

KSE WEEKLY ACTIVITY

Zain, Boubyan deals stabilize stock exchange

Report by Bayan Investment Company

KUWAIT: Kuwait Stock Exchange (KSE) managed to stabilize and record minor gains during last week amid the continued control of internal factors over the course of trading, whereas positive economic indicators continued to emerge at the global level, affecting the performance of major stock markets and the movement of oil prices. Zain's mega deal was a major factor influencing KSE's activity at the beginning of the week, but with lesser extent to previous week's effect. On the other hand, the shares of Boubyan Bank's deal, through which National Bank of Kuwait increased its share in Boubyan Bank's capital to 40 percent, played a prominent role in last week's trading activity, causing trading indicators to grow substantially on Tuesday's session. In addition, last week witnessed active trades on small stocks that was reflected in price index's performance in several of the week's sessions. Internationally, major stock exchanges responded to positive statements issued by various officials regarding the state of the economy, and thus recorded growth during the week along with regional stock markets.

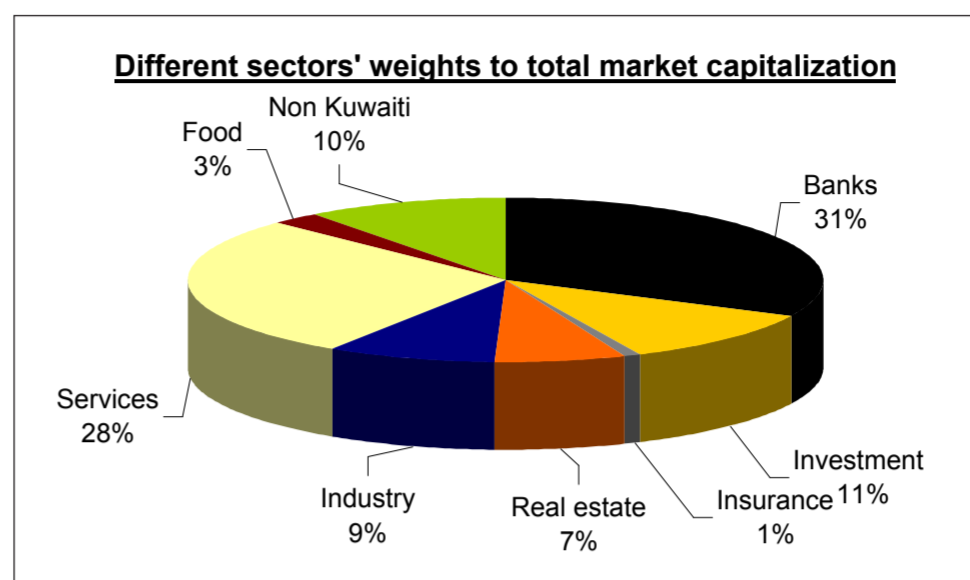
In terms of last week's day-to-day trades, KSE fluctuated on Sunday but profit taking activities caused both main indices to record daily losses. The performance of the main indi-

ces varied on the second trading session of the week with price index closing in the red zone and weighted index recording minor gain, as selling transactions dominated the market activity amid significant decline in trading value. On Tuesday, KSE witnessed considerable increase in trading indicators and daily performance of both main indices was opposite to previous day's outcome. KSE price index recorded additional gains on Wednesday, moving into weekly gains zone, while weighted index managed to register minor gain. KSE grew gradually on Thursday, adding additional gains for both indices, while allowing weighted index to join its counterpart in the weekly green area.

By the end of the week, the price index closed at 7,800.2 points, up by 0.99 percent from the week before closing, whereas the weighted index registered a 0.59 percent weekly gain after closing at 453.17 points.

Sectors' Indices

All of KSE's sectors ended last week in the green zone. Last week's highest gainer was the Food sector, achieving 2.58 percent growth rate as its index closed at 4,945.0 points. Whereas, in the second place, the Non Kuwaiti sector's index closed at 8,269.4 points recording 1.87 percent increase. The Real estate sector came in third as its index achieved 1.61 percent growth, ending the week at 3,081.4 points. The Ser-



vices sector was the least growing as its index closed at 15,859.8 points with a 0.40 percent increase.

