Weekly Market Report

Thursday, 18 August 2016

Market Review and Outlook

The Qatar Stock Exchange (QSE) Index increased by 365.08 points, or 3.33% during the week to close at 11,320.39. Market capitalization increased by 3.2% to QR605.3 billion (bn) versus QR586.4bn at the end of the previous week. Of the 44 listed companies, 25 companies ended the week higher, while 18 fell and only one company remained unchanged. Qatar Insurance Co. (QATI) was the best performing stock for the week with a gain of 12.0% on 1.3 million (mn) shares traded. On the other hand, Qatar Cinema & Film Distribution Co. (QCFS) was the worst performing stock with a decline of 15.5% on 3,756 shares traded only.

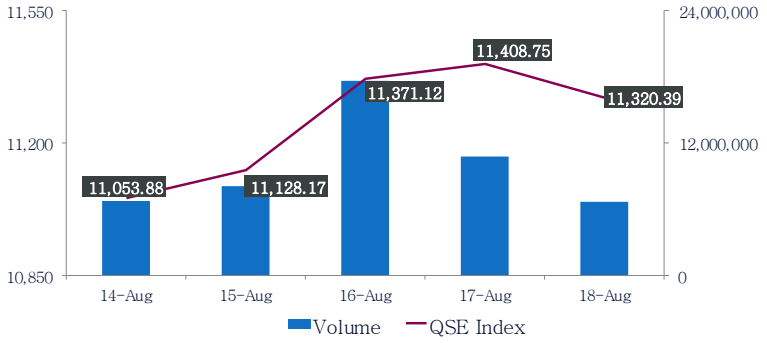
QNB Group (QNBK), QATI and Ooredoo (ORDS) were the primary contributors to the weekly index gains. QNBK was the biggest contributor to the index's weekly increase, adding 93.8 points to the index. QATI was the second biggest contributor to the gain, tacking on 77.6 points to the index. Moreover, ORDS contributed 46.6 points to the index. On the other hand, Ezdan Holding Group (ERES)erased 51.7 points from the index.

Trading value during the week increased by 10.4% to reach QR2.1bn versus QR1.9bn in the prior week. The Banks and Financial Services sector led the trading value during the week, accounting for 38.7% of the total trading value. The Industrials sector was the second biggest contributor to the overall trading value, accounting for 20.1% of the total trading value. QNBK was the top value traded stock during the week with total traded value of QR268.1mn.

Trading volume increased by 1.8% to reach 50.0mn shares versus 49.1mn shares in the prior week. The number of transactions increased by 11.0% to reach 28,360 transactions versus 25,551 transactions in the prior week. The Banks and Financial Services sector led the trading volume, accounting for 30.0%, followed by the Real Estate sector, which accounted for 22.3% of the overall trading volume. ERES was the top volume traded stock during the week with total traded volume of 7.1mn shares.

Foreign institutions remained bullish during the week with net buying of QR629.9mn vs. buying of QR355.9mn in the prior week. Qatari institutions remained bearish with net selling of QR319.2mn vs. net selling of QR137.9mn the week before. Foreign retail investors remained bearish for the week with net selling of QR70.7mn vs. net selling of QR73.7mn in the prior week. Qatari retail investors remained bearish with net selling of QR240.0mn vs. net selling of QR144.3mn the week before. In 2016 YTD, foreign institutions bought (on a net basis) ~$851mn worth of Qatari equities.

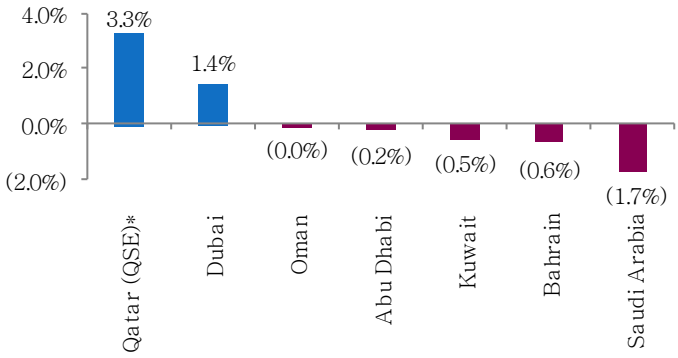
QSE Index and Volume



Market Indicators	Week ended August 18 , 2016	Week ended August 11 , 2016	Chg. %
Value Traded (QR mn)	2,134.7	1,934.1	10.4
Exch. Market Cap. (QR mn)	605,347.0	586,367.4	3.2
Volume (mn)	50.0	49.1	1.8
Number of Transactions	28,360	25,551	11.0
Companies Traded	44	44	0.0
Market Breadth	25:18	36:7	–

