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# 1

ALSHALL

## A Reading in Boursa Kuwait Performance (2020-2023)

Boursa Kuwait is developing continuously. In addition to its continuous improvement in global indices and the stability of the volume of foreign investment in it, despite the turmoil in the general environment, the stock exchange is subject to an internal screening process within it and in the right direction. In this article we will try to provide a reading of that screening from the perspective of continuing to streamline its components, that is, reducing a large number of its listed companies, or its constant movement to promote companies to the Premier Market and the role of those promotions in increasing transparency and liquidity levels that raises its popularity.

In 2020, listed Boursa Kuwait companies were 171, almost half of which did not have the minimum acceptable liquidity level, which required an action to streamline or reduce that number. As a result, there was a continuous decrease in the number of its companies to 167 companies in 2021, 155 companies in 2022, and 149 companies in 2023. The liquidity of many of its companies is still small, which warrants continuing the slimming process.

Despite the decrease in the total number of listed companies by 13% in 3 years, the growth of companies in the Premier Market continued, that is, a decrease in number and improvement in quality. Better specifications and standards govern companies in the Premier Market, increasing from 20 companies in 2020 to 31 companies at the

end of 2023. Latest Boursa news indicate that their number will reach 33 companies in 2024 after 3 companies were nominated for promotion and a demotion for a single company. Premier Market companies have a higher capital value, are more transparent, are subject to periodic analysis and review, and have higher liquidity. The more their numbers increase according to the promotion criteria, the better improvement of Boursa Kuwait in the quality and value of its components.

The Premier Market began in 2020 with a contribution to the number of listed companies of 11.7% and reached 20.8% at the end of 2023. To show the difference between the two markets, the Premier Market's contribution to the capital value of Boursa Kuwait in 2023 reached 78.6% and its contribution to liquidity was 79.1%. While the Premier Market achieved relatively high gains in its capital value in two of the past three years, the Main Market lost some of its capital value in two of the past three years. A need remains to improve the liquidity, quality and number of companies in the Main Market.

In our opinion, the performance of Boursa Kuwait could have been better, specifically for the Main Market companies, had the general global business environment, regionally and locally been a normal environment, which has been turbulent during the four years in all three arenas. The COVID-19 pandemic, then the Ukrainian war that affected Europe, and the armed conflicts in the region, the latest of which is the war on Gaza and its repercussions, all were passive factors. These negative factors also included the war on inflation, the continued rise in interest rates, and the state of local instability. Any relief or change for the better in the general environment will reflect positively on Boursa Kuwait's performance.









# 3

ALSHALL

## World Bank Report on Global Economic Prospects

The World Bank issued a report on January 9<sup>th</sup> 2024, in which it summarized its outlook on the prospects for the global economy. The conclusion of the report was a mixture of pessimism and optimism. On the pessimistic side, the World Bank believes that the current half decade -2020 to 2025- will achieve the weakest growth rate for the global economy in 30 years. On the optimistic side, the report estimates that conditions currently are better than what was thought of a year ago. A safe landing has become more likely mainly due to the strength of the American economy. Its conclusion is consistent with a report issued on January 4<sup>th</sup> on the same topic issued by the Economic and Financial Management of the United Nations.

The report expects that global economic growth will slow down for the third year in a row, even if its growth remains positive. From about 2.6% growth in 2023, it is likely to grow by 2.4% in 2024, or by 0.75% points lower than its growth rate over the past decade from 2010 to 2020. This growth level is a result of varying growth rates for economic or geographical groups around the world. Most of the weak economic growth causes emanate from the weak growth of advanced economies that have a high weight in the volume of the global economy. Their growth rates will fall from 1.5% in 2023 to 1.2% in 2024.

The World Bank's Chief Economist says that unless there is a major positive development, weak global economic growth may extend for the entire decade – 2020/2030 – as the level of record debt associated with high interest rates may trap poor countries with poor credit ratings. And one in three poor countries may not meet their food needs. To overcome the difficult situation, and after studying the conditions of 35 advanced economies and 69 developing economies, it proposed that countries increase the dose of investment spending per capita at a growth rate of 4% per year, for 6 consecutive years. Developing countries whose economies depend on commodity exports are believed to be 30 percent more likely to experience undesirable booms when commodity prices rise, and a more severe recession when those prices fall, due to their uncontrolled fiscal policies.