Sectors' Activity

The Investment sector dominated total trade volume during last week with 573.59 million shares changing hands, representing 35.11 percent of the total market trading volume. The

Real estate sector was second in terms trading volume as the sector's traded shares were 27.63 percent of last week's total trading volume, with a total of 451.34 million shares. On the other hand, the Banks sector's stocks were the highest traded in terms of value; with a turnover of 158.96 million Kuwaiti dinars or 42.14 percent of last week's total market trading value. The Investment sector took the sec-

ond place as the sector's last week turnover of KD 71.80 million represented 19.03 percent of the total market trading value.

Market Capitalization

KSE total market capitalization grew by 0.60 percent during last week to reach KD 34.26 billion, as six of KSE's sectors recorded an increase in their respective market capitalization, whereas the other two recorded declines. The Food sector headed the growing sectors as its total market capitalization reached KD 883.91 million, increasing by 3.09 percent. The Industry sector was the second in terms of recorded growth with 1.59 percent increase after the total value of its listed companies reached KD 2.99 billion. The third place was for the Real estate sector, which total market capitalization reached KD 2.23 billion by the end of the week, recording an increase of 1.48 percent. The Insurance sector was the least growing with 0.74 percent recorded growth after its market capitalization amounted to KD 337.62 million.

On the other hand, the Services sector headed the decliners list as its total market capitalization decreased by 0.48 percent to reach, by the end of the week, KD 9.61 billion. The Investment sector was second on this list, which market value of its listed companies declined by 0.17 percent, reaching KD 3.65 million.

KCIC WEEKLY ANALYSIS



Domestic consumption rises in India, economy strengthens

Why is this graph important?

The above graph shows the growth in "motor vehicle sales" in India. After a crisis-induced negative shock in late 2008, vehicle sales have picked up, and are now on the rise. This is good news: as domestic consumption is rising, the Indian economy is expected to strengthen.

What does this indicator tell us?

Over the last few months, the Indian consumer has been feeling more confident: the sales of all motor vehicles in India have risen.

"Motor vehicle sales" include the selling of: 1) passenger cars; 2) two wheelers; 3) light commercial vehicles; and 4) heavy commercial vehicles. Total "motor vehicle sales" is the indicator used by the Indian government as a proxy for "retail sales", the indicator utilized by most industrialized countries.

What are its economic and financial implications?

