb deficits. Also, a budget support provision of SAR183bn was established to offer increased flexibility to redirect capital expenditure and operating expenditure on both ongoing and new projects. An increase in feedstock cost invoked bearish sentiments within the Petrochemical sector, which impacted the market negatively. Saudi's decision to maintain oil output had already brought about a significant decline in crude prices over the past month, which added to the downturn. TASI declined 17.1%YoY in 2015 on weak oil prices.

Sectoral performance

In 2015, 11 sectors ended in the red and 4 in the green. Media & Publishing (57.3%YoY) was the top gainer, followed by Transport (7.5%YoY), Energy & Utilities (1.4%YoY), and Real Estate Dev. (0.8%YoY). Cement was the biggest loser of the year, falling 33.7%YoY, followed by Building & Const. (-30.4%YoY), Petrochemical (-27.0%YoY), Agriculture & Food (-21.8%YoY), Retail (-19.1%YoY), Telecommunication & IT (-16.5%YoY), Hotel & Tourism (-15.0%YoY), Banks & FS (-14.9%YoY), Multi-Inv. (-10.3%YoY), and Insurance and Industrial-Inv. (-2.5%YoY each).

All Petrochemical stocks declined in 2015 due to a huge fall in oil prices and the government's decision to cut energy subsidy and raise the cost of feedstock. Saudi Basic Industries Corp. (-8.4%YoY) was the key laggard, followed by Saudi Kayan Petrochemical Co. (-38.3%YoY), National Industrialization Co. (-60.1%YoY) and Rabigh Refining & Petrochemical Co. (-32.3%YoY).

The heavyweight Banks & FS sector declined owing to a fall in Alinma Bank (-27.6%YoY), followed by National Commercial Bank (-7.1%YoY), Bank Al Jazira (-41.7%YoY) and Bank Al Bilad (-31.0%YoY). Heavyweight Al Rajhi rose 1.2%YoY during the year, partially offsetting the fall in the sector.

The Cement sector witnessed a heavy fall during the year due to losses in Al Jouf Cement Co. (-24.6%YoY), Arabian Cement Co. Ltd. (-38.7%YoY), City Cement Co. (-33.9%YoY), and Najran Cement Co. (-44.8%YoY).

Trading activities decline in 2015

Trading on the TASI declined in 2015. The volume of shares traded fell 6.6%YoY to 61.1bn in 2015 from 65.4bn in 2014. The value of shares traded reduced to USD439.9bn in 2015 from USD572.1bn in 2014.

TASI Index Trading Statistics – Top 5

Top 5 Gainers								
Company	Close	% Chg YoY	52-wk High	52-wk Low	P/E	P/B	Value Traded (USDmn)	MCAP (USDbn)
Saudi Research and Marketing	57.8	247.6%	61.8	12.3	341.0	4.02	1,933.80	1.23
Saudi Transport and Investment Co	70.7	110.3%	78.0	32.7	35.7	4.71	3,976.30	0.34
The Company for Cooperative Insurance	79.2	58.7%	111.0	46.7	12.0	3.51	2,561.32	2.11
Saudi Printing and Packaging	26.3	40.6%	31.2	12.6	28.6	1.64	2,582.83	0.42
National Shipping Co of Saudi Arabia	46.5	36.9%	56.8	29.7	13.1	2.10	4,642.87	4.88
Top 5 Losers								
Company	Close	% Chg YoY	52-wk High	52-wk Low	P/E	P/B	Value Traded (USDmn)	MCAP (USDbn)
Tihama Advertising Public Relation	29.8	-67.1%	131.3	28.0	NA	4.41	2,248.15	0.12
Solidarity Saudi Takaful Co	7.4	-62.6%	23.0	7.1	NA	2.15	2,114.17	0.11
National Industrialization Co	10.6	-60.1%	28.0	10.5	NA	0.81	3,831.13	1.89

Middle East Specialized Cables	9.3	-57.8%	26.9	8.8	NA	1.20	3,318.89	0.15
National Agriculture Marketing	40.0	-50.2%	89.3	33.6	8.4	3.72	2,125.59	0.11

