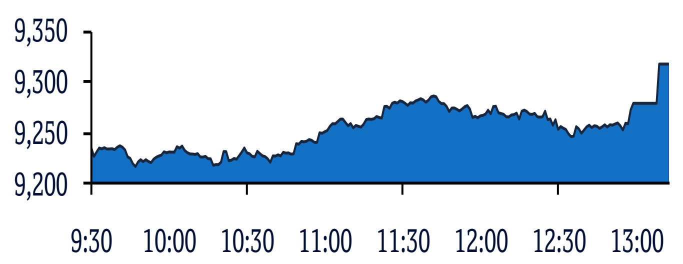
# Daily Market Report

Sunday, 21 June 2020

## QSE Intra-Day Movement




## Qatar Commentary

The QE Index rose 1.0% to close at 9,320.2. Gains were led by the Telecoms and Industrials indices, gaining 2.3% and 1.5%, respectively. Top gainers were Dlala Brokerage & Investment Holding Company and Salam International Investment Limited, rising 6.7% and 6.6%, respectively. Among the top losers, United Development Company fell 4.8%, while Qatar Insurance Company was down 3.7%.

## GCC Commentary

**Saudi Arabia:** The TASI Index rose 0.6% to close at 7,355.7. Gains were led by the Food & Staples Retail. and Food & Bev. indices, rising 2.4% and 2.1%, respectively. Allianz Saudi Fransi Coop. Ins. rose 9.9%, while Arabian Centres Co. was up 4.2%.

**Dubai:** The DFM General Index gained 0.4% to close at 2,078.4. The Banks index rose 2.1%, while the Services index gained 1.1%. Amanat Holdings rose 3.7%, while Emirates NBD was up 3.0%.

**Abu Dhabi:** The ADX General index fell 0.7% to close at 4,345.3. The Inv. & Fin. Services index declined 3.9%, while the Banks index fell 1.3%. Waha Capital Co. declined 5.0%, while Abu Dhabi National Co. for Building Mat. was down 4.9%.

**Kuwait:** The Kuwait All Share Index declined 0.5% to close at 5,020.3. The Financial Services index fell 0.8%, while the Bank index declined 0.7%. Real Estate Trade Centers Company fell 19.0%, while Aayan Real Estate Co. was down 8.2%.

**Oman:** The MSM 30 Index fell 0.1% to close at 3,515.8. Losses were led by the Services and Financial indices, falling 0.2% and 0.1%, respectively. Shell Oman Marketing fell 4.6%, while HSBC Bank Oman was down 3.2%.

**Bahrain:** The BHB Index gained marginally to close at 1,274.3. The Service index rose 0.2%, while the Commercial Bank index gained 0.1%. Bahrain Car Parks Company rose 3.9%, while Bahrain Duty Free Shop Complex was up 1.8%.

| QSE Top Gainers | Close* | 1D% | Vol. '000 | YTD% |
|---|---|---|---|---|
| Dlala Brokerage & Inv. Holding Co. | 1.12 | 6.7 | 3,552.2 | 83.3 |
| Salam International Investment | 0.34 | 6.6 | 40,715.0 | (34.4) |
| Barwa Real Estate Company | 3.02 | 5.2 | 26,760.2 | (14.7) |
| Qatar International Islamic Bank | 8.85 | 3.8 | 6,954.6 | (8.6) |
| Ooredoo | 6.73 | 3.1 | 2,713.5 | (4.9) |

| QSE Top Volume Trades | Close* | 1D% | Vol. '000 | YTD% |
|---|---|---|---|---|
| United Development Company | 1.21 | (4.8) | 45,574.0 | (20.7) |
| Ezdan Holding Group | 0.91 | (2.2) | 44,853.0 | 47.2 |
| Salam International Investment | 0.34 | 6.6 | 40,715.0 | (34.4) |
| Baladna | 1.25 | 2.3 | 34,811.9 | 24.8 |
| Barwa Real Estate Company | 3.02 | 5.2 | 26,760.2 | (14.7) |

| Market Indicators | 18 Jun 20 | 17 Jun 20 | %Chg. |
|---|---|---|---|
| Value Traded (QR mn) | 854.4 | 330.0 | 158.9 |
| Exch. Market Cap. (QR mn) | 529,212.7 | 525,622.2 | 0.7 |
| Volume (mn) | 368.6 | 188.4 | 95.7 |
| Number of Transactions | 12,705 | 8,191 | 55.1 |
| Companies Traded | 46 | 46 | 0.0 |
| Market Breadth | 21:22 | 30:14 | – |

| Market Indices | Close | 1D% | WTD% | YTD% | TTM P/E |
|---|---|---|---|---|---|
| Total Return | 17,917.74 | 1.0 | 0.9 | (6.6) | 14.7 |
| All Share Index | 2,887.45 | 0.7 | 0.9 | (6.8) | 15.4 |
| Banks | 4,035.30 | 0.8 | 1.4 | (4.4) | 13.3 |
| Industrials | 2,639.83 | 1.5 | 0.7 | (10.0) | 21.0 |
| Transportation | 2,686.13 | (0.3) | 1.3 | 5.1 | 13.0 |
| Real Estate | 1,450.20 | 0.4 | 1.2 | (7.3) | 14.3 |
| Insurance | 1,957.27 | (2.7) | (4.0) | (28.4) | 33.3 |
| Telecoms | 885.14 | 2.3 | 0.4 | (1.1) | 14.9 |
| Consumer | 7,434.52 | 0.1 | 0.1 | (14.0) | 19.0 |
| Al Rayan Islamic Index | 3,728.81 | 0.6 | 1.3 | (5.6) | 17.2 |

| GCC Top Gainers## | Exchange | Close# | 1D% | Vol. '000 | YTD% |
|---|---|---|---|---|---|
| Barwa Real Estate Co | Qatar | 3.02 | 5.2 | 26,760.2 | (14.7) |
| Arabian Centres Co Ltd | Saudi Arabia | 22.70 | 4.2 | 5,439.4 | (22.1) |
| Qatar Int. Islamic Bank | Qatar | 8.85 | 3.8 | 6,954.6 | (8.6) |
| Ooredoo | Qatar | 6.73 | 3.1 | 2,713.5 | (4.9) |
| National Bank of Oman | Oman | 0.17 | 3.1 | 1,381.2 | (10.3) |

| GCC Top Losers## | Exchange | Close# | 1D% | Vol. '000 | YTD% |
|---|---|---|---|---|---|
| Qatar Insurance Co | Qatar | 1.90 | (3.7) | 10,179.9 | (39.9) |
| HSBC Bank Oman | Oman | 0.09 | (3.2) | 30.0 | (24.8) |
| Emaar Properties | Dubai | 2.72 | (1.8) | 16,700.6 | (32.3) |
| First Abu Dhabi Bank | Abu Dhabi | 11.40 | (1.7) | 7,895.5 | (24.8) |
| Boubyan Bank | Kuwait | 0.49 | (1.6) | 1,610.0 | (20.2) |

