

Market Review and Outlook

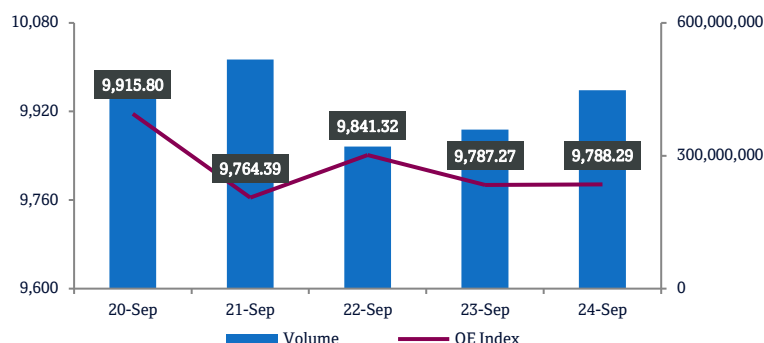
The Qatar Stock Exchange (QSE) Index decreased by 1.55% during the week, to close at 9,788.29. Market capitalization decreased by 2.2% to reach QR575.3 billion (bn) as compared to QR588.0bn at the end of the previous week. Of the 47 listed companies, 7 companies ended the week higher, while 39 fell and 1 remained unchanged. United Development Co (UDCD) was the best performing stock for the week, with a gain of 16.9%. On the other hand, Qatar German Company for Medical Devices (QGMD) was the worst performing stock with a decline of 20.2%.

Industries Qatar (IQCD), QNB Group (QNBK) and Masraf Al Rayan (MARK) were the primary contributors to the weekly index drop. IQCD was the largest contributor to the index's weekly loss, deleting 47.5 points from the index. QNBK was the second biggest contributor to the mentioned losses, removing 39.6 points from the index. Moreover, MARK shaved off another 26.5 points from the overall index.

Trading value during the week increased by 9.2%, to reach QR4.1bn vs. QR3.7bn in the prior trading week. UDCD was the top value traded stock during the week with total traded value of QR918.2mn.

Trading volume decreased by 2.1% to reach 2,099.1mn shares vs. 2,143.9mn shares in the prior trading week. The number of transactions increased by 7.2% to reach 64,400 transactions versus 60,097 transactions in the prior week. UDCD was also the top volume traded stock during the week with total traded volume of 499.3mn shares.

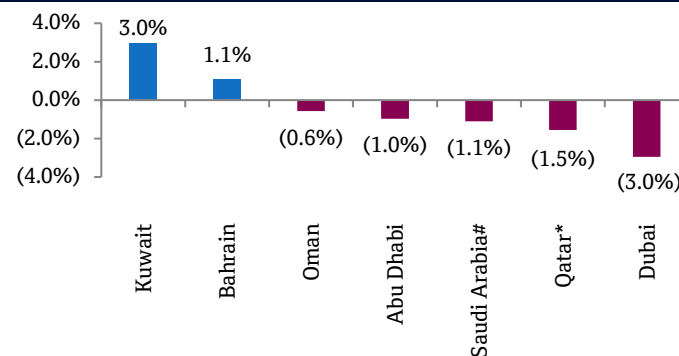
QSE Index and Volume



Market Indicators	Week ended Sep. 24, 2020	Week ended Sep. 17, 2020	Chg. %
Value Traded (QR mn)	4,087.7	3,741.7	9.2
Exch. Market Cap. (QR mn)	575,286.6	588,054.8	(2.2)
Volume (mn)	2,099.2	2,143.9	(2.1)
Number of Transactions	64,400	60,097	7.2
Companies Traded	47	47	0.0
Market Breadth	7:39	38:6	-

Market Indices	Close	WTD%	MTD%	YTD%
Total Return	18,817.66	(1.5)	(0.6)	(1.9)
ALL Share Index	3,009.95	(2.1)	(1.3)	(2.9)
Banks and Financial Services	3,994.41	(2.5)	(2.9)	(5.4)
Industrials	2,935.91	(4.0)	(0.8)	0.1
Transportation	2,760.30	(2.9)	(2.9)	8.0
Real Estate	2,015.58	2.8	19.3	28.8
Insurance	2,090.41	1.7	(2.2)	(23.6)
Telecoms	961.99	6.2	5.7	7.5
Consumer Goods & Services	7,850.02	(2.1)	(4.3)	(9.2)
Al Rayan Islamic Index	4,116.37	(1.2)	1.3	4.2

