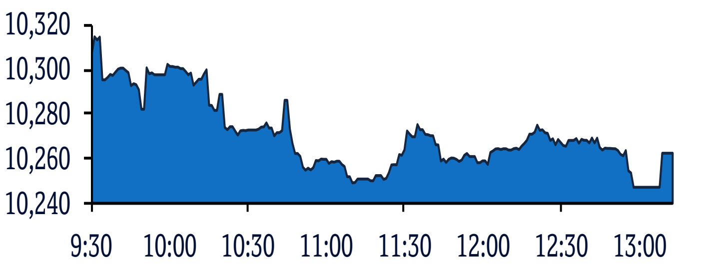
Daily Market Report

Monday, 16 December 2019

QSE Intra-Day Movement



Qatar Commentary

The QE Index rose 0.1% to close at 10,262.8. Gains were led by the Consumer Goods & Services and Banks & Financial Services indices, gaining 0.3% and 0.1%, respectively. Top gainers were Al Khalij Commercial Bank and Mesaieed Petrochemical Holding Co., rising 2.4% and 1.6%, respectively. Among the top losers, Qatar Oman Investment Co. fell 7.4%, while Gulf International Serv. was down 2.3%.

GCC Commentary

Saudi Arabia: The TASI Index gained 0.5% to close at 8,049.5. Gains were led by the Energy and Diversified Financials indices, rising 2.0% each. Tabuk Agricultural Development Company rose 8.6%, while Alinma Bank was up 6.5%.

Dubai: The DFM Index gained 0.2% to close at 2,727.3. The Telecommunication index rose 1.8%, while the Insurance index gained 1.4%. Islamic Arab Insurance Company rose 3.1%, while Al Salam Bank –Bahrain was up 2.0%.

Abu Dhabi: The ADX General Index fell 0.1% to close at 5,029.9. The Investment & Fin. Services index declined 2.2%, while the Real Estate index fell 1.3%. ADNIC Converted Shares 2 declined 7.4%, while Arkan Building Materials was down 6.4%.

Kuwait: The Kuwait All Share Index gained 0.7% to close at 6,156.0. The Banks and Real Estate indices rose 0.8% each. Kuwait Syrian Holding Company rose 20.6%, while Gulf Investment House was up 15.0%.

Oman: The MSM 30 Index fell 0.2% to close at 4,012.2. Losses were led by the Industrial and Services indices, falling 0.3% each. Al Batinah Power fell 4.8%, while Al Jazeera Steel Products was down 3.1%.

Bahrain: The BHB Index gained 1.0% to close at 1,583.7. The Commercial Banks index rose 1.8%, while the Investment index gained 0.1%. Ahli United Bank rose 3.0%, while Al Salam Bank - Bahrain was up 1.1%.

Market Indicators	15 Dec 19	12 Dec 19	%Chg.
Value Traded (QR mn)	126.1	283.6	(55.5)
Exch. Market Cap. (QR mn)	568,119.8	568,269.6	(0.0)
Volume (mn)	46.9	113.8	(58.8)
Number of Transactions	4,893	7,347	(33.4)
Companies Traded	44	43	2.3
Market Breadth	12:20	13:26	–

Market Indices	Close	1D%	WTD%	YTD%	TTM P/E
Total Return	18,884.49	0.1	0.1	4.1	14.9
All Share Index	3,028.99	0.0	0.0	(1.6)	14.9
Banks	4,055.80	0.1	0.1	5.9	13.6
Industrials	2,935.85	(0.3)	(0.3)	(8.7)	20.2
Transportation	2,588.70	(0.1)	(0.1)	25.7	13.9
Real Estate	1,523.95	(0.3)	(0.3)	(30.3)	11.4
Insurance	2,684.14	(0.4)	(0.4)	(10.8)	15.4
Telecoms	909.09	(0.2)	(0.2)	(8.0)	15.5
Consumer	8,621.00	0.3	0.3	27.7	19.1
Al Rayan Islamic Index	3,937.33	0.0	0.0	1.3	16.3