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

| QSE Top Losers | Close* | 1D% | Vol. '000 | YTD% |
|---|---|---|---|---|
| United Development Company | 1.21 | (4.8) | 45,574.0 | (20.7) |
| Qatar Insurance Company | 1.90 | (3.7) | 10,179.9 | (39.9) |
| Mannai Corporation | 2.91 | (3.1) | 90.3 | (5.7) |
| Qatar Aluminium Manufacturing | 0.72 | (3.1) | 14,051.9 | (7.6) |
| Mazaya Qatar Real Estate Dev. | 0.76 | (2.4) | 8,283.0 | 5.4 |

| QSE Top Value Trades | Close* | 1D% | Val. '000 | YTD% |
|---|---|---|---|---|
| QNB Group | 17.90 | 0.1 | 143,709.0 | (13.1) |
| Barwa Real Estate Company | 3.02 | 5.2 | 79,760.2 | (14.7) |
| Masraf Al Rayan | 3.91 | 0.3 | 78,394.7 | (1.2) |
| Qatar International Islamic Bank | 8.85 | 3.8 | 60,963.8 | (8.6) |
| United Development Company | 1.21 | (4.8) | 55,338.7 | (20.7) |

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* | 9,320.18 | 1.0 | 0.9 | 5.4 | (10.6) | 232.24 | 144,263.4 | 14.7 | 1.4 | 4.3 |
| Dubai | 2,078.38 | 0.4 | (1.2) | 6.9 | (24.8) | 81.16 | 80,038.3 | 6.2 | 0.7 | 4.5 |
| Abu Dhabi | 4,345.28 | (0.7) | 1.2 | 4.9 | (14.4) | 1.18 | 490,739.3 | 13.5 | 1.3 | 5.9 |
| Saudi Arabia | 7,355.66 | 0.6 | 0.6 | 2.0 | (12.3) | 2,596.88 | 2,235,927.3 | 21.9 | 1.8 | 3.5 |
| Kuwait | 5,020.27 | (0.5) | (1.4) | 0.5 | 2.2 | 109.35 | 28,594.2 | 14.7 | 1.2 | 3.9 |
| Oman | 3,515.76 | (0.1) | 0.1 | (0.8) | (11.7) | 2.12 | 15,303.4 | 9.8 | 0.8 | 6.8 |
| Bahrain | 1,274.30 | 0.0 | (0.5) | 0.4 | (20.9) | 4.43 | 7,282.3 | 9.2 | 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 1.0% to close at 9,320.2. The Telecoms and Industrials indices led the gains. The index rose on the back of buying support from GCC and non-Qatari shareholders despite selling pressure from Qatari shareholders.
- Dlala Brokerage & Investment Holding Company and Salam International Investment Limited were the top gainers, rising 6.7% and 6.6%, respectively. Among the top losers, United Development Company fell 4.8%, while Qatar Insurance Company was down 3.7%.
- Volume of shares traded on Thursday rose by 95.7% to 368.6mn from 188.4mn on Wednesday. Further, as compared to the 30-day moving average of 223.3mn, volume for the day was 65.0% higher. United Development Company and Ezdan Holding Group were the most active stocks, contributing 12.4% and 12.2% to the total volume, respectively.

| Overall Activity | Buy %* | Sell %* | Net (QR) |
|---|---|---|---|
| Qatari Individuals | 21.26% | 30.89% | (82,234,482.76) |
| Qatari Institutions | 20.33% | 18.03% | 19,682,246.83 |
| **Qatari** | **41.59%** | **48.92%** | **(62,552,235.94)** |
| GCC Individuals | 1.11% | 0.78% | 2,845,921.49 |
| GCC Institutions | 1.36% | 0.55% | 6,951,088.09 |
| **GCC** | **2.47%** | **1.33%** | **9,797,009.58** |
| Non-Qatari Individuals | 6.94% | 7.70% | (6,569,810.88) |
| Non-Qatari Institutions | 49.00% | 42.05% | 59,325,037.24 |
| **Non-Qatari** | **55.94%** | **49.75%** | **52,755,226.36** |

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

## Global Economic Data and Earnings Calendar

| Date | Market | Source | Indicator | Period | Actual | Consensus | Previous |
|---|---|---|---|---|---|---|---|
| 06/18 | US | Department of Labor | Initial Jobless Claims | 13-Jun | 1,508k | 1,290k | 1,566k |
| 06/18 | US | Department of Labor | Continuing Claims | 6-Jun | 20,544k | 19,850k | 20,606k |
| 06/18 | US | Bloomberg | Bloomberg Economic Expectations | Jun | 38 | – | 29 |
| 06/18 | US | Bloomberg | Bloomberg Consumer Comfort | 14-Jun | 40.2 | – | 38.7 |
| 06/18 | UK | Bank of England | Bank of England Bank Rate | 18-Jun | 0.10% | 0.10% | 0.10% |
| 06/19 | UK | GfK NOP (UK) | GfK Consumer Confidence | Jun | -30 | – | -36 |
| 06/19 | EU | European Central Bank | ECB Current Account SA | Apr | 14.4bn | – | 27.4bn |
| 06/19 | Germany | German Federal Statistical Office | PPI MoM | May | -0.40% | -0.30% | -0.70% |
| 06/19 | Germany | German Federal Statistical Office | PPI YoY | May | -2.20% | -2.00% | -1.90% |
| 06/19 | Japan | Ministry of Internal Affairs and Communications | Natl CPI YoY | May | 0.10% | 0.20% | 0.10% |

