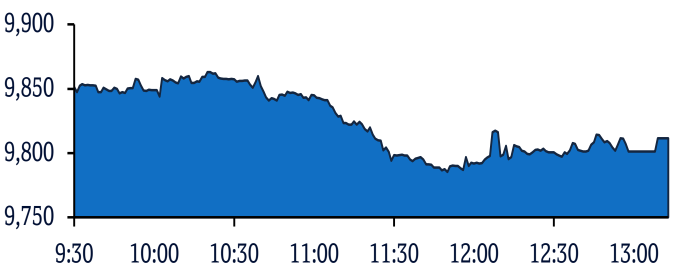
Daily Market Report

Thursday, 03 September 2020

QSE Intra-Day Movement



Qatar Commentary

The QE Index declined 0.4% to close at 9,811.6. Losses were led by the Real Estate and Consumer Goods & Services indices, falling 1.4% and 1.0%, respectively. Top losers were Salam International Investment Ltd. and Barwa Real Estate Company, falling 4.7% and 2.8%, respectively. Among the top gainers, Ezdan Holding Group gained 4.2%, while Qatar Cinema & Film Distribution was up 3.7%.

GCC Commentary

Saudi Arabia: The TASI Index gained 1.5% to close at 8,013.4. Gains were led by the Real Estate Mgmt and Telecom. Serv. indices, rising 6.2% and 2.2%, respectively. Emaar The Economic City and Jabal Omar Development Co. were up 9.9% each.

Dubai: The DFM Index gained 0.3% to close at 2,259.6. The Consumer Staples and Discretionary index rose 10.4%, while the Telecommunication index gained 1.3%. Ithmaar Holding rose 14.5%, while SHUAA Capital was up 11.5%.

Abu Dhabi: The ADX General Index gained 0.5% to close at 4,547.1. The Real Estate rose 1.9%, while the Consumer Staples indices rose 1.3%. Arkan Building Materials Co. rose 12.3%, while Abu Dhabi National Co. For Building Materials was up 7.5%.

Kuwait: The Kuwait All Share Index fell 0.1% to close at 5,321.5. The Consumer Services and Telecommunications indices declined 1.2% each. Palms Agro Production Co. declined 7.5%, while Munshaat Real Estate Projects was down 7.1%.

Oman: The MSM 30 Index fell 0.3% to close at 3,769.1. Losses were led by the Services and Financial indices, falling 0.4% each. Al Hassan Engineering Company declined 6.3%, while Sembcorp Salalah Power and Water Co. was down 3.5%.

Bahrain: The BHB Index fell 0.5% to close at 1,398.3. The Commercial Banks index declined 1.1%, while the other indices ended flat or in green. INOVEST Company declined 9.8%, while Al-Salam Bank-Bahrain was down 2.7%.

Market Indicators	02 Sep 20	01 Sep 20	%Chg.
Value Traded (QR mn)	593.9	794.7	(25.3)
Exch. Market Cap. (QR mn)	570,660.7	570,235.7	0.1
Volume (mn)	376.8	565.8	(33.4)
Number of Transactions	12,247	14,294	(14.3)
Companies Traded	46	46	0.0
Market Breadth	16:28	21:21	–

Market Indices	Close	1D%	WTD%	YTD%	TTM P/E
Total Return	18,862.42	(0.4)	(0.7)	(1.7)	16.0
All Share Index	3,036.28	(0.3)	(1.0)	(2.0)	16.7
Banks	4,078.30	(0.3)	(2.0)	(3.4)	13.7
Industrials	2,992.06	0.5	1.0	2.0	26.0
Transportation	2,820.12	(0.7)	(0.8)	10.4	13.4
Real Estate	1,721.33	(1.4)	3.1	10.0	14.1
Insurance	2,122.89	(0.0)	0.4	(22.4)	32.8
Telecoms	898.72	(0.8)	(2.2)	0.4	15.1
Consumer	8,101.95	(1.0)	(1.2)	(6.3)	25.4
Al Rayan Islamic Index	4,065.96	(0.4)	0.2	2.9	19.0

GCC Top Gainers##	Exchange	Close#	1D%	Vol. '000	YTD%
Emaar Economic City	Saudi Arabia	9.75	9.9	21,988.8	2.1
Jabal Omar Development	Saudi Arabia	30.55	9.9	14,277.1	12.5
Dar Al Arkan Real Estate	Saudi Arabia	8.56	2.5	73,417.9	(22.2)
Saudi Arabian Fertilizer	Saudi Arabia	82.50	2.4	744.6	6.5
Saudi Telecom Co	Saudi Arabia	97.70	2.3	1,420.0	(4.0)

GCC Top Losers##	Exchange	Close#	1D%	Vol. '000	YTD%
Sembcorp Salalah Power	Oman	0.11	(3.5)	12.0	(18.5)
Barwa Real Estate Co	Qatar	3.43	(2.8)	6,401.7	(3.2)
HSBC Bank Oman	Oman	0.10	(2.0)	204.5	(19.0)
Ahli United Bank	Bahrain	0.76	(1.9)	111.5	(20.9)
Sohar International Bank	Oman	0.11	(1.9)	25.2	(1.7)

Source: Bloomberg (# in Local Currency) (## GCC Top gainers/losers derived from the S&P GCC Composite Large Mid Cap Index)

QSE Top Gainers	Close*	1D%	Vol. '000	YTD%
Ezdan Holding Group	1.49	4.2	71,091.9	142.3
Qatar Cinema & Film Distribution	3.75	3.7	53.0	70.2
Qatar Islamic Insurance Company	6.56	3.3	15.9	(1.8)
Qatari German Co for Med. Devices	2.63	2.7	10,551.6	351.0
Industries Qatar	10.10	1.4	2,824.4	(1.8)

