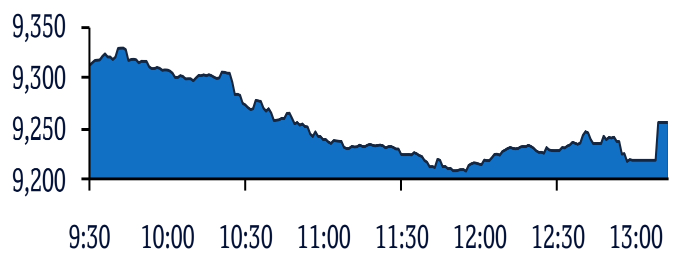
Daily Market Report

Wednesday, 10 June 2020

QSE Intra-Day Movement



Qatar Commentary

The QE Index declined 0.6% to close at 9,258.0. Losses were led by the Industrials and Real Estate indices, falling 1.3% and 0.6%, respectively. Top losers were Qatari German Company for Medical Devices and Gulf International Services, falling 6.0% and 5.0%, respectively. Among the top gainers, Dlala Brokerage & Investment Holding Company gained 9.9%, while Qatar Oman Investment Co. was up 3.4%.

GCC Commentary

Saudi Arabia: The TASI Index gained 0.4% to close at 7,329.4. Gains were led by the Media & Ent. and Capital Goods indices, rising 2.3% and 1.9%, respectively. Saudi Paper Manufacturing rose 10.0%, while AXA Cooperative Insurance was up 5.9%.

Dubai: The DFM Index fell 1.8% to close at 2,124.6. The Real Estate & Construction index declined 3.5%, while the Services index fell 3.2%. Deyaar Development declined 4.2%, while Emaar Properties was down 4.1%.

Abu Dhabi: The ADX General Index fell 0.8% to close at 4,332.3. The Real Estate index declined 2.2%, while the Energy index fell 1.5%. National Bank of Ras Al-Khai and Sudatel Telecommunications Group Company Limited were down 4.8% each.

Kuwait: The Kuwait All Share Index gained 1.0% to close at 5,160.8. The Telecommunications index rose 2.3%, while the Consumer Services index gained 2.1%. Inovest Company rose 10.0%, while Kuwait National Cinema was up 9.7%.

Oman: The MSM 30 Index fell 0.4% to close at 3,523.4. Losses were led by the Services and Industrial indices, falling 1.1% and 0.5%, respectively. Al Maha Petroleum Prod. declined 7.2%, while Galfar Eng. & Contracting was down 7.1%.

Bahrain: The BHB Index gained 0.3% to close at 1,281.1. The Services index rose 0.9%, while the Commercial Banks index gained 0.4%. APM Terminals Bahrain rose 10.0%, while Ahli United Bank was up 0.8%.

Market Indicators	09 May 20	08 May 20	%Chg.
Value Traded (QR mn)	319.0	383.9	(16.9)
Exch. Market Cap. (QR mn)	525,222.7	529,173.2	(0.7)
Volume (mn)	219.5	222.5	(1.3)
Number of Transactions	7,686	10,547	(27.1)
Companies Traded	45	46	(2.2)
Market Breadth	12:33	20:21	–

Market Indices	Close	1D%	WTD%	YTD%	TTM P/E
Total Return	17,798.28	(0.6)	0.1	(7.2)	14.6
All Share Index	2,871.17	(0.7)	0.1	(7.4)	15.3
Banks	3,984.53	(0.6)	(0.4)	(5.6)	13.1
Industrials	2,659.37	(1.3)	1.2	(9.3)	21.2
Transportation	2,671.12	(0.3)	0.6	4.5	12.9
Real Estate	1,418.98	(0.6)	1.2	(9.3)	14.0
Insurance	2,033.68	0.0	1.3	(25.6)	33.7
Telecoms	882.60	(0.4)	(0.9)	(1.4)	14.8
Consumer	7,462.76	(0.3)	0.2	(13.7)	19.0
Al Rayan Islamic Index	3,706.59	(0.9)	0.4	(6.2)	17.1

GCC Top Gainers##	Exchange	Close#	1D%	Vol. '000	YTD%
Agility Public Wareh. Co.	Kuwait	0.68	4.2	6,832.3	(17.2)
Arab National Bank	Saudi Arabia	21.70	3.1	798.4	(20.8)
Mobile Telecom. Co.	Kuwait	0.55	2.8	6,991.1	(8.7)
National Bank of Kuwait	Kuwait	0.82	2.2	9,130.3	(19.2)
National Shipping Co.	Saudi Arabia	36.10	2.1	1,368.4	(9.8)

GCC Top Losers##	Exchange	Close#	1D%	Vol. '000	YTD%
Emaar Properties	Dubai	2.83	(4.1)	28,405.7	(29.6)
GFH Financial Group	Dubai	0.56	(3.6)	33,895.9	(32.9)
Mesaieed Petro. Holding	Qatar	2.10	(2.3)	3,523.1	(16.3)
Aldar Properties	Abu Dhabi	1.75	(2.2)	11,400.5	(19.0)
Dubai Islamic Bank	Dubai	3.96	(2.2)	7,617.5	(28.1)

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%
Dlala Brokerage & Inv. Holding Co.	0.91	9.9	3,138.5	48.4
Qatar Oman Investment Company	0.58	3.4	5,758.3	(12.9)
Qatar First Bank	0.99	2.4	19,151.7	21.3
Qatar Industrial Manufacturing Co	2.81	1.4	331.0	(21.4)
Al Khalij Commercial Bank	1.34	1.4	1,589.8	2.2

