QNB FINANCIAL SERVICES

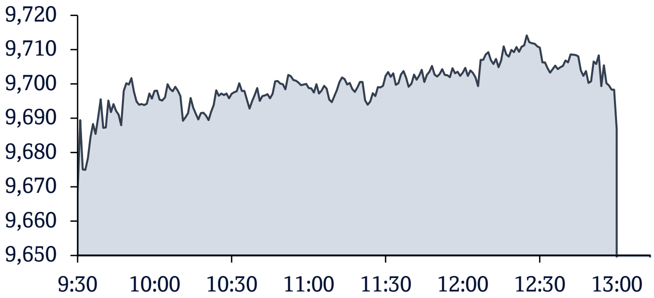
الخدمات المالية

Financial Services

Daily Market Report

Thursday, 20 June 2024

QSE Intra-Day Movement



Qatar Commentary

The QE Index rose 0.2% to close at 9,686.9. Gains were led by the Telecoms and Insurance indices, gaining 2.1% and 1.9%, respectively. Top gainers were Qatar Navigation and Al Khaleej Takaful Insurance Co., rising 5.5% and 2.8%, respectively. Among the top losers, Qatar Gas Transport Company Ltd. fell 2.9%, while Ahli Bank was down 1.4%.

GCC Commentary

Saudi Arabia: The market was closed on June 19, 2024.

Dubai: The DFM Index gained 0.1% to close at 3,988.2. The Consumer Discretionary index rose 1.3%, while the Real Estate index gained 0.8%. Al Salam Sudan rose 14.9%, while Takaful Emarat was up 7.6%.

Abu Dhabi: The ADX General Index gained 0.4% to close at 8,969.4. The Consumer Staples index rose 1.5%, while the Real Estate index gained 0.7%. Hily Holdings rose 12.4%, while ESG Emirates Stallion Group was up 7.8%.

Kuwait: The Kuwait All Share Index fell 0.4% to close at 7,006.3. The Basic Materials index declined 1.0%, while the Consumer Discretionary index fell 0.8%. United Projects for Aviation Services Co. declined 11.4%, while Metal & Recycling Co. was down 8.7%.

Oman: The market was closed on June 19, 2024.

Bahrain: The BHB Index fell marginally to close at 2,040.0. The Consumer Discretionary declined 0.5%, while the Financials index fell 0.2%. Ithmaar Holding declined 8.3%, while Gulf Hotels Group was down 1.2%.

Market Indicators	19 Jun 24	13 Jun 24	%Chg.
Value Traded (QR mn)	312.6	498.9	(37.4)
Exch. Market Cap. (QR mn)	562,714.0	561,472.5	0.2
Volume (mn)	92.9	151.6	(38.8)
Number of Transactions	13,526	18,611	(27.3)
Companies Traded	49	52	(5.8)
Market Breadth	22:23	22:26	–

Market Indices	Close	1D%	WTD%	YTD%	TTM P/E
Total Return	21,787.70	0.2	0.2	(6.3)	10.9
All Share Index	3,399.82	0.2	0.2	(6.3)	11.7
Banks	3,989.94	(0.0)	(0.0)	(12.9)	9.6
Industrials	4,032.94	0.2	0.2	(2.0)	2.7
Transportation	5,362.93	0.5	0.5	25.1	25.7
Real Estate	1,566.05	0.0	0.0	4.3	12.8
Insurance	2,304.60	1.9	1.9	(12.5)	167.0
Telecoms	1,585.88	2.1	2.1	(7.0)	8.7
Consumer Goods and Services	7,439.36	(0.3)	(0.3)	(1.8)	231.9
Al Rayan Islamic Index	4,570.64	0.6	0.6	(4.1)	13.9

GCC Top Gainers##	Exchange	Close#	1D%	Vol. '000	YTD%
Abu Dhabi Islamic Bank	Abu Dhabi	11.50	4.2	3,192.2	13.6
Gulf Bank	Kuwait	289.00	2.5	33,293.3	8.0
Ooredoo	Qatar	10.00	2.4	1,065.7	(12.3)
Burgan Bank	Kuwait	185.00	2.2	1,949.1	12.9
Dukhan Bank	Qatar	3.620	1.7	12,233.5	(8.9)

GCC Top Losers##	Exchange	Close#	1D%	Vol. '000	YTD%
Qatar Gas Transport Co. Ltd	Qatar	4.400	(2.9)	6,529.0	25.0
Boubyan Bank	Kuwait	564.00	(2.1)	7,606.2	(0.4)
Abu Dhabi National Energy	Abu Dhabi	2.750	(1.8)	250.1	(21.4)
Abu Dhabi Commercial Bank	Abu Dhabi	7.770	(1.8)	3,129.3	(15.4)
Agility Public Warehousing Co.	Kuwait	288.00	(1.7)	7,428.8	(41.7)

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

QSE Top Gainers	Close*	1D%	Vol. '000	YTD%
Qatar Navigation	11.39	5.5	1,079.0	17.4
Al Khaleej Takaful Insurance Co.	2.402	2.8	4,275.3	(19.1)
Ooredoo	10.00	2.4	1,065.7	(12.3)
Qatar Insurance Company	2.147	2.2	20.7	(17.1)
QLM Life & Medical Insurance Co.	2.013	2.2	28.5	(19.4)

QSE Top Losers	Close*	1D%	Vol. '000	YTD%
Qatar Gas Transport Company