Market Indices	Close	WTD%	MTD%	YTD%
Total Return	18,315.64	3.3	6.8	13.0
ALL Share Index	3,107.83	2.9	6.0	11.9
Banks and Financial Services	3,100.17	4.0	8.6	10.5
Industrials	3,390.20	2.6	5.7	6.4
Transportation	2,661.22	3.3	3.6	9.5
Real Estate	2,717.54	(2.0)	0.6	16.5
Insurance	4,776.15	9.7	11.3	18.4
Telecoms	1,313.17	7.4	10.6	33.1
Consumer Goods & Services	6,577.04	0.4	(0.4)	9.6
Al Rayan Islamic Index	4,252.63	1.2	4.1	10.3

Weekly Index Performance



Regional Indices	Close	WTD%	MTD%	YTD%	Weekly Exchange Traded Value ($ mn)	Exchange Mkt. Cap. ($ mn)	TTM P/E**	P/B**	Dividend Yield
Qatar (QSE)*	11,320.39	3.3	6.8	8.5	586.38	166,228.3	15.8	1.7	3.6
Dubai	3,572.44	1.4	2.5	13.4	659.18	92,846.9#	12.7	1.3	4.2
Abu Dhabi	4,518.45	(0.2)	(1.2)	4.9	237.00	84,082.9	12.1	1.5	5.4
Saudi Arabia#	6,220.29	(1.7)	(1.3)	(10.0)	4,031.73	384,763.3	14.7	1.4	3.9
Kuwait	5,471.88	(0.5)	0.4	(2.6)	120.79	80,561.4	19.2	1.0	4.3
Oman	5,894.46	(0.0)	0.9	9.0	48.84	23,421.3	10.3	1.2	5.0
Bahrain	1,149.00	(0.6)	(0.6)	(5.5)	12.24	17,771.9	9.6	0.4	4.6

Source: Bloomberg, country exchanges and Zawya (** Trailing Twelve Months; * Value traded ($ mn) do not include special trades, if any; #Data as of August 17, 2016)