Top 5 Volume Traded

Company	Close	% Chg YoY	52-wk High	52-wk Low	P/E	P/B	Volume Traded (mn)	MCAP (USDbn)
Alinma Bank	14.8	-27.6%	25.0	13.7	15.7	1.22	48,543.86	5.90
Dar Al Arkan Real Estate Dev	6.2	-23.7%	11.0	5.8	15.5	0.37	20,540.34	1.78
Saudi Kayan Petrochemical Co	6.8	-38.3%	14.2	6.7	NA	0.76	8,327.63	2.71
Saudi Arabian Mining Co	33.2	8.5%	48.4	27.5	36.9	1.42	17,195.86	10.33
Saudi Basic Industries Corp	76.5	-8.4%	107.3	69.4	11.4	1.45	36,049.24	61.15

Top 5 Value Traded

Company	Close	% Chg YoY	52-wk High	52-wk Low	P/E	P/B	Value Traded (USDmn)	MCAP (USDbn)
Alinma Bank	14.8	-27.6%	25.0	13.7	15.7	1.22	48,543.86	5.90
Saudi Basic Industries Corp	76.5	-8.4%	107.3	69.4	11.4	1.45	36,049.24	61.15
Dar Al Arkan Real Estate Dev	6.2	-23.7%	11.0	5.8	15.5	0.37	20,540.34	1.78
Saudi Arabian Mining Co	33.2	8.5%	48.4	27.5	36.9	1.42	17,195.86	10.33
Al Rajhi Banking and Invest Co	52.1	1.2%	68.5	46.6	12.6	1.88	12,434.58	22.55

Source: Bloomberg, Gulfbase, & Global Research

Market capitalization

In 2015, the market capitalization of companies listed on the TASI decreased 7.1%YoY to USD420.8bn from USD452.9bn in 2014. The market capitalization of the top 10 listed companies reduced 2.3%YoY.

Top 10 Listed Companies by Market Capitalization (SARbn)

Company	Dec-15	Nov-15	Dec-14	MoM%	YoY%
Saudi Basic Industries Corp	229.5	269.4	250.5	-14.8%	-8.4%
Saudi Telecom Co	136.9	133.8	131.5	2.3%	4.1%
National Commercial Bank	102.2	107.0	110.0	-4.5%	-7.1%
Al Rajhi Banking and Invest Corp	84.6	81.7	83.6	3.6%	1.2%
Saudi Electricity Co	65.5	64.8	62.1	1.0%	5.4%
Kingdom Holding Co	58.6	54.8	67.1	6.9%	-12.7%
Jabal Omar Development Co	51.6	55.6	48.8	-7.2%	5.7%
Almarai Co	46.9	47.9	46.0	-2.0%	2.0%
Samba Financial Group	46.7	45.2	46.3	3.3%	0.7%
Saudi Arabian Mining Co	38.8	40.7	35.7	-4.8%	8.5%
Total Market Capitalization (Top 10 stocks)	861.1	900.8	881.6	-4.4%	-2.3%

Source: Bloomberg, Gulfbase, & Global Research

UAE – Abu Dhabi

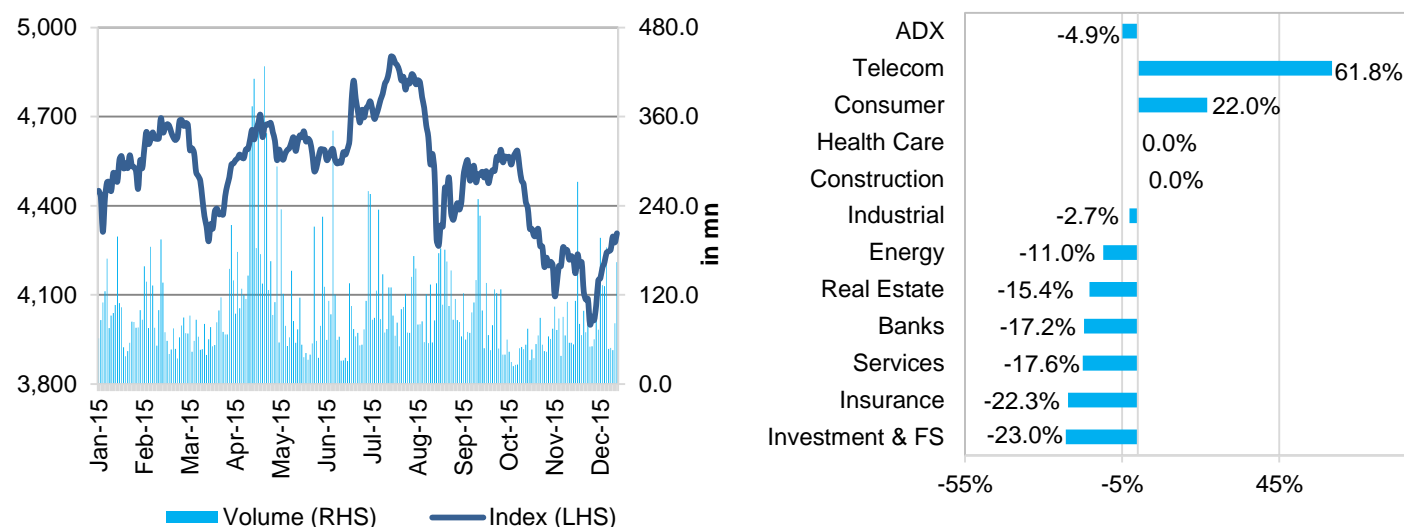
ADX falls 4.9%YoY in 2015, best performing market in the GCC

