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Local Real Estate Market March 2024

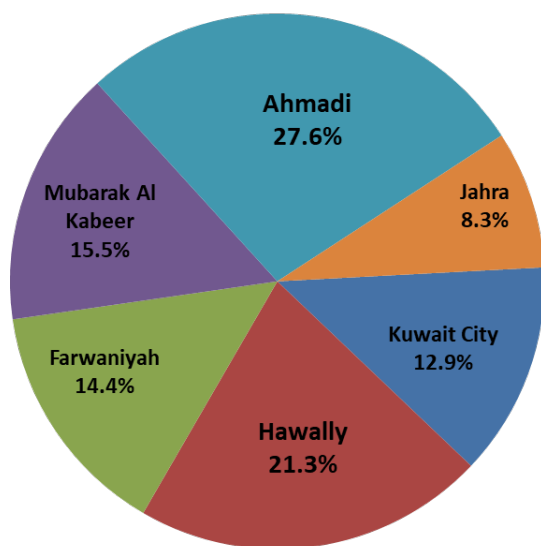
The latest released data by the Ministry of Justice -Real Estate Registration and Authentications Department- indicates an increased real estate market activity during March 2024 versus February 2024 (after excluding the crafts activity and the coastal strip system). Total value of traded contracts was at KD 270.5 million in March 2024, a 57.1% rise against KD 172.2 million in February 2024, and rose by 5.2% when compared with KD 257.2 million in March 2023.

Number of real estate deals during March reached 348, the highest share in real estate deals went to Ahmadi Governorate with 96 deals representing about 27.6% of the total number of real estate deals. Hawally Governorate came second with 74 deals and representing 21.3% of total deals. The lowest share went to Jahra Governorate with 29 deals, representing 8.3% of the total.

The value of private housing activity reached KD 114.7 million, a rise by 18.3% compared with KD 97 million in February 2024. Its share of total real estate activity dropped to 42.4% versus 56.3% in February 2024. The 12-monthly average of private housing activity stood at KD 119.9 million. This means that March's trading value is -4.3% below the average. The number of deals for this activity increased to 252 deals versus 223 deals in February 2024. Accordingly, the value of private residential deals averaged KD 455 thousand versus KD 435 thousand in February 2024, indicating a 4.7% rise.

The value of the investment residential activity scored KD 91.9 million, rising by 45.8% compared to KD 63 million in February 2024. Its contribution to overall real estate trading activity decreased to 34.0% versus 36.6% in February 2024. The trailing 12 months' trading average of the investment activity scored KD 73.3 million. This means that the average trading value during March 2024 was 25.3% higher compared with the 12 months' average. In addition, the number of deals reached 86 compared with 82 deals in February 2024.

Kuwait's Governorates Deals Distribution - March 2024



Therefore, the average value per deal for investment activity scored KD 1.1 million versus KD 768 thousand in February 2024, a rise by 39.1%.