GCC Top Gainers##	Exchange	Close#	1D%	Vol. '000	YTD%
Alinma Bank	Saudi Arabia	25.60	6.5	29,795.5	11.4
Sahara Int. Petrochemical	Saudi Arabia	17.04	3.8	3,262.2	(14.6)
Kingdom Holding Co.	Saudi Arabia	7.62	3.7	1,470.3	(2.3)
Etihad Etisalat Co.	Saudi Arabia	23.80	3.5	2,116.8	43.5
Bank Al-Jazira	Saudi Arabia	14.70	3.2	5,712.2	2.9

GCC Top Losers##	Exchange	Close#	1D%	Vol. '000	YTD%
Arab National Bank	Saudi Arabia	26.10	(3.7)	423.7	22.7
Abu Dhabi Comm. Bank	Abu Dhabi	7.46	(2.0)	609.7	(8.6)
Aldar Properties	Abu Dhabi	2.15	(1.4)	1,451.2	34.4
Saudi British Bank	Saudi Arabia	33.10	(1.2)	546.6	1.4
HSBC Bank Oman	Oman	0.12	(0.8)	350.0	4.2

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%
Al Khalij Commercial Bank	1.28	2.4	1,047.7	10.9
Mesaieed Petrochemical Holding	2.54	1.6	1,291.4	69.0
Qatar Islamic Bank	15.22	1.1	272.3	0.1
Alijarah Holding	0.71	0.7	321.8	(19.8)
Al Meera Consumer Goods Co.	15.34	0.5	17.3	3.6

QSE Top Losers	Close*	1D%	Vol. '000	YTD%
Qatar Oman Investment Co.	0.62	(7.4)	7,668.6	15.4
Gulf International Services	1.73	(2.3)	600.0	1.8
Qatar National Cement Company	5.62	(2.1)	401.4	(5.5)
Qatari Investors Group	1.74	(1.7)	132.6	(37.4)
Al Khaleej Takaful Insurance Co.	2.02	(1.5)	276.3	135.2

QSE Top Volume Trades	Close*	1D%	Vol. '000	YTD%
Qatar Oman Investment Company	0.62	(7.4)	7,668.6	15.4
Baladna	1.00	0.0	7,526.5	0.0
Aamal Company	0.77	0.3	3,972.7	(13.3)
Salam International Inv. Ltd.	0.51	0.4	3,106.0	18.2
United Development Company	1.46	(0.7)	2,369.4	(1.0)

QSE Top Value Trades	Close*	1D%	Val. '000	YTD%
QNB Group	19.30	(0.2)	43,832.8	(1.0)
Qatar Fuel Company	22.71	0.4	10,285.4	36.8
Baladna	1.00	0.0	7,527.7	0.0
Masraf Al Rayan	3.95	0.0	7,225.2	(5.2)
The Commercial Bank	4.40	0.5	6,767.0	11.7

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*	10,262.84	0.1	0.1	1.1	(0.4)	34.43	156,062.5	14.9	1.5	4.2
Dubai	2,727.34	0.2	0.2	1.8	7.8	61.39	101,132.0	10.8	1.0	4.3
Abu Dhabi	5,029.93	(0.1)	(0.1)	(0.0)	2.3	27.09	140,562.7	15.5	1.4	5.0
Saudi Arabia	8,049.50	0.5	0.5	2.4	2.8	1,520.59	2,496,132.4	20.7	1.8	3.8
Kuwait	6,155.99	0.7	0.7	3.8	21.2	164.48	115,338.4	15.1	1.4	3.5
Oman	4,012.19	(0.2)	(0.2)	(1.3)	(7.2)	4.56	17,288.5	7.6	0.7	7.4
Bahrain	1,583.65	1.0	1.0	3.7	18.4	9.33	24,771.0	12.8	1.0	4.9

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 0.1% to close at 10,262.8. The Consumer Goods & Services and Banks & Financial Services indices led the gains. The index rose on the back of buying support from GCC shareholders despite selling pressure from Qatari and non-Qatari shareholders.
- Al Khalij Commercial Bank and Mesaieed Petrochemical Holding Company were the top gainers, rising 2.4% and 1.6%, respectively. Among the top losers, Qatar Oman Investment Company fell 7.4%, while Gulf International Services was down 2.3%.
- Volume of shares traded on Sunday fell by 58.8% to 46.9mn from 113.8mn on Thursday. Further, as compared to the 30-day moving average of 99.8mn, volume for the day was 53.0% lower. Qatar Oman Investment Company and Baladna were the most active stocks, contributing 16.3% and 16.0% to the total volume, respectively.

