

Companies Announced Profits - First Half 2017 with First Half 2016								
Sectors	Number of Announced companies	Common Listed Companies Profits '000		Change		% of Total		Rank
		First Half 2017	First Half 2016	'000 KD	%	First Half 2017	First Half 2016	
1 GAS & OIL	5	3,345	7,369	(4,024)	-54.6%	0.3%	0.8%	10
2 BASIC MATERIALS	2	9,615	4,089	5,526	135.1%	0.9%	0.5%	6
3 INDUSTRIALS	30	118,865	104,458	14,407	13.8%	11.7%	11.9%	3
4 CONSUMER GOODS	4	37,433	38,520	(1,087)	-2.8%	3.7%	4.4%	9
5 HEALTH CARE	2	6,579	4,923	1,656	33.6%	0.6%	0.6%	8
6 CONSUMER SERVICES	11	18,185	25,466	(7,281)	-28.6%	1.8%	2.9%	12
7 TELECOMMUNICATIONS	4	124,026	121,703	2,323	1.9%	12.2%	13.9%	7
8 BANKS	12	479,969	450,194	29,775	6.6%	47.2%	51.3%	2
9 INSURANCE	6	20,620	14,254	6,366	44.7%	2.0%	1.6%	5
10 REAL ESTATE	33	69,803	62,718	7,085	11.3%	6.9%	7.1%	4
11 FINANCIAL SERVICES	42	126,991	38,473	88,518	230.1%	12.5%	4.4%	1
12 TECHNOLOGY	2	1,455	5,824	(4,369)	-75.0%	0.1%	0.7%	11
Total	153	1,016,886	877,990	138,897	15.8%	100%	100%	

Source: Boursa Kuwait

Most Active Sectors & Companies		
Description	Value Traded	% of Total
Sectors	KD	Market
MOBILE TELECOMMUNICATIONS COMPANY K.S.C (ZAIN)	14,404,916	18.6%
ALIMTIAZ INVESTMENT CO. K.S.C.C	9,356,927	12.1%
KUWAIT FINANCE HOUSE	8,881,344	11.5%
AHLI UNITED BANK B.U.C	6,349,601	8.2%
NATIONAL BANK OF KUWAIT	4,038,558	5.2%
Total	43,031,346	55.5%
Description	Value Traded	% of Total
Sectors	KD	Market
BANKS SECTOR	24,480,674	31.6%
FINANCIAL SERVICES SECTOR	17,374,195	22.4%
TELECOMMUNICATIONS SECTOR	14,667,547	18.9%
INDUSTRIALS SECTOR	8,023,113	10.4%
REAL ESTATE SECTOR	6,731,555	8.7%

KUWAIT POPULATION REACHES 4.415 MILLION

AL-SHALL WEEKLY ECONOMIC REPORT

KUWAIT: The periodical quarterly statistical bulletin of the Central Bank of Kuwait (January-March 2017) published on its website provides some economic and monetary indicators whose developments worth following up and documentation. For instance, total population in Kuwait in the end of the first quarter of 2017 scored 4.415 million, which is only 4,000 people more than the figure in the end of 2016. This means that the average of quarterly growth rate of people reached 0.09 percent, or 0.36 percent per year. We believe that there is error in the figures unless reverse migration has occurred whose justifications have been missed.

The bulletin indicates that balance of trade commodity exports minus commodity imports achieved surplus in the first quarter of 2017 in the amount of KD 1.625 billion, a drop by -4 percent from the surplus of the fourth quarter of 2016. Kuwait's exports during this quarter scored about KD 4.165 billion, 89.2 percent of which were oil exports.

Value of commodity imports in Kuwait excluding the military- scored about KD 2.539 billion. Kuwait achieved KD 392 million surplus in the first quarter of last year, KD 1.202 billion in the second quarter, KD 1.385 billion in the third quarter and KD 1.693 billion in the fourth quarter due to the rise in oil prices. This means that balance of trade in 2016 achieved surplus in the amount of KD 4.672 billion of which 89.6 percent were oil exports. This is -32.9 percent lower than its value in the counterpart period of 2015 in the amount of KD 6.964 billion. Imports value in 2016 scored KD 9.304 billion. Current year surplus is expected to score KD 6.5 billion if the first quarter surplus recurs and oil price remains around \$50 per barrel. Therefore, trade surplus rise would be between 40 percent and 50 percent.