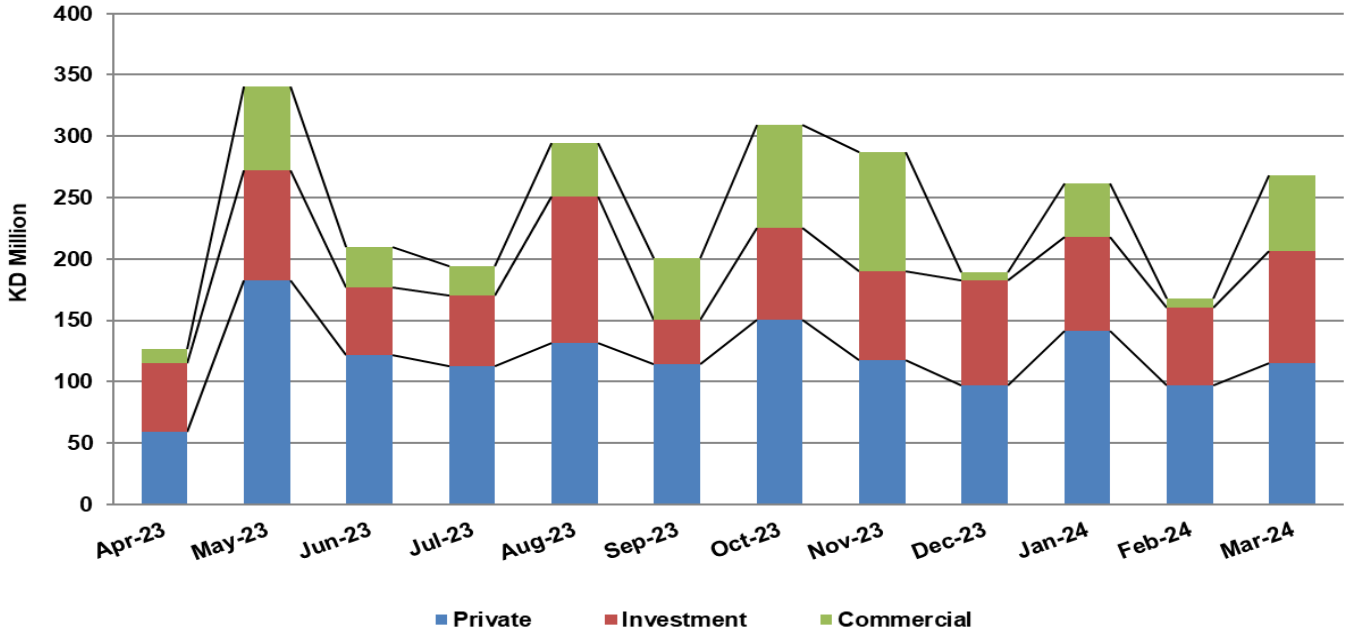
Commercial activity trading value increased to KD 61.4 million, or by 683.6% compared with KD 7.8 million in February 2024. Its share out of total real estate trading value increased to 22.7% compared with 4.6% in February 2024. The average value of the commercial activity trading in the past 12 months scored KD 44.2 million. This means that trading value in March was 39.0% higher than the 12 months' average. Its deals totaled 9 compared to 5 deals for February 2024. Therefore, the average value per deal for March 2024 scored KD 6.8 million versus a KD 1.6 million average for February 2024, a 335.3% increase.

Moreover, a single deal relating to the warehousing activity at KD 2.5 million during March 2024 versus 3 deals in February 2024 totaling KD 4.3 million, a drop by -42.2%.

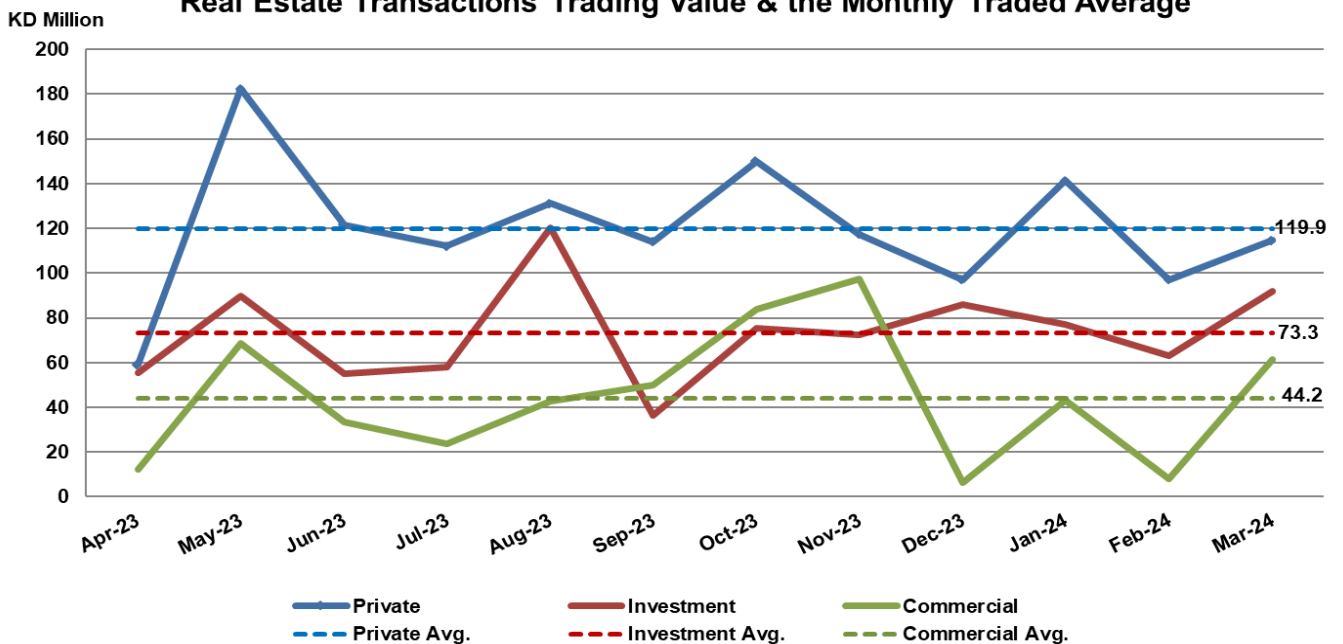
When comparing total March 2024 trading with March 2023, we note that liquidity in the real estate market rose from KD 257.2 million to KD 270.5 million, i.e. a 5.2% increase as mentioned previously. The rise was driven by the increase of the commercial activity by 44.7% and the private residential activity by 11.1%, while the investments residential activity dropped by -12.8%.