Weekly Index Performance



Regional Indices	Close	WTD%	MTD%	YTD%	Weekly Exchange Traded Value (\$ mn)	Exchange Mkt. Cap. (\$ mn)	TTM P/E**	P/B**	Dividend Yield
Qatar*	9,788.29	(1.5)	(0.6)	(6.1)	1,111.92	156,535.5	15.9	1.5	4.1
Dubai	2,252.25	(3.0)	0.3	(18.5)	398.95	85,680.1	8.5	0.8	4.3
Abu Dhabi	4,466.82	(1.0)	(1.2)	(12.0)	453.02	182,527.6	16.3	1.3	5.5
Saudi Arabia#	8,244.82	(1.1)	3.8	(1.7)	12,727.69	2,470,186.3	30.1	2.0	2.5
Kuwait	5,608.82	3.0	5.9	(10.7)	1,032.14	106,573.8	30.1	1.4	3.5
Oman	3,627.00	(0.6)	(3.8)	(8.9)	14.89	16,342.4	10.8	0.7	6.7
Bahrain	1,450.39	1.1	5.0	(9.9)	35.56	22,141.2	13.5	0.9	4.8

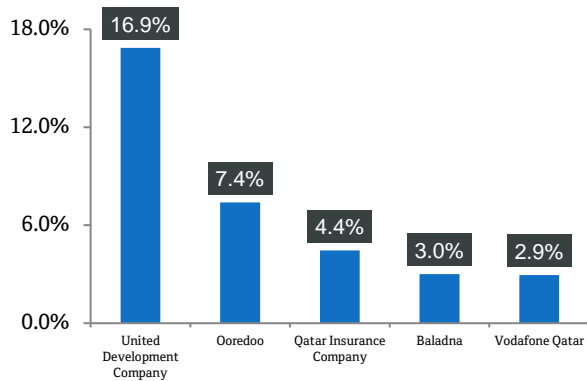
Source: Bloomberg, country exchanges and Zawya (** Trailing Twelve Months; * Value traded (\$ mn) do not include special trades, if any; # Data as of September 23, 2020)