QSE Top Volume Trades	Close*	1D%	Vol. '000	YTD%
Ezdan Holding Group	0.86	(1.8)	57,898.1	40.5
Qatar First Bank	0.99	2.4	19,151.7	21.3
Mazaya Qatar Real Estate Dev.	0.69	(1.4)	12,662.9	(4.0)
Investment Holding Group	0.48	(1.4)	12,523.9	(14.4)
Salam International Inv. Ltd.	0.32	(1.9)	10,921.6	(38.9)

QSE Top Losers	Close*	1D%	Vol. '000	YTD%
Qatari German Co for Med. Dev.	1.15	(6.0)	7,083.0	98.1
Gulf International Services	1.60	(5.0)	2,743.6	(7.0)
Alijarah Holding	0.71	(2.6)	2,764.0	1.3
Medicare Group	7.01	(2.5)	408.7	(17.0)
Mesaieed Petrochemical Holding	2.10	(2.3)	3,523.1	(16.3)

QSE Top Value Trades	Close*	1D%	Val. '000	YTD%
Ezdan Holding Group	0.86	(1.8)	51,742.7	40.5
Islamic Holding Group	2.89	0.6	30,506.3	51.9
QNB Group	17.80	(0.7)	26,240.7	(13.6)
Barwa Real Estate Company	2.96	(0.1)	23,219.2	(16.5)
Qatar First Bank	0.99	2.4	19,381.8	21.3

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*	9,258.04	(0.6)	0.1	4.7	(11.2)	86.89	143,018.2	14.6	1.4	4.3
Dubai	2,124.63	(1.8)	4.2	9.2	(23.2)	99.61	81,329.8	8.3	0.8	4.0
Abu Dhabi	4,332.28	(0.8)	0.7	4.6	(14.6)	33.58	133,174.8	13.5	1.3	5.9
Saudi Arabia	7,329.38	0.4	1.7	1.6	(12.6)	1,396.33	2,190,348.3	22.2	1.8	3.5
Kuwait	5,160.79	1.0	2.7	3.3	(17.9)	161.70	94,543.3	15.0	1.2	3.7
Oman	3,523.35	(0.4)	0.2	(0.6)	(11.5)	3.77	15,309.3	9.3	0.8	6.8
Bahrain	1,281.11	0.3	0.6	0.9	(20.4)	5.34	19,388.9	9.3	0.8	5.5

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 0.6% to close at 9,258.0. The Industrials and Real Estate indices led the losses. The index fell on the back of selling pressure from non-Qatari shareholders despite buying support from Qatari and GCC shareholders.
- Qatari German Company for Medical Devices and Gulf International Services were the top losers, falling 6.0% and 5.0%, respectively. Among the top gainers, Dlala Brokerage & Investment Holding Company gained 9.9%, while Qatar Oman Investment Company was up 3.4%.
- Volume of shares traded on Tuesday fell by 1.3% to 219.5mn from 222.5mn on Monday. Further, as compared to the 30-day moving average of 230.2mn, volume for the day was 4.7% lower. Ezdan Holding Group and Qatar First Bank were the most active stocks, contributing 26.4% and 8.7% to the total volume, respectively.

Overall Activity	Buy %*	Sell %*	Net (QR)
Qatari Individuals	45.93%	47.70%	(5,634,782.41)
Qatari Institutions	21.18%	16.77%	14,075,452.01
Qatari	**67.11%**	**64.47%**	**8,440,669.60**
GCC Individuals	1.36%	0.74%	1,984,012.39
GCC Institutions	1.82%	2.28%	(1,481,117.44)
GCC	**3.18%**	**3.02%**	**502,894.95**
Non-Qatari Individuals	18.08%	18.69%	(1,955,432.49)
Non-Qatari Institutions	11.63%	13.82%	(6,988,132.05)
Non-Qatari	**29.71%**	**32.51%**	**(8,943,564.55)**

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

Global Economic Data

Date	Market	Source	Indicator	Period	Actual	Consensus	Previous
06/09	EU	Eurostat	GDP SA QoQ	1Q2020	-3.6%	-3.8%	-3.8%
06/09	EU	Eurostat	GDP SA YoY	1Q2020	-3.1%	-3.2%	-3.2%
06/09	Japan	Bank of Japan	Money Stock M2 YoY	May	5.1%	4.0%	3.7%
06/09	Japan	Bank of Japan	Money Stock M3 YoY	May	4.1%	3.1%	3.0%

