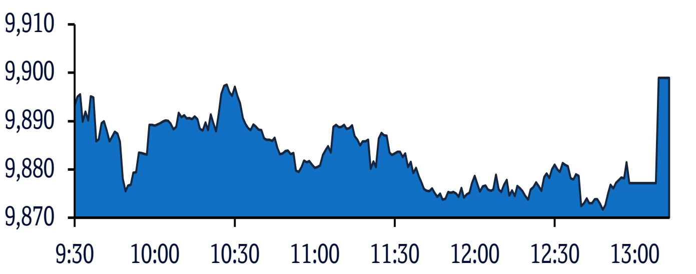
Daily Market Report

Thursday, 27 August 2020

QSE Intra-Day Movement



Qatar Commentary

The QE Index declined 0.1% to close at 9,898.9. Losses were led by the Real Estate and Industrials indices, falling 0.6% and 0.4%, respectively. Top losers were Doha Insurance Group and Dlala Brokerage & Investment Holding Company, falling 1.7% and 1.6%, respectively. Among the top gainers, INMA Holding gained 9.0%, while Mazaya Qatar Real Estate Development was up 2.7%.

GCC Commentary

Saudi Arabia: The TASI Index gained 0.2% to close at 7,955.0. Gains were led by the Media & Ent. and Consumer Durables indices, rising 5.5% and 2.3%, respectively. Arabian Pipes Company and Al-Baha Invest & Development were up 10.0% each.

Dubai: The DFM Index fell 0.7% to close at 2,288.9. The Investment & Financial Services index declined 2.2%, while the Real Estate & Construction index fell 1.7%. Khaleeji Commercial Bank and Arabtec Holding declined 4.9% each.

Abu Dhabi: The ADX General Index fell 0.6% to close at 4,529.8. The Real Estate index declined 3.6%, while the Banks index fell 1.0%. Abu Dhabi National Company for Building declined 4.8%, while Ras Al Khaimah Cement Co. was down 4.4%.

Kuwait: The Kuwait All Share Index gained 0.4% to close at 5,268.6. The Oil & Gas index rose 2.4%, while the Consumer Goods index gained 1.3%. Hilal Cement Company rose 15.4%, while Gulf Investment House was up 9.6%.

Oman: The MSM 30 Index gained 0.5% to close at 3,748.0. Gains were led by the Financial and Services indices, rising 0.3% and 0.1%, respectively. Oman Arab Bank rose 6.5%, while Muscat Finance was up 4.0%.

Bahrain: The BHB Index fell 0.1% to close at 1,373.1. The Investment index declined 0.5%, while the other indices ended flat or in green. Bahrain Commercial Facilities declined 7.4%, while Khaleeji Commercial Bank was down 2.6%.

Market Indicators	26 Aug 20	25 Aug 20	%Chg.
Value Traded (QR mn)	429.8	547.9	(21.6)
Exch. Market Cap. (QR mn)	574,508.8	575,295.5	(0.1)
Volume (mn)	218.2	341.9	(36.2)
Number of Transactions	8,811	13,131	(32.9)
Companies Traded	46	44	4.5
Market Breadth	13:30	21:18	–

Market Indices	Close	1D%	WTD%	YTD%	TTM P/E
Total Return	19,030.37	(0.1)	1.3	(0.8)	16.1
All Share Index	3,067.46	(0.1)	1.0	(1.0)	16.9
Banks	4,156.89	0.2	(0.4)	(1.5)	13.9
Industrials	2,982.27	(0.4)	5.6	1.7	25.9
Transportation	2,865.12	(0.2)	(1.2)	12.1	13.6
Real Estate	1,651.42	(0.6)	1.5	5.5	13.5
Insurance	2,121.80	(0.0)	0.4	(22.4)	32.8
Telecoms	919.14	(0.4)	0.0	2.7	15.5
Consumer	8,166.83	(0.2)	1.3	(5.5)	25.6
Al Rayan Islamic Index	4,060.59	(0.2)	2.0	2.8	18.9

GCC Top Gainers##	Exchange	Close#	1D%	Vol. '000	YTD%
Sahara Int. Petrochem.	Saudi Arabia	16.28	4.1	7,921.8	(9.4)
Sohar International Bank	Oman	0.10	3.0	1,553.4	(4.5)
BBK	Bahrain	0.49	2.5	322.4	(10.6)
Nat. Industrialization Co.	Saudi Arabia	11.82	2.2	3,172.7	(13.6)
Banque Saudi Fransi	Saudi Arabia	33.25	2.2	647.7	(12.3)

GCC Top Losers##	Exchange	Close#	1D%	Vol. '000	YTD%
Aldar Properties	Abu Dhabi	2.07	(3.7)	39,715.2	(4.2)
Bank AlBilad	Saudi Arabia	24.00	(3.3)	897.3	(10.8)
Emaar Malls	Dubai	1.42	(2.7)	4,259.5	(22.4)
Saudi Cement Co.	Saudi Arabia	54.00	(2.5)	672.4	(23.0)
Dubai Islamic Bank	Dubai	4.12	(1.9)	4,832.5	(25.2)

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

QSE Top Gainers	Close*	1D%	Vol. '000	YTD%
INMA Holding	4.47	9.0	10,905.7	135.2
Mazaya Qatar Real Estate Dev.	1.08	2.7	19,678.8	50.1
Qatar Cinema & Film Distribution	3.50	1.4	0.8	59.1
Masraf Al Rayan	4.16	1.0	4,479.9	5.1
Mesaieed Petrochemical Holding	2.13	0.5	1,164.5	(15.0)

