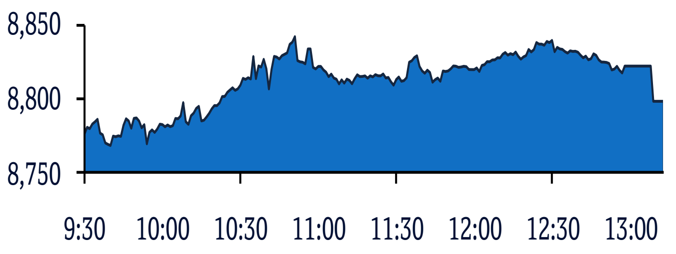
QNB FINANCIAL SERVICES

Daily Market Report

Sunday, 10 May 2020

QSE Intra-Day Movement



Qatar Commentary

The QE Index rose 0.5% to close at 8,799.3. Gains were led by the Transportation and Real Estate indices, gaining 1.7% and 1.5%, respectively. Top gainers were United Development Company and Gulf Warehousing Company, rising 5.8% and 3.1%, respectively. Among the top losers, Qatari German Company for Medical Devices fell 10.0%, while Ezdan Holding Group was down 4.7%.

GCC Commentary

Saudi Arabia: The TASI Index fell 0.4% to close at 6,628.5. Losses were led by the Pharma, Biotech and Utilities indices, falling 3.0% and 1.3%, respectively. Arab Sea Info. System declined 4.9%, while Abdullah Saad Mohammed was down 3.7%.

Dubai: The DFM Index gained 0.2% to close at 1,922.6. The Banks index rose 1.4%, while the Transportation index gained 1.2%. Dubai Islamic Insurance Company rose 6.4%, while Amanat Holdings was up 4.6%.

Abu Dhabi: The ADX General Index gained 1.0% to close at 4,061.6. The Banks index rose 2.2%, while the Industrial index gained 0.8%. National Takaful Company rose 8.9%, while First Abu Dhabi Bank was up 3.3%.

Kuwait: The Kuwait All Share Index fell 1.0% to close at 4,861.9. The Consumer Services index declined 1.9%, while the Banks index fell 1.4%. IFA Hotels & Resorts Company declined 12.7%, while Unicap Investment and Finance was down 10.0%.

Oman: The MSM 30 Index gained 0.3% to close at 3,484.0. Gains were led by the Industrial and Financial indices, rising 0.9% and 0.1%, respectively. Oman Flour Mills rose 4.6%, while Oman Cement Company was up 4.5%.

Bahrain: The BHB Index fell 0.7% to close at 1,279.7. The Commercial Banks index declined 1.1%, while the Investment index fell 0.4%. Khaleeji Commercial Bank declined 7.3%, while GFH Financial Group was down 2.0%.

Market Indicators	07 May 20	06 May 20	%Chg.
Value Traded (QR mn)	331.5	516.4	(35.8)
Exch. Market Cap. (QR mn)	499,577.0	498,703.9	0.2
Volume (mn)	215.0	373.9	(42.5)
Number of Transactions	10,239	13,994	(26.8)
Companies Traded	45	45	0.0
Market Breadth	21:22	15:27	–

Market Indices	Close	1D%	WTD%	YTD%	TTM P/E
Total Return	16,916.36	0.5	0.4	(11.8)	13.9
All Share Index	2,735.88	0.4	0.6	(11.7)	14.6
Banks	3,839.30	0.3	(0.8)	(9.0)	12.6
Industrials	2,370.97	0.1	4.1	(19.1)	18.9
Transportation	2,751.13	1.7	3.6	7.7	13.3
Real Estate	1,407.67	1.5	7.2	(10.1)	13.9
Insurance	1,990.91	(0.1)	(1.1)	(27.2)	33.7
Telecoms	814.54	0.8	(4.4)	(9.0)	13.7
Consumer	7,052.14	0.2	0.4	(18.4)	18.0
Al Rayan Islamic Index	3,492.22	0.8	2.0	(11.6)	16.1

GCC Top Gainers##	Exchange	Close#	1D%	Vol. '000	YTD%
Mouwasat Medical Serv.	Saudi Arabia	83.30	3.5	153.4	(5.3)
First Abu Dhabi Bank	Abu Dhabi	11.34	3.3	1,978.3	(25.2)
Emirates NBD	Dubai	8.66	2.6	3,681.5	(33.4)
Mesaieed Petro. Holding	Qatar	1.92	2.1	8,274.3	(23.3)
Saudi Arabian Fertilizer	Saudi Arabia	68.30	1.9	312.3	(11.9)

GCC Top Losers##	Exchange	Close#	1D%	Vol. '000	YTD%
Ahli United Bank	Kuwait	0.26	(5.1)	3,829.9	(19.3)
Saudi Arabian Mining Co.	Saudi Arabia	32.40	(3.3)	650.4	(27.0)
Rabigh Refining & Petro.	Saudi Arabia	13.08	(3.1)	1,858.0	(39.6)
Burgan Bank	Kuwait	0.20	(3.0)	2,240.1	(35.2)
Saudi Cement Co.	Saudi Arabia	44.50	(2.8)	628.8	(36.5)

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%
United Development Company	1.26	5.8	14,811.4	(17.4)
Gulf Warehousing Company	4.85	3.1	110.6	(11.6)
Mesaieed Petrochemical Holding	1.92	2.1	8,274.3	(23.3)
Qatar Navigation	5.80	1.8	288.3	(4.9)
Widam Food Company	6.06	1.7	143.4	(10.4)

QSE Top Volume Trades	Close*	1D%	Vol. '000	YTD%
Ezdan Holding Group	0.84	(4.7)	47,168.1	36.4
Qatar Aluminium Manufacturing	0.73	0.8	46,286.4	(7.0)
United Development Company	1.26	5.8	14,811.4	(17.4)
Mazaya Qatar Real Estate Dev.	0.69	(0.1)	12,706.9	(4.6)
Baladna	1.06	(0.2)	11,449.0	5.5

QSE Top Losers	Close*	1D%	Vol. '000	YTD%
Qatari German Co for Med. Dev.	1.21	(10.0)	9,612.4	108.2
Ezdan Holding Group	0.84	(4.7)	47,168.1	36.4
Qatar Industrial Manufacturing	2.51	(2.7)	5.6	(29.7)
Qatari Investors Group	1.56	(2.5)	430.6	(12.8)
Qatar First Bank	1.02	(1.9)	1,625.0	24.3

QSE Top Value Trades	Close*	1D%	Val. '000	YTD%
Ezdan Holding Group	0.84	(4.7)	39,771.9	36.4
QNB Group	17.25	0.3	39,322.2	(16.2)
Qatar Aluminium Manufacturing	0.73	0.8	34,656.1	(7.0)
United Development Company	1.26	5.8	18,344.0	(17.4)
Qatar Gas Transport Co. Ltd.	2.64	1.5	18,110.1	10.4