Overall Activity	Buy %*	Sell %*	Net (QR)
Qatari Individuals	20.91%	30.97%	(12,681,526.31)
Qatari Institutions	30.80%	23.28%	9,495,473.06
Qatari	**51.71%**	**54.25%**	**(3,186,053.25)**
GCC Individuals	1.36%	1.03%	422,733.77
GCC Institutions	11.47%	2.11%	11,811,884.07
GCC	**12.83%**	**3.14%**	**12,234,617.84**
Non-Qatari Individuals	11.29%	9.82%	1,853,339.93
Non-Qatari Institutions	24.15%	32.80%	(10,901,904.52)
Non-Qatari	**35.44%**	**42.62%**	**(9,048,564.59)**

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

News

Qatar

- **Qatar's CPI inflation falls 0.69% YoY in November –** Qatar's cost of living, based on consumer price index (CPI) inflation, declined 0.69% YoY in November 2019 mainly on fall in the indices of clothing, recreation, housing and transport, according to the official statistics. The country however witnessed 0.22% jump in inflation on monthly basis, according to the Planning and Statistics Authority (PSA). The International Monetary Fund, in its latest Article IV consultation with Qatar, said inflation is projected to peak at 3.7% in 2020 with the introduction of a value added tax, but converge to 2% in the medium term. The index of housing, water, electricity and other fuels – with a weight of 21.89% in the CPI basket – saw 2.28% and 0.36% decline YoY and MoM respectively in November 2019. The CPI of November 2019 excluding 'housing, water, electricity, gas and other fuels', declined 0.25% on yearly basis but witnessed a 0.38% jump on monthly basis. The index of transport, which has 14.59% weightage, has tanked 1.64% YoY but grew 0.4% MoM this November. The sector has the direct linkage to the dismantling of administered prices in petrol and diesel. Communication, which carries 5.87% weight, saw its group index shrank 0.11% on yearly basis, but treaded a flat path MoM this November. Food and beverages, which has a weight of 12.58% in the CPI basket, witnessed a 1.13% and 1.02% growth YoY and MoM respectively in October 2019. (Gulf-Times.com)
- **Top 7 firms sign licenses to join Qatar Free Zones –** Seven leading international companies representing different sectors signed their licenses with Qatar Free Zones Authority (QFZA) at a ceremony held on the sidelines of the Doha Forum, which concluded yesterday. The companies – Unistrong, Gaussin, China Harbor, Inventus Power, Thales Group, Volkswagen, and Wasco Coatings – signed licenses in the presence of HE Ahmad bin Mohamed Al-Sayed, Minister of State and Chairman of QFZA. In a statement, QFZA stated all seven firms will contribute significantly to the strength of the free zones and in turn to the growth and development of Qatar's economy. They join a diversified group of more than 50 companies establishing operations in Qatar Free Zones, which have invested a total of more than QR1.5bn. According to QFZA, the companies will commence their operations in the free zones in 2020. The projects of the first group of companies represent a total investment of more than QR1.5bn in Qatar Free Zones. HE Al-Sayed added, "Each of these companies are leaders in their space and come from diverse markets around the world, including China, Malaysia, Germany, and France, as well as the US." (Gulf-Times.com)
- **Qatar reaches out to Shari'ah market in Malaysia, Turkey –** With more than $127bn Islamic financial assets under its belt, Qatar has taken the lead in reaching out to Malaysia and Turkey through which the country aims to be the dominant player in the global Shari'ah financial landscape. "Qatar has more than $127bn of Islamic financial assets, most of which is concentrated in Islamic banking ($107bn) and outstanding Sukuk (Islamic debt) of $20bn," Qatar Financial Center (QFC) Authority's Chief Executive, Yousuf Mohamed Al-Jaida told Doha Forum yesterday. Highlighting that the country's Islamic macro-fundamentals are strong and robust, he said Qatar has the vital ingredients of assets and infrastructure (legal and regulatory frameworks) to enable it take the lead in the Islamic finance globally. The QFC has set an ambitious plan to reach out to Malaysia and Turkey to create some sort of consortium for Islamic financial activities, he said. "We have a vision to cover the entire globe's Islamic financial transactions between three financial centers - Doha, Istanbul and Malaysia," he said, adding for which there is a need to share platforms and technology. Under the proposed plan, Turkey would cover Islamic finance needs in Europe, Qatar would serve the greater Middle East and North Africa and Malaysia will continue to serve the Asian markets. (Gulf-Times.com)
- **Qatar's $320bn wealth fund seeks to catch up on technology –** Qatar Investment Authority (QIA), Qatar's sovereign wealth fund, is seeking to increase investments in technology companies, unfazed by recent declines in the sector, according to QIA's CEO, Mansoor Al Mahmoud. The CEO said, "Qatar Investment Authority will keep investing in technology as it is the most important sector right now. We think we are underweight and are trying to catch up." Middle East sovereign wealth funds have been beefing up their investments in the industry after previously spending billions of dollars on trophy assets, such as London real estate and stakes in global banks. The QIA, which has assets of about $320bn, hired Bank of

