

# Equity Markets

## *Summary 2020 & Outlook*

# Table of Contents

Section	Page
1. Global Equity Markets Overview	2
2. GCC Equity Markets Overview	4
3. Kuwait Market Overview	7

Section 1

# Global Equity Markets Overview

# Global Equity Market – Summary 2020 & Outlook

Global Equity Markets	Index Closing*	Net Change (Points)		M-o-M (%)	YTD (%)	Market Cap (USD Billion)	52 Week High	52 Week Low	P/Ex
		M-o-M	YTD						
Dow Jones Ind Avg Index	30,606.48	967.84	2,068.04	▲ 3.27	▲ 7.25	9,790.85	30,637.47	18,213.65	23.81
S&P 500 Index	3,756.07	134.44	525.29	▲ 3.71	▲ 16.26	33,659.00	3,760.20	2,191.86	29.62
FTSE 100	6,460.52	194.33	(1,081.92)	▲ 3.10	▼ -14.34	1,863.93	7,689.67	4,898.79	17.04
STOXX Europe 600	399.03	9.67	(16.81)	▲ 2.48	▼ -4.04	10,968.46	433.90	268.57	21.82
German Dax Index	13,718.78	427.62	469.77	▲ 3.22	▲ 3.55	1,249.73	13,903.11	8,255.65	24.65
Hang Seng Index	27,231.13	889.64	(958.62)	▲ 3.38	▼ -3.40	26,638.30	29,174.92	21,139.26	14.86
S&P GCC Composite Index	114.07	0.80	(2.00)	▲ 0.70	▼ -1.72	893.63	117.89	82.47	14.75

Source: Thomson Reuters; Month-On-Month (M-o-M); Year To Date (YTD)

\*As of: 31-Dec-20

- Outlook:** Key tailwinds for the global equities include I) Near zero interest rates with the central banks likely to continue with the dovish sentiments; II) Expected economic recovery going into 2021. With the US elections results declared; it should bring stability in terms of foreign policy; while the BREXIT deal finalized also should ease uncertainty. However; the rally in the 2H2020 has resulted in the valuations to be stretched for equities.
- The global GDP growth forecasts for 2020 is estimated to be a contraction of 4.0% as per Fitch Solutions; while the 2021 forecasts are stronger with a recovery of 5.5% which is as an upward revision from previous forecasts of 5.1-5.2% . Key growth drivers being the earlier than expected vaccine approvals and expected more vaccine approvals in the near term (probably late Q42020 or early Q12021) followed by aggressive distribution of the vaccine.

Section 2

# GCC Equity Market Overview

# GCC Equity Market – Summary 2020 & Outlook

GCC Equity Markets	Index Closing*	M-o-M (%)	YTD (%)	Mcap (USD Billion)	52 Week High	52 Week Low	Valuations*			
							PEx	PBx	ROE	Div Yld
Kuwait - Premier Market Index	6,051.07	▲ 0.71	▼ -13.26	78.88	7,172.32	4,498.65	20.18	1.68	8.35%	3.49%
Kuwait - Main Market Index	4,552.43	▲ 4.10	▼ -7.30	28.87	4,932.47	3,965.63				
Kuwait - All Share Index	5,546.04	▲ 1.59	▼ -11.72	107.75	6,416.43	4,339.58	20.93	1.46	6.99%	3.59%
Saudi Arabia	8,689.53	▼ -0.66	▲ 3.58	2,433.57	8,765.80	5,959.69	29.82	5.06	16.97%	3.82%
Abu Dhabi	5,045.32	▲ 1.62	▼ -0.60	198.14	5,256.06	3,304.36	15.20	1.57	10.32%	4.56%
Dubai	2,491.97	▲ 2.99	▼ -9.87	72.35	2,879.38	1,663.70	10.43	1.24	11.84%	4.04%
Qatar	10,435.96	▲ 1.69	▲ 0.10	149.88	10,727.99	7,997.05	16.98	1.51	8.89%	3.72%
Bahrain	1,489.78	▲ 0.83	▼ -7.48	20.77	1,669.64	1,226.91	-	-	-	-
Oman	3,658.77	▲ 0.42	▼ -8.10	11.36	4,200.65	3,367.32	8.73	0.67	7.63%	7.71%
<b>Total GCC</b>				<b>2,993.82</b>			<b>25.55</b>	<b>3.51</b>	<b>13.73%</b>	<b>3.87%</b>

Source: Thomson Reuters; \*Valuations are based on TTM Earnings and Most recent Shareholders Equity