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*	8,799.30	0.5	0.4	0.4	(15.6)	90.33	136,084.8	13.9	1.4	4.5
Dubai	1,922.61	0.2	(5.1)	(5.1)	(30.5)	51.26	76,579.6	7.4	0.7	5.0
Abu Dhabi	4,061.62	1.0	(4.0)	(4.0)	(20.0)	25.19	122,763.2	12.1	1.2	6.3
Saudi Arabia	6,628.53	(0.4)	(6.8)	(6.8)	(21.0)	970.79	2,064,700.1	19.2	1.6	3.8
Kuwait	4,861.92	(1.0)	(2.3)	(2.3)	(22.6)	80.02	89,497.4	13.7	1.1	4.3
Oman	3,483.98	0.3	(1.6)	(1.6)	(12.5)	2.97	15,201.0	8.4	0.7	6.9
Bahrain	1,279.73	(0.7)	(2.4)	(2.4)	(20.5)	37.23	19,750.1	8.9	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 rose 0.5% to close at 8,799.3. The Transportation and Real Estate indices led the gains. The index rose on the back of buying support from Qatari and non-Qatari shareholders despite selling pressure from GCC shareholders.
- United Development Company and Gulf Warehousing Company were the top gainers, rising 5.8% and 3.1%, respectively. Among the top losers, Qatari German Company for Medical Devices fell 10.0%, while Ezdan Holding Group was down 4.7%.
- Volume of shares traded on Thursday fell by 42.5% to 215.0mn from 373.9mn on Wednesday. However, as compared to the 30-day moving average of 188.2mn, volume for the day was 14.3% higher. Ezdan Holding Group and Qatar Aluminium Manufacturing Company were the most active stocks, contributing 21.9% and 21.5% to the total volume, respectively.

Overall Activity	Buy %*	Sell %*	Net (QR)
Qatari Individuals	37.71%	42.31%	(15,236,313.08)
Qatari Institutions	22.18%	16.28%	19,566,400.64
Qatari	**59.89%**	**58.59%**	**4,330,087.56**
GCC Individuals	0.99%	2.38%	(4,618,195.21)
GCC Institutions	1.48%	1.80%	(1,044,418.25)
GCC	**2.47%**	**4.18%**	**(5,662,613.46)**
Non-Qatari Individuals	14.61%	15.65%	(3,448,642.59)
Non-Qatari Institutions	23.03%	21.59%	4,781,168.50
Non-Qatari	**37.64%**	**37.24%**	**1,332,525.91**

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

Ratings, Earnings Releases and Global Economic Data

Ratings Updates

Company	Agency	Market	Type*	Old Rating	New Rating	Rating Change	Outlook	Outlook Change
Saudi Basic Industries Corp	Moody's	Saudi Arabia	LTR	–	A1	–	Negative	–
Saudi Telecom Co.	Moody's	Saudi Arabia	LTR	–	A1	–	Negative	–
Saudi Electricity Co.	Moody's	Saudi Arabia	LTR	–	A2	–	Negative	–

Source: News reports, Bloomberg (LTR – Long Term Rating)

Earnings Releases

Company	Market	Currency	Revenue (mn) 1Q2020	% Change YoY	Operating Profit (mn) 1Q2020	% Change YoY	Net Profit (mn) 1Q2020	% Change YoY
The National Co. for Glass Ind.	Saudi Arabia	SR	22.1	-15.0%	(1.0)	N/A	2.3	-50.0%
City Cement Co.	Saudi Arabia	SR	170.3	24.2%	70.3	66.9%	70.5	70.1%
Takween Advanced Industries Co.	Saudi Arabia	SR	274.0	-9.7%	(5.8)	N/A	(18.8)	N/A
Arab Sea Information System Co.	Saudi Arabia	SR	6.5	-28.0%	(1.7)	N/A	(1.7)	N/A
Aseer Trading, Tourism & Manufact.	Saudi Arabia	SR	406.0	-14.0%	21.0	-32.3%	0.2	-96.0%
Saudi Industrial Services Co.	Saudi Arabia	SR	167.3	0.5%	13.4	-59.7%	26.6	57.4%
Saudi Research and Market. Group	Saudi Arabia	SR	495.2	-6.8%	61.4	-33.7%	64.7	-19.0%
National Central Cooling Co.	Dubai	AED	294.4	-0.8%	104.8	-4.4%	82.2	2.7%
Aramex	Dubai	AED	1,196.0	-3.1%	–	–	67.4	-37.6%

Source: Company data, DFM, ADX, MSM, TASI, BHB.

Global Economic Data

Date	Market	Source	Indicator	Period	Actual	Consensus	Previous
05/07	US	Department of Labor	Initial Jobless Claims	02-May	3,169k	3,000k	3,846k
05/07	US	Department of Labor	Continuing Claims	25-Apr	22,647k	19,800k	18,011k
05/08	UK	GfK NOP (UK)	GfK Consumer Confidence	Apr	-33	-37	-34
05/07	Germany	Deutsche Bundesbank	Industrial Production SA MoM	Mar	-9.2%	-7.4%	0.3%
05/07	Germany	Bundesministerium fur Wirtscha	Industrial Production WDA YoY	Mar	-11.6%	-8.9%	-1.8%
05/07	Germany	Markit	Markit Germany Construction PMI	Apr	31.9	–	42
05/07	France	INSEE National Statistics Office	Industrial Production MoM	Mar	-16.2%	-13.4%	0.8%
05/07	France	INSEE National Statistics Office	Industrial Production YoY	Mar	-17.3%	-11.1%	-1.7%
05/07	France	INSEE National Statistics Office	Manufacturing Production MoM	Mar	-18.2%	-16.0%	0.9%
05/07	France	INSEE National Statistics Office	Manufacturing Production YoY	Mar	-19.3%	–	-1.7%
05/07	China	Markit	Caixin China PMI Composite	Apr	47.6	–	46.7
05/07	China	Markit	Caixin China PMI Services	Apr	44.4	50.1	43.0