America Corp. dealmaker Tristan Lacroix to bolster its push into technology, sources said in September. (Bloomberg)

- **Al-Baker: Qatar already 90% ready for FIFA 2022 –** Qatar is 90% ready for the 2022 FIFA World Cup, making significant strides that will raise its profile globally, Qatar National Tourism Council's (QNTC) Secretary-General and Qatar Airways Group Chief Executive, HE Akbar Al-Baker has said. (Gulf-Times.com)
- **QIA's 44% investment projects have zero emission –** The Qatar Investment Authority (QIA) stated on Sunday as much as 44% of its investments in the infrastructure projects have zero emission, indicating its commitment to positively impact the communities in which it has deployed funds. Highlighting the investment opportunities for sovereign wealth funds in projects and areas that target positive social and economic impact, QIA's Chief Executive, Mansoor bin Ebrahim Al-Mahmoud told Doha Forum 2019 that it has been deploying funds into several companies that are investing in this field and "we are trying to create strategic relations with them." In this regard, he highlighted QIA's recent engagement with global automobile manufacturer Volkswagen. (Gulf-Times.com)
- **Al-Kaabi: Natural gas is future fuel amid concerns over CO2 –** Natural gas is the destination fuel, which will hold a prominent position in the current and future energy mix, HE the Minister of State for Energy Affairs, Saad Sherida Al-Kaabi, also the President and CEO of Qatar Petroleum said. Stressing the importance of natural gas, during a panel discussion entitled 'The future of LNG in meeting the world's energy demand' part of the Doha Forum 2019, the Minister said, "The current energy transition is mostly driven by the need for cleaner and more economic and sustainable alternatives. Natural gas is a key in this transition because of its qualities as the cleanest of fossil fuels." Al-Kaabi added, "Many countries are moving away from coal and building infrastructure for the use of gas. When we consider the efforts to combat climate change and the ongoing concerns over CO2 and other gas emissions, it is clear that gas is the future." Al-Kaabi discussed various issues related to the global gas industry and stressed Qatar's unique place as a well-established and reliable energy provider. "We do not see ourselves in competition with anybody. We focus on what we control, which is cost. We want to be safe, efficient and reliable," he said. (Gulf-Times.com)
- **Qatar-Malaysian Joint Business Council formed –** Qatar Chamber (QC) yesterday announced the establishment of a Qatar-Malaysian Joint Business Council. This was revealed during a meeting of the Qatari side headed by Qatar Chamber's board member, Mohamed Jawhar Al Mohamed in the presence of 20 Qatari businessmen who represented the Qatari side in the newly-established council. The Qatari side held a coordinative meeting at the chamber's headquarters to review issues and topics that shall be discussed in the first meeting of the council. It also touched on the economic and trade relations between Qatar and Malaysia. Members of the Qatari side praised the development of Qatar-Malaysia relations, noting that mutual visits and agreements signed between them helped in further promoting such relations to higher levels. They affirmed that the joint council, which is established by the MoU signed in 2017 between Qatar Chamber and Malaysia Chamber of Commerce and Industry, would contributed to develop partnerships between business sectors of both countries and promote their trade exchange. (Peninsula Qatar)

