



KUWAIT EQUITIES REMAIN MIXED

BAYAN WEEKLY MARKET REPORT

KUWAIT: Kuwait Stock Exchange (KSE) ended last week with mixed performances. The Price Index closed at 5,140.96 points, up by 0.18 percent from the week before closing, the Weighted Index decreased by 0.15 percent after closing at 349.83 points, whereas the KSE-15 Index closed at 822.89 points down by 0.52 percent. Furthermore, last week's average daily turnover decreased by 25.51 percent, compared to the preceding week, reaching KD 8.95 million, whereas trading volume average was 123.58 million shares, recording a decrease of 12.57 percent.

Kuwait Stock Exchange indicators closed mixed last week, among a continued decline in the trading activity compared to a week earlier, as the purchasing operations that included many small-cap stocks of positive annual results continued in providing support to the Price Index, which enabled it to realize some gains by the end of the week, whilst the Weighted and KSE-15 indices couldn't follow due to the continued profit collection operations in controlling the large-cap and operational stocks' activity during the week.

As per the daily trading activity, the stock market opened its first session of the week with grouped losses for the three indicators, due to the random selling pressures and the profit collection operations executed on some small-cap and leading stocks together. On the next session, the market was able to return to the green zone to compensate a part of its previous session's losses and record limited gains for the three indicators, supported by the active purchasing operations that included many large-cap and small-cap stocks, especially the ones of low tempting purchasing prices, among an increased traded value.

On Tuesday's session, the market recorded a mixed closing for the three indicators, as the Price Index returned to decrease under the effect of the continued targeting to the small-cap and low-priced stocks, while the Weighted and KSE-15 indices maintained its upward direction as a result to the purchasing powers that were present during the session, and concentrated on some leading and opera-

KSE INDICES			
	Price Index	Weighted index	KSX 15
Weekly	Last week	5,140.96	349.83
	Previous week	5,131.56	350.36
	Change (Point)	9.40	-0.53
	Change (%)	0.18%	-0.15%
Annual	Last year	5,615.12	381.70
	Change (Point)	-474.16	-31.87
	Change (%)	-8.44%	-8.35%

tional stocks; the market witnessed such performance in parallel with an active movement of some investment groups which pushed the trading activity to increase and moved the cash liquidity to compensate its previous session's losses. However on Wednesday's session, the mixed performance of the market indicators continued, which changes in positions, as the Price Index was able to increase affected by the quick speculative operations that concentrated on the small-cap stocks that previously declined and reached low levels with good annual results, whilst the profit collection operations forced the Weighted and KSE-15 indices to close

in the red zone. On Thursday's session, the stock market indicators returned to the red zone once again, despite the random purchasing operations witnessed by some listed companies, and the increased trading activity during the session, especially the value, as the strong selling pressures executed on some small-cap and leading stocks pushed the market indicators to record different losses by the end of the session.

By the end of the last week, the number of companies that disclosed its 2015 financial results reached only 64 company, out of the 190 total listed companies in KSE, however more than

half of the legal disclosing period have passed. The disclosed companies have realized around KD 1.16 billion, with an increase of 4.28 percent compared to the results of the same companies for year 2014. On the other hand, the market capitalization for Kuwait Stock Exchange reached by the end of last week KD 23.28 billion, down by 0.22 percent from its level in a week earlier, where it was KD 23.33 billion. On an annual level, the market cap for the listed companies in KSE dropped by 7.87 percent from its value at end of 2014, where it reached then KD 25.27 billion.

As far as KSE annual performance, the price index ended last week

recording 8.44 percent annual loss compared to its closing in 2015, while the weighted index decreased by 8.35 percent, and the KSE-15 recorded 8.61 percent loss.

Sectors' Indices

Eight of KSE's sectors ended last week in the green zone, while the other four recorded declines. Last week's highest gainer was the Health Care sector, achieving 5.48 percent growth rate as its index closed at 987.80 points. Whereas, in the second place, the Technology sector's index closed at 822.10 points recording 3.07 percent increase. The Telecommunications sector came in

third as its index achieved 2.43 percent growth, ending the week at 564.87 points.

On the other hand, the Oil & Gas sector headed the losers list as its index declined by 3.33 percent to end the week's activity at 740.36 points. The Consumer Goods sector was second on the losers' list, which index declined by 1.99 percent, closing at 1,048.07 points, followed by the Real Estate sector, as its index closed at 826.67 points at a loss of 1.04 percent.

Sectors' Activity

The Financial Services sector dominated a total trade volume of around 281.79 million shares changing hands during last week, representing 45.61 percent of the total market trading volume. The Real Estate sector was second in terms of trading volume as the sector's traded shares were 31.16 percent of last week's total trading volume, with a total of around 192.52 million shares. On the other hand, the Financial Services sector's stocks were the highest traded in terms of value; with a turnover of around KD 12.20 million or 27.28 percent of last week's total market trading value. The Banks sector took the second place as the sector's last week turnover was approx. KD 11.17 million representing 24.98 percent of the total market trading value.

— Prepared by the Studies & Research Department, Bayan Investment Co.

