

AI-Shall Report

Kuwait's oil revenues for current fiscal year would score KD 16.5 billion

Foreign investment in banking sector for 5 months stable

Foreigners' Holdings in the Kuwaiti Banking Sector

It is good to have foreign investment in the stock market as we have frequently stated but these investments remain hot money, i.e. the decision to withdraw them takes place in a short time, and most often the decision is made at an inappropriate time for the country where the money is invested says AI-Shall Economic Report prepared by AI-Shall Consulting Co headed by Jassem Al-Saoudun.

Therefore, their follow-up and reading their approach are useful. From the recent experience of foreign investment in the banking sector at Boursa Kuwait since July 3, 2019, we conclude that until Nov 27th 2019 - nearly five months - it was stable investment and its dose has increased and has not been adversely affected until now by the turbulence of the global economy and stock exchanges, not even by the rise and fall periods at Boursa Kuwait.

The foreigners' share in the banking sector on July 3, 2019 was about 7.78%. And by Nov 27th 2019, it amounted to about 8.89%. It also increased its absolute value from about KD 1.402 billion to about KD 1.571 billion.

The rise is bigger in absolute value because the market capital value of the banking sector decreased between July 3 and Nov 27th 2019 by about -2%. This means that some absolute value was lost due to the sector's loss. The relative rise in foreign holdings in the banking sector coincides with moving oil investment. Investors allocate funds for Boursa Kuwait but they are active in transferring investment from one bank to another. In the period from the end of last August to the end of last September foreign holdings rose in six banks and dropped in three banks and did not change in one bank.

The biggest decline affected a small contribution to one of the banks and scored -15.2% and the highest increase scored 47.8% in a medium contribution to another bank. This was reversed in late October versus late

September when foreigners' contribution decreased in 6 banks and the rise affected 4 banks. The same scenario was also repeated during November until Nov 27th 2019 compared with last October.

The decline affected the contribution in 5 banks and the rise affected 4 banks and one bank did not change. Our estimated is that the foreign investment which has increased slightly recently remained active in moving its investments.

We believe that the justifications for the movement are two: the first is according to their evaluation of the evolution of the performance of this bank or that and the second is if the investment objective to achieve a return from rising prices or the necessity to stop its losses if they fall.

We still believe in the necessity for the early reading of the movement and the approach of such investments. This will not be achieved except by publishing their information in all Boursa Kuwait companies on a daily basis. We do not see any impediment that prevents this daily publication.

Oil and Public Finance - November 2019

By the end of November 2019, the 8th month of the current fiscal year 2019/2020 ended and the average price for Kuwaiti oil for November scored US\$ 63.9 per barrel, which is higher by US\$ 8.9 per barrel or 16.1% than the new hypothetical price estimated in the current budget at US\$ 55 per barrel.

The average price for the Kuwaiti oil barrel for the first 8 months of the current fiscal year scored US\$ 64.5, which is lower than the average Kuwaiti oil price for the past fiscal year 2018/2019 by 5.9% that was at US\$ 68.5.

The average price for November is lower by 6.8% than the average price for the past fiscal year and lower by US\$ 16.1 per barrel than the budget's parity price at US\$ 80 per barrel, according to the Ministry of Finance after deducting 10% from total revenues to the future generations' reserve. Kuwait is supposed to have achieved

actual oil revenues in November of about KD 1.3 billion.

Assuming that production and prices would continue at the current levels - an unrealistic assumption - Kuwait's oil revenues for the entire current fiscal year would score nearly KD 16.5 billion, after deducting production cost for the entire year.

This is KD 2.7 billion higher than the estimated for the current budget in the amount of KD 13.9 billion. Adding KD 1.9 billion in non-oil revenues, total budget revenues for the current fiscal year would score KD 18.5 billion. Comparing this figure with the expenditures allocations in the amount of KD 22.5 billion, it would be likely that the public budget would score a deficit by KD 4 billion.

However, eight months are only good enough to be used as an indicator to the hypothetical deficit of the budget. The actual deficit will be a variable subject to the movement of oil prices and production levels during the remaining part of the year, and is affected by the difference between the actual and the estimated expenditures by the end of the current fiscal year.