QSE Top Losers	Close*	1D%	Vol. '000	YTD%
Salam International Inv. Ltd.	0.63	(4.7)	27,547.8	22.2
Barwa Real Estate Company	3.43	(2.8)	6,401.7	(3.2)
Qatari Investors Group	2.07	(2.1)	967.3	15.5
Al Khalij Commercial Bank	1.59	(2.0)	360.4	21.1
Dlala Brokerage & Inv. Holding	1.90	(2.0)	2,228.1	211.0

QSE Top Volume Trades	Close*	1D%	Vol. '000	YTD%
Investment Holding Group	0.63	(0.9)	94,817.1	11.7
Ezdan Holding Group	1.49	4.2	71,091.9	142.3
Qatar Aluminium Manufacturing	1.00	0.5	46,529.3	28.0
United Development Company	1.28	(1.6)	28,667.0	(15.9)
Salam International Inv. Ltd.	0.63	(4.7)	27,547.8	22.2

QSE Top Value Trades	Close*	1D%	Val. '000	YTD%
Ezdan Holding Group	1.49	4.2	104,801.9	142.3
Investment Holding Group	0.63	(0.9)	60,847.3	11.7
Qatar Aluminium Manufacturing	1.00	0.5	46,615.4	28.0
QNB Group	17.89	0.2	42,330.4	(13.1)
United Development Company	1.28	(1.6)	37,140.8	(15.9)

Source: Bloomberg (* in QR)

Regional Indices	Close	1D%	WTD%	MTD%	YTD%	Exch. Val. Traded ($ mn)	Exchange Mkt. Cap. ($ mn)	P/E**	P/B**	Dividend Yield
Qatar*	9,811.57	(0.4)	(0.7)	(0.3)	(5.9)	162.00	155,048.5	16.0	1.5	4.1
Dubai	2,259.60	0.3	(0.4)	0.6	(18.3)	138.46	85,747.3	8.5	0.8	4.3
Abu Dhabi	4,547.13	0.5	0.3	0.6	(10.4)	112.75	184,602.0	16.6	1.3	5.4
Saudi Arabia	8,013.44	1.5	1.0	0.9	(4.5)	2,864.69	2,421,890.7	29.3	2.0	2.7
Kuwait	5,321.53	(0.1)	0.6	0.5	(15.3)	117.29	100,796.3	28.3	1.3	3.7
Oman	3,769.09	(0.3)	0.8	(0.1)	(5.3)	2.34	16,894.7	11.2	0.8	6.5
Bahrain	1,398.25	(0.5)	1.3	1.3	(13.2)	5.16	21,409.8	13.0	0.9	5.0

Source: Bloomberg, Qatar Stock Exchange, Tadawul, Muscat Securities Market and Dubai Financial Market (** TTM; * Value traded ($ mn) do not include special trades, if any)

Qatar Market Commentary

- The QE Index declined 0.4% to close at 9,811.6. The Real Estate and Consumer Goods & Services indices led the losses. The index fell on the back of selling pressure from GCC and Foreign shareholders despite buying support from Qatari and Arab shareholders.
- Salam International Investment Ltd. and Barwa Real Estate Company were the top losers, falling 4.7% and 2.8%, respectively. Among the top gainers, Ezdan Holding Group gained 4.2%, while Qatar Cinema & Film Distribution was up 3.7%.
- Volume of shares traded on Wednesday fell by 33.4% to 376.8mn from 565.8mn on Tuesday. However, as compared to the 30-day moving average of 301.6mn, volume for the day was 24.9% higher. Investment Holding Group and Ezdan Holding Group were the most active stocks, contributing 25.2% and 18.9% to the total volume, respectively.

Overall Activity	Buy %*	Sell %*	Net (QR)
Qatari Individuals	47.94%	48.05%	(615,744.5)
Qatari Institutions	22.15%	12.99%	54,394,907.5
Qatari	**70.10%**	**61.04%**	**53,779,163.0**
GCC Individuals	0.69%	1.30%	(3,577,581.6)
GCC Institutions	0.95%	6.62%	(33,708,286.7)
GCC	**1.64%**	**7.92%**	**(37,285,868.2)**
Arab Individuals	15.17%	13.21%	11,615,543.0
Arab Institutions	–	–	–
Arab	**15.17%**	**13.21%**	**11,615,543.0**
Foreigners Individuals	4.25%	2.83%	8,439,222.0
Foreigners Institutions	8.85%	15.00%	(36,548,059.7)
Foreigners	**13.10%**	**17.83%**	**(28,108,837.7)**

Source: Qatar Stock Exchange (*as a % of traded value)

Global Economic Data

Date	Market	Source	Indicator	Period	Actual	Consensus	Previous
09/02	US	Mortgage Bankers Association	MBA Mortgage Applications	28-Aug	-2.0%	–	-6.5%
09/02	EU	Eurostat	PPI MoM	Jul	0.6%	0.5%	0.7%
09/02	EU	Eurostat	PPI YoY	Jul	-3.3%	-3.3%	-3.7%

Source: Bloomberg (s.a. = seasonally adjusted; n.s.a. = non-seasonally adjusted; w.d.a. = working day adjusted)