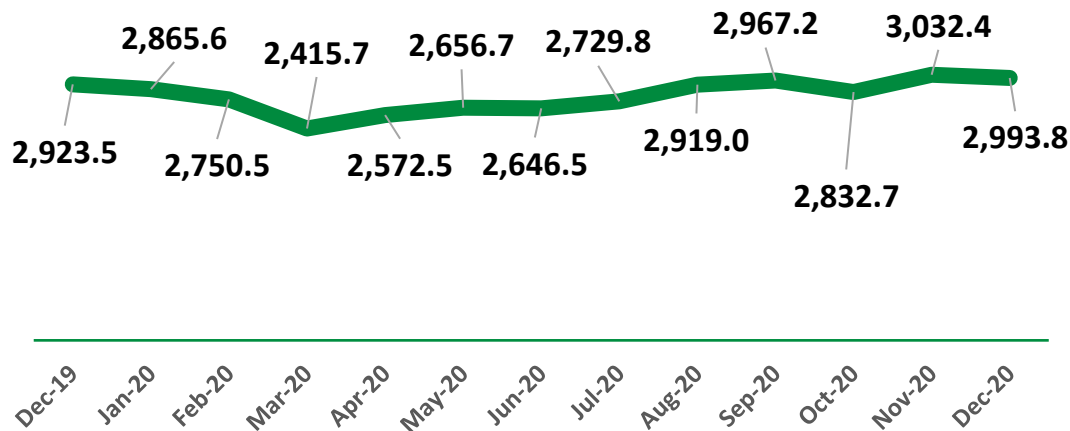
\* As of 31-Dec-20

- **Outlook:** Key tailwinds for the GCC equities include; expected economic recovery going into 2021; ascending crude oil prices on the back of increased demand. Key headwinds include Political risks at the regional level and pressure on government spending as previous year budgets are expected to report in deficits due to impact on revenues given the decline in oil prices for 2020.
- As per Fitch Solutions the MENA region is expected to record 3.7% growth in 2021 while it is estimated to record a 4.4% contraction in 2020. The 2021 forecast for Saudi Arabia is a growth of 3.1%; while the UAE is expected to grow at 3%

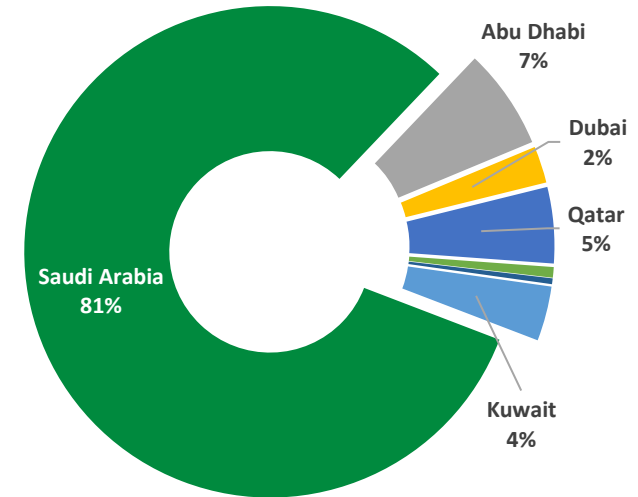
# GCC Equity Market – Summary 2020 & Outlook

## GCC Market Capitalization (USD Billion) \*

\* Source: Thomson Reuters;



## Market Capitalization – Contribution by Country



- Crude Oil Outlook:** Crude Oil a key lead indicator for the regional equities' performance; was muted with average price for the Brent Crude for 2020 at USD 43.19 per barrel while the NYMEX was at USD 39.42 per barrel during the same period. Compared to previous year average prices were down by 32.68% and 30.88% respectively. *The consensus outlook for 2021 is positive with Fitch solutions estimating the average price for 2021 to be at USD 53 per barrel which is a double-digit potential upside compared to 2020. The key growth driver being potential upside in demand given the rise in economic activity.*