Consumers' price index during the first quarter achieved positive growth by about 0.6 percent. Their average scored 144.3 (2007=100) rising from an average of 143.5 in the fourth quarter

of last year which is tolerable. This growth is attributable to the dominance of the impact of rising housing services prices from an average of 148.2 to an average of 150.4 (+1.5 percent).

The bulletin indicates drop in the weighted interest rates of balances on deposits from 1.643 percent in the fourth quarter of 2016 to 1.632 percent in the first quarter of this year, a quarterly drop rate by -0.67 percent. The weighted interest rates of balances on loans continued its rise from 4.509 percent to 4.583 percent, for the same period, 1.6 percent quarterly growth rate.

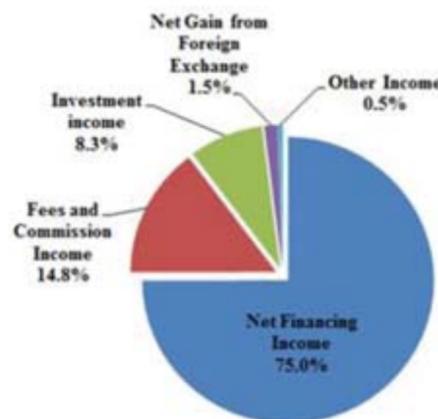
Volume of private sector deposits at local banks scored about KD 35.058 billion (KD 34.133 billion in the end of 2016), a 2.7 percent quarterly growth rate. On the other hand, local banks claims on private sectors increased to KD 36.922 billion up from KD 36.021 billion in the end of 2016, achieving 2.5 percent quarterly growth rate.

Investments In Areva

The French Government offered to buy "Areva" shares from the minority owners and granted two weeks from August 1 to August 14, 2017 to do that. It offered 4.5 euros per share which is 13.85 percent of the buying price. The Kuwait Investment Authority (KIA) sold its share (4.82 percent), 18.46 million shares, and received 83 million euros in return, less by 517 million euros compared to purchase price at 600 million euros with estimated 86 percent loss. We deliberately delayed commenting on the deal for two main justifications. The first one mentioned by the authority, which is correct, is that the accounting should be on the basis of the total performance of the entire investments of the sovereign fund, i.e. in one financial year, and not on the basis of investment performance within it.

The second is that Kuwait is currently at crossroads and should start with a fundamental change to its investments function. Therefore, our purpose here is not to raise debate about

Total Operating Income in the First Half 2017



the deal but to use

"Areva" investment as a prelude to call for a fundamental required change in the function of the Future General Fund by transforming it into a retirement fund after indicators of the oil age starting its retirement. Investment in "Areva" occurred at the beginning of the major prosperity for the oil market after 2008 crisis. It also came at a time with an inclination towards using the atomic energy and after the advice of an international consultant. The purchase was by a price less than that appraised by that consultant at 325 euros per share (365 euros estimated by the consultant) before splitting the one share into 10 shares.

Therefore, it is assumed that the KIA did what should have done to make an investment decision. Nevertheless, the decision was not clean from sins. The decision came to buy part of the

German "Siemens" Company share (34 percent) in "Areva." Areva employs 3,600 German professionals. All atomic industry in Germany is with Siemens. Nevertheless, the complaint of the strong partner "Siemens" came as a result of its boredom from the dominance of the French Government partner on the decision-making power. The complaint and incompetence of a partner of such magnitude and with this benefit from the partnership make replacing it with minority shareholders, the biggest being Kuwait with 4.82 percent, meaningless to the new shareholders. The decision came after "Areva" purchased a uranium company listed on Toronto stock market -Canada- in 2007 when uranium prices were at \$135 while the prices was at \$42 when Kuwait purchased the shares. "Areva" was suffering from its investment in that company from uranium prices and its reserves volume by the end of 2010, the deal time. Besides, there was general information about an arbitration case filed in 2008 against the company together with "Siemens" for compensating by 3.5 billion euros due to encountered problems in building a reactor in Finland. The purchase deal was signed on December 28, 2010. It could have been better to wait until "Areva's" financial statements had been published after the end of the year when its financial problems would have emerged together with its investment allocations in the uranium company. Knowing the financial position of the company could have been adequate enough to cancel the purchase resolution. Finally, and under all circumstances Kuwait would have not benefited neither from technological partnership nor from job opportunities. In addition, the big risk could not justify the probable investment financial return.

