

September 2021

Global & GCC Capital Markets Review

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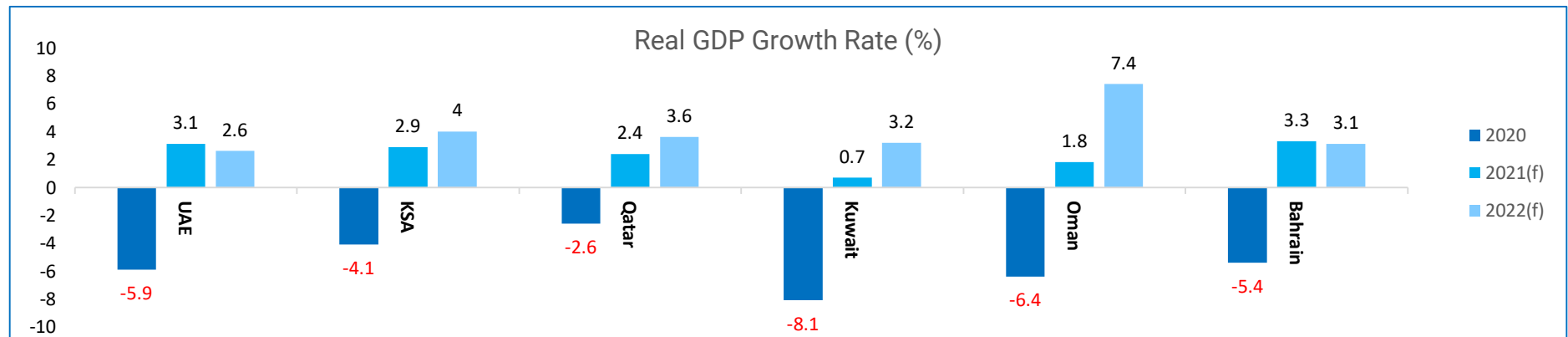
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Market Commentary, August 2021

- S&P GCC composite index ended the month 3.6% higher. All the GCC markets with the exception of Oman made gains during the month. Abu Dhabi and Dubai were top gainers for the month, each increasing by 5.0%. Saudi Arabia, Qatar and Bahrain gained 2.8%, 3.2% and 3.0% respectively in August. Oman declined by 1.6% for the month.
- Kuwait All Share index extended its good run and rose 3.1% for the month and 22.4% for the year. Among Kuwait sectors, Consumer Goods was the top gainer, rising 5.3% followed by Banks at 4.0%, while Consumer Services and Oil and Gas declined by 4.1% and 3.8% respectively for the month. Among blue chips, Kuwait Finance House was the top gainer, rising by 5.2%. The stock has gained 34.2% for the year after another strong financial performance in the second quarter in which it posted a net profit of KD 52 million for Q2 2021, nearly thrice that of Q2 2020, owing to decline in provisions. Agility Public Warehousing rose 1.3% in August, continuing its stellar performance from previous months. The stock is up 62.6% for the year.
- Among the GCC blue chip companies, the best performer was UAE's International Holdings Company which gained 10.9% during the month and 250% for the year. The company's net profit has increased by 309% in Q2 2021 to AED 2.87 billion due to strategic acquisitions. It has completed the listing of its subsidiary, Al Seer Marine, the sixth IHC subsidiary to be listed in less than eight months.
- The performance of global equity markets was positive, with the MSCI World Index closing 2.3% higher in August, U.S. market (S&P 500) with a gain of 2.9% and MSCI Emerging Index increased 2.4% for the month, gaining towards month end as countries such as China eased COVID-19 restrictions that had been in place earlier in the month. U.K's FTSE 100 gained 1.2% in August.
- Oil prices closed at USD 73.0 per barrel at the end of August, declining by 4.4% for the month. Oil prices exhibited high volatility where it reached a low of USD 65.2 per barrel, weighed down by concerns on the spread of COVID-19 Delta variant before bouncing back. U.S President Joe Biden's administration has urged the OPEC+ to increase its output to keep a check on the increase in gasoline prices, so as to aid global recovery.

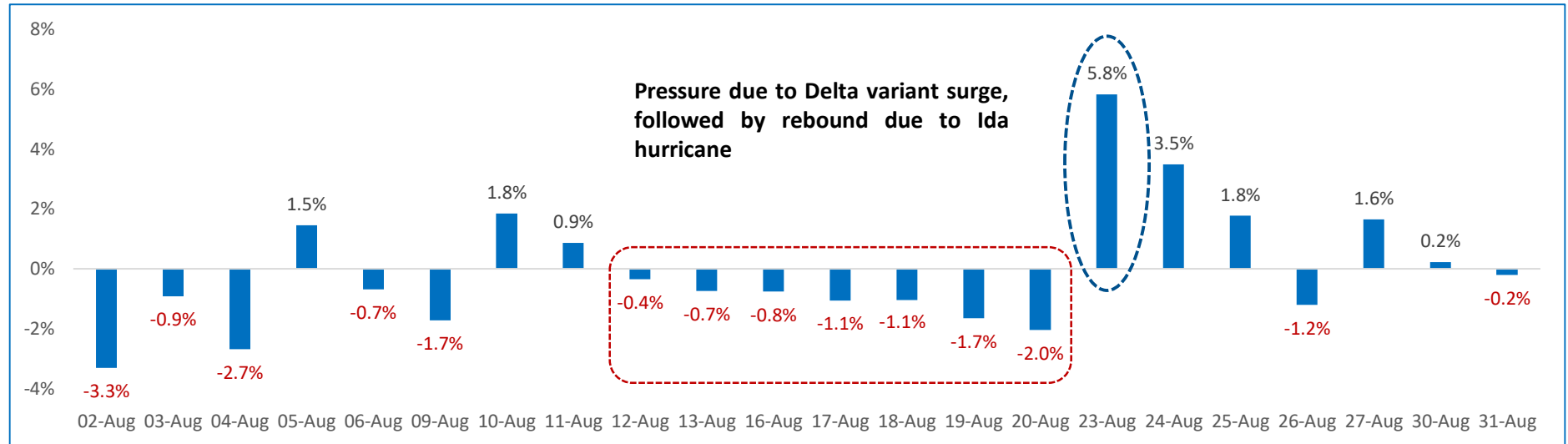
Oil revenues & private sector growth to speed up GCC economic recovery in 2022