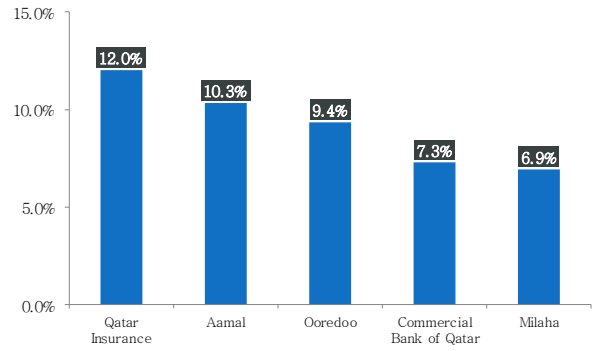
News

Market & Corporate News

- **Qatar sells QR4.6bn in bonds, Sukuk –** According to a central bank official, Qatar's central bank sold QR4.6bn ($1.26bn) of conventional and Islamic government bonds in its first domestic government bond offer in 2016. The central bank sold a total of QR3bn of conventional bonds, including QR1.5bn of three-year bonds at a fixed rate of 2.25%, QR1bn of five-year debt at 2.75%, QR250mn of seven-year debt at 3.25% and QR250mn of 10-year debt at 3.75%. In addition, it sold QR1.6bn of Sukuk. (Zawya)
- **SIIS' bottom-line declines more than half in 2Q2016 –** Salam International Investment Limited's (SIIS) net profit declined 52.0% QoQ in 2Q2016 to QR15.4mn. However, the net profit was nearly flat YoY at 0.5%. The company's operating income declined 10.0% QoQ to QR642.3mn in 2Q2016, while it was up 3.1% YoY. (QSE, QNBFS Research)
- **WDAM's net profit rises 23.4% QoQ in 2Q2016 –** Widam Food Company's (WDAM) net profit rose 23.4% QoQ and 12.4% YoY to QR24.4mn in 2Q2016. The company's revenue rose 21.1% QoQ and remained almost flat (up 1.3% YoY) to QR123.7mn in 2Q2016. (QSE, QNBFS Research)
- **ZHCD reports QR62.0mn net profit in 2Q2016 –** Zad Holding Company (ZHCD) reported 2Q2016 net profit of QR62.0mn, indicating a growth of 20.1% QoQ and 11.1% YoY. The company's operating revenue declined 34.0% QoQ and 2.5% YoY to QR249.9mn in 2Q2016. (QSE, QNBFS Research)
- **QGMD's net loss narrows in 2Q2016 –** Qatari German Company for Medical Devices (QGMD) reported a lower net loss of QR2.0mn in 2Q2016 versus QR2.1mn in 1Q2016. The company reported a net loss of QR3.0mn in 2Q2015. The reduction in net loss was supported by rise in 2Q2016 revenue, which nearly doubled to QR3.9mn (up 97% QoQ and 18% YoY) and decline in finance cost to QR0.7mn in 2Q2016 (vs. QR1.1mn in 1Q2016). (QSE, QNBFS Research)
- **QCSD increases foreign ownership limit of Medicare group to 49% –** Qatar Central Securities Depository (QCSD) has increased the foreigners' ownership limit of Medicare Group to 49% of its capital on August 14, 2016. (QSE)
- **Kahramaa provides water connections to 1,913 new properties in 2Q2016 –** The water network department of Qatar General Electricity and Water Corporation (Kahramaa) provided around 1,913 new properties with water connections during 2Q2016. A press release issued by Kahramaa said the department responded to 12,926 customer complaints and took 163 preventive and corrective maintenance measures at places such as water pumping plants and water tanks during the period. Some 36 kilometers of water conduits have been added to the network in 2Q2016, giving connections to new customers. Moreover, a 9mn gallon water reservoir has been built in Al Wukair to enhance storage capacity in the area. The press release added that the average consumption during 2Q2016 was 320mn gallons per day. (Gulf-Times.com)
- **OBG: 4,000 hotel rooms would be added to market in 2016 –** The Oxford Business Group (OBG), in its 2016 report, said that the number of hospitality options in Qatar would increase further as 20 new properties would open in 2016. With this, around 4,000 rooms would be added to the local market. The report said, "As Qatar prepares to host major events, such as the 2022 FIFA World Cup, room supply is on track to more than double with 56 hotels and 13 hotel apartment buildings planned for the next five years, bringing an additional estimated 26,650 rooms." The report added: "Of these, 20 properties are due to open in 2016, increasing room supply by 4,000." The rise in hotel stock in 2016 would mark a continuation of the trend seen in 2015, when supply increased by 5,000 to reach over 20,700 rooms with the opening of 20 new properties in the country, the report observed, citing Qatar Tourism Authority (QTA) records. (Gulf-Times.com)
- **OBG: Qatar's insurance market may grow at 18% till 2020 –** The Oxford Business Group (OBG) said in its recent annual report that Qatar's insurance market is expected to grow at a rate of around 18% till 2020. Citing forecasts by Alpen Capital, the OBG report said Qatar's insurance market is expected to increase at a compound annual growth rate (CAGR) of 17.8% till 2020, making it the fastest-growing insurance market in the GCC region by current estimates. The report said the insurance sector posted a CAGR of 21% between 2005 and 2015-end. It added that Qatar was the third-largest insurance market in the region by 2014-end, accounting for 10% of premiums written in the GCC region. (Qatar Tribune)
- **QSE-listed companies reported QR21.7bn net profits in 1H2016 –** A total of 43 listed companies on the Qatar Stock Exchange (QSE) have disclosed their financial statement results for the six-month period (1H2016). The combined net profit of all companies as of June 30, 2016 amounted to QR 21.7bn versus QR24.3bn for the corresponding period in 2015, a decrease of 10.3%. It is worth mentioning that Vodafone Qatar was not included in the announcement of the 1H2016 financial results as its financial year starts on April 1 and ends on March 31 next year. (QSE)
- **Qatar's balance of payment deficit narrows in 1Q2016 –** Qatar's deficit in the overall balance of payments narrowed from $2.9bn in 4Q2015 to $0.7bn in 1Q2016. The capital and financial account recorded a surplus of $2.5bn over the same period. QNB Group noted that the country's current account swung into a deficit of $2.3bn in 1Q2016 due to lower oil prices. QNB Group said in its monthly report on Qatar that "for 2016, we expect a current account surplus of 2.0% of GDP as oil prices recover and a capital and financial account deficit of 2.7% of GDP due to investment overseas from Qatar". QNB Group analysts also expect Qatar's merchandise trade surplus to rise in 2H2016 as oil prices recover. The country's trade surplus rose to $2.3bn in June as compared to May, but was down from $4.1bn a year earlier. The YoY decline was due to the fall in exports, which decreased by 28.1% YoY on account of lower oil prices, thereby failing to offset the fall in imports of 1.6% over the same period. (Peninsula Qatar)
- **MDPS: Qatar's CPI inflation rises 0.8% MoM in July –** According to figures released by the Ministry of Development Planning and Statistics (MDPS), Qatar's cost of living, based on the consumer price index (CPI), rose 0.8% in July as compared to June 2016, mainly due to costlier transport, recreation and furniture. The country's annual CPI inflation is up 2.8% YoY. The housing, water, electricity and other fuels group with a weight of 21.89% in the CPI basket saw its index rise 4.1% YoY in July 2016, and gain 0.1% from June 2016. The CPI of July 2016, excluding the "housing, water, electricity, gas and other fuels" group, showed an increase of 2.8% YoY and 0.9% MoM. The transport sector, which has a 14.59% bearing in the CPI basket, saw its group index expand 3.3% YoY in July 2016. It gained 2.8% compared to June 2016. (Gulf-Times.com)