We still believe that it is necessary to be cautious when we read all predictions about the performance of the global economy. This is not due to a flaw in the predictions, but rather due to the high level of uncertainty in the business environment at the global and regional levels. What concerns us in Kuwait with what the bank mentioned is extracting a few facts from the report. There should be a review of our financial policies and how they are ignored when oil prices rise and they are not adhered to when they decline. It is an unfortunate example resulting from reliance on the earnings of foreign exchange of one commodity, and how policies of booming oil

prices or their decline destroyed the country's economy. In addition, the performance of the global economy is in a state of long-term weakness, which may expose the only source of income - oil - to more pressure in a country whose entire spending is current. The way out is a steady increase in real investment spending that creates sustainable national job opportunities.





# 4

ALSHALL

## International Labour Organization (ILO) Report on Labour Market Expectations

The International Labour Organization issued its report on January 10<sup>th</sup> 2024, on labour market trends and the social repercussions resulting from the possibility of higher unemployment rates in 2024, leading to concerns about growing social differences and weak productivity, amid what appears to be “structural” imbalances in the labour market. The year 2023 was one of a slow economic recovery and consequently, the macroeconomic environment weakened, and persistent geopolitical tensions and persistent inflation fears led to a steady tightening of monetary policies by most central banks. Monetary authorities in most advanced and emerging economies implemented the fastest pace of interest rate increases since the 1980s. This affected the performance of the global economy. The growth of large emerging economies such as China, Turkey, and Brazil has slowed, hurting industrial and investment activity and their impact on international trade. The growth rate in some advanced economies has almost halved. The report expects central banks to maintain a tight stance on their monetary policies, at least until the end of 2024. As a result, the economic and social recovery remains incomplete, and new vulnerabilities lead to disruption of the rules of social justice.

Although economic growth slowed in 2023, the labour market situation was better than expected. Job growth proved resilient and the unemployment rate continued to decline.

Global growth in 2023 was slightly higher than expected, and labour markets showed significant resilience. The global unemployment rate last year was 5.1% versus 5.3% in 2022. Also, global jobs gap also improved in 2023 but remained high at nearly 435 million jobs. Labour market participation rates have largely recovered from their lows during the pandemic, especially among lower-middle-income and high-income countries. Average working hours remain below pre-pandemic levels in 2019, which has negatively affected flows into the labour market and caused imbalances in it, especially in key sectors in advanced economies and some emerging economies except the hospitality sector. Concerns are growing that these labour market imbalances are structural and not cyclical.

The report indicated a significant decline in GDP growth in the Arab countries and the GCC countries in particular for 2023 and for the latter due to multiple reductions in oil production, with expectations of a recovery in GDP growth again in 2024. Most of the GCC countries are witnessing a shift to the Non-oil sector, a growing driver of GDP growth. However, adverse variables sometimes overshadow expectations in the context of increasing geopolitical tensions in the region. If the conflict expands to include other countries in the region, it will have repercussions on their economic growth rates.

The weak results of structural transformation and economic diversification -due to weak macroeconomic, sectorial, industrial, and investment policies- have led to years of lack of demand for labour, as less than half of the total working-age population was employed in the Arab countries as a whole. The employment-to-population ratio scored 44.5% in 2023 (65.7% for GCC countries and 32.5% for other Arab countries), and it is expected that the ratio for the Arab

countries as a whole will reach 44.4% in 2025 (65.6% for GCC countries and 32.6% for other Arab countries). The unemployment rate in 2023 reached 9.9% in Arab countries as a whole, compared to 10% in 2022 and 9.3% in 2019, as it is 16.1% for other Arab countries and 3.7% for the GCC countries. The report expects the unemployment rate for Arab countries as a whole will decrease to 9.7% in 2025 (3.4% for GCC countries and 15.8% for other Arab countries).