- With vaccines rolling-out around the world, global trade and businesses revive the demand for oil and consequently the oil prices. As of August'21, price of IPE Brent is up nearly 41% year to date. OPEC+ cut its production until mid-2022, assuming a status-quo in their stance, this is set to support the global oil prices and give a boost to the GCC economy. According to Institute of International Finance (IIF), the hydrocarbon real GDP growth rate in 2022 is expected to touch 5% with hydrocarbon revenue within the GCC region increasing from \$221 bn to \$326 bn in 2021.
- A quick and efficient vaccination rollout, coupled with a low interest rate environment and government reforms are set to foster the private sector in the GCC countries especially the small and medium enterprises. The central banks within the GCC countries are expected to maintain their policy rate until late 2022, as they track US rates in order to peg against the US dollar, which will subsequently enhance the private sector financing.
- Governments within the GCC region have improved the legal and regulatory framework governing the private sector with emphasis on foreign direct investments. Kingdom of Saudi Arabia also issued record number of foreign investor licenses in Q1 of 2021, marking a 36.2% annual increase. These licenses were spread across industries from manufacturing to retail and e-commerce.
- Despite positive outlook for the oil prices and private sector growth, the risk of slow vaccination rollout, delta variant and new restrictions by the states in response to it, looms large on the GCC recovery. Also, the banking sector faces profitability challenges in a low interest rate environment which might hinder their ability to provide credit to the private sector.



Could Delta variant play spoilsport for Oil prices?

IPE Brent Daily Price Movements in August, 2021



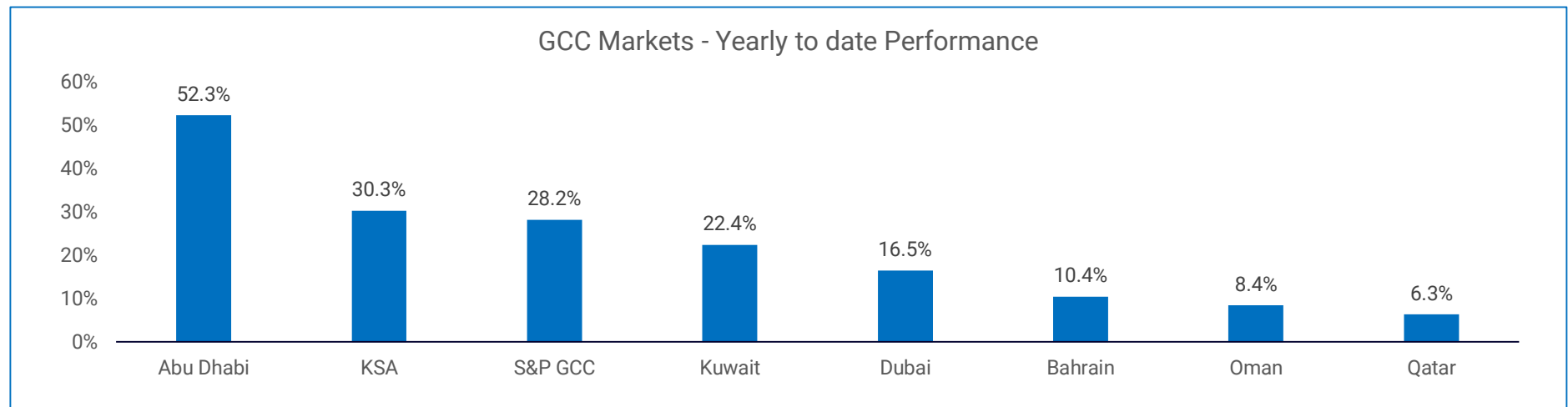
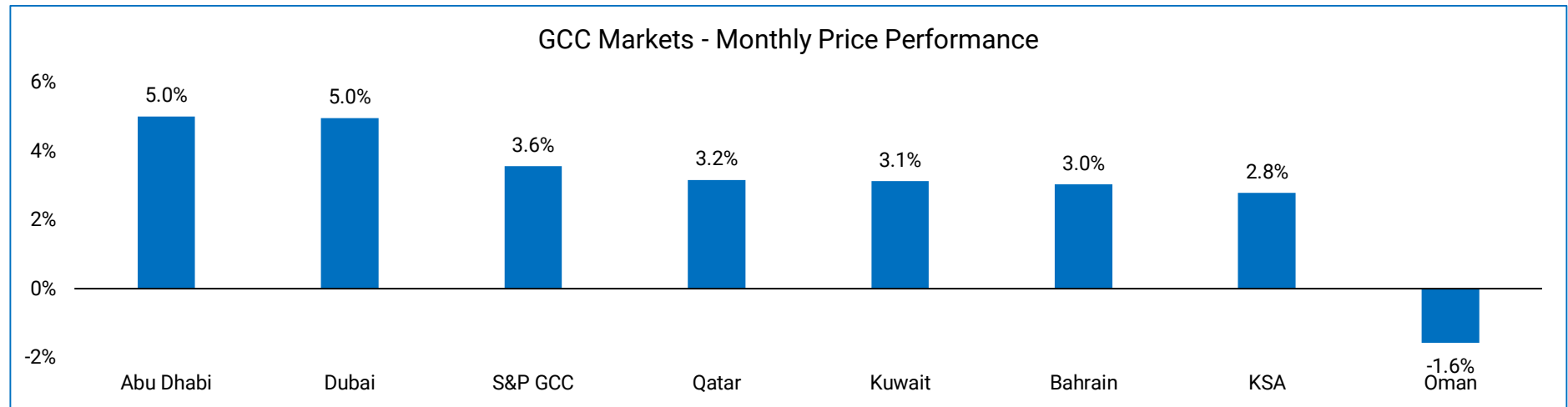
- On 20th August'21 Brent crude fell to \$65.18 bbl, it's lowest since April'21. Primary reason for this 8% weekly drop is attributable to the investor fears over weakened oil demand caused by surge in Delta variant cases around the world.
- The delta variant has caused travel restriction in different parts of the world, which is set to exert downward pressure on the global jet fuel demand. China being one of the largest importer of crude oil has imposed fresh restrictions and regulations including stricter disinfection at ports which is causing congestion and down-time at the ports. This dampens mobility and trade, especially in Asia, which is a key demand center for oil.
- Despite the weak demand outlook for Asia, other parts of the world continue to open-up, with restrictions being eased. U.S. Department of Transportation reported vehicles' miles travelled on highways in the week of 1st August'21 are similar to the metrics of 2019. Hurricane Ida swept the U.S. state of Louisiana, temporarily shutting down the refining operations and oil production in the Gulf of Mexico, and putting a constraint on supply, which resulted in driving up the oil prices. Investors are set to keep a close eye on the next OPEC+ meeting, which is scheduled in September this year.