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

### Earnings Calendar

| Tickers | Company Name | Date of reporting 2Q2020 results | No. of days remaining | Status |
|---|---|---|---|---|
| DHBK | Doha Bank | 27-Jul-20 | 36 | Due |

Source: QSE

## News

### Qatar

- **DHBK to disclose 2Q2020 financials on July 27 –** Doha Bank (DHBK) will disclose the financial reports for the period ending June 30, 2020 on July 27, 2020. (QSE)
- **QSE CEO: Local firm set to launch IPO in September –** In a major boost to Qatar Stock Exchange's (QSE) image as one of the fastest-growing stock markets in the MENA region, an initial public offering (IPO) of a local company is all set to hit the Qatari market in September this year. According to QSE's Chief Executive Officer, Rashid bin Ali Al Mansoori, the IPO of the local company with a strong capital base of over QR2bn will bring depth and diversity to Qatar's stock market. Mansoori revealed about the upcoming IPO during a webinar entitled 'Sustainable Development of Qatar's Economy' organized by Doha Bank on Wednesday. Mansoori, however, did not name the company coming out with the IPO in September. Addressing the webinar moderated by Doha Bank Group's CEO, R Seetharaman, he said, "The upcoming IPO and the subsequent listing will further consolidate QSE's position in the regional capital market." Mansoori said the IPO in September will be one of the two IPOs expected to be launched this year. While four to six listings a year are ideal, Mansoori said, "I will be happy even if we have two a year." He said that QSE is also in talks to launch Gold ETFs and other products to attract foreign investors to Qatar and provide additional investment opportunities for local investors. (Qatar Tribune)
- **Milaha reorganizes to focus on core business growth –** Qatar Navigation (Milaha), one of the largest maritime and logistics organizations in the Middle East, has announced a reorganization of the company. The changes are in line with Milaha's strategy to expand services for its core customers in the marine and logistics sectors and develop local capabilities to support the Qatar National Vision 2030. As part of the reorganization, Milaha is creating a new strategic pillar – Marine & Technical Services – that will focus on providing vessel and industrial equipment owners and operators with comprehensive, end-to-send services to help them achieve greater asset efficiency and lower total cost of operations. The pillar will include both current activities (ship management, shipping agency, shipyard, and bunkering) and introduce new

services, such as ship chandlering. Milaha will also combine its truck sales and distribution activities with its land-based asset maintenance and servicing (such as trucks, crane, and forklifts) activities. (Gulf-Times.com)

- **Doha Bank CEO: Qatar's economy set to rebound strongly in 2021 –** The various measures taken by Qatar's government will ensure sustainable development amidst the coronavirus pandemic (COVID-19) and lead the country towards economic growth of 5% in 2021, Doha Bank Group's CEO, R Seetharaman has said. Delivering concept note at a webinar entitled 'Sustainable Developments in Qatar', Seetharaman said, "Qatar unveiled stimulus packages worth QR75bn for the private sector to help mitigate the economic impact of the coronavirus outbreak. Qatar sold $10bn in bonds in tranches of 5, 10, and 30 years in April 2020. Such initiatives will ensure sustainable development amidst COVID-19." Organized by Doha Bank, the webinar addressed several points of discussion including the economic repercussions of the outbreak, the government's action plan, and measurements to support entrepreneurship and private sector, and the role of sustainable development initiatives in reviving the economy. Besides the several initiatives taken by Qatar's government, Seetharaman said, Qatar's economy is strong enough to withstand the financial impacts of COVID-19 as the country's reserves are twice the GDP. (Qatar Tribune)
- **Moody's: Qatar has room to delay into 2021 consolidation measures to offset COVID losses –** Qatar has some room to delay consolidation measures into 2021 in order to offset expected revenue losses from the novel coronavirus shock, according to Moody's, an international credit rating agency. Doha's ability to push consolidation measures until next year is mainly because prices of liquefied natural gas (Qatar's main export) are set in long-term contracts and follow oil price movements with a lag, the rating agency said in a report. By 2021, Moody's expects the impact of the oil price shock on Qatar's fiscal revenue to "peak". Highlighting that Qatar government has announced "somewhat more modest" spending cuts so far, amounting to 4%-5% of gross domestic product or GDP; it said cuts include a large reduction in non-priority capital expenditures, which the government had announced in early March. It also includes a more recently announced plan to reduce the salaries of expatriates employed in the government sector by 30%, "which we estimate could reduce spending by close to 1% of GDP on an annual basis", the credit rating agency said. While the Gulf Co-operation Council (GCC) sovereigns have provided some targeted support to buffer the economy against the pandemic shock, most have enacted consolidation measures that significantly exceed the cost of fiscal stimulus with the aim of offsetting expected revenue losses, it said. (Gulf-Times.com)
- **Hospitality sector accommodation set to increase –** Room supply from properties under development in the country is expected to further increase in the coming years, according to Qatar National Tourism Council's (QNTC) Annual Tourism Performance Report. These will include 107 projects, comprising an estimated 21,500 rooms, under various stages of development, as well as other project proposals under consideration. The total number of rooms in Qatar currently stands at 27,261 across 130 properties. Out of this, 24,562 are hotel rooms and 2,699 hotel apartments. Hotels and hotel apartments in the country witnessed high occupancy in 2019, receiving more guests compared to the previous year, the report said. QNTC noted that Qatar's hospitality accommodation industry recorded 66% total occupancy rate across all hotels and hotel apartments last year – an increase of 9%. "Overall, the number of rooms sold (demand) in hotels and hotel apartments increased by 15% in 2019 compared to 2018. All hotel and hotel apartments witnessed increases in occupancy in 2019, except for deluxe apartments," the report said. Both one-star and two-star hotels benefitted the most with more than 23% increase in occupancy followed by three-star hotels, up by 11%, the report added. (Gulf-Times.com)
- **Qatar Airways expands flights to US –** Qatar Airways commitment to the US market has not waivered throughout this unprecedented crisis. While other airlines from the Gulf stopped operating, Qatar Airways has continued to work closely with the US Government and airports to take over 160,000 stranded people home from Australasia, Africa, India and the Middle East. The national carrier of the State of Qatar is proud to reaffirm its further commitment to the US with the resumption of flights to New York (JFK) from 19 June (rising to 10 weekly from 2 July) and to Boston, Los Angeles and Washington Dulles from 1 July. This will see the airline's US network rebuild to 39 weekly flights by mid-July 2020. (Qatar Tribune)
- **KPMG: Qatar's advanced infrastructure, 5G introduction offer 'great' opportunities for service providers –** Qatar's advanced infrastructure and the introduction of 5G constitute great opportunities for service providers to play a major role in establishing the digital economy and ensure business continuity, KPMG has said in a report. 5G in Qatar will impose speed in data and increased coverage allowing additional use-cases to emerge and giving operators the chance to play a bigger role as enabler for the digitization of the country, KPMG said in a telecom market overview. Qatar's telecommunication sector is shaped more by mobile services rather than fixed broadband which represents a few challenges but also huge opportunities to the service providers, where operators are becoming digital service providers combining digital service with their ability to provide the service to the customer everywhere and at any time. "The impact of Covid-19 is putting the telecommunication sector in a challenging position, nonetheless, demands and expectations are high from both consumer and business customers allowing the communications service providers to play a major role in the sustainability of the county's economy during these difficult days," KPMG said. On current and potential challenges, KPMG noted the user consumption of digital services such as eHealth, eEducation, eCommerce, etc. will have an impact on their behavior even after the pandemic has been controlled. However, they might turn soon into de facto conventional services if the service providers use the chance to establish digital platforms that disrupt the way we were used to, turning the short-term impact of COVID-19 into long term sustainable revenue streams. (Gulf-Times.com)