Economic & Market/Corporate News

- CBQK closes \$227.5mn syndicated term loan** – The Commercial Bank (CBQK) has announced they it successfully closed a dual-tranche \$227.5mn syndicated term loan facility recently with competitive pricing and well-diversified investors by tapping the Asian markets. The facility was mandated to Mizuho Bank Limited to lead and arrange with the purpose of meeting the bank’s general funding and working capital needs. The bank recently successfully launched a senior unsecured five-year bond worth \$500mn at a new price benchmark. The transaction was launched at the set spread of +175 bps over five-year mid swaps and priced at a coupon rate of 2% and yield of 2.083 year. The issue was oversubscribed 3.8 times. This transaction marked CBQK’s successful return to the US dollar public markets since 2018 and effectively repriced CBQK’s funding curve down. The Commercial Bank Group’s CEO, Joseph Abraham attributed the success to very positive views from investors on Qatar’s strong economy and fiscal buffers, and the strength of Qatar’s banking system. Investors have positively viewed the strong execution of CBQK’s five-year strategy which has significantly improved the performance of the bank. (Qatar Tribune)
- Nakilat assumes full ship management and operations of Q-Flex LNG carrier ‘Al Rekayyat’** – Nakilat has assumed full ship management and operations of Q-Flex LNG carrier ‘Al Rekayyat’ from Shell International Trading and Shipping Company Limited (Shell) with effect from September 20, as part of the second phase of its planned fleet management transition program. With a cargo carrying capacity of 216,300 cubic meters, Al Rekayyat is wholly-owned by Nakilat and chartered by Qatargas. The vessel built in South Korea by Hyundai Heavy Industries was delivered in June 2009 and has been in service ever since. Al Rekayyat is the sixth vessel that will come under the management of Nakilat Shipping Qatar (NSQL) this year, bringing the total number of vessels managed by NSQL to 25, comprising some 21 LNG and four LPG carriers. (QSE, Gulf-Times.com)
- GWCS becomes official logistics provider for Qatar 2022** – Gulf Warehousing Company (GWCS) has signed an agreement with International Federation of Association Football (FIFA) under which GWCS will be the first regional supporter and official logistics provider for the FIFA World Cup Qatar 2022. GWCS, which was the National Supporter and Official Logistics Provider for the FIFA Club World Cup 2019, will build on this experience and draw on its robust network of contacts throughout the world to deliver logistics and supply chain services for the FIFA World Cup 2022. GWCS’ Chairman, Sheikh Abdulla bin Fahad bin Jassim bin Jabor Al Thani said, “Today marks a landmark achievement in the history of GWCS as we are entrusted to deliver the logistical requirements for the FIFA World Cup Qatar 2022. We enter this agreement with confidence that we will showcase the world-class sporting and logistics infrastructure that Qatar has developed over the years, while embodying the values of sportsmanship and encouraging active engagement of football enthusiasts and wider audiences.” (Qatar Tribune)
- Veolia designs water reuse process for Baladna** – Veolia Water Technologies Qatar (Veolia) was contracted by Baladna, Qatar’s leading dairy producer, to upgrade the existing wastewater treatment facility at its cow farm located in Al Khor, north of Doha. Veolia proprietary technologies will allow an increase in the treatment capacity of the plant and enable the treated wastewater to be reused for the site’s purposes. With a capacity of up to 24,000 cows and a superfcy of 2.4mn m2, Baladna’s cow farm is the biggest cow farm in Qatar and one of the biggest in the GCC countries. The barn and milk parlor flushing area of the cow farm generates around 6,000 m3/day of wastewater. As part of the wastewater treatment plant upgrade, Veolia modified and optimized the treatment performance of the existing lagoons and provided a complementary biological process to meet the treated effluent quality necessary for reuse. The treated water can now be reused for irrigation within the farm and, following further treatment by reverse osmosis, to spray and cool the cows during hot summer months. (Peninsula Qatar)
- Moody’s: SMEs impact on Qatar banking system asset quality low** – SMEs impact on Qatar’s banking system asset quality is low as they account for a small portion of its loan book, and are supported by Qatar Development Bank (QDB) guarantees, Moody’s Investor Service (Moody’s) has said in a report. On the other hand, small and mid-sized enterprises have had a greater impact on asset quality of banking system elsewhere in the GCC region, Moody’s noted. Moody’s said, “All the rated banks reported an increase in provisioning cost, with the exception of one bank, where provisioning costs were high in 2019 and reported a lower expense in the first half of 2020 compared to same period last year. We expect only a limited further deterioration in asset quality in second half of the year (2H2020) as the banks’ lending books are heavily skewed towards government or related entities, accounting for 29% of total loans as of June 2020 and these loans will be more resilient. Retail exposure is mainly to Qatari nationals where job losses have been negligible, and the real estate market is in a cooling-off period for the past few years and new lending to the sector has therefore been relatively limited. Together these factors will limit the increase in provisioning costs, supporting Qatari banks’ profitability.” However, only a “manageable” increase in provisioning by Qatari banks was expected for 2020, Moody’s said. Driven by the coronavirus outbreak, loan-loss provisioning costs increased in the first half of the year (1H2020), consuming 26% of pre-provision income, up from 17% in 1H2019. “We expect provisions to rise further, reflecting problem loan formation as weaker economic activity makes it harder for borrowers to meet their repayments, particularly in the real estate, construction and contracting sectors. However, the banks’ large exposure to the strongly rated Qatar (Aa3 stable) sovereign will shield overall loan performance to a large extent,” Moody’s said. The Qatari banks preserved their capital buffers in 1H2020, supported by lower dividend payout ratios and strong earnings, thus providing good loss absorbency. (Gulf-Times.com)