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

News

Qatar

- **S&P affirms Qatar's rating at 'AA-', outlook at 'Stable' –** S&P Global Ratings (S&P) affirmed Qatar's rating at 'AA-', saying it believes the Arab country's government and external balance sheets will be able to provide sufficient buffers to withstand shocks. The agency said it expects a timely policy response from Qatar's government to shore up its liquidity, given continued challenges in the international capital markets. Qatar sold $10bn in bonds in April, the first Gulf state to raise cash in the debt markets against a backdrop of low oil prices and market uncertainty caused by the coronavirus pandemic. "Despite a sharp economic contraction and low hydrocarbon prices, we don't expect the government's fiscal and external stock positions will materially deteriorate beyond our expectations," the ratings agency said in a statement. Income levels in Qatar remain among the highest of rated sovereigns, supporting its strong credit profile, S&P added. S&P maintained Qatar's outlook at 'Stable'. (Reuters)
- **Health Minister: Qatar has flattened COVID-19 curve –** Asserting that Qatar has flattened the curve on COVID-19, HE Dr Hanan Al Kuwari, and Minister of Public Health said today and that the country has put a unique system in place to fight the pandemic. "We have flattened the curve. We are not peaking that aggressively that means we have flattened the curve," said the Minister in an interview with Al Jazeera English. "And the country will soon see the end of the peak. Qatar is implementing the WHO practices to beat the virus spreading. The Minister said that, the public has been "fantastic in following the regulations" by – following the social distancing, masking and other steps announced by the authorities. "By putting social distancing measures we have flattened the curve. We continue to monitor. We measure attack rate in the population we have tested. The re-production rate of OCVID-19 has dropped significantly," she said. The Minister also emphasized that the recovery rate of COVID-19 is high in the country, and Qatar has the lowest fatality rate, with only 12 deaths have been reported so far. (Peninsula Qatar)
- **QFBQ reports net loss of QR191.6mn in 1Q2020 –** Qatar First Bank (QFBQ) reported net loss of QR191.6mn in 1Q2020 as compared to net profit of QR3.2mn in 1Q2019 and net profit of QR1.3mn in 4Q2019. QFBQ's Total Loss came in at QR98.6mn in 1Q2020 as compared to Total Income of QR32.0mn in 1Q2019 and Total Income QR17.8mn in 4Q2019. The bank's total assets stood at QR2.6bn at the end of March 31, 2020, down 21.5% YoY (-19.0% QoQ). Financing Assets were QR878.9mn, registering a fall of 40.1% YoY (-10.0% QoQ) at the end of March 31, 2020. Costumers' balance declined 46.2% YoY and 53.6% QoQ to reach QR113.1mn at the end of March 31, 2020. Loss per share amounted to QR0.274 in 1Q2020 as compared to EPS of QR 0.005 in 1Q2019. QFBQ posted a profit of QR12.3mn in the first three months of this year, QFBQ said. In the same period last year QFBQ had registered a profit of QR3.2mn. QFBQ added, "However, in line with the accounting standards and best practices in place by regional and international banks, and in view of the global macroeconomic conditions, one-time reserve provisions have been made in order to confront the risks of the COVID-19 crisis. This resulted in recoded net loss of QR191.6mn, arising from making these COVID-19 conservative provisions, which amounted to QR203.9mn." Additionally, in line with bank's adopted strategy on cost efficiency, total expenses were decreased by 15% to QR22.9mn compared to same period of 2019. Setting aside COVID-19 "negative" impact, total income also increased by 7% to QR34.2mn. QFBQ's Chairman, Sheikh Faisal bin Thani Al-Thani said, "Despite the bank's good operational performance over the first quarter where the overall adopted strategy objectives were realized, the unexpected crisis of the COVID-19 had a significant negative impact on the announced results. It entailed one-off provisions in line with the best practices in place by regional and international banks, however, the good operational results is a clear indication of the success of the new strategy and its profitability even in light of these unfavorable and unprecedented macroeconomic conditions. The success of the strategy invites us to adopt an optimistic outlook for the bank and its business model." Furthermore, fee income from structured products has increased by 27% compared with the same period of 2019. QFBQ will continue to harness the opportunities created through revised strategy where the key priority will be sustainable organic growth of the bank's customer base of high net worth individuals, institutional investors and government related entities, the bank said. The bank said it is currently working on developing new products and exploring good investment opportunities. It also aims to enhance product portfolio and diversify investment options it offers to customers. It extremely exercise due diligence to assess, review and analyze any variables that arise from changing macroeconomic conditions in order to achieve discounted acquisitions of assets as good opportunities are usually availed in times of crisis. (QSE, Company Releases, Gulf-Times.com)
- **QSE listed companies reported QR8.3bn net profits in 1Q2020 –** All of Qatar Stock Exchange (QSE) listed companies (47 listed companies) have disclosed their financial results for the period ended March 31, 2020. The results show a net profit of QR8.3bn compared to QR10.5bn for the same period last year, the mount shows decrease of 20%. All the financial statements of listed companies are available on the QSE website. The QSE management wishes to thank all the listed companies for their cooperation in promoting the principle of disclosure and transparency. (QSE)
- **Qatar's April Financial Center PMI declines to 39 versus 46.6 in March –** IHS Markit released Qatar's April financial center purchasing managers' index. The index declined to 39 from 46.6 in March, lowest in three-year survey history. Output declined to 37 versus 44.5 in March, also lowest since series began in April 2017. Employment declines versus prior month. (Bloomberg)
- **IGU: Qatar among LNG exporting countries with 90%-plus utilization rates in 2019 –** Qatar is among the LNG exporting countries that have achieved utilization rates of more than 90% in liquefaction capacity in 2019. In all, 10 of the total 22 LNG exporting countries achieved this utilization rate, the International Gas Union (IGU) has said in a report. Global liquefaction capacity reached 430.5mn tons at the end of 2019

and the utilization rate were on average 81.4%. Numerous factors affect the utilization of LNG facilities globally, it said. Feed gas availability is one of the most common factors limiting the output capacity of existing LNG facilities. Indonesia's Bontang LNG underwent a production downturn due to declining gas resources from the Mahakam block, the IGU said in its "2020 World LNG report". According to the IGU, the record volume of sanctioned liquefaction projects is underpinned by the expectation of growing LNG demand globally, creating the need for additional liquefaction capacity. This will also lead to competition to secure EPC capacity, as project developers aim to enter the market by the mid-2020s in order to capture growing demand. However, as the global LNG market gets increasingly competitive and shorter-term contracts or spot deliveries become more common over time, LNG projects are taking more investment risks, taking FIDs without securing a significant number of long-term SPAs. (Gulf-Times.com)

- **Vodafone Qatar offers 'free premium access' to video on demand content –** Vodafone Qatar is offering all its customers "free premium access" to the latest video on demand (VOD) content on the 'Shoof' digital entertainment mobile app - without being charged for data usage. The unique, one-of-a-kind offer is exclusive to Vodafone customers using the Shoof app, throughout the holy month of Ramadan. The VOD content offering includes the latest Turkish series dubbed in Arabic from Blu TV and other popular movies. (Gulf-Times.com)
- **Ooredoo, Visa sign MoU for strategic partnership for Qatar –** Ooredoo and Visa have announced the signing of a memorandum of understanding (MoU) aimed at establishing a long-term strategic partnership resulting in an improved and more seamless payment experience for Visa cardholders and Ooredoo customers in Qatar. The partnership puts Ooredoo and Visa on a new path, with the companies working more collaboratively to accelerate the adoption of safe, reliable, and convenient digital payments for consumers and merchants. As part of this MoU, Ooredoo and Visa will work to offer innovative solutions to consumers in Qatar, including virtual prepaid cards – reloadable cards that are safe, reliable and accepted at Visa's more than 53mn merchant locations worldwide; Visa's QR-based 'Scan to Pay' solution for person-to-merchant transactions; and Visa Direct, which enables cardholders and businesses to push funds disbursements and remittances to cards rapidly, conveniently, and cost-effectively across borders, Ooredoo has said in a statement. The MoU will also see the partners collaborate on awareness initiatives and marketing campaigns to support the introduction of the domestic and cross-border payment solutions to Qatar. (Gulf-Times.com)
- **Ministry issues a set of exit and entry procedures for Industrial Area –** The Ministry of Administrative Development, Labor and Social Affairs has called upon companies and workers to comply with the preventive and precautionary measures to ensure their safety and security while entry and exit within gradual opening of the Industrial Area on its official Twitter account yesterday. The Ministry also issued a guideline 'Organizing Exit and Entry Procedures' for Industrial Area on its website. The guideline was prepared by the Permanent Committee for Industrial Area. According to the procedures, companies wishing for their workers to exit the area must ensure that the Ehteraz app is downloaded on the workers' phones with their screening results. In case the worker's phone does not have the feature that allows them to download the program or doesn't own a mobile phone, he will not be allowed to exit. (Peninsula Qatar)
- **Large medical complex to be opened soon in Industrial Area –** A large medical complex is to be opened in the coming days to provide the residents of the Industrial Area with fast and free treatment, including emergency and outpatient clinics with different specialties and short stay, a top official and health care expert announced. Co-Chair of the National Pandemic Preparedness Committee at the MoPH and head of Infectious Diseases at Hamad Medical Corporation, Dr. Abdullatif Al-Khal was addressing a press conference on Thursday evening. To a question about the health measures taken in the Industrial Area after the decision to regulate entry and exit from the zone, Dr. Al-Khal explained that a number of measures were applied on three levels. The first relates to public health such as early detection of infections and the investigation of contact cases and placing them under quarantine, and isolating the infected cases, which are continuous measures and considered an essential pillar to prevent the spread of the virus. The second level relates to public hygiene and adherence to health principles that prevent infection from diseases in general, including viral diseases, and the Ministry of Public Health focuses on it, such as improving living conditions and health culture among workers, as well as conducting random and repeated checks to monitor the extent of the virus, which reflects the extent of the success of efforts to reduce the spread of the disease. (Gulf-Times.com)