QSE Top Volume Trades	Close*	1D%	Vol. '000	YTD%
INMA Holding	0.54	0.4	10,905.7	(4.4)
Mazaya Qatar Real Estate Dev.	1.08	2.7	19,678.8	50.1
Qatar Aluminium Manufacturing	0.95	(1.0)	18,767.0	21.5
Salam International Inv. Ltd.	0.53	(0.2)	16,067.1	2.5
Alijarah Holding	1.01	0.0	13,807.2	43.1

QSE Top Losers	Close*	1D%	Vol. '000	YTD%
Doha Insurance Group	1.14	(1.7)	122.3	(5.0)
Dlala Brokerage & Inv. Holding	1.95	(1.6)	4,021.6	219.5
Mannai Corporation	2.96	(1.4)	3.9	(4.0)
Ezdan Holding Group	1.43	(1.2)	8,737.5	132.0
Qatar First Bank	1.41	(1.1)	2,958.8	72.6

QSE Top Value Trades	Close*	1D%	Val. '000	YTD%
INMA Holding	4.47	9.0	47,418.0	135.2
QNB Group	18.33	0.2	40,505.8	(11.0)
The Commercial Bank	4.12	(0.5)	27,137.0	(12.3)
Investment Holding Group	0.54	0.4	25,494.9	(4.4)
Mazaya Qatar Real Estate Dev.	1.08	2.7	21,041.9	50.1

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*	9,898.93	(0.1)	1.3	5.7	(5.1)	117.02	156,323.8	16.1	1.5	4.0
Dubai	2,288.93	(0.7)	2.4	11.6	(17.2)	76.63	67,602.5	8.7	0.8	4.2
Abu Dhabi	4,529.79	(0.6)	(0.3)	5.2	(10.8)	92.78	184,961.3	16.5	1.3	5.4
Saudi Arabia	7,955.04	0.2	1.4	6.6	(5.2)	2,522.21	2,360,845.8	28.3	1.9	3.3
Kuwait	5,268.56	0.4	1.1	6.0	(16.1)	104.64	99,137.3	27.6	1.3	3.7
Oman	3,747.96	0.5	3.3	5.0	(5.9)	23.28	16,914.4	11.1	0.8	6.6
Bahrain	1,373.11	(0.1)	1.3	6.4	(14.7)	4.95	20,889.1	12.8	0.9	5.2

Source: Bloomberg, Qatar Stock Exchange, Tadawul, Muscat Securities Market and Dubai Financial Market (** TTM; * Value traded ($ mn) do not include special trades, if any)

Qatar Market Commentary

- The QE Index declined 0.1% to close at 9,898.9. The Real Estate and Industrials indices led the losses. The index fell on the back of selling pressure from Foreign shareholders despite buying support from Qatar, GCC and Arab shareholders.
- Doha Insurance Group and Dlala Brokerage & Investment Holding Company were the top losers, falling 1.7% and 1.6%, respectively. Among the top gainers, INMA Holding gained 9.0%, while Mazaya Qatar Real Estate Development was up 2.7%.
- Volume of shares traded on Wednesday fell by 36.2% to 218.2mn from 341.9mn on Tuesday. Further, as compared to the 30-day moving average of 291.7mn, volume for the day was 25.2% lower. INMA Holding and Mazaya Qatar Real Estate Dev. were the most active stocks, contributing 5.0% and 9.0% to the total volume, respectively.

Overall Activity	Buy %*	Sell %*	Net (QR)
Qatari Individuals	49.08%	45.28%	16,350,147.5
Qatari Institutions	20.99%	22.30%	(5,661,996.5)
Qatari	**70.07%**	**67.58%**	**10,688,151.0**
GCC Individuals	1.68%	1.15%	2,275,569.3
GCC Institutions	1.66%	0.69%	4,187,221.1
GCC	**3.34%**	**1.84%**	**6,462,790.4**
Arab Individuals	11.25%	11.00%	1,059,893.6
Arab Institutions	–	–	-
Arab	**11.25%**	**11.00%**	**1,059,893.6**
Foreigners Individuals	4.57%	2.62%	8,407,870.5
Foreigners Institutions	10.77%	16.97%	(26,618,705.5)
Foreigners	**15.34%**	**19.58%**	**(18,210,835.0)**

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

Ratings and Global Economic Data

Ratings Updates

Company	Agency	Market	Type*	Old Rating	New Rating	Rating Change	Outlook	Outlook Change
Ahli Bank	Fitch	Oman	LT-IDR/VR	BB-/bb-	B+/b+	↓	Negative	–
Bank Muscat	Fitch	Oman	LT-IDR/VR/SR	BB/bb/3	BB-/bb-/4	↓	Negative	–
HSBC Bank Oman	Fitch	Oman	LT-IDR/VR	BB+/bb	BB/bb-	↓	Negative	–

Source: News reports, Bloomberg (* LT – Long Term, IDR – Issuer Default Rating, SR – Support Rating, VR – Viability Rating)