Earnings Snapshot of Kuwait Banks

Kuwait Banks Earnings Performance – Net Income After Taxes

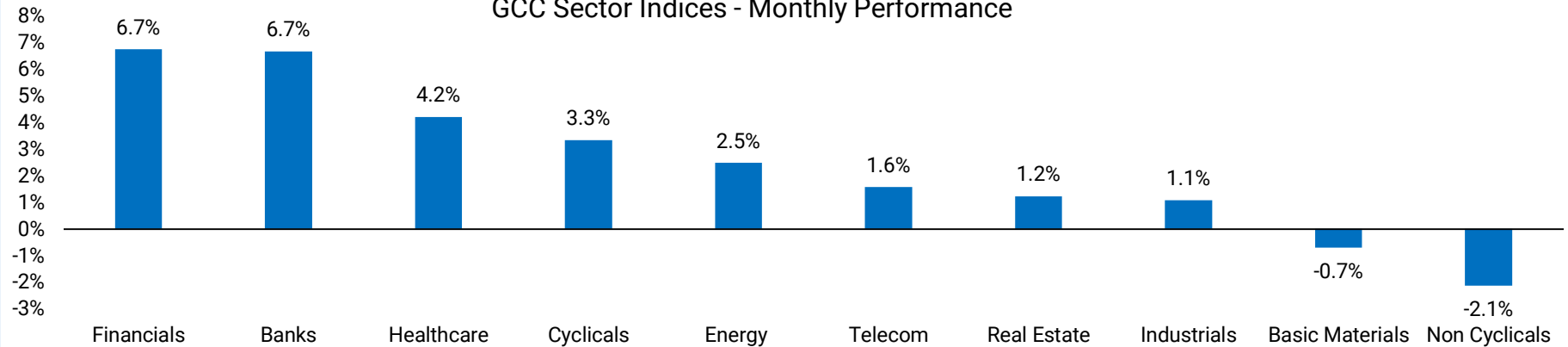
Banks (KD million)	Q2 '21	Q1 '21	QoQ	Q2'21	Q2'20	YoY	Commentary
National Bank of Kuwait	79.8	89.0	-10.3%	79.8	36.4	119.5%	Higher net income from Islamic financing, higher non-interest income and lower charges for expected credit losses, partially offset by higher operating expenses.
Kuwait Finance House	74.7	61.4	21.7%	74.7	13.7	444.1%	Decrease in provisions and impairment charged due to higher expected credit losses and impairment recorded in previous periods.
Commercial Bank of Kuwait	19.1	0.1	nm	19.1	0.3	nm	Decrease in impairment and other provisions, G&A expenses, and increase in fees and commissions, net gain in dealing with foreign currency, partially offset by decrease in dividend income.
Burgan Bank	19.0	6.2	208.7%	19.0	6.3	202.2%	Net operating income increased by 10% with a 4% rise in operating revenue.
Boubyan Bank	8.8	12.4	-29.0%	8.8	7.3	20.5%	Net financing income increased but was set off by increase in operating expenses and provision of impairment.
Al Ahli Bank of Kuwait	8.0	7.2	12.1%	8.0	-10.6	nm	Net Operating income increased by 10.5% along with operating revenue and decrease in provision charges.
Ahli United Bank	6.9	11.1	-37.9%	6.9	2.4	191.5%	Decrease of 4.6% in total operating revenue and net operating profit decreased by 1.6%, although business witnessed growth.
Gulf Bank	4.6	12.0	-62.0%	4.6	3.2	43.5%	Operating revenue rose by 7.8% coupled with lower provisions and impairment losses, offset by an increase in operating expenses.
Warba Bank	3.3	2.8	17.7%	3.3	-17.0	nm	Increase in net investment income and foreign exchange gain and decrease in provision for impairment and credit losses.
Kuwait International Bank	1.3	1.1	13.9%	1.3	-2.6	nm	Increase in operating income partially set off by an increase in provisions.
Total	225.4	203.1	11.0%	225.4	39.4	472.5%	

