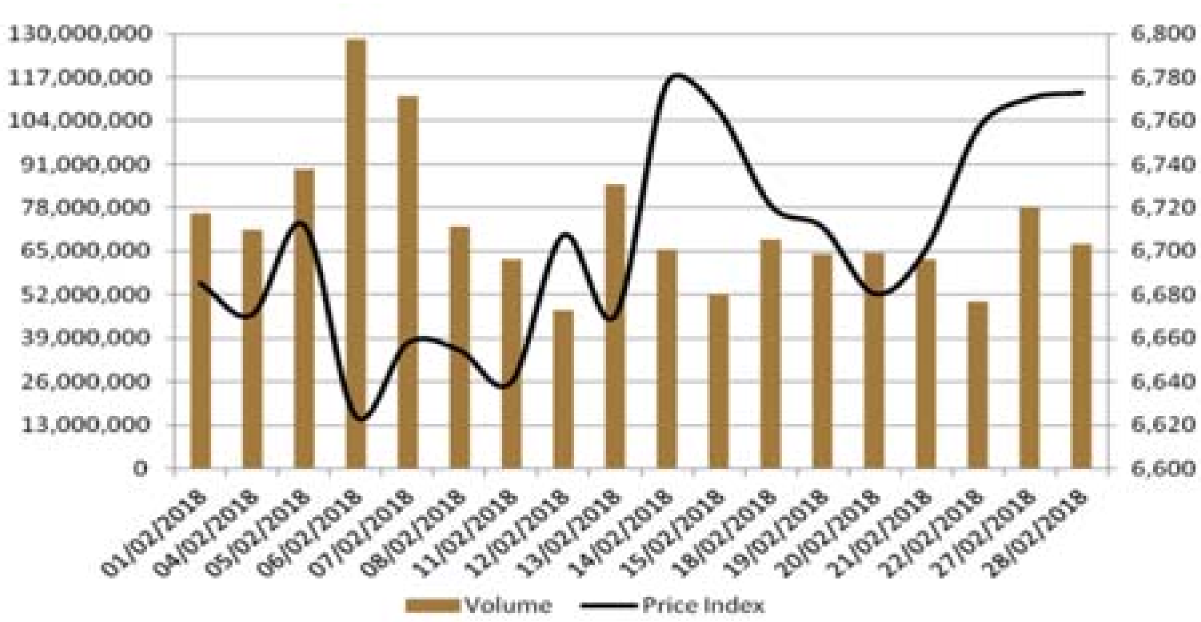
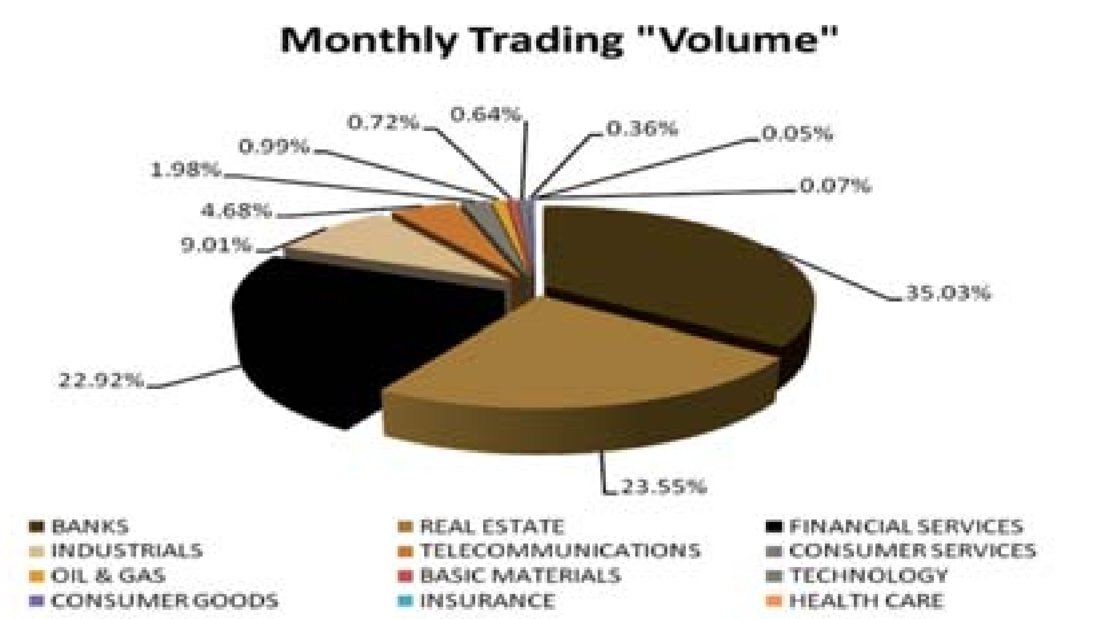
Bayan Monthly Market Report