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

News

Qatar

- **DBIS' board to hold meeting on June 15 to elect the Chairman and Vice Chairman –** Dlala Brokerage and Investment Holding (DBIS) announced that its board of directors will hold a meeting on June 15, 2020 to elect the Chairman and Vice Chairman of the board and form Board Committees. (QSE)
- **Al-Kaabi: Qatar 'full steam ahead' with North Field Expansion –** Qatar is full steam ahead with the North Field Expansion and will be awarding all our contracts for the NF expansion projects, said HE the Minister of State for Energy Affairs Saad Sherida Al-Kaabi. "We have two phases in relation to the North Field Expansion – the East and South expansion. We are going to go from 77mn tons per year (tpy) to 110mn tpy by 2025 and then up to 126mn tpy by 2027," Al-Kaabi said in a recent interview with CNBC TV. Minister Al-Kaabi noted, "Qatar is also developing our reserves in the most efficient way possible, keeping in mind safety, reliability and efficiency. We are a very efficient operator. We are talked about as the cheapest cost producer. This is because of the efficiency in which we run our business." Asked whether Qatar was contemplating cutting LNG production, the Minister said, "Qatar will never stop production to control the market or cater to the price decline. In Qatar, we have looked at being more efficient. Because of the circumstances we are in due to lower oil prices, we had to look at even more efficiencies in different areas. So, we have cut costs around the entire oil and gas industry in Qatar. We have come down by about 30%. That has been sufficient for us. Cutting spending will not affect our current production or expansion plans." Recently, Qatar signed a deal worth around $20bn with South Korean shipbuilders to help cement its position as the world's largest producer of liquefied natural gas. "We have secured approximately 60% of the global LNG shipbuilding capacity through 2027," Al-Kaabi told CNBC TV. (Gulf-Time.com)
- **Al Kaabi: Flooding oil market was a very big mistake –** The oil price war between Saudi Arabia and Russia has been a 'very big mistake', Minister of State for Energy Affairs HE Saad Sherida Al Kaabi has said. Sharing his thoughts on some of the major oil producers' market moves in recent months during an interview with CNBC, Kaabi said, "I think it was a very big mistake. You know, flooding the market is what caused us to go to a very low level. And then the pandemic basically took it almost to a very dangerous area where people could not afford to produce anymore. And we saw, you know, negative pricing in US oil benchmark WTI." The hit to producing countries' revenue was harsh enough to bring OPEC and its non-OPEC allies known as OPEC+ back to the negotiating table. In April, they agreed to the largest production cuts in history at 9.7mn barrels per day. Those cuts have now been extended through July, after the price of international benchmark Brent rose almost 40% in the month of May. (Qatar Tribune)
- **ValuStrat: Qatar's efforts to raise strategic stock of food commodities –** Qatar's agreements with some 14 food companies

signed last month to raise the State's strategic stock of food commodities, are considered sufficient to cover demand for a year, according to researcher ValuStrat. During March and April, “limited hindrances” to food supply chain was observed due to the existence of buffer stocks, while there were some major readjustments to non-food supply chain due to existence of strict social mobility measures in exporting countries, it said. In the medium-term, ValuStrat said, “When the retail market will be in recovery stage, reliable routes will have to be established in order to contain the shortage of stocks and maintain a steady flow of goods. There might be increased reliance on local manufacturers to fill the gap particularly for essential products.” In its report titled ‘Covid-19 and the Qatar Retail Market’, ValuStrat noted retailers of non-essential products will have to realistically forecast sales in the medium term to take into account changes in consumer demand in order to adjust supply chain routes so shortages or inventory built up can be avoided. “Logistical challenges might also arise in the coming months. There is a projected fall in the workforce within the short to medium-terms, and due to the existence of social mobility measures, logistical footprint will have to be planned out in order to reduce delays in ‘last mile’ deliveries to consumers. In addition, more businesses will be looking into E2E (End to End) or O2O (Online to Offline) supply chain visibility and resilience. All of this will have to be taken in account, to make necessary changes in supply chain and support the growing e-commerce sector,” ValuStrat said. (Gulf-Times.com)

- **Total 271 building permits issued in May –** The number of building permits issued by the various municipalities in Qatar reached 271 in May, registering a decrease of 44% from the previous month that witnessed the registration of 483 permits. According to data issued by Planning and Statistics Authority (PSA), the decrease was noted in most of the municipalities led by Al Rayyan where the building permits declined by 56%. It was followed by Al Doha (55%), Al Shammal and Al Wakrah (50%) each, Al Khor (39%), Al Da’ayen (26%), Um salal (3%). On the other hand, there was an increase of 200% in the municipality of Al Sheehaniya. The municipality of Al Rayyan comes at the top of the municipalities where the maximum number of 57 building permits was issued. Al Rayyan accounted for 21% of the total issued permits, while the municipality of Al Doha came in second place with 54 permits (20%), followed by Al Wakrah municipality with 51 permits (19%), municipality of Al Da’ayen with 43 permits (16%). Umm Slal registered 32 permits (12%), Al Sheehaniya 15 permits (6%), Al Khor 14 permits (5%), and Al Shammal with five permits accounted for 2% of the total. In terms of the type of permits issued, data indicates that the new building permits (residential and non-residential) constituted 57% (154 permits) of the total building permits issued during May, while the percentage of additions permits constituted 42% (115 permits), and fencing permits counted for 1% with 2 permits. In new residential buildings permits data category, villas topped the list accounting for 65% of the total with 75 permits, followed by dwellings of housing loans permits by 21% (24 permits) and apartment buildings by 10% (11 permits). (Qatar Tribune)
- **Health sector achieves huge success in three years –** Qatar’s health sector has seen an unprecedented development in the past three years and proved to be capable of handling any crisis, said a senior health official. Qatar has shown a significant success in the fight against COVID-19 pandemic. The country’s health system proved to be very solid and capable of facing any unanticipated health crisis, said Chairman of the Supreme Communications’ Committee for Healthcare at the Ministry of Public Health (MoPH) and Chief Executive Officer of the Corporate Communications Department at Hamad Medical Corporation (HMC), Ali Al Khater. “The country’s health system has professionally dealt with the crisis, making the State of Qatar to be classified as one of the lowest death rates in the world due to coronavirus pandemic,” he told The Peninsula. He also said that Qatar witnessed, during the years of blockade, unprecedented achievements in the health sector. However, development in the health sector in particular and Qatar in general persistently continued to increase unabated. He underlined that achievements in the health sector in its three levels – planning level represented in the MOPH; or primary health care level represented in the Primary Health Care Corporation (PHCC); or the secondary care level represented in Hamad Medical Corporation (HMC) – have never been hampered or interrupted and that all previously planned health schemes and projects are going afoot by leaps and bounds. (Peninsula Qatar)