GCC Equity Market performance, August 2021

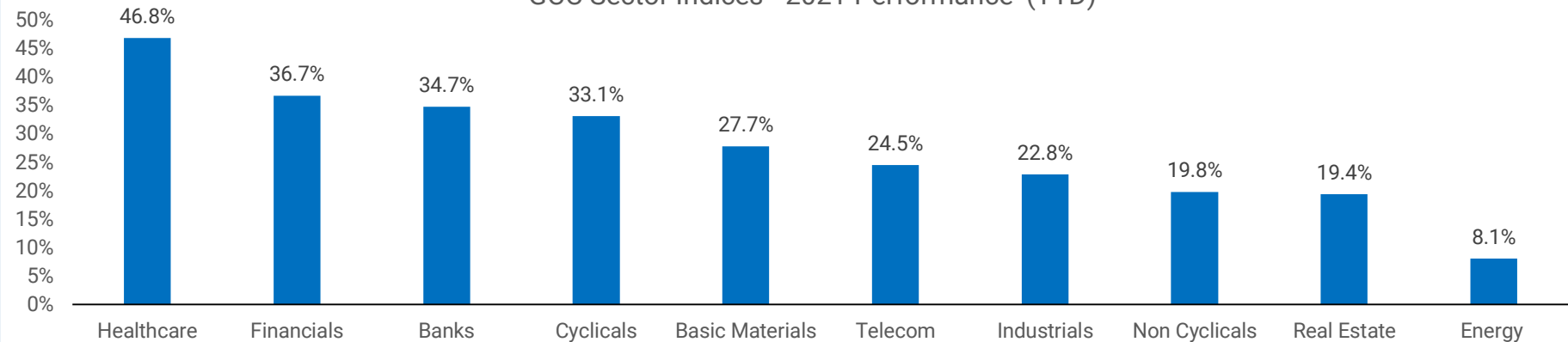


GCC Sectoral performance, August 2021

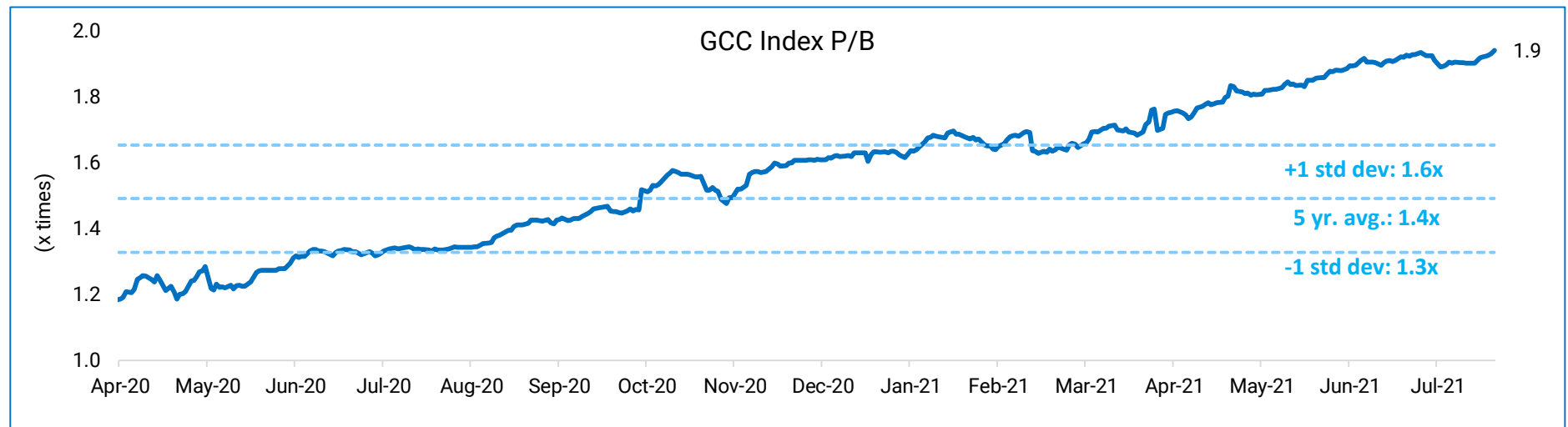
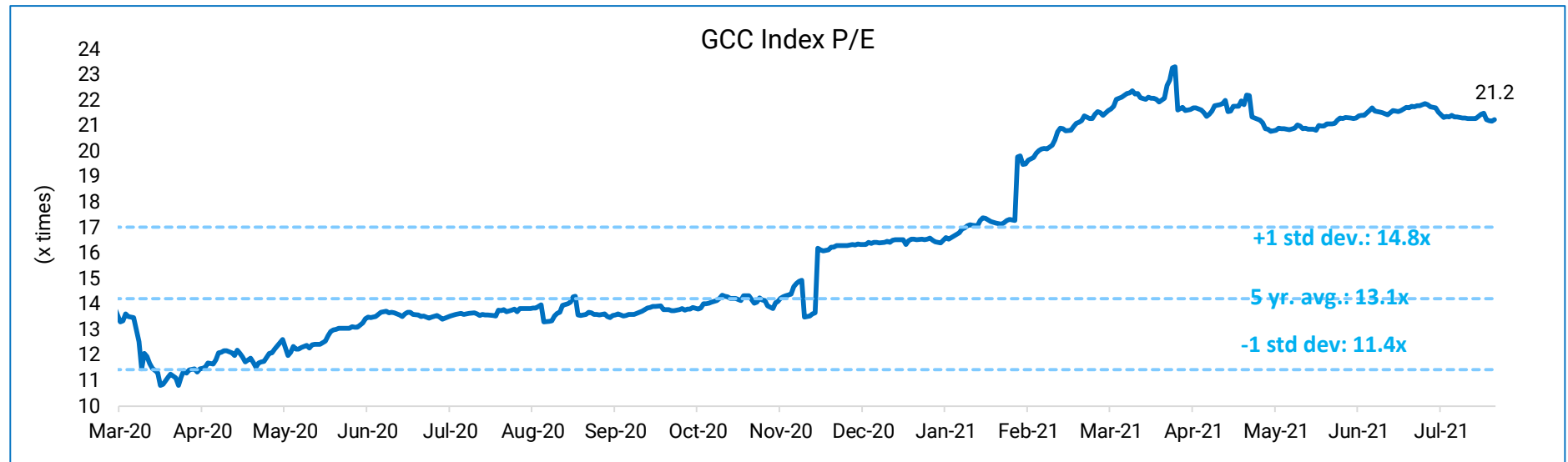
GCC Sector Indices - Monthly Performance