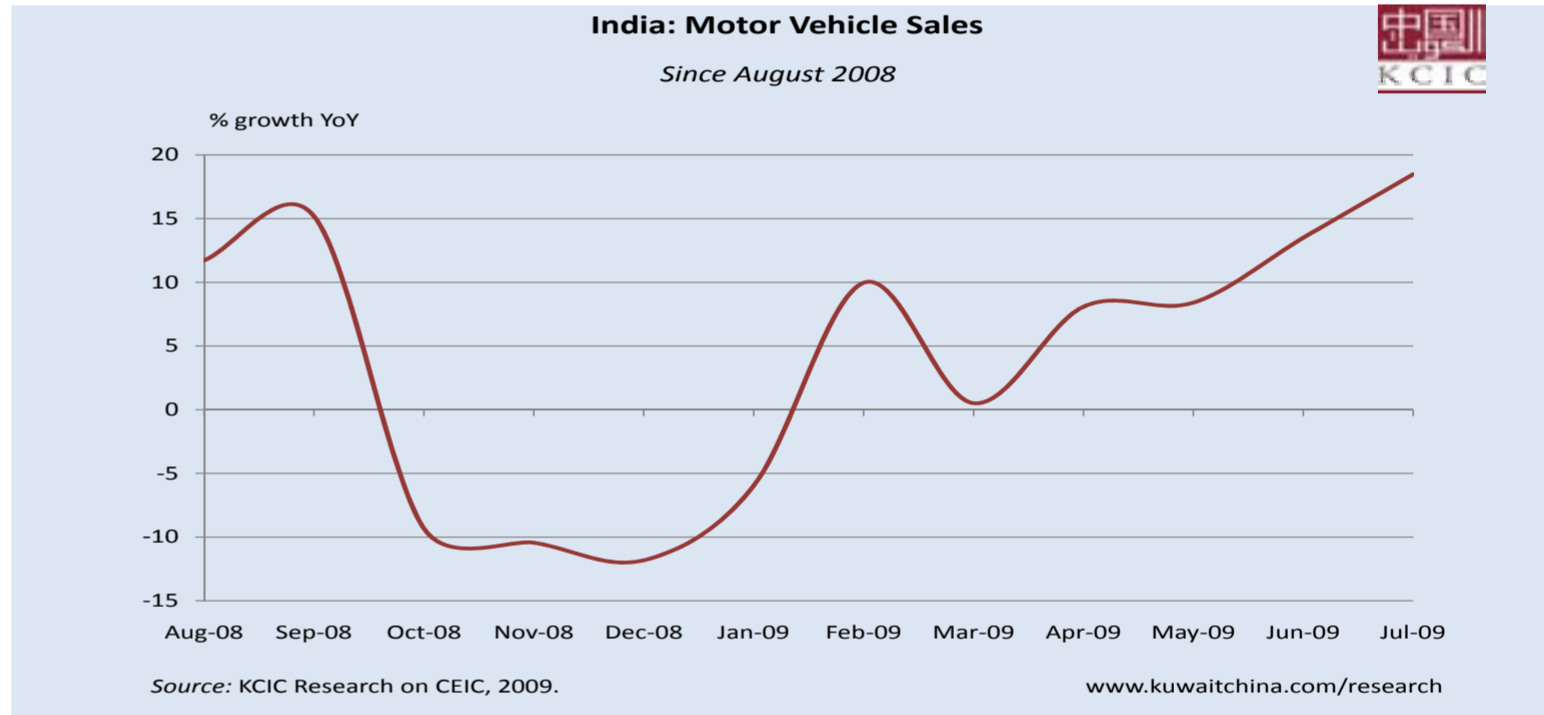
After the recent global economic melt-

down, India - Asia's third largest economy - has embarked on the path to recovery. The Indian consumer, less uncertain about the future, has been increasing his spending.

As Indians are buying more cars, two wheelers, trucks, they are increasing domestic consumption.

As a result, businesses are encouraged to invest and generate employment, a process likely to lead to both a strengthening of the domestic economy and further economic growth.

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Volkswagen eyes Suzuki stake

BERLIN: Europe's biggest car maker Volkswagen (VW) could become a shareholder of its Japanese competitor Suzuki before the end of the year, according to the German auto industry magazine *Automobilwoche*.

The negotiations are at an "advanced" stage and "we expect to reach an agreement in principle this year," the magazine cited a high-level Suzuki executive attending the Frankfurt auto show as saying.

"For Suzuki and VW, it would be a win-win situation. Suzuki would have access to a major number of Volkswagen technologies, while Volkswagen would gain a strong entry way into the Indian and southeast Asian markets," the Suzuki executive told the magazine in its edition to appear Sunday. A source close to the VW board also

told the industry magazine that "if we reach an agreement, we could learn a lot from Suzuki." In late June, the *Manager Magazine* had raised the possibility that VW could take around a 10-percent stake in Suzuki. Last week the iconic head of Volkswagen's supervisory board, Ferdinand Piech, said he thought the car maker should have two more brands.

"Twelve is a good number," Piech told media during an event organized by VW ahead of the 63rd Frankfurt auto show which opened Thursday and runs through Sept. 27.

Piech has expressed admiration in the past for cars built by Suzuki, and late last month said VW was considering a cooperation agreement with the Japanese company in the field of city vehicles. -AFP



FILE - In this Nov. 14, 2008 photo the VW logos of German car maker Volkswagen are ready to be assembled in a production line of the 'Golf VI' at the Volkswagen headquarter in Wolfsburg, Germany. (AP)

Thirteen more states cast out employees in August

WASHINGTON: Forty-two states lost jobs last month, up from 29 in July, with the biggest net payroll cuts coming in Texas, Michigan, Georgia and Ohio. The Labor Department also reported Friday that 27 states saw their unemployment rates increase in August, and 14 states and Washington D.C., reported unemployment rates of 10 percent or above.