Again, the basis of accusing any investment entity should be the total average of its investments' performance, and not on the basis of one deal. This deal was unfortunate. In 2011, "Fukushima" catastrophe occurred in the careful Japan and not in "Chernobyl" in Russia, which caused an extensive deterioration in that industry. In addition, Kuwait may have been exposed to a trick or deliberate concealment of vital information about the company by the company management and the French Government, its main owner.

However, oil market conditions are no longer the same as in the beginning of the current decade and will get worse in the next decade. The function of the future generations is no

longer supportive of the financial conditions, but the main function is to finance the public finance at least to help Kuwait succeed in creating economy that finances itself from taxes on its activities.

The Kuwait Investment Authority announced achieving a general average return by 5.1 percent on its investments in the past four fiscal years. We believe it is close to our proposed target at 6 percent so that the revenue becomes the sustainable main financing source of about 60 percent of the budget expenditures on the basis of which the transform in the concept of sustainable public finance is built. Changing the investment function makes the measurement unit and judging any investment in par with its significant role in realizing the total goal for the total fund's investments. Then, investment will not be in any available field and standards become unified for judging the resolution, either rewarding or penalizing.

Profits of Listed Companies in H1

The number of listed companies which officially announced results of their operations for the first half was 153 companies, about 95 percent of the 161 listed companies, after excluding the suspended companies, the companies which moved from the official market to the parallel market, and those with varying fiscal years. Net profits of those companies scored KD 1.017 billion, increased by 15.8 percent from profits of the same companies in the first half of 2016 which scored KD 878 million.

When we compare profits of the second quarter of the current year, with profits of the same sample in the first quarter, which scored KD 447.9 million, we note it dropped by -11.3 percent. 8 sectors out of 12 active sectors increased their profits, if compared with its performance in the first half of 2016. The best was financial services sector which increased its profits from KD 38.5 million to KD 127 million, or by 230.1 percent. The banks sector came second and increased its profits from KD 450.2 million to KD 480 million, or by 6.6 percent. The industrial sector came third which increased its profits from KD 104.5 million to KD 118.9 million, or by 13.8 percent.

While profits of the consumer service sector retreated from about KD 25.5 million to KD 18.2 million, or by -28.6 percent. Details of the sectors performance are summarized in the attached table. Results of the first half of the current year indicate improvement in the performance of 98 companies, including 72 companies with increased profits and 26 companies reduced their losses or turned into profitability. This means that 64.1 percent of the companies which announced their results achieved better performance. 55 companies achieved drop in their performance including 39 companies whose profit level dropped, while 16 companies increased their losses or moved from profits into losses.

The weekly performance of Boursa Kuwait

The performance of Boursa Kuwait for last week was mixed compared to the previous one, where the traded volume index, the number of transactions index, and the general index showed an increase, while the traded value index decreased, AlShall Index (value weighted) closed at 416.9 points at the closing of last Thursday, showing an increase of about 6.4 points or about 1.6 percent compared with its level last week and it increased by 53.9 points or about 14.8 percent compared with the end of 2016.

scored 86.5% compared with 86.4%.

	30/06/2017	30/06/2016	Change		
	(Thousand KD)	(Thousand KD)	Value	%	
Total Assets	1,897,816	1,827,907	69,909	3.8%	↑
Total Liabilities	1,640,762	1,579,055	61,707	3.9%	↑
Total Equity Attributable to The Equity Holders of The Bank	257,789	245,687	8,102	3.3%	↑
Total Operating Incomes	30,676	31,419	(743)	-2.4%	↓
Total Operating Expenses	15,253	13,858	1,395	10.1%	↑
Provision	3,950	5,043	(1,093)	-21.7%	↓
Taxation	506	529	(23)	-4.3%	↓
Net income	10,967	11,989	(1,022)	-8.5%	↓
Ratios					
**Return on Average Assets (ROA)	1.2%	1.3%			↓
**Return on Average Equity Relevant to The Bank Shareholder (ROE)	8.7%	9.8%			↓
**Return on Average Capital (ROC)	21.1%	23.1%			↓
Earnings per share (EPS) - (Fils)	11.7	12.8	(1.1)	-8.9%	↓
Closing Price - (Fils)	244	182	62	34.1%	↑
*Price to Earnings Per Share Multiplies (P/E)	10.4	7.1			
*Price to Book Value Multiplies (P/B)	1.0	0.8			

* Indicators Ended June 30, 2017 on an annual basis

STOCKS UP; S&P 500 BREAKS TWO-WEEK LOSING STREAK

NEW YORK: US stocks rose on Friday, and the Standard & Poor's 500 index cruised to its first winning week in the last three. It was a relatively quiet week, with fewer shares trading hands than usual, and one where the most anticipated event was a pair of speeches expected to create only a ripple in the market, if that. The annual symposium of central bankers in Wyoming followed through on those expectations.