Comparative Performance of Selected Stock Markets - November 2019

The performance of November was positive for most selected markets during which 10 markets achieved gains and 4 markets were losers. The outcome of the performance in the eleven months of this year was 12 markets as gainers compared with their price levels since the beginning of the year while two markets were losers. The biggest gainer in November was the US market whose index gained 3.72% in one month raising its gains from the beginning of this year to around 20.3% by the end of November and thus has become the third-best performing market since the beginning of the year.

The second-biggest gainer was the Kuwaiti market with gains of around 3.69% in November, shifting from the seventh place at the end of October to the fourth place at the end of November among the largest profitable

markets in their performance since the beginning of the year with about 16.7% gains.

The French market was the third biggest gainer by 3.1% which became the second best performer since the beginning of the year with about 24.8% gain for its index. The biggest loser in November was Dubai Market as its index lost about -2.5%, and its gains decreased from the beginning of the year to about 5.9% by the end of November.

The Chinese market achieved the second biggest losses in November and its index lost -1.9% and its gains since the beginning of the year have fallen from around 17.4% at the end of October to 15.2% by the end of November and occupied the sixth place. As such, it has been outside the top three positions for the first time since the beginning of the year compared to the performance of the sample markets.

Two Gulf stock exchanges are the two remaining losers in November: Abu Dhabi lost -1.5% and Qatar lost -0.4%.

In terms of ranking markets performance since the beginning of the year, the German market took the lead in gains with a rise of about 25.4%, followed by both the French market and then the US market in terms of gains as mentioned. In the Gulf region, Boursa Kuwait remained at the forefront of gains, and is the fourth rank in the sample and the first among the seven markets in the Gulf region, followed by the Bahrain market which ranked the seventh in the sample and the second in the region, then the Dubai and Abu Dhabi markets and the Saudi market in the winning positions within the sample, i.e. the 10th, 11th and the 12th positions respectively. With only two losing markets in the sample since the beginning of the year, both from the Gulf region, Qatar and Oman, it is clear that the performance of the region's markets compared to mature and emerging markets was the weakest in the past part of the year.

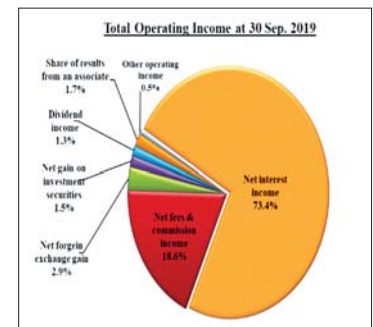
Al-Ahli Bank of Kuwait (ABK) Financial Results - 30 September 2019

Al-Ahli Bank of Kuwait (ABK) announced results of its operations for the nine months of the current year, which showed that the bank's net profits, after tax deductions, scored about KD 15.6 million, decline by KD 11.6 million, or by 42.7%, compared with KD 27.1 million. This decrease in net profits is due to increase in provisions by a higher value as compared to the increase in operational income. Provisions reached KD 60.6 million, a rise by KD 12.2 compared to KD 48.4

million or by 25.1%.

In detail, total operational income increased by KD 2.9 million, or by 2.3%, and scored KD 129.7 million compared with KD 126.8 million. This resulted from a rise in bank's net interest income by KD 5.2 million or by 5.8% scoring KD 95.3 million, compared to KD 90.1 million in the same period of 2018. While item of net gain on investment securities decreased by KD 2.1 million or by 51.3% and scored KD 1.9 million versus KD 4 million in the same period of 2018.

On the other hand, total operational



expenses increased by KD 2.4 million, or by 5%, and scored KD 50.5 million, compared with 48.1 million for the same period of 2018, as a result of a rise in all items of operational expenses, except item of other operating expenses which decreased by KD 91 thousand.

Percentage of total operational expenses to total operational incomes also increased scoring 38.9% versus 37.9%. Total provisions increased by KD 12.2 million, or by 25.1%, as mentioned. As a result, net profit margin dropped to 8.4% compared with 16.8% for the same period of 2018.