International

- **US layoffs ease in April; hiring slumps to record low –** Layoffs in the US fell in April, but remained the second highest on record, while hiring hit an all-time low, suggesting the labor market could take years to recover from the COVID-19 crisis despite a surprise rebound in employment in May. The report from the Labor Department on Tuesday also showed a decline in job openings as the economy battles a recession triggered by the pandemic. The National Bureau of Economic Research, the arbiter of US recessions, declared on Monday that the economy slipped into recession in February. The monthly Job Openings and Labor Turnover Survey, or JOLTS, showed layoffs and discharges dropped 3.8mn in April to 7.7mn. That was second highest level since the government started tracking the series in 2000. Prior to the pandemic, layoffs hovered around 1.8 million. They are nearly three times the worst month of the Great Recession. The layoffs and discharge rate fell to 5.9% in April from a record high 7.6% in March. The labor market was slammed by the closure of nonessential businesses in mid-March to slow the spread of COVID-19. Many establishments reopened in May, with the economy adding a stunning 2.509mn jobs last month after a record 20.7mn plunge in April, government data showed on Friday. (Reuters)
- **US April wholesale inventories revised slightly down –** US wholesale inventories rebounded less than initially estimated in April and will likely be eclipsed by a plunge in stocks at retailers, suggesting inventory investment could again be a drag on economic output in the second quarter. The Commerce Department said on Tuesday that wholesale inventories rose 0.3% in April instead of increasing 0.4% as reported last month. Stocks at wholesalers dropped 1.1% in March. The component of wholesale inventories that goes into the calculation of gross domestic product increased 0.6% in April. The government estimated last month that retail inventories plunged 3.6% in April. That estimate will be updated next Tuesday. A drawdown

of inventories contributed to GDP shrinking at a 5.0% annualized rate in the first quarter, the sharpest pace of contraction since the 2007-2009 Great Recession. The National Bureau of Economic Research, the arbiter of US recessions, declared on Monday that the economy slipped into recession in February. Nonessential businesses were shuttered in much of the country in mid-March to slow the spread of COVID-19, the respiratory illness caused by the novel coronavirus, almost bringing the economy to a halt. The NBER does not define a recession as two consecutive quarters of decline in real GDP, as is the rule of thumb in many countries. Instead, it looks for a drop in economic activity spread across the economy and lasting more than a few months. (Reuters)

- **British Business Minister: Retailers can reopen on June 15 –** Retailers will be allowed to reopen on June 15, subject to social distancing guidelines, British business minister Alok Sharma said on Tuesday. Britain has already begun slowly opening for business after shuttering large swathes of the economy and ordering citizens to stay at home on March 23 to limit the spread of COVID-19 as the disease threatened to overwhelm the health system. The announcement, which will only apply in England because Scotland, Wales and Northern Ireland set their own policy on lockdown restrictions, had previously been announced, subject to sufficient progress against the coronavirus being made. “This is the latest step in the careful restarting of our economy and will enable high streets up and down the country to spring back to life,” Sharma told reporters. (Reuters)
- **COVID-19 magnifies challenges to business in China -European business group –** The COVID-19 epidemic has exacerbated already worrisome trends to doing business in China amid slowing revenue growth, regulatory obstacles and the clout of the state-owned sector, a European business group said on Wednesday. Only half of European companies surveyed said that their mainland China revenues last year increased by 5% or more, the lowest proportion in a decade, according to a survey of members of the European Union Chamber of Commerce in China conducted in February that involved 626 respondents in all. A slowdown in the world’s second largest economy was seen as the biggest business challenge by respondents. After widespread lockdowns to control the epidemic, China’s economy shrank by 6.8% in the first quarter, and the government dropped a growth target for the full year. Small and medium sized companies, and those in the chemicals, petroleum, automotive, construction, and logistics industries, were most likely to have seen falls in the growth of revenue and earnings before interest and tax in 2019, according to the report. These companies are also among those which have been hit hardest by the epidemic, it said. Only “incremental” improvements to China’s regulatory environment were seen in 2019, according to the report, and 44% of surveyed members expected obstacles to increase over the next five years. In addition, nearly half of respondents expected China’s powerful state-owned sector, a frequent source of complaints by foreign businesses, to gain opportunities at the expense of the private sector this year. (Reuters)
- **German exports plunge as coronavirus wrecks demand in April –** German exports and imports slumped in April, posting their biggest declines since records began in 1990 as demand dried up in the coronavirus lockdown, casting further gloom over the outlook for Europe’s biggest economy. Facing its deepest recession since World War Two, the big question is how fast Germany’s export-oriented economy can recover with the easing of a shutdown that halted production and stunted retail activity. Seasonally adjusted exports plunged 24% on the month, far more than economists expected, while imports slid 16.5%. The trade surplus shrank to 3.2bn Euros, the Federal Statistics Office said on Tuesday. Economists polled by Reuters had expected exports to fall by 15.6% and imports to slide by 16%. The trade surplus was expected to come in at 10.0bn Euros ($11.3bn). The BDI industry association sees exports sliding by about 15% this year and imports by some 12%. Desperate to speed up recovery, the government last week announced a 130bn Euro ($146bn) stimulus package to help boost domestic demand. That comes on top of 750bn Euros worth of measures announced in March. But the government still expects the economy to shrink by 6.3% this year and, in a sign of the scale of the crisis, about a quarter of German companies needed liquidity aid last month, the Ifo economic institute said. (Reuters)
- **Japan to push for early scrapping of UK auto tariffs in trade talks –** Japan will call for an early elimination of automobile and auto parts tariffs in negotiations on a post-Brexit trade agreement with Britain, the country’s trade minister said on Tuesday. After decades outsourcing its trade policy to the European Union, Britain is embarking on negotiating free trade deals with countries around the world including Japan. “In the negotiations, we hope to urge (Britain) to bring forward the period for which tariffs will be removed mainly for auto and autoparts ... as well as adopt high-level rules on digital trade,” trade minister Hiroshi Kajiyama told a regular news conference. Japanese foreign minister Toshimitsu Motegi and British trade minister Liz Truss will hold trade talks via video conference on Tuesday. Japan was Britain’s fourth-biggest non-EU trading partner in 2019, with trade between the two countries totaling 31.4bn Pounds ($39.91bn), according to government statistics. Britain hopes ultimately to join the 11-member Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP), and sees trade talks with Japan as a step towards that end. (Reuters)
- **Japan's machinery orders, wholesale prices sink as pandemic hits business spending –** Japan’s machinery orders slumped in April at their quickest pace in nearly two years, as a drop in demand and company profits caused by the coronavirus pandemic paralyzed businesses spending. Separate data showed May wholesale prices fell at the fastest annual pace in nearly four years, keeping alive market fears Japan may slide back into deflation. The weak readings will pressure policymakers to take bolder action to support an economy already headed for deeper recession caused by the pandemic. Core machinery orders, often regarded as an indicator of capital spending in the coming six to nine months, tumbled 12.0% in April from the previous month, Cabinet Office data showed on Wednesday. The drop was larger than an 8.6% decline seen by economists in a Reuters poll and the fastest decline since September 2018. The world’s third-largest economy fell into recession in the last quarter, although firmer capital expenditure remained one of the few bright spots as demand for machinery and big ticket items held up. (Reuters)

