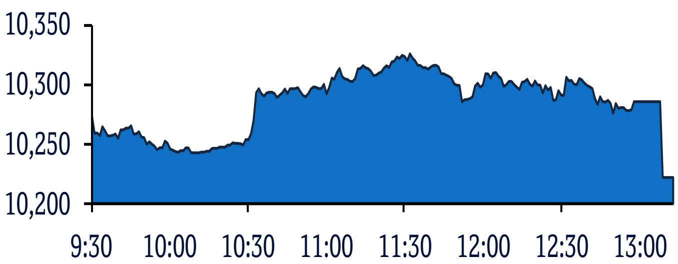
Daily Market Report

Tuesday, 17 December 2019

QSE Intra-Day Movement



Qatar Commentary

The QE Index declined 0.4% to close at 10,222.2. Losses were led by the Telecoms and Industrials indices, falling 1.7% and 1.2%, respectively. Top losers were Mesaieed Petrochemical Holding Company and Qatar Industrial Manufacturing Company, falling 2.8% and 2.1%, respectively. Among the top gainers, Qatar Oman Investment Company gained 3.1%, while Gulf Warehousing Company was up 1.7%.

GCC Commentary

Saudi Arabia: The TASI Index gained 1.1% to close at 8,139.0. Gains were led by the Energy and Banks indices, rising 1.8% and 1.5%, respectively. MetLife AIG ANB Cooperative Insurance Co. rose 10.0%, while Bawan Company was up 4.6%.

Dubai: The DFM Index gained 0.3% to close at 2,736.6. The Transportation index rose 1.7%, while the Banks index gained 0.9%. Amlak Finance rose 15.0%, while Arab Insurance Group was up 11.1%.

Abu Dhabi: The ADX General Index gained 0.2% to close at 5,038.8. The Energy and Banks indices rose 0.4% each. ADNIC Converted Shares 2 rose 4.0%, while Abu Dhabi Islamic Bank was up 2.7%.

Kuwait: The Kuwait All Share Index fell 0.1% to close at 6,150.4. The Financial Services and Banks indices declined 0.3% each. Alrai Media Group Company declined 8.5%, while Ras Al Khaimah White Cement was down 8.1%.

Oman: The MSM 30 Index fell 1.5% to close at 3,950.9. Losses were led by the Financial and Services indices, falling 1.5% and 1.4%, respectively. Oman Education & Training Investment fell 9.9%, while Oman & Emirates Investment Holding Company was down 9.1%.

Bahrain: Market was closed on December 16, 2019.

Market Indicators	16 Dec 19	15 Dec 19	%Chg.
Value Traded (QR mn)	204.3	126.1	62.0
Exch. Market Cap. (QR mn)	565,999.8	568,119.8	(0.4)
Volume (mn)	62.3	46.9	32.8
Number of Transactions	7,871	4,893	60.9
Companies Traded	46	44	4.5
Market Breadth	20:19	12:20	–

Market Indices	Close	1D%	WTD%	YTD%	TTM P/E
Total Return	18,809.68	(0.4)	(0.3)	3.7	14.8
All Share Index	3,019.81	(0.3)	(0.3)	(1.9)	14.9
Banks	4,057.29	0.0	0.2	5.9	13.6
Industrials	2,900.48	(1.2)	(1.5)	(9.8)	19.9
Transportation	2,584.57	(0.2)	(0.3)	25.5	13.9
Real Estate	1,524.69	0.0	(0.2)	(30.3)	11.4
Insurance	2,684.37	0.0	(0.4)	(10.8)	15.4
Telecoms	893.72	(1.7)	(1.9)	(9.5)	15.2
Consumer	8,591.43	(0.3)	(0.0)	27.2	19.0
Al Rayan Islamic Index	3,916.51	(0.5)	(0.5)	0.8	16.2

GCC Top Gainers##	Exchange	Close#	1D%	Vol. '000	YTD%
Arab National Bank	Saudi Arabia	26.95	3.3	964.7	26.7
Yanbu National Petro. Co.	Saudi Arabia	52.70	2.9	1,103.3	(17.4)
Etihad Etisalat Co.	Saudi Arabia	24.48	2.9	3,037.2	47.6
Abu Dhabi Islamic Bank	Abu Dhabi	5.36	2.7	4,699.7	37.4
National Shipping Co.	Saudi Arabia	35.45	2.6	2,505.4	6.1

GCC Top Losers##	Exchange	Close#	1D%	Vol. '000	YTD%
Ominvest	Oman	0.33	(2.9)	307.4	(4.2)
Mesaieed Petro. Holding	Qatar	2.47	(2.8)	3,297.8	64.3
Sohar International Bank	Oman	0.11	(2.8)	736.7	(4.2)
Ooredoo	Qatar	7.03	(2.0)	1,312.7	(6.3)
Oman Telecom. Co.	Oman	0.60	(1.9)	169.6	(23.4)

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%
Qatar Oman Investment Company	0.64	3.1	4,371.3	18.9
Gulf Warehousing Company	5.39	1.7	497.7	40.1
Investment Holding Group	0.58	1.6	6,017.5	18.6
Doha Insurance Group	1.14	0.9	127.8	(12.9)
Qatar Islamic Bank	15.35	0.9	1,145.4	1.0

QSE Top Volume Trades	Close*	1D%	Vol. '000	YTD%
Investment Holding Group	0.58	1.6	6,017.5	18.6
Ezdan Holding Group	0.63	0.3	5,062.0	(51.2)
Baladna	1.00	0.0	4,994.5	0.0
Qatar Oman Investment Company	0.64	3.1	4,371.3	18.9
Qatar First Bank	0.31	0.3	3,591.8	(24.8)

QSE Top Losers	Close*	1D%	Vol. '000	YTD%
Mesaieed Petrochemical Holding	2.47	(2.8)	3,297.8	64.3
Qatar Ind. Manufacturing Co	3.30	(2.1)	41.2	(22.7)
Ooredoo	7.03	(2.0)	1,312.7	(6.3)
Qatar National Cement Company	5.52	(1.8)	370.1	(7.2)
Qatari Investors Group	1.71	(1.7)	72.6	(38.5)

