Bayan Weekly Market Report

Boursa Kuwait equities end trading on a bearish note

Average daily turnover increases by 36.08% last week

KUWAIT: Boursa Kuwait ended last week in the red zone. The Price Index closed at 6,548.42 points, down by 1.13 percent from the week before closing, the Weighted Index decreased by 2.36 percent after closing at 418.96 points, whereas the KSX-15 Index closed at 965.36 points down by 3.29 percent. Furthermore, last week's average daily turnover increased by 36.08 percent, compared to the preceding week, reaching KD 15.53 million, whereas trading volume average was 80.35 million shares, recording an increase of 20.79 percent.

In addition, Boursa Kuwait lost during the last week around KD 650 million of its market capitalization, as it reached by the end of the week KD 28.01 billion, down by 2.27 percent from its level in a week earlier, where it was KD 28.66 billion. Also, the market cap gains since the beginning of the current year contracted to reach 10.26 percent compared to its value at end of 2016, where it reached then KD 25.41 billion. (Note: The market cap 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 data).

The red color continued to prevail over the market indicators for the second consecutive week, as it continued recording grouped losses amid a continuation of the selling trend in controlling the trading activity in light of the absence of positive motivators that contribute in supporting the traders' spirits and push them to buy. The selling pressures witnessed by the market during most of the last week's sessions concentrated on the leading stocks in particular, which appeared clearly from the performance of the Weighted and KSX-15 indices, as it ended all the week's sessions in the red zone, which increased its weekly losses, whereas the losses of KSX-15 Index reached by the end of the week 3.29 percent, while the decline in the Weighted Index reached 2.36 percent, and the Price Index ended the week's trading down by 1.13 percent.In addition, the green color was not absent from the market indices during the last week, as some daily sessions witnessed random purchasing operations and quick speculations executed on some small-cap stocks, which pushed the Price Index to record some daily gains that lightened, to a certain extent, its weekly loss.

As per the daily trading activity, Boursa Kuwait initiated the first trading session of the week with a drop in all its indicators, especially the weighted ones that were negatively affected by the continuous selling operations on the leading and heavy stocks, especially in the Telecommunication sector, the most declining sector by the end of the session. The Boursa continued recording losses for its three indices on the second session, however at stronger pace, as a result to the increased selling pressures on the leading stocks accompanied by the decrease in the number of small-cap stocks too, which caused all the market sectors to drop, except for two sectors where no activity was recorded on its stocks.

Cap gains contract significantly

On the mid-week session, the Boursa witnessed an increased selling pressures on many leading and small-cap stocks together, and its three indices continued its negative performance and declines to low levels, especially the Price Index that ended the session at its lowest level since last January.

Moreover, Wednesday and Thursday's sessions witnessed the appearance of the green color for the first time, however fluctuation was mastering, whereas the Price Index was able to detour to the green zone and end the two sessions with some gains, supported by the random purchasing operations that included some small-cap stocks, which relatively contracted its weekly losses; while the Weighted and KSX-15 indices could not redirect its path and continued recording losses amid the continued selling operations that targeted the leading stocks.

For the annual performance, the Price Index ended last week recording 13.92 percent annual gain compared to its closing in 2016, while the Weighted Index increased by 10.23 percent, and the KSX-15 recorded 9.08 percent growth.

Sectors' indices

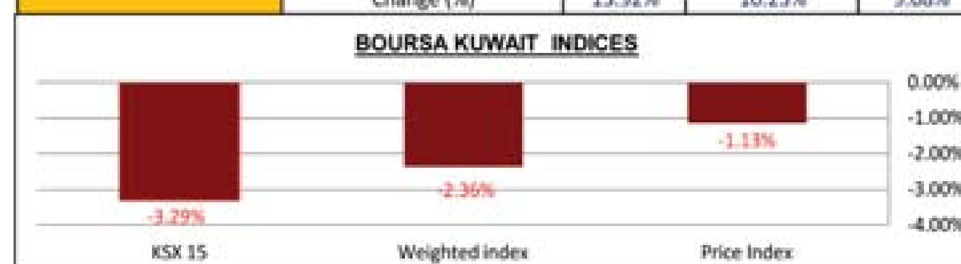
All of Boursa Kuwait's sectors ended last week in the red zone except the Health Care sector's index which closed with no change from the previous week. The Oil & Gas sector headed the losers list as its index declined by 3.72 percent to end the week's activity at 993.20 points. The Insurance sector was second on the losers' list, which index declined by 3.64 percent, closing at 1,070.77 points, followed by the Banks sector, as its index closed at 930.76 points at a loss of 2.30 percent. The Consumer Goods sector was the least declining as its index closed at 976.07 points with a 0.23 percent decrease.

