

GCC Asset Allocation & Volatility

December 2008

Falling Oil Prices Cause Worry; Markets Collapse

Research Highlights:
Suggesting asset allocation among GCC stock markets based on quantitative proprietary models developed by Markaz

Asset Allocation Review – November 2008

Strategies	Table 1: Return Profile – Various Strategies		
	Monthly Return (%)	MTD Outperformance / Underperformance vs SAA (%)	YTD 08 Outperformance / Underperformance vs SAA (%)
Strategic Asset Allocation (SAA)	-18.53	-	-
Tactical Asset Allocation (TAA) Strategies			
1. Momentum Model	-14.74	3.79	0.37
2. Mean Reversion Model	-22.32	-3.79	-0.74
3. Risk Model	-13.97	4.56	12.03

Source: Markaz Research. The strategies are quantitative models proprietary to Markaz Research

GCC stock markets recorded one of its worst month-on-month (MoM) performances in 2008 in the month of November. The recession in developed economies and slowdown in emerging markets brought down oil prices, adversely affecting oil-driven GCC economies. The price of oil fell below USD50 per barrel from its lifetime high of USD147 per barrel in July 2008, increasing the uncertainty surrounding growth in corporate earnings in the near-to-medium term. In line with this, the GCC's market cap fell by USD127 Bn MoM in November to USD595 Bn which represents a nearly four-year low.

The Strategic Asset Allocation (SAA) model lost 18.5% in November, its seventh consecutive monthly loss, and registered a year-to-date (YTD) loss of 54.7%. The Momentum model outperformed the SAA model in November, declining 14.7% during the month. On YTD basis, the Momentum model outperformed the SAA model by 37 basis points (bps), whereas the Mean Reversion model underperformed the SAA model by 74 bps. The Risk model registered a loss of 14.0% in November and was the most successful Tactical Asset Allocation (TAA) strategy for the month. The Risk model outperformed the SAA by 456 bps during the month and by 12 percentage points (pps) on YTD basis. For the month of December, the SAA model reduced its exposure to the Saudi bourse to 48% from 53%. The Momentum model increased its allocation to the Kuwaiti bourse from 22% to 25%. The model held 20% of its portfolio—the maximum limit allowed—as free cash. Despite decreasing its exposure to the Saudi market by 5 pps month-on-month (MoM), the Mean Reversion model had 59% exposure to the bourse. The Risk model had an exposure of 25% to the Saudi and Kuwaiti markets.

Table 2: Recommended Asset Allocation for December- 08

Strategies	Saudi Arabia	UAE	Kuwait	Bahrain	Qatar	Oman	Cash/ (Loan)	Portfolio Total
SAA	48%	9%	31%	2%	6%	3%	0%	100%
TAA Strategies								
1. Momentum Model	38%	7%	25%	2%	4%	4%	20%	100%
2. Mean Reversion Model	59%	11%	38%	2%	7%	2%	-20%	100%
3. Risk Model	25%	14%	25%	3%	9%	5%	20%	100%

Source: Markaz Research. The strategies are quantitative models proprietary to Markaz Research

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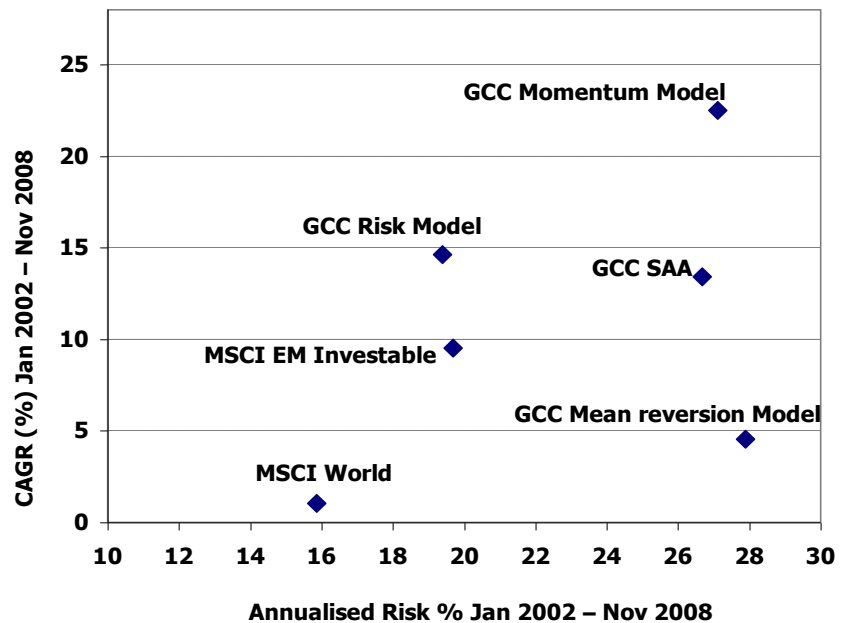
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For December, the Momentum model's exposure to the Saudi market declined to 38%, whereas allocation to the Omani market rose to 4%

Figure 1: Long-term Trends of Asset Allocation Strategies Performance of Strategies (Jan 2002 – Nov 2008)



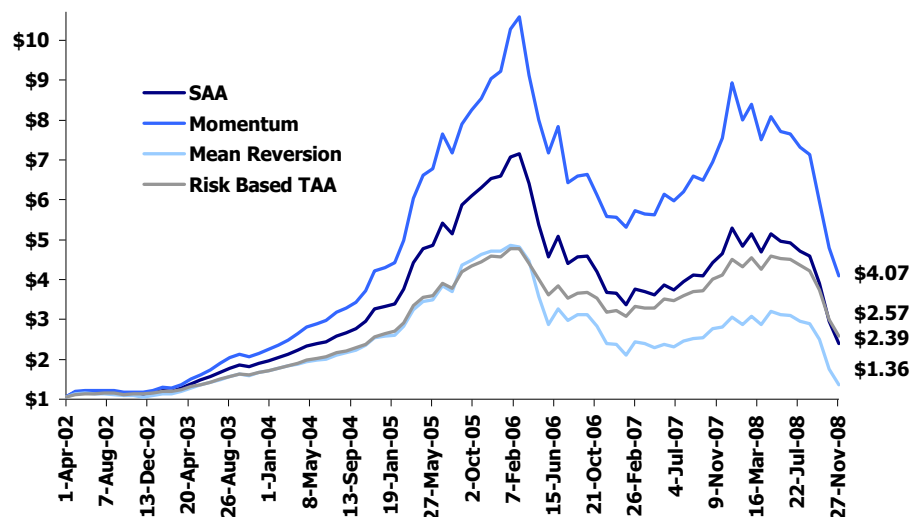
Source: Markaz Research

In November, the Momentum model reported an annualized risk of 27.1% and a return of 22.5% on a CAGR basis

Despite posting a YTD loss of 54.4% in 2008, the Momentum model continued to be the best performing model among all asset allocation strategies with gains of 22.5% (Figure - 1) on a Compounded Annual Growth Rate (CAGR) basis (for the period January 2002–November 2008). However, the Momentum model was also one of the riskiest strategies with an annualized risk of 27.1%. On a CAGR basis, the SAA model gave returns of 13.4% in November compared to a gain of 17.1% in October. The SAA model recorded a 96-bps rise in its risk levels from 25.7% in October to 26.7% in November. During the month, the Mean Reversion model registered the highest annualized risk of 27.9% and returns of 4.5% on a CAGR basis. The Risk model recorded an 80-bps rise in its annualized risk to 19.4% and a 275-bps fall in returns (CAGR) in November. MSCI EM World Index reported single-digit returns of 9.5% with an annualized risk of 19.7%, while MSCI World Index gave 1.1% returns with an annualized risk of 15.9%.