QSE Top Value Trades	Close*	1D%	Val. '000	YTD%
QNB Group	19.31	0.1	56,963.7	(1.0)
Qatar Islamic Bank	15.35	0.9	17,571.9	1.0
The Commercial Bank	4.37	(0.7)	12,754.1	10.9
Masraf Al Rayan	3.95	0.0	12,489.4	(5.2)
Ooredoo	7.03	(2.0)	9,369.3	(6.3)

Source: Bloomberg (* in QR)

Regional Indices	Close	1D%	WTD%	MTD%	YTD%	Exch. Val. Traded ($ mn)	Exchange Mkt. Cap. ($ mn)	P/E**	P/B**	Dividend Yield
Qatar*	10,222.18	(0.4)	(0.3)	0.7	(0.7)	284.29	155,480.1	14.8	1.5	4.2
Dubai	2,736.55	0.3	0.5	2.2	8.2	92.84	101,356.7	10.9	1.0	4.3
Abu Dhabi	5,038.75	0.2	0.0	0.2	2.5	66.70	140,641.3	15.6	1.4	4.9
Saudi Arabia	8,138.99	1.1	1.7	3.6	4.0	1,835.96	2,532,665.7	21.0	1.8	3.7
Kuwait	6,150.43	(0.1)	0.6	3.7	21.1	131.98	115,203.8	15.1	1.4	3.5
Oman	3,950.89	(1.5)	(1.7)	(2.8)	(8.6)	7.92	17,072.2	7.5	0.7	7.6
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, #Data as of December 15, 2019)

Qatar Market Commentary

- The QE Index declined 0.4% to close at 10,222.2. The Telecoms and Industrials indices led the losses. The index fell on the back of selling pressure from GCC and non-Qatari shareholders despite buying support from Qatari shareholders.
- Mesaieed Petrochemical Holding Company and Qatar Industrial Manufacturing Company were the top losers, falling 2.8% and 2.1%, respectively. Among the top gainers, Qatar Oman Investment Company gained 3.1%, while Gulf Warehousing Company was up 1.7%.
- Volume of shares traded on Monday rose by 32.8% to 62.3mn from 46.9mn on Sunday. However, as compared to the 30-day moving average of 91.4mn, volume for the day was 31.9% lower. Investment Holding Group and Ezdan Holding Group were the most active stocks, contributing 9.7% and 8.1% to the total volume, respectively.

Overall Activity	Buy %*	Sell %*	Net (QR)
Qatari Individuals	20.00%	23.96%	(8,089,249.17)
Qatari Institutions	18.34%	10.32%	16,388,531.08
Qatari	**38.34%**	**34.28%**	**8,299,281.91**
GCC Individuals	0.80%	0.99%	(373,061.29)
GCC Institutions	0.97%	1.35%	(792,107.29)
GCC	**1.77%**	**2.34%**	**(1,165,168.58)**
Non-Qatari Individuals	8.21%	7.44%	1,573,765.37
Non-Qatari Institutions	51.67%	55.93%	(8,707,878.70)
Non-Qatari	**59.88%**	**63.37%**	**(7,134,113.33)**

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

Global Economic Data

Date	Market	Source	Indicator	Period	Actual	Consensus	Previous
12/16	US	Markit	Markit US Manufacturing PMI	Dec	52.5	52.6	52.6
12/16	US	Markit	Markit US Services PMI	Dec	52.2	52.0	51.6
12/16	US	Markit	Markit US Composite PMI	Dec	52.2	–	52.0
12/16	UK	Markit	Markit UK PMI Manufacturing SA	Dec	47.4	49.2	48.9
12/16	UK	Markit	Markit/CIPS UK Services PMI	Dec	49.0	49.5	49.3
12/16	UK	Markit	Markit/CIPS UK Composite PMI	Dec	48.5	49.5	49.3
12/16	EU	Markit	Markit Eurozone Manufacturing PMI	Dec	45.9	47.3	46.9
12/16	EU	Markit	Markit Eurozone Services PMI	Dec	52.4	52.0	51.9
12/16	EU	Markit	Markit Eurozone Composite PMI	Dec	50.6	50.7	50.6
12/16	Germany	Markit	Markit/BME Germany Manufacturing PMI	Dec	43.4	44.6	44.1
12/16	Germany	Markit	Markit Germany Services PMI	Dec	52.0	52.0	51.7
12/16	Germany	Markit	Markit/BME Germany Composite PMI	Dec	49.4	49.9	49.4
12/16	France	Markit	Markit France Manufacturing PMI	Dec	50.3	51.5	51.7
12/16	France	Markit	Markit France Services PMI	Dec	52.4	52.1	52.2
12/16	France	Markit	Markit France Composite PMI	Dec	52.0	52.0	52.1
12/16	Japan	Markit	Jibun Bank Japan PMI Composite	Dec	49.8	–	49.8
12/16	Japan	Markit	Jibun Bank Japan PMI Mfg	Dec	48.8	–	48.9
12/16	Japan	Markit	Jibun Bank Japan PMI Services	Dec	50.6	–	50.3
12/16	China	National Bureau of Statistics	Industrial Production YoY	Nov	6.2%	5.0%	4.7%
12/16	China	National Bureau of Statistics	Industrial Production YTD YoY	Nov	5.6%	5.5%	5.6%