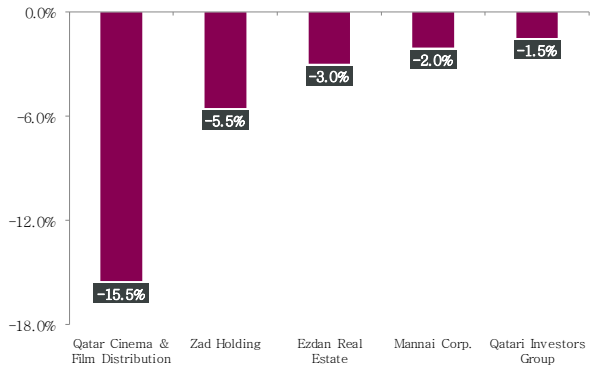
Qatar Stock Exchange

Top Gainers



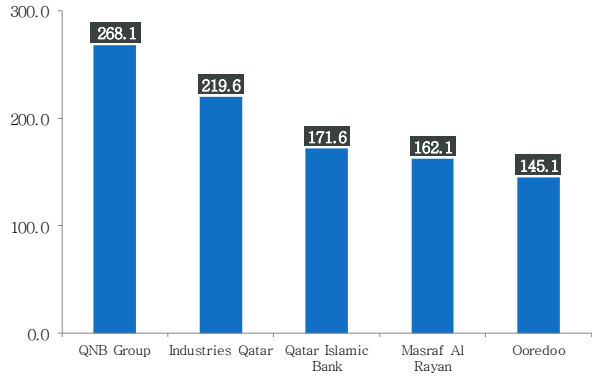
Source: Qatar Stock Exchange (QSE)

Top Decliners



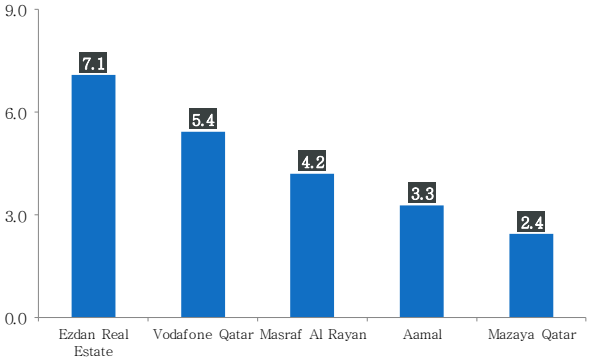
Source: Qatar Stock Exchange (QSE)

Most Active Shares by Value (QR Million)