- **Ezdan report: Property market price index buoyant as restrictions ease –** Qatar's real estate market activity has seen a rebound performance that surged to record levels, backed by a significant number of property sale deals executed during the past week, as well as the number of exceptional deals concluded during the same period, following the announcement of lifting the lockdown restrictions on a 4-phase plan as part of the gradual easing of precautionary measures against Coronavirus outbreak, which started its first phase in mid-June. Although the market recovery did not fall within the gradual lifting stages, optimistic sentiments affected the market positively, Ezdan Real Estate report noted. With regard to real estate activity and the volume of sales registered during the period from 7-11 June 2020, Real Estate Registration Department has registered 125 property sale deals, worth approx. QR962.9mn, and the deals were distributed among seven municipalities: Umm Salal, Al Khor, Al Thakhira, Doha, Al Rayyan, Al Shamal, Al Daayen and Al Wakrah. The transactions entailed vacant land lots, residences, multi-use buildings, multi-use vacant land lots, and residential buildings. Doha Municipality ranked first in terms of the highest deal by selling a Tower in Onaiza region, spanning over 4,203 square feet, where the deal is concluded at QR6,776 per square foot, totaling QR306.6mn. (Peninsula Qatar)

**International**

- **US current account deficit edges down; COVID-19 curbs trade –** The US current account deficit dipped to a near two-year low in the first quarter as the COVID-19 pandemic restricted the flow of goods and services, while companies continued to repatriate profits back home. The Commerce Department said on Friday the current account deficit, which measures the flow of goods, services and investments into and out of the country, slipped 0.1% to $104.2bn, the smallest since the second quarter of 2018. A drop in imports and income payments narrowly outpaced a decline in exports and income receipts. Data for the fourth quarter was revised to show the gap narrowing to $104.3bn, instead of $109.8bn as previously reported. Economists polled by Reuters had forecast the current account gap shrinking to $103bn in the January-March quarter. The current account gap represented 1.9% of GDP in the first quarter, the smallest share since the third quarter of 2017. The Commerce Department's Bureau of Economic Analysis, which compiles the data, attributed the drop "in part, due to the impact of COVID-19, as many businesses were operating at limited capacity or ceased operations completely, and the movement of travelers across borders was restricted." Exports plunged to a 10-year low in April, which economists said set up the current account deficit to widen to as much as $120bn in the second quarter. In the first quarter, exports of goods and services and income received from foreign residents fell $47.5bn, the biggest drop in 11 years, to $902.2bn. That was the lowest level since the third quarter of 2017. Imports of goods and services and income payments to foreign residents declined $47.7bn to $1.01tn, also the lowest level since the third quarter of 2017. That drop was also the biggest since the first quarter of 2009. (Reuters)
- **US Fed's balance sheet shrinks for first time since February –** The Federal Reserve's assets shrank this week for the first time since February, reflecting a sharp drop in currency swaps with foreign central banks and a continued slackening in demand for other emergency credit facilities. The Fed's balance sheet - composed of assets ranging from US Treasury bonds and mortgage-backed securities to loans to banks and state governments - fell to $7.14tn on June 17 from $7.22tn a week earlier, Fed data released on Thursday showed. It was the first decline since the end of February, just before the Fed slashed interest rates to near zero and kicked a bevy of emergency credit facilities into overdrive to soften the economic blow from the coronavirus pandemic and the recession it has since triggered. The $74.2bn decline, the largest weekly drop since 2009, was driven by a $92bn drop in foreign exchange swaps with other central banks to $352.5bn on Wednesday from $444.5bn a week earlier. The total amount outstanding in the swap lines, designed to ease a surge in demand for US currency in the participating banks' jurisdictions during the early weeks of the crisis, was the lowest since early April. (Reuters)
- **British Finance Minister Sunak plans emergency cut in value-added tax –** British Finance Minister Rishi Sunak is ready to cut the value-added tax (VAT) as part of the government's latest efforts to tackle economic fallout from the coronavirus outbreak, the Sunday Times newspaper reported. Sunak has ordered officials to prepare options for reducing the sales tax, including a cut in the headline rate, and zero rating more products for a fixed period, the newspaper reported. The finance minister may announce lowering the VAT and business rates in a speech in early July, the report added, citing officials. Britain temporarily cut its value-added tax in 2008 during the global financial crisis, and Germany will do the same from July 1 for six months. Sunak earlier suggested he was open to the idea but would first need to see how quickly consumers resumed spending. (Reuters)
- **GfK: UK consumer sentiment strongest since COVID lockdown began –** British consumer sentiment recorded its biggest improvement in nearly four years this month as coronavirus lockdown restrictions eased, though it still remains far below its level at the start of this year, a survey showed on Friday. The GfK consumer confidence index, Britain's longest-running such survey, increased to its highest since March at -30, up from -36 in late May, which was the lowest reading since the depths of the financial crisis. The improvement matches other data showing some recovery since economic output collapsed by an unprecedented 20% in April, when many businesses suspended operations, shops closed to the public and workers were told to stay home were possible. However GfK said the improvement was not guaranteed to last. "With the labor market set for more job losses, we have to question whether we are seeing early signs of economic recovery or that infamous 'dead cat bounce'. Most bets will be on the dead cat," GfK director Joe Staton said. (Reuters)
- **OBR: COVID hit to UK tax revenues slightly less than feared –** The slump in British government tax revenues since the start of the coronavirus lockdown has been slightly less sharp than feared, the Office for Budget Responsibility said on Friday after the release of public finances data for May. Tax revenues in May were 43% lower than a year earlier in cash terms, mostly due to the government's deferral of value-added tax bills to help companies preserve cash flow. The OBR said it would publish a