- **Japan April core machinery orders fall 12.0% MoM –** Japan's core machinery orders fell 12.0% in April from the previous month, government data showed on Wednesday. The fall in core orders, a highly volatile data series regarded as an indicator of capital spending in the coming six to nine months, compared with the median estimate of an 8.6% drop in a Reuters poll of economists. Compared with a year earlier, core orders, which exclude those of ships and electricity, dropped 17.7% in April, versus a 14.0% decline seen by economists, the Cabinet Office data showed. (Reuters)
- **China producer price deflation deepens on global demand slump –** China's May factory gate prices fell by the sharpest rate in more than four years, underscoring pressure on the manufacturing sector as the COVID-19 pandemic reduces trade flows and global demand. The pandemic has disrupted trade to China's key export markets including the US and Europe, heaping further pressure on the outlook for manufacturing investment and jobs in the world's second-largest economy. The producer price index (PPI) in May fell 3.7% from a year earlier, the National Bureau of Statistics (NBS) said in a statement on Wednesday, the sharpest decline since March 2016. That compared with a 3.3% drop tipped by a Reuters poll of analysts and a 3.1% fall in April. Exports contracted in May as global coronavirus lockdowns continued to devastate demand while a deeper fall in imports pointed to mounting pressure on the key manufacturing sector. Official and private factory surveys also indicated deep contractions in export orders. Beijing has in recent months rolled out fiscal and monetary stimulus to prop up the economy, which contracted for the first time on record in the January-March period. China's decision not to set a growth target for 2020 signaled Beijing's continued wariness about overly aggressive stimulus. But weak economic readings could pressure policymakers to roll out additional support measures to meet job creation and unemployment rate targets for the year. Falling consumer inflation, however, will provide Beijing more policy space for stimulus measures to offset the impact of the coronavirus on the economy. The consumer price index rose 2.4% from a year earlier - the weakest reading since March 2019 - compared with a 3.3% increase in April, as food prices continued to ease. Analysts had projected a 2.7% rise. (Reuters)
- **China May PPI declines 3.7% YoY, CPI rises 12.4% –** China's May factory gate prices fell by the sharpest annual rate in more than four years, official data showed on Wednesday, as the COVID-19 pandemic continued to weigh on global demand. The producer price index (PPI) fell 3.7% from a year earlier in May, the National Bureau of Statistics (NBS) said in a statement, compared with a median forecast for a 3.3% decline tipped by a Reuters poll of analysts and a 3.1% fall in April. China's exports contracted in May as global coronavirus lockdowns continued to devastate demand while a deeper fall in imports pointed to mounting pressure on the country's key manufacturing sector. Official and private factory surveys also indicated deep contractions in export orders, underscoring persistent downward pressures on growth. China's consumer price index rose 2.4% from a year earlier, NBS said in a separate statement, compared with a 3.3% increase in April and a 2.7% rise estimated by economists. (Reuters)