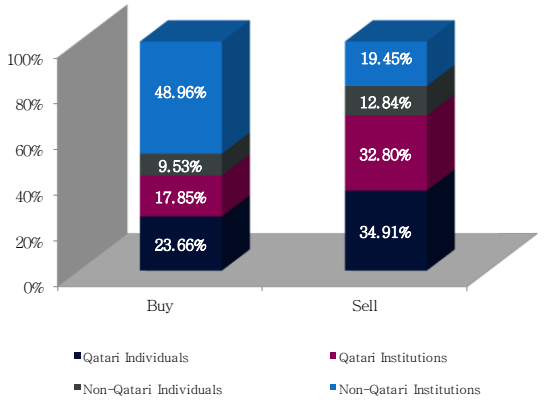
Source: Qatar Stock Exchange (QSE)

Most Active Shares by Volume (Million)



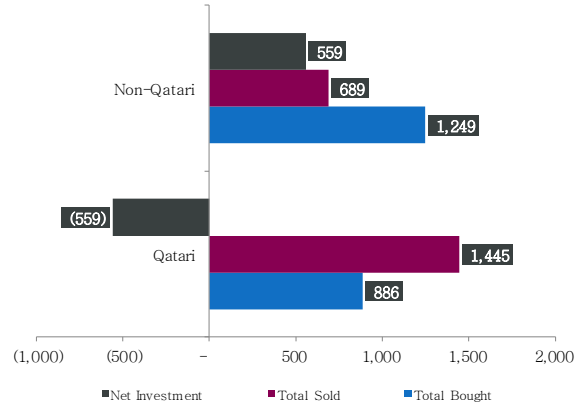
Source: Qatar Stock Exchange (QSE)

Investor Trading Percentage to Total Value Traded



Source: Qatar Stock Exchange (QSE)

Net Traded Value by Nationality (QR Million)



Source: Qatar Stock Exchange (QSE)

TECHNICAL ANALYSIS OF THE QSE INDEX

Source: Bloomberg

The QSE Index closed up yet another week by 3.33% at and closed at 11,320.39 vs the week before. The uptick on the weekly chart continued in-line with the uptrend mentioned in previous reports. Intermediate corrections could take place but the overall momentum remains positive. Our previously expected resistance level has been breached upwards, which puts a new resistance level at the 12,000 level. In addition, we update the expected support level to the 10,500 level on weekly chart.

DEFINITIONS OF KEY TERMS USED IN TECHNICAL ANALYSIS

RSI (Relative Strength Index) indicator – RSI is a momentum oscillator that measures the speed and change of price movements. The RSI oscillates between 0 to 100. The index is deemed to be overbought once the RSI approaches the 70 level, indicating that a correction is likely. On the other hand, if the RSI approaches 30, it is an indication that the index may be getting oversold and therefore likely to bounce back.

MACD (Moving Average Convergence Divergence) indicator – The indicator consists of the MACD line and a signal line. The divergence or the convergence of the MACD line with the signal line indicates the strength in the momentum during the uptrend or downtrend, as the case may be. When the MACD crosses the signal line from below and trades above it, it gives a positive indication. The reverse is the situation for a bearish trend.

Candlestick chart – A candlestick chart is a price chart that displays the high, low, open, and close for a security. The 'body' of the chart is portion between the open and close price, while the high and low intraday movements form the 'shadow'. The candlestick may represent any time frame. We use a one-day candlestick chart (every candlestick represents one trading day) in our analysis.

Doji candlestick pattern – A Doji candlestick is formed when a security's open and close are practically equal. The pattern indicates indecisiveness, and based on preceding price actions and future confirmation, may indicate a bullish or bearish trend reversal.

Shooting Star/Inverted Hammer candlestick patterns – These candlestick patterns have a small real body (open price and close price are near to each other), and a long upper shadow (large intraday movement on the upside). The Shooting Star is a bearish reversal pattern that forms after a rally. The Inverted Hammer looks exactly like a Shooting Star, but forms after a downtrend. Inverted Hammers represent a potential bullish trend reversal.