Global Economic Data

Date	Market	Source	Indicator	Period	Actual	Consensus	Previous
08/26	US	Mortgage Bankers Association	MBA Mortgage Applications	21-Aug	-6.5%	–	-3.3%
08/26	Japan	Bank of Japan	PPI Services YoY	Jul	1.2%	0.8%	0.9%

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

Qatar

- **Qatar's trade surplus in merchandise sector up 6.6% to QR6.25bn in July –** Qatar's role in the global supply chain seemed intact as its merchandise sector, amidst the COVID-19 challenges, saw a 6.6% MoM expansion in trade surplus to QR6.25bn this July, aided by export growth to China and Japan, according to the Planning and Statistics Authority (PSA). The country's merchandise trade surplus, however, witnessed a 52.3% YoY decline, the PSA figures show. The Asian region accounted for more than 62% of Qatar's exports, while imports came from diversified geographies. In July 2020, total exports of goods (including exports of goods of domestic origin and re-exports) were QR13.6bn, showing about 7% growth on a monthly basis; while it fell 39% on yearly basis. On a monthly basis, the exports of crude soared 50.4% to QR2.32bn, non-crude by 13.2% to QR1.17bn, petroleum gases and other gaseous hydrocarbons by 5.4% to QR7.8bn and other commodities by 3.1% to QR1.75n. The exports of petroleum gases and other gaseous hydrocarbons shrank 41.9% YoY, non-crude by 41%, crude by 39.7% and other commodities by 27%. Petroleum gases constitute 60% of the exports of domestic products compared to 62% a year-ago period, crude 18% (18%), non-crude 9% (9%) and other commodities 13% (11%). In July this year, Qatar's shipments to China amounted to QR2.81bn, accounting for 21% of the total exports; Japan QR2.05bn (15%); India QR1.66bn (12%); South Korea QR1.24bn (9%); and Singapore QR0.68bn (5%). On a monthly basis, Qatar's exports to China and Japan witnessed 39.04% and 13.16% growth respectively; while those to India, Singapore and South Korea declined 15.3%, 8.46% and 5.4% in the review period. On a yearly basis, Qatar's exports to South Korea had seen a huge 54.95% plunge, Japan 53.37%, India 43.97%, Singapore 34.3% and China 15.07%. The country's re-exports amounted to QR0.57bn in July 2020, which plummeted 46% on a monthly basis and 6.7% YoY. Qatar's total imports (valued at cost insurance and freight) amounted to QR7.35bn, which showed a 7.1% jump month-on-month; even as it declined 19.5% on a yearly basis in the review period. In July 2020, imports from the US stood at QR1.03bn, which accounted for 14% of the total imports; China QR0.99bn (14%), the UK QR0.64bn (9%), India QR0.42bn (6%) and Germany QR0.41bn (6%). On a monthly basis, the country's imports from the UK more than doubled, those from India soared 14.64% and the US 3.96%; while those from Germany shrank 35.59% and China 15.47%. On a yearly basis, Qatar's imports from Germany declined 35.28%, the US 30.08%, China 22.06%, the UK 16.32% and India 7.78%. (Gulf-Times.com)
- **Paiton Energy mega sale is said to draw Southeast Asian bidders** – Bidders from across Southeast Asia submitted non-binding offers for Indonesia's PT Paiton Energy, in a sale process that could value the independent power producer at as much as $4bn including debt, people with knowledge of the matter said. Japan's Mitsui & Co., Qatari energy investment firm Nebras Power QSC and Jera Co., which collectively own 95% of Paiton, have hired advisers to help with the potential sale of their stakes, the people said. The owners collected the first-round bids earlier this month, the people said, asking not to be identified as the matter is private. Malaysia's YTL Group is bidding in a consortium with Paiton's existing minority shareholder PT Toba Bara Sejahtra, the people said. The consortium is only vying for Mitsui's 45.5% stake, they said. There are other potential suitors from Southeast Asia for the asset, they said. Toba Bara has owned a stake in Paiton since 2018, when it bought PT Batu Hitam Perkasa. Batu Hitam owned 5% of Paiton, according to a Nebras press release. Deliberations are ongoing and the sellers could still choose to keep their respective stakes in Paiton, the people said. While the sale processes are being run separately, there remains a possibility that the owners could decide to collaborate on the deal, they said. Nebras, which is 60% owned by Qatar Electricity & Water (QEWS), bought a 35.5% stake in Paiton for $1.27bn in February 2016. We note there have been previous reports of Nebras looking to sell its stake in Paiton in March 2019 but Nebras had denied such reports. (QNBFS Research, Bloomberg)
- **MARK completes successful issuance of $750mn Sukuk** – Masraf Al Rayan (MARK) rated A1 by Moody's with a stable outlook, has announced the successful issuance of $750mn Sukuk with a term of 5 years under the Bank's existing $2bn Sukuk program. MARK's Sukuk issuance was 4.4 times oversubscribed ($3.3bn). The overwhelming demand from investors has allowed the Bank to increase the issue size from an initial US$500mn to US$750mn. The issuance was priced at a spread of 185 basis points over the 5-year mid swap carrying a fixed profit rate of 2.21% per annum. MARK's Sukuk issuance has attracted investors from across the globe with 41% from Europe, 28% from Asia, 24% from MENA and 7% from US offshore accounts. By investor type, 69% were allocated to fund managers, 15% to banks and private banks, 8% to Agencies and 8% to insurance and pension funds. The success of the issuance was based on a comprehensive marketing strategy that aimed to demonstrate the strong fundamentals of MARK and the strength of the Qatari economy to the international investors. Al Rayan Investment, Crédit Agricole CIB, HSBC, Mizuho, MUFG, QNB Capital, Société Générale and Standard Chartered Bank acted as Joint Lead Managers & Bookrunners on this transaction. (QSE)
- **KPMG: CEOs in Qatar have 'high levels of confidence' in country's growth prospects –** CEOs in Qatar have high levels of confidence in the growth prospects for the country, according to country senior partner at KPMG in Qatar. Ahmed Abu-Sharkh said, "Qatar has demonstrated its agility and robust preparedness and responsiveness in tackling the pandemic, so it is no surprise that CEOs feel optimistic about the future, despite the current challenges." He was commenting on the two surveys held as part of the '2020 KPMG CEO Outlook', one at the onset of the pandemic in January and another in July/August. This is the first year that Qatar has been included in the Global report as a benchmark country. The 2020 KPMG CEO Outlook finds that the agenda of leaders has radically shifted since the beginning of the year, as existing trends like ESG (Environmental, Social and Governance) factors, flexible working and digital transformation have accelerated. When reflecting on prospects for growth over