News

Qatar

- **MADLSA, QC hold meet to discuss new labor laws –** The labor ministry's ban on a company violating the Wage Protection System (WPS) rules in Qatar will no longer be extended to other enterprises affiliated to that company. Only the violating company would face the ban, Assistant undersecretary for labor affairs at the Ministry of Administrative Development, Labour and Social Affairs (MADLSA), Hassan Al Obaidly said during a meeting with the officials of Qatar Chamber in Doha on Wednesday. The meeting, presided over by QC Chairman Sheikh Khalifa bin Jassim Al Thani, discussed several topics, including the recently-issued laws setting minimum wage and simplifying the process for changing employers. Challenges facing the private sector were also discussed at the meeting, which was attended by QC Director-General Saleh bin Hamad Al Sharqi. (Qatar Tribune)
- **Qatar Airways agrees delivery delays with Airbus, still talking to Boeing –** Qatar Airways has struck a deal with Airbus SE to delay delivery of airplanes due to the pandemic-induced travel downturn but remains in talks with Boeing Co about deferrals, the airline's Chief Executive said on Wednesday. "We have the ability to bring forward the deliveries if there is a rebound in air travel," Qatar Airways CEO Akbar Al-Baker said of the Airbus deal at the CAPA Australia Pacific Aviation Summit, without providing further details. Al-Baker said the airline had not reached an agreement with Boeing. "As far as Boeing is concerned we are still in negotiations with them, but regardless of what they feel an aircraft manufacturer needs to oblige customers in difficult times," he said. "People who will not oblige and stand with us in this difficult time will not see us again." (Reuters)
- **Qatar Airways calls for International health certificate for passengers –** Qatar Airways CEO Akbar Al Baker says an internationally recognized health certificate to show that passengers are free of the coronavirus should be in place until a vaccine has been broadly distributed. The different rules and regulations in various countries are making it harder for airlines to weather the crisis, Al Baker says at CAPA Australia Pacific virtual aviation summit. "This is the biggest challenge facing airlines today. Everybody has a different health regime. Passengers are lost". There must be uniform rules so airports can open up safely and efficiently, Al Baker said. (Bloomberg)
- **Qatar Airways to fly to over 85 destinations by mid-Sept –** Qatar Airways will operate over 650 weekly flights to more than 85 destinations by mid-September, offering "more global connectivity" than any other airline. The national carrier continues to lead the industry in providing global connectivity by resuming flights to just over half the destinations it operated pre-COVID-19. Since the onset of the pandemic, Qatar Airways network has never fallen below 30 destinations with continuous services to five continents. During September, the airline will resume flights to the following destinations- Houston (three weekly flights started September 2 increasing to four weekly from September 15), Kathmandu (one weekly flight starting September 5), Mogadishu (three weekly flights starting September 6), Philadelphia (three weekly flights starting September 16) and Sialkot (three weekly flights started September 1). Meanwhile, Qatar Airways Group Chief Executive HE Akbar Al-Baker has said his airline "should be considered to be given a reasonable amount of additional frequencies so that we will be able to keep connecting the Australian people to the outside world." "We are a global connector for the people of Australia. And we are part of the Qantas alliance – we are part of oneworld," al-Baker said in his comments on expanding Australian services during the CAPA Australia Pacific Aviation Summit. (Gulf-Times.com)
- **Envoy: German corporate sector increasingly looking at investment opportunities in Qatar –** Germany's corporate sector is increasingly looking at investment opportunities in the fast-growing Qatar and more firms are expected to establish their presence in the country's free zones, according to its envoy. "(The) German companies undoubtedly remain committed to Qatar and are seizing investment opportunities in Qatar," Dr Claudius Fischbach, German's ambassador to Qatar, told a webinar 'Bilateral and Synergistic Opportunities between Qatar and Germany', organized by Doha Bank, which has presence in Germany since 2011. Highlighting that most recently, Volkswagen announced a major investment in the Qatar Free Zones; he stressed more companies "will certainly" follow. He also said Qatar Investment Authority is a key investor in German companies. (Gulf-Times.com)
- **Real estate trade volume exceeds QR612mn in one week –** The volume of real estate trading in sales contracts registered at the Department of Real Estate Registration at the Ministry of Justice during the period from August 23 to August 27 reached QR612.61mn. The weekly bulletin issued by the department showed that the list of real estate properties traded for sale included vacant lands, houses, residential buildings and multi-purpose buildings, residential compounds, and multi-purpose vacant lands. The sales were concentrated at the municipalities of Al Daayen, Doha, Umm Salal, Al Rayyan, Al Wakrah, Al Khor, Al Dhakhira, Al Shamal and Al Shahaniya. The volume of real estate trading from August 16 to August 20 was worth QR262.978mn. Qatar's real estate market has been witnessing a continued growth. In the month of July 2019, the total value of monthly transactions reached QR2.89bn, official data show. According to the Ministry of Justice, there were 254 real estate transactions registered in July. Compared to last June, the real estate index increased by 53%, while the value of real estate transactions index increased by 5%. The transactions included buildings, lands, multi-use spaces and housing. Doha, Al Rayyan and Al Daayen municipalities topped in terms of financial value. (Qatar Tribune)
- **NW EUROPE LNG TRACKER: Two Qatari Vessels Added –** Two more vessels with Qatari LNG signaled northwest Europe as a destination, increasing scarce supply scheduled so far for September, according to ship-tracking on Bloomberg and port data. Al Gharrafa will deliver the cargo in Zeebrugge on September 23 and Castillo de Merida will arrive in Montoir on September 12. (Bloomberg)

International

- **US factory orders rise more than expected in July –** New orders for US-made goods increased more than expected in July as the manufacturing sector continues to steadily recover from the

COVID-19 pandemic. The Commerce Department said on Thursday factory orders rose 6.4% after a similar gain in June. Economists polled by Reuters had forecast factory orders increasing 6.0% in July. (Reuters)