Abu Dhabi's ADX started the year with a 1.6%MoM decline in January led by a fall in Real Estate and Banking stocks, which was partly offset by strong performance by Investment & Financial Services. The index started the month on a negative note amid low crude oil prices and volatility in global markets, which recovered during the second week. The recovery was due to strong growth in earnings and improved asset quality of Islamic banks. The recovery continued in February, as the index gained 5.2%MoM on recovery in oil prices. Thereafter, the market corrected marginally due to a decline in insurance companies amid intense competition in the domestic market. However, the index posted strong gains toward the end, led by a rally in Banks stocks. The index reversed direction and declined in March, as weak oil prices and uncertainty related to the US Federal Reserve policy meeting weighed on the markets. ADX dropped 4.7%MoM in March.

The index remained mostly positive during the second quarter on stability in crude oil prices. Moreover, the rally can be ascribed to strong buying by foreign investors. However, the gains were partially offset amid Greek debt crisis, in which the European Central Bank refused to grant additional emergency loans to Greek banks. The slower single-digit earnings growth in 1Q15 did little to help the index in gaining momentum. The index advanced 4.0%MoM and 4.3%MoM in April and June, respectively, and declined 2.6%MoM in May.

In line with the trend during the second quarter, the index headed north during the first month of the third quarter and gained 2.4%MoM in July. The market remained almost flattish during the initial week following the extension of talks between Iran and the US over the nuclear agreement. However, following this, the market started rising, primarily driven by stabilization of oil prices and calmer geopolitical conditions. The UAE markets outperformed the broader GCC markets in the middle of the month. However, in the last week, a sharp decline in crude oil prices limited the gains for the market, which still managed to end comfortably in the green. ADX declined sharply by 7.0%MoM in August due to weak global cues amid the impending interest rate hike by the Fed, weak economic growth in China, and a significant fall in oil prices. However, in September, the index recovered marginally and gained 0.2%MoM due to some recovery in oil prices.

ADX: Index, Volume, and Sectoral Performance



Source: Bloomberg & Global Research

ADX began October on a positive note amid expectations of the US Federal Reserve delaying the impending interest rate hike. However, the market broadly trended sideways for some time ahead of the third quarter corporate earnings and headed south toward the end of the month as a spell of weakness in crude oil prices weighed on the market. ADX shed 4.0%MoM during the month. The trend continued in November as the index declined 2.0%MoM. By mid-month, the market edged down amid expectations that strong US job data would lead to a hike in interest rates by the Federal Reserve in December. However, the market recovered in the second half of the month and moved sideways owing to improved investor sentiment after the UAE government announced plans to invest

AED300bn to boost non-oil GDP. ADX closed 1.7%MoM higher in December, bucking the trend of its GCC peers. The market was volatile through the month; despite a sharp fall in oil prices, investors engaged in value buying during the month, which lifted the markets. The index closed 4.9%YoY lower in 2015.

Sectoral performance

In 2015, two sectors closed in the green, two ended flat, and seven sectors closed in the red. Telecom and Consumer were the gainers during the year, moving up 61.8%YoY and 22.0%YoY, respectively. Consumer and Health Care closed flat. Investment & FS was the key loser (-23.0%YoY), followed by Insurance (-22.3%YoY), Services (-17.6%YoY), Banks (-17.2%YoY), Real Estate (-15.4%YoY), Energy (-11.0%YoY), and Industrial (-2.7%YoY).