International

- **Japan December factory activity shrinks for eighth month, output slump worsens –** Japan's factory activity extended its fall in December as a prolonged decline in output and new orders threatened to tip the economy into contraction in the current quarter. The Jibun Bank Flash Japan Manufacturing Purchasing Managers' Index (PMI) edged down to a seasonally adjusted 48.8 from a final 48.9 in the previous month. The index stayed below the 50.0 threshold that separates contraction from expansion for an eighth month. The key output and new orders indicators have remained in contraction for the entire year, indicating prolonged strains in factory activity. New export orders shrank for a 13th month, though they showed signs of bottoming out as the pace of decline was the slowest in a year. The decline in manufacturing poses a growing headache for policymakers counting on robust demand at home to prop up slowing growth, with consumer spending taking a hard hit from October's sales tax hike. Separate data showed activity in Japan's services sector improved for a second month in December, but the rise was too small to make up for the slump in manufacturing activity. The Jibun Bank Flash Japan Services PMI index came in at a seasonally adjusted 50.6 from the previous month's 50.3. However, the reading remained below much higher levels seen during the first nine months of the year, in August hitting a nearly two-year high of 53.3. The Jibun Bank Flash Japan Composite PMI was steady from the previous month's final of 49.8. (Reuters)
- **China's November industrial output, retail sales beat expectations –** China's industrial output and retail sales growth accelerated more than expected in November, suggesting resilience in the economy as Beijing seeks to prop up domestic demand amid the trade war with the US. Industrial production rose 6.2% YoY in November, data from the National Bureau of Statistics showed on Monday, beating the median forecast of 5.0% growth in a Reuters poll and quickening from 4.7% in October. It was also the fastest YoY growth in five months. Factory indicators for November have shown surprising improvement in manufacturing, suggesting government support measures are helping domestic demand, even as exports and producer prices shrank. Fixed asset investment showed no signs of improvement, after growing 5.2% from January-November, in line with a 5.2% rise in the first 10 months, which was the weakest pace in decades. Private sector fixed-asset investment, which accounts for 60% of the country's total investment, grew 4.5% in January-November. Retail sales rose 8.0% YoY in November, compared with an expected 7.6%, buoyed by the November Singles Day shopping extravaganza. (Reuters)
- **China's November home prices up 0.3% MoM, slowest in nearly three years –** China's new home prices rose 0.3% in November MoM, marking the weakest growth since February 2018, Reuters calculated from official National Bureau of Statistics (NBS) data on Monday. On an annual basis, average new home prices in China's 70 major cities rose 7.1% in November, down from 7.8% in October, and the slowest YoY pace since August

2018. A cooling economy and curbs on speculative buying have dented overall demand. Beijing has stepped up scrutiny of developers' financing channels, and some local governments have also raised the bar for purchases, to quell speculation. (Reuters)

- **US exports to China to nearly double in 'totally done' trade deal –** The 'phase one' US-China trade deal will nearly double US exports to China over the next two years and is totally done despite the need for translation and revisions to its text, US Trade Representative Robert Lighthizer said on Sunday. Lighthizer said there would be some routine scrubs to the text but this is totally done, absolutely. A date for senior US and Chinese officials to formally sign the agreement is still being determined, Lighthizer said. China has also pledged in the agreement to better protect US intellectual property, to curb the coerced transfer of American technology to Chinese firms, to open its financial services market to US firms and to avoid manipulation of its currency. Chinese purchases of agricultural goods are expected to increase to $40bn to $50bn annually over the next two years, Lighthizer said. The US exported about $24bn in farm products to China in 2017, the last full year before the world's two largest economies launched a tariff war on each others' goods in July 2018. (Reuters)
- **China suspends planned tariffs scheduled for December 15 on some US goods –** China has suspended additional tariffs on some US goods that were meant to be implemented on December 15, the State Council's customs tariff commission stated on Sunday, after the world's two largest economies agreed a 'phase one' trade deal on Friday. The deal, rumors and leaks over which have gyrated world markets for months, reduces some US tariffs in exchange for what US officials said would be a big jump in Chinese purchases of American farm products and other goods. China's retaliatory tariffs, which were due to take effect on December 15, were meant to target goods ranging from corn and wheat to US made vehicles and auto parts. Other Chinese tariffs that had already been implemented on US goods would be left in place, the commission stated in a statement issued on the websites of government departments including China's finance ministry. Beijing has agreed to import at least $200bn in additional US goods and services over the next two years on top of the amount it purchased in 2017, the top US trade negotiator stated. A statement issued by the US Trade Representative also stated the US would leave in place 25% tariffs on $250bn worth of Chinese goods. (Reuters)
- **NBS: China's January to November property investment up 10.2% –** China's property investment rose 10.2% in the first 11 months of 2019 from a year earlier, slower than the 10.3% growth seen in the first 10 months period, official data showed on Monday. Property sales by floor area increased 0.2% for January-November, compared with a 0.1% increase in the first 10 months, the National Bureau of Statistics (NBS) stated in a statement. Property investment is a key growth driver for China. A resilient housing market has helped counter a slowdown in the manufacturing sector as a bruising trade war with the United States slashed profits and investments for factories. However, the housing sector's strength could be limited as policymakers have ruled out the possibility of further aggressive growth-boosting measures for the property market. (Reuters)