- **US private payrolls undershoot expectations; labor market recovery losing speed –** US private employers hired fewer workers than expected for a second straight month in August, suggesting that the labor market recovery was slowing as the COVID-19 pandemic persists and government money to support workers and employers dries up. The moderation in job growth was also flagged by another report from the Federal Reserve on Wednesday showing furloughed workers increasingly being laid off permanently in some parts of the country. The bulk of hiring last month was by large businesses, with small enterprises posting a modest increase. A $600 weekly unemployment supplement expired on July 31, while a program that gave businesses loans that can be partially forgiven if used for employee pay has also lapsed. Private payrolls increased by 428,000 jobs last month, the ADP National Employment Report showed. Data for July was revised higher to show hiring up by 212,000 jobs instead of the initially reported 167,000. The revision still left the July tally out of alignment with the 1.462mn rise in private employment reported by the government last month. Economists polled by Reuters had forecast private payrolls would increase by 950,000 in August. The ADP report, jointly developed with Moody's Analytics, has fallen short of the government payrolls count since May because of methodology differences. The ADP report is based on active and paid employees on company payrolls. The Labor Department's Bureau of Labor Statistics (BLS) counts workers as employed if they received a paycheck during the week that includes the 12th of the month. When businesses were shuttered in mid-March, millions of workers were either laid off or furloughed. Some economists believe that the return of furloughed workers when most businesses reopened in May boosted the employment numbers reported by the government. (Reuters)
- **US CBO sees FY20 federal budget deficit of $3.3tn amid coronavirus spending –** The nonpartisan US Congressional Budget Office on Wednesday said the federal budget deficit for fiscal 2020 will hit $3.3tn, 16% of GDP, down from its April 24 preliminary estimate of $3.7tn. Federal deficits were projected to fall to $1.8tn in the fiscal year beginning October 1, the CBO said, and will total $13tn over 10 years. So far this year, more than $3tn in emergency coronavirus pandemic aid has been enacted into law. These huge federal outlays have caused a surge in this year's already large deficit and federal debt. "This report shows that our unsustainable fiscal challenges have rapidly accelerated, as our national debt will now exceed the size of our entire economy next year," said Peter G. Peterson Foundation Chief Executive Michael Peterson. The group works to increase public awareness of the urgent fiscal challenges facing America's future. The CBO's forecast did not include another round of coronavirus aid Congress might consider, which could exceed $1tn. The $3.3tn budget deficit this year, if realized, would be more than triple the shortfall recorded in 2019. And a budget deficit at 16% of GDP would be the largest since 1945. (Reuters)
- **Bank of England policymakers warn of bigger risks for UK economy –** Bank of England (BoE) Deputy Governor Dave Ramsden and another interest-rate setter, Gertjan Vlieghe, warned of risks that Britain's economy could suffer more damage from the coronavirus crisis than spelt out by the central bank last month. Ramsden told lawmakers on Wednesday that the BoE had estimated the level of Britain's economic output would permanently be about 1.5 percentage points lower than it would have been without the pandemic. "For me all the risks are really that that number will be greater than 1.5%," Ramsden said. He reiterated that the BoE had "headroom to do materially more QE if we need to", referring to a possible fresh expansion of the central bank's bond-buying program which already stands at 745bn Pounds ($991.37bn). Vlieghe said there was "a material risk" that it could take several years for Britain's economy to return to full capacity after its coronavirus shock. The BoE said in August it expected Britain's economy to recover its pre-COVID-19 size by the end of next year. (Reuters)
- **PM Johnson says furlough scheme keeps people in 'suspended animation' –** Prime Minister Boris Johnson said on Wednesday a furlough scheme created to retain jobs during the coronavirus pandemic was now keeping people in "suspended animation", and that the government instead wanted to get Britain back to work. Questioned in parliament by opposition parties over whether he would extend the furlough scheme beyond its end-October deadline, Johnson said the program "keeps them in suspended animation and prevents them from going to work. What we want to do is to get people back to work." He said the government had turned the tide of the COVID-19 pandemic and made clear his priority was now addressing the damage done to the economy by a virus that forced months of almost total shutdown. Conscious too that many businesses in towns and cities have been hit by a lack of passing trade, he wants to convince skeptical workers and employers that it is safe to return to their offices and places of work. (Reuters)
- **Finance Minister Sunak says must make public finances sustainable over time –** Chancellor Rishi Sunak said Britain would need to make its public finances sustainable over time, but he did not comment on reports of planned tax rises, saying his first task was jobs and driving a recovery. "In the short term my priority is to drive our recovery forward to protect and support and create as many jobs as possible, but of course it's right that over time we have sustainable public finances," Sunak said. "I think everyone understands we can't carry on doing exactly what we did this year forever." Britain's public debt has passed 2tn Pounds, pushed up by emergency spending on Sunak's coronavirus job retention scheme, tax cuts for businesses and consumers and even a dining-out subsidy to coax people back into restaurants. That has pushed the question of how to pay for additional borrowing up the agenda, with weekend newspaper reports suggesting the finance ministry was looking at sweeping tax rises. Sunak, speaking at the launch of a scheme to help young people into work, said such reports were speculation. A budget is expected later this year. (Reuters)
- **Nationwide: UK house prices surge to new high –** British house prices leapt to hit an all-time high in August, mortgage lender Nationwide said on Wednesday, adding to signs of a sharp

rebound in the country's housing market after the coronavirus lockdown. Prices jumped by 2.0% from July, the biggest month-on-month increase since 2004 and far outstripping the median forecast for an increase of 0.5% in a Reuters poll of economists. Nationwide said prices were 3.7% higher than a year earlier. The Reuters poll had pointed to a 2.0% annual increase. "House prices have now reversed the losses recorded in May and June and are at a new all-time high," Robert Gardner, Nationwide's chief economist, said. The COVID-19 lockdown had prompted people to rethink the kind of home they want to live in as well as creating pent-up demand, Gardner said. Home-buyers have also been given an incentive by British finance minister Rishi Sunak, who cut a tax for house purchases in July as he sought to spark the broader economy which shrank by a record 20.4% in the April-June period. (Reuters)