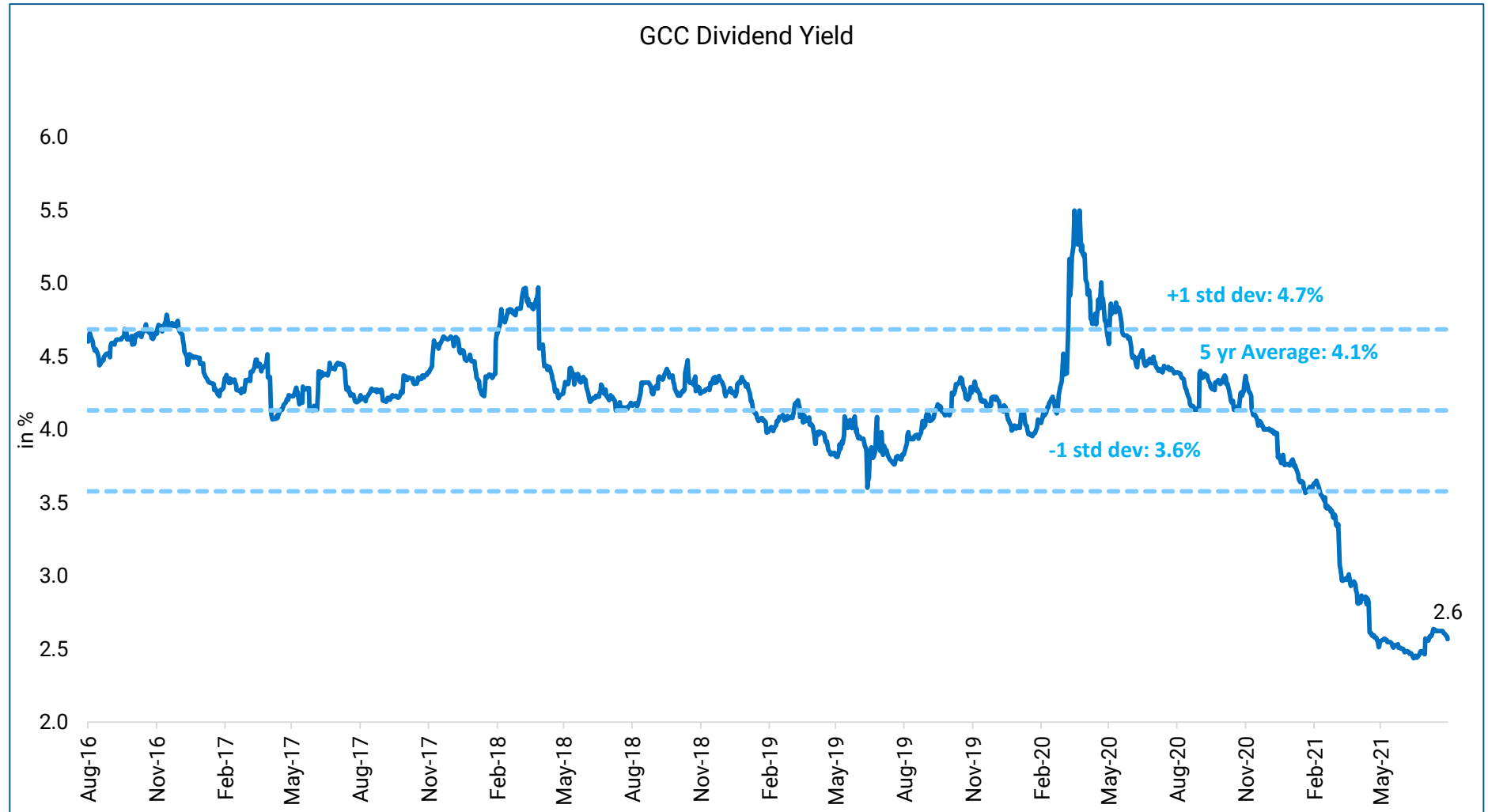
GCC Sector Indices - 2021 Performance (YTD)