The S&P 500 rose 4.08 points, or 0.2 percent, to 2,443.05, and it barely budged off its course after Federal Reserve Chair Janet Yellen gave her speech in the morning. The day's other headline event, a speech by European Central Bank head Mario Draghi, likewise did little to alter the course for stocks.

The Dow Jones industrial average gained 30.27 points, or 0.1 percent, to 21,813.67, the Nasdaq composite dipped 5.68, or 0.1 percent, to 6,265.64 and the Russell 2000 index of small-cap stocks rose 3.58, or 0.3 percent, to 1,377.45. Central bankers have used past gatherings of economists in Jackson Hole to signal big changes in policy, and investors were listening in case this time followed suit.

But Yellen focused on defending regulation of the financial industry and gave no indication of changes to interest-rate policy. While the speech may lower her chances of getting reappointed Fed chair next year, as President Donald Trump has been in favor of

reducing regulations, it didn't change investors' expectations that the Fed will continue to slowly raise interest rates and prepare to pare back its \$4.5 trillion balance sheet. The biggest reaction to the speeches may have been in the currency market, where the dollar fell against rivals following Yellen's speech. Gains for the euro also accelerated following Draghi's speech.

The dollar fell to 109.24 Japanese yen from 109.51 yen late Thursday. The euro rose to \$1.1888 from \$1.1806, and the British pound rose to \$1.2880 from \$1.2802.

In the stock market, design-software company Autodesk jumped to one of the biggest gains in the S&P 500 after reporting stronger results for the latest quarter than analysts expected. It gained \$4.36, or 3.9 percent, to \$114.97. Stocks have been winding up and down since the S&P 500 set a record earlier this month. Stronger-than-expected earnings reports from big US companies have helped to support the market, while worries about politics have intermittently chipped away at confidence.

The S&P 500 climbed 0.7 percent this week, following losses of 0.6 percent and 1.4 percent the last two weeks. President Trump plans to make a push next week in his efforts to overhaul the tax system, with a stop scheduled in Springfield, Missouri. Tax reform was one of the big pro-business policies that investors were banking on early this year

WALL STREET WEEKLY ROUNDUP



NEW YORK: The New York Stock Exchange. Stocks rallied on Friday with technology companies, banks and industrial companies making some of the largest gains.—AP

after Republicans swept control of Washington, though expectations have dimmed in recent months.

"The market generally does not believe that anything is going to happen, it's maybe a 20 to 30 percent chance," said Phil Orlando,

chief equity market strategist at Federated Investors. Orlando, though, thinks it's more likely that tax reform will happen, as Republicans look to notch a major win before the 2018 elections.

"Republicans have got to know that if they don't get anything done, they're toast," Orlando said. "This concept of self-preservation is a powerful one, in terms of keeping their jobs." In overseas markets, Japan's Nikkei 225 index picked up 0.5 percent, the Hang Seng in Hong Kong jumped 1.2 percent and South Korea's Kospi edged up by 0.1 percent. European markets were weaker. The CAC 40 in France fell 0.2 percent, the German DAX dipped 0.1 percent and the FTSE 100 in London lost 0.1 percent.

The yield on the 10-year Treasury fell to 2.17 percent from 2.20 percent late Thursday. The two-year yield held steady at 1.33 percent, and the 30-year yield slipped to 2.75 percent from 2.77 percent.

Benchmark US crude added 44 cents to settle at \$47.87 per barrel. Brent crude, the international standard, gained 37 cents to \$52.41 per barrel. Wholesale gasoline was little changed at \$1.67 per gallon, heating oil was virtually unchanged at \$1.62 per gallon and natural gas fell 6 cents to \$2.89 per 1,000 cubic feet. Gold rose \$5.90 to \$1,297.90 per ounce, silver rose 9 cents to \$17.05 per ounce and copper was little changed at \$3.03 per pound.—AP