Regional

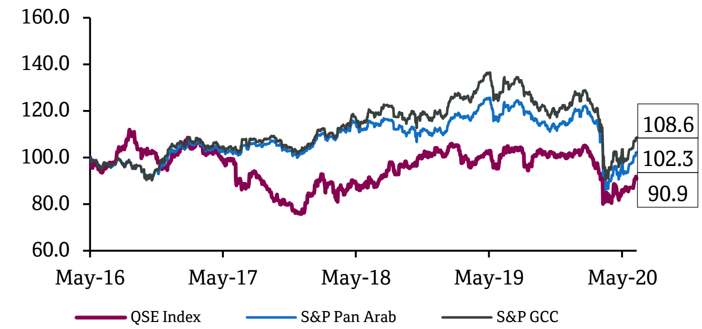
- **MENA IPO deals raise $814.2mn in first quarter of 2020 –** The MENA region recorded an increase in IPO volume and value during 1Q2020, with four IPOs - including one REIT listing - raising total proceeds of $814.2mn. This represents a 14-fold increase when compared to the $57.6mn raised from one IPO in the same period last year, the EY MENA IPO report noted. Global IPO exchange activity also continued to pick up in 1Q2020, with 235 IPOs raising $28.5bn in IPO value during Q1 2020, compared to $15.1bn in the same quarter of the previous year. MENA Transaction Advisory Services Leader, EY, Matthew Benson said: "The year began with strong optimism and promise for the IPO market in the MENA region. The drop in economic growth and disruption across various industries caused by the COVID-19 pandemic, as well as the decline in demand for oil, and reduction in oil prices, have forced potential issuers to rethink timelines and delay their bourse debuts – a prudent move given the current market scenario. Potential issuers nevertheless continue to seek new capital, in some cases driven by the current market environment." In Oman, Aman REIF, a REIT listing, floated 50% of its shares on the Muscat stock exchange in a deal that raised $52.5mn in January 2020. GCC countries have adopt additional standards and explore privatization. The Bahrain Bourse adopted new listing rules and allowed a three-month grace period for companies currently listed on the market to meet new requirements. Kuwait strengthened its capital markets with the privatization of its stock exchange in December 2019 and the introduction of the BK Main 50 Index. When Kuwait upgrades its equities to its main emerging markets index in 2020, it could trigger billions of dollars in inflows from passive funds. (Peninsula Qatar)
- **Saudi cabinet commends efforts of OPEC+ and calls on other producers to help stabilize oil market –** Saudi Arabia's cabinet on Tuesday reaffirmed the OPEC+ oil supply cut pact and the group's call on all major oil producers to take part in the stability of the oil market, state news agency SPA reported. (Reuters)
- **Saudi Arabia aims to boost investment with new mining law –** Saudi Arabia's cabinet on Tuesday approved a new mining law that aims to accelerate foreign investment in the sector as part of efforts to diversify its economy away from hydrocarbons. The new law facilitates investor access to financing and supports exploration and geological survey activities, state news agency SPA said, quoting the Minister of mining and industry, Bandar Alkhorayef. "This will help attract local and foreign investors and eventually raise mining sector participation in gross domestic product (GDP)," he added. The Saudi government aims to more than triple this sector's contribution to the nation's economic output and to create more than 200,000 direct and indirect jobs in the sector by 2030. Riyadh's efforts to build an economy that does not largely rely on oil and state subsidies involves a shift towards mining vast untapped reserves of bauxite, the main source of aluminum, as well as phosphate, gold, copper and uranium. The energy ministry estimates the kingdom's unused mineral resources to be valued at SR5tn. In April, the cabinet approved setting up a state-owned, joint-stock company for mining services. Currently Saudi Ma'aden is the Kingdom's sole miner, producing gold and copper and has in recent years expanded into the production of aluminum and phosphates. It is 65% owned by the Kingdom's Public Investment Fund. (Reuters)