the next three years, 32% of CEOs are less confident now than they were at the start of the year in the global economy. CEOs, however, are more optimistic about their own country's growth prospects (45% confident globally and 60% of CEOs in Qatar), and more confident again in the resilience of their own business over the coming three years. (Gulf-Times.com)

- **Electronic link between Qatar Chamber, Ministry of Commerce and Industry discussed –** A Qatar Chamber panel recently met to discuss activating the electronic link between QC and the Ministry of Commerce and Industry (MOCI) and removing "cancelled" companies from the database. Adding new companies to the database and updating the joint database (of commercial sectors) between the ministry and the chamber were also discussed by the Registration and Membership Committee of Qatar Chamber. The meeting reviewed the possibility of adding Qatar Chamber's electronic services to the Single Window, so that these services will be easily available for the chamber's members, and in a way that contributes to achieving Qatar e-Government 2020 Strategy. The committee recommended boosting coordination between QC and the Single Window to identify the most important services offered by the chamber, which can be provided through the Single Window. It was also recommended to update members' data, creating a technological environment that supports the electronic link between Qatar Chamber and the ministry. Also recommended was studying the conditions and possibilities of providing the chamber's services to the institutions that do not have a commercial registry but have a commercial license, and those with professions and other activities whose work requires providing services from the chamber. It was agreed that the committee hold a monthly meeting to follow up all issues related to company registration and classification according to their economic sectors, developing e-services and enhancing cooperation between both sides in this regard. (Gulf-Times.com)
- **Sri Lanka is seeking JV opportunities, investments from Qatar –** Sri Lanka is seeking joint venture opportunities and investments from Qatar, especially for its Port City Colombo's infrastructure, as part of strategies to strengthen the bilateral trade between the two countries. In a webinar hosted by Doha Bank on Wednesday, Sanjaya Mohottala, director general, Board of Investments of Sri Lanka, outlined the project progress of Port City Colombo, where 68 hectares is ready for construction. Qatar is now Sri Lanka's eighth export destination in the Middle East and 49th in the world and seventh import source Colombo in the Arab region. Its main exports to Qatar are bananas, lentils, tea packets, fruits, coconut milk powder, processed food, vegetables, sugar confectionary, pneumatic and retreated rubber and other products. Qatar's imports to Sri Lanka include plastics products, petroleum oils and gases, standard wire of aluminum, paper and paper products, footwear, inorganic chemicals and products of base metals. (Gulf-Times.com)
- **Phase 4 of lifting COVID-19 curbs to be in two stages –** Qatar's fourth phase of lifting coronavirus (COVID-19) restrictions has been divided into two stages, with the first stage commencing on September 1 and the second in the beginning of the third week of the same month. "Based on Qatar's public health indicators and COVID-19 infection rate in the community, it has been decided to split phase four into two stages," the Supreme Committee for Crisis Management said on Wednesday. It said the first stage will start on September 1, and the situation will be assessed on an ongoing basis, including re-imposing and/or lifting of some restrictions based on developments in mid-September. The second phase will commence at the beginning of the third week of September. The committee thanked both citizens and residents for their commitment to adhering to the precautionary measures to combat COVID-19, which has contributed to limiting the spread of the virus. (Qatar Tribune)