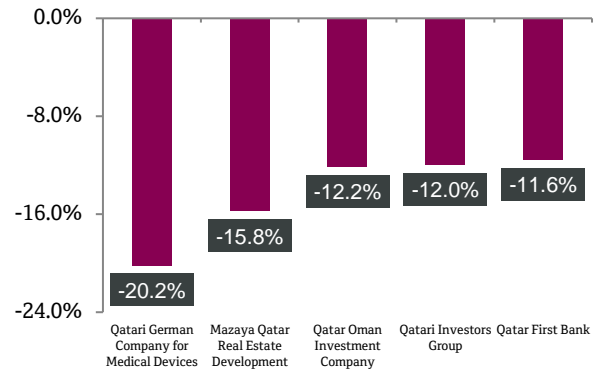
Qatar Stock Exchange

Top Gainers



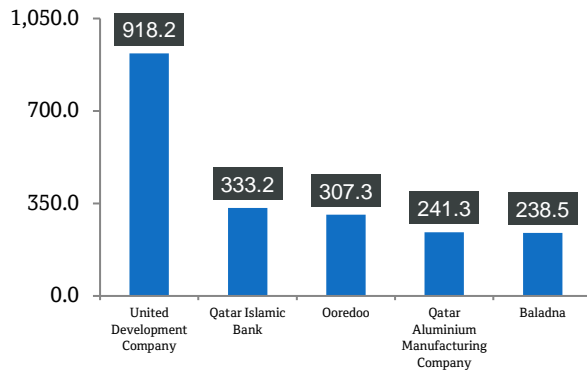
Source: Qatar Stock Exchange (QSE)

Top Decliners



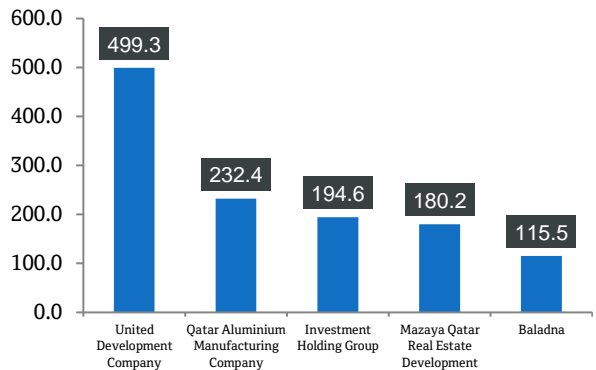
Source: Qatar Stock Exchange (QSE)

Most Active Shares by Value (QR Million)



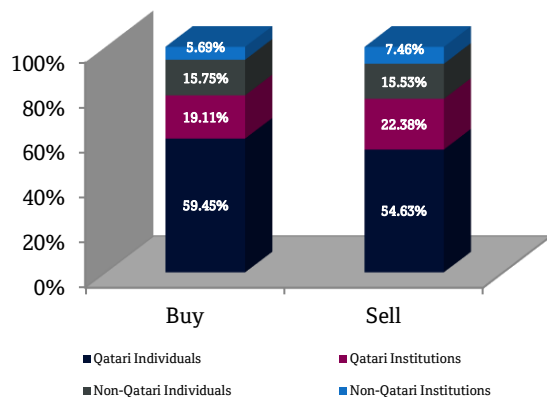
Source: Qatar Stock Exchange (QSE)

Most Active Shares by Volume (Million)



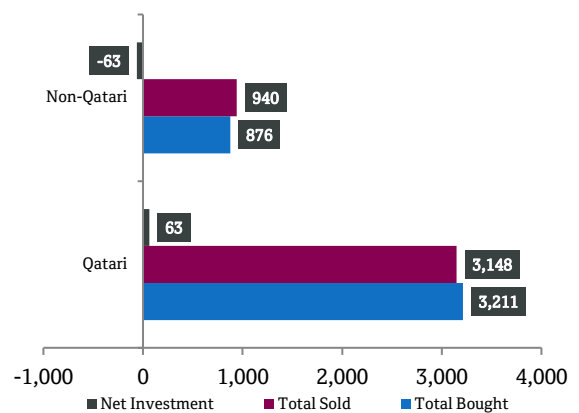
Source: Qatar Stock Exchange (QSE)

Investor Trading Percentage to Total Value Traded



Source: Qatar Stock Exchange (QSE)

Net Traded Value by Nationality (QR Million)



Source: Qatar Stock Exchange (QSE)

TECHNICAL ANALYSIS OF THE QSE INDEX



Source: Reuters

The QE Index shed 1.55% and closed at 9,788.29. The argument we proposed over the past few weeks has not changed. The recent movement, on the Index, has supported our scenario of a possible pullback in the short term. The rising wedge formation is being tested, and possibly breached, on the downside. Our weekly resistance level remains at the psychological level of 10,000 points; our support remains at the 9,400 level.