- **Weak German retail sales dash hopes for strong recovery –** German retail sales fell unexpectedly in July, data showed on Wednesday, dashing hopes that household spending in Europe's largest economy can drive a strong recovery in the third quarter from the coronavirus shock. Chancellor Angela Merkel's government has since March unleashed an array of rescue and stimulus measures, financed with record borrowing of 217.8bn Euros, to help companies and consumers get out of the crisis. The stimulus package includes a temporary cut in value-added tax (VAT) from July 1 until Dec. 31, worth up to 20bn Euros, to give domestic demand an additional push. But the retail sales figures released by the Federal Statistics Office cast some doubt on whether the measure is working. Some companies are not passing on the tax cut to consumers and shoppers generally seem to be holding back. Retail sales were down by 0.9% on the month in real terms in July after a revised drop of 1.9% in June and a 13.2% jump in May, when authorities eased lockdown measures. This missed a Reuters forecast for a 0.5% increase, though retail sales are a volatile indicator often subject to revision. (Reuters)
- **Germany's Scholz: EU recovery prospects good, but worst might not be over –** There are indications that the European economy will recover well from the pandemic-induced recession, but the worst might not be over yet, Germany's Finance Minister Olaf Scholz said on Wednesday. Speaking via video-link to the economic committee of the European Parliament, Scholz, whose country holds the rotating presidency of the 27-nation EU, said Germany's focus over the coming months would be to finish the process of setting up the EU's 750bn Euro recovery package and the next EU long-term budget of 1.074tn Euros. "Europe has dealt with a historic challenge and has provided a very good response, has shown solidarity in its response," Scholz said. "The economic situation is quite serious in Europe. That is why it is important in the second half of the year to tackle the serious recession we are experiencing. Current indicators give us hope that we will have a good recovery, we se that in a number of countries around Europe, but these developments are still quite precarious and I can't say we are over the worst of it yet," Scholz said. (Reuters)
- **German Finance Minister: Pandemic may help global deal on taxing digital giants –** The pressure from the COVID-19 pandemic on government finances might help bring about a stalled international agreement on how to tax digital giants like Google, Amazon, Facebook, Apple or Microsoft, German Finance Minister Olaf Sholz said on Wednesday. Scholz told the economic committee of the European Parliament via video-link he hoped a breakthrough in works on such a digital tax might happen in the coming months in the Organization for Economic Cooperation and Development (OECD). The US, home to the biggest digital companies, has so far blocked an international deal on taxing their revenues where they are generated. (Reuters)
- **German retail sales fall unexpectedly in July –** German retail sales fell unexpectedly on the month in July, data showed on Wednesday, dashing hopes that household spending in Europe's largest economy will be powerful enough to drive a strong recovery in the third quarter from the coronavirus shock. Retail sales were down by 0.9% on the month in real terms after a revised drop of 1.9% in June, data from the Federal Statistics Office showed. A Reuters forecast had predicted a 0.5% increase. On the year, retail sales rose by 4.2% in real terms after an upwardly revised increase of 6.7% the previous month, the data showed. Retail sales are a volatile indicator often subject to revision. (Reuters)
- **Japan's Suga says to run for ruling party leadership race, wants to avoid vacuum –** Japanese Chief Cabinet Secretary Yoshihide Suga on Wednesday said he would run for leader of the ruling Liberal Democratic Party (LDP), formally entering a race he is already heavily favored to win to become the next Prime Minister. A longtime aide to outgoing Prime Minister Shinzo Abe, Suga said he decided to stand for party leader to avoid a political vacuum during the coronavirus pandemic. Abe announced his decision to resign last week, citing poor health. The LDP's majority in the lower house of parliament ensures the party's next leader will succeed him as Prime Minister. Although he had remained silent about his plans up until Wednesday's announcement, Suga appeared to have clinched the race earlier this week. when media reported that some of party's most powerful factions would back him, and after the LDP opted to have a slimmed-down leadership race. By choosing not to poll all of its members for the race, the LDP has concentrated the vote in the hands of party heavyweights, who favor Suga over rival Shigeru Ishiba, a former defense minister more popular with the public and grassroots party members. (Reuters)
- **Caixin PMI: China's services sector sustains recovery as hiring picks up –** The recovery in China's service sector activity extended into a fourth straight month in August, an industry survey showed on Thursday, with companies hiring more people for the first time since January. The Caixin/Markit services Purchasing Managers' Index (PMI) slipped to 54.0 from July's 54.1, dipping for the second month after June's decade high, but staying above the 50-mark that separates monthly growth from contraction. The services sector, which accounts for about 60% of the economy and half of urban jobs, had been slower to return to growth initially than large manufacturers, but the recovery has gathered pace in recent months as COVID-19 restrictions on public gatherings lifted. Firms started to hire more in August after six months of layoffs, indicating some recovery in a labor market that has been hit hard by sharp falls in demand and epidemic restrictions earlier in the year.