International

- **US core capital goods orders rise; recovery uneven as COVID-19 shifts spending –** New orders for key US-made capital goods increased in July, though the pace slowed from June's robust gain, suggesting the rebound in business investment would be gradual amid uncertainty about the course of the COVID-19 pandemic. The report from the Commerce Department on Wednesday showed an uneven recovery in investment as the coronavirus crisis shifts spending away from equipment used in the services industries such as restaurants and bars to purchases of goods like home electronics. "While orders are nearly back to their pre-pandemic levels, the slowing pace of gains suggests it will take a while for activity to fully recover," said Lydia Boussour, a senior US economist at Oxford Economics in New York. "We do not expect business investment to reach its pre-pandemic level before mid-2022." Orders for non-defense capital goods excluding aircraft, a closely watched proxy for business spending plans, increased 1.9% last month. These so-called core capital goods orders jumped 4.3% in June, which was the largest gain in six years. Core capital goods orders are slightly below their pre-pandemic level. They fell 1.9% on a YoY basis in July. Last month's rise in orders matched economists' expectations. (Reuters)
- **CBI: UK services firms report heavy job cuts as bleak autumn nears –** Britain's services firms hemorrhaged jobs in the three months to August, a survey showed in the latest sign of mounting unemployment as the government's coronavirus job protection scheme is wound down. Companies reliant on spending by consumers - many of which only reopened in recent weeks after the lockdown - cut jobs at the fastest pace on record, according to a survey published on Thursday by the Confederation of British Industry. Business and professional services firms reported the steepest declines since May 2009. Companies expected job losses to slow slightly in the next three months but the CBI said government action was urgently needed. "As we head into the autumn, the UK needs a bold plan to protect jobs as the job retention scheme draws to an end, to support the services sector," CBI economist Ben Jones said. Finance Minister Rishi Sunak has rejected calls to extend his huge Coronavirus Job Retention Scheme beyond October 31. Since the start of this month employers have had to pay a share of its costs. Britain's unemployment rate is expected to almost double to 7.5% by the end of 2020, according to the Bank of England, and many economists think it will go higher than that. The CBI survey showed volumes of business dropped less severely than in the three months to May and companies expected the pace of decline to moderate further in the coming months. (Reuters)

- **German coalition agrees 10bn Euro extension of coronavirus relief –** German coalition parties agreed on Tuesday to extend measures to cushion the effects of the coronavirus crisis on Europe's biggest economy at a cost of up to 10bn Euros, including prolonging a short-time work scheme and freezing insolvency rules. The German economy contracted at its steepest rate on record in the second quarter and the government is desperate to mitigate the effects of the pandemic as much as possible, especially in the run-up to elections in the autumn of 2021. "Corona remains a reality and a challenge," said Annegret Kramp-Karrenbauer, leader of the conservative Christian Democrats (CDU) after around seven hours of talks with their center-left Social Democrat (SPD) coalition partners. "Today we have agreed that we will extend important and effective measures to how we deal with the coronavirus," she added. Among the main decisions were an extension of short-time work subsidies, which had been due to expire in March 2021, until the end of next year and prolonging bridging aid for small and mid-sized companies until the end of this year. Short-time work saves jobs by allowing employers to reduce the employees' hours but keeps them in work. (Reuters)
- **PM: France will erase cost of virus recovery from debt pile by 2025 –** France will erase the 100bn Euro ($117.89bn) cost of its coronavirus economic recovery plan from its debt burden by 2025, Prime Minister Jean Castex said on Wednesday. Castex said the recovery plan would focus on supporting companies and domestic production rather than spurring household demand as Germany has done with a value added sales tax cut. "The recovery plan should not weigh on public finances, quite the contrary," Castex told the Medef employers' federation's annual end-of-summer conference. The government expects its public sector budget deficit to hit an unprecedented 11.4% of economic output due to measures to support the economy through the coronavirus crisis, pushing the nation's debt burden to nearly 121% of GDP. Castex added that additional debt to finance the plan would be wiped out over five years thanks to the boost from injecting the equivalent of four points of GDP into the euro zone's second-biggest economy. The French government will unveil details of the post-pandemic rescue plan to haul the 2.3tn Euro economy out of its deepest slump since World War Two on Sept. 3. (Reuters)