The decline in Banking could be ascribed to the weak performances by First Gulf Bank (-25.6%YoY), Abu Dhabi Commercial Bank (-6.3%YoY), National Bank of Abu Dhabi (-43.1%YoY), Union National Bank (-19.3%YoY), and Abu Dhabi Islamic Bank (-31.1%YoY).

Real Estate ended in the red owing to a decline in Aldar Properties (-12.5%YoY), followed by Eshraq Properties Co. (-30.4%YoY) and RAK Properties (-25.7%YoY). On the other hand, the rise in Telecommunication was led by gains in Emirates Telecommunication Corp. (47.0%YoY).

Trading declines in 2015

The trading on the ADX dropped in 2015. The volume of shares traded fell 55.3%YoY to 25.5bn in 2015 from 57.0bn. The value of shares traded declined 59.3%YoY to USD16.0bn from USD39.3bn.

ADX Trading Statistics – Top 5

Top 5 Gainers								
Company	Close	% Chg YoY	52-wk High	52-wk Low	P/E	P/B	Value Traded (USDmn)	MCAP (USDbn)
Ras Al Khaimah Poultry and Feeding Co	2.48	95.3%	2.5	1.2	21.9	0.54	0.15	0.06
Abu Dhabi Shipbuilding Co.	2.90	52.6%	4.0	1.3	34.1	1.56	15.84	0.17
Emirates Telecommunication Corp Ltd	16.10	47.0%	16.5	9.2	17.4	3.43	3,696.68	38.12
Gulf Medical Projects Co PSC	2.50	25.0%	2.9	1.7	11.5	1.50	1.12	0.48
Agthia Group PJSC	7.67	23.7%	9.0	5.3	20.7	3.08	134.31	1.25
Top 5 Losers								
Company	Close	% Chg YoY	52-wk High	52-wk Low	P/E	P/B	Value Traded (USDmn)	MCAP (USDbn)
Abu Dhabi National Insurance Co.	2.88	-52.4%	6.1	2.9	NA	0.85	1.07	0.29
Abu Dhabi National for Building Materials Bildco Co PJSC	0.45	-43.8%	0.9	0.4	NA	0.39	9.10	0.04
National Bank of Abu Dhabi PJSC	7.96	-43.1%	12.4	7.5	7.5	0.99	442.46	11.29
Abu Dhabi National Energy Co	0.47	-41.3%	0.9	0.4	NA	0.69	31.98	0.78
Finance House PJSC	2.15	-39.1%	3.5	2.2	9.4	0.83	3.03	0.18
Top 5 Volume Traded								
Company	Close	% Chg YoY	52-wk High	52-wk Low	P/E	P/B	Volume Traded (mn)	MCAP (USDbn)
Dana Gas Co PJS	0.51	2.0%	0.7	0.4	255.0	0.36	775.26	0.97
Aldar Properties PJSC	2.32	-12.5%	3.0	1.9	7.2	0.95	2,941.48	4.97
Emirates Telecommunication Corp	16.10	47.0%	16.5	9.2	17.4	3.43	3,696.68	38.12
Eshraq properties Co.	0.55	-30.4%	1.2	0.4	NA	0.65	1,646.70	0.35

Abu Dhabi National Energy Co	0.47	-41.3%	0.9	0.4	NA	0.69	31.98	0.78
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Top 5 Value Traded

Company	Close	% Chg YoY	52-wk High	52-wk Low	P/E	P/B	Value Traded (USDmn)	MCAP (USDbn)
Emirates Telecommunication Corp	16.10	47.0%	16.5	9.2	17.4	3.43	3,696.68	38.12
Aldar Properties PJSC	2.32	-12.5%	3.0	1.9	7.2	0.95	2,941.48	4.97
First Gulf Bank PJSC	12.65	-25.6%	15.8	11.1	9.8	1.66	2,214.48	15.50
Abu Dhabi Commercial Bank PJSC	6.59	-6.3%	8.9	5.5	7.3	1.34	1,412.00	10.04
Dana Gas Co PJS	0.51	2.0%	0.7	0.4	255.0	0.36	775.26	0.97

Source: Bloomberg & Global Research

Market capitalization

In 2015, the combined market capitalization of the companies listed on the ADX fell 11.4%YoY to USD111.8bn. The market capitalization of the top 10 listed companies rose 0.8%YoY.