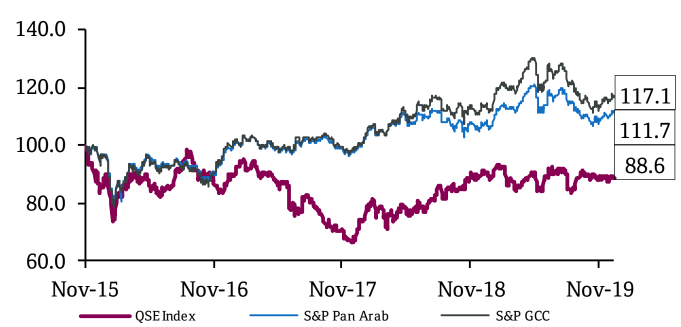
Regional

- **KPMG: Saudi Arabia's 2020 budget focuses on fiscal stability –** Saudi Arabia's 2020 budget announced on December 9, 2019 is progressive and focuses on balancing fiscal stability and economic growth despite oil market volatility this fiscal year, according to a review released by KPMG Al Fozan & Partners (KPMG Saudi Arabia), the leading provider of audit, tax and advisory services in the Kingdom. The latest budget continues to support diversification efforts, transitioning the economy away from its dependency on the oil sector by developing the private sector and enhancing its contribution to achieving Vision 2030 goals and targets. Budgeted revenue is expected to reach SR833bn in 2020, 62% of which is driven mainly by oil revenue, while budgeted expenditure is projected at SR1.02tn. Fiscal deficit stands at SR187bn (6.4% of estimated 2020 GDP) compared with SR131bn (4.7% of GDP) in 2019. Public debt is anticipated at SR754bn, 26% of the estimated GDP in 2020, growing 11.2% compared to the previous year. Commenting on the budget, Chairman of KPMG Saudi Arabia, Abdullah Hamad Al-Fozan said: "The proposed budget focuses on maintaining fiscal stability and sustainability, improving the diversification of revenue sources, and taking measures to advance the economic and social development of the country." He added: "Despite the oil market volatility, which had some impact on the expenditure, the government has made notable progress on the Vision Realization Programs. In addition, the allocation of over SR1tn budget expenditure for 2020 demonstrates the government's commitment toward driving economic growth." Meanwhile, the total real GDP growth is expected to reach 2.3% in 2020, as a result of relatively stable oil prices, implementation of Vision 2030 programs, and increased spending on infrastructure. Non-oil revenue is expected to touch a new high of SR320bn in 2020, compared to SR315bn expected in 2019, an increase of 1.6%, supported by the government's continued efforts to develop non-oil sectors with higher economic and social return. (Zawya)
- **Saudi Arabia's unemployment dips to 12% in 3Q2019 –** Unemployment among Saudi Arabian citizens fell to 12% in the third quarter of 2019 from 12.3% in the previous quarter, moving further away from a record high of 12.9% in 2018, official figures showed. The data suggest economic reforms introduced by the government over three years ago are starting to bear fruit, although Riyadh's target to reduce unemployment to 9% by 2022 still looks ambitious. The total number of employed Saudis, males and females, rose slightly to 3.1mn in the third quarter from 3.09mn in the previous quarter, the data released by the General Statistics Authority showed. The overall economic participation of Saudis, both men and women aged 15 years and above who are actively seeking to work or are already employed, reached 45.5% in the third quarter from 45% in the second quarter. (Zawya)
- **Saudi Arabia's November LPG exports rise 12% to highest in a year –** Saudi Arabian LPG exports increased 12% to 865k tons in November from a year earlier, the highest in 12 months, data intelligence firm Kpler stated in a note dated December 12. Increase in exports is primarily because of higher shipments