Total bank's assets scored KD 4.824 billion, an increase by KD 276 million or by 6.1%, compared with KD 4.548 billion in the end of 2018. It increased by KD 197.8 million or 4.3%, if compared with the total assets in the same period of 2018, when they scored KD 4.627 billion.

Item of loans and advances, the largest contributor of the bank's assets, increased by about KD 171.4 million, or by 5.7%, and scored KD 3.197 billion (66.3% of total assets) versus KD 3.026 billion (66.5% of total assets) in the end of December 2018. It increased by KD 74.9 million, or by 2.4%, if compared with the same period of 2018, when it scored KD 3.122 billion (67.5% of total assets). Percentage of total loans and advances to total deposits scored 82.6% compared with 84.3% for the same period 2018. This drop was caused

by the increase in deposits by a higher value than the increase in loans.

Item of cash and balances with banks increased by KD 162 million or by 23.1% and scored KD 864.2 million (17.9% of total assets) versus KD 702.2 million (15.4% of total assets) in the end of last year.

It increased by KD 81.1 million or by 10.4% from the end of the same period of 2018, when it scored KD 783.1 million (16.9% of total assets). Figures indicate that the bank's liabilities (without calculating total equity) increased by KD 278.1 million, or by 7.2%, and scored KD 4.150 billion compared with KD 3.872 billion in the end of 2018, and increased by KD 190.5 million or by 4.8%, compared with the total in the end of the same period of last year when it reached KD 3.960 billion. Percentage of total liabilities to total assets scored 86% compared with 85.6%.

Results of analyzing the bank's financial statements calculated on annual basis indicates that all bank profitability indexes decreased compared with the same period of 2018. Average return on equities relevant to bank shareholders (ROE) dropped to 3.5% compared with 6.3%. Likewise, the average return on the bank's capital (ROC) dropped to 12.8% versus 22.3%. The average return on the bank's assets (ROA) decreased to 0.4% compared with 0.8%. (EPS) decreased to 5 Fils compared with 17 Fils. (P/E) scored 45.8 times compared with 13 times, due to the decrease in the (EPS) by 70.6% versus an increase in market share price by 3.4% compared with its price on 30 September 2018. (P/B) scored 0.85 time compared with 0.83 time in the same period last year.

The Weekly Performance of Boursa Kuwait

The performance of Boursa Kuwait for last week was more active, where the traded value, traded volume, number of transactions and the general index (AI-Shall Index) increased. AI-Shall Index (value weighted) closed at 530.8 points as of last Thursday, showing an increase by 10.1 points or by 1.9% compared with its level last week. While it remained higher by 101.8 points or by 23.7% compared with the end of 2018.

The following tables summarize last week's performance of Boursa Kuwait Description

Description	Week 49 05/12/2019	Week 48 28/11/2019	Diff
Working days	5	5	%
AI-Shall index (33 Companies)	530.8	520.7	1.9%
National Bank of Kuwait	6,038.4	5,928.3	1.9%
Value Trade (KD)	204,071,698	187,092,019	9.1%
Daily average (KD)	40,814,340	37,418,404	9.1%
Volume Trade (Shares)	1,138,918,206	872,340,626	30.6%
Daily average (Shares)	227,783,641	174,468,125	30.6%
Transactions	42,225	35,957	17.4%
Daily average (Transactions)	8,445	7,191	17.4%

Most Active Sectors & Companies

Description	Value Traded	% of Total
Companies <td>KD</td> <td>Market</td>	KD	Market
Kuwait Finance House	31,944,876	15.7%
National Bank of Kuwait	28,008,821	13.7%
Abi United Bank (B.S.C)	21,474,483	10.5%
Mobile Telecommunications Company	16,149,671	7.9%
Aqyan Leasing & Investment Co.	11,082,806	5.4%
Total	198,66,259	53.2%
Description	Value Traded	% of Total
Sectors <td>KD</td> <td>Market</td>	KD	Market
Banking Sector	115,907,854	56.8%
Financial Services Sector	29,404,044	14.4%
Real Estate Sector	22,962,065	11.3%
Telecommunications Sector	16,446,823	8.1%
Industrials Sector	15,672,323	7.7%
Description	Week 49 05/12/2019	Week 48 28/11/2019
Increased Value (# of Companies)	23	13
Decreased Value (# of Companies)	6	16
Unchanged Value (# of Companies)	4	4
Total Companies	33	33