Figure 2: \$1 Performance of TAA Strategies

\$ 1 Performance of TAA Strategies Vis-à-vis Strategic Asset Allocation



Source: Markaz Research

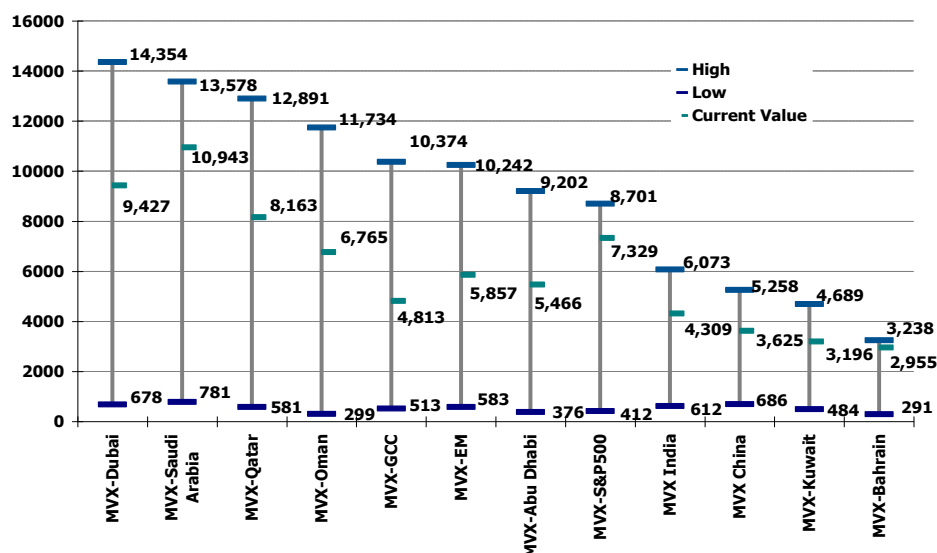
Volatility (as measured by Markaz Volatility Index)

After witnessing a rise in volatility during the month of October, most tracked markets registered a fall in their volatility levels. Except Saudi Arabia, which reported a 12% rise in volatility levels, all other markets witnessed a decline with the MVX Emerging Markets (EM) falling 40% in November 2008. Among GCC markets, MVX Oman and MVX Qatar indices fell 30% and 25%, respectively. The MVX GCC index declined 7% during the month. GCC markets showed some signs of recovery after performing poorly in October but low investor confidence and panic due to the global credit crisis continued to impair market performance. In UAE, MVX Abu Dhabi fell 19% MoM, while MVX Dubai declined 6%. MVX Dubai and MVX Abu Dhabi were trading 67% and 39% above their 120-Day MVA, respectively. MVX India, which rose 108% in October, declined 29% in November. After rising for five months consecutively, MVX Oman posted its first fall of 30% during the month. After appreciating in the previous month, MVX S&P 500 lost 4%, whereas MVX China fell 2% in November 2008.

Except Saudi Arabia, all other tracked markets witnessed a fall in volatility levels in November

Emerging markets witnessed a 40% decline in volatility levels, whereas MVX Saudi rose 12% in November

Figure 3: Comparable MVX Levels as of November 30, 2008



Source: Markaz Research

Key Trends & Inference

Index/Country	MVX Spot as on Nov 30, 2008	% Chg (MoM) ¹	Inference
Saudi Arabia	10,943	12	MVX Saudi was up 98% on 120-day MVA ² basis and 338% on TTM basis.
Dubai	9,427	-6	MVX Dubai gained 142% on TTM basis as the index rose 173% in January 2008.
Qatar	8,163	-25	MVX Qatar was 49% above its 120-day MVA and rose 291% TTM.
S&P 500	7,329	-4	MVX S&P 500 was down 4%; however, the index was up 1099% on YTD basis.
Oman	6,765	-30	MVX Oman was trading 491% higher on YTD basis as it reported a 105% rise in the previous month.
Emerging Markets	5,857	-40	MVX EM was trading 35% over its 120-day MVA and surged 132% on TTM basis.
Abu Dhabi	5,466	-19	MVX Abu Dhabi declined 19% in November after rising 41% in October.
GCC	4,813	-7	MVX GCC was trading 183% and 34% higher on YTD and 120-day MVA bases.
India	4,309	-29	MVX India was up 142% on TTM basis despite falling 29% in November.
China	3,625	-2	MVX China was 1% higher than its 120-day MVA. On TTM basis, the index was up 22%.
Kuwait	3,196	-19	MVX Kuwait rose 209% on YTD basis. On TTM basis, the index was trading 101% higher.
Bahrain	2,955	-9	MVX Bahrain declined 9% in November after advancing 125% in October.

Source: Markaz Research

Note: ¹ - Variation calculated on a MoM basis ² - 120-Day Moving Average

Correlation

Short-Term

In November, the short-term correlation between Kuwait and Bahrain rose to 60%

Saudi Arabia witnessed a significant decrease in short-term correlation (December 2007–November 2008) with all other GCC markets during the month. Saudi Arabia recorded maximum decrease in correlation—786 bps to 34%— with Abu Dhabi. Kuwait shared a high short-term correlation with Bahrain as it increased 926 bps to 60% in November (Table-3). Qatar’s correlation with Oman and Bahrain rose 375 bps and 374 bps, respectively, whereas Qatar’s correlation with Saudi Arabia decreased 557 bps. During the month, the UAE markets witnessed a significant increase in their correlation with the S&P 500. The correlation between S&P500 and Dubai and Abu Dhabi stood at 15% and 13%, respectively. In November, short-term correlation between EM and S&P 500 increased to 50%.

Long-Term

Long-term correlation between Kuwait and S&P 500 was negative

Saudi Arabia’s long-term correlation (December 2005–November 2008) with other GCC markets declined during the month. Saudi Arabia’s correlation with S&P500 and EM stood at 12% and 16%, respectively. Kuwait’s correlation with EM increased 859 pps to 13%. Dubai’s correlation with Bahrain increased 471 bps to 28%, whereas Dubai’s correlation with Qatar rose 409 bps to 42% (Table 4). While Oman’s correlation with S&P500 declined to 0%, Oman’s correlation with EM increased to 25% in November. S&P500’s correlation with EM increased 13 pps to 46%.

Table 3: Short-Term Correlation

1Y Correlation (December 2007– November 2008)									
	Saudi Arabia	Kuwait	Dubai	Abu Dhabi	Qatar	Oman	Bahrain	S&P 500	GEM*
Saudi Arabia	100								
Kuwait	19	100							
Dubai	34	48	100						
Abu Dhabi	34	56	83	100					
Qatar	25	57	69	76	100				
Oman	26	47	59	62	66	100			
Bahrain	14	60	49	56	57	50	100		
S&P 500	25	(3)	15	13	2	(2)	(0)	100	
GEM*	31	21	42	38	31	31	27	50	100

Source: Markaz Research; *: Global Emerging Markets

Table 4: Long-Term Correlation

3Y Correlation (December 2007– November 2008)									
	Saudi Arabia	Kuwait	Dubai	Abu Dhabi	Qatar	Oman	Bahrain	S&P 500	GEM*
Saudi Arabia	100								
Kuwait	17	100							
Dubai	24	31	100						
Abu Dhabi	25	37	67	100					
Qatar	12	33	42	50	100				
Oman	16	31	39	42	49	100			
Bahrain	9	40	28	34	37	36	100		
S&P 500	12	(2)	8	8	1	0	1	100	
GEM*	16	13	25	23	21	25	16	46	100

Source: Markaz Research; *: Global Emerging Markets

Market Review

A. GCC Performance

MoM Change



- GCC markets continued to bleed as the global financial crisis intensified. Fears of imminent recessions in developed nations and expected slowdown in emerging economies led to a significant decline in oil prices. The price of oil plummeted below USD50 per barrel from its lifetime high of over USD147 per barrel in July 2008. The region's significant dependence on oil raises concerns over the sustainability of growth in earnings in the near-to-medium term.
- GCC markets recorded a MoM decline of 13.8% in November. The markets lost 22% and 17% in October and September, respectively.
- On a YTD basis, losses posted by GCC markets increased significantly to 53.3% in November from 45.8% last month. However, GCC markets outperformed the Emerging markets (performance measured by the MSCI EM Index), which lost 57.7% on YTD basis.

MoM Change (Value Traded)



Liquidity

- In November, GCC markets witnessed declines in trading activity due to uncertainty surrounding the global economic outlook. The volume traded during the month decreased 5.4% MoM to 21.7 Bn (refer Appendix 4).
- The volume traded on the Tadawul increased 35% in November after doubling in October. However, during the month, the UAE and Kuwait registered 18% and 16% decline in total volume traded, respectively.
- The value traded fell 13% to USD49.6 Bn during the month from USD57.0 Bn in October.
- The average volume traded over the last 12 months (LTM) in the GCC region was 20.1 Bn in November, while the average value traded over the last 12 months was USD73.8 Bn.

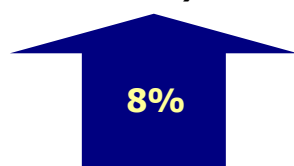
B. Saudi Arabia Performance

MoM Change



- The Saudi Arabian market continued to witness a significant decline. After plunging (on MoM basis) 14.8% in September and 25.8% in October, the market lost a further 14.4% in November.
- During the last three months, the Saudi market has lost 45.9%. As a result, its YTD losses increased to 57.1% from 49.8% in October.
- Softening oil prices on account of fears of an imminent global slowdown continued to play havoc in the market. As a result, the Petrochemical Industries index fell 24.8% MoM in November. The Banks and Financial index plummeted 14.4% MoM. After declining 42.3% MoM last month, the Building & Construction index lost 3.4% MoM in November. While the Retail index advanced 7.8% MoM, the Agriculture & Food Industries and the Multi-Investment indices gained 2.9% and 1.0%, respectively.
- At current price levels, the market is trading at 9 times its forward earnings. Market contraction brought down the estimated P/E for 2008 by 18% in November.