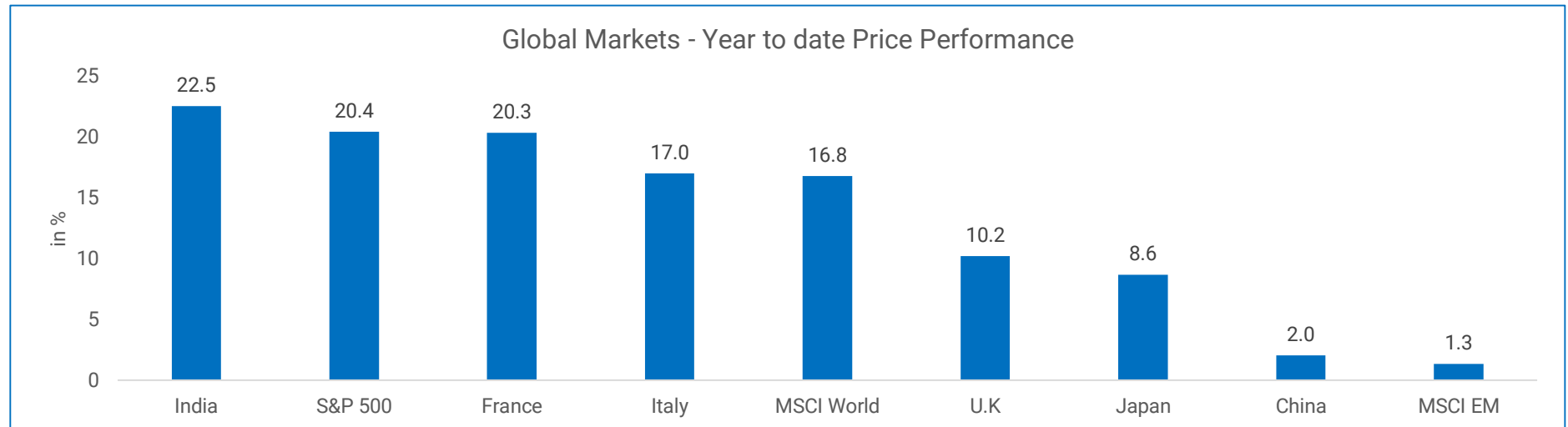
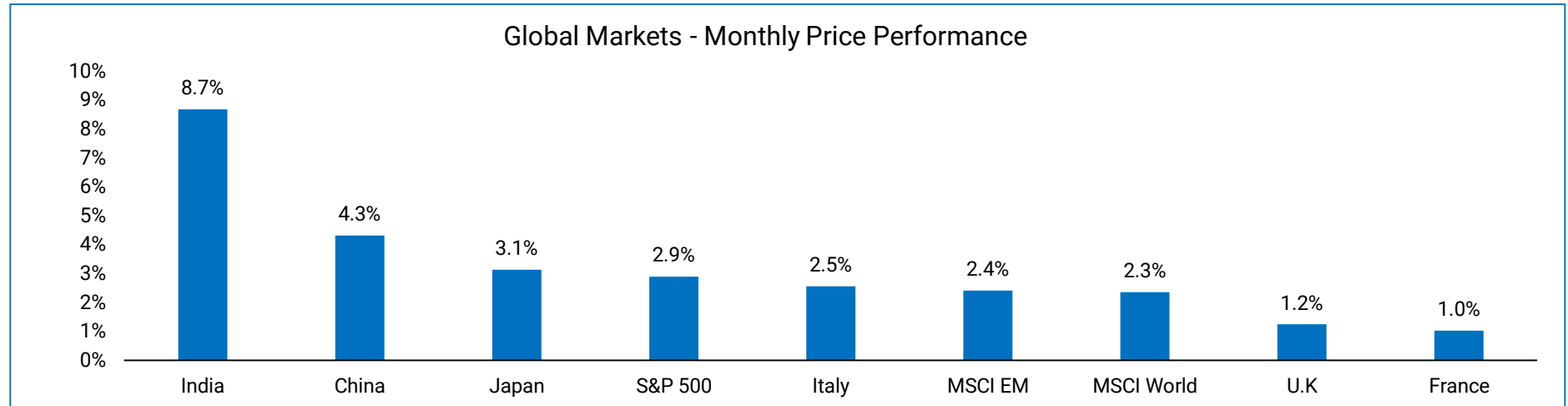
GCC Equity Market valuation



GCC Equity Market valuation



Global Equity Market performance, August 2021



Monthly Returns and Value of USD 1 Invested

Global Equities (MSCI World)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Yearly Returns	\$1 invested in 2015
2015	-1.9%	5.7%	-1.8%	2.2%	0.1%	-2.5%	1.7%	-6.8%	-3.9%	7.8%	-0.7%	-1.9%	-2.7%	0.97
2016	-6.1%	-1.0%	6.5%	1.4%	0.2%	-1.3%	4.1%	-0.1%	0.4%	-2.0%	1.3%	2.3%	5.3%	1.02
2017	2.4%	2.6%	0.8%	1.3%	1.8%	0.2%	2.3%	-0.1%	2.1%	1.8%	2.0%	1.3%	20.1%	1.23
2018	5.2%	-4.3%	-2.4%	1.0%	0.3%	-0.2%	3.1%	1.0%	0.4%	-7.4%	1.0%	-7.7%	-10.4%	1.10
2019	7.7%	2.8%	1.0%	3.4%	-6.1%	6.5%	0.4%	-2.2%	1.9%	2.5%	2.6%	2.9%	25.2%	1.38
2020	-0.7%	-8.6%	-13.5%	10.8%	4.6%	2.5%	4.7%	6.5%	-3.6%	-3.1%	12.7%	4.1%	14.1%	1.57
2021	-1.1%	2.5%	3.1%	4.5%	1.3%	1.4%	1.7%	2.3%					16.8%	1.84

U.S. (S&P 500)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Yearly Returns	\$1 invested in 2015
2015	-3.1%	5.5%	-1.7%	0.9%	1.0%	-2.1%	2.0%	-6.3%	-2.6%	8.3%	0.1%	-1.8%	-0.7%	0.99
2016	-5.1%	-0.4%	6.6%	0.3%	1.5%	0.1%	3.6%	-0.1%	-0.1%	-1.9%	3.4%	1.8%	9.5%	1.09
2017	1.8%	3.7%	0.0%	0.9%	1.2%	0.5%	1.9%	0.1%	1.9%	2.2%	2.8%	1.0%	19.4%	1.30
2018	5.6%	-3.9%	-2.7%	0.3%	2.2%	0.5%	3.6%	3.0%	0.4%	-6.9%	1.8%	-9.2%	-6.2%	1.22
2019	7.9%	3.0%	1.8%	3.9%	-6.6%	6.9%	1.3%	-1.8%	1.7%	2.0%	3.4%	2.9%	28.9%	1.57
2020	-0.2%	-8.4%	-12.5%	12.7%	4.5%	1.8%	5.5%	7.0%	-3.9%	-2.8%	10.8%	3.7%	16.3%	1.82
2021	-1.1%	2.6%	4.2%	5.2%	0.5%	2.2%	2.3%	2.9%					20.4%	2.20

Monthly Returns and Value of USD 1 Invested

U.K (FTSE)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Yearly Returns	\$1 invested in 2015
2015	2.8%	2.9%	-2.5%	2.8%	0.3%	-6.6%	2.7%	-6.7%	-3.0%	4.9%	-0.1%	-1.8%	-4.9%	0.95
2016	-2.5%	0.2%	1.3%	1.1%	-0.2%	4.4%	3.4%	0.8%	1.7%	0.8%	-2.5%	5.3%	14.4%	1.09
2017	-0.6%	2.3%	0.8%	-1.6%	4.4%	-2.8%	0.8%	0.8%	-0.8%	1.6%	-2.2%	4.9%	7.6%	1.17
2018	-2.0%	-4.0%	-2.4%	6.4%	2.2%	-0.5%	1.5%	-4.1%	1.0%	-5.1%	-2.1%	-3.6%	-12.5%	1.02
2019	3.6%	1.5%	2.9%	1.9%	-3.5%	3.7%	2.2%	-5.0%	2.8%	-2.2%	1.4%	2.7%	12.1%	1.15
2020	-3.4%	-9.7%	-13.8%	4.0%	3.0%	1.5%	-4.4%	1.1%	-1.6%	-4.9%	12.4%	3.1%	-14.3%	0.98
2021	-0.8%	1.2%	3.6%	3.8%	0.8%	0.2%	-0.1%	1.2%					10.2%	1.08