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

News

Qatar

- **Qatar presents 2020 budget with 5-year high spending; Amir approves 2020 budget –** HH the Amir Sheikh Tamim bin Hamad Al Thani issued on Monday Law No 26 of 2019 approving the State's general budget for 2020. The law is effective as of January 1, 2020 and shall be published in the official gazette. Qatar has presented an expansionary 2020 general budget with a five-year high expenditure, yet making a modest surplus, reflecting unhindered development projects across sectors such as new housing for nationals, food security and those in the free and special economic zones. Total revenue is forecast at QR211bn, unchanged from the 2019 budget; whereas expenditure is slated to see almost 2% YoY jump to QR210.5bn, leaving a budget surplus of QR500mn, amidst a continued conservative oil price estimate of $55 a barrel. "The 2020 budget is designed to achieve efficiency in the current expenditure while maintaining the allocations required for the completion of major approved projects. These contribute to the sustainable development targets of the Qatar National Vision 2030, which focuses on economic, social, human, and environmental development," the Ministry of Finance stated in a statement. The budget also places significant importance on providing funds for the development of new housing areas for nationals, enhancing food security projects, and the establishment of infrastructure and facilities in free zones, special economic zones, and industrial and logistics zones. These projects will support economic growth and diversification. Allocations to salaries and wages have been budgeted at QR59bn, up 3.3% YoY. This growth is on account of the budgeted headcount increase necessary to operate several recently completed projects, including schools, university facilities, and healthcare centers. Hiring requirements also increased in other sectors such as transport, given the opening of the Doha Metro. Expenditure in major projects has been budgeted at QR90bn, which is 0.6% higher than that in the previous budget. Major projects, which constitute almost 43% of total expenditure, represent the largest share of the overall budget. The 2020 budget includes allocations for the development of 13 new housing areas for nationals, to provide different facilities such as water, electricity and sewerage networks, and roads. The housing plan will cost QR12bn over five years. The allocation for the healthcare sector is QR22.6bn, representing around 11% of the total expenditure in 2020. Major projects to improve healthcare services include expansion in Hamad Medical Corporation facilities; and establishment of several new healthcare centers. Education sector is allocated QR22.1bn in the 2020 budget, representing 10.5% of total expenditure. Major projects in the education sector currently underway include expansions in schools and other educational facilities network. (Gulf-Times.com)
- **Sharq Crossing project to be re-launched –** Qatar will re-launch the Sharq Crossing project, linking Ras Abu Aboud and West Bay as part of its prioritized infrastructure development and will also see new projects worth QR11.5bn to be awarded in 2020. An announcement on the Sharq Crossing (formerly Doha Bay crossing) came in the 2020 budget, which was presented yesterday. The project is expected to be completed within four years. The Sharq Crossing master plan had been developed by Santiago Calatrava in 2013 at the request of the Ministry of Municipal Affairs and Urban Planning (MMUP) and features a unique combination of an efficient civil engineering solution and a highly iconic design. The master plan features a major traffic connection linking the Airport area with the West Bay Financial District and the Cultural City. Substituting the formerly proposed tunnel only system, Santiago Calatrava had designed a solution with a bridge at each of the three ends of the tunnel system. (Gulf-Times.com)
- **Works on container terminal 2 at Hamad Port to begin next week –** The works on the 403,500 square meters container terminal 2 (CT2) at the Hamad Port will begin next week (December 22) as part of Qatar's expansion strategy in its maritime sector, according to QTerminals, a terminal operating company jointly established by Mwani Qatar (51%) and Milaha (49%). The main works package for the CT2 development, which is located immediately to the north of the existing container terminal – 1 (CT1), has been awarded to Qatar Building Company. A QTerminals spokesman said the delivery of the first two phases is scheduled for December 22, 2020. One of the key aspects of CT2 development is the use of environmental-friendly technologies to facilitate sustainable development. The quay cranes being procured are regenerative type, which will be generating electricity during the lowering cycles. The rubber tyre gantries are of hybrid type, which will be utilizing electric drives along with the conventional engine. The CT2, with berth length of 1,200m and a 17m draft alongside, will have annual capacity of 2mn TEUs (twenty-foot equivalent units). The scope of work for this development includes the construction, installation testing and commissioning, maintenance and operation of various facilities including utility as well as non-utility buildings as substation, generator house, amenity buildings, operations building and pumping facilities as well as facilities such as equipment workshop container Pits, RTG washing facilities, land fuel station and reefer stack gantries, according to QTerminals website. (Gulf-Times.com)
- **Qatar First Bank announces implementing reduction of paid-up capital –** Qatar First Bank announced completion of obtaining all the necessary approvals to implement the process of reducing the bank's capital. Accordingly, and upon coordination with the relevant regulatory authorities, Qatar Stock Exchange will implement the process of reducing the bank's paid-up capital to become QR700mn, equivalent to 700mn shares with a nominal value of one Qatari riyal per share, instead of 2bn shares with a nominal value of one Qatari riyal per share. The implementation of the reduction process is expected on December 23, 2019. However, trading on the share with its new capital will be resumed on December 24, 2019. It's worth noting that the formula for capital reduction to extinguish losses shall be used as followed by Qatar Stock Exchange. (QSE)
- **Vodafone Passport now covers over 130 countries –** Vodafone Qatar cements its position as the country's leading roaming provider on land, sea, and in the air with a series of enhancements to their roaming products and services. With the addition of new countries, including Georgia, Bosnia and Herzegovina, Finland, Iceland, Montenegro and Nepal,

Vodafone Passport Pack now covers more than 130 countries, making it Qatar's widest reaching roaming pack. Moreover, it remains the only roaming pack enabled on all operators across each of these countries. This also means customers on Vodafone Qatar's Unlimited 5G Postpaid Plans can enjoy up to 75GB of roaming data in all the more than 130 countries listed under Vodafone's Passport Pack. This includes the region's only 5G roaming service in the UK, launched just last month. Vodafone Passport Pack lets customers enjoy 1GB of data and 100 minutes of roaming calls for only QR100 per week. On top of this, with every, 'Vodafone Passport Pack' activation customers can roam worry free in the air on-board 60 global airlines with Unlimited In-Flight data- the widest in-flight coverage- at no extra cost. Customers on 5G Unlimited Plans can also use their in-plan roaming data in-flight at no extra cost. (Gulf-Times.com)