International

- **Millions more Americans file for jobless benefits; productivity tanks –** Millions more Americans sought unemployment benefits last week, suggesting layoffs broadened from consumer-facing industries to other segments of the economy and could remain elevated even as many parts of the country start to reopen. The deepening economic crisis triggered by nationwide lockdowns to slow the spread of the novel coronavirus was underscored by other data on Thursday showing worker productivity fell at its fastest pace in more than four years in the first quarter amid the largest drop in hours since 2009. The reports support economists' expectations of a slow rebound in the economy after gross domestic product slumped in the first quarter at the steepest pace since the 2007-09 Great Recession. The economic rout could hurt President Donald Trump's bid for a second term in the White House in November's election. Trump wants the country to reopen and restrictions imposed by states and local governments to control the spread of COVID-19, the respiratory illness caused by the virus, eased. Initial jobless claims for state unemployment benefits totaled a seasonally adjusted 3.169mn for the week ended May 2. Data for the prior week was revised to show 7,000 more applications received than previously reported, taking the tally for that period to 3.846mn. Economists polled by Reuters had forecast 3.0mn claims for the latest week. It was the fifth straight weekly decrease in applications since the record 6.867mn in the week ended March 28. Florida accounted for about 40% of the decline in claims last week, which some economists attributed to difficulties processing applications. There were also big drops in filings in Georgia, Pennsylvania, Alabama, New York and Washington state. Still, the latest numbers lifted to about 33.5mn the number of people who have filed claims for unemployment benefits since March 21, equivalent to roughly one out of every five workers losing their job in just over a month. (Reuters)

- **Coronavirus deals US economy Great Depression-like job losses, high unemployment –** The US economy lost a staggering 20.5mn jobs in April, the steepest plunge in payrolls since the Great Depression, laying bare both the economic and human tragedy wrought by the novel coronavirus pandemic. The Labor Department's closely watched monthly employment report on Friday also showed the unemployment rate surging to 14.7% last month, shattering the post-World War Two record of 10.8% touched in November 1982. It underscored the depth of the recession caused by lockdowns imposed by states and local governments in mid-March to curb the spread of COVID-19, the respiratory illness caused by the virus. Though many of the jobs are likely to be recouped as large parts of the country reopen, the labor market carnage spells trouble for President Donald Trump's bid for a second term in the White House in November's election. The Trump administration has been criticized for its initial reaction to the pandemic. Close to 76,000 COVID-19 deaths have been recorded in the US, with confirmed infections nearing 1.3mn, according to a Reuters tally. With an eye on the November 3 election, Trump is pushing to reopen the economy even as health experts are issuing dire projections of deaths. (Reuters)
- **Trump 'torn' over US-China trade deal as officials push to fulfill its terms –** US President Donald Trump said on Friday he was "very torn" about whether to end the so-called Phase 1 US-China trade deal, just hours after top trade officials from both countries pledged to press ahead with implementing it despite coronavirus economic wreckage. In an overnight phone call, US Trade Representative Robert Lighthizer, Treasury Secretary Steven Mnuchin and Chinese Vice Premier Liu He set aside rapidly deteriorating US-China relations and discussed progress since the deal took effect in mid-February. The two Trump cabinet officials said in a joint statement that both sides "agreed that in spite of the current global health emergency, both countries fully expect to meet their obligations under the agreement in a timely manner." China's Commerce Ministry said the two sides agreed to improve the atmosphere for implementation of the Phase 1 deal, which calls for Beijing to boost its purchases of American farm and manufactured goods, energy and services by $200bn over two years compared to a 2017 baseline. The deal brought a partial truce to an 18-month trade war between the world's two largest economies that heaped US tariffs on some $370bn worth of Chinese imports. (Reuters)
- **US jobless rate likely much higher than 14.7%, Labor Department says –** Millions of US residents were counted as employed in April despite having no job, suggesting April's true unemployment rate was closer to 20%, much higher than the official 14.7% reported, the Labor Department said Friday. The jobless rate should have included people on temporary unpaid leave, furloughed because of the coronavirus pandemic, the government said. But responses to the survey by which the data was collected show 11.5mn people were categorized as employed but absent from work because of vacation, parental leave or other reasons, but including 8.1mn absent for "unspecified" reasons, a group that usually numbers about 620,000. "One assumption might be that these additional 7.5 million workers …should have been classified as unemployed on temporary layoff," a note attached to the government's jobs report Friday said. If they had been classified as such, the note said, the jobless rate would have come in at 19.5%. The jobs report probably also undercounted the unemployment rate in a second way - by missing people who wanted work but were not looking for it because of near-ubiquitous stay-at-home orders to slow the spread of COVID-19. The Labor Department excludes people who are not in an active job search from its count of the unemployed, classifying them instead as out of the workforce. But in April, 9.9mn people who were not in the labor force - one in every 10 - also said they wanted a job, the highest number since the Labor Department began keeping track. Adding those people to the survey's finding of 23.1mn people unemployed in April would represent 19.8% of the labor force plus those who want a job, the Labor Department said. (Reuters)
- **US wholesale inventories revised up in March –** US wholesale inventories fell in March, albeit less than initially estimated, and further decreases are likely as the novel coronavirus outbreak continues to weigh on imports of goods. The Commerce Department said on Friday that wholesale inventories dropped 0.8% in March instead of declining 1.0% as reported last month. Stocks at wholesalers fell 0.7% in February. The component of wholesale inventories that goes into the calculation of gross domestic product dropped 1.3% in March. Goods imports decreased in March to their lowest since August 2017, the government reported last week. A drawdown of inventories contributed to gross domestic product declining at a 4.8% annualized rate in the first quarter, the sharpest pace of contraction since the 2007-09 Great Recession. Sales at wholesalers tumbled 5.2% in March after falling 0.7% in February. At March's sales pace it would take wholesalers 1.37 months to clear shelves, up from 1.31 months in February. (Reuters)
- **BoE says more stimulus possible in June as UK economy craters –** Bank of England governor Andrew Bailey made clear that policymakers could expand monetary stimulus as soon as next month as the UK faces potentially the worst economic slump in Europe. His pledge to "act as necessary" suggests bond buying could be expanded for as long as needed, creating a program without limits. Bailey said he makes no distinction between having a target for quantitative easing and an open-ended commitment, as the Federal Reserve and European Central Bank have effectively done. The BoE "could do more QE" in June, Bailey said in an interview with Bloomberg Television. "We're keeping all options open." Bailey spoke after the BoE's latest decision, which saw two of its nine policy makers vote to immediately increase QE by £100bn ($124bn). The rest agreed that downside risks "might necessitate further monetary policy action." They noted that the current target of £645bn will be hit by July, suggesting an increase at June's meeting. "We've still got quite a bit of road left on that program and we'll keep going

down that road," Bailey said in a press conference. With its main rate at 0.1%, and the BoE reluctant to go below zero, QE has become the main policy tool to help the economy. Under a scenario published yesterday, the central bank said the economy could shrink 14% this year because of coronavirus restrictions. That would be the biggest contraction since 1706. Bailey, who pledged "total and unwavering commitment" to safeguard the economy during the crisis, told reporters that the fact no action was taken this time does not rule out a response soon. (Bloomberg)