revised borrowing scenario on July 14 incorporating the smaller fall in economic output and tax since its last forecast, and adding extra scenarios showing the potential budget consequences of longer-term economic damage. (Reuters)

- **UK shoppers start to spend again, but public borrowing hits record –** British shoppers bought much more than expected in May as the country gradually relaxed its coronavirus lockdown and online retailers boomed, adding to signs that the economy is moving away from its historic crash in March and April. But official data also showed public borrowing hit a record high as the government opened the spending taps and public debt passed 100% of economic output. Sales volumes in May jumped by a record 12.0% after an unprecedented 18.0% slump in April. The rise was at the top end of economists' forecasts in a Reuters poll but still left sales 13.1% down on a year ago. Most shops in England remained closed until June 15, suggesting a further increase is likely this month. Consumer confidence in June was the strongest since the lockdown began but remained weak, a separate survey showed. Bank of England Governor Andrew Bailey said on Thursday the economy appeared to be shrinking a bit less severely in the first half of 2020 than the BoE had feared. But there was no guarantee of a strong rebound and unemployment would rise. Household incomes would take a hit when a government support scheme covering 9 million jobs is wound up in October, he said. Britain closed non-essential retailers in late March and only a small number such as garden centers reopened in May. Sales at non-food stores increased by 24% in May, but were still 42% down on a year earlier, with clothes stores the hardest-hit category, down by more than 60%. Fuel sales jumped by 49% as people in England got back in their cars. Online sales rose to a third of all spending, a new record. (Reuters)
- **EU leaders agree: they're not ready to sign off a recovery plan –** EU leaders agreed on Friday that urgent action was needed to haul their coronavirus-hit economies from the deepest recession since World War Two, but made no progress on a massive stimulus plan that has divided them bitterly for weeks. The 27 avoided a bruising bust-up during a summit by video-conference of around four hours, and agreed to meet in person in mid-July to haggle and get across the line a long-term budget and economic rescue package worth 1.85tn Euros. "Leaders unanimously agreed that the severity of this crisis justifies an ambitious common response," Ursula von der Leyen, President of the European Commission, told reporters. Earlier, European Central Bank chief Christine Lagarde warned the leaders that the European Union's economy was in a "dramatic fall" due to the coronavirus crisis and that the full impact on unemployment rates was yet to come. Under discussion is the EU's 2021-27 budget of about 1.1tn Euros, and a proposal by the Commission, the bloc's executive, to borrow 750bn Euros from the market for a new recovery fund that would help revive economies hardest hit by coronavirus, notably Italy and Spain. With more than 100,000 deaths from COVID-19, the EU is keen to demonstrate solidarity after months of bickering that has dented public confidence and put the bloc's global standing at risk after its buffeting from Brexit. (Reuters)
- **ECB's Lagarde urges quick EU recovery plan as economy in 'dramatic fall' –** European Central Bank head Christine Lagarde urged European Union leaders on Friday to quickly agree on a recovery package that would pull the economy from a "dramatic fall" or risk a change in sentiment on markets, which were expecting a deal soon. Lagarde addressed EU leaders, meeting by videoconference to wrangle over how to engineer a recovery from the deep recession caused by three months of coronavirus lockdowns in most European countries. "(The) EU economy is experiencing a dramatic fall," she told the gathering, according to officials. "Decisive and effective action by both national governments and European actors has proven its worth: they paved the way for a rebound towards year-end and helped to buy some time. This is reflected in market sentiment, but failure to deliver could lead to a change in that sentiment," she said. Lagarde reiterated the ECB's forecasts that the euro zone economy would shrink 13% in the second quarter from the first, and contract 8.7% overall in 2020, before rebounding by 5.2% in 2021. She said the worst impact of the pandemic on labor markets was still to come, and that unemployment, now at 7.3% of the workforce, could rise to 10%, hitting young people particularly hard. "It's in our own hands to forge the recovery we want to see," she said. "The recovery package should be far, fast, flexible and firmly anchored in economic reforms. The faster the package is agreed, the better for the EU economy," she said, according to officials. (Reuters)
- **Japan's deflation gathers momentum as prices extend declines –** Japan's core consumer prices fell for a second straight month in May, reinforcing deflation expectations and raising the challenge for policymakers battling to revive an economy reeling from the coronavirus pandemic. The data will likely complicate the Bank of Japan's job of restoring growth and inflation, with a raft of recent indicators suggesting the nation is in the grip of its worst postwar economic slump. Several BOJ board members warned that stronger monetary support and closer policy coordination with the government were needed to prevent Japan from returning to deflation, minutes of the bank's April meeting showed. The nationwide core consumer price index (CPI), which includes oil but excludes volatile fresh food prices, fell 0.2% in May from a year earlier, government data showed on Friday. That compared with market forecasts of a 0.1% fall and followed a 0.2% drop in April, which was the first year-on-year decline since December 2016. The BOJ kept policy steady this week after expanding stimulus in March and April. But governor Haruhiko Kuroda conceded that inflation would remain well short of its 2% target for years to come. The downturn in growth is also likely to have been exacerbated by Japan's state of emergency in April through late May, which prompted people to stay home and businesses to close. As businesses re-open after the lifting of lockdown measures, the government raised its economic assessment in June for the first time since 2018. Japan also lifted all coronavirus-related curbs on domestic travel on Friday, with Prime Minister Shinzo Abe calling on people to go sightseeing or attend events to help the nation's economy bounce back. (Reuters)
- **BOJ: Major central banks to cut frequency of dollar-funding operations –** Major central banks across Europe and Japan will reduce the frequency of their seven-day dollar liquidity-providing operations from July as the market tension caused by the coronavirus pandemic has eased, the Bank of Japan said on