from Ras Tanura, an increase of 48% from October, with more than half of Saudi Arabian shipments heading for India. LPG exports from Qatar dropped 20% YoY to 711k tons in November, the lowest level since early 2018. US propane and propylene stockpiles rose by 1.7mn barrels last week, the largest ever build in the month of December, largely because of higher production and low exports. US propane exports is likely to rebound to almost 1.2k bpd in week ending December 13, while seaborne ethane exports seen at 66mn barrels in 2019, an increase of 1.5% YoY. (Bloomberg)

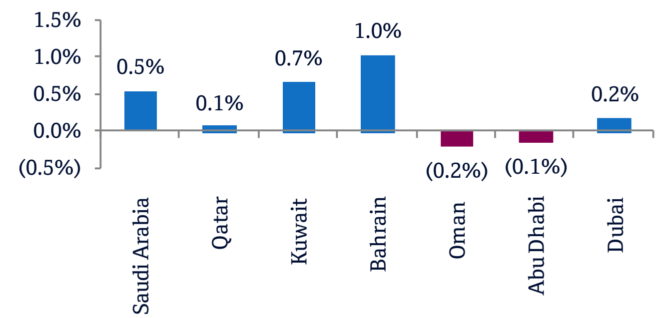
- **NBK: Saudi Arabia's non-oil growth to average 2.4% in next three years –** Saudi Arabian non-oil growth is expected to reach 2.7% in 2019, amounting to an average of 2.4% in 2020-2022. The growth of the Kingdom's oil sector will be kept in check due to output cuts commitments with OPEC+, a report by the National Bank of Kuwait (NBK) stated. It is worth noting that Saudi Arabia pledged to reduce oil production by additional 167,000 bpd until March 2020. Earlier in December, OPEC+ agreed to adjust output target and redistribute production cuts between its members. "For the non-oil economy to expand at faster rates, there will need to be a meaningful pick-up in corporate credit, FDI, or government spending, though the latter is unlikely to increase substantially given the moderate revenue outlook," the NBK's report stated. The report noted that the main downside risks continue to be lower oil prices geopolitical tensions. Moreover, Saudi Arabia's budget deficit is expected to record 4.6% of GDP in 2019, and then rise to 7% in 2020 on the back of decline in oil revenues. "Beyond 2020, we expect moderate revenue growth coupled with a broadly flat spending to improve the budget deficit to 5.2% of GDP in 2022, but it is unlikely that the budget will be balanced by 2023 as targeted in the revised Fiscal Balance Program," the report maintained. (Zawya)
- **Saudi Electricity Co. awards $2.55bn smart metering project –** Saudi Electricity Co. (SEC) has awarded a Smart Metering project at a cost of $2.55bn, the company announced. The project will start on December 19, 2019 and entails installing and commissioning 10mn smart meters for consumers across Saudi Arabia. A consortium of Etihad Etisalat Co. (Mobily) and Al- Fanar Construction will implement the project in central and Eastern areas, while a branch of China Electric Power Equipment and Techn. (SGCC) will implement it in Western and Southern areas. The project will be funded through SEC's internal resources as well as external financing, the company stated, adding that 3.5mn meters will be purchased from local manufacturers. The project is expected to be completed on March 30, 2023, and a positive impact is expected on the company's results starting to 2021, according to the statement on Tadawul. (Zawya)
- **Mobily signs $2bn refinancing Murabaha deal with Saudi Arabian banks –** Saudi Arabia's Etihad Etisalat Company (Mobily) signed a $2bn refinancing Murabaha facility agreement with Saudi Arabian banks. The credit facility's duration is 7 years and will replace an existing syndicate financing. The refinancing agreement will significantly reduce the cost of debt for the company over the coming few years and it is part of the management's continued efforts to improve liquidity and improve terms and conditions, Mobily stated. The group of financiers are: Riyad Bank (Agent), Arab National Bank, Banque Saudi Fransi, Saudi British Bank, SAMBA Financial Group. (Zawya)
- **Pressure on UAE banks' profit margins to continue into 4Q2019 –** Although the top 10 UAE banks (by assets) reported a combined 25.5% YoY increase in the top line during the third quarter, a new report has revealed that margins are starting to come under pressure, and the impact is expected to continue in the fourth quarter. The bottom line was impacted adversely due to significant impairments reported by Emirates NBD (arising from the acquisition of DenizBank) and by ADIB. For rest of 2019, margins are likely to stay under pressure due to the interest rate cuts in September and October 2019, according to a recent report titled "UAE Banking Pulse" by global professional services firm Alvarez & Marsal (A&M). Overall, banking profitability was influenced by lower gross yields and higher net impairment charges during the quarter, it stated. A&M Managing Director & Head of Financial Services, Asad Ahmed, said: "The UAE banking sector maintained a modest growth, even though profitability was impacted by lower gross yields and higher net impairment charges during the quarter, a knock-on effect from the real estate and construction sectors. Looking ahead, we anticipate this pressure will continue as two successive rate cuts by the Fed in September and October 2019, are likely to put further pressure on banks' margins. We expect that Q4 will not be dissimilar. The rate cuts were near the end of third quarter and early October. Therefore, the impact will come through only in this quarter and the subsequent quarters," he told Zawya. (Zawya)
- **Oman sells $1bn stake in electricity company to Chinese buyer –** Oman's state-owned Electricity Holding Company, also known as Nama, has sold a 49% stake in Oman Electricity Transmission Co. to State Grid Corporation of China, raising around $1bn, a Nama spokesman, Mansoor Al Hinai said. The deal is one of five privatizations that Nama is planning as Oman seeks to raise cash from asset sales to bolster its coffers, which have been depleted over the past few years by a slump in oil prices. A deal for Muscat Electricity Distribution Co. is planned for the second quarter of 2020, he said, adding that 14 non-binding bids had been submitted for it. Oman has smaller energy reserves and lower oil output than most of its wealthy neighbors. It has forecast a 2019 budget deficit of $7.28bn, or 9% of GDP. (Reuters)