Domestic demand drove new orders, with the Caixin survey showing new export businesses received by Chinese services firms contracting again in August, albeit at a slower pace. However, the growth in new orders was the weakest in four months and dropped below the long-term average. (Reuters)

- **China cabinet approves two nuclear power projects –** China's cabinet approved two nuclear power projects, according to state radio on Wednesday evening, quoting the country's cabinet meeting. The approved projects were Hainan Changjiang nuclear power plant phase 2 and Zhejiang San'ao nuclear power plant phase 1, according to state radio. China last year launched three new nuclear power plants in the provinces of Shandong, Fujian and Guangdong, which marked the end of a moratorium on new projects. China's nuclear association said the country will build six to eight nuclear reactors a year between 2020 and 2025 and raise total capacity to 70 gigawatts (GW), up 43.5% from end-May, according to the official China Daily in July. The association was also quoted as saying China's total installed nuclear capacity is expected to stand at 52 GW by the end of 2020, falling short of an initial 58 GW target, but would soon get back on track to bring total capacity either in operation or under construction to around 200 GW by 2035. (Reuters)
- **Central Bank Head: Brazil economy to shrink about 5% this year, rebound 4% or more next year –** Brazil's economy is on course to shrink by about 5% this year and grow by 4% or more next year, central bank chief Roberto Campos Neto said on Wednesday, stressing the importance of the government resuming its agenda of strict fiscal discipline. Speaking in an online interview with Bloomberg, Campos Neto said the huge emergency spending triggered by the COVID-19 pandemic was a "detour" and that a return to a credible fiscal path was essential to securing a sustainable recovery and keeping inflation and interest rates low. Campos Neto acknowledged the importance of direct transfers to millions of Brazil's poorest people in preventing an even steeper economic slump, but said those and other emergency measures expiring on December 31 should not be extended. Brazil's economy shrank by a record 9.7% in the second quarter, with household spending tumbling 12.5%. That was despite millions of families receiving monthly stipends of 600 Reais ($112), which the government has extended through the end of the year, but at 300 Reais a month. Economists warn that the sudden removal of that support could have severe consequences for the recovery. (Reuters)

Regional

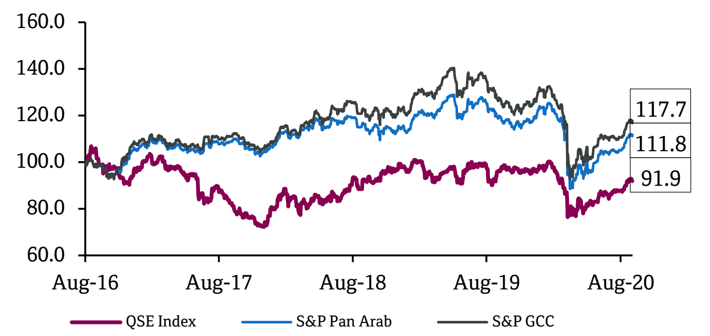
- **Saudi British Bank offering expected to price at SR24.24 –** Saudi British Bank's (SABB) offering is expected to price at SR24.24. The pricing guidance is according to terms reviewed by Bloomberg. The offering upsized to 31mn shares from ~25mn and books are covered at the expected offering price, terms stated. The offering price is 9.7% discount compared to the last sale. (Bloomberg)
- **SABIC investor call for dual-tranche USD bonds issuance –** Saudi Basic Industries Corp. had mandated BNP Paribas, Citi and HSBC as global coordinators, JBRs and JLMs to organize fixed-income investor calls on September 2. A Reg S senior unsecured USD-denominated dual-tranche offering consisting of a 10-year bond and a 30-year dual-listed Formosa tranche issued by SABIC Capital I BV (the "Issuer") and guaranteed by SABIC will follow. Mizuho Securities, MUFG and SMBC Nikko are acting as JBRs on the 10-year transaction, and structuring agents on the 30-year Formosa. (Bloomberg)
- **Saudi Arabia is keeping oil deliveries to America all but halted –** Saudi Arabia is continuing to divert its oil away from America's shores. The Kingdom last month loaded about 5.6mn bpd on to tankers, a small increase from July, vessel-tracking information compiled by Bloomberg showed. Within that, an ever-smaller share went to the US, and cargo data show that deliveries in the week ended August 28 dropped to what could be the lowest in decades. For Saudi Arabia, cutting oil shipments into the US is the quickest way to telegraph to the wider market that it is tightening supply. The US government is alone among major oil-consuming nations in publishing weekly data on crude stocks and imports, which carries enormous influence among oil traders. Saudi crude exports to the US dwindled to about 177,000 bpd in August, tracking data show. Although that number could rise as more vessels indicate their final destination, it is still a fraction of the 1.3mn bpd the Kingdom shipped to America in April, when the flow threatened to upend the US oil market. (Bloomberg)
- **Jabal Omar details on debt restructuring –** Real estate owner and developer Jabal Omar details steps taken to restructure the debt. The company said in a filing that it got approval for the postponement to June 2021 from December 2020 in the payment of installments of a SR3bn loan to a government entity, among other measures. The government also demonstrated willingness to provide support to the group on restructuring debt and extending financial support. (Bloomberg)
- **NatWest, Santander to sell ~25mn Saudi British bank shares –** NatWest Markets and Banco Santander are selling about 25mn shares in The Saudi British Bank, according to terms seen by Bloomberg. The price guidance is with reference to market terms. The sellers will be subject to a 90-day lock-up period, according to the terms. Citigroup and Goldman Sachs are the joint book runners. (Bloomberg)
- **Saudi Arabia's Future Investment Initiative postponed until January –** The Future Investment Initiative (FII), Saudi Arabia's flagship financial forum, has been postponed until early next year because of the COVID-19 pandemic, the organizers said. The event, which has become a fixture in the global investment calendar in the short time since its launch in 2017, was scheduled for late next month but has been put back until the end of January. The organizers, the FII Institute, said: "After careful consideration and assessment of the global travel and airline outlook, as well as the regulations imposed by a significant number of countries, and in the context of the efforts deployed to overcome the impact of COVID-19, we have decided to postpone the fourth edition of the FII, initially scheduled to take place from October 28-29, 2020 in Riyadh, to January 26-28 under the theme 'The Neo-Renaissance.'" One executive involved in the event said that consideration had been given to staging a "virtual" FII but it was decided that an in-person event was preferable, even if it had to be delayed. "The challenge was not guaranteeing safety once in Saudi Arabia, but the difficulties of getting there and back for a three-day event," he added. The forum is likely to stick to the