SECTORS' WEEKLY TRADING ACTIVITY				
Sector	Volume	To Market %	Value	To Market %
OIL & GAS	22,149,707	3.58%	650,639	1.45%
BASIC MATERIALS	1,615,413	0.26%	353,768	0.79%
INDUSTRIALS	38,628,543	6.25%	2,912,230	6.51%
CONSUMER GOODS	3,351,616	0.54%	3,987,262	8.92%
HEALTH CARE	740,741	0.12%	125,753	0.28%
CONSUMER SERVICES	7,443,617	1.20%	806,541	1.80%
TELECOMMUNICATIONS	14,085,003	2.28%	3,825,966	8.55%
BANKS	53,405,324	8.64%	11,171,312	24.98%
INSURANCE	252,680	0.04%	23,921	0.05%
REAL ESTATE	192,517,760	31.16%	8,511,968	19.03%
FINANCIAL SERVICES	281,789,837	45.61%	12,201,738	27.28%
TECHNOLOGY	1,909,089	0.31%	152,436	0.34%

SECTORS INDICES PERFORMANCE				
Sector	Last Week Closing	Previous Week Closing	Weekly Ch. %	Annual Ch. %
OIL & GAS	740.36	765.84	-3.33%	-9.57%
BASIC MATERIALS	894.62	888.15	0.73%	-9.30%
INDUSTRIALS	967.52	964.70	0.29%	-7.24%
CONSUMER GOODS	1,048.07	1,069.30	-1.99%	-4.28%
HEALTH CARE	987.80	936.47	5.48%	6.75%
CONSUMER SERVICES	967.54	965.73	0.19%	-4.08%
TELECOMMUNICATIONS	564.87	551.46	2.43%	-5.64%
BANKS	795.77	789.82	0.75%	-12.27%
INSURANCE	1,055.67	1,058.53	-0.27%	-6.33%
REAL ESTATE	826.67	835.38	-1.04%	-12.13%
FINANCIAL SERVICES	531.69	523.90	1.49%	-10.70%
TECHNOLOGY	822.10	797.63	3.07%	0.24%

FOCUS SHARPENS ON FED AFTER HOT INFLATION DATA

WALL STREET WEEK AHEAD

NEW YORK: With next week's calendar full of economic data releases and speeches by economic policymakers, investors have been poised to watch the Federal Reserve for clues about the US central bank's next move, but an unexpectedly hot reading on inflation on Friday will further sharpen that focus.

After coming into 2016 with an expectation of three or four interest rate hikes through the year, market participants recently were viewing the Fed as likely raising interest rates once, if at all, in light of weak inflation and global volatility. But Friday's data showed the core consumer price index (CPI), a measure of underlying US inflation, rose in January by the most in nearly 4-1/2 years to a 2.2 percent annualized rate. It drew particular attention as the number was above the Fed's 2.0 percent target, though it is not the central bank's benchmark inflation measure.

The uptick in price pressures has already shifted the market's expectations on the Fed's next move. "The inflation numbers definitely caught the markets off guard," said Joseph Lavorgna, senior economist at Deutsche Bank in New York. "Last week at this time the market was pricing a 25 percent chance of a rate hike by year-end and now it's over 40 percent and that's largely because of today's stronger than expected CPI." The dollar rose alongside Treasury yields shortly after the data, as markets saw the higher inflation as nudging the Fed towards tightening policy. The euro hit its lowest since Feb. 3.

Equity markets have also closely followed expectations on Fed policy. Lower rates tend to support stocks in general, with high-paying dividend names like utilities gaining investors' favor. In an environment of rising rates, banks tend to take the lead.

The expectation of higher interest rates has been cited as one of the reasons for stocks

having fallen as much as 11 percent this year. The S&P 500 is down 6 percent so far in 2016, and on track for its third positive week of the year. The inflation numbers add to recent economic data, including a stronger job market and consumer spending, that will force the Fed to seriously reconsider more rate hikes, said Jim Paulsen, chief investment officer at

Wells Capital Management in Minneapolis. "I think what's happening is that people are starting to put tightening back on the table," Paulsen said.

CHOCK-FULL OF FED SPEAKERS

Personal consumption expenditures, the Fed's favorite measure of price inflation, is out next Friday and could confirm or outweigh the trend in the CPI reading. Among other market-moving numbers next week are purchasing managers indexes (PMIs) for the manufacturing and services sectors and two gauges of consumer confidence.

Investors and the Fed could address a decline in earnings, now seen as down 3.7 percent for the S&P 500 in the fourth quarter of last year, and lower outlooks for 2016 as other reasons to keep rates lower for longer. The incoming data gives more weight to next week's scheduled speeches from many Fed officials, including Vice Chair Stanley Fischer on Tuesday and Atlanta Fed President Dennis Lockhart on Thursday as markets look for a change in tone. Two Fed surveys of business conditions, Richmond and Kansas City, are also out next week.

"I don't think the Fed can help stocks, they can only hurt them," said Wayne Kaufman, chief market analyst at Phoenix Financial Services in New York. "If they came out too hawkish that can hurt stocks; too dovish can help a little but not create sustainable investor demand." In Fed-watcher parlance, hawks are seen quicker to push for rate hikes than doves. In a U-turn late on Wednesday, Fed voting member and hawkish St. Louis Fed President James Bullard said it would be "unwise" to raise rates further given US inflation data and global volatility. He speaks Wednesday in New York, followed by questions from the media.

The Fed's policy-setting committee next meets March 15 and 16 in Washington, with a statement followed by a news conference with Chair Janet Yellen. —Reuters



A Wall Street sign is shown in New York. —AP