Section 3

# Kuwait Market Overview



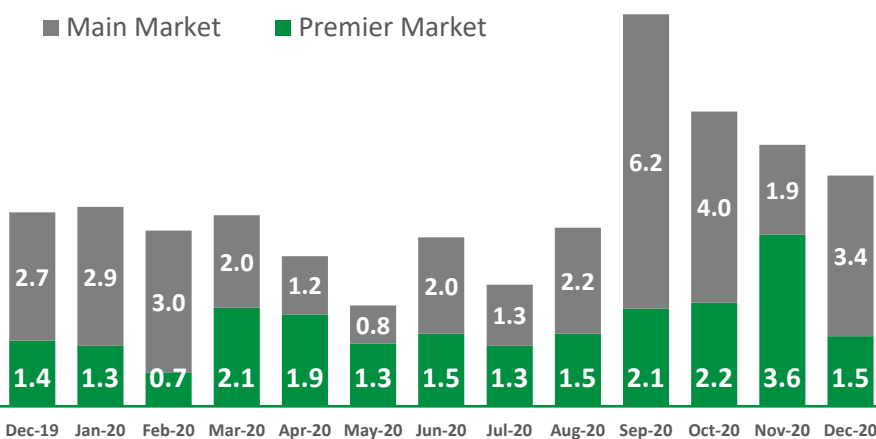
# Kuwait Market Overview – 2020

Volume (Million Shares)	Jan-20	Feb-20	Mar-20	Apr-20	May-20	Jun-20	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20	2020	2019	Change (%)	YTD Daily Average
Premier Market	1,278.47	716.41	2,083.81	1,942.41	1,324.54	1,533.12	1,276.79	1,533.03	2,059.44	2,190.09	3,632.79	1,480.44	21,051.34	15,242.75	38.11%	86.99
Main Market	2,937.58	2,996.14	1,951.35	1,231.73	808.78	2,034.31	1,295.96	2,239.49	6,225.72	4,034.62	1,888.54	3,397.00	31,041.23	23,770.52	30.59%	128.27
All Share	4,216.05	3,712.55	4,035.16	3,174.14	2,133.31	3,567.43	2,572.75	3,772.52	8,285.16	6,224.71	5,521.34	4,877.45	52,092.56	39,013.27	33.53%	215.26

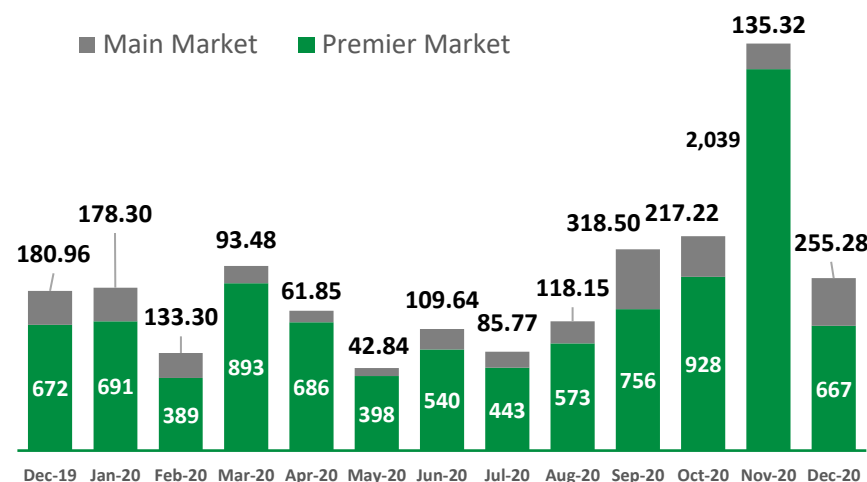
Value (KWD Million)	Jan-20	Feb-20	Mar-20	Apr-20	May-20	Jun-20	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20	2020	2019	Change (%)	YTD Daily Average
Premier Market	691.15	388.94	893.33	685.52	398.14	539.77	442.93	572.70	756.17	927.88	2,038.61	666.80	9,001.94	6,402.06	40.61%	37.20
Main Market	178.30	133.30	93.48	61.85	42.84	109.64	85.77	118.15	318.50	217.22	135.32	255.28	1,749.64	1,534.89	13.99%	7.23
All Share	869.45	522.24	986.82	747.37	440.98	649.41	528.70	690.84	1,074.67	1,145.10	2,173.92	922.08	10,751.58	7,936.95	35.46%	44.43

Source: Thomson Reuters

Market Volume ( Billion Shares)



Market Value ( KWD Million)