- **Qatar Airways to add more destinations to its network next year –** Qatar Airways stated yesterday two new exciting Mediterranean destinations will join its ever expanding network in the first half of 2020, with many more to be announced in the coming months. The airline will also add 66 weekly frequencies to 20 existing destinations in its network due to strong market demand and the recent deliveries of more fuel-efficient aircraft. The airline will be the first Gulf carrier to begin direct flights to Santorini, its fourth destination in Greece after Athens, Mykonos and Thessaloniki, with services to begin on 20 May 2020. Flights to Dubrovnik, Croatia, the airline's second destination in Croatia after Zagreb will start on April 20, 2020. (Peninsula Qatar)
- **Opening of USQBC Doha office to further bolster US-Qatar ties –** The opening of the US-Qatar Business Council's (USQBC) Doha office on Monday is seen to further strengthen economic ties between Qatar and the US, as well as private sector relations of both countries, according to USQBC official. "The new office will help advance our strategic goals in helping the Qatari business community in understanding what we can do to advance the commercial and investment relationship of both countries," USQBC's Managing Director, Mohamed Barakat said. Asked about the role of the office, Barakat said the council has been receiving a lot of inquiries from the Qatari business community about ways to export and invest more in the US. They are also interested in learning the regulatory changes in the US and the differences on the federal and the state level, he also said. (Gulf-Times.com)

International

- **Us business activity growth accelerates to five-month high –** Private sector firms across the US registered a slightly stronger expansion in business activity at the end of 2019. The upturn quickened to a five month high as service sector growth accelerated and manufacturing conditions continued to improve. Adjusted for seasonal factors, the IHS Markit Flash U.S. Composite PMI Output Index posted 52.2 in December, up from 52.0 in November, to indicate the quickest rise in output since July. Nonetheless, the rate of growth was below the series trend and only moderate overall. The composite index is based on original survey data from IHS Markit's PMI surveys of both services and manufacturing. The increase in new business strengthened slightly in December, with service providers noting a second successive monthly upturn in demand. The expansion was also supported by a further solid rise in manufacturing new orders, albeit one that was slower than that seen in November. At the composite level, the rate of growth in private sector new business picked up to a five-month high. Subsequently, firms increased their workforce numbers at a faster pace at the end of the year. Although employment growth softened among manufacturers, services companies recorded a quicker uptick in hiring due to greater client demand and larger workloads. (Markit)
- **Britain's budget watchdog doubles borrowing forecast –** Britain's budget forecasters doubled their estimate on Monday of how much the government is likely to borrow over the next five years, even before accounting for pre-election spending promises or a weaker economy. The figures, which reflect new accounting standards, underscore how Prime Minister Boris Johnson and his Finance Minister Sajid Javid might find it hard to relax their grip on the public finances significantly. According to the new forecasts from the Office for Budget Responsibility (OBR), Britain will borrow 47.6bn Pounds in the current financial year, up from 29.3bn at the time of the government's March budget statement. (Reuters)
- **BoE tweaks rules to give banks 500bn pound loan warchest –** The Bank of England (BoE) stated on Monday it planned to adjust the rules on how much capital British banks must hold, to allow them to keep lending in an economic crisis. The BoE stated its plans would leave the average amount of capital that lenders need to hold broadly unchanged, but would allow it to vary more during the course of an economic cycle. Major British lenders currently hold so-called Tier 1 capital equivalent to just under 14% of risk-weighted assets on average. The BoE designates 1% of risk-weighted assets as a 'counter-cyclical capital buffer' (CCyB) during normal economic times, which can be used to support lending in a downturn. On Monday the BoE stated it would double this buffer to 2%, to take effect by the end of 2020, and then lower other capital requirements by a similar amount. This would allow major British lenders to absorb up to 23bn Pounds of losses in a downturn without restricting lending, supporting up to 500bn Pounds of loans to British homes and businesses - the equivalent of five years' borrowing. The BoE stated on Monday that when it consults on the detail of the CCyB changes, it would try to ensure they did not lead to any net increase in smaller banks' capital requirements. For larger banks, the BoE stated the changes would increase Tier 1 capital requirements by about 0.35 percentage points to just over 14%. (Reuters)
- **UK business malaise deepened before election –** The 'flash' early reading of the IHS Markit/CIPS UK Purchasing Managers' Indexes (PMI) for Britain showed that the decline in both the services and manufacturing sectors accelerated unexpectedly in December. The readings, which pushed up British government bond prices, suggested the world's fifth-biggest economy is on course to contract in the fourth quarter, survey compiler IHS Markit stated. However, the PMIs have previously overstated weakness in the economy. Britain's budget forecasters stated on Monday that changes to the way statisticians measure borrowing would add about 20bn Pounds a year to the budget deficit. The composite PMI, which

combines the services business activity and services and manufacturing output readings, fell to 48.5 from 49.3, its lowest level since July 2016, just after the Brexit vote. Readings below 50 denote contraction. The flash PMI for the dominant services sector fell to 49.0 in December from 49.3 in November, its lowest level since July 2016. A Reuters poll of economists had pointed to an improved reading of 49.5. The manufacturing PMI dropped to 47.4 from 48.9 - again weaker than forecast - as a stockpiling drive before the aborted October 31 Brexit deadline evaporated. The survey's gauge of factory output fell to its lowest level since July 2012. (Reuters)