The report shows jobs remain scarce even as most analysts believe the economy is pulling out of the worst recession since the 1930s. Federal Reserve Chairman, Ben Bernanke said earlier this week that the recovery is not likely to be rapid enough to reduce unemployment for some time. The jobless rate nationwide is expected to peak above 10 percent next year, from its current 9.7 percent. "You are seeing the pace of job losses slow a little bit," said Mike Lynch, a regional economist at IHS Global Insight. But states "are not out of the woods yet."

The United States lost 216,000 jobs in August, the department said earlier this month, down from 276,000 in July. Employers have eliminated 6.9 million jobs since the recession began in Dec. 2007.

Texas lost 62,200 jobs as its unemployment rate rose to eight percent in August for the first time in 22 years. The state's leisure, construction and manufacturing industries were hardest hit, losing 35,500 jobs. Michigan saw 42,900 jobs disappear, including 25,000 in manufacturing, as the state continued to suffer along with its struggling auto industry.

Michigan's unemployment rate rose to 15.2 percent, the highest in the nation. When its job-

less rate topped 15 percent in June it was the first time any state surpassed that mark since 1984. Most economists project Michigan's jobless rate will continue to rise. The University of Michigan estimates it will average 15.8 percent in 2010.

Nevada has the second-highest rate at 13.2 percent, followed by Rhode Island at 12.8 percent and California and Oregon at 12.2 percent each. The jobless rates in California, Nevada and Rhode Island were the highest on records dating to 1976. California and Nevada have been slammed by the housing bust, while Rhode Island has lost thousands of manufacturing and government jobs in the past year.

Still, California's net loss of 12,000 jobs was down from 35,000 the previous month. From Nov. 2008 through June, the state lost at least 65,000 jobs each month, said Jerry Nickelsburg, a senior economist with the Anderson Forecast at the University of California, Los Angeles. Georgia and Ohio reported the third and fourth-highest job losses, respectively, but their unemployment rates both fell as many of the unemployed dropped out of the work force. Once unemployed people stop looking for work - some, for example, may return to school - they are no longer included in the jobless rate.

The four states with the largest drops in their unemployment rates - Indiana, Colorado, Kansas and Virginia - experienced similar trends: thousands of jobless workers gave up on their searches and left the work force. None of those states actually added any jobs, according to a survey of employers.

Colorado state officials, however, noted

that a separate survey of households found the number of residents who said they have jobs increased by 4,900 to 2.49 million.

"This improvement is encouraging news," said Donald Mares, executive director of Colorado's Department of Labor and Employment. While "some ups and downs" are likely over the next several months, "employment appears to be stabilizing," he said.

Still, only eight states added jobs in August on a seasonally adjusted basis, according to employer surveys used by the U.S. Labor Department. North Carolina added the most, with a gain of 7,000, followed by Montana with 5,100 and West Virginia with 2,800. The biggest gains in North Carolina and Montana were in government jobs, while West Virginia saw the most improvement in education and health services.

New Jersey added 800 jobs, but its jobless rate jumped to 9.7 percent, the highest in 33 years, from 9.3 percent. The gains there were in transportation and utilities, as well as professional and business services, chiefly because of the hiring of temporary service workers.

"When you see temp firm hirings going up, that's certainly a positive sign," New Jersey Labor Commissioner David J. Socolow said. Companies usually hire temporary workers before they add permanent ones. North Dakota reported the lowest unemployment rate in August, at 4.3 percent, followed by South Dakota with 4.9 percent and Nebraska at five percent.

North Dakota has benefited from a healthy oil sector, and all three states are helped by relatively strong agriculture economies. -AP

VIVA brings more color to SMS

KUWAIT: VIVA has launched "Color SMS" service, a new method for sending text messages while using different fonts, emoticons and backgrounds, as well as other features. This was announced in a press release on Saturday. VIVA Color allows subscribers to send colored SMS messages using Java application, customers can also receive normal MMS sent

by any enabled device, which will eventually allow mobile users to express more.

While being the first service of its kind in Kuwait, 'VIVA Colors' is all about customers' moods; the service only requires one party to have the JAVA application, any MMS enabled device will be able to receive the colored SMS.

VIVA Color is not only about coloring messages, but subscribers can also add blinking texts, change their fonts, add background images and emoticons, convert their SMS to speech, make their address book light and compatible, and save and edit their messages for later use. The application is priced at only 500 Kuwaiti fils per download.