Top 10 Listed Companies by Market Capitalization (AEDbn)

Company	Dec-15	Nov-15	Dec-14	MoM%	YoY%
Emirates Telecommunication Corp Ltd	140.0	143.5	86.6	-2.4%	61.7%
First Gulf Bank PJSC	56.9	54.0	66.3	5.4%	-14.1%
National Bank of Abu Dhabi PJSC	41.5	39.9	66.3	4.1%	-37.5%
Abu Dhabi Commercial Bank PJSC	36.9	35.0	39.3	5.4%	-6.3%
Aldar Properties PJSC	18.2	18.4	20.8	-0.9%	-12.5%
Union National Bank PJSC	12.9	14.0	16.0	-8.1%	-19.3%
Abu Dhabi Islamic Bank PJSC	12.5	12.6	17.1	-1.3%	-27.0%
National Bank of Ras Al Khaimah PSC	10.5	10.9	13.8	-3.8%	-24.3%
United Arab Bank PJSC	7.4	7.4	7.4	0.0%	-0.7%
National Bank of Umm Al Qaiwain PSC	6.1	5.7	6.3	6.5%	-3.2%
Total Market Capitalization (Top 10 stocks)	342.9	341.4	340.0	0.4%	0.8%

Source: Bloomberg & Global Research

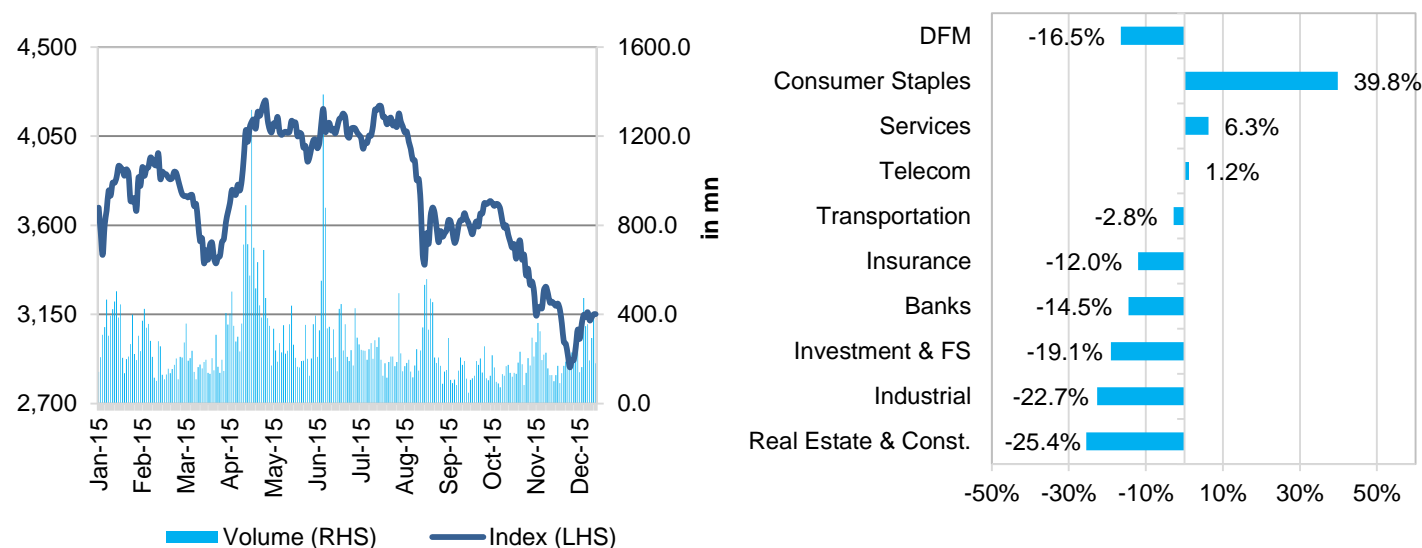
UAE – Dubai

DFM down 16.5%YoY in 2015

The Dubai Financial Market (DFM) index fell 2.6%MoM in January due to losses in the Real Estate & Construction and Investment & Financial Services sectors. The index started the month on a weak note due to global cues and subdued oil prices. However, in February, the index gained 5.2%MoM on the back of a rise in the Investment & Financial Services and Real Estate sectors, which was partly offset by weakness in the Industrial sector. The gain was short-lived as the index declined 9.1%MoM in March. The DFM started the month on a weaker note due to selling pressure in Arabtec. The index trended downward for most of the month, with some volatility experienced in the last week of the month. Weak oil prices and concerns over Yemen also weighed on the market.