schedule already drawn up under the neo-renaissance theme, focusing on healthcare, sustainability, artificial intelligence and robotics, the Executive said. Richard Attias, a member of the FII Institute's board of directors, last month said he was still aiming to stage an in-person event. "I think virtual events are OK but it's not, to be honest, the best way to definitely do business together," he said. It is not the best way to talk about big investments. You cannot make deals of billions of dollars and investment of billions of dollars just through virtual conversation." (Zawya)

- **Saudi Arabia to allow foreigners to invest directly in debt instruments –** Saudi Arabia's Capital Market Authority (CMA) said on Wednesday it will allow foreigners to invest directly in debt instruments, furthering open the Saudi market to outside investors. The market regulator said resident and non-resident foreigners would be able to invest in listed and non-listed debt instruments. Saudi Arabia's reforms to develop and open up its capital markets are part of Vision 2030, an economic reform plan aimed at boosting growth in the private sector and at diversifying the country's economy beyond oil. The Saudi main stock exchange, Tadawul, opened to foreign investors in 2015. The Kingdom has since introduced a raft of reforms to attract overseas share buyers and issuers as part of efforts to lure foreign capital and diversify the oil-dependent economy. This decision will help "enhance the investment environment attractive for foreign investors, thus contributing to raising the efficiency of the market and increasing its competitiveness regionally and internationally", the CMA said. Non-resident foreigners will not be able to invest as direct investors in listed debt instruments and at the same time invest as a qualified foreign investor or an ultimate beneficiary in swap agreements, a vehicle that allows foreigners to buy into listed stocks through intermediaries. In addition, foreigners who invest directly in debt instruments may not covert them into shares listed in the main market unless they are among the categories allowed to invest directly in listed shares in the main market or become an an ultimate beneficiary in a swap agreements, according to the statement. (Zawya)
- **SellAnyCar.com expands into Saudi following $35mn funding –** Online auto marketplace SellAnyCar.com is to expand into Saudi Arabia with the launch of Kayishha, following a $35mn funding earlier this year. The company, which provides online valuations before buying cars from owners and selling them on to third parties, announced plans for Saudi expansion in February when it received the investment led by Sanabil Investments, part of the Saudi Arabia Public Investment Fund. In a press release, it said Kayissha would expand to 100 locations in Riyadh, Jeddah and Dammam within one year, creating 300 jobs within 18-24 months. "We see tremendous opportunity for Kayishha to redefine how used cars are bought and sold in Saudi the same way SellAnyCar.com totally disrupted the UAE used car marketplace," Founder and CEO of both SellAnyCar.com and Kayishha, Saygin Yalcin said. The company has pledged to hire Saudi nationals to work in its customer service centres. SellAnyCar.com has raised $50mn in total since it launched in the UAE in 2013. (Zawya)
- **Dana Gas in talks with IPR Energy on Egypt assets sale as Sukuk loom –** UAE's Dana Gas is negotiating details of a sale of its Egyptian assets with Texas-headquartered IPR Energy, sources said, ahead of a repayment of some $300mn in debt in October. The energy producer - whose main assets are in Egypt and in the Kurdistan Region of Iraq - was hoping to raise over $500mn from the sale, but it will likely yield significantly less, the sources said. Dana has said it would use the sale proceeds to pay $309mn in outstanding Islamic bonds, or Sukuk, due at the end of October. The company last month announced a nearly $19mn loss for the first half of the year, after a $37mn impairment charge related to oil and gas assets in Egypt affected by low oil prices amid the COVID-19 pandemic. It had $366mn in cash and cash equivalents at the end of June and, following a Sukuk buyback worth $70.7mn after June 30, it had roughly $295mn, it has said. In July the company asked its bondholders to provide information on their holdings, a move that some investors feared was a step towards a debt restructuring. It also hired financial firm Houlihan Lokey to advise it on the bonds, which it has already restructured twice. Dana Gas, which bought back a total of $88.5mn of its Sukuk this year, has said overall cost savings in profit payments and repayments at maturity were around $10mn. (Reuters)
- **Dubai raises $2bn after six-year bond market hiatus –** Dubai returned to global debt markets for the first time in six years, joining a flurry of new deals from Gulf Arab countries despite its lack of a credit rating. The Sheikhdom, one of seven that make up the United Arab Emirates, raised $2bn from the two-part bond sale, according to sources. The 10-year Sukuk priced at 210 basis points over US Treasuries, with a yield of 4% for the 30-year notes. Dubai is not rated by any of the major credit assessors. It is offering higher yields than Sharjah, a lesser-known emirate that is rated Baa2, two levels above non-investment grade, by Moody's Investors Service. Dubai's rating would probably be higher than that, according to Bank of Singapore Ltd. "The incremental premium is more for the lack of rating or transparency than the implication that investors view the stand-alone rating of Dubai to be weaker than Sharjah," said Todd Schubert, Singapore-based head of fixed-income research at Bank of Singapore. Books exceeded $6.5bn for the 10-year Sukuk and surpassed $3.5bn for the 30-year notes, the person said. Emirates NBD, First Abu Dhabi Bank, HSBC and Standard Chartered were the joint book runners on the deal. Both tranches seem in line with Dubai's existing yield curve, said Abdul Kadir Hussain, the Head of fixed-income asset management at Arqaam Capital in Dubai, adding that the 30-year note will likely attract investors from outside the Gulf region. (Bloomberg)
- **Dubai contractor DSI appoints Aaronite for debt restructuring –** Dubai contracting firm Drake & Scull International (DSI) appointed Aaronite Partners for its government-backed debt restructuring, according to a notice published. Aaronite Partners will help assess the financial status of the company and facilitate a consensual agreement with its creditors, according to the notice. Mike Grant is Drake & Scull's Chief Restructuring Officer, is a partner in Aaronite Partners. Drake & Scull is restructuring about $1.3bn of debt, mainly owed to banks and trade creditors, Bloomberg reported in July. The UAE's Federal Reorganization Committee is overseeing the financial reorganization proceedings. (Bloomberg)