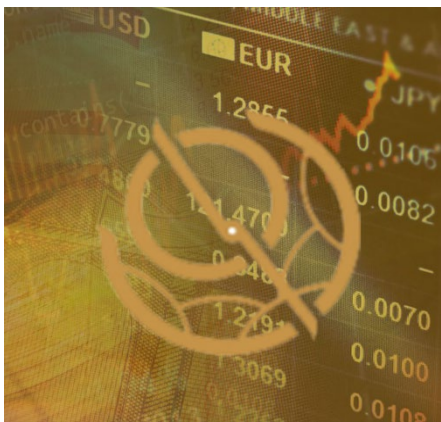


Value of Real Estate Transactions During the Last 12 Months



Real Estate Transactions Trading Value & the Monthly Traded Average





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The Gap Between Stock Prices and Book Value on Boursa Kuwait

The share prices of companies listed on Boursa Kuwait are supposed to be a direct function of liquidity; this means that the price level is supposed to rise whenever the stock exchange liquidity rises. The liquidity of the stock exchange increased by about 34.2% during the first quarter of this year compared to the same period in 2023, after a decline of about -29.5% in 2023 compared to its level in 2022. Boursa Kuwait's general index gained about 7.5% at the end of the first quarter compared to its level at the end of 2023, after losing about -6.5% last year, and the index movement is within logic according to the path of liquidity movement. However, there is no explanation for the fact that the majority of listed companies on Boursa Kuwait suffer from a wide gap between their shares' market prices and their book values whose financial statements are monitored and audited.

A look at the market share price differentials and book values from the published financial statements for the year 2023 and the closing prices of the end of last March, i.e. the end of the first quarter, indicates that the share prices of 20 listed companies, about 13.8% of all listed companies, are double their book value. Share prices of 47 other companies, or about 32.4% of the number of listed companies, exceed their book value by 1% - 99%, meaning that market prices of 67 companies, or 46.2% of the number of listed companies, exceed the share's book value.

The remaining listed companies, or about 53.8%, are sold with discount on their book values; 38 companies of which, or about 26.2% of listed companies, are sold at 1% to 29% discount; 27 other companies, or about 18.6% of listed companies, are sold at 30% to 49% discount on their book values. 13 companies, or about 9% of listed companies, suffer from a huge gap between their book values and their market share prices, with a discount level of 50% and more.

The continued large deviation in the liquidity of the boursa may be a reason, as 79.1% of the liquidity of 2023 went to the first market. This means that the liquidity concentration increased in its favor up from about 73.2% in 2022. Even within it, 50% of its companies acquired about 84.7% of its liquidity, leaving the rest, about 15.3%, for the other half. 50% of the companies in both markets received about 98.7% of the boursa's liquidity, while the other half received only 1.3% of that liquidity. In addition, the past few years have been turbulent years, and this gap between market prices and book prices is the enemy of the risks of the general environment, whether at the level of violence of geopolitical events and the width of their axes, or the continued instability of the local business environment. Kuwait hardly enjoys the minimum level of stability for its public administration.



3

The Hotness of Geopolitical Events and Stock Exchanges

After Iran responded militarily to the Israeli bombing of its consulate in Damascus, the geopolitical conflict widened to include the Gulf region. The door to expansion of the confrontation remained open as the possibility of exchanging violent responses between the two sides. In military confrontations, analysts are almost unanimous that wars rarely end within the expectations of their parties, and any unexpected event, even a small one, may become out of control. We are not specialized in political or military analysis of the course of these confrontations; however, the limits of their economic and financial effects may be reflected in preliminary indicators, perhaps the most prominent of which is the reaction of the seven regional stock market indices.

Between April 11, 2024, or the end of last week's trading, which preceded the Iranian response, and the closing of trading on April 18, 2024, six out of seven GCC exchanges achieved varying losses the highest of which were for Bursa Kuwait, whose all share index lost -2.6%. The lowest was for Abu Dhabi market whose loss was slight at -0.6%. The second highest loss was for the Saudi stock market, the largest and most important market in the region, which lost -1.6%. The losses of the other three exchanges ranged from -1% for the Qatar Stock Exchange, -0.6% for the Bahrain Bourse, and -0.8% for the Dubai market. The Muscat Stock Exchange was the only gainer at 0.4%, perhaps due to its geographical and political location as the

most distant from being affected by the confrontation.