In April, the index gained significantly and added 20.3%MoM. Positive movements in crude oil prices continued to drive the index higher. Furthermore, after completion of the Iran deal, investment from foreign investors increased. The market gained further mid-month, driven by positive results of Dubai Islamic Bank as well as strong buying interest among retail investors. In May, the market was volatile throughout the month due to continued fluctuations in oil prices. The market resumed its monthly losses amid profit-booking pressure, following April's gains, in addition to a lack in market-boosting catalysts toward the end of the month after the period for disclosing financials ended. The index declined 7.2%MoM in May. However, the index recovered in June despite trading volume remaining low. After some correction, the index recorded strong gains for a few trading sessions, driven by speculative trading in some stocks. Towards the end of June, the Greek debt crisis weighed on the index, in line with its impact on the global stock markets. Still, the DFM managed to gain 4.2%MoM in June.

DFM: Index, Volume, and Sectoral Performance



Source: Bloomberg & Global Research

The DFM gained 1.4%MoM in July. The index started the month on a weaker note, partly ascribed to the Greek debt crisis and a decline in crude oil prices. However, towards mid-month, the index started gathering pace and posted a strong rally. Broadly, the national banks reported strong results, which also drove markets higher. The index plunged in August and declined 11.6%MoM. It started the month on a weak note due to poor global cues. The DFM recorded huge losses towards the end of the month owing to a decline in crude prices. Weaker investor sentiments created huge selling pressure in the market, thereby leading to a fall in sectoral indices. The decline continued in September as the index eased 1.9%MoM. The index remained volatile throughout the month. Uncertainty over the US Federal Reserve's interest-rate-hike decision and weak oil prices continued to weigh on the market throughout the month. However, crude oil gained in some trading sessions, which helped the market recoup some losses.

The index declined 2.5%MoM in October as the weakness recorded in the third quarter continued for the month. The market posted some gains initially due to expectations of a delay in an interest-rate hike by the US Federal Reserve and some recovery in crude oil prices. However, in the second half of the month, the market broadly

trended downward, mainly due to weakness in global equity markets and softer crude oil prices. The DFM further declined in November and lost 2.5%MoM. Investor sentiment deteriorated owing to falling crude prices. Moreover, a lack of positive catalysts, along with weak liquidity, led the market south. Even the weak 3Q15 results announced by the National Bank of Abu Dhabi raised investor concerns. The DFM closed 1.7%MoM lower in December due to a sharp plunge in oil price. However, the Dubai government came up with a zero deficit budget during the month, which added some positivity to the market. Notably, oil accounts for only 6% of Dubai's revenue; hence, the fall in oil prices would not impact the emirate like its peers and GCC players. The Dubai government also raised its spending plans in 2016. The index closed 16.5%YoY lower in 2015.

Sectoral performance

In 2015, Real Estate & Construction (-25.4%YoY) was the top loser, followed by Industrial (-22.7%YoY), Investment & Financial Services (-19.1%YoY), Banks (-14.5%YoY), Insurance (-12.0%YoY) and Transportation (-2.8%YoY). Consumer Staples (39.8%YoY) was the biggest gainer of the year, followed by Services (6.3%YoY) and Telecom (1.2%YoY).

The decline in the heavyweight Real Estate & Construction sector was ascribed to weak performances of Emaar Properties Co. (-21.6%YoY), Arabtec Holding (-57.3%YoY), Union Properties Co. (-38.8%YoY), Deyaar Development Co. (-40.0%YoY), and Drake & Scull International (-53.1%YoY). Emaar Malls Group (3.0%YoY) gained during the period, which partially offset the losses.

The decline in the Investment & Financial Services sector was primarily due to a fall in Dubai Investment Co. (-15.1%YoY), followed by Dubai Financial Market Co. (-38.8%YoY), Gulf General Investment Co. (-10.8%YoY), Shuaa Capital (-37.9%YoY), and Ektitab Holding Co. (-22.8%YoY).