MoM Change (Value Traded)



Liquidity

- The uptrend in trading activity in Saudi Arabia continued in November. The volume traded for the month stood at 6.8 Bn, whereas the value traded crossed USD34.6 Bn.
- Both, concentration of the top five stocks in terms of volume to the market capitalization, and concentration of the top five stocks in terms of value to the total market capitalization stood at 23%.

- The average volume traded over the last 12 months in Saudi Arabia was 4.9 Bn in November, while the average value traded over the last 12 months was USD47.2 Bn (refer Appendix 4).

Performance of blue chip stocks

- Saudi Basic Industries Corporation (SABIC) expects that significant reduction in prices due to falling demand is likely to have an adverse impact on its earnings in the near term. The company also plans to lower the production of engineering thermoplastics by approximately 20% primarily due to sluggish demand.
- Saudi Telecom Company (STC) entered into a joint venture (JV) agreement with Saudi Research and Marketing Group (SRMG) and Astro All Asia Networks (AAAN) in November to acquire and produce the content for STC's multi-play services on fixed-line, mobile and Internet. While STC will have 51% stake in the JV (valued at approximately USD75 Mn), the remaining 49% will be held by AAAN (29%) and SRMB (20%).
- Kingdom Holdings Company (KINGDOM) recorded a YoY increase in its net income to SR1.1 Bn during 9M08. At SR226.5 Mn, the company's earnings were flat on YoY basis in the third quarter of 2008. KINGDOM's earnings from the hotel business declined due to lower occupancy rate on account of the slowdown in tourism globally. Moreover, KINGDOM increased its stake in Citigroup to 5% in November 2008.
- Samba Financial Group (Samba) plans to further strengthen its branch network. The company received the license to operate in the Qatari market. Samba plans to open a branch in Qatar in the near term and has already inaugurated an office in Dubai.

MoM Change	
Company	% Change
KINGDOM	1
RJHI	-9
STC	-20
SAMBA	-29
SABIC	-30

Expected Implication on the market



Regulatory/Other Developments

- The Saudi Arabian Monetary Agency (SAMA) reduced the repo rate by 100 bps to 3%. The SAMA also lowered the cash reserve requirement by 300 bps to 7%. The change in the reserve ratio is estimated to release approximately USD2.4 Bn into the Saudi Banking system.

C. Kuwait Performance

- The Kuwait Price Index, which measures the performance of the Kuwaiti market, continued to decline in November and lost 9.3% MoM. All Kuwaiti indices declined during the month.
- Real estate sales in the region decreased 23% MoM to USD348.7 Mn in October 2008. While sales volume declined 30.6% YoY during January to October 2008, the number of transactions decreased 34% YoY. This factor led to a significant decline in the Real Estate index in November.
- The Real Estate index declined 15.1% MoM in November, becoming the worst performer for the month. The index lost 29.8% MoM in October. The Industrial and Investment indices continued to fall in November, declining 13.7% and 13.0% MoM, respectively.
- In order to restrict the fall in Kuwaiti markets and safeguard the interests of small investors, a Kuwaiti court suspended trading on the Kuwaiti exchange from November 13–17, 2008.
- At current price levels, the market's P/E witnessed a 20% MoM decline and is trading at 8 times over its 2008 earnings.

MoM Change



MoM Change (Value Traded)



Liquidity

- The total volume and value traded during the month (on MoM basis) decreased 16% to 6.0 Bn and 42% to USD6.7 Bn, respectively (refer Appendix 4).
- In November, the LTM volume traded stood at 6.6 Bn, while the LTM value traded stood at USD11.3 Bn.

- Concentration of the top five stocks in terms of volume to the market capitalization fell to 1% in November. However, concentration of the top five stocks in terms of value to the total market capitalization rose to 33% from 32% in October.

Performance of blue chip stocks

- National Bank of Kuwait (NBK)'s net profit increased to KD263 Mn in the first ten months of 2008 from KD244 Mn in 9M08. The bank also reiterated its plan to make acquisitions in the Arabian Gulf region.
- Moody's Investors Services has downgraded National Industries Group (NIG)'s credit rating from Baa2 currently due to its high market value leverage of 42% as of September 30, 2008.
- Kuwait Finance House (KFH) Bahrain and KFH Turkey posted a net profit of USD80 Mn each during the first nine months of 2008. Furthermore, KFH received approval from the central bank to repurchase up to 10% of its equity in the next six-month period, starting October 26, 2008.
- Zain announced plans to make acquisitions worth up to USD4 Bn by 2010. The company plans to acquire companies in the MENA region. Zain has temporarily deferred its plans to raise up to USD5 Bn on European exchanges due to the ongoing global financial turmoil.
- Following a 9.6% YoY decline in its net profit, Agility plans to make acquisitions in EM. The company is also eyeing more deals in the Iraqi telecommunications sector. Agility's strong cash position is likely to help the company in pursuing acquisitions.

MoM Change	
Company	% Change
AGILITY	6
NBK	4
KFH	-5
ZAIN	-5
NIG	-19

Expected Implication on the market



Regulatory/Other Developments

- Kuwait Investment Authority (KIA) plans to set up a fund of up to KD 2 billion (USD 7.5 billion) to invest in the stock market to boost the overall investor confidence and to ensure market making.
- Bankers in Kuwait requested the government to create a bailout fund worth USD12.8 Bn to buy 10% of the shares in the index. The creation of such a massive bailout fund could give a significant push to the market.

MoM Change

-22%



D. United Arab Emirates

Performance

- Negative investor sentiment due to concerns over the performance of the real estate sector and uncertainty regarding the UAE's exposure to global financial markets left bourses in the country battered in November. The Dubai Financial Market (DFM) declined 33.2%, whereas the Abu Dhabi Exchange (ADX) lost 16.5% during the month.
- The losses were even more evident on a YTD basis—the DFM and ADX indices fell 66.9% and 39.0%, respectively.
- Liquidity continued to be a key concern as the UAE government had no plans to inject money into its weak stock markets.
- ADX and Citibank entered into an agreement under which Citibank would provide custody of ADX-listed shares to institutional investors. This is expected to facilitate additional foreign investment in the emirate broadening bourse's investor base.
- The Real Estate index in Dubai fell 42.5% during the month, leading to an increase in YTD losses to 77.6%. Falling oil prices had a direct impact on ADX's Energy index, which declined 32.8%.
- At current price levels, the UAE markets (Abu Dhabi and Dubai) are trading at 7 times over their 2008 earnings.

MoM Change (Value Traded)



MoM Change	
Company	% Change
NBAD	-7
ETISALAT	-22
DIB	-38
EMIRATES NBD	-41
EMAAR PROP	-45

Liquidity

- While the total volume traded in November decreased to 8.2 Bn from 10.0 Bn in October, the value traded declined 46% to USD4.8 Bn (refer Appendix 4).
- Concentration of the top five stocks in terms of volume to the market capitalization stood at 12%, whereas concentration of the top five stocks in terms of value to the market capitalization was 27% in November.

Performance of blue chip stocks

- Etisalat Egypt, a unit of Emirates Telecommunication Corporation, acquired Internet service providers Nile Online and EgyNet. The company was planning acquisitions worth another USD3 Bn to utilize its free cash and benefit from declining oil prices.
- Work commenced on the USD600 Mn mega-tourism development venture between Emaar Properties and Bali Tourism Development Corporation in Indonesia's Lombok Island this month. The project is expected to be operational by 2010.
- Dubai Islamic Bank (DIB) launched Al Islami Business Accounts, a new product in its business banking portfolio, offering convenience and competitive advantages to its corporate clients. The company also launched its Salik Recharge Facility via its Al Islami online banking service.
- Emirates NBD, keen on acquiring any of its troubled rivals, is looking to develop operations in countries such as Saudi Arabia and other emerging markets like India and China.

MoM Change



E. Qatar Performance

- Qatar's Doha Securities Market (DSM) fell 12.4% in November after falling 25.6% in October. Increased profit-booking by foreign institutional investors led Qatar's bourse to report its sixth consecutive MoM fall in November.
- The market's YTD losses touched 36.6% in November as against gains of 23.8% in the first half of 2008.
- The industrial sector continued to perform poorly—the Industrial index fell 22.7% during the month after falling 28.4% in October.
- The Services index was the top performer despite losing 8.3% in November.
- At current price levels, the DSM's P/E is trading at 7 times over its 2008 earnings.