Company Name	Price (August 18)	% Change WTD	% Change YTD	Market Cap. QR Million	TTM P/E	P/B	Div. Yield
Qatar National Bank	165.50	5.55	13.49	138,966	11.7	2.2	2.1
Qatar Islamic Bank	114.00	0.88	6.84	26,937	12.9	2.0	3.7
Commercial Bank of Qatar	44.95	7.28	(2.07)	14,682	21.6	1.0	6.7
Doha Bank	39.90	5.42	(10.34)	10,309	8.9	1.1	7.5
Al Ahli Bank	41.80	(0.48)	(4.69)	7,976	12.4	1.7	3.6
Qatar International Islamic Bank	67.90	4.14	5.60	10,278	13.0	1.9	5.9
Masraf Al Rayan	39.10	3.44	3.99	29,325	13.9	2.5	4.5
Al Khalij Commercial Bank	18.33	(0.87)	2.00	6,599	10.2	1.0	5.5
Qatar First Bank	11.93	(0.17)	N/A	2,386	N/A	N/A	N/A
National Leasing	18.70	2.75	32.62	925	N/A	0.9	2.7
Dlala Holding	24.17	(0.62)	30.72	687	N/A	2.6	N/A
Qatar & Oman Investment	11.38	(1.04)	(7.48)	358	30.7	1.1	5.3
Islamic Holding Group	67.90	0.00	(13.72)	385	329.0	2.8	2.2
Banking and Financial Services				**249,813**			
Zad Holding	85.50	(5.52)	0.83	1,118	11.2	1.3	4.7
Qatar German Co. for Medical Devices	12.29	(0.65)	(10.42)	142	N/A	1.4	N/A
Salam International Investment	11.90	(1.41)	0.68	1,360	11.7	0.8	8.4
Medicare Group	95.00	2.81	(20.37)	2,674	23.2	2.7	1.9
Qatar Cinema & Film Distribution	30.00	(15.49)	(11.76)	188	12.4	1.4	4.8
Qatar Fuel	154.50	0.91	13.13	14,093	11.3	2.1	4.9
Widam Food Co.	66.70	4.22	26.33	1,201	14.9	4.6	4.0
Al Meera Consumer Goods	220.00	(0.45)	0.00	4,400	27.5	3.4	4.1
Consumer Goods and Services				**25,176**			
Qatar Industrial Manufacturing	45.00	1.35	12.92	2,138	11.8	1.5	6.7
Qatar National Cement	88.00	(0.56)	(5.10)	5,228	11.1	1.8	4.1
Industries Qatar	115.90	3.95	4.32	70,120	17.6	2.2	4.3
Qatari Investors Group	53.10	(1.48)	40.85	6,602	23.2	2.7	2.4
Qatar Electricity and Water	233.50	1.08	7.90	25,685	16.5	3.6	3.2
Mannai Corp.	86.70	(2.03)	(9.02)	3,955	8.3	1.6	5.8
Aamal	14.72	10.34	5.22	9,274	14.5	1.2	N/A
Gulf International Services	36.35	0.69	(29.42)	6,755	19.0	1.7	2.8
Mesaieed Petrochemical Holding	19.32	(0.16)	(0.41)	24,272	20.5	1.8	3.6
Industrials				**154,029**			
Qatar Insurance	91.30	12.02	31.32	22,016	18.5	2.8	2.3
Doha Insurance	21.50	0.47	2.38	1,075	12.3	1.0	4.7
Qatar General Insurance & Reinsurance	47.25	3.96	1.71	4,135	4.7	0.7	2.9
Al Khaleej Takaful Insurance	24.17	0.54	(20.75)	617	22.2	1.2	4.1
Qatar Islamic Insurance	59.80	(1.16)	(16.94)	897	13.3	2.8	6.7
Insurance				**28,740**			
United Development	21.40	0.80	3.13	7,577	16.3	0.7	7.0
Barwa Real Estate	37.40	(0.27)	(6.50)	14,553	17.9	0.8	5.9
Ezdan Real Estate	19.30	(2.97)	21.38	51,193	29.2	1.8	2.6
Mazaya Qatar Real Estate Development	14.85	1.71	9.81	1,637	14.4	1.1	N/A
Real Estate				**74,961**			
Ooredoo	106.40	9.35	41.87	34,082	13.2	1.5	2.8
Vodafone Qatar	12.24	0.16	(3.62)	10,348	N/A	2.1	N/A
Telecoms				**44,430**			
Qatar Navigation (Milaha)	95.70	6.93	0.74	10,960	10.9	0.8	5.2
Gulf Warehousing	57.80	(0.69)	1.58	3,387	15.5	2.4	2.6
Qatar Gas Transport (Nakilat)	25.00	1.83	7.07	13,851	14.0	4.0	5.0
Transportation				**28,198**			
Qatar Exchange				**605,347**			

Source: Bloomberg

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