Boursa Kuwait stocks remained buoyant amid positive results

Price index records 1.27% monthly increase





KUWAIT: Boursa Kuwait ended February in the green zone. The Price Index closed at 6,772.83 points, up by 1.27 percent compared to the closings of the month before, the Weighted Index increased by 0.49 percent after closing at 413.98 points, whereas the KSX-15 Index closed at 958.03 points increasing by 1.83 percent. Furthermore, last month's average turnover decreased by 21.56 percent, compared to the preceding month, reaching KD 11.51 million, whereas trading volume average was 73.12 million shares, recording a decrease of 38.45 percent.

Boursa Kuwait continued its positive performance and its three indices were able to realize gains for the third consecutive month, supported by the concentration of the purchasing operations, which were present during most of the month's sessions, on many listed operational stocks, whether it disclosed good results and distributions, or it is expected to disclose positive results for the financial year 2017, in addition to the quick speculative operations that included a wide range of small-cap stocks, especially the idle stocks of market value less than its book value.

Also, the Boursa gained during the last month around KD 223.92, as its market capitalization reached by the end of the month KD 27.51 billion, compared to KD 27.29 billion on January, up by 0.82 percent. The market cap gains since the beginning of the year increased to reach around KD 573.24 million, with a growth of 2.13 percent compared to its value on the last trading day of the previous year, where it was then KD 26.94 billion. (Note: The market capitalization of the listed companies in the Primary Market is calculated based on the average number of outstanding shares as per the latest available official financial statements).

Moreover, the market performance was fluctuating during the last month with an upward trend, where the three indices witnessed during the first week of the month a noticeable decline due to the profit collection operations that targeted a number of many stocks that recorded increases during the month of January, which caused the three indices to drop, while the market was able to compensate its losses thereafter and its three indices were able to divert upward, supported by the return of the purchasing operations in targeting the leading stocks once again, especially after the disclosure of some companies of its financial results and annual distributions for 2017, as most of it came in the positive zone.

> Boursa Kuwait capitalization reaches KD 27.51bn

Sectors' Indices

Nine of Boursa Kuwait's sectors ended last month in the red zone, while the other three recorded increases. The Health Care sector headed the losers list as its index declined by 10.26 percent to end the month's activity at 1,391.79 points. The Telecommunications sector was second on the losers' list, which index declined by 4.05 percent, closing at 552.63 points, followed by the Financial Services sector, as its index closed at 621.77 points at a loss of 3.56 percent. The Insurance sector was the least declining as its index closed at 1,033.23 points with a 0.05 percent decrease.

On the other hand, last month's highest gainer was the Technology sector, achieving 16.41 percent growth rate as its index closed at 542.28 points. Whereas, in the second place, the Real Estate sector's index closed at 1,189.99 points recording 11.94 percent increase. The Basic Materials sector was the least growing as its index closed at 1,314.37 points with a 0.87 percent increase.

Sectors' Activity

The Banks sector dominated a total trade volume during the last month of 461.05 million shares changing hands, representing 35.03 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 23.55 percent of last month's total trading volume, with a total of 309.97 million shares

On the other hand, the Banks sector's stocks were the highest traded in terms of value; with a turnover of KD 112.36 million or 54.21 percent of last month's total market trading value. The Financial Services sector took the second place as the sector's last month turnover of KD 25.57 million representing 12.34 percent of the total market trading value.

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

China Jan factory growth dips to 8-month low as pollution war bites

BEIJING: Growth in China's manufacturing sector slowed more than expected in January to an 8-month low in the face of a cooling property market and tighter pollution rules that have curtailed factory output. The data, which gives global investors their first look at business conditions in China at the start of 2018, reinforced the view that the economy is beginning to gradually lose steam after growing by a better-than-expected 6.9 percent last year.

The official Purchasing Managers' Index (PMI) released yesterday edged lower to 51.3 in January, compared with 51.6 in December. But it remained comfortably above the 50-point mark that separates growth from contraction on a monthly basis. Analysts surveyed by Reuters had forecast the headline number would ease slightly to 51.5.