MoM Change (Value Traded)



Liquidity

- The volume and value traded for the month stood at 0.4 Bn and USD3.1 Bn, respectively (refer Appendix 4).
- The bourse recorded a 25% increase in volume traded and a 21% decrease in value traded in November.
- The average volume traded for the last 12 months decreased to 0.31 Bn, whereas the average value traded declined to USD3.9 Bn from USD4.2 Bn in October.
- While concentration of the top five stocks in terms of volume to the market capitalization was 18%, concentration of the top five stocks in terms of value to the market capitalization stood at 35%.

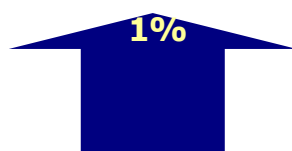
Performance of blue chip stocks

- Based on results for the first nine months of 2008 and the projected net income for the remainder of 2008, Qatar Telecommunications (QTEL) recommended a cash dividend of 100% for 2008. Furthermore, Nawras, the Oman-based affiliate of QTEL, made a successful bid for a fixed line license in Oman.

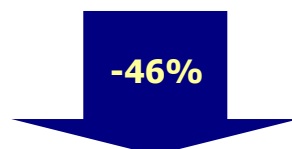
MoM Change	
Company	% Change
QNB	-1
CBQK	-6
QTEL	-7
QIBK	-19
IQCD	-27

- Qatar Islamic Bank (QIB) is seeking approval from the Qatar Financial Market Authority (QFMA) for its plans to buy back 10% of the company's shares valued at QR1.97 Bn from the market.
- QNB Al Islami opened a branch in Khartoum, the first one outside Qatar. The company obtained the authorization to carry out its banking functions in Sudan early in 2008.
- Industries Qatar (IQCD) recommended a cash dividend of 80% or QAR8 per share for its shareholders for 2008 as the company's net profit more than doubled to QR7.20 Bn in the third quarter.
- The Commercial Bank of Qatar (CBQK) entered into a USD380 Mn term loan facility with a club of international banks; the loan would be used for general funding purposes. In addition, CBQK plans to issue 41.24 Mn shares by the beginning of 2009 to the Qatar Investment Authority (QIA) to raise approximately QR3.2 Bn.

MoM Change



MoM Change (Value Traded)



F. Oman Performance

- Oman stock exchange was the only GCC market to post gains during November. Oman's Muscat Securities Market (MSM) rose 1% in November after declining 26.9% in October. On YTD basis, MSM posted a loss of 30.7%.
- At current price levels, the market is trading at 7 times over its 2008 earnings.

Liquidity

- The volume traded during the month decreased 41% to 0.2 Bn, whereas the value traded declined 46% to USD0.2 Bn.
- Concentration of the top five stocks in terms of volume and value to the market capitalization stood at 29% and 58%, respectively.
- During the month, the LTM volume traded stood at 0.4 Bn, while the LTM value traded decreased marginally over the previous month to USD0.8 Bn (refer Appendix 4).

MoM Change	
Company	% Change
NBOB	11
BKDB	11
RCCI	11
OTEL	4
BKMB	-4

Performance of blue chip stocks

- Oman Telecommunications (OTEL)'s net profit after tax increased 29.6% to RO106.9 Mn in the third quarter of 2008 from RO82.6 Mn a year earlier. The company ascribed the growth to steps taken by the management to promote OTEL's services to customers and keep pace with the latest technologies in the telecom sector.
- Bank Muscat (BKMB) successfully closed its third Certificate of Deposit (CD) auction during the month. The issue was oversubscribed to the extent of RO19.7 Mn as against the original issue size of RO15 Mn.
- National Bank of Oman SAOG (NBO) signed an agreement with Muriya Tourism Development Co to provide housing loans for investors planning to purchase properties in the Jabl Sifa and Salalah beach projects.

Expected Implication on the market



Regulatory/Other Developments

- To boost its battered market and lift investor confidence, the Omani government plans to set up a RO150 Mn fund. While the government is expected to contribute 60% (RO90 Mn) to the fund, the remaining contribution would come from the private and pension sectors.
- The Government of Oman's total revenues increased 47.2% to RO5.78 Bn during the first eight months of 2008 due to 68% growth in its oil revenues.
- Oman declared its budget for 2009. While the government's revenues are forecasted to increase 21% YoY to RO6.54 Bn, its expenditure is likely to rise 19% to RO6.54 Bn.



- Based on the average price of oil at USD60 a barrel, Oman expects its deficit to touch RO385 Mn in 2009. However, if the ongoing financial crisis further intensifies and oil prices consolidate at the current price of USD50 a barrel, the deficit could increase significantly.

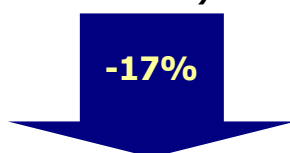
MoM Change



G. Bahrain Performance

- The Bahraini market, which was relatively better off last month, fell 12.2% MoM in November. While other GCC indices declined over 20% on MoM basis during October, the Bahraini market lost 9.9%.
- The Services index, which fell 11.3% MoM in October, gained strength and defied the market's fall. The index rose 0.1% MoM in November and was the sole index in the Bahraini market to register growth.
- The Banking index continued to be the top loser—it declined 15.3% MoM in November after plunging 11.8% MoM in October.
- At current price levels, the Bahraini market is trading at 6 times over its 2008 earnings after declining 14.2% in October.

MoM Change (Value Traded)



Liquidity

- The volume traded increased 45% to 0.1 Bn in November from 0.08 Bn in October. The value traded declined 17% to USD0.1 Bn (refer Appendix 4).
- The average volume traded for the last 12 months stood at 0.12 Bn in November, while the average value traded for the last 12 months stood at USD 0.17 Bn.
- Concentration of the top five stocks in terms of volume and value to the market capitalization was 14% each.

MoM Change

Company	% Change
BATELCO	2
ABC	0
AUB	-11
GFH	-18
InvCorp	-34

Performance of blue chip stocks

- Arab Banking Corp (ABC) reported a loss of USD194 Mn in the third quarter of 2008 as against a profit of USD73 Mn in the third quarter of 2007. The company's earnings were adversely affected by USD234 Mn in provisions during the quarter (USD974 Mn until September) due to the ongoing credit crisis.
- Investcorp and Barclays Private Equity completed the acquisition of N and W Global Vending Company, a manufacturer of food and beverage vending machines, in November 2008. While Investcorp and Barclays Private Equity will have equal stake, N and W Global Vending Company's management will have minority stake.
- Gulf Finance House plans to build Energy City in Libya. The project is estimated to be worth approximately USD5 Bn. The Company is likely to bear 60% of the cost, while the remaining expense would be borne by the Libyan Economic and Social Development Fund. The project is expected to kick-start in early 2009.
- Batelco benefited from speculations in the market that the Bahraini government is planning to divest its 60% stake in the company. Batelco refused to comment on the above saying, "it was company policy not to comment on reports that are relevant to shareholding."