Emerging Markets Equities (MSCI EM)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Yearly Returns	\$1 invested in 2015
2015	0.6%	3.0%	-1.6%	7.5%	-4.2%	-3.2%	-7.3%	-9.2%	-3.3%	7.0%	-4.0%	-2.5%	-17.0%	0.83
2016	-6.5%	-0.3%	13.0%	0.4%	-3.9%	3.3%	4.7%	2.3%	1.1%	0.2%	-4.7%	-0.1%	8.6%	0.90
2017	5.4%	3.0%	2.3%	2.0%	2.8%	0.5%	5.5%	2.0%	-0.5%	3.5%	0.2%	3.4%	34.3%	1.21
2018	8.3%	-4.7%	-2.0%	-0.6%	-3.8%	-4.6%	1.7%	-2.9%	-0.8%	-8.8%	4.1%	-2.9%	-16.6%	1.01
2019	8.7%	0.1%	0.7%	2.0%	-7.5%	5.7%	-1.7%	-5.1%	1.7%	4.1%	-0.2%	7.2%	15.4%	1.17
2020	-4.7%	-5.3%	-15.6%	9.0%	0.6%	7.0%	8.4%	2.1%	-1.8%	2.0%	9.2%	7.2%	15.8%	1.35
2021	3.0%	0.7%	-1.7%	2.4%	2.1%	-0.1%	-7.0%	2.4%					1.3%	1.37

Monthly Returns and Value of USD 1 Invested

Saudi Arabia

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Yearly Returns	\$1 invested in 2015
2015	6.5%	4.9%	-5.7%	12.0%	-1.5%	-6.2%	0.1%	-17.3%	-1.6%	-3.8%	1.6%	-4.5%	-17.1%	0.83
2016	-13.2%	1.6%	2.1%	9.4%	-5.3%	0.8%	-3.0%	-3.5%	-7.5%	6.9%	16.4%	3.0%	4.3%	0.87
2017	-1.5%	-1.8%	0.4%	0.2%	-2.0%	8.1%	-4.5%	2.3%	0.3%	-4.8%	1.0%	3.2%	0.2%	0.87
2018	5.9%	-3.0%	6.1%	4.3%	-0.6%	1.9%	-0.2%	-4.2%	0.6%	-1.2%	-2.6%	1.6%	8.3%	0.94
2019	9.4%	-0.8%	3.8%	5.5%	-8.5%	3.6%	-1.0%	-8.2%	0.9%	-4.3%	1.5%	6.7%	7.2%	1.01
2020	-1.7%	-7.5%	-14.7%	9.3%	1.4%	0.2%	3.3%	6.5%	4.5%	-4.7%	10.6%	-0.7%	3.6%	1.04
2021	0.1%	5.1%	8.3%	5.2%	1.3%	4.1%	0.3%	2.8%					30.3%	1.36

Kuwait (All Share Index)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Yearly Returns	\$1 invested in 2015
2015	0.6%	0.4%	-4.8%	1.5%	-1.3%	-1.4%	0.8%	-6.9%	-1.6%	0.9%	0.5%	-3.2%	-14.1%	0.86
2016	-8.9%	1.8%	0.4%	3.1%	0.2%	-0.7%	1.6%	-0.6%	-0.4%	0.0%	2.8%	3.5%	2.4%	0.88
2017	18.9%	-0.7%	3.6%	-2.7%	-0.8%	-0.3%	1.3%	0.6%	-3.1%	-2.5%	-4.9%	3.4%	11.5%	0.98
2018	4.4%	1.3%	-2.1%	-4.0%	-1.3%	3.3%	5.7%	-0.7%	-0.1%	-1.7%	1.3%	-0.6%	5.2%	1.03
2019	2.5%	0.5%	7.4%	0.2%	1.8%	1.8%	4.9%	-2.9%	-4.4%	0.7%	3.7%	6.0%	23.7%	1.28
2020	0.7%	-4.0%	-20.6%	3.2%	0.4%	2.7%	-3.2%	6.6%	2.9%	0.0%	0.3%	1.6%	-11.7%	1.13
2021	4.2%	-2.3%	2.2%	5.8%	1.6%	2.8%	3.0%	3.1%					22.4%	1.38

Monthly Returns and Value of USD 1 Invested

Abu Dhabi

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Yearly Returns	\$1 invested in 2015
2015	-1.6%	5.1%	-4.7%	4.0%	-2.6%	4.3%	2.3%	-7.0%	0.2%	-4.0%	-2.0%	1.7%	-4.9%	0.95
2016	-5.9%	7.3%	0.9%	3.5%	-6.5%	5.8%	1.7%	-2.3%	0.1%	-3.9%	0.2%	5.5%	5.6%	1.00
2017	0.1%	0.1%	-2.4%	1.8%	-2.1%	0.0%	3.2%	-2.1%	-1.6%	1.9%	-4.4%	2.7%	-3.3%	0.97
2018	4.6%	-0.1%	-0.3%	1.8%	-1.4%	-1.0%	6.6%	2.6%	-1.0%	-0.7%	-2.7%	3.0%	11.7%	1.09
2019	2.6%	1.8%	-1.2%	3.6%	-4.8%	-0.5%	6.8%	-2.9%	-2.1%	1.0%	-1.5%	0.9%	3.3%	1.12
2020	1.6%	-4.9%	-23.8%	13.3%	-2.1%	3.5%	0.4%	5.0%	0.0%	3.1%	6.5%	1.6%	-0.6%	1.11
2021	10.9%	1.3%	4.4%	2.3%	8.5%	4.2%	7.1%	5.0%					52.3%	1.7