- **KPMG: UK corporate insolvencies fall as virus support plans kick in –** The number of corporate insolvencies in Britain fell a third in April compared to the year before even as the COVID-19 pandemic hammered the economy, figures compiled by KPMG showed on Friday, as government support packages kept firms afloat. The spread of the novel coronavirus - and lockdown measures introduced to contain it - has ravaged the British economy, with Britons told to stay indoors and many non-essential businesses told to close. The Bank of England said on Thursday it could cause the biggest economic slump in over 300 years. Britain is due to begin a limited easing of lockdown measures next week but a rapid reopening of the economy is not on the cards as Prime Minister Boris Johnson looks to avoid a second peak of infections. To support businesses through the lockdown, finance minister Rishi Sunak has announced a raft of schemes, including a job retention plan allowing employers to furlough staff while government pays up to 80% of their wages. KPMG head of restructuring Blair Nimmo said that the measures had prevented a deluge of companies entering administration but cautioned that the route out of the crisis was uncertain and that, for some, insolvencies might have been merely delayed. The analysis of insolvency notices by KPMG's Restructuring practice showed that 61 companies fell into administration during April 2020 compared to 91 in April 2019. Some high profile firms have gone into administration since the pandemic struck, including Carluccio's restaurants in late March and retailers Oasis, Warehouse and Debenhams in April. Nimmo said that casual dining and retail had already faced substantial difficulties even before the coronavirus lockdown, which would not be alleviated by temporary government measures. (Reuters)
- **GfK: UK consumer confidence near all-time low amid COVID lockdown –** British consumer confidence edged up in late April but remained close to its lowest levels on record as the country remained in coronavirus lockdown and on track for a deep recession, a survey showed on Friday. GfK, a polling firm, said its consumer confidence index - which it is now publishing every two weeks - rose to -33 in the April 20-26 period from -34 during the first half of the month. "Consumer confidence in Britain's lockdown economy is still severely depressed," GfK's client strategy director Joe Staton said. "However, we are recording small improvements in our personal finances and the wider economic picture for the next 12 months, key indicators when gauging optimism for our path to recovery." GfK detected a small three-point pick-up in its Major Purchase Index, possibly indicating pent-up demand, but a nine-point spike in the Savings Index suggested consumers were being cautious. The Bank of England said on Thursday that Britain could be headed for its biggest economic slump in over 300 years due to the coronavirus lockdown and kept the door open for more stimulus next month. The lowest-ever GfK reading of -39 was recorded in July 2008 at the onset of the global financial crisis. (Reuters)
- **German exports plunge in March as coronavirus crisis hits demand –** German exports fell by 11.8% in March, their steepest drop since current records began in 1990, as the coronavirus crisis reduced demand for goods from Europe's biggest economy, the Federal Statistics Office said on Friday. Seasonally adjusted imports fell by 5.1% and the trade surplus narrowed to 12.8bn Euros ($13.88bn) from a downwardly revised 21.4bn Euros in February, the office said. Economists polled by Reuters had expected exports to fall by 5% and imports by 4%. The trade surplus was expected to come in at 18.9bn Euros. The German government expects the economy, which depends on exports, to shrink by a post-World War Two record of 6.3% despite a massive rescue package of 750bn Euros to cushion the impact of the pandemic. Economists expect any recovery to be slow and the pace to largely depend on how fast Germany's European neighbors and other trade partners like China and the US emerge from the crisis. Friday's trade figures were the latest data to offer a gloomy outlook for Germany, which had been in its 11th straight year of growth before the outbreak. Both industrial orders and output posted record drops in March, data published earlier this week showed. Germany's export-oriented manufacturers had been struggling with weak demand set off by trade frictions that preceded the coronavirus crisis, leaving the economy to rely on consumption and state spending for growth. However, lockdown and social distancing measures introduced in mid-March have curtailed household spending expectations even as Germany starts to gradually reopen its economy. A survey by the GfK institute on Friday showed that a third of Germans plan to spend less and 33% believe their financial situation will worsen in the next 12 months. That bodes ill for the prospects of a consumption-driven recovery. (Reuters)
- **France wants EU COVID fund of up to 300bn Euros a year –** France is proposing that the European Commission issue bonds to finance a recovery fund for the European Union (EU) worth 1-2% of gross national income per year - or 150-300bn Euros - in 2021-23. The proposal, seen by Reuters, comes as the 27-member bloc is debating how to jump-start growth after a slump caused by the coronavirus outbreak. EU leaders agreed last month to create the fund but left most of the details unresolved amid deep rifts over the amount needed to spur recovery, how to finance any such special vehicle, and how to spend the money. Member states will lock horns again over the matter after the Commission, the EU executive publishes its official proposal later in May on a new joint budget for all the 27 member states for 2021-27, known as the Multiannual Financial Framework (MMF), and the accompanying Recovery Fund. France, along with Italy and other countries in the ailing south, have warned that denying sufficient aid to member states most hit by coronavirus would risk tearing the EU apart. Paris proposed that the Commission make a swift one-off bond issuance of paper with maturity of 2-8 years to raise funds against an increased MFF headroom and guarantees by national governments. Such bonds could be rolled over for a long time before eventually being repaid by the EU budget. The headroom is the difference between national commitments to the EU

budget - currently set at 1.2% of EU economic output - and actual payments amounting to around 1.1%. (Reuters)