Appendix 1: Model Performance – Historical

Monthly performance (%)													
SAA													
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Annual
2002	2.03	(0.43)	3.03	10.65	2.09	(1.43)	(0.30)	(0.07)	(3.35)	(0.22)	(1.05)	3.73	14.93
2003	4.16	(0.79)	6.46	8.80	6.65	6.10	6.98	6.51	3.86	(2.27)	4.62	3.53	69.69
2004	4.36	4.46	4.19	4.93	2.63	1.60	6.46	2.97	3.81	6.87	10.57	1.76	70.09
2005	2.10	10.68	17.61	8.07	1.93	11.47	(5.14)	14.01	3.90	3.35	3.82	0.88	98.49
2006	7.32	1.10	(10.50)	(16.18)	(15.01)	11.48	(13.39)	3.56	0.52	(8.47)	(12.36)	(0.48)	(44.49)
2007	(8.11)	11.75	(1.53)	(2.19)	6.44	(2.83)	5.04	4.59	(0.38)	8.03	5.15	13.61	44.48
2008	(8.57)	6.46	(8.78)	9.54	(3.62)	(0.73)	(4.44)	(2.48)	(14.89)	(24.69)	(18.53)		(54.72)
TAA- Momentum													
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year End
2002	2.03	(0.61)	2.87	13.39	2.48	(1.01)	0.44	0.46	(3.87)	(0.68)	1.65	3.44	21.56
2003	5.44	(1.05)	5.91	10.96	7.90	7.43	8.85	7.87	4.10	(2.21)	5.71	4.39	83.61
2004	5.11	5.36	6.40	6.65	2.97	2.45	7.08	3.50	4.37	8.68	13.17	2.05	92.43
2005	2.77	12.63	21.05	9.61	2.72	12.72	(6.25)	10.03	4.65	3.54	5.67	2.03	114.27
2006	11.54	3.02	(13.84)	(12.25)	(10.44)	9.27	(18.01)	2.62	0.72	(7.72)	(9.09)	(0.30)	(39.74)
2007	(4.37)	7.61	(1.39)	(0.14)	9.01	(2.77)	4.05	6.07	(1.35)	6.80	8.90	18.32	60.91
2008	(10.57)	5.07	(10.61)	7.63	(4.62)	(0.72)	(4.21)	(2.76)	(16.42)	(19.67)	(14.74)		(54.35)
TAA - Mean reversion													
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year End
2002	2.03	(0.25)	3.18	7.91	1.70	(1.85)	(1.05)	(0.60)	(2.83)	0.25	(3.76)	4.01	8.50
2003	3.46	(0.52)	7.02	6.64	5.41	4.77	5.12	5.16	3.62	(2.33)	5.71	2.66	57.47
2004	3.62	3.56	1.99	3.22	2.30	0.75	5.85	2.44	3.26	5.07	7.98	1.47	50.06
2005	1.43	8.72	14.17	6.54	1.13	10.22	(4.04)	17.99	3.16	3.16	1.98	(0.27)	83.23
2006	3.09	(0.83)	(7.15)	(20.11)	(19.58)	13.69	(8.77)	4.49	0.32	(9.22)	(15.63)	(0.65)	(49.54)
2007	(11.84)	15.89	(1.67)	(4.23)	3.86	(2.90)	6.02	3.12	0.60	9.25	1.40	8.89	28.74
2008	(6.57)	7.85	(6.94)	11.45	(2.62)	(0.75)	(4.68)	(2.20)	(13.37)	(29.71)	(22.32)		(55.46)
TAA - Risk													
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year End
2002	2.12	(0.42)	2.22	6.32	2.39	(0.19)	0.87	1.05	(3.31)	0.49	0.60	2.55	15.39
2003	3.00	(0.52)	3.82	6.42	3.75	4.67	5.89	4.42	3.11	(0.66)	3.50	2.32	47.46
2004	3.28	3.92	3.45	3.91	2.21	2.04	4.97	2.73	3.06	3.87	7.85	2.97	54.25
2005	2.49	8.11	14.40	6.68	0.74	9.04	(3.16)	10.69	3.48	2.68	2.93	(0.08)	74.00
2006	4.53	(0.29)	(7.64)	(8.98)	(10.00)	6.65	(8.08)	3.34	0.60	(3.90)	(9.88)	1.36	(29.45)
2007	(4.76)	7.75	(0.80)	(0.12)	7.14	(1.53)	3.50	2.84	0.63	8.02	2.74	9.28	39.35
2008	(4.12)	5.35	(6.40)	8.06	(1.71)	(0.40)	(2.92)	(3.40)	(11.29)	(19.93)	(13.97)		(42.68)