Friday. In view of improvements in US dollar funding conditions and after consulting with the US Federal Reserve, the Bank of England, the Bank of Japan, the European Central Bank and the Swiss National Bank have jointly decided to reduce the frequency of their seven-day operations from daily to three times a week, the BOJ said in a statement. The change will take effect on July 1, it said. "These central banks stand ready to re-adjust the provision of US dollar liquidity as warranted by market conditions," the statement said. "The swap lines among these central banks are available standing facilities and serve as an important liquidity backstop to ease strains in global funding markets," it said. In a bid to address the market turbulence caused by the pandemic, the Fed in March increased the frequency of seven-day maturity operations from weekly to daily as part of its swap line arrangements with the major central banks. Dollars were in huge demand in March and supply was tight, but conditions have stabilised recently after a raft of measures taken by major central banks to ease market jitters over the fallout from the pandemic. (Reuters)

- **Japan says economy 'almost stopped worsening', raising view for first time since 2018 –** Japan's government raised its economic assessment in June for the first time since 2018 as a sharp deterioration caused by the new coronavirus outbreak had nearly come to an end. Although the economy remained in an "extremely severe situation" due to the coronavirus pandemic, it had "almost stopped worsening", the June report said. Japan is expected to suffer its worst postwar slump this quarter, but the government's new economic assessment took heart from signs of improvement in consumer spending and business sentiment after the phased lifting of a state of emergency in late May. Prime Minister Shinzo Abe declared the emergency in April and asked people to stay home and businesses to close to prevent the virus spreading. "The economy is still on a slightly downward trend but the sharp deterioration has ended," said an official at the Cabinet Office, adding that any pick-up in the economy would depend on how jobs and wages pan out. The government upgraded its view on consumer spending for the first time since January 2018, noting signs of improvement as retailers and restaurants re-opened. And the government also raised its assessment on business sentiment for the first time since April 2017, saying it was showing signs of picking up too after a service sector sentiment index rose for the first time in May. But, as external demand remained subdued, the government kept its view on exports, saying they were "falling rapidly" and factory output was also falling. (Reuters)
- **Japan May core CPI falls 0.2% YoY –** Japan's core consumer prices fell 0.2% in May from a year earlier, government data showed on Friday. The core consumer price index, which includes oil products but excludes fresh food prices, compared with economists' median estimate for a 0.1% annual fall. Stripping away the effect of fresh food and energy, consumer prices rose 0.4% in May from a year ago. (Reuters)
- **Fitch cuts India's sovereign rating outlook to 'negative' –** Fitch cut its outlook on India's sovereign rating to "negative" from "stable" on Thursday and forecast a 5% contraction in growth for the current fiscal year, saying the coronavirus outbreak was extracting a heavy toll on the economy. "The coronavirus pandemic has significantly weakened India's growth outlook for this year and exposed the challenges associated with a high public-debt burden," the ratings agency said in a statement. However, Fitch maintained its India rating at 'BBB-', the lowest investment grade. The move comes after Moody's downgraded India earlier this month to a notch above junk, falling in line with other global agencies, while also cutting its outlook to 'negative'. But S&P shortly after affirmed its rating and maintained a 'stable' outlook. Fitch said it expected India to rebound with growth of 9.5% in 2021/22, mainly due to a low base but highlighted that its forecasts are subjected to considerable risks due to continued rise in new COVID-19 cases as nationwide lockdowns are eased gradually. The agency said the medium-term fiscal outlook is of particular importance from the rating perspective, but is subject to great uncertainty and would depend on the level of GDP growth and government's policy intentions. Fiscal metrics have deteriorated significantly and Fitch said it expects government debt to jump to 84.5% of GDP this year from 71% last year and sharply higher than the median 52.6% for other similar rated countries in 2020. Fitch said India's medium-term GDP growth outlook might be negatively affected by renewed asset-quality challenges in banks and liquidity issues in non-banking financial companies and need for further financial support for banks is inevitable. (Reuters)
- **India's May crude oil imports post biggest decline since at least 2005 –** India's crude oil imports in May fell 22.6% from a year earlier, it's biggest drop since at least 2005, as fuel demand and refinery production was hurt by a country-wide lockdown to curb the spread of coronavirus. Crude oil imports fell to 14.61mn tons, it's lowest since 2015, Petroleum Planning and Analysis Cell data showed on Friday. Oil products imports eased 0.8% to 3.57 mn tons YoY, while exports rose by 5.9% to 5.75mn tons, gaining for a ninth straight month in May as slowing demand at home prompted companies to ship more oil overseas. The country has relaxed coronavirus-led restrictions in lower risk areas, which is expected to improve demand and scale up crude processing. The latest data bolstered those expectations with India's fuel demand jumping nearly 50% in May from the previous month, signaling a slow revival of economic activity. However, industry analysts expect a full-scale recovery to pre-COVID-19 consumption levels in India to be months away as the monsoon season approaches while manufacturing activities remain low and transportation demand takes a hit in some parts of the country. Diesel exports, which continued to account for a major share of exports, increased by nearly 33% to 2.79 million tons. India revised down its crude oil imports figure for April to 16.55mn tons- a decline of 16% YoY, from 17.28mn tons reported earlier, the data showed. (Reuters)