- **Japan tax collections fall most since June, more drops seen as virus bites –** Japan's tax revenue fell 9.2% in the year to March for the biggest annual decline since last June, hit by a delay in the due date because of the coronavirus pandemic, the finance ministry said, amid worries of bigger drops ahead. While technical factors were blamed for the March decline, analysts are bracing for further slides in coming months, as the virus impact plays out in the world's third largest economy. The spectre of dwindling tax revenue fuels concern over more debt issuance to make up the income gap, which will, in turn, strain the industrial world's heaviest public debt burden at more than twice the size of Japan's $5tn economy. In March corporate tax receipts rose 1.2% on the year, reflecting revenue from companies that settled accounts in January, before the virus had disrupted the economy further. Total tax revenue until March stood at 46.1tn Yen ($432.86bn), just 1.8% short of the figure a year ago. The pandemic has pushed back by a month, to April 16, the deadline for filing annual income- and gift-tax returns to avert an end of year rush to file returns, so aggravating infection. (Reuters)
- **Japan eyes another stimulus package as pandemic crushes economy –** Japan will look into additional steps to cushion the economic blow from the coronavirus pandemic, its economy minister said on Friday, signaling that more stimulus measures could be forthcoming as the country sinks into deep recession. Japan compiled a record $1.1tn economic stimulus package in April that focused on cash payouts to households and loans to small businesses hurt by the pandemic. Ruling coalition lawmakers are ramping up calls for more assistance, as the government's decision on Monday to extend a state of emergency through May heightens the chance of more bankruptcies and job losses. Prime Minister Shinzo Abe said on Monday the government will look into ways to offer rent relief for businesses and help university students who lost part-time jobs pay tuition. (Reuters)
- **China's exports rebound in April but outlook grim –** China's exports unexpectedly rose in April for the first time this year as factories raced to make up for lost sales due to the coronavirus pandemic, but a big fall in imports signaled more trouble ahead as the global economy sinks into recession. April's better-than-expected exports helped Asian shares trim early losses, but analysts say China's trade outlook remains bleak as major economies remain in the grip of the health crisis with rising infection numbers and deaths. Overseas shipments in April rose 3.5% from a year earlier, marking the first positive growth since December last year, customs data showed on Thursday. That compared with a 15.7% drop forecast in a Reuters poll and a 6.6% plunge in March. The increase was driven in part by rising exports of medical equipment, traditional Chinese medicine and textiles including masks. China exported millions of tons of medical products worth 71.2bn Yuan ($10bn) in the March-April period, according to the customs agency. The daily export value of medical supplies jumped by more than three times last month. Some economists also attributed the rise in exports to factory closures elsewhere, leading to a surge in import demand, just as China's manufacturers reopened after extended shutdowns due to the virus outbreak. (Reuters)
- **Moody's: India may see 0% GDP growth this fiscal year –** The impact of the coronavirus outbreak will exacerbate the material slowdown in India's economic growth, with the country expected to see 0% expansion in the current fiscal year, analysts at Moody's said on Friday. The ratings agency said it expected India to see no growth in financial year 2021 and bounce back to a 6.6% GDP growth in FY22, while the fiscal deficit is seen rising to 5.5% of GDP in FY21 versus the budgeted estimate of 3.5%. The COVID-19 spread in the country has also "significantly reduced the prospects of a durable fiscal consolidation," it said in a report. In November, Moody's cut the outlook on India's sovereign rating of Baa2 to "negative" from "stable" due to a slowdown in growth and had said it will monitor the country's debt levels closely. Baa2 is the second-lowest investment grade score. If nominal GDP growth does not return to high rates the government will face very significant constraints in narrowing the budget deficit and preventing a rise in the debt burden, Moody's said. India has so far outlined a 1.7tn Rupee ($22.53bn) stimulus plan providing direct cash transfers and food security measures to give relief to millions of poor and a second package focusing on help for small and medium businesses is expected soon. Moody's reiterated that the negative outlook indicates an upgrade is unlikely in the near term. (Reuters)
- **Brazil inflation tumbles in April to lowest in over 20 years –** Inflation in Brazil fell to its lowest in over 20 years on both a monthly and annual basis in April, figures on Friday showed, indicating that the COVID-19 crisis and looming recession will crush price pressures and pave the way even lower interest rates. Steep declines in fuel and transport costs drove the broader 0.31% decline in consumer prices, statistics agency IBGE said, as social isolation and quarantine measures to combat the pandemic took their toll on demand. Transport costs fell 2.66% in the month, IBGE said, led by a near-10% fall in fuel prices, most notably a 9.3% fall in gasoline prices alone. The 0.31% overall fall in IPCA consumer prices last month was greater than the 0.2% decline forecast in a Reuters poll of economists, and the biggest monthly fall since August 1998. The annual rate of inflation slowed to 2.40%, lower than the 2.49% forecast in a Reuters poll and sharply down from 3.3% in March. It was also the lowest since February 1999. That is well below the central bank's official target for the year of 4.00%. Earlier this week, the bank cut rates by a larger-than-expected 75 basis points to a new low of 3.00% and signaled it could repeat the dose at its next meeting. (Reuters)

Regional

- **S&P: GCC banks face 'earnings shock' from lower oil price, Covid-19 –** GCC banks will see significantly reduced revenue and credit growth in 2020 as they face an earnings shock from the oil price drop and Covid-19 pandemic, S&P said. As the region's lenders focus on preserving asset quality rather than business expansion, the pandemic will halt growth at both Islamic and conventional banks this year as the sharp decline in oil prices, accelerated real-estate price corrections in some markets, and drop in vital nonoil economic sectors will pressure banks' earnings, the ratings agency said. "The sharp drop in oil prices and measures implemented by regional governments to contain transmission of the coronavirus will take a toll on important sectors such as real estate, hospitality, and consumer-related. Under our base-case scenario, we assume that these measures will be relatively short lived and forecast a gradual recovery in nonoil activity from third-quarter 2020," S&P Credit Analyst, Mohamed Damak said. "However, the severe shock could cause irreparable damage to some parts of the nonoil economy. Furthermore, if the recovery takes longer than we expect, GCC banks could feel greater pressure," Damak concluded. Most central banks in the GCC have already come up with stimulus packages to help the banking system withstand the economic fallout of the pandemic. The Central Bank of the UAE (CBUAE) doubled the size of its stimulus package to AED256bn and allowed banks and finance companies in the country to extend deferrals of principal and interest payments to their customers until December 31, 2020. The regulator also took another major step, halving the reserve requirement for demand deposit of all banks from 14% to 7% in order to increase liquidity in banking sector. In its report, S&P said Islamic banks are likely to see a greater effect on asset-quality indicators "since they typically have a higher proportion of exposure to real estate and cannot charge late payment fees. Stimulus and support measures from GCC governments will help banks navigate the challenging environment but likely not resolve structural problems unless we see stronger intervention." (Zawya)