Source: Markaz Research

Appendix 2: Volatility Model Performance – Historical

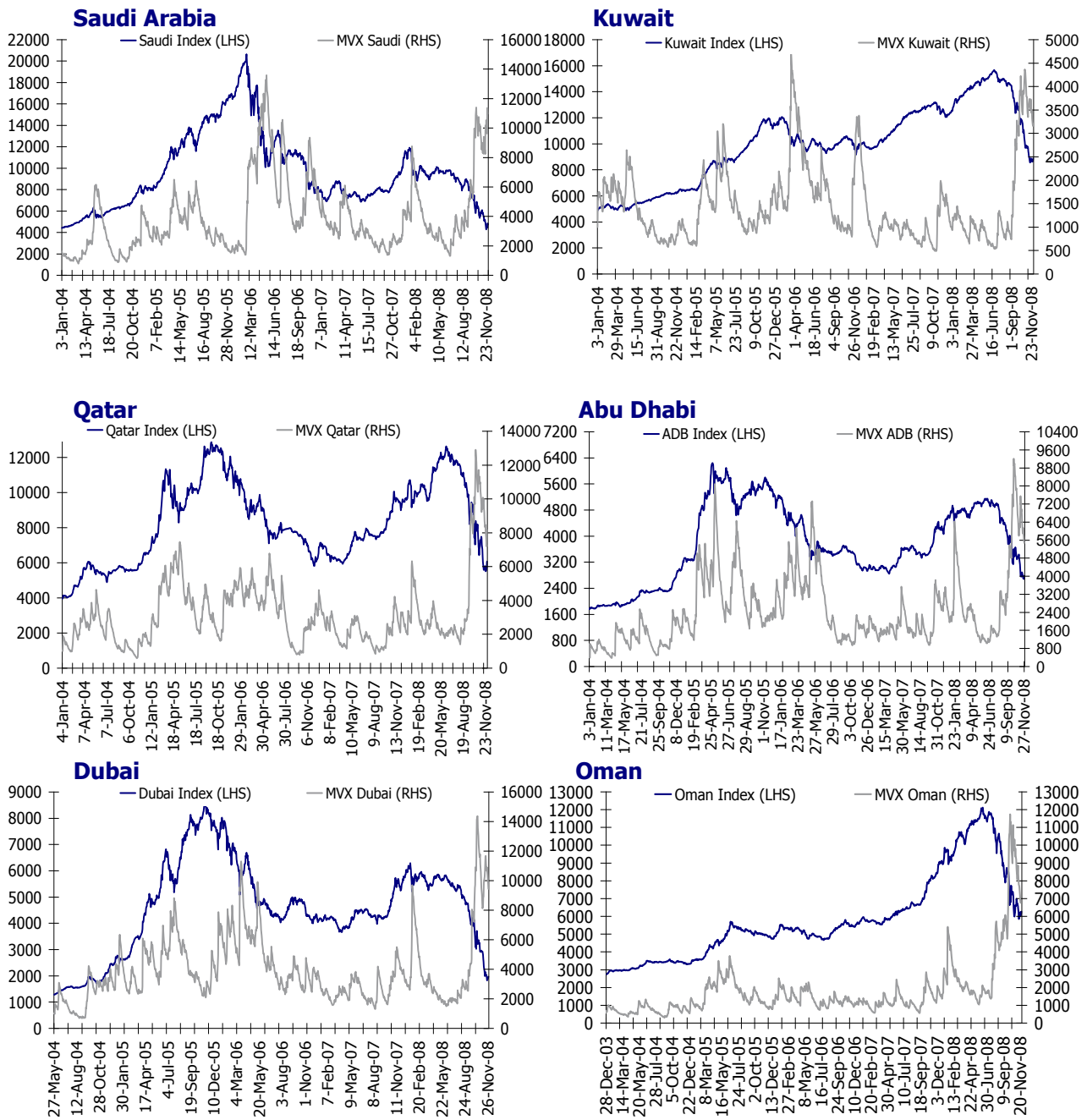
Table 1: Markaz Volatility Index (MVX)¹

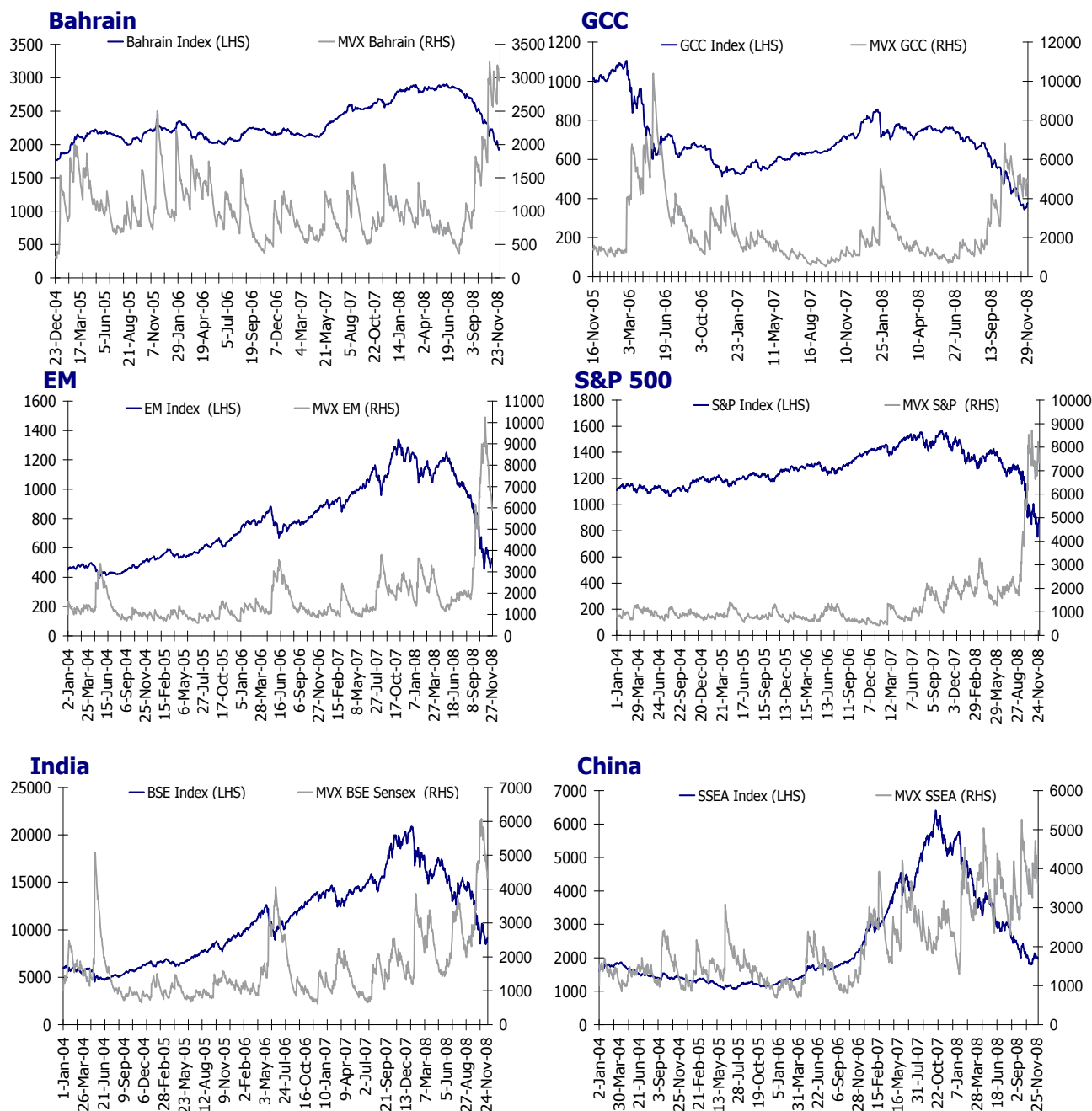
	Current Value 30-November- 08	Historic High	Historic High Date	Historic Low	Historic Low Date	120-D Moving Average
MVX-Saudi Arabia	10,943	13,578	16-May-06	781	17-Mar-04	5,517
MVX-Kuwait	3,196	4,689	18-Mar-06	484	24-Oct-07	2,061
MVX-Qatar	8,163	12,891	14-Oct-08	581	8-Nov-04	5,473
MVX-Dubai	9,427	14,354	16-Oct-08	678	30-Aug-04	5,628
MVX-Abu Dhabi	5,466	9,202	14-Oct-08	376	29-Mar-04	3,934
MVX-Oman	6,765	11,734	14-Oct-08	299	7-Sep-04	5,229
MVX-Bahrain	2,955	3,238	30-Oct-08	291	29-Dec-04	1,432
MVX-GCC	4,813	10,374	16-May-06	513	28-Sep-07	3,597
MVX-EM	5,857	10,242	30-Oct-08	583	8-Jul-05	4,335
MVX-S&P500	7,329	8,701	28-Oct-08	412	19-Jan-07	4,045
MVX India	4,309	6,073	3-Nov-08	612	7-Dec-06	3,348
MVX China	3,625	5,258	22-Sep-08	686	28-Dec-05	3,581

Source: Markaz Analysis

¹ Base Date Index 1000 as of 1st Jan 2004

Markaz Volatility Index (MVX)-Country Charts (Till November 2008)





Appendix 3: Market Indicators

Indicators	M. Cap (USD Bn)	Last Close	Nov 08 %	YTD %	07 %	P/E 07	P/E 08
Saudi (TASI)	244	4,738	-14.44	-57.08	41	21	9
Kuwait (KSE)	130	8,875	-9.34	-29.33	24	14	8
Abu Dhabi (ADI)^	79	2,776	-16.54	-39.02	52	16	7
Qatar(Doha SM)	47	6,071	-12.36	-36.63	34	16	7
Dubai (DFMGI)	43	1,965	-33.22	-66.88	44	23	-
Bahrain (BAX)	21	1,949	-12.2	-29.26	24	9	6
Oman(Muscat SM)	13	6,264	0.87	-30.67	62	14	7
MSCI GCC Index	359	375	-13.83	-53.27	47	19	8

Source: Excerpt from Markaz 'Daily Morning Brief' December 1, 2008

^ PE is for UAE in totality, CY08 Estimates are Markaz Earnings Estimates

Appendix 4: Value & Volume Traded Indicators

		Volume Parameters				Value Parameters				
% of Volume Traded	% of Value Traded	Volume Traded (Mn)	LTM Volume Traded (Mn)	MoM Deviation for Nov (%)	Top 5 Volume Traded Concentration in Market Cap	Value Traded (USD Mn)	LTM Value Traded (USD Mn)	MoM Deviation for Nov (%)	Top 5 Value Traded Concentration in Market Cap	
31%	70%	Saudi Arabia	6,811	4,971	35%	23%	34,637	47,228	8%	23%
28%	14%	Kuwait	6,023	6,656	-16%	1%	6,718	11,330	-42%	33%
38%	10%	UAE	8,159	7,659	-18%	12%	4,795	10,400	-46%	27%
2%	6%	Qatar	463	309	25%	18%	3,107	3,938	-21%	35%
1%	0%	Oman	163	407	-41%	29%	241	766	-46%	58%
1%	0%	Bahrain	115	122	45%	14%	154	168	-17%	14%
		Total GCC	21,734				49,653			

Source: Markaz Research

Appendix 5: Blue Chips Performance

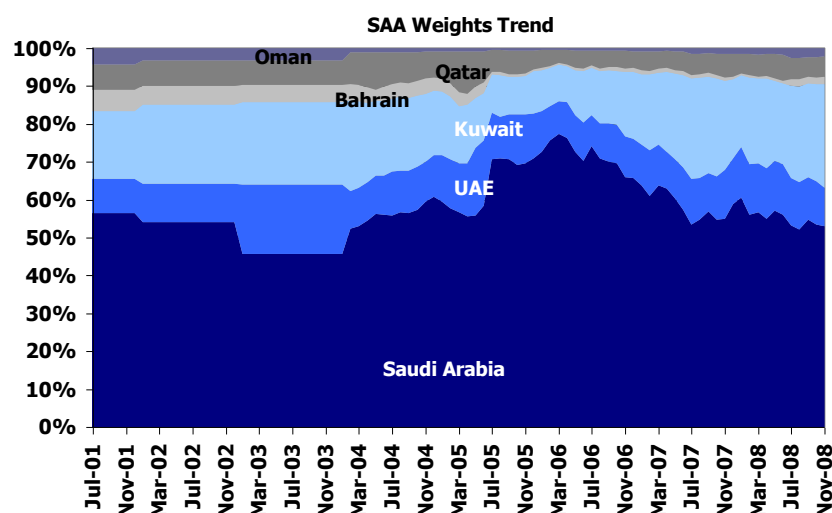
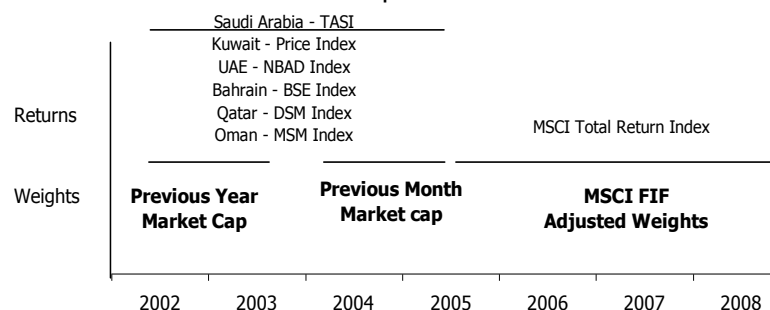
Companies	M.Cap (USD Bn)	Last Close (LC)	MTD Change	YTD Change	2007 Change	P/E 2007	P/E 2008	9M08 PAT	9M08 PAT (YoY Growth)
Saudi Arabia (SAR)									
SABIC	40	50.0	-30	-70	89	18	6	21710	8
SAUDI TELECOM	26	47.9	-20	-43	1	14	8	9880	10
AL-RAJHI BANK	24	59.3	-9	-49	35	27	12	5100	5
SAMBA FIN GRP	12	49.1	-29	-59	29	22	8	3620	-6
KINGDOM HLDGS	8	5.1	1	-59	22	65	NA	1060	12
United Arab Emirates (AED)									
ETISALAT	20	12.4	-22	-35	50	16	8	7250	31
NBAD	6	10.6	-7	-44	42	14	8	2527	44
EMIRATES NBD	5	3.7	-41	-71	36	17	4	3660	33
EMAAR PROP	5	2.9	-45	-80	22	14	2	5570	15
DIB	2	2.5	-38	-73	46	13	3	1730	35
Kuwait (KWD)									
ZAIN	17	1.1	-5	-44	73	22	11	235	0
NBK	15	1.6	4	-13	10	19	13	244	11
KFH	13	1.8	-5	-27	72	17	11	221	25
NIND	3	0.5	-19	-66	43	9	4	102	-51
AGILITY	3	0.7	6	-39	-1	9	5	108	-10
Qatar (QAR)									
IND QTR	11	78.1	-27	-44	83	15	7	7200	111
QNB	9	145.4	-1	-16	14	14	11	3000	62
Q-TEL	5	127.1	-7	-35	1	14	8	1800	39
QA ISL BK	4	75.3	-19	-24	21	15	9	1250	46
QA COMM BK	3	62.5	-6	-57	91	19	6	1560	55
Oman (OMR)									
OMAN TELE	3	1.7	4	1	39	11	9	75*	54
BANK MUSCAT	2	0.9	-4	-55	84	21	9	90	44
NAT BK OF OMAN	1	0.4	11	-33	51	17	9	35	20
BANK DHOFAR	1	0.4	11	-35	111	16	7	22	50
RAYSUT CEM	1	1.3	11	-33	74	13	7	21*	63
Bahrain (USD)									
AHLI UTD BANK	4	0.8	-11	-39	30	15	11	280	24
BATELCO	2	0.6	2	-24	2	11	9	78	0
ARAB BANK CORP	2	0.9	0	-67	-25	10	NA	-852	NA
GULF FIN HOUSE	1	1.6	-18	-47	58	7	3	302	31
INVESTCORP BK	1	1488.5	-34	-43	11	6	8	151 [#]	-50