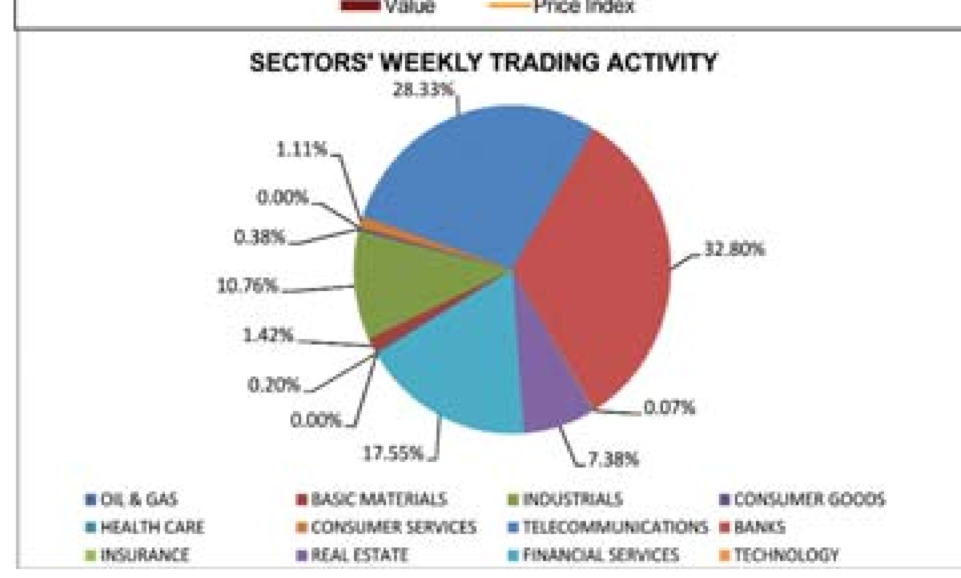
Sectors' activity

The Financial Services sector dominated a total trade volume of around 138.38 million shares changing hands during last week, representing 34.45 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 23.09 percent of last week's total trading volume, with a total of around 92.74 million shares. On the other hand, the Banks sector's stocks were the highest traded in terms of value; with a turnover of around K.D 25.47 million or 32.80 percent of last week's total market trading value. The Telecommunications sector took the second place as the sector's last week turnover was approx. KD 22 million representing 28.33 percent of the total market trading value. — *Prepared by Studies & Research Department - Bayan Investment Co.*

BOURSA KUWAIT INDICES

		Price Index	Weighted index	KSX 15
Weekly	Last week	6,548.42	418.96	965.36
	Previous week	6,623.49	429.09	998.18
	Change (Point)	-75.07	-10.13	-32.82
	Change (%)	-1.13%	-2.36%	-3.29%
Annual	Last year	5,748.09	380.09	885.02
	Change (Point)	800.33	38.87	80.34
	Change (%)	13.92%	10.23%	9.08%





Wall Street Weekly Roundup

Rising tech stocks send S&P 500 to record

NEW YORK: Another spurt higher for Apple and other technology stocks helped the Standard & Poor's 500 set a new record on Friday, and the index closed out an eighth straight week of gains.

It was another mostly calm day for markets after a report showed that the US job market strengthened last month, though not by as much as expected. Bond yields held relatively steady, stock markets around the world rose modestly and the price of oil climbed to its highest level in more than two years.

The S&P 500 rose 7.99 points, or 0.3 percent, to 2,587.84 after flipping between modest gains and losses earlier in the day. The push higher helped it clinch its longest weekly winning streak in nearly four years. The Dow Jones industrial average rose 22.93 points, or 0.1 percent, to 23,539.19, and the Nasdaq composite climbed 49.49 points, or 0.7 percent, to 6,764.44.

Technology stocks led the way, as they have for most of this year. Apple was at the forefront after it reported stronger revenue and earnings for the latest quarter than analysts forecast. A new iPhone model debuted on Friday, and Apple said it expects the $1,000 phone to make this holiday season its best quarter ever. Apple shares rose $4.39, or 2.6 percent, to $172.50.


NEW YORK: Trader Gerard Farco watches a television on the floor of the New York Stock Exchange showing the rate decision of the Federal Reserve. —AP

On the losing side was American International Group, which fell to one of the sharpest losses in the S&P 500 after it reported weaker results for the latest quarter than analysts expected. The insurer's shares dropped $2.98, or 4.6 percent, to $62.00. AIG was an outlier in what has been a better-than-expected earnings season. Most companies have delivered higher profits for the July-through-September quarter than Wall Street had forecast, with growth particularly strong for the technology sector.

Early in the day, gains for the market were more tentative after the government released the most highly anticipated economic report of each month: the jobs report.

Employers added 261,000 jobs in October, and the unemployment rate dipped to 4.1 percent, its lowest level in nearly 17 years. But job and wage growth were weaker than economists forecast. Average hourly earnings were up 2.4 percent from a year earlier, a slowdown from September's 2.8 percent rate. While the jobs report offered a mixed bag, other economic reports on Friday were more encouraging, including ones that showed better-than-expected growth in the nation's service sector and factories, said Phil Orlando, chief equity market strategist at Federated Investors. That has him and other investors confident that the economy is continuing to strengthen, which should translate into higher corporate profits.