- **IMF sees multilevel shock for Arab economies due to Covid-19 –** Arab economies are facing a multilevel shock from Covid-19 and will have major challenges in addressing the direct impact of the ongoing slowdown, starting with long-term structural problems, the Regional Head of the IMF said. Director of the IMF Middle East and Central Asia Department, Jihad Azour said despite the prompt responses by many governments in the region low oil prices have impact on both oil- and non-oil-producing countries. Azour's cautioning is subsequent to a recent IMF warning that the Arabian Gulf countries face a budget reckoning and risk depleting their $2tn in financial wealth within 15 years as oil demand nears peak levels. In a report, the Washington-based fund has said that global oil demand may start falling sooner than expected, putting a strain on the finances of the six-member bloc, which accounts for a fifth of the world's crude production. "Countries in the region need to think long-term and strategically because the oil market is changing structurally both from the demand and the supply side," Azour said in a previous statement. "Starting with long-term structural problems, Arab countries will have difficulties addressing the direct impact of the ongoing slowdown. One thing that helps in the recovery in Arab countries is that they have young populations," Azour said. Two-thirds of the Arab population in the region is less than 30 years old, and this human capital advantage would play a key role in speeding up the regional economic recovery, he said. (Zawya)
- **Saudi's PIF exploring minority stake in Reliance's Jio –** Saudi Arabia's sovereign wealth fund, Public Investment Fund (PIF) is considering to buy a minority stake in Reliance Industries' digital unit Jio Platforms, Bloomberg News reported. The potential investment from Saudi's PIF, which manages over $300bn in assets, would inject money on top of the $8bn which Jio has already raised in three deals over the past weeks. Earlier in the day, private equity firm Vista Equity Partners said it was buying a 2.3% stake in Jio for $1.5bn. Reliance had cut a $5.7bn deal with Facebook for a 9.99% stake in Jio Platforms on April 22 and a few days later, it secured a $750mn investment from private equity firm Silver Lake. (Reuters)
- **Saudi Arabia raises June Arab light crude price to Asia –** Saudi Arabia's state oil giant Saudi Aramco has raised the June price for its Arab light crude oil to Asia by $1.40 a barrel from May, setting it at a discount of $5.90 to the Oman/Dubai average, according to a document seen by Reuters. The rise in the crude oil official prices (OSPs) to Asia are not in line with market expectations. Asian refiners were expecting Saudi Arabia to cut the prices of its crude for a fourth straight month in June after Middle East benchmarks slumped on poor refining margins as the coronavirus pandemic slammed demand, according to a Reuters survey. OPEC and allies led by Russia, a group know as OPEC+, agreed last month to a record cut in output starting in May to prop up oil prices. Aramco has also raised the June OSP of its Arab light crude oil to the United States, setting it at a premium of $0.75 per barrel versus ASCI, up $1.50 a barrel from May. Prices for ex-ship cargoes of Arab Light for the U.S. Gulf Coast were raised by $1.50 per barrel as well, to a premium of $2.05 per barrel to ASCI. Aramco also increased its OSP for Arab light crude oil to northwest Europe by $6.55 a barrel, setting it at a discount of $3.70 per barrel to ICE Brent. Prices for Arab Light cargoes on a FOB (free on board) Rotterdam basis were increased by $6.55 per barrel to minus $2.50 per barrel against ICE Brent. (Reuters)
- **Saudi Arabia moves to prop up oil market by raising prices –** Saudi Arabia moved to prop up a nascent recovery in energy markets by raising crude prices for its customers worldwide, triggering a rally in oil futures. State-owned Saudi Aramco increased pricing for most of its grades for shipment in June, according to a list seen by Bloomberg. The world's biggest exporter is simultaneously cutting production as part of a global pact aimed at tightening supply and buttressing prices. Saudi Arabia, which started a merciless price war in March that crashed the market is now indicating it is determined to do whatever it takes to support an oil price recovery. "The Saudis are sending a signal to the market that they want to sell oil, but right now they don't want to compete for market share," Head of commodity strategy at Saxo Bank, Ole Hansen said. "A higher price would lessen the economic cost of cutting production." (Bloomberg)
- **Brazil's BRF purchases Saudi processing factory for roughly $8mn –** Brazilian meat producer BRF has agreed to purchase the Joody Al Sharqiya Food Production Factory from Hungry Bunny Ltd and other firms in Saudi Arabia in a deal worth roughly $8mn, it said. The plant has a current production capacity of 3,600 tons per year. BRF plans to expand it to 18,000 tons, the company said. (Reuters)
- **Fourth Khafji oil shipment heads to Asia after February restart –** A fourth shipment of Khafji crude is heading to Asia after Saudi Arabia and Kuwait restarted output at the jointly-owned field in February, according to shipping data compiled by Bloomberg. Suezmax Front Odin is signaling Yantai, China, as

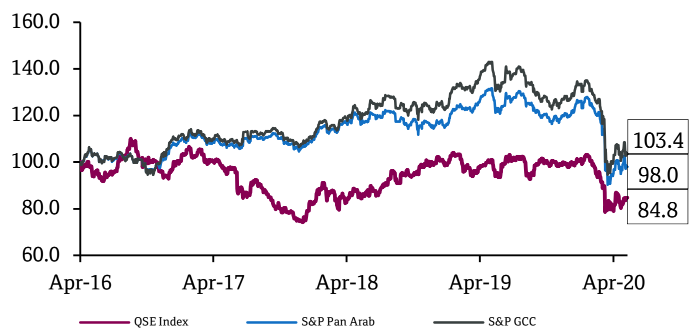
its destination after loading 150k tons of Khafji crude at the end of April. VLCC Al Salmi is signaling Maoming, China, as its destination after loading 135k tons of Khafji crude and 135k tons of Kuwaiti crude ~April 26-27. Suezmax Monte Toledo loaded 150k tons of Khafji crude ~April 8, unloaded at Sungai Linggi, Malaysia, ~April 22/ The first tanker to load Khafji crude in five years was the VLCC Dar Salwa, the Kuwait News Agency reported in early April. The tanker unloaded a combined cargo containing 135k tons of Khafji and 135k tons of Kuwaiti crude at Maoming, China, around April 27. (Bloomberg)

- **CBUAE says 75% of coronavirus liquidity stimulus drawn down –** The Central Bank of the UAE (CBUAE) said on Thursday that banks had so far drawn down on 75% of its AED50bn liquidity stimulus scheme introduced to cushion against the impact of the new coronavirus. The total number of banks participating in the Targeted Economic Support Scheme (TESS) has increased to 24, CBUAE said. The regulator said it would start publishing a list starting next week of banks that have provided more than 50% of the liquidity allocated to them under the scheme. (Reuters)
- **Dubai in talks for financing backed by road toll revenue –** Dubai is in talks with banks to raise a financing worth billions of dollars which would be backed by road toll revenue, one of the main income generators for the government amid the coronavirus crisis, sources said. Dubai's economy has been hit hard by virus containment measures that have brought to a near standstill crucial sectors such as aviation and tourism, and it lacks the oil wealth of its neighbor Abu Dhabi to cushion the financial impact. The Emirate has been in discussions with banks for a financing which could be worth billions and would be raised by the Dubai Roads and Transport Authority (RTA), sources said. The loan would be repaid using the roads authority's revenues and income generated by electronic toll collection system Salik, operated by RTA. One source said the discussions were "serious" but that it was not clear yet whether the deal would involve a securitization of the toll road receipts. Dubai has been in discussions with banks for several fundraising options including loans and privately placed bonds, sources have said, as the Middle East trade, tourism and transport hub faces what is probably the most severe downturn in its history since a 2009 debt crisis that wobbled its economy. Analysts have estimated the virus outbreak could cost Dubai 5% to 6% of its GDP in 2020. It has also revived concerns about the Emirate's debt burden and could potentially force Dubai to seek external support like the bailout extended by oil-rich Abu Dhabi after the 2009 crisis. (Reuters)
- **ADCB's net profit falls 82% YoY to AED207.4mn in 1Q2020 –** Abu Dhabi Commercial Bank (ADCB) recorded net profit of AED207.4mn in 1Q2020, registering decrease of 82% YoY. Net interest income rose 52.3% YoY to AED2,213.1mn in 1Q2020. Operating income rose 52.9% YoY to AED3,476.0mn in 1Q2020. Total assets stood at AED412.2bn at the end of March 31, 2020 as compared to AED405.1bn at the end of March 31, 2019. Loans and advances to customers, net stood at AED246.7bn (-0.5% YTD), while deposits from customers' stood at AED262.9bn (+0.3% YTD) at the end of March 31, 2020. Basic and diluted EPS came in at AED0.01 in 1Q2020 as compared to AED0.20 in 1Q2019. The lender reported fall in first-quarter net profit in impairments on debt exposure to troubled hospital operator NMC Health and payments group Finablr. The bank also said the coronavirus outbreak had made the operating environment "increasingly challenging", and as a result it was difficult to predict the financial impact for the rest of the year at this stage. ADCB was a major lender to NMC Health with an exposure of about $981mn to the company, which went into administration after months of turmoil following questions about its financial reporting from short-seller Muddy Waters. The bank also had an exposure of $182mn to payments group Finablr. ADCB said: "The higher expected credit losses were related to the current macro-economic challenges as well as to NMC Health Group, Finablr and associated companies, after the healthcare group revealed suspected fraudulent activity and previously undisclosed liabilities of over $4bn." "We believe that the impairment allowances for this exceptional case are adequate based on currently available information." The bank's impairment charges in the first quarter were up more than 150% YoY, however, up by 9% excluding NMC and Finablr. (ADX, Reuters)
- **Oil and investment asset price declines will affect Kuwaiti solvency –** The decline in oil prices and the value of investment assets since the start of the coronavirus outbreak will have an adverse impact on the "financial solvency" of the state, Emir, Sheikh Sabah Al-Ahmad Al-Sabah said on Saturday. "Kuwait is facing the big and unprecedented challenge of shielding our economy from the external shocks caused by this virus, specifically the decline in oil prices and the value of investments and assets, which will have a negative impact on the financial solvency of the state," the Emir was cited by the state news agency KUNA as saying. It was not clear if the comment meant that Kuwait could delay the payment of government dues, or whether it was a general statement about the deterioration of the state's finance as a result of the economic impact of the health crisis. Moody's Investors Service has placed Kuwait's Aa2 long-term issuer rating on review for downgrade, citing the significant decline in government revenue from the collapse in oil prices, and uncertainty that it will be able to access sufficient sources of financing at a time of increased need. The Emir called on parties to create a program meant to rationalize government expenditure and reduce dependence on a single commodity in order to build a "stable and sustainable" economy. The pandemic has rocked the global economy and "we're part of it," the Emir said. (Reuters)
- **CBK asks KFH to reassess AUB's acquisition –** Kuwait Finance House (KFH) has received a letter from the Central Bank of Kuwait (CBK) requesting KFH to conduct a comprehensive reassessment of its acquisition of Bahrain's Ahli United Bank (AUB). The reassessment process shall begin after circumstances return to normal and the impacts of the coronavirus (COVID-19) pandemic are clear, to consider the feasibility of the acquisition. In this regard, KFH's board emphasized its keenness on the interests of shareholders and investors, noting that the CBK's decision is in line with KFH's board directives. KFH further referred that it will announce relevant developments in due course. (Zawya)
- **Oman's debt requirement needs under pressure when most in need of external financing –** Oman is shut out of the debt capital