DEFINITIONS OF KEY TERMS USED IN TECHNICAL ANALYSIS

RSI (Relative Strength Index) indicator – RSI is a momentum oscillator that measures the speed and change of price movements. The RSI oscillates between 0 to 100. The index is deemed to be overbought once the RSI approaches the 70 level, indicating that a correction is likely. On the other hand, if the RSI approaches 30, it is an indication that the index may be getting oversold and therefore likely to bounce back.

MACD (Moving Average Convergence Divergence) indicator – The indicator consists of the MACD line and a signal line. The divergence or the convergence of the MACD line with the signal line indicates the strength in the momentum during the uptrend or downtrend, as the case may be. When the MACD crosses the signal line from below and trades above it, it gives a positive indication. The reverse is the situation for a bearish trend.

Candlestick chart – A candlestick chart is a price chart that displays the high, low, open, and close for a security. The ‘body’ of the chart is portion between the open and close price, while the high and low intraday movements form the ‘shadow’. The candlestick may represent any time frame. We use a one-day candlestick chart (every candlestick represents one trading day) in our analysis.

Doji candlestick pattern – A Doji candlestick is formed when a security’s open and close are practically equal. The pattern indicates indecisiveness, and based on preceding price actions and future confirmation, may indicate a bullish or bearish trend reversal.

Shooting Star/Inverted Hammer candlestick patterns – These candlestick patterns have a small real body (open price and close price are near to each other), and a long upper shadow (large intraday movement on the upside). The Shooting Star is a bearish reversal pattern that forms after a rally. The Inverted Hammer looks exactly like a Shooting Star, but forms after a downtrend. Inverted Hammers represent a potential bullish trend reversal.