Source: Markaz 'Daily Morning Brief' December 1, 2008, Bloomberg, Zawya

* H1 2008 # Fiscal year

Appendix 6: Methodology – Asset Allocation

Strategic Asset Allocation (SAA): SAA refers to long-term policy allocation. This is a benchmark portfolio constituted based on monthly weights derived from average market capitalization of respective stock markets. SAA can be useful to investors when it is difficult to determine market direction. Our SAA is as provided below:



Tactical Asset Allocation (TAA): TAA refers to short-term changes made to SAA in order to derive return in excess of SAA. In other words, TAA assumes that we have views (positive or negative) on the respective markets and these are expressed either as underweight or overweight to the SAA. For e.g. the strategic allocation to Saudi Arabia is 56%. In a particular month, we may be bullish on Saudi Arabia and may want to increase the weight (overweight) to 70%. The stress is on short-term performance, which leaves investors' long-term risk tolerances and preferences unaffected. Our proprietary algorithm model tactically underweight and overweight GCC markets based on this trend. The nature of the movement of weights under various strategies is as provided in the table below:

S No	Strategy	Overweight If	Underweight If	No change If
1	SAA	MSCI FIF Adjusted Weight Increases	MSCI FIF Adjusted Weight Decreases	MSCI FIF Adjusted Weight remains stable
2	Momentum	markets go up	markets go down	Markets remain stable
3	Mean Reversion	markets go down	markets go up	Markets remain stable
4	Risk	volatility goes down	volatility goes up	Volatility Remains stable

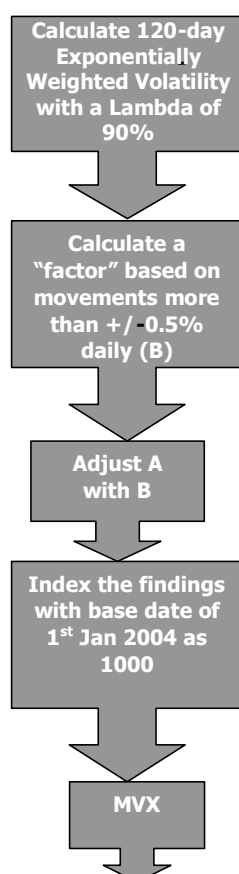
Range: Changes to TAA can be made subject to certain limits on upper and lower levels. The limits are put in place to ensure that no drastic action is incorporated in the model. It is also a tool to contain the risk of the model. Presently, the limit is set to +/- 50%. The various limits (max and min) are detailed below for various strategies:

Strategies	Decision Characteristics		
	Min	Max	Neutral/Spot
Momentum	50% of SAA	150% of SAA	SAA
Mean Reversion	50% of SAA	150% of SAA	SAA
Risk Based	50% of SAA	150% of SAA	SD Weight

Leverage/Cash Level: Our proprietary model is tuned to restrict leverage/cash level of the portfolio to a limit of +/- 20%.

Appendix 7: Methodology – Markaz Volatility Index

Markaz Volatility Index (MVX) follows the following steps for its calculation.



- The MVX has a base date of 1 Jan 2004, for all the indices which have data from 1st Jan 2004. The average of the below mentioned parameters for all the countries is taken as the base value and converted into 1000.
- MVX is calculated based on Exponentially Weighted Moving Average (EWMA) for a period of 120-days Using EWMA provides more weight to recent volatility than historic. MVX also considers a second parameter i.e., the number of days during the previous 120 trading days where index trades outside a pre-set level. Presently, this level is +/-0.5% based on historic relationships (refer table below).
- Any movement outside this band indicates heightened level of volatility.
- The second parameter is reinforcement to the first parameter and may be influenced by the first parameter. However, since the methodology is uniformly applied across all the markets, the model is strengthened by the second parameter.

% Number of days of deviation (Updated November '08)										
	Saudi Arabia	Kuwait	Qatar	Oman	Dubai	Abu Dhabi	Bahrain	MSCI EM	S&P	GCC
Less than +/-0.25%	17	32	24	33	15	24	43	23	30	26
+/-0.25% & +/-0.50%	16	24	16	22	16	19	26	20	21	21
+/-0.50% & +/-0.75%	11	17	12	14	12	14	12	17	14	15
+/-0.75% & +/-1.00%	10	11	9	9	8	10	9	11	11	12
+/-1.00% & +/-1.25%	10	5	7	7	10	8	4	8	7	7
+/-1.25% & +/-1.50%	6	3	6	3	7	6	2	7	4	6
+/-1.50% & +/-1.75%	5	2	4	2	7	5	1	3	4	2
+/-1.75% & +/-2.00%	4	1	3	2	3	3	1	3	2	2
+/-2.00%	22	4	19	6	21	12	2	9	7	9
Total	100	100	100	100	100	100	100	100	100	100

Note: Timeline observation - 30 Jun 04 - 31 November 08

Source: Markaz Research.

Note: Indices used - Saudi Arabia: TASI, Kuwait – Price Index, Qatar – Doha Market Index, Oman – Muscat SM Index, Abu Dhabi – ADI Index, Dubai – DFM Index, Bahrain – BAX Index, EM – MSCI EM, S&P – S&P 500 Index & GCC – MSCI GCC Index

Appendix 8: GCC Stock Market Returns –Monthly Performance

Saudi Arabia															
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD	\$1	
2000	-2%	1%	-1%	2%	0%	3%	4%	8%	1%	-2%	-2%	-1%	11%	1.11	
2001	0%	0%	0%	0%	4%	4%	2%	5%	-11%	3%	-1%	3%	8%	1.20	
2002	1%	0%	3%	15%	0%	-4%	-2%	-2%	0%	-2%	-6%	4%	4%	1.24	
2003	5%	-3%	8%	5%	10%	12%	8%	9%	0%	-6%	7%	4%	76%	2.19	
2004	3%	5%	8%	6%	3%	1%	8%	2%	5%	12%	13%	-1%	85%	4.05	
2005	0%	10%	15%	7%	7%	12%	-2%	13%	1%	4%	4%	2%	104%	8.24	
2006	13%	4%	-13%	-24%	-14%	17%	-17%	2%	3%	-15%	-14%	-5%	-53%	3.91	
2007	-11%	17%	-7%	-3%	0%	-7%	7%	10%	-5%	9%	11%	18%	39%	5.44	
2008	-13%	6%	-11%	12%	-5%	-2%	-7%	0%	-15%	-26%	-14%		-57%	2.34	

Kuwait															
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD	\$1	
2000	-1%	-1%	-1%	1%	5%	-1%	-3%	-2%	5%	-2%	-4%	0%	-5%	0.95	
2001	0%	3%	5%	3%	6%	7%	0%	6%	-11%	4%	0%	3%	28%	1.21	
2002	3%	0%	6%	9%	6%	3%	-1%	-1%	-8%	4%	9%	6%	39%	1.69	
2003	5%	4%	11%	20%	8%	-4%	3%	6%	11%	1%	3%	6%	102%	3.40	
2004	7%	2%	-5%	2%	5%	3%	4%	4%	3%	1%	4%	1%	34%	4.56	
2005	2%	4%	17%	10%	-4%	6%	2%	7%	6%	12%	3%	-4%	79%	8.13	
2006	4%	-3%	-14%	3%	-3%	1%	-6%	3%	5%	3%	-7%	3%	-12%	7.15	
2007	-4%	0%	5%	5%	7%	6%	3%	1%	1%	-1%	-6%	4%	25%	8.93	
2008	7%	4%	2%	3%	2%	3%	-3%	-4%	-10%	-20%	-6%		-22%	6.94	