Sectors	03 July 2019			27 November 2019		
	Holdings	Makt Cap	% Change in Holdings	Holdings	Makt Cap	% Change in Holdings
Burgan	2.15%	20,035,313	4.40%	35,920,500	104.65%	
Almutahed	0.41%	2,689,354	0.52%	3,453,792	26.83%	
Kif	6.55%	338,150,432	7.49%	371,525,258	14.35%	
Warba	3.01%	11,332,650	3.43%	14,097,300	13.95%	
Nbk	13.15%	846,751,390	14.80%	977,136,510	12.55%	
Boubyan	3.31%	55,750,410	3.55%	57,642,654	7.25%	
Gulf	11.34%	107,153,888	11.23%	94,133,810	-0.97%	
Kib	4.93%	14,732,470	4.79%	13,849,025	-2.84%	
Abk	0.13%	652,524	0.10%	445,271	-23.08%	
Cbk	0.46%	4,737,509	0.32%	3,263,785	-30.43%	
<b>Total</b>	<b>7.78%</b>	<b>1,401,985,939</b>	<b>8.89%</b>	<b>1,571,467,905</b>		

AI-Shall Index From Nov 28, 2019 to Dec 05, 2019

Company Name	Thu 05/12/2019	Thu 28/11/2019	Diff	% 2019	Diff
1 National Bank of Kuwait	673.7	667.0	1.0	520.4	29.5
2 Gulf Bank	232.4	224.3	3.6	204.8	13.5
3 Commercial Bank of Kuwait	528.4	528.4	0.0	516.0	2.4
4 Al-Ahli Bank of Kuwait	175.5	175.5	0.0	193.1	(9.1)
5 Kuwait International Bank	299.1	291.5	2.8	275.1	8.7
6 Abi United Bank	344.9	338.6	1.9	296.5	16.3
7 Burgan Bank	335.8	334.7	0.3	284.8	17.9
8 Kuwait Finance Bank	2,358.5	2,224.9	6.0	1,659.8	42.1
Banking Sector	640.1	625.5	2.3	502.7	27.3
9 Commercial Facilities Company	151.6	150.8	0.5	126.3	20.0
10 International Financial Advisors	166.3	163.6	1.7	227.8	(27.0)
11 National Investments Company	161.1	159.8	0.8	103.8	55.2
12 Kuwait Projects Company (Holding)	576.5	571.3	0.9	466.7	18.5
13 Coast Investment & Development Company	47.8	43.6	4.6	45.4	45.4
Investment Sector	220.1	217.7	1.1	187.1	17.6
14 Kuwait Insurance Company	76.1	70.6	7.8	79.4	(4.2)
15 Gulf Insurance Company	350.7	350.7	0.0	373.5	(6.1)
16 Al-Ahlea Insurance Company	161.1	161.1	0.0	160.3	0.5
17 Warba Insurance Company	49.2	50.4	(2.4)	54.1	(9.1)
Insurance Sector	141.9	139.2	1.9	147.7	(3.9)
18 Kuwait Real Estate Co.	176.1	177.7	(0.9)	89.0	97.9
19 United Realty Co.	125.0	124.2	0.6	122.4	2.1
20 National Real Estate Co.	242.5	225.0	7.8	229.5	5.7
21 Saliha Real Estate Co.	1,590.9	1,433.4	11.0	1,332.5	19.4
Real Estate Sector	211.1	199.2	6.0	172.2	22.6
22 The National Industries	208.1	206.4	1.3	141.2	48.1
23 Refrigeration Industries Co.	366.3	361.8	1.2	571.3	(35.9)
24 Gulf Cable & Electrical Industries	191.4	194.6	(1.6)	140.3	36.4
Industrial Sector	186.5	185.3	0.6	177.5	5.1
25 Kuwait National Cinemas	517.9	559.7	(7.3)	671.0	(22.8)
26 The Public Warehousing Co.	3,977.7	3,926.3	1.3	3,579.3	11.1
27 Mobile Telecom Co. (ZAIN)	1,078.1	1,093.7	(1.4)	682.9	62.6
28 Safat Energy Co.	23.7	22.1	7.2	23.9	(20.7)
Services Sector	1,376.1	1,380.1	(0.3)	1,085.3	26.8
29 Livestock Transport & Trading Co.	145.8	141.7	2.9	156.7	(7.0)
30 Danah Alsafat Foodstuff Co.	14.9	14.8	0.7	39.0	(61.8)
Food Sector	450.6	449.6	0.2	456.1	(1.2)
31 Sharjah Cement Co.	216.6	225.0	(3.7)	262.0	(40.2)
32 Gulf Cement Co.	233.1	202.0	15.4	273.8	(14.9)
33 Umm Al-Qaiwin Cement Industries	632.8	529.8	19.4	489.3	29.3
Non Kuwaiti Companies	192.2	186.7	5.1	215.0	(8.7)
General Index	530.8	520.7	1.9	429.0	23.7