- **HSBC: Saudi banks are too expensive given earnings doubts –** Six Saudi lenders had their stock recommendations cut to reduce from hold by HSBC Holdings, which said valuations have become too expensive given the negative risks to earnings. The downgrades for Riyad Bank, Arab National Bank, Banque Saudi Fransi, Al Rajhi Bank, National Commercial Bank and Samba Financial Group mean all seven banks covered by the broker now have the same rating, with Alinma Bank being kept at reduce. While measures such as regulatory easing and free government deposits are temporarily helping lenders' credit quality and margins, they are only delaying credit risk events until mid-September, Analyst, Aybek Islamov wrote in a note. The sector's current valuation "leaves no room for negative earnings surprise at a time when these are highly likely," Islamov said. He expects combined net income for the seven banks he covers to fall 17% this year and a further 3% in 2021. (Bloomberg)
- **Dubai's economic downturn continues in May but at slower pace –** Dubai's non-oil private sector economy contract in May although at a slower pace than in previous months, as some restrictions to contain the new coronavirus were eased, a survey showed. The seasonally adjusted IHS Markit Dubai Purchasing Managers' Index (PMI) increased to 46 in May from 41.7 in April but was still below the 50.0 mark that separates growth from contraction. "While the Dubai PMI ticked up from the record low suffered in April, the latest survey data suggested economic conditions remain a long way from recovery in May," Economist at IHS Markit, David Owen said. "Businesses highlighted that, despite restrictions on economic activity being partly lifted, weak consumer demand and a slow market response stopped them from making headway into covering their losses." The coronavirus pandemic has hit hard vital economic sectors of the Middle East trade, tourism and transport hub, which does not have the oil wealth of its richer neighbor, Abu Dhabi, to cushion the impact. Bank of America said in a research note Dubai could see a recession of around 5.5% in 2020 as revenues are expected to drop in line with the pattern of the 2009 crisis. Firms continued to shed jobs in May to minimize their losses but the fall in employment was the slowest since February. "Activity is expected to improve in the year ahead, but it remains to be seen how long it will take for the Dubai economy to rebound following COVID-19," Owen said. (Reuters)
- **Bank of America acquires stake in Dubai's Emirates NBD –** US lender Bank of America Corp (BofA) has bought 1.51% stake in Dubai's largest bank Emirates NBD, for approximately AED900mn, according to reports. Emirates NBD sources confirmed the transaction but said the acquisition of 100mn shares worth about AED900mn is likely done through market transactions, local daily Gulf News reported on Tuesday. "These types of transactions are done by banks mostly for their high net worth clients or institutional clients," Gulf News reported citing a source from Emirates NBD. Dubai-listed Emirates NBD recorded a net profit of AED14.5bn and total assets in excess of AED683bn in 2019. Also last year it completed the acquisition of Turkey-based DenizBank. (Zawya)
- **Dubai Islamic Bank sells $1bn in long 5-yr dollar Sukuk –** Dubai Islamic Bank, the UAE's largest Islamic lender, sold $1bn in long five-year dollar Sukuk, a document showed on Tuesday, closing a deal the bank had postponed during financial market volatility earlier this year. It sold the Islamic bonds at 245 basis points over mid swaps, tightening the spread by 35 bps from its initial price guidance earlier on Tuesday. It received around $4.5bn in orders for the Sukuk, which will mature on January 16, 2026. DIB hired Bank ABC, Dubai Islamic Bank, Emirates NBD Capital, First Abu Dhabi Bank, HSBC, ICBC, The Islamic Corporation for the Development of the Private Sector, KFH Capital, Sharjah Islamic Bank and Standard Chartered to arrange the deal. Reuters reported last week that DIB was reviving a planned Sukuk issuance that it had postponed due to turbulent market conditions resulting from the new coronavirus outbreak. (Reuters)
- **Moody's: Lower-for-longer oil price will intensify credit pressures for oil-exporting sovereigns** – Lower-for-longer oil prices will weaken the fiscal and external positions of all rated oil exporters, "exacerbating" sovereign credit pressures as lower oil demand persists for several years following the coronavirus pandemic, Moody's Investors Service said. By contrast, sovereigns with greater policy flexibility and larger fiscal and foreign currency buffers are in a better position to weather a longer period of lower oil prices. Robust sovereign assets will, however, shield negative credit pressures on Qatar (Aa3 stable) among some other sovereigns, Moody's noted. To account for the deeper and longer-lasting shock to global oil demand as a result of the coronavirus shock, Moody's has lowered its oil price assumptions and expects that Brent will average $35 per barrel this year and $45 per barrel in 2021, or $8 per barrel below the rating agency's March 2020 assumptions. Medium-term oil price assumptions are now $45-$65 per barrel, compared with $50-$70 in March. "The deeper global economic recession that we now expect in 2020 in all major advanced economies and the drastic reduction in travel in particular have reduced demand for oil products beyond our previous assumptions," said Alexander Moody's Vice President and Senior Analyst, Perjessy. "This lower-for-longer oil price environment will weaken all oil exporters' fiscal and external positions," Moody's said. (Gulf-Times.com)
- **GFH Group completes $500mn Sukuk issuance –** GFH Financial Group - listed on Dubai Financial Market - announced that it has completed the issuance of $500mn Sukuk today by issuing the remaining $200mn of Sukuk. In a statement on Tuesday, the group said that this follows the successful issuance of $300mn Sukuk earlier in January 2020. The proceeds from the Sukuk issuance will be used to further strengthen GFH's balance sheet and diversify its income. (Zawya)
- **Dubai ruler incorporates property firm Meraas into Dubai Holding –** Dubai said on Tuesday that its ruler Sheikh Mohammed bin Rashid Al-Maktoum is making state-linked property firm Meraas part of his Dubai Holding investment vehicle. The move, which was announced in a statement by Dubai's media office, follows a sharp downturn caused by the coronavirus crisis, which has hit the Emirate's main economic sectors of trade, tourism and transport particularly hard. Sheikh Mohammed's decision to bring Meraas under the umbrella of Dubai Holding appeared to be aimed at consolidating balance sheets, cash flows, projects, and centralizing decision making, a financial source said. Dubai Holding holds a substantial portfolio of brands in the property and hospitality sectors, including the

Jumeirah Group, Dubai Properties and TECOM Group. The Chairman of the Emirates airline who is also Sheikh Mohammed's uncle, Sheikh Ahmed bin Saeed Al-Maktoum was appointed in November to temporarily oversee both Meraas and Dubai Holding. (Reuters)