- **Eurozone's business growth stayed weak in December –** Eurozone's business growth remained weak in December, with tepid foreign demand exacerbating a contraction in manufacturing and offsetting a slight pick-up in services activity, although some analysts saw signs of stabilization. IHS Markit's Eurozone Composite Flash Purchasing Managers' Index (PMI), seen as a good guide to economic health, stayed at 50.6 in December, a touch below a median 50.7 predicted in a Reuters poll. Anything above 50 indicates growth. The private sector business report published on Monday suggests the risks to the Eurozone outlook remain skewed to the downside, despite Christine Lagarde's more upbeat tone in her first news conference as head of the European Central Bank. The Eurozone's industrial sector has struggled throughout the year, with manufacturing activity contracting for the 11th month in a row in December. The factory PMI fell to 45.9 from 46.9, below the 47.3 predicted in a Reuters poll. The bloc's dominant service industry grew a bit faster, however, with that PMI rising to a four-month high of 52.4 from 51.9, above the 52.0 predicted in a Reuters poll. Among the Eurozone's two largest economies, Germany's business activity contracted for a fourth month running, while in France, it grew at a steady pace so far in December despite a nationwide strike. An index measuring output, which feeds into the composite PMI, fell to 45.9 from 47.4, also marking the 11th month of contraction. New factory export orders were still shrinking, but showed a slowing in the rate of decline. (Reuters)
- **BGA: German wholesalers set for revenue increase in 2019, 2020 –** German wholesalers will likely see a 2.3% increase in nominal revenue this year to 1.3bn Euros, the BGA trade association stated, adding that firms in the sector nonetheless planned to cut investments. BGA forecast an increase of up to 2% in nominal revenue for next year. (Reuters)
- **German economy stagnating despite signs of industrial rebound –** The German economy is more or less stagnating, the economy ministry stated on Monday, adding there are initial signs that an industrial recession could be coming to an end as orders stabilize. The ministry also stated in its monthly report that indicators at the start of the fourth quarter pointed to subdued private consumption even though disposable incomes continued to rise. Consumption has helped keep Europe's biggest economy humming by compensating for weak exports. Trade tensions this year pushed the German manufacturing sector into a recession but the overall economy narrowly escaped the same fate. There are fears that should the manufacturing sector continue to shrink, the slowdown could spread to an otherwise resilient services sector. IHS Markit's flash composite Purchasing Managers' Index (PMI) for December confirmed the diverging trends: manufacturing activity slipped and services rose. The German central bank stated last week that Germany faced another sluggish year despite a likely rebound in exports as households see their spending power shrink. The Bundesbank stated households' real disposable income fell due to a slowdown in employment growth. It trimmed its growth forecast for this year to 0.5% and halved its prediction for 2020 to 0.6%. In another grim sign for the economy, the BGA trade association stated that wholesalers planned to cut investments and their tendency to hire new staff had decreased despite expectations that their nominal revenue will rise by 2.3% to 1.3bn Euros this year. (Reuters)
- **Japan, South Korea find 'common ground' in trade dispute talks, agree to meet again –** The first meeting between senior Japanese and South Korean trade officials since Japan imposed controls on exports of high-technology materials to its neighbor ended hours later than scheduled on Monday, with the two saying they had reached "common ground" and agreeing to talk again. Testy relations between the two US allies sank to a new low in July after Japan imposed the curbs on exports to South Korea of three materials used to make semiconductors, threatening a pillar of its economy and the global supply chain of chips. Japan cited its concern about insufficient South Korean controls on the materials for the move in July, although the curbs came as relations soured over a dispute over Japan's wartime actions. South Korea's trade ministry sated they had reached "common ground" that the two nations needed to pursue effective management of export systems, and that they would continue talking to resolve outstanding issues. (Reuters)
- **China's factory, retail sectors shine as trade tensions thaw –** Growth in China's industrial and retail sectors beat expectations in November, as government support propped up demand in the world's second largest economy and amid easing trade hostilities with Washington. However, growth in infrastructure and the property sector, both key growth drivers, remained lackluster in November, underlining key challenges for Beijing in its efforts to stabilize economic performance next year. Industrial production rose 6.2% YoY in November, data from the National Bureau of Statistics showed, 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. Cement, crude steel and pig iron production all rose from a year earlier in November, compared with a fall in the previous month. Output growth in steel, auto and telecommunications sectors accelerated from October. The strong industrial figures aligned with the surprising improvement seen in other factory indicators in November, including purchasing managers indexes, which suggested government support is helping domestic demand, even as exports and producer prices shrank. Japanese construction machinery maker Komatsu Ltd said its machine usage hours in China rose for the first time in eight months in November, echoing the trends seen in the PMIs. Retail sales rose 8.0% YoY in November, compared with an expected 7.6%, buoyed by stimulus measures and the November Singles Day shopping extravaganza, the statistics bureau stated. (Reuters)