Dubai

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Yearly Returns	\$1 invested in 2015
2015	-2.6%	5.2%	-9.1%	20.3%	-7.2%	4.2%	1.4%	-11.6%	-1.9%	-2.5%	-8.5%	-1.7%	-16.5%	0.83
2016	-4.9%	8.1%	3.6%	4.1%	-5.1%	-0.1%	5.2%	0.6%	-0.9%	-4.1%	0.9%	5.1%	12.1%	0.94
2017	3.2%	-0.3%	-4.1%	-1.9%	-2.2%	1.6%	7.1%	0.1%	-2.0%	2.0%	-5.9%	-1.5%	-4.6%	0.89
2018	0.7%	-4.4%	-4.2%	-1.4%	-3.3%	-4.8%	4.8%	-3.9%	-0.2%	-1.8%	-4.2%	-5.2%	-24.9%	0.67
2019	1.5%	2.7%	0.0%	5.0%	-5.3%	1.5%	9.8%	-5.5%	0.8%	-1.2%	-2.5%	3.2%	9.3%	0.73
2020	0.9%	-7.2%	-31.6%	14.4%	-4.0%	6.2%	-0.7%	9.5%	1.3%	-3.8%	10.6%	3.0%	-9.9%	0.66
2021	6.5%	-3.9%	-0.1%	2.2%	7.4%	0.5%	-1.6%	5.0%					16.5%	0.77

Monthly Returns and Value of USD 1 Invested

Qatar

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Yearly Returns	\$1 invested in 2015
2015	-3.1%	4.6%	-5.9%	3.9%	-1.0%	1.3%	-3.4%	-1.9%	-0.9%	1.2%	-13.0%	3.4%	-15.1%	0.85
2016	-9.1%	4.3%	4.9%	-1.8%	-6.4%	3.6%	7.3%	3.6%	-5.0%	-2.5%	-3.7%	6.6%	0.1%	0.85
2017	1.5%	1.0%	-2.9%	-3.1%	-1.6%	-8.8%	4.2%	-6.4%	-5.5%	-1.8%	-5.5%	10.5%	-18.3%	0.69
2018	8.0%	-6.0%	-0.9%	6.3%	-2.5%	1.6%	8.9%	0.6%	-0.7%	5.0%	0.6%	-0.6%	20.8%	0.84
2019	4.1%	-5.7%	0.0%	2.7%	-1.0%	1.8%	0.5%	-2.6%	1.3%	-1.7%	-0.4%	2.7%	1.2%	0.85
2020	0.2%	-9.1%	-13.5%	6.8%	0.9%	1.7%	4.1%	5.1%	1.5%	-3.0%	5.9%	1.7%	0.1%	0.85
2021	0.4%	-3.1%	2.5%	4.9%	-1.5%	-0.2%	0.2%	3.2%					6.3%	0.9

Oman

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Yearly Returns	\$1 invested in 2015
2015	3.4%	0.0%	-4.9%	1.4%	1.0%	0.6%	2.1%	-10.5%	-1.4%	2.4%	-6.4%	-2.6%	-14.8%	0.85
2016	-4.2%	4.2%	1.3%	8.7%	-2.2%	-0.6%	1.2%	-1.9%	-0.2%	-4.3%	0.1%	5.4%	7.0%	0.91
2017	-0.1%	0.1%	-4.0%	-0.7%	-1.7%	-5.6%	-1.8%	0.6%	1.7%	-2.5%	2.0%	-0.2%	-11.8%	0.80
2018	-1.9%	0.1%	-4.6%	-0.9%	-2.6%	-0.8%	-5.1%	1.9%	2.8%	-2.7%	-0.2%	-2.0%	-15.2%	0.68
2019	-3.6%	-0.5%	-3.9%	-1.0%	-0.3%	-1.3%	-3.2%	6.5%	0.3%	-0.4%	1.6%	-2.0%	-7.9%	0.63
2020	2.5%	1.3%	-16.5%	2.6%	0.1%	-0.8%	1.5%	5.7%	-4.2%	-1.6%	2.4%	0.4%	-8.1%	0.58
2021	-0.2%	-1.1%	2.7%	1.4%	2.4%	5.5%	-0.8%	-1.6%					8.4%	0.63

Monthly Returns and Value of USD 1 Invested

Bahrain

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Yearly Returns	\$1 invested in 2015
2015	-0.2%	3.5%	-1.7%	-4.1%	-1.9%	0.3%	-2.6%	-2.4%	-1.8%	-2.0%	-1.4%	-1.4%	-14.8%	0.85
2016	-2.4%	-0.7%	-4.0%	-1.8%	0.1%	0.6%	3.3%	-1.2%	0.7%	-0.1%	2.2%	3.9%	0.4%	0.86
2017	6.8%	3.5%	0.5%	-1.5%	-1.2%	-0.7%	1.4%	-1.9%	-1.5%	-0.5%	0.5%	3.7%	9.1%	0.93
2018	1.4%	1.4%	-3.8%	-4.6%	0.6%	3.6%	3.6%	-1.5%	0.0%	-1.8%	1.1%	0.6%	0.4%	0.94
2019	4.0%	1.5%	0.0%	1.5%	0.0%	2.6%	5.2%	-0.9%	-1.1%	0.4%	0.2%	5.5%	20.4%	1.13
2020	2.9%	0.2%	-18.7%	-3.0%	-3.1%	0.6%	1.0%	7.0%	3.9%	-0.5%	3.5%	0.8%	-7.5%	1.04
2021	-1.8%	0.3%	-0.6%	1.8%	2.9%	4.0%	0.6%	3.0%					10.4%	1.15

RESEARCH REPOSITORY





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