- **ADNOC signs $5.5bn real estate deal with Apollo-led consortium –** Abu Dhabi National Oil Company (ADNOC) said on Wednesday it had entered into a $5.5bn real estate investment partnership with a consortium led by Apollo Global Management Inc. ADNOC, the state-owned oil company of Abu Dhabi in the UAE, said in a statement that the transaction will result in upfront proceeds of $2.7bn and is expected to close before year-end. “The strategic investment will leverage the rental income streams from select ADNOC real estate assets under a 24-year master lease agreement,” it added. Under the real estate transaction, which ADNOC said was one of the region’s largest, private equity firm Apollo led a consortium of institutional investors to acquire a 49% stake in Abu Dhabi Property Leasing Holding Company, a wholly owned ADNOC affiliate. ADNOC will retain a 51% majority stake, maintaining full ownership and control over the select real estate and social infrastructure assets, it added. “This strategic partnership allows ADNOC to unlock and monetise significant value from its non-oil and gas strategic infrastructure assets and reinvest into our core business to deliver further growth and realise greater returns,” ADNOC’s Chief Executive Officer, Sultan Al-Jaber said. The deal comes as the world’s top oil and gas companies, including ADNOC, try to control costs in response to the coronavirus pandemic that has reduced oil demand and prices. In June, ADNOC signed a $10bn deal to lease its natural gas pipeline assets to a group of investors, under a newly formed subsidiary ADNOC Gas Pipelines, for 20 years in return for a volume-based tariff. Four years ago, ADNOC started a transformation strategy to adapt more quickly to market changes, and the company has said it would continue to work with investors to attract foreign capital and maximise value from its resources. (Reuters)
- **Kuwait regulator approves Boursa Kuwait listing on Premier Market –** Capital Markets Authority (CMA) has approved the listing of Kuwait Stock Exchange Co. (Boursa Kuwait), it said. It has not specified the date of listing. The exchange has a capital of KD20mn. (Bloomberg)

Rebased Performance



Source: Bloomberg

Daily Index Performance

Source: Bloomberg

Asset/Currency Performance	Close ($)	1D%	WTD%	YTD%
Gold/Ounce	1,942.92	(1.4)	(1.1)	28.1
Silver/Ounce	27.45	(2.4)	(0.2)	53.7
Crude Oil (Brent)/Barrel (FM Future)	44.43	(2.5)	(1.4)	(32.7)
Crude Oil (WTI)/Barrel (FM Future)	41.51	(2.9)	(3.4)	(32.0)
Natural Gas (Henry Hub)/MMBtu	2.15	(3.6)	(12.6)	2.9
LPG Propane (Arab Gulf)/Ton	50.38	(2.9)	(2.2)	22.1
LPG Butane (Arab Gulf)/Ton	55.00	(4.3)	(0.5)	(16.0)
Euro	1.19	(0.5)	(0.4)	5.7
Yen	106.18	0.2	0.8	(2.2)
GBP	1.34	(0.3)	(0.0)	0.7
CHF	1.10	(0.1)	(0.7)	6.3
AUD	0.73	(0.5)	(0.4)	4.5
USD Index	92.85	0.6	0.5	(3.7)
RUB	75.41	2.5	1.9	21.6
BRL	0.19	1.0	0.9	(24.8)

Source: Bloomberg

Global Indices Performance	Close	1D%*	WTD%*	YTD%*
MSCI World Index	2,494.10	1.1	1.5	5.8
DJ Industrial	29,100.50	1.6	1.6	2.0
S&P 500	3,580.84	1.5	2.1	10.8
NASDAQ 100	12,056.44	1.0	3.1	34.4
STOXX 600	371.28	0.9	0.3	(5.8)
DAX	13,243.43	1.3	1.3	5.6
FTSE 100	5,940.95	0.9	(0.4)	(20.8)
CAC 40	5,031.74	1.2	0.2	(11.2)
Nikkei	23,247.15	0.3	0.9	0.8
MSCI EM	1,118.90	(0.1)	(0.2)	0.4
SHANGHAI SE Composite	3,404.80	(0.3)	0.4	13.7
HANG SENG	25,120.09	(0.3)	(1.2)	(10.4)
BSE SENSEX	39,086.03	0.2	(1.1)	(7.9)
Bovespa	101,911.10	(0.8)	1.0	(34.1)
RTS	1,234.82	(3.1)	(2.4)	(20.3)

Source: Bloomberg (*$ adjusted returns)

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