Regional

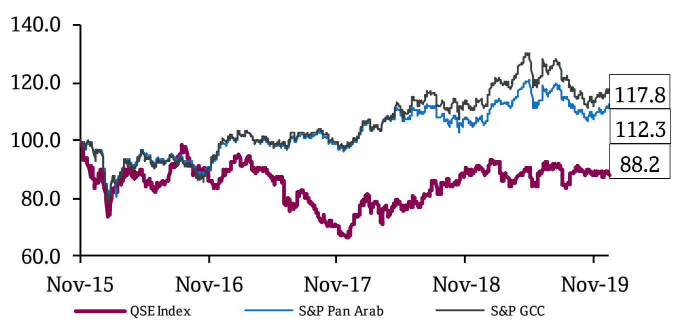
- **Moody's changes GCC corporates' 2020 outlook to 'Negative' –** The outlook for non-financial corporates in GCC, Turkey, South Africa for 12 to 18 months is 'Negative', Moody's Investors Service stated. The key drivers for the negative outlooks are combination of slowing economic growth, heightened geopolitical risk and policy unpredictability. With respect to GCC, slower non-oil GDP growth, volatile oil prices to limit governments' ability to fund growth initiatives. Still, the credit quality will not erode significantly because of strong balance sheets, leading market positions, adequate liquidity and international revenues. Factors that could change Moody's rating on GCC corporates to stable are: supportive oil prices resulting in narrowing fiscal deficits; stronger commitment towards public spending; supportive stance towards government-related issuers (GRIs). A 'Positive' outlook would require high oil prices that are sustainably above fiscal break-even and strong growth momentum in non-hydrocarbon sectors, Moody's said. While low non-oil GDP will drive deterioration in credit conditions, the credit quality of most rated corporates will not erode much due to healthy balance sheets, dominant market positions and adequate liquidity, the ratings agency noted. According to Moody's, the below trends could dominate certain sectors in 2020 are (a) GCC construction, real estate and retail companies to continue to suffer from oversupply. (b) Expo 2020 to provide a boost to the UAE' tourism and hospitality sectors. Slowing GCC electricity demand will support the free cash flow of utilities as a result of lower investment needs. Telecoms' sector growth to be driven by the entry into 5G technologies and B2B services. (Zawya, Bloomberg)
- **Saudi Arabian banks provide $453.2mn credit facility to Sipchem affiliate –** Saudi Arabia's Al-Inma Bank and Al-Bilad bank have provided a $453.2mn Shari'ah-compliant credit facility to InoChem, which is 30% owned by Sahara Petrochemicals Company. InoChem will build, own, and operate an industrial complex in Saudi Arabia's Ras Al-Khair Industrial City to produce soda ash. The firm is set to become the Gulf region's largest producer of this product with a capacity of 600,000 tons per annum expected from the first phase. Production will start during the first half of 2022. Saudi International Petrochemical Co. (Sipchem), which fully owns Sahara Petrochemicals Company, stated in a bourse filing that the purpose of the credit facility is to finance developing and operating a soda ash and calcium chloride production complex in two grades. The credit facility is for 13 years and includes an $233mn long-term loan and an $220mn bridge loan. (Zawya)
- **Saudi Aramco's inclusion in indexes seen underpinning stock –** Saudi Aramco's stock should get further support this week from global index compilers, potentially inflating a valuation that is already seen by many investors as too high. MSCI Inc., FTSE Russell and S&P Dow Jones Indices will begin to add Saudi Aramco to their benchmarks in an accelerated process due to the size of the offering, which could draw more than $1bn to the Saudi Arabian stock market, according to analysts. The oil company will also become part of the main Saudi gauge, the Tadawul All Share Index. Buying from index-tracking funds could consolidate Saudi Aramco's market value above $2tn, the level sought by Crown Prince, Mohammed bin Salman. International investors balked at the stock during the initial public offering. They pointed to, among other things, Saudi Aramco's dividend yield, which now is just 3.75%, based on the $75bn a year the company has promised to pay shareholders. That's lower than peers such as Exxon Mobil Corp.'s 5% and Royal Dutch Shell at 6.9%. Now, though, passive funds will buy the stock without taking price and fundamentals into consideration. Index inclusion also could encourage active stock pickers to consider the stock, since avoiding will be a bet against the benchmark. "Saudi Aramco's stock is not a yield story. It is more of a passive flow story from the inclusions in international indices," Head of high-net-worth and retail equities brokerage at Al Ramz Capital in Dubai, Marwan Shurrab said. (Bloomberg)
- **Saudi Arabia's NCB, Riyad Bank pull plug on merger plan –** Saudi Arabia's biggest lender by assets, National Commercial Bank (NCB) and Riyad Bank, the Kingdom's fourth largest, stated that they had ended merger talks, without giving a reason. "The boards of both banks have decided to end preliminary merger talks and not to continue with the merger study," the two stated in separate stock exchange filings. The merger was expected to create a combined bank holding $183bn in assets and to further extend NCB's lead over its closest rivals, including Al Rajhi Bank, by boosting its assets by almost a third to SR685bn. NCB's assets totaled SR498bn as of September 30, while Riyad Bank's assets were SR250.6bn. The Kingdom's sovereign wealth fund, Public Investment Fund (PIF), is a common shareholder, with 44.2% at NCB and 21.7% of Riyad, which analysts said would have helped the tie up. Saudi Arabia's largest pension fund, General Organization of Social Insurance (GOSI), is also a common shareholder in NCB and Riyad, holding 5.2% and 16.7% respectively. Riyad Bank, which had previously picked Goldman Sachs to advise on the merger, stated that it will continue to boost its competitive position. (Reuters)
- **Approximately 39,000 new houses expected to complete in Dubai in 2019 –** A total of 32,822 residential units in the freehold and non-freehold communities were completed in Dubai in the first nine months of the year and another 13,216 units have a completion date towards the end of 2019 or 1Q2020, according to Data Finder, the real estate insights and data platform under the Property Finder Group. However, since the actual completion rate has generally been 40% to 50% of expected completion, only around 6,500 units are likely to be completed in 4Q2019. Cumulatively, that amounts to approximately 39,000 residential units completed in the whole year, predicted to be the highest in the last several years. In comparison, 33,881 residential units were completed in Dubai last year. The current population in Dubai as of 3Q2019 was 3.34mn, according to data from the Dubai Statistics Centre. This represents an annual increase of 177,020 people or a growth of 5.64% compared to 3Q2018. Currently, there are 59 projects in Dubai with a completion percentage of 97% to 99%. However, even with a high completion status, not all projects will achieve completion this year, going by previous completion rates. This could either be due to project delays or because developers do not want to flood the market with more supply. (Zawya)