Region/ Sub Region	Employment-to-Population Ratio (Percentages)					
	2010	2019	2022	2023	2024	2025
Arab States	45.5	45.0	44.4	<b>44.5</b>	44.4	44.4
Non-GCC	37.0	33.0	32.3	<b>32.5</b>	32.6	32.7
GCC	59.2	64.0	65.4	<b>65.7</b>	65.6	65.6
	Unemployment Rate (Percentages)					
Arab States	7.2	9.3	10.0	<b>9.9</b>	9.8	9.7
Non-GCC	10.1	15.3	16.1	<b>16.1</b>	16.0	15.8
GCC	4.0	3.8	4.0	<b>3.7</b>	3.5	3.4
	Labour Force Participation Rate (Percentages)					
Arab States	49.0	49.6	49.4	<b>49.4</b>	49.3	49.1
Non-GCC	41.2	38.9	38.5	<b>38.8</b>	38.8	38.9
GCC	61.7	66.6	68.1	<b>68.2</b>	68.0	67.8





# 5

## ALSHALL

### The Weekly Performance of Boursa Kuwait

The performance of Boursa Kuwait for last week was more active, where the traded value, traded volume, number of transactions and the general index (AlShall Index) increased. AlShall Index (value weighted) closed at 643.0 points as of last Thursday, showing a rise by 3.1 points or by 0.5% compared with its level last week, and rose by 41.3 points or by 6.9% compared with the end of 2023.

#### The following tables summarize Last weeks performance of Boursa Kuwait

Description	Week 3	Week 2	Difference
	18/01/2024	11/01/2024	%
<b>Working days</b>	<b>5</b>	<b>5</b>	
<b>AlShall index (30 Companies)</b>	<b>643.0</b>	<b>639.9</b>	<b>0.5%</b>
<b>Boursa All Share Market Index</b>	<b>7,230.1</b>	<b>7,214.2</b>	<b>0.2%</b>
Value Trade (KD)	387,620,214	359,504,563	
<b>Daily average (KD)</b>	<b>77,524,043</b>	<b>71,900,913</b>	<b>7.8%</b>
Volume Trade (Shares)	1,764,636,152	1,582,622,233	
<b>Daily average (Shares)</b>	<b>352,927,230</b>	<b>316,524,447</b>	<b>11.5%</b>
Transactions	94,081	80,716	
<b>Daily average (Transactions)</b>	<b>18,816</b>	<b>16,143</b>	<b>16.6%</b>

#### Most Active Sectors & Companies

Description	Value Traded	% of Total
Sectors	KD	Market
International Financial Advisors Holding	45,754,772	11.8%
Kuwait Finance House	35,002,361	9.0%
Kuwait Real Estate Co	25,453,169	6.6%
Sanam Real Estate	23,010,206	5.9%
National Bank of Kuwait	20,582,971	5.3%
<b>Total</b>	<b>149,803,479</b>	<b>38.6%</b>
Description	Value Traded	% of Total
Sectors	KD	Market
Financial Services Sector	146,010,605	37.7%
Banking Sector	89,204,417	23.0%
Real Estate Sector	70,911,250	18.3%
Industrials Sector	26,003,578	6.7%
Consumer Discretionary Sector	16,987,848	4.4%

AlShall Index is a value index, i.e. it is based on a weighted market value by 100% according to IFC formulas, with the index's basic value being 100 (as of August 1<sup>st</sup> 1990).