Bursa Kuwait's highest losses are expected, as it is geographically closest to the conflict zone, which raises the level of risk and its entry into a stage of political difficulty that led to delaying the nomination of a new prime minister. Besides, there is controversy over the constitutionality of postponing the meeting of the National Assembly for a month according to the provision of Article 106 of the Constitution. These events suggest the possibility of a hot start to the operation of the two authorities.



Despite the Gulf region's alienating themselves from engaging in the confrontation, the development of these events will remain an influential factor in the performance of the region's stock exchanges. The heated confrontation may increase pressure on those exchanges, and its détente may lead to compensating those losses and possibly achieving gains. And the reality, is that the tension between both parties was slightly reduced by the end of the week, which caused the GCC Exchanges to compensate for their losses for the first four trading days from the last week, and the largest gain recorded was for Kuwait All-Share Index which was the biggest loser during the week. Although we believe that the possibility of the Gulf countries being involved in the confrontation is low due to its catastrophic global economic and political impacts, but the calculations of reason may not be realized as mentioned above; therefore, investors should exercise some caution in their investment at the stock exchanges.





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The International Monetary Fund A Look at The Performance of the Global Economy

In its April report on the potential performance of global economies, the International Monetary Fund (IMF) reaffirms its opinion on the post-pandemic state of the global economy, the war on inflation, and the increasingly heated geopolitical events, and that it will achieve a safe landing. It projects that the global economy will grow at 3.2% for 2023, 2024, and 2025, while reinforcing its position on that safe landing, but in our estimation this is an escape from admitting that it is unable to provide uneven and better expectations due to the unprecedented uncertainty.

In detail, the report states that its forecast for the growth of advanced economies is the lowest but is slightly higher than half its forecast for global economic growth, i.e., between 1.6% to 1.8% for the three years. If we exclude the United States of America, the largest global economy and the highest growth forecast, its forecast for other advanced economies is much lower. It raises its forecast for the growth of the world's emerging and developing economies to 4.2% for the three years, or more than double the growth rates of advanced economies, which should confirm the fact that the weight of the global economy has shifted over time, from West to East. Because the economic weight of emerging and developing economies is for China and India, emerging and developing economies in Asia in particular, are expected to grow higher at 5.6% for 2023, 5.2% for 2024, and 4.9% for 2025. The

Indian economy is expected to achieve the highest growth rates of about 7.8%, 6.8%, and 6.5% for the three years respectively. It will not be long until it becomes the third largest global economy in Asia in addition to the second largest economy, or China, which may later precede the United States of America in being the world leader.

The above expectations seem comfortable if we consider that the global economic growth did not exceed 2.2% for 2022, during which the world got rid of the repercussions of the Corona pandemic, but witnessed the beginning of the Russian-Ukrainian war. and the start of the war on inflation began. But they are expectations within an unprecedented state of uncertainty, as fighting inflation is not yet over, and the readings of its probabilities change from month to month; most important is the expansion of geopolitical violence with its negative repercussions. Therefore, it is important to make a professional effort to provide the best possible expectations, which the IMF has done. However, it is also important to accept them cautiously. Kuwait, because of its heavy dependence on oil, whose production and prices fluctuate, and because of its size and geographical proximity to hot confrontations, should read these developments carefully, and stop the possible breakdown of its already uncontrolled fiscal policy.



5

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The Weekly Performance of Boursa Kuwait

The performance of Boursa Kuwait for last week was mixed, where the traded value, the traded volume and the number of transactions increased. While, the general index (AlShall Index) decreased. AlShall Index (value weighted) closed at 610.7 points as of last Thursday, showing a decline by 24.9 points or by 3.9% compared with its level last week, while higher by 9.0 points or by 1.5% compared with the end of 2023.