Company Name	Price September 24	% Change WTD	% Change YTD	Market Cap. QR Million	TTM P/E	P/B	Div. Yield
Qatar National Bank	17.35	(3.07)	(15.74)	160,252	13.8	2.3	3.5
Qatar Islamic Bank	15.95	(1.30)	4.04	37,689	13.3	2.2	3.3
Commercial Bank of Qatar	3.93	(2.48)	(16.38)	15,906	9.0	0.9	5.1
Doha Bank	2.30	(1.42)	(9.21)	7,122	13.7	0.8	N/A
Al Ahli Bank	3.21	(2.73)	(3.70)	7,799	12.8	1.3	4.5
Qatar International Islamic Bank	8.22	(1.97)	(15.08)	12,443	14.1	2.1	5.2
Masraf Al Rayan	4.09	(2.60)	3.28	30,675	14.0	2.3	5.5
Al Khaliji Bank	1.60	(0.06)	21.98	5,753	9.6	1.0	4.7
Qatar First Bank	1.28	(11.59)	56.72	897	N/A	1.8	N/A
National Leasing	1.10	(6.38)	56.03	544	20.3	0.8	4.5
Dlala Holding	1.74	(8.88)	185.43	496	N/A	2.5	N/A
Qatar & Oman Investment	0.85	(12.16)	26.31	266	32.1	0.9	2.4
Islamic Holding Group	4.24	(7.83)	123.16	240	78.3	1.7	N/A
Banking and Financial Services				280,081			
Zad Holding	15.28	(1.23)	10.56	3,621	17.8	2.5	5.6
Qatar German Co. for Medical Devices	2.15	(20.20)	268.56	248	N/A	8.4	N/A
Salam International Investment	0.60	(10.00)	16.63	689	N/A	0.4	N/A
Baladna	2.05	3.02	105.00	3,897	N/A	1.8	1.0
Medicare Group	7.26	(1.69)	(14.08)	2,043	28.2	2.1	24.8
Qatar Cinema & Film Distribution	3.71	(9.09)	68.64	233	50.8	1.7	2.7
Qatar Fuel	17.25	(1.88)	(24.67)	17,151	18.2	2.2	4.6
Qatar Meat and Livestock	6.91	(1.29)	2.22	1,244	14.5	3.5	4.3
Mannai Corp.	3.00	0.00	(2.60)	1,369	N/A	0.7	6.7
Al Meera Consumer Goods	19.80	(0.90)	29.41	3,960	20.0	2.9	4.3
Consumer Goods and Services				34,455			
Qatar Industrial Manufacturing	3.35	1.06	(6.30)	1,590	17.0	1.0	4.5
Qatar National Cement	3.89	(2.31)	(31.17)	2,542	18.4	0.9	7.7
Industries Qatar	9.96	(3.77)	(3.11)	60,258	38.2	1.9	4.0
Qatari Investors Group	1.90	(12.00)	6.15	2,362	23.4	0.8	2.9
Qatar Electricity and Water	16.60	(1.31)	3.17	18,260	12.6	2.1	4.7
Aamal	0.92	(8.17)	13.41	5,809	36.3	0.8	4.3
Gulf International Services	1.57	(7.40)	(9.01)	2,908	42.1	0.8	N/A
Mesaieed Petrochemical Holding	2.07	(6.00)	(17.61)	25,981	25.3	1.7	3.4
Investment Holding Group	0.61	(8.37)	8.69	509	11.9	0.6	N/A
Qatar Aluminum Manufacturing	1.00	(1.47)	28.43	5,597	N/A	1.0	1.0
Industrials				125,815			
Qatar Insurance	2.09	4.45	(33.86)	6,826	N/A	0.9	7.2
Doha Insurance	1.15	0.88	(4.17)	575	13.1	0.6	7.0
Qatar General Insurance & Reinsurance	2.15	(3.20)	(12.60)	1,881	N/A	0.4	N/A
Al Khaleej Takaful Insurance	1.84	(7.04)	(8.20)	469	14.5	0.9	2.7
Qatar Islamic Insurance	6.28	(3.31)	(6.06)	941	13.9	2.6	6.0
Insurance				10,692			
United Development	1.85	16.87	21.71	6,551	29.1	0.6	2.7
Barwa Real Estate	3.40	(3.82)	(4.10)	13,211	8.3	0.7	5.9
Ezdan Real Estate	1.92	(0.78)	211.38	50,795	1035.1	1.6	N/A
Mazaya Qatar Real Estate Development	1.08	(15.76)	50.21	1,250	48.8	0.1	N/A
Real Estate				71,807			
Ooredoo	7.12	7.41	0.56	22,807	13.6	1.0	3.5
Vodafone Qatar	1.30	2.94	11.64	5,474	37.7	1.2	3.9
Telecoms				28,281			
Qatar Navigation (Mlaha)	5.90	(0.81)	(3.25)	6,759	12.6	0.5	5.1
Gulf Warehousing	5.01	(4.57)	(8.58)	294	12.4	1.6	4.0
Qatar Gas Transport (Nakilat)	2.61	(4.04)	9.21	14,460	13.5	2.4	3.8
Transportation				21,513			
Qatar Exchange				575,287			

Source: Bloomberg

Contacts

Saugata Sarkar, CFA, CAIA

Head of Research

Tel: (+974) 4476 6534

saugata.sarkar@qnbfs.com.qa

Mehmet Aksoy, PhD

Senior Research Analyst

Tel: (+974) 4476 6589

mehmet.aksoy@qnbfs.com.qa

Shahan Keushgerian

Senior Research Analyst

Tel: (+974) 4476 6509

shahan.keushgerian@qnbfs.com.qa

QNB Financial Services Co. W.L.L.

Contact Center: (+974) 4476 6666

PO Box 24025

Doha, Qatar

Zaid al-Nafoosi , CMT, CFTe

Senior Research Analyst

Tel: (+974) 4476 6535

zaid.alnafoosi@qnbfs.com.qa

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Contacts

Saugata Sarkar, CFA, CAIA

Head of Research

Tel: (+974) 4476 6534

saugata.sarkar@qnbfs.com.qa

Mehmet Aksoy, PhD

Senior Research Analyst

Tel: (+974) 4476 6589

mehmet.aksoy@qnbfs.com.qa

Shahan Keushgerian

Senior Research Analyst

Tel: (+974) 4476 6509

shahan.keushgerian@qnbfs.com.qa

QNB Financial Services Co. W.L.L.

Contact Center: (+974) 4476 6666

PO Box 24025

Doha, Qatar

Zaid al-Nafoosi , CMT, CFTe

Senior Research Analyst

Tel: (+974) 4476 6535

zaid.alnafoosi@qnbfs.com.qa

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