# Kuwait Premier Market – Valuations

Kuwait Premier Market Snapshot				
Company Name	Current Valuation*			
	PE <sub>x</sub>	PB <sub>x</sub>	ROE	Div Yld
Boubyan Petrochemical Company KSCP	25.41	1.30	5.13%	7.49%
Mobile Telecommunications Company KSCP	13.54	2.12	15.65%	4.97%
Human Soft Holding Company KSCP	13.78	5.26	38.17%	4.84%
Integrated Holding Co KSCC	NEG	1.25	0.00%	10.98%
Qurain Petrochemical Industries Company KSCP	8.25	0.88	10.63%	4.09%
Ahli United Bank BSC	10.56	1.49	14.09%	5.32%
Burgan Bank KPSC	11.35	0.64	5.65%	5.38%
National Industries Group Holding KPSC	NEG	0.76	0.00%	6.15%
Mezzan Holding Company KSCP	28.85	1.75	6.05%	2.59%
Gulf Bank KSCP	14.95	1.07	7.15%	4.36%
Kuwait International Bank KSCP	48.30	0.66	1.37%	4.35%
National Bank of Kuwait SAKP	21.73	1.61	7.39%	3.74%
Kuwait Projects Company Holding KSCP	11.63	0.83	7.15%	5.31%
KUWAIT FINANCE HOUSE K.S.C.P	32.42	2.70	8.32%	2.42%
Agility Public Warehousing Co KSCP	25.22	1.25	4.95%	1.60%
Mabane Company KPSC	31.04	1.55	5.01%	1.58%
Boubyan Bank KSCP	42.66	2.86	6.71%	1.12%
Warba Bank KSCP	NEG	1.38	0.00%	0.00%
Shamal Az-Zour Al-Oula Power and Water Company	24.90	4.00	16.06%	0.00%
Boursa Kuwait Securities Company KPSC	9.07	5.99	66.01%	0.00%
<b>Premier Market Valuations</b>	<b>20.17</b>	<b>1.68</b>	<b>8.35%</b>	<b>3.49%</b>

Valuations are on TTM Basis

\*As of 31-Dec-20

Note: Valuation parameters of stocks below the market valuations are highlighted in green

# Kuwait Premier Market – Weekly Candlestick Chart

Weekly [BKP List 1 of 22] .BKP

12/31/2015 - 4/8/2021 (RY)

Cndl, BKP, Trade Price, 12/31/2020, 6,090.69, 6,094.74, 6,042.27, 6,051.07, -6.27, (-0.10%)

- The Kuwait Premier Market Index closed at 6,051.07 during 2020 down 13.26% (925 points) compared to previous year closing of 6,975.96..

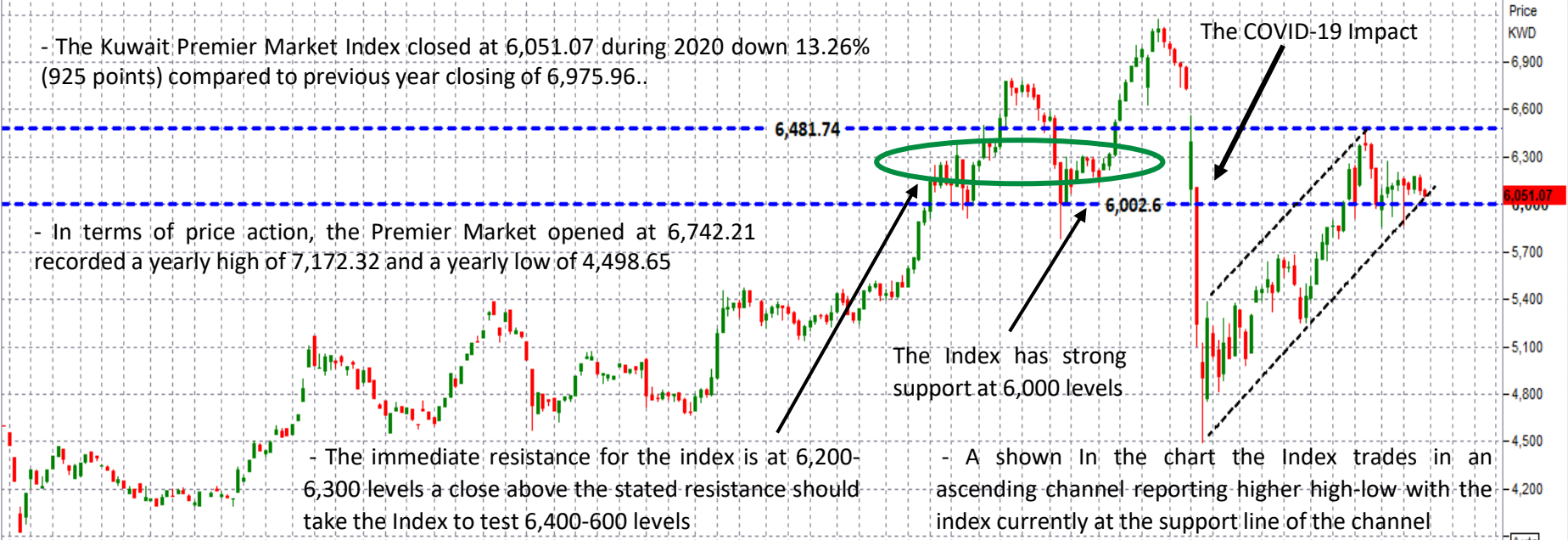
- In terms of price action, the Premier Market opened at 6,742.21 recorded a yearly high of 7,172.32 and a yearly low of 4,498.65