**Regional**

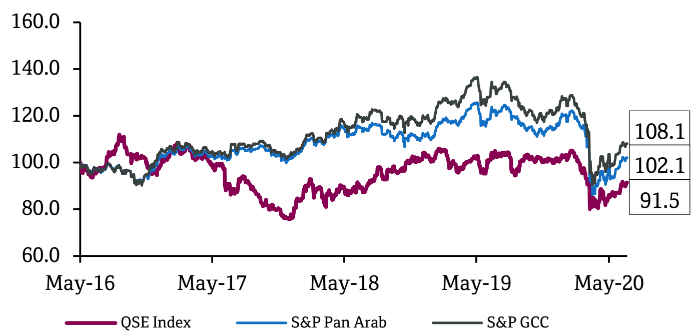
- **OPEC+ pushes for compliance, undecided on oil cut extension –** An OPEC+ panel pressed countries such as Iraq and Kazakhstan on Thursday to comply better with oil cuts and left the door open for extending or easing record production curbs from August. The panel, known as the Joint Ministerial Monitoring Committee (JMMC), advises OPEC+ and will meet again on July 15, when it would recommend the next level of cuts, designed to support oil prices battered by the coronavirus pandemic. The OPEC+, have been cutting output since May by a record 9.7mn bpd - or 10% of global supply - after oil demand plunged by up to a third. After July, the cuts are due to taper to 7.7mn bpd until December. Two OPEC+ sources said Thursday's virtual JMMC meeting did not discuss extending record cuts beyond July. An OPEC+ statement also made no mention of such plans and said Iraq and Kazakhstan presented a plan for how to compensate for May overproduction in July-September. (Reuters)

- **IMF: Economic immigration pressure in Middle East to ease –** The economic immigration pressure from South Asia into the Middle East is expected to ease in a big way over the next three decades, because of south Asia's continuing process of income convergence, according to IMF. The world migrant share between 2020 and 2050 is nearly stable, at just above 3% of the world population. Therefore, at the global level, there is no surge in migration. However, the share of emerging market and developing economies (EMDE) immigrants into advanced economies keeps increasing to about 16% of the total population of advanced economies; despite the negative effect that income convergence has on EMDE emigration. IMF's latest report on 'Macroeconomic effects of global migration' (2020-2050) released on Friday, noted that migration will raise a vast and multifaceted array of macroeconomic issues. The large interregional migration corridor for the next wave of migration, however, includes the corridors from South Asia to the Middle East, and from the Middle East and North Africa to Europe. (Peninsula Qatar)
- **JODI: Saudi Arabia crude exports rose to 10.237mn bpd in April –** Saudi Arabia's crude oil exports in April rose to 10.237mn bpd from 7.391mn bpd in March, official data showed on Thursday. The country's crude output rose by 2.274mn bpd to 12.007mn bpd in April, the official figures showed. Exports rose by 2.846mn bpd to 10.237mn bpd in April, while crude stocks fell 12.747mn bbl to 143.502mn barrels in April. Saudi domestic refinery crude throughput fell 0.128mn bpd in April to 1.84mn bpd, while direct crude burn rose 76,000 bpd in April to 355,000 bpd. Monthly export figures are provided by Riyadh and other members of the OPEC to the Joint Organizations Data Initiative (JODI), which published them on its website. OPEC and allies, known as OPEC+, agreed to a record supply cut that started on May 1 to support prices and demand hit by the coronavirus crisis. (Reuters)
- **Saudi Aramco will use cash, debt to pay dividends, says CEO –** Saudi Aramco will use cash and debt to pay its dividend of $18.75bn for the first quarter of this year, the company's Chief Executive, Amin Nasser said, after the top oil firm sealed a major acquisition deal. "It will be a combination of both," he told reporters on a conference call. "We would like to use our free cash definitely most of time, but other debt instruments from banks or bonds are also available for us as we have a strong balance sheet," he said. Nasser was speaking a day after Aramco completed its purchase of a 70% stake in petrochemicals company SABIC from Saudi Arabia's sovereign wealth fund, the Public Investment Fund (PIF), for $69.1bn and extended the payment period by three years to 2028. "We reached an agreement with the PIF that is a win-win," Nasser said, adding that the payment structure would "allow us to continue to execute our projects and deliver on our commitments." The ratio between Aramco's debt and its market value, or gearing, would rise after the SABIC purchase, Nasser said. In the first quarter of this year Aramco's gearing dropped to minus 5%, compared to a range of 11% to 36% for Western rivals. He said Aramco's gearing target was between 5% and 15%. (Reuters)
- **Saudi Aramco cuts hundreds of jobs amid oil market downturn, sources say –** Saudi Aramco started laying off hundreds of employees this month, sources said, as global energy companies reduce their workforces in response to the coronavirus crisis. Like other top oil firms, Aramco has cut capital spending for 2020 after the pandemic brought an unprecedented drop in oil demand and hammered crude prices. Oil majors have cut workforces by 10% to 15% to cuts costs and as part of restructuring plans. Most of those who lost jobs at Aramco were foreigners, the sources said. One source estimated that 500 people had been laid off, adding that the job losses were mostly based on performance and similar actions took place each year. Aramco has more than 70,000 employees. "Aramco is adapting to the highly complex and rapidly changing business environment caused by the COVID-19 pandemic. We constantly review and revisit our operating expenditures where necessary to continue driving operational excellence and profitability," Aramco said in a statement. (Reuters)
- **Saudi Arabia building stake in BT Group –** Saudi Arabia's Public Investment Fund (PIF) has been buying shares of BT Group Plc on the open market in recent weeks, the Telegraph reported, citing three sources close to BT that it did not identify. The stake was said to be significantly lower than the 5% threshold that would require notification to the exchange, the report said. BT advisers have been tracking a new investor in the market for weeks, it said. (Bloomberg)
- **Banking sector to see upward trajectory in 2H2020 –** The banking sector in the UAE is expected to show economic recovery in the second half of this year, the apex bank said in its first quarter report recently. Earlier in March, to combat the Covid-19 crisis across the country, the Central Bank of the United Arab Emirates (CBUAE) introduced economic support scheme to provide financial support to private and business customers affected by the Covid-19 pandemic. This regulation aimed at giving financial relief for the banks' customers and ensuring the continuation of business activities within the UAE. The aggregate value of all capital and liquidity measures it adopted since March 14 is AED256bn. The Targeted Economic Support Scheme (TESS) consists to 50% of CBUAE funds in form of secured loans at no charge to all banks operating in the UAE and to 50% of capital buffers from banks that became available. The regulatory relief announced by the CBUAE aims on decreasing the impact of the Covid-19 on the economy and the banking sector. (Zawya)
- **Moody's revises outlook to negative on eight UAE banks –** Rating agency Moody's changed its outlook to negative from stable for eight banks in the United Arab Emirates amid the coronavirus outbreak, it said. The eight banks are Emirates NBD, Abu Dhabi Commercial Bank, Dubai Islamic Bank, Mashreq Bank, HSBC Bank Middle East, Abu Dhabi Islamic