The following tables summarize Last weeks performance of Boursa Kuwait

Description	Week 16	Week 15	Difference
	18/04/2024	08/04/2024	%
Working days	5	2	
AlShall index (29 Companies)	610.7	635.6	-3.9%
Boursa All Share Market Index	6,997.1	7,187.1	-2.6%
Value Trade (KD)	345,004,994	75,232,642	
Daily average (KD)	69,000,999	37,616,321	83.4%
Volume Trade (Shares)	1,147,465,244	196,888,871	
Daily average (Shares)	229,493,049	98,444,436	133.1%
Transactions	94,559	23,484	
Daily average (Transactions)	18,912	11,742	61.1%

Most Active Sectors & Companies

Description	Value Traded	% of Total
Sectors	KD	Market
Agility Public Warehousing	137,028,597	39.7%
Kuwait Finance House	55,394,853	16.1%
National Bank of Kuwait	26,657,784	7.7%
National Real Estate Co	13,466,282	3.9%
Mobile Telecommunications	13,173,693	3.8%
Total	245,721,209	71.2%
Description	Value Traded	% of Total
Sectors	KD	Market
Industrials Sector	147,614,829	42.8%
Banking Sector	103,148,748	29.9%
Financial Services Sector	32,934,976	9.5%
Real Estate Sector	32,348,898	9.4%
Telecommunications Sector	14,860,377	4.3%

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 1st 1990).

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ALSHALL INDEX	Week 16	Week 15
	18/04/2024	08/04/2024
Increased Value (# of Companies)	10	5
Decreased Value (# of Companies)	18	20
Unchanged Value (# of Companies)	1	4
Total Companies	29	29

	Company Name	THU	MON	DIFF %	CLOSE 2023	DIFF %
		18/04/2024	08/04/2024			
1	National Bank Of Kuwait	716.0	735.9	(2.7)	718.1	(0.3)
2	Gulf Bank	246.5	245.5	0.4	251.8	(2.1)
3	Commercial Bank Of Kuwait	531.5	529.4	0.4	536.7	(1.0)
4	Al-Ahli Bank Of Kuwait	184.2	183.4	0.4	176.6	4.3
5	Kuwait International Bank	197.8	203.1	(2.6)	184.6	7.2
6	Burgan Bank	266.0	282.0	(5.7)	242.8	9.6
7	Kuwait Finance Bank	3,629.2	3,650.0	(0.6)	3,312.4	9.6
	Banking Sector	746.3	758.9	(1.7)	720.2	3.6
8	Commercial Facilities Company	128.5	142.2	(9.6)	114.8	11.9
9	International Financial Advisors	957.9	1,171.0	(18.2)	921.8	3.9
10	National Investments Company	305.8	315.8	(3.2)	300.7	1.7
11	Kuwait Projects Company (Holding)	435.9	422.0	3.3	363.2	20.0
12	Coast Investment & Development Co.	95.7	100.1	(4.4)	92.8	3.1
	Investment Sector	277.5	298.8	(7.1)	253.9	9.3
13	Kuwait Insurance Company	113.6	113.6	0.0	103.6	9.7
14	Gulf Insurance Company	1,735.3	1,725.7	0.6	1,631.1	6.4
15	Al-Ahleia Insurance Company	302.2	295.2	2.4	252.5	19.7
16	Warba Insurance Company	160.7	159.5	0.8	124.5	29.1
	Insurance Sector	442.4	439.0	0.8	404.6	9.3
17	Kuwait Real Estate Company	424.5	438.2	(3.1)	399.2	6.3
18	United Realty Company	119.8	122.5	(2.2)	113.7	5.4
19	National Real Estate Company	374.4	367.1	2.0	242.6	54.3
20	Salhiaha Real Estate Company	1,829.7	1,971.5	(7.2)	1,818.8	0.6
	Real Estate Sector	317.0	326.5	(2.9)	277.4	14.3
21	The National Industries	307.3	310.2	(0.9)	293.0	4.9
22	Refrigeration Industries Co	275.9	283.4	(2.6)	202.0	36.6
23	Gulf Cable & Electrical Industries	499.6	519.6	(3.8)	523.6	(4.6)
	Industrial Sector	267.7	273.3	(2.0)	255.6	4.7
24	Kuwait National Cinemas	790.9	885.7	(10.7)	751.4	5.3
25	The Public Warehousing Co	2,539.9	4,331.8	(41.4)	3,965.7	(36.0)
26	Mobile Telecommunications Co (ZAIN)	790.9	756.5	4.5	843.9	(6.3)
27	Safat Energy Co	27.9	29.6	(5.7)	29.6	(5.7)
	Services Sector	989.4	1,291.2	(23.4)	1,264.0	(21.7)
28	Livestock Transport & Trading Co	89.2	85.8	4.0	81.7	9.2
	Food Sector	436.4	435.6	0.2	434.6	0.4
29	Umm Al-Qaiwan Cement Industries	676.9	691.6	(2.1)	699.0	(3.2)
	Non Kuwaiti Companies	180.2	180.9	(0.4)	181.3	(0.6)
	AlShall Index	610.7	635.6	(3.9)	601.7	1.5

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