- **NMC Health to buy back up to $90mn convertible bonds due in 2025 –** NMC Health has announced an invitation to holders of its senior unsecured guaranteed convertible bonds due 2025 to tender up to $90mn of the bonds for purchase as a reverse book building modified Dutch auction, according to a statement. The $450mn in aggregate principal amount of the bonds remain outstanding. The bonds are convertible into the ordinary shares of NMC Health and are trading at approximately 89.5%, the company stated. Barclays Bank and J.P. Morgan Cazenove are acting as the joint dealer managers. (Bloomberg)
- **Kuwait Real Estate buys real estate assets at KD4.17mn –** Kuwait Real Estate signed a contract to purchase three real estate assets worth KD4.17mn in Kuwait. The assets' purchase value will be funded through credit facilities by a Kuwaiti bank with a suitable interest rate and a flexible repayment period, Kuwait Real Estate announced. The company added that the contract's revenues are expected to reach 8.8% annually, which will be registered in the financial statements of the first quarter of 2020. It is noteworthy that during the first nine months of 2019, Kuwait Real Estate's profits record 34.9% growth to KD6.77mn, compared to KD5.02mn in the same corresponding period a year earlier. (Zawya)
- **National Bank of Oman to exit from Egypt –** National Bank of Oman's (NBO) board of directors has resolved to exit from Egypt and close its last branch and operations there, subject to obtaining all regulatory approvals. The bank's management has been working towards achieving that exit, NBO stated, noting that it is anticipated to happen by the end of the first quarter of 2020. NBO is the third largest listed bank by market capitalization on Muscat securities market, behind Bank Muscat and Bank Dhofar. (Zawya)
- **NCSI: Oman investment rises as deficit plummets –** Oman's budget deficit in the first quarter of 2019 fell to OMR309mn, down 59% from OMR750.7mn in the same period last year, according to a National Centre for Statistics and Information (NCSI) report. The NCSI report on the Analysis of the Economic Situation in the Sultanate for the first quarter of 2019 indicates that the total public revenues increased by 32%, reaching OMR2.7bn compared to OMR2.1bn for the same period of the previous year. The total public expenditure increased by 4.3% to reach OMR2.6bn. The data also showed that the GDP at current prices decreased by 1.6%, down to OMR7.1bn in 1Q2019 compared to OMR7.2bn for the same period of 2018. This decline was due to the decrease in the average oil price from $62.9 per barrel in the first quarter of 2018 to $61 per barrel in the first quarter of 2019. The total value added of oil activities declined to OMR2.41bn in 1Q2019, compared to OMR2.43bn for the same period of last year. The decrease in the value added of crude oil by 2.5% led to a decline in the oil activities, which amounted to OMR2.02bn, while the value added of natural gas increased by 10.8% to reach OMR394.7bn in the first quarter of 2019, compared to OMR356.4bn for the same period of 2018. The total value added of non-oil activities in the first quarter of 2019 decreased by 0.5%, recording OMR5bn. This decline was due to the decrease in the value added of industrial activities by 4.8%. As for the indicators of foreign trade, the data showed that the surplus in trade balance in the first quarter of 2019 rose by OMR259mn compared to the same quarter of 2018, to reach OMR1.5bn. The surplus in trade balance is due to an increase in the value of merchandise exports by 1.4%, reaching OMR3.7bn, while the merchandise imports value decreased by 8.5%, recording about OMR2.2bn, compared to OMR2.5bn in the first quarter of the previous year. The monetary situation indicators in the same report of NCSI showed that the broad money supply (M2) in 1Q2019 increased by 4%, reaching OMR17.1bn compared to OMR16.4bn in the same quarter of 2018, while the narrow money supply (M1) decreased by 3.3%, amounting to OMR5.1bn. Total deposits of the private sector in the first quarter of 2019 increased by 2.9% to reach OMR14.6bn compared to OMR14.2bn in the same quarter of the previous year. (Zawya)
- **Nearly 31% Omanization in the hotel industry –** The number of Omanis working in the hotel industry was 5,754, which amounted to 30.9% of the total workers employed in 2018. According to the National Centre for Statistics and Information, the number of Omanis working in the sector, however, has increased by 43.9% from the previous year. At the same time, the number of expatriate workers working in the hospitality sector is 12,873 or 69.1% of the total number of employees. The annual growth rate of employees in this activity during the past five years is 14.7%, the report stated. The number of employees in the hotel industry rose by 32.6% to 18,627 in 2018 compared to 14,050 in 2017, of which 6,949 are in hotels in Muscat and 2,317 in Dhofar. Despite the decrease in the percentage of Omanis working in two-star hotels by 10% in 2018, their percentage witnessed growth in other category hotels by 130%, 11.8% in four-star hotels and 10% in hotels. The growth in the number of non-Omani employees in other hotel categories has increased by 103.2% in 2018. In 2018, the total number of hotels reached 412, including 23 five-star hotels, 19 four-star hotels, 29 three-star hotels, 54 two-star hotels, and 287 units classified as other, including one-star hotels, unclassified hotels, guesthouses and hotel apartments. (Zawya)
- **Oman bans export of raw marble –** The Public Authority for Mining has prohibited the export of raw marble until further notice. A statement issued online by the Authority stated, "It is prohibited to export raw marble, in the form of blocks, cubes, or slabs with thickness exceeding three centimeters, a decision is issued in this regard. As an exception to this ban, with the written consent of the CEO of the Public Mining Authority, it is permitted to allow the export of a number of cubes of marble ore, or slabs of more than three centimeters, if it is proven to the Authority that the request to export them is for the purpose of providing for construction projects of a special nature that require different measurements of the marble ore and cannot be processed in the local factories within the Sultanate." (Zawya)
- **Liquidity fund 'will boost Bahrain's economy' –** The $264mn Liquidity Support Fund would have a positive impact on Bahrain's economic growth, non-oil GDP growth rate increases from 2.5% last year to more than 4% in 2020, a top Bahraini businessman said. The fund will revive the economy through supporting viable companies facing short-term liquidity pressure, CEO of NGN, a global information systems company, Yacoub Al Awadi explained. He stressed the positive impact of the liquidity support fund which will rescue companies from bankruptcy, generate job opportunities, attract investments

and boost national economy. "Pumping these relatively large funds into a small market, such as the Bahraini market, will revive real estate, retail, education, services, and other sector, in addition to offering various projects that companies undertake to implement," he said. "Global experiences have proven that the most effective solution to get out of the economic recession is for the state directly or through banks to pump money into the economy, just as it happened during the global financial crisis in the US in 2008, when the US government saved giant companies from bankruptcy by giving them soft loans, and the American economy soon returned to growth and generating jobs again." Al Awadhi added. (Zawya)