Indexes for output, total new orders and imports all showed more moderate expansion in January compared with last month, while export orders fell marginally. The new export order index dropped to 49.5, 2.4 percentage point lower than December's reading.

However, the overall factory reading still appeared relatively solid, marking the 18th straight month of expansion and reinforcing expectations that any slowdown in the economy would be gradual. Economists polled by Reuters are pencilling in growth of 6.5 percent this year.

A separate PMI on the steel sector rose to 50.9 in January from 50.2 in December. In another sign of broader economic resilience, a sister survey showed activity in China's service sector accelerated to a four-month high in January. The official non-manufacturing Purchasing Managers' Index (PMI) rose to 55.3 from 55 in December. The services sector accounts for over half of China's economy, with rising wages giving Chinese consumers more spending power.

A buoyant services industry is welcome news for the policymakers who are counting on growth in services and consumption to rebalance their economic growth model from its heavy reliance on investment and exports.

Trade risks

Boosted by government infrastructure spending, a resilient property market and unexpected strength in exports, China's manufacturing and industrial firms were a major driver behind the solid economic growth last year. But analysts say increasing trade frictions with the United States could cloud the outlook for exporters in the world's second-largest economy. US President Donald Trump slapped steep tariffs on imported washing machines and solar panels last week. China is the world's biggest solar panel producer. —Reuters

An economy in ruins leaves Gazans with hard choices

GAZA: The man who makes crisps, chocolate and vanilla snacks for Gaza had just finished explaining how his business was going through the worst economic crisis of his life when the lights went out, shutting down his factory. Again.

Wael Al-Wadiya has been running his food manufacturing business since 1985 - in a Gaza Strip that was very different from the one in which he and two million other Palestinians now live. Back then Israeli settlers were still in Gaza, the Islamist militant group Hamas did not yet exist, and Palestinians were still two years away from the first of the uprisings against Israeli military occupation that introduced the word 'Intifada' to the world.

Sitting in a slowly declining industrial estate near the fortified border with Israel, the 51-year-old confectioner says that Gaza has been brought to a near-standstill by a decade of Israeli-led blockades, and internal Palestinian divisions. "The situation is very miserable. People's ability to buy has fallen to a minimum, therefore our businesses and businesses in Gaza are suffering as never before," said Wadiya.

He has cut production by 70 percent and wages by 30 percent. Employees who used to work each day now may work one day in three. "Unless a miracle happens, factories and companies will close down and it will be the real death of the economy," he said.

There has long been poverty in Gaza, but with unemployment now at 43.6 percent, according to the Palestinian Bureau of Statistics, even once-wealthy merchants are defaulting on debts, causing other businesses to collapse, like dominoes.

Many in Gaza blame Israel for the hardships, accusing it of placing an economic blockade on the enclave that has drastically reduced the movement of people and goods. But Gazans also fault their own leaders, complaining of a power struggle between Hamas, the armed group that seized military power in Gaza in 2007, and Fatah, the secular party of Western-backed Palestinian President Mahmoud Abbas. Both Hamas and Fatah levy taxes. Both run competing bureaucracies. And even electricity has become a tool of political power - until recently the blackouts that plagued Wadiya's factory were exacerbated by Abbas cutting money for Israeli current for Gaza.

Fatah says Hamas exploits money it collects from electricity consumers for its own purposes. Israel, which pulled its settlers and soldiers out of Gaza in 2005, says it has been forced to control access to and from the territory to stop Hamas sending out gunmen and bombers, and from smuggling in weapons or material to make them.

The Israeli military says that it carries out "constant calculated risk management" between allowing humanitarian aid through to Gazans, while contending with Hamas, which "attempts to exploit the aid intended for Gaza's civilian residents".

Poverty and security

A combination of war, isolation, and internal rivalries has left Gaza in its current state. Last year Abbas cut the salaries of 60,000 government employees in Gaza by 30 per cent, leaving them with little to spend in shops and markets after paying off bank loans. The sums of bounced checks in Gaza nearly doubled from $37 million to $62 million between 2015 and 2016, and then again to $112 million in 2017, according to the Palestinian Monetary Authority.

This lack of buying power contributed to a drop in imports through the one remaining commercial crossing with Israel, with just 350 truckloads per day compared with 800 in the last quarter of 2017.

Some merchants took a religious initiative in December in which they offered to write off customers' debts using the hashtag 'Sameh Toajar' - 'Forgive, and Be rewarded (by God).' It was supported by Hamas and other factions, but the scale of the debts was too great for such a small-scale remedy. "Gaza has gone into clinical death and is in need of root solutions, real and sustainable, and not temporary or short-lived solutions," said Maher al-Tabba, a Gaza economist.