- **BOJ's Suzuki: Pandemic may push Japan banks' credit costs to crisis levels –** Japanese financial institutions may see credit costs balloon to levels hit during the global financial crisis if a resurgence in coronavirus infections hammer the economy, Bank of Japan (BOJ) board member Hitoshi Suzuki said. Suzuki said the BOJ's massive stimulus program was helping cushion the economic blow from the pandemic, with the benefits of ultra-loose policy still exceeding the costs. But the strain on financial institutions from ultra-low rates could intensify as they respond to government requests to boost lending to firms hit by COVID-19, Suzuki warned. "With the economy having lost momentum to achieve our price target due to the pandemic, our monetary easing will last even longer" and would require the central bank to be more vigilant to the accumulating side-effects of its policy, Suzuki said. "If a second and third wave of infection hits Japan, financial institutions' credit costs could balloon to levels near those hit after (the 2008) collapse of Lehman Brothers," he said in a speech in Asahikawa, northern Japan, on Thursday. (Reuters)
- **China will release funds to local governments more quickly to boost economy –** China will speed up the release of special funds to local governments to support the economy, vice finance minister Xu Hongcai told reporters on Wednesday. The government has said it would set up special transfer payments of 2tn Yuan ($289.72bn) from special treasury bonds and an increased budget deficit to local governments. "The implementation of specific policies and measures will have a positive impact on investment, consumption as well as imports and exports," Xu told a briefing. Of the 2tn Yuan, 1.7tn Yuan will be allocated to local governments after deducting 300bn Yuan for supporting tax and fee cuts this year, Xu said. Local governments have spent 509.7bn Yuan, accounting for 30.5% of 1.674tn Yuan in funds that have been actually allocated from the central government, he said. Xu said he expected cities and counties that have already received the funds will speed up spending. (Reuters)
- **China's industrial profits grow at fastest pace since mid-2018 –** Profits at China's industrial firms grew for a third straight month and at the fastest pace since June 2018, marking a bright spot in the economy as the manufacturing sector slowly recovers from its coronavirus slump. Profits at China's industrial firms grew 19.6% on-year to 589.5bn Yuan ($85.58bn), the statistics bureau said on Thursday, following an 11.5% increase seen in June, the National Bureau of Statistics (NBS) data showed on Thursday. China's recovery had been gaining momentum after the pandemic paralyzed huge swathes of the economy as pent-up demand, government stimulus and surprisingly resilient exports revived activity. However, some signs of weakness have emerged in July, with industrial output growing slower than expected. Some analysts said flood and torrential rain have dampened activity and demand for electricity. Factories' profits also face risks from increasingly tense U.S.-China relationship ahead of the US presidential elections in November, which could impact overseas orders and confidence from investors and consumers. For January-July, industrial firms' profits fell 8.1% on an annual basis to 3.1tn Yuan, improving from a 12.8% slump in the first six months. Automobiles and electronics industries notched up significant recoveries in profits in July, seeing growth rates of 125.5% and 38.6% respectively, according to Zhu Hong, an official at the statistics bureau. (Reuters)
- **China says no need for panic buying of food and oil –** China's food supplies remain stable and consumers should not be "overly anxious" or even resort to "panic buying", a senior agriculture ministry official said on Wednesday, following recent uncertainty caused by the coronavirus pandemic. Still, farmers and traders should prevent food waste caused by improper storage, while farmers who stockpile in the hope of later gains should be wary that prices could turn against them, ministry official Tang Ke told a briefing. President Xi Jinping raised the issue of food security earlier this month when he spoke about "shameful" food wastage, while a government think tank has warned about a looming food supply gap by 2025. Tang said the coronavirus pandemic has increased uncertainty in both domestic and foreign markets for agricultural products. During the first half of the year when China was hit by the coronavirus