- The immediate resistance for the index is at 6,200-6,300 levels a close above the stated resistance should take the Index to test 6,400-600 levels

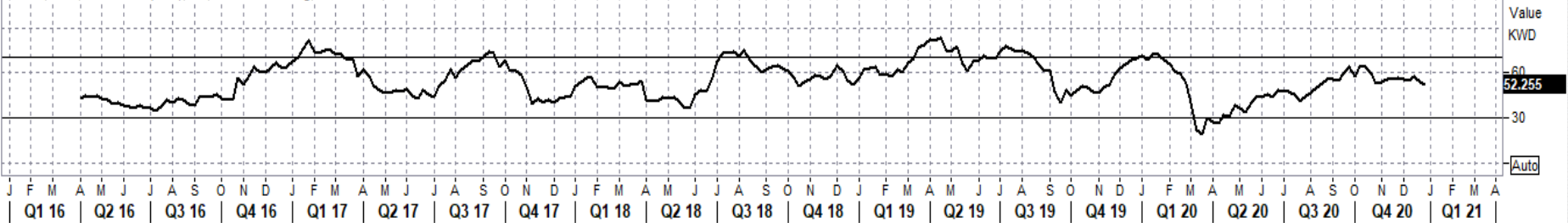
The Index has strong support at 6,000 levels

- A shown in the chart the Index trades in an ascending channel reporting higher high-low with the index currently at the support line of the channel

The COVID-19 Impact



RSI, BKP, Trade Price(Last), 14, Wilder Smoothing, 12/31/2020, 52.255



# Key Contacts

KFH Capital

**Investment Research Department**  
KFH Capital Investment Company

Telephone : +965-22987000

Fax : +965-22491151, 22987003

Email: [ird@kfhcapital.com.kw](mailto:ird@kfhcapital.com.kw)

Company: [www.kfhcapital.com.kw](http://www.kfhcapital.com.kw)

# Important Notice – KFH Capital

**This information is only intended for the client and should not be passed on to any other person.**

This presentation is provided for information purposes only on the express understanding that the information contained herein will be regarded and treated as strictly confidential. It is not to be delivered nor shall its contents be disclosed to anyone other than the entity to which it is being provided and its employees without the prior written consent of KFH Capital Investment Company K.S.C.C. (“**KFH Capital**”).

Moreover, it shall not be reproduced or used, in whole or in part, for any purpose other than for the consideration of the financing or transaction or services described herein, without the prior written consent of KFH Capital. The information contained in this presentation does not purport to be complete and is subject to change. This is a commercial communication. The presentation does not include a personal recommendation and does not constitute an offer, or the solicitation of an offer for the sale or purchase of any financial product, service, investment or security.

Whilst every care has been taken in preparing this document, no member of KFH Capital gives any representation, warranty or undertaking and accepts no responsibility or liability as to the accuracy or completeness, timeliness or correctness of the information set out in this document. All views, opinions and estimates contained in this document may be changed after publication at any time without notice. Past performance is not indicative of future results. For the avoidance of doubt, our duties and responsibilities shall not include tax advisory, legal, regulatory accounting or other specialist or technical advice or services. You are to rely on your own independent appraisal of and investigations into all matters and things contemplated by this presentation. By accepting this presentation, you agree to be bound by the foregoing limitations. Kindly note that this presentation does not represent an offer of funding since any facility to be granted in terms of this presentation would be subject to KFH Capital obtaining the requisite internal and external approvals.

This presentation is not intended for the use of retail clients and must not be acted on or relied on by persons who are retail clients. Any investment or investment activity to which this presentation relates is only available to persons other than retail clients and will be engaged in only with such persons. Persons into whose possession this presentation comes are required by KFH Capital to inform themselves about and to observe any such restrictions.

© KFH Capital K.S.C.C. All rights reserved.