At the other end of the economic scale from the merchants are Suhaib, Shadi and Ahmed al-Waloud, who scavenge through garbage near their home in northern Gaza searching for plastic to sell to recycling plants.

Their father was one of the Gazans who lost their jobs in Israel more than a decade ago when Israel closed the door to thousands of Palestinian workers following Hamas's seizure of control.

"I have been used to doing this job since I was a child," said Suhaib, 19, from Beit Lahiya. But they now earn just enough to "stay alive," he said, because the price paid for second-hand plastic has fallen by 80 per cent. "Nowadays there is not much work. People are not throwing away a lot of plastic." The question that dominates Gaza is whether hard times will make Palestinians more inclined to support attacks on Israel, or less so, because they fear reprisals.

Ali al-Hayek, the chairman of the Palestinian Businessmen Association in Gaza, said that total collapse of the economy would lead to instability that would be in nobody's interests.

"Gaza is living through a real humanitarian crisis," he said. "An economic collapse will lead to a security collapse that will cause trouble for the international community and for Israel." —Reuters

EXCHANGE RATES

BAHRAIN EXCHANGE COMPANY WLL

CURRENCY	BUY	SELL
	Europe	
British Pound	0.412408	0.419908
Czech Korune	0.006473	0.015773
Danish Krone	0.045357	0.050357
Euro	0. 361996	0.369496
Georgian Lari	0.134040	0.134040
Hungarian 0.001133	0.001323	
Norwegian Krone	0.034185	0.039385
Romanian Leu	0.064299	0.081149
Russian ruble	0.005362	0.005362
Slovakia	0.008939	0.018939
Swedish Krona	0.032542	0.037542
Swiss Franc	0.313313	0.324313
	Australasia	
Australian Dollar	0.225925	0.237925
New Zealand Dollar	0.211021	0.220521
	America	
Canadian Dollar	0.230039	0.239039
US Dollars	0.296850	0.301270
US Dollars Mint	0.297350	0.301270
	Asia	
Bangladesh Taka	0.003193	0.003777
Chinese Yuan	0.046121	0.049621
Hong Kong Dollar	0.036593	0.039343
Indian Rupee	0.004215	0.004856
Indonesian Rupiah	0.000018	0.000024
Japanese Yen	0.002725	0.002905
Korean Won	0.000267	0.000282
Malaysian Ringgit	0.072987	0.078987
Nepalese Rupee	0.003003	0.003173
Pakistan Rupee	0.002532	0.002822
Philippine Peso	0.005707	0.006007
Singapore Dollar	0.221946	0.231946
Sri Lankan Rupee	0.001645	0.002225
Taiwan	0.010325	0.010505
Thai Baht	0.009208	0.009758
	Arab	
Bahraini Dinar	0.791708	0.800208
Egyptian Pound	0.014097	0.019815
Iranian Riyal	0.000083	0.000085
Iraqi Dinar	0.000202	0.000262
Jordanian Dinar	0.419854	0.428854
Kuwaiti Dinar	1.000000	1.000000
Lebanese Pound	0.000154	0.000254
Moroccan Dirhams	0.022711	0.046711
Omani Riyal	0.775370	0.781050
Qatar Riyal	0.078374	0.083314
Saudi Riyal	0.079167	0.080467
Syrian Pound	0.001275	0.001495
Tunisian Dinar	0.121688	0.129688
Turkish Lira	0.073948	0.084248
UAE Dirhams	0.080512	0.082212
Yemeni Riyal	0.000978	0.001058

Dollarco Exchange Co. Ltd

Rate for Transfer	Selling Rate
US Dollar	300.600
Canadian Dollar	236.030
Sterling Pound	419.255
Euro	368.965
Swiss Frank	284.200
Bahrain Dinar	799.405
UAE Dirhams	82.245
Qatari Riyals	83.475
Saudi Riyals	81.055
Jordanian Dinar	425.255
Egyptian Pound	17.120
Sri Lankan Rupees	1.940
Indian Rupees	4.627
Pakistani Rupees	2.719
Bangladesh Taka	3.605
Philippines Pesso	5.777
Cyprus pound	17.895
Japanese Yen	3.805
Syrian Pound	1.585
Nepalese Rupees	2.893
Malaysian Ringgit	77.390
Chinese Yuan Renminbi	47.925
Thai Bhat	10.545
Turkish Lira	79.295