epidemic, it had sufficient grain reserves and strong processing capacity, along with market regulation and a developed logistics distribution system, he said. In the absence of major disasters, China was set for a bumper year for grains, he added. (Reuters)

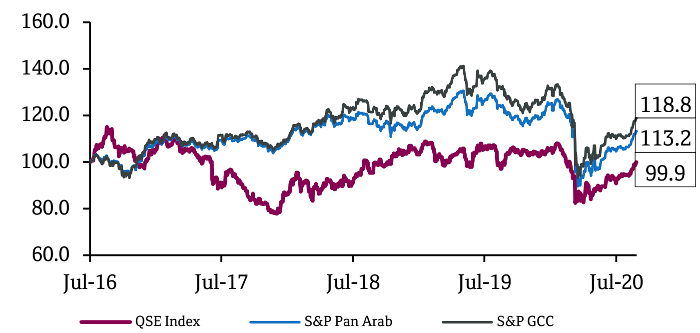
Regional

- **Petro-Logistics: OPEC supply to rise just 180K bpd this month –** OPEC supply will rise just 180K bpd this month. OPEC will raise output by just a fraction of the 1.3mn bpd permitted for August under its agreement, Geneva-based tanker tracker Petro-Logistics said. Saudi Arabia leads the increase, boosting by 600k bpd, yet is set to remain below its new target of 9m b/d that's offset by output reduction by several countries, particularly Iraq, which weren't compliant with their quotas earlier. (Bloomberg)
- **Saudi Aramco appoints new CEO for $500mn Investment Arm –** Saudi Aramco appointed a new Chief Executive Officer to run its $500mn venture capital and investments arm after the previous head departed, according to sources. Mahdi Aladel, who formerly led the state energy producer's base oils and lubricants division, will take over as CEO of Saudi Aramco Energy Ventures, according to sources. (Bloomberg)
- **Arab National Bank to redeem SR2bn Sukuk five years early –** Arab National Bank will redeem Tier 2 Sukuk on October 7 at full at face value, the Saudi lender said. The Sukuk was offered through private placement on October 7, 2015. The maturity is on October 7, 2025 and paying agent is HSBC. (Bloomberg)
- **Saudi Arabia's June oil exports down $8.7bn YoY –** The value of Saudi Arabia's June oil exports was down 55% YoY, a drop of $8.7bn, official data showed. Compared with May, total exports - including non-oil exports of goods such as chemicals and plastics - grew by 19.1%, or $1.86bn, the General Authority for Statistics said. Saudi Arabia, the world's largest oil exporter, is facing a deep recession this year amid the coronavirus crisis and lower oil revenue. In May Saudi oil exports fell by nearly $12bn YoY. (Reuters)
- **Saudi billionaire's firm eyes Europe with US stocks overvalued –** The investment firm of Saudi Arabian billionaire Prince Alwaleed bin Talal is looking for deals in Europe because US assets, particularly technology stocks, are seen as overpriced. "The markets are really exuberant in the United States versus Europe," Kingdom Holding Chief Executive Officer, Talal Al Maiman said. "Europe is actually a much better place to invest in at this time." He discussed his investment portfolio, his strategy and where he's finding opportunities. Al Maiman adds to a growing list of investors including BlackRock Inc. and Manulife Investment Management that are nervous about US equities hitting all-time highs during an economic crisis and an election year. Prince Alwaleed, who owns 95% of Kingdom Holding, has stakes in Citigroup Inc., ride-hailing firm Lyft Inc., and Accor through the investment firm. He has also made several high-profile technology investments, including $250mn into Snap Inc. and $267mn in music-streaming service Deezer in 2018. "Everything in my opinion is overvalued due to the huge sums of money that the government of the US has actually helped the markets with," Al Maiman said. Kingdom Holding reported its biggest quarterly loss on record in the three months through June on Tuesday as the corona virus pandemic hit revenues from its hotels and dividends from its investments. Still, the company, which has about 5% of its shares listed on the Saudi stock exchange, would maintain its dividend payout policy this year, Al Maiman said. (Bloomberg)
- **A&M: UAE bank profits signal slow recovery for 3Q2020 –** While the top UAE banks reported a peripheral increase in profitability, the outlook for the domestic banking sector still remains subdued as a result of the weakened after-effects of Covid-19, in addition to low oil prices, and the postponement of Expo 2020, a report said. Moreover, the low interest environment, along with a possible increase in impairments, is expected to further weigh on profitability, said leading global professional services firm Alvarez & Marsal (A&M) in its latest UAE Banking Pulse for 2Q2020. The report reveals that the top 10 UAE banks posted a 21.2% jump in their net profits for the April-June quarter, as a result of lower provisioning and increased cost efficiency. Like many banks globally, the UAE's top lenders are likely to focus more on improving their efficacy in the coming period as a challenging operating environment demands increased efforts toward cost optimization. Despite challenging market conditions, the banks witnessed a fringe surge in loans and advances, and deposit growth. This has added liquidity in the banking system. Lenders witnessed a considerable contraction in net interest margins (NIM) in the second quarter due to many factors such as the shift to the marginal cost of funds-based lending rate, and all-time low interest rates. Alvarez & Marsal's UAE Banking Pulse examines the data of the 10 largest listed banks in the UAE, comparing the second quarter of 2020 against the previous quarter of 2020. (Zawya)
- **Top UAE banks' 2Q2020 net profit jumps 21%; will focus on cost optimization –** The top 10 UAE banks posted a 21.2% jump in net profits for 2Q2020 as a result of lower provisioning and increased cost efficiency. Additionally, according to a new report, top lenders are likely to focus more on improving their efficacy in the coming period, with increased efforts towards cost optimization in response to a challenging operating environment. Despite the market conditions, the banks witnessed a fringe surge in loans and advances as well as in deposit growth. This has added liquidity in the banking system, professional services firm Alvarez & Marsal (A&M) said in its latest UAE Banking Pulse for 2Q2020. A&M Managing Director and Head of Middle East Financial Services, Asad Ahmed said: "The profitability of the UAE banks in 2Q2020 rebounded as cost optimization measures and lower provisioning supported income. The UAE lenders are among the most profitable globally, bolstered by a mix of sound liquidity, strong capitalization, low levels of nonperforming loans and a substantial proportion of non-interest-bearing deposits." DIB and ADCB reported the highest decline in cost of risk. DIB's cost of risk declined at the fastest pace (215.4 bps), as the bank had reported one-off impairment charges in 1Q2020. ADCB's cost of risk fell by 189 bps QoQ, as the bank reported lower provisioning on NMC Health, Finablr and related entities. While DIB reported the highest RoE (12.6%), followed by FAB (10.6%), NBF reported losses during the quarter, and consequently, the bank's RoE remained in the negative range. Lenders witnessed a considerable contraction in net interest margins (NIM) in the second quarter due to many factors such as the shift to the marginal cost of funds-based lending rate, and an all-time low interest rates. DIB reported the steepest contraction (54 bps QoQ), followed by ADCB (47 bps QoQ). On the other hand, FAB's NIM increased by 5 bps to 1.62%. While ENBD's

NIM fell 36 bps, the bank received some support of higher margins through its Turkish subsidiary, DenizBank. While there has been a peripheral increase in profitability, the outlook for the domestic banking sector still remains subdued as a result of the weakened after-effects of COVID-19, in addition to low oil prices, and the postponement of Expo 2020. Moreover, the low interest environment, along with a possible increase in impairments, is expected to further weigh on profitability. (Zawya)