Rebased Performance



Source: Bloomberg

Daily Index Performance



Source: Bloomberg

Asset/Currency Performance	Close ($)	1D%	WTD%	YTD%
Gold/Ounce	1,476.33	0.4	1.1	15.1
Silver/Ounce	16.93	0.0	2.1	9.3
Crude Oil (Brent)/Barrel (FM Future)	65.22	1.6	1.3	21.2
Crude Oil (WTI)/Barrel (FM Future)	60.07	1.5	1.5	32.3
Natural Gas (Henry Hub)/MMBtu	2.25	(1.3)	(2.2)	(29.4)
LPG Propane (Arab Gulf)/Ton	51.25	(1.4)	(0.5)	(19.3)
LPG Butane (Arab Gulf)/Ton	72.38	1.2	6.8	3.4
Euro	1.11	(0.1)	0.6	(3.0)
Yen	109.38	0.1	0.7	(0.3)
GBP	1.33	1.3	1.5	4.5
CHF	1.02	0.1	0.7	(0.2)
AUD	0.69	(0.5)	0.5	(2.5)
USD Index	97.17	(0.2)	(0.5)	1.0
RUB	62.88	0.1	(1.4)	(9.8)
BRL	0.24	(0.4)	0.8	(5.5)

Source: Bloomberg

Global Indices Performance	Close	1D%*	WTD%*	YTD%*
MSCI World Index	2,319.73	0.4	1.0	23.1
DJ Industrial	28,135.38	0.0	0.4	20.6
S&P 500	3,168.80	0.0	0.7	26.4
NASDAQ 100	8,734.88	0.2	0.9	31.6
STOXX 600	412.02	1.1	1.7	18.4
DAX	13,282.72	0.5	1.4	22.2
FTSE 100	7,353.44	2.7	3.0	14.2
CAC 40	5,919.02	0.6	1.4	21.4
Nikkei	24,023.10	2.5	2.2	21.2
MSCI EM	1,086.91	1.5	3.6	12.5
SHANGHAI SE Composite	2,967.68	1.7	2.5	17.0
HANG SENG	27,687.76	2.7	4.9	7.6
BSE SENSEX	41,009.71	0.9	2.2	12.1
Bovespa	112,564.90	0.1	2.4	20.6
RTS	1,501.42	0.3	3.7	40.5

Source: Bloomberg (*$ adjusted returns)

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