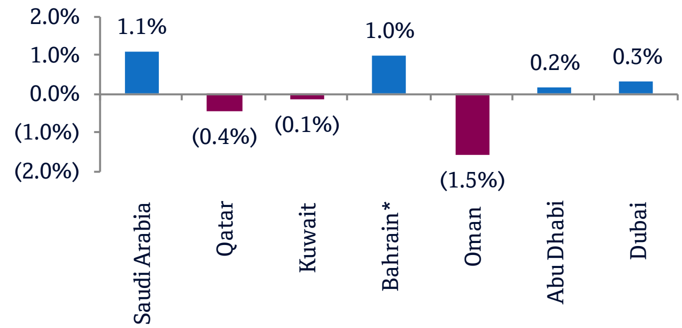
- **Bahrain NBB's offer to purchase BisB shares opens on December 18 –** National Bank of Bahrain (NBB)'s share purchase offer to Bahrain Islamic Bank (BisB) stakeholders will open on Wednesday. In disclosures to the Bahrain Bourse, Bahrain's largest Shari'ah-compliant lender has stated that the initial closing date for the offer is January 2, 2020. The conventional lender is offering to acquire up to 100% of the issued and paid-up ordinary shares of BisB in exchange for either cash of 117 fils per share or through new shares in NBB at a share exchange ratio of 0.167 NBB shares per BisB share. The voluntary conditional offer is subject to a minimum acquisition of 40.94%, which will raise NBB's total ownership of the issued share capital of BisB to a minimum of 70%. Following the announcement, trading in BisB shares on BHB was suspended yesterday and will remain suspended until one business day after the offer settlement date. The proposed takeover by National Bank of Bahrain is credit positive for BisB, according to credit ratings agency Moody's. Analysing the deal based on the offer price disclosed by NBB, Moody's feels its acquisition by NBB would be credit positive for the Shari'ah-compliant lender because it would give the Islamic bank access to NBB's strong capitalization, ample liquidity and a large customer base. NBB is one of the largest retail banks in Bahrain, with around a 12% market share by total system assets, and is largely owned by the government – 55% through Mumtalakat and Social Insurance Organisation (SIO). It is also the single largest shareholder in BisB with a 29% stake (the government also indirectly owns a 29% stake through SIO). Moody's has opined that while the acquisition of BisB would reduce NBB's capitalization, the transaction will still benefit NBB by providing access to customers interested in Shari'ah-compliant products at a time when demand for Islamic financial services is rising in GCC countries. Islamic finance penetration of system wide loans is as high as 77% for Saudi Arabia and 70% for Bahrain. The agency expects demand from both corporate and retail clients for Islamic finance to increase and NBB's takeover of BisB would position NBB to take advantage of this. In addition to the potential operational efficiencies between the two entities, there is scope for significant synergies on the revenue side, although it is too early to quantify them. (Zawya)
- **Bahrain reveals details of oil deal –** Bahrain will receive an initial $2mn as production starts at a newly discovered oil and gas field off the northern coast. It will be subject to a 30 consecutive day oil flow under a partnership deal between Tatweer Petroleum and Italian firm Eni Bahrain to seek deposits in an area known as offshore block one, which measures 2,800 square kilometers. The GDN previously reported that the major offshore oil and gas exploration project off Bahrain's north coast is due to start in the first quarter of next year. MPs last month approved a Royal decree authorising the National Oil and Gas Authority (Noga) to sign an agreement for oil exploration and production. His Majesty King Hamad issued the decree during the National Assembly's recess. Under the deal, which should also see oil flow for 30 consecutive days, Noga will get $1.5mn for the production of 10,000 barrels a day, $3mn for 40,000 barrels a day and $6mn for 70,000 barrels a day as regular production. (Zawya)

Rebased Performance



Source: Bloomberg

Daily Index Performance



Source: Bloomberg (*Data as of December 15, 2019)

Asset/Currency Performance	Close ($)	1D%	WTD%	YTD%
Gold/Ounce	1,476.18	(0.0)	(0.0)	15.1
Silver/Ounce	17.04	0.6	0.6	10.0
Crude Oil (Brent)/Barrel (FM Future)	65.34	0.2	0.2	21.4
Crude Oil (WTI)/Barrel (FM Future)	60.21	0.2	0.2	32.6
Natural Gas (Henry Hub)/MMBtu	2.35	4.4	4.4	(26.3)
LPG Propane (Arab Gulf)/Ton	51.75	0.5	0.5	(19.1)
LPG Butane (Arab Gulf)/Ton	72.25	0.3	0.3	4.0
Euro	1.11	0.2	0.2	(2.8)
Yen	109.55	0.2	0.2	(0.1)
GBP	1.33	0.0	0.0	4.5
CHF	1.02	0.1	0.1	(0.1)
AUD	0.69	0.1	0.1	(2.3)
USD Index	97.02	(0.2)	(0.2)	0.9
RUB	62.45	(0.7)	(0.7)	(10.4)
BRL	0.25	1.1	1.1	(4.5)

Source: Bloomberg

Global Indices Performance	Close	1D%*	WTD%*	YTD%*
MSCI World Index	2,337.45	0.8	0.8	24.1
DJ Industrial	28,235.89	0.4	0.4	21.0
S&P 500	3,191.45	0.7	0.7	27.3
NASDAQ 100	8,814.23	0.9	0.9	32.8
STOXX 600	417.75	1.6	1.6	20.4
DAX	13,407.66	1.2	1.2	23.7
FTSE 100	7,519.05	2.3	2.3	16.8
CAC 40	5,991.66	1.5	1.5	23.2
Nikkei	23,952.35	(0.6)	(0.6)	20.5
MSCI EM	1,087.96	0.1	0.1	12.7
SHANGHAI SE Composite	2,984.39	0.6	0.6	17.7
HANG SENG	27,508.09	(0.6)	(0.6)	7.0
BSE SENSEX	40,938.72	(0.5)	(0.5)	11.5
Bovespa	111,896.00	0.6	0.6	21.3
RTS	1,517.16	1.0	1.0	42.0

Source: Bloomberg (*$ adjusted returns)

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