	30/09/2019 (Thousand KD)	30/09/2018 (Thousand KD)	Change Value	%
Total Assets	4,824,467	4,626,708	197,759	4.3%
Total liabilities	4,150,162	3,959,654	190,508	4.8%
Total equity attributable to the equity holders of the bank	582,527	575,523	7,004	1.2%
Total Operating Revenues	129,704	126,803	2,901	2.3%
Total Operating Expenses	50,519	48,109	2,410	5.0%
Provision	60,597	48,435	12,162	25.1%
Taxation	3,037	3,136	-99	-3.2%
Net income	15,551	27,123	-11,572	-42.7%
Ratios				
** Return on Average Assets (ROA)	0.4%	0.8%		
** Return on Average Equity Relevant to the Bank Shareholder (ROE)	3.5%	6.3%		
** Return on Average Capital (ROC)	12.8%	22.3%		
* Earnings per share (EPS) - (Fils)	5	17	-12	-70.6%
* Closing price - (Fils)	305	295	10	3.4%
* Price to Earnings Per Share Multiples (P/E)	45.8	13.0		
* Price to Book Value Multiples (P/B)	0.85	0.83		

\* Indicators Ended September 30, 2019 on an annual basis.  
\*\* Calculated based on the average of the financial data at the end of December 2018 and 30 September 2019.

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'Organized political parties vital'

Caretaker govt prepares for the 40th GCC summit

KUWAIT CITY, Dec 8: The caretaker government is preparing for Kuwait's participation in the 40th summit of the Gulf Cooperation Council in Riyadh, Saudi Arabia, in addition to the preparatory ministerial meeting that precedes the summit, reports Al-Anba daily quoting reliable sources.

This is instead of announcing the formation of a new government and assigning the tasks to new ministers, especially since there is a possibility that some people may be appointed in a ministerial position for the first time.

The sources pointed the work on the formation of the government will be in full swing before a final list is announced.

The negotiations for formation of the government are expected to begin next Wednesday, Dec 11, 2019 and a final picture will appear Monday, Dec 23 and the parliamentary session is expected to be held on Dec 24, 2019.

The sources added, however, if there is any obstacle the government for sure will attend the first session of Parliament on January 7, 2019.

Meanwhile, Professor of Sociology at Kuwait University Dr Mohammad Al-Rumaihi affirmed the essence of having an organized political party system in the political life, saying polls held in the absence of organized political parties lead the society to create tribal and sectarian parties, reports Al-Rai daily.

Speaking to ace presenter Waleed Al-Jassem on Al-Rai TV Channel's "Ten to Ten", Al-Rumaihi warned they'll resort to tribes when the state fails to embrace them, and if the people do not see a modern way of doing things, they will tend to the classical method, indicating the problem is with the structural composition of implementing democracy.

He pointed to a series of problems in Kuwait among them issues repeated on several occasions. There was an impression that the problem is about selecting ministers but the recent incident in the National Assembly involving Jenan Bushehri revealed the impression was wrong, because it is not about Jenan alone. Many other ministers are men of honor who have specific directions but could not protect the viewpoints for one reason or another, he said.