markets when it is most in need of external financing due to the double impact of the coronavirus crisis and falling oil prices, with government finances likely to hit a critical stage and its currency's US Dollar peg to become unstable within a year. Low oil prices and the coronavirus are set to push Oman's fiscal deficit sharply upwards this year, with rating agency Fitch expecting the deficit to climb to around $12bn, which is 18% of GDP in 2020 based on an oil price assumption of $35 per barrel. This is up from an estimated $10bn figure that Fitch published in a briefing on April 6. In recent years, Oman has relied heavily on external debt to offset a widening deficit caused by lower crude prices. It now finds itself in a situation where it needs external cash more than ever but is effectively shut out of the market. In March, the Sultanate was forced to put a $2bn syndicated loan on hold after it was downgraded by Fitch further into junk territory - to BB from BB+ - while access to the bond market has also now closed. "The cost of international debt issuance is currently prohibitive for Oman," a Director in Fitch's sovereign team, Krisjanis Krustins said. The Sultanate has enough usable assets to be able to stay out of the international debt markets for a year, according to market analysts, and with only $1.2bn of debt maturing in 2020 a debt crisis is unlikely in the short term. However, beyond a year the willingness of lenders to fund Oman's large external financing needs will be critical, and this timeframe could even shrink if market conditions deteriorate further. "If Oman's funding conditions continue to be stressed, it may need external financial assistance before the middle of 2021. Clearly, a number of factors including continued weakness in oil prices or the government's inability to adjust the government budget could all bring this point forward," he said. (Reuters)

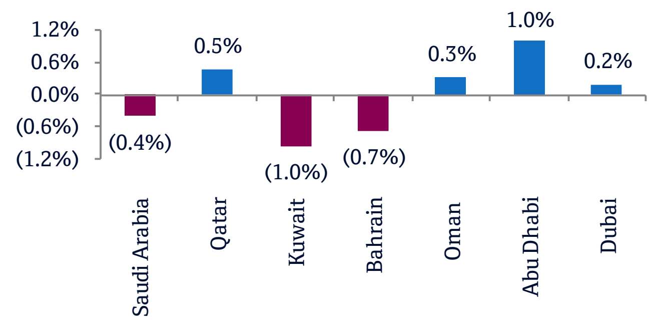
- **Bahrain sells $2bn in dual-tranche bonds with over $11bn demand –** Bahrain sold $2bn in a dual-tranche bond issuance comprising 4-1/2-year Sukuk, or Islamic bonds, and 10-year conventional bonds, a document showed on Thursday. The deal marks a step towards revival for the region's battered debt market. It is the first sub-investment grade public bond issuance from the Gulf since a massive sell-off of debt there in the wake of a crash in oil prices and the spread of the new coronavirus. The Gulf state sold $1bn in Sukuk at 6.25% and $1bn in 10-year bonds at 7.375%, after receiving more than $11bn in combined orders for the notes. It tightened its pricing after it began marketing the notes with an initial price guidance of 6.625%-6.75% for the Sukuk and around 8% for the 10-year notes. The small oil producer, which was bailed out in 2018 with a $10bn aid package from its wealthy Gulf neighbors to avoid a credit crunch, needs to bolster its finances to plug its budget deficit. (Reuters)

Rebased Performance



Source: Bloomberg

Daily Index Performance



Source: Bloomberg

Asset/Currency Performance	Close ($)	1D%	WTD%	YTD%
Gold/Ounce	1,702.70	(0.8)	0.1	12.2
Silver/Ounce	15.48	0.9	3.4	(13.3)
Crude Oil (Brent)/Barrel (FM Future)	30.97	5.1	17.1	(53.1)
Crude Oil (WTI)/Barrel (FM Future)	24.74	5.1	25.1	(59.5)
Natural Gas (Henry Hub)/MMBtu	1.75	(4.9)	3.6	(16.3)
LPG Propane (Arab Gulf)/Ton	38.00	1.7	16.9	(7.9)
LPG Butane (Arab Gulf)/Ton	34.88	1.8	24.6	(47.5)
Euro	1.08	0.0	(1.3)	(3.3)
Yen	106.65	0.3	(0.2)	(1.8)
GBP	1.24	0.4	(0.8)	(6.4)
CHF	1.03	0.2	(1.0)	(0.3)
AUD	0.65	0.6	1.8	(7.0)
USD Index	99.73	(0.2)	0.7	3.5
RUB	73.42	(0.9)	(1.3)	18.4
BRL	0.17	1.9	(4.2)	(29.9)

Source: Bloomberg

Global Indices Performance	Close	1D%*	WTD%*	YTD%*
MSCI World Index	2,061.89	1.8	2.8	(12.6)
DJ Industrial	24,331.32	1.9	2.6	(14.7)
S&P 500	2,929.80	1.7	3.5	(9.3)
NASDAQ 100	9,121.32	1.6	6.0	1.7
STOXX 600	341.05	1.2	(0.2)	(20.8)
DAX	10,904.48	1.7	(0.4)	(20.4)
FTSE 100#	5,935.98	0.0	1.7	(26.7)
CAC 40	4,549.64	1.4	(1.3)	(26.5)
Nikkei	20,179.09	2.3	3.0	(12.9)
MSCI EM	911.65	1.6	(0.6)	(18.2)
SHANGHAI SE Composite	2,895.34	1.0	1.1	(6.6)
HANG SENG	24,230.17	1.0	(1.7)	(13.6)
BSE SENSEX	31,642.70	0.9	(6.5)	(27.7)
Bovespa	80,263.40	4.3	(5.4)	(51.5)
RTS	1,136.34	0.9	1.0	(26.6)

Source: Bloomberg (*$ adjusted returns, #Market was closed on May 8, 2020)

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