The fall in the Banking sector, another heavyweight, was due to weak performances of Gulf Finance House (-35.9%YoY), followed by Dubai Islamic Bank (-10.4%YoY), Al Salam Bank (-25.2%YoY), Emirates NBD (-16.8%YoY), and Ajman Bank (-26.1%YoY). The fall was partly offset by gains in Amlak Finance (38.2%YoY).

Trading falls in 2015

Trading on the DFM declined in 2015. The volume of shares traded dropped 43.5%YoY to 65.0bn from 115.1bn last year. The value of shares traded plunged 63.2%YoY to USD33.8bn from USD91.9bn last year.

DFM Trading Statistics – Top 5

Top 5 Gainers

Company	Close	% Chg YoY	52-wk High	52-wk Low	P/E	P/B	Value Traded (USDmn)	MCAP (USDbn)
Takaful Emarat Insurance PJSC	1.8	167.0%	2.0	0.7	35.4	2.79	76.16	0.07
Gulf Navigation Holding PJSC	0.6	58.2%	0.7	0.2	18.1	1.11	336.51	0.09
Dubai Parks & Resorts PJSC	1.1	54.8%	1.3	0.6	NA	1.15	1,556.23	1.95
Gulfa Mineral Water and Processing Industries Co PLC	3.5	38.9%	3.7	2.9	17.7	2.23	0.14	0.02
Amlak Finance PJSC	1.4	38.2%	2.9	0.8	NA	1.39	3,948.60	0.58

Top 5 Losers

Company	Close	% Chg YoY	52-wk High	52-wk Low	P/E	P/B	Value Traded (USDmn)	MCAP (USDbn)
Arabtec Holding PJSC	1.3	-57.3%	3.1	0.9	NA	1.54	5,461.64	1.57
Drake and Scull International	0.4	-53.1%	0.9	0.4	NA	0.44	709.28	0.26
Deyaar Development PJSC	0.5	-40.0%	1.0	0.4	11.7	0.65	1,241.29	0.81
Union Properties PJSC	0.7	-38.8%	1.5	0.7	16.3	0.55	2,701.36	0.75
Dubai Financial Market PJSC	1.2	-38.8%	2.2	1.1	25.6	1.22	1,419.74	2.68

Top 5 Volume Traded

Company	Close	% Chg YoY	52-wk High	52-wk Low	P/E	P/B	Volume Traded (mn)	MCAP (USDbn)
Arabtec Holding PJSC	1.3	-57.3%	3.1	0.9	NA	1.54	5,461.64	1.57
Union Properties PJSC	0.7	-38.8%	1.5	0.7	16.3	0.55	2,701.36	0.75
Amlak Finance PJSC	1.4	38.2%	2.9	0.8	NA	1.39	3,948.60	0.58
Deyaar Development PJSC	0.5	-40.0%	1.0	0.4	11.7	0.65	1,241.29	0.81
Dubai Parks & Resorts PJSC	1.1	54.8%	1.3	0.6	NA	1.15	1,556.23	1.95

Top 5 Value Traded

Company	Close	% Chg YoY	52-wk High	52-wk Low	P/E	P/B	Value Traded (USDmn)	MCAP (USDbn)
Emaar Properties PJSC	5.7	-21.6%	8.3	4.9	10.5	1.10	5,927.29	11.09
Arabtec Holding PJSC	1.3	-57.3%	3.1	0.9	NA	1.54	5,461.64	1.57
Amlak Finance PJSC	1.4	38.2%	2.9	0.8	NA	1.39	3,948.60	0.58
Union Properties PJSC	0.7	-38.8%	1.5	0.7	16.3	0.55	2,701.36	0.75
Dubai Islamic Bank PJSC	6.2	-10.4%	7.7	5.3	6.8	1.23	2,514.97	6.65

Source: Bloomberg, Gulfbase, & Global Research

Market capitalization

The market capitalization of the companies listed on the DFM fell 6.7%YoY to USD74.8bn in 2015. The market capitalization of the top 10 listed companies fell 11.4%YoY.