"I think these numbers will clean themselves up in the next month or two," Orlando said. Economists said the last two months' jobs reports have been difficult to parse because of the damage that hurricanes did across broad swaths of the economy. The government initially said employers cut 33,000 jobs in September, but on Friday it said that employment actually grew by 18,000 during the month.

The mostly encouraging reports on the economy bolstered expectations that the Federal Reserve will raise interest rates at its next meeting in December. It would be the third increase this year.

The Fed is slowly reining in the stimulus it provided the economy following the Great Recession. Besides gradually raising interest rates, it's also trimming its bond-investment portfolio. Economists expect the slow pace to continue, even as a new chairman arrives. President Donald Trump on Thursday nominated Jerome "Jay" Powell to succeed Janet Yellen, whose term expires in February.

Interest rates held relatively steady. The yield on the 10-year Treasury note dipped to 2.33 percent from 2.35 percent late Thursday. The two-year yield was unchanged at 1.61 percent, and the 30-year yield slipped to 2.81 percent from 2.83 percent. In the commodities market, benchmark US crude jumped $1.10 to $55.64 per barrel, its highest settlement price since July 2015. Brent crude, the international standard, rose $1.45 to $62.07.

Natural gas rose 5 cents to $2.98 per 1,000 cubic feet, heating oil gained 3 cents to $1.89 per gallon and wholesale gasoline climbed 2 cents to $1.79 per gallon. Gold fell $8.90 to $1,269.20 per ounce, silver lost 30 cents to $16.83 per ounce and copper dropped 3 cents to $3.12 per pound.

In overseas stock markets, the French CAC 40 rose 0.1 percent, Germany's DAX gained 0.3 percent and the FTSE 100 in London added 0.1 percent.

South Korea's Kospi index rose 0.5 percent, and the Hang Seng in Hong Kong gained 0.3 percent. Japan's market was closed for a holiday. The dollar rose to 114.16 Japanese yen from 114.00 yen late Thursday. The euro dipped to $1.1608 from $1.1659, and the British pound rose to $1.3069 from $1.3060. — AP

China border traders losing money amid N Korea sanctions

BEIJING: For Yu Kaiguang, harsh new United Nations sanctions on North Korea are a disaster. The trader in the Chinese border city of Dandong has seen business all but dry up, and he spends his days scrambling to obtain payment from the suddenly broke North Korean state companies to whom he sold on credit.

"They have no money to pay us in cash, and the worst is that because of sanctions they can't settle the bill with goods such as coal, as they did in the past," said Yu, reached by telephone at the offices of his Dandong Gaoli Trading Company.

Yu said he's owed about $1 million in all for deliveries of toothpaste, instant noodles and other household items. He's trying to avoid laying off staff by continuing to export foodstuffs such as pine nuts and red beans. "If they become unemployed, it would be bad for both the state and society."

Yu's plight appears increasingly commonplace across Dandong, where the bulk of the cross-border trade is handled. Interviews with four trading companies and recent media reports indicate Chinese companies are hurting in a city where North Korean trucks used to rumble across the Yalu River bridge several times a week delivering metal scrap and returning with everything from televisions to toilet bowls. The owner of another firm, Dandong Baoquan Commerce and Trade Co, which used to import iron ore and coal and export basic consumer goods, said he was still owed around $200,000 by his North Korea clients. "I had to lay off about 10 staffers, but I had no other choice because it was the government policy," Han Lixin said, referring to the sanctions. "I'm still in business hoping to trade with other countries, but it takes a lot of time and efforts to develop customers."

Large-scale trade involving North Korean resources such as iron ore and coal has been banned entirely under the sanctions, dealing a big blow to Dandong's port, whose operator defaulted on a $150 million corporate bond this week in part because of cratering revenues.

"The sanctions have a broad effect, and both the economies of North Korea and China are suffering a lot," said Jin Qiangyi, professor at the Institute of Northeast Asia Studies at Yanbian University in Northeast China. "Chinese companies doing business with North Korea may see quite a lot of losses, and the companies that have already invested in North Korea will suffer more."

Dealing with North Korean companies was never easy. Wang Chengpeng, former manager of Dandong Hongwei Trading Company, quit doing business with the North entirely because of hassles, restrictions and low-profit margins, even before the latest sanctions began to bite.

Despite that, China has long been the North's biggest economic partner. Beijing accounted for more than 90 percent of its neighbor's foreign trade of about $6.5 billion in 2016, according to the South Korean-owned Korea Trade Investment Promotion Agency. China continues to be a key source of food and fuel aid to help keep North Korea's weak economy from collapsing, and Chinese officials say they won't agree to measures that could cut off basic life necessities and possibly cause Kim Jong Un's dictatorship to topple. —AP


In this Sept 11, 2017 photo, Chinese custom officials inspect trucks loaded with goods to and from North Korea in Dandong in northeast China's Liaoning province. —AP