Qatar															
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD	\$1	
2000	-10%	-3%	3%	3%	0%	0%	2%	0%	-2%	-2%	2%	0%	-8%	0.92	
2001	-2%	-3%	1%	4%	15%	-3%	3%	4%	-2%	3%	10%	4%	37%	1.26	
2002	-1%	0%	2%	7%	11%	4%	8%	8%	-8%	2%	0%	2%	37%	1.73	
2003	7%	-2%	6%	11%	-1%	13%	10%	8%	-6%	3%	9%	-1%	70%	2.94	
2004	3%	15%	16%	11%	-7%	-5%	4%	5%	-4%	0%	7%	9%	65%	4.84	
2005	12%	30%	18%	-16%	-3%	15%	-3%	20%	3%	-1%	-12%	1%	70%	8.24	
2006	-5%	-18%	4%	0%	-15%	0%	4%	-2%	-3%	-4%	-17%	20%	-35%	5.32	
2007	-10%	-2%	-4%	8%	12%	1%	4%	-2%	8%	16%	-1%	2%	34%	7.14	
2008	-1%	10%	-9%	18%	5%	0%	-2%	-10%	-11%	-26%	-12%		-37%	4.53	

UAE															
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD	\$1	
2000	-2%	-4%	5%	-1%	-1%	-6%	-2%	-1%	0%	-4%	-1%	-2%	-18%	0.82	
2001	6%	-2%	0%	-1%	0%	-2%	-1%	2%	2%	1%	8%	8%	24%	1.01	
2002	6%	0%	-1%	-1%	0%	1%	3%	6%	-5%	1%	2%	1%	15%	1.16	
2003	1%	0%	-1%	5%	-1%	2%	9%	2%	8%	0%	2%	2%	32%	1.53	
2004	5%	2%	-1%	2%	5%	8%	8%	2%	6%	-1%	15%	17%	88%	2.88	
2005	5%	10%	32%	29%	-6%	14%	-19%	19%	7%	2%	-5%	-3%	103%	5.84	
2006	-9%	-3%	-2%	-16%	-5%	-5%	-2%	10%	-2%	-4%	-12%	3%	-40%	3.49	
2007	2%	1%	-9%	3%	15%	-1%	-3%	-1%	1%	20%	-5%	10%	34%	4.66	
2008	-2%	3%	-6%	8%	-1%	-2%	0%	-10%	-12%	-18%	-22%		-49%	2.37	

Oman															
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD	\$1	
2000	-6%	-4%	8%	-3%	-9%	-2%	-3%	-5%	0%	-7%	16%	-4%	-20%	0.80	
2001	-4%	0%	-4%	-8%	-3%	0%	4%	2%	-4%	-3%	-3%	-3%	-24%	0.61	
2002	6%	-2%	5%	1%	9%	2%	1%	-3%	-2%	0%	4%	3%	26%	0.77	
2003	2%	-1%	4%	8%	5%	5%	4%	1%	3%	3%	2%	1%	42%	1.09	
2004	7%	2%	0%	3%	5%	8%	-1%	-1%	2%	-1%	-2%	-1%	24%	1.35	
2005	6%	2%	18%	9%	7%	9%	-2%	-3%	-2%	-2%	-3%	1%	44%	1.95	
2006	12%	-3%	1%	-5%	-3%	-1%	-3%	8%	7%	6%	-5%	2%	14%	2.23	
2007	3%	0%	-4%	4%	7%	2%	1%	3%	5%	15%	5%	7%	62%	3.61	
2008	2%	13%	-3%	11%	3%	-2%	-5%	-12%	-11%	-27%	1%		-31%	2.50	

Bahrain															
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD	\$1	
2001	-4%	-8%	3%	4%	1%	0%	-2%	8%	-9%	6%	1%	-1%	-2%	0.98	
2002	3%	-4%	4%	1%	0%	-2%	2%	0%	-5%	1%	5%	0%	3%	1.01	
2003	1%	-3%	-1%	2%	4%	5%	2%	1%	8%	5%	1%	2%	29%	1.30	
2004	-1%	0%	0%	3%	3%	0%	3%	10%	4%	4%	0%	1%	31%	1.70	
2005	5%	8%	3%	6%	-2%	-1%	-3%	0%	2%	4%	2%	-2%	24%	2.10	
2006	7%	-3%	-7%	0%	-4%	1%	1%	7%	2%	0%	-2%	2%	1%	2.13	
2007	-3%	0%	1%	-2%	10%	4%	7%	-2%	1%	4%	-2%	6%	24%	2.64	
2008	2%	3%	-3%	2%	1%	-1%	-2%	-4%	-6%	-10%	-12%		-29%	1.87	

Note: - Saudi Arabia - TASI, Kuwait - Weighted Index, Qatar - Doha Market Index, Oman - Muscat 5M Index, UAE - NBAD Index, Bahrain -BAX Index

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GCC Equity Funds (Monthly since May-07)
Markaz Daily Morning Brief
KSE Weekly Snapshot
KSE Technical Analysis (Weekly)
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International Market Update

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Real Estate	Infrastructure
<ul style="list-style-type: none"> ▪ Saudi Arabia Update (Sept-08) ▪ Abu Dhabi (July-08) ▪ Algeria (Mar-08) ▪ Jordan (Mar-08) ▪ Kuwait (Feb-08) ▪ Lebanon (Dec-07) ▪ Qatar (Sep-07) ▪ Saudi Arabia (Jul-07) ▪ U.S.A. (May-07) ▪ Syria (Apr-07) 	<ul style="list-style-type: none"> ▪ Power ▪ Water ▪ Airports ▪ Seaports ▪ Roadways ▪ Railways ▪ ICT

Company Research

<p>Saudi Arabia</p> <ul style="list-style-type: none"> • Kingdom Holding (Dec-08) • Al Marai Company (Nov-08) • Saudi Kayan Petro Co. (Aug-08) • Al Rajhi Bank (Aug – 08) • Arab National Bank (July-08) • Saudi Telecom Co. (Jun-08) • SAFCO (Jun-08) • Banque Saudi Franci (Jun-08) • Riyadh Bank (Jun-08) • Samba Financial Group (May-08) • Sabic (May-08) 	<p>UAE</p> <ul style="list-style-type: none"> • Air Arabia (Nov-08) • Union Properties (Nov-08) • Dubai Islamic Bank (Oct-08) • Aldar Properties (Sept-08) • Union National Bank (Aug-08) • Dubai Financial Market (July-08) • Emaar Properties (July-08) • Dana Gas (July-08) • FGB (July-08) • DP World (July-08) • ADCB (Jun-08) • Etisalat (Jun-08) • NBAD (Mav-08) 	<p>Qatar</p> <ul style="list-style-type: none"> • Qatar Shipping (Dec-08) • Barwa Real Estate Co. (Nov-08) • Qatar Int'l Islamic Bank(Nov-08) • Qatar Insurance Co (Nov-08) • Qatar Telecom (Oct-08) • Qatar Gas Transport Co. (Oct-08) • Doha Bank (Aug-08) • Qatar National Bank (Aug-08) • QEWC (July-08) • QISB (July-08) <p>Jordan</p> <ul style="list-style-type: none"> • Cairo Amman Bank (Oct-08) • Arab Bank (Oct-08) 	<p>Bahrain</p> <ul style="list-style-type: none"> • Gulf Finance House (Oct-08) • Esterad Investment Company (Aug-08) • Bahrain Islamic Bank (Aug-08) • Ithmaar Bank (July-08) • Tameer (July-08) • Batelco (July-08) <p>Egypt</p> <ul style="list-style-type: none"> • Commercial Intl Bank (Oct-08) • Orascom Telecom (Sep-08) • Mobinil (Sept-08) • Telecom Egypt (Aug-08) • EFG Hermes (Jun-08) 	<p>Oman</p> <ul style="list-style-type: none"> • Galfar Engineering & Cont.(Nov-08) • Oman Telecom (Sept-08) • Oman Cement (Sept-08) • Bank Muscat (Sept-08) • Oman Telecom (Sept-08) • Raysut Cement Company (Aug-08) • National Bank of Oman (Aug-08) • OIB (July-08)
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