Top 10 Listed Companies by Market Capitalization (AEDbn)

Company	Dec-15	Nov-15	Dec-14	MoM%	YoY%
Emirates NBD Bank PJSC	41.1	44.5	49.4	-7.5%	-16.8%
Emaar Properties PJSC	40.7	41.3	52.0	-1.4%	-21.6%
Emaar Malls	35.9	37.2	34.9	-3.5%	3.0%
Dubai Islamic Bank PJSC	24.4	25.3	27.3	-3.4%	-10.4%
Emirates Integrated Telecommunications Co	23.3	23.0	23.0	1.4%	1.2%
Commercial Bank of Dubai PSC	17.7	17.8	14.6	-0.8%	21.2%
Mashreqbank PSC	14.6	19.4	20.6	-24.8%	-29.4%
Dubai Financial Market PJSC	9.8	9.5	16.1	3.4%	-38.8%
Dubai Investment PJSC	8.2	8.2	9.1	-0.5%	-10.0%
Dubai Parks & Resorts PJSC	7.1	7.5	4.6	-4.2%	54.8%
Total Market Capitalization (Top 10 stocks)	222.9	233.6	251.6	-4.6%	-11.4%

Source: Bloomberg & Global Research

Appendix 1: MENA and Global market performance in December 2015

GCC Markets Indices	Up/Down	Close	% Chg (MoM)	% Chg (YoY)	P/E (x)	P/B (x)	Div Yield (%)
KSE Weighted Index	▼	382	-2.9%	-13.0%	15.0	1.1	4.1
KSE Price Index	▼	5,615	-3.2%	-14.1%	15.4	1.0	4.7
Tadawul All Share Index	▼	6,912	-4.5%	-17.1%	15.6	1.6	3.7
DFM Index	▼	3,151	-1.7%	-16.5%	12.2	1.1	3.8
ADX Index	▲	4,307	1.7%	-4.9%	11.2	1.2	5.7
Bahrain All Share	▼	1,216	-1.4%	-14.8%	7.9	0.8	5.6
QE Index	▲	10,429	3.4%	-15.1%	10.8	1.6	4.9
MSM30 Index	▼	5,406	-2.6%	-14.8%	9.8	1.1	4.8

Levant & North Africa Markets	Up/Down	Close	% Chg (MoM)	% Chg (YoY)	P/E (x)	P/B (x)	Div Yield (%)
Egypt - EGX30	▲	7,006	10.2%	-21.5%	9.2	1.0	1.9
Egypt-- EGX70	▲	379	9.9%	-33.0%	11.0	1.1	2.5
Jordan-- Amman Fr Flt Index	▲	2,136	7.2%	-1.3%	15.5	1.2	3.2
Palestine - AlQuds Index	▲	533	2.4%	6.0%	NA	NA	NA
Lebanon - BLOM Stk Index	▲	1,170	0.2%	-0.1%	7.2	0.8	5.5
Morocco - CASA All Share index	▼	8,926	-1.8%	-7.2%	22.9	1.9	4.7
Tunisia - Tunisia Main Index	▲	5,042	1.8%	-0.9%	18.0	2.6	2.0

International Indices	Up/Down	Close	% Chg (MoM)	% Chg (YoY)	P/E (x)	P/B (x)	Div Yield (%)
DJ Average	▼	17,425	-1.7%	-2.2%	15.4	3.0	2.6
NASDAQ Composite	▼	5,007	-2.0%	5.7%	31.1	4.1	1.3
S&P500 Comp.	▼	2,044	-1.8%	-0.7%	18.3	2.8	2.1
FTSE 100 - UK	▼	6,242	-1.8%	-4.9%	27.9	1.8	4.2
Extra DAX	▼	10,743	-5.6%	9.6%	22.8	1.7	2.8
CAC 40 - France	▼	4,637	-6.5%	8.5%	21.3	1.4	3.2

International Indices	Up/Down	Close	% Chg (MoM)	% Chg (YoY)	P/E (x)	P/B (x)	Div Yield (%)
Bovespa Index	▼	43,350	-3.9%	-13.3%	25.2	1.0	4.7
RTS Index	▼	757	-10.6%	-4.3%	7.9	0.6	4.7
Bombay BSE Sensex -India	▼	26,118	-0.1%	-5.0%	19.9	2.9	1.4
SSE Composite Index - Shanghai	▲	3,539	2.7%	9.4%	18.6	2.0	1.7
Nikkei 225 Index- Japan	▼	19,034	-3.6%	9.1%	19.8	1.7	1.7
Hang Seng - Hong Kong	▼	21,914	-0.4%	-7.2%	9.7	1.2	3.9

Source: Bloomberg and Global Research

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