Bank, The National Bank of Ras Al-Khaimah and National Bank of Fujairah. Moody's affirmed the banks' ratings but said the change of outlook reflected "the potential material weakening in their standalone credit profiles, amid a challenging operating environment in the UAE due to the coronavirus outbreak, low oil prices and pre-existing economic challenges". (Reuters)

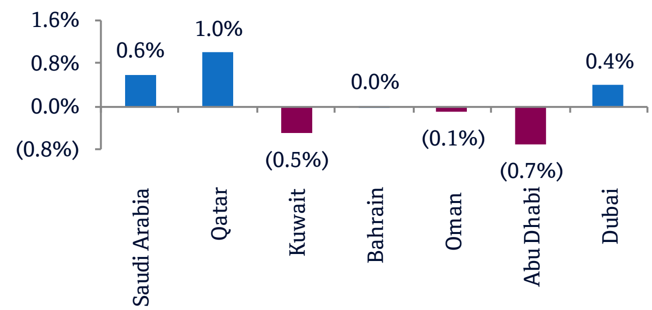
- **BP to output from Oman's Khazzan gas field to 1.5 bcf by end-2020 –** BP plans to produce an additional 500mn cubic feet of gas from Oman's Khazzan field, known as Ghazir, by the end of 2020, the state news agency quoted the company's Oman boss as saying on Saturday. "Gas production from Khazzan project is currently up to one billion cubic feet (bcf) and it will increase to 1.5 bcf per day, in addition to around 35,000 bpd of gas condensate (light oil)," Mohammed Al Ojaili told the news agency. Construction of facilities has nearly finished, Al Ojaili added, with 126 of 300 wells drilled. Investment in the Ghazir project as of the end of the first quarter of the year stood at about $9.3bn out of a total estimated at $16bn. BP resumed gas production at the Khazzan field in early April following a three-week planned shutdown. The British company in 2013 signed a 30-year deal to develop the Khazzan tight gas project, one of the largest upstream projects in the small Gulf state. (Reuters)

## Rebased Performance




Source: Bloomberg

## Daily Index Performance




Source: Bloomberg

| Asset/Currency Performance | Close ($) | 1D% | WTD% | YTD% |
|---|---|---|---|---|
| Gold/Ounce | 1,743.87 | 1.2 | 0.8 | 14.9 |
| Silver/Ounce | 17.62 | 1.4 | 0.8 | (1.3) |
| Crude Oil (Brent)/Barrel (FM Future) | 42.19 | 1.6 | 8.9 | (48.6) |
| Crude Oil (WTI)/Barrel (FM Future) | 39.75 | 2.3 | 9.6 | (43.4) |
| Natural Gas (Henry Hub)/MMBtu | 1.46 | 1.4 | (12.0) | (30.1) |
| LPG Propane (Arab Gulf)/Ton | 51.38 | 0.7 | 3.8 | 24.6 |
| LPG Butane (Arab Gulf)/Ton | 50.38 | (1.0) | (3.1) | (24.1) |
| Euro | 1.12 | (0.2) | (0.7) | (0.3) |
| Yen | 106.87 | (0.1) | (0.5) | (1.6) |
| GBP | 1.24 | (0.6) | (1.5) | (6.8) |
| CHF | 1.05 | (0.1) | 0.0 | 1.6 |
| AUD | 0.68 | (0.2) | (0.5) | (2.6) |
| USD Index | 97.62 | 0.2 | 0.3 | 1.3 |
| RUB | 69.46 | (0.6) | (1.0) | 12.0 |
| BRL | 0.19 | 1.3 | (4.9) | (24.4) |

Source: Bloomberg

| Global Indices Performance | Close | 1D%* | WTD%* | YTD%* |
|---|---|---|---|---|
| MSCI World Index | 2,208.97 | (0.3) | 2.1 | (6.3) |
| DJ Industrial | 25,871.46 | (0.8) | 1.0 | (9.3) |
| S&P 500 | 3,097.74 | (0.6) | 1.9 | (4.1) |
| NASDAQ 100 | 9,946.12 | 0.0 | 3.7 | 10.8 |
| STOXX 600 | 365.46 | 0.6 | 3.2 | (12.1) |
| DAX | 12,330.76 | 0.4 | 3.2 | (6.9) |
| FTSE 100 | 6,292.60 | 1.1 | 3.1 | (16.6) |
| CAC 40 | 4,979.45 | 0.4 | 2.9 | (16.7) |
| Nikkei | 22,478.79 | 0.6 | 0.8 | (5.0) |
| MSCI EM | 1,001.36 | 0.6 | 1.5 | (10.2) |
| SHANGHAI SE Composite | 2,967.63 | 1.0 | 1.6 | (2.7) |
| HANG SENG | 24,643.89 | 0.7 | 1.4 | (12.6) |
| BSE SENSEX | 34,731.73 | 1.5 | 2.8 | (15.8) |
| Bovespa | 96,572.10 | 0.5 | 4.1 | (16.5) |
| RTS | 1,249.67 | 1.5 | 0.9 | (19.3) |

Source: Bloomberg (*$ adjusted returns)

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