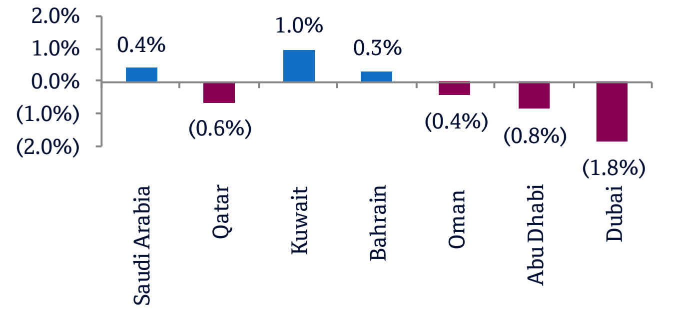
- **Emirates lays off thousands of pilots, cabin crew, plans more job cuts –** Emirates, one of the world's biggest long-haul airlines, laid off hundreds of pilots and thousands of cabin crew on Tuesday as it manages a cash crunch caused by the coronavirus pandemic, and more job cuts are planned, five company sources said. Aviation is one of the industries worst hit by the fallout from the virus outbreak, with airlines forced to lay off staff and seek government bailouts. More redundancies were expected at Emirates this week including both Airbus A380 and Boeing 777 pilots, the sources said on the condition of anonymity. The workforce of 4,300 pilots and nearly 22,000 cabin crew could shrink by almost a third from its pre-coronavirus levels, three of the sources said. Without giving further details, an airline spokeswoman told Reuters some employees had been laid off. "Given the significant impact that the pandemic has had on our business, we simply cannot sustain excess resources and have to right size our workforce in line with our reduced operations," she said. A promise by the Dubai government to provide Emirates with new equity would allow it to "preserve its skilled workforce," the state airline said on May 10. (Reuters)
- **Dubai's Chalhoub Group to cut jobs, close stores –** Dubai-based luxury retailer Chalhoub Group plans to lay off10% of its 12,000 employees and will ask some to take voluntary salary cuts for six months to offset declining revenue, The National reports, citing Chief Executive Officer, Patrick Chalhoub. Chalhoub will close 10% of its 750 retail outlets across the Middle East. Group expects sales to drop by one-third this year from 2019. Company had projected 5-7% growth before virus outbreak. "We expect recovery to the level of pre-Covid will be in the fourth quarter of 2021. In 2022, we expect to have totally recovered." The company's 1,000 top executives took voluntary 20% to 50% pay cuts between April and June; while Chalhoub took full salary cut. (Bloomberg)
- **Kuwait sells KD280mn 182-day bills; bid-cover at 9.93x –** Kuwait sold KD280mn of 182-day bills due on December 8, 2020. Investors offered to buy 9.93 times the amount of securities sold. The bills have a yield of 1.375% and settled on June 9, 2020. (Bloomberg)
- **Oman's ruler announces OMR300mn in development projects –** Oman's ruler announced OMR300mn in development projects to support the country's economic growth, the state news agency said on Tuesday. Details of the projects were not immediately available. (Reuters)
- **Bahrain sells BHD26mn 182-day Sukuk; bid-cover at 4.06x –** Bahrain sold BHD26mn of 182-day Sukuk due on December 10, 2020. Investors offered to buy 4.06 times the amount of securities sold. The Sukuk has a yield of 2.62% and will settle on June 11, 2020. (Bloomberg)

Rebased Performance



Source: Bloomberg

Daily Index Performance



Source: Bloomberg

Asset/Currency Performance	Close ($)	1D%	WTD%	YTD%
Gold/Ounce	1,715.33	1.0	1.8	13.1
Silver/Ounce	17.53	(1.4)	0.7	(1.8)
Crude Oil (Brent)/Barrel (FM Future)	41.18	0.9	(2.6)	(37.6)
Crude Oil (WTI)/Barrel (FM Future)	38.94	2.0	(1.5)	(36.2)
Natural Gas (Henry Hub)/MMBtu	1.75	4.2	(2.8)	(16.3)
LPG Propane (Arab Gulf)/Ton	49.25	(3.0)	(6.4)	19.4
LPG Butane (Arab Gulf)/Ton	53.75	(2.3)	(5.3)	(17.9)
Euro	1.13	0.4	0.4	1.1
Yen	107.76	(0.6)	(1.7)	(0.8)
GBP	1.27	0.0	0.5	(4.0)
CHF	1.05	0.7	1.2	1.8
AUD	0.70	(0.9)	(0.1)	(0.9)
USD Index	96.32	(0.3)	(0.6)	(0.1)
RUB	68.57	0.5	(0.2)	10.6
BRL	0.20	(1.7)	1.2	(18.0)

Source: Bloomberg

Global Indices Performance	Close	1D%*	WTD%*	YTD%*
MSCI World Index	2,275.28	(0.6)	0.4	(3.5)
DJ Industrial	27,272.30	(1.1)	0.6	(4.4)
S&P 500	3,207.18	(0.8)	0.4	(0.7)
NASDAQ 100	9,953.75	0.3	1.4	10.9
STOXX 600	369.54	(0.8)	(1.1)	(10.2)
DAX	12,617.99	(1.1)	(1.3)	(3.6)
FTSE 100	6,335.72	(1.8)	(1.8)	(19.3)
CAC 40	5,095.11	(1.1)	(1.5)	(13.9)
Nikkei	23,091.03	0.1	2.9	(1.3)
MSCI EM	1,009.61	0.2	0.7	(9.4)
SHANGHAI SE Composite	2,956.11	0.5	1.0	(4.6)
HANG SENG	25,057.22	1.1	1.2	(10.7)
BSE SENSEX	33,956.69	(1.3)	(0.8)	(22.3)
Bovespa	96,746.50	(1.5)	3.7	(31.4)
RTS	1,284.31	(0.3)	(0.1)	(17.1)

Source: Bloomberg (*$ adjusted returns)

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