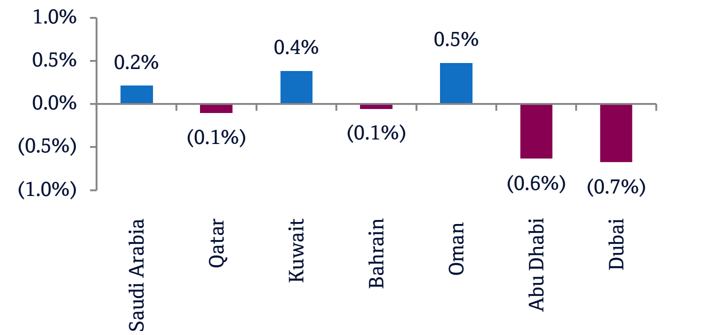
- **Dubai sets up trading platform to boost food imports from India –** A freezone in Dubai has established an agricultural trading platform to connect Indian farmers with food companies in the UAE, as the Gulf Arab country seeks to enhance its food security amid disruption of supply chains caused by the coronavirus. The Dubai Multi Commodities Centre's platform, named Agriota and developed with India's CropData Technology, will enable trading in cereals, pulses, oil seeds, fruits, vegetables, spices and condiments. The UAE and most other Gulf states import the bulk of their food, largely because their arid climates make crop and livestock cultivation difficult. They also depend on overseas supplies of medical, consumer and industrial products. (Bloomberg)
- **Fitch downgrades HSBC Bank Oman to 'BB'; with a Negative outlook –** Fitch Ratings has downgraded HSBC Bank's Oman (HBON) Long-Term Issuer Default Rating (IDR) to 'BB' from 'BB+'. The outlook is Negative. Fitch has also downgraded HBON's Viability Rating (VR) to 'bb-' from 'bb'. The ratings actions follow the downgrade of Oman's sovereign rating on August 17, 2020 to 'BB-' from 'BB'. As well as the sovereign downgrade, the rating actions on HBON also incorporate the downside risks to its credit profile resulting from the economic and financial implications of the coronavirus pandemic. The downgrade of HBON's Long-Term IDR to one notch below Oman's Country Ceiling reflects our view that the weakening of Oman's external finances modestly increases the risk of intervention in the banking sector, although it is still lower than sovereign default risk. HBON's IDRs and Support Rating (SR) are driven by Fitch's expectation of a moderate probability of support available to the bank from its ultimate parent, HSBC Holdings (HSBC; A+/Negative/a+). The downgrade of the VR reflects the high correlation between the sovereign and HBON's Standalone Credit Profile but also that the spread of coronavirus will add to the pressure on the bank's asset quality and profitability amid a domestic operating environment that was already increasingly challenging prior to the outbreak. Fitch has lowered its operating environment score for Omani banks to 'bb-' (with a negative trend) from 'bb'. GDP fell 1.3% in 2019 with substantially weaker prospects for the next couple of years (2020: -4.9%; 2021: -1.5%) reflecting the financial and economic impact of lockdown measures, lower oil prices and the government's expected continued restrictive fiscal policy. Support measures implemented by the Central Bank of Oman (CBO) should go some way to counteract the economic impact of the coronavirus and mitigate asset quality erosion at banks. (Bloomberg)
- **Bahrain sells BHD35mn 182-day bills at yield 2.54% –** Bahrain sold BHD35mn of 182-day bills due on February 28, 2021. The bills were sold at a price of 98.7297, having a yield of 2.54% and will settle on August 30, 2020. (Bloomberg)
- **Bahrain's BBK exploring acquisition of Ithmaar Bank –** Bahrain's Ithmaar Holding said on Wednesday it is in talks with Bank of Bahrain and Kuwait (BBK) about the potential sale of subsidiary Ithmaar Bank. In additon to the retail Islamic lender, the transaction would include specific assets of subsidiary IB Capital, an Islamic investment firm, it said. The deal is still "in the preliminary discussions phase and subject to the completion of due diligence by both parties" and would require shareholder and regulatory approval, it said. Low oil prices and weak economic growth are driving bank consolidation in the region. Ithmaar this month reported a first-half net loss and said it was exploring a sale or restructuring of assets. "This transaction is in line with Ithmaar Holding's strategy of creating value for its shareholders, and we look forward to exploring this possible opportunity further," Ithmaar Holding Chairman, Prince Amr Al Faisal was quoted as saying. (Zawya)

Rebased Performance



Source: Bloomberg

Daily Index Performance



Source: Bloomberg

Asset/Currency Performance	Close ($)	1D%	WTD%	YTD%
Gold/Ounce	1,954.46	1.4	0.7	28.8
Silver/Ounce	27.50	3.6	2.6	54.0
Crude Oil (Brent)/Barrel (FM Future)	45.64	(0.5)	2.9	(30.8)
Crude Oil (WTI)/Barrel (FM Future)	43.39	0.1	2.5	(28.9)
Natural Gas (Henry Hub)/MMBtu	2.52	0.0	8.6	20.6
LPG Propane (Arab Gulf)/Ton	51.13	(0.2)	1.5	23.9
LPG Butane (Arab Gulf)/Ton	53.50	1.4	4.4	(18.3)
Euro	1.18	(0.0)	0.3	5.5
Yen	105.99	(0.4)	0.2	(2.4)
GBP	1.32	0.4	0.9	(0.4)
CHF	1.10	(0.1)	0.4	6.6
AUD	0.72	0.5	1.0	3.0
USD Index	93.01	(0.0)	(0.3)	(3.5)
RUB	75.38	0.1	0.8	21.6
BRL	0.18	(1.8)	0.2	(28.3)

Source: Bloomberg

Global Indices Performance	Close	1D%*	WTD%*	YTD%*
MSCI World Index	2,446.05	1.0	2.3	3.7
DJ Industrial	28,331.92	0.3	1.4	(0.7)
S&P 500	3,478.73	1.0	2.4	7.7
NASDAQ 100	11,665.06	1.7	3.1	30.0
STOXX 600	373.12	1.1	2.7	(5.5)
DAX	13,190.15	1.2	3.9	5.1
FTSE 100	6,045.60	0.8	1.8	(20.1)
CAC 40	5,048.43	1.0	3.6	(11.0)
Nikkei	23,290.86	0.4	1.5	1.1
MSCI EM	1,119.34	0.4	2.5	0.4
SHANGHAI SE Composite	3,329.74	(0.9)	(1.0)	10.4
HANG SENG	25,491.79	0.0	1.5	(9.1)
BSE SENSEX	39,073.92	0.6	2.7	(9.1)
Bovespa	100,627.30	(1.8)	(0.8)	(37.7)
RTS	1,273.24	0.5	0.9	(17.8)

Source: Bloomberg (*$ adjusted returns)

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