**ALSHALL**

ALSHALL INDEX	Week 3	Week 2
	18/01/2024	11/01/2024
Increased Value (# of Companies)	15	24
Decreased Value (# of Companies)	13	4
Unchanged Value (# of Companies)	2	2
<b>Total Companies</b>	<b>30</b>	<b>30</b>

	Company Name	THU	THU	DIFF %	CLOSE 2023	DIFF %
		18/1/2024	11/1/2024			
1	National Bank Of Kuwait	778.2	764.2	1.8	718.1	8.4
2	Gulf Bank	254.4	254.4	0.0	251.8	1.0
3	Commercial Bank Of Kuwait	536.7	567.6	(5.4)	536.7	0.0
4	Al-Ahli Bank Of Kuwait	193.3	191.8	0.8	176.6	9.5
5	Kuwait International Bank	198.2	199.4	(0.6)	184.6	7.4
6	Ahli United Bank	356.0	353.5	0.7	333.1	6.9
7	Burgan Bank	257.3	261.7	(1.7)	242.8	6.0
8	Kuwait Finance Bank	3,531.8	3,560.4	(0.8)	3,312.4	6.6
	<b>Banking Sector</b>	<b>770.8</b>	<b>768.0</b>	<b>0.4</b>	<b>720.2</b>	<b>7.0</b>
9	Commercial Facilities Company	119.1	119.8	(0.6)	114.8	3.7
10	International Financial Advisors	1,189.1	1,075.0	10.6	921.8	29.0
11	National Investments Company	368.7	362.4	1.7	300.7	22.6
12	Kuwait Projects Company (Holding)	377.1	370.1	1.9	363.2	3.8
13	Coast Investment & Development Co.	99.0	102.8	(3.7)	92.8	6.7
	<b>Investment Sector</b>	<b>291.6</b>	<b>281.3</b>	<b>3.7</b>	<b>253.9</b>	<b>14.8</b>
14	Kuwait Insurance Company	108.0	105.2	2.7	103.6	4.2
15	Gulf Insurance Company	1,639.8	1,639.8	0.0	1,631.1	0.5
16	Al-Ahleia Insurance Company	269.1	252.5	6.6	252.5	6.6
17	Warba Insurance Company	133.5	123.6	8.0	124.5	7.2
	<b>Insurance Sector</b>	<b>413.1</b>	<b>406.9</b>	<b>1.5</b>	<b>404.6</b>	<b>2.1</b>
18	Kuwait Real Estate Company	451.8	414.8	8.9	399.2	13.2
19	United Realty Company	127.5	128.2	(0.5)	113.7	12.1
20	National Real Estate Company	287.1	295.5	(2.8)	242.6	18.3
21	Salhiaha Real Estate Company	1,890.9	1,827.3	3.5	1,818.8	4.0
	<b>Real Estate Sector</b>	<b>307.8</b>	<b>297.3</b>	<b>3.5</b>	<b>277.4</b>	<b>11.0</b>
22	The National Industries	328.9	318.8	3.2	293.0	12.3
23	Refrigeration Industries Co	220.1	221.6	(0.7)	202.0	9.0
24	Gulf Cable & Electrical Industries	599.5	560.7	6.9	523.6	14.5
	<b>Industrial Sector</b>	<b>286.0</b>	<b>275.4</b>	<b>3.8</b>	<b>255.6</b>	<b>11.9</b>
25	Kuwait National Cinemas	684.8	736.9	(7.1)	751.4	(8.9)
26	The Public Warehousing Co	4,207.2	4,285.1	(1.8)	3,965.7	6.1
27	Mobile Telecommunications Co (ZAIN)	887.6	900.1	(1.4)	843.9	5.2
28	Safat Energy Co	35.9	32.3	11.1	29.6	21.3
	<b>Services Sector</b>	<b>1,324.6</b>	<b>1,350.3</b>	<b>(1.9)</b>	<b>1,264.0</b>	<b>4.8</b>
29	Livestock Transport & Trading Co	82.1	85.0	(3.4)	81.7	0.5
	<b>Food Sector</b>	<b>434.7</b>	<b>435.4</b>	<b>(0.2)</b>	<b>434.6</b>	<b>0.0</b>
30	Umm Al-Qaiwain Cement Industries	721.1	699.0	3.2	699.0	3.2
	<b>Non Kuwaiti Companies</b>	<b>182.4</b>	<b>181.3</b>	<b>0.6</b>	<b>181.3</b>	<b>0.6</b>
	<b>AlShall Index</b>	<b>643.0</b>	<b>639.9</b>	<b>0.5</b>	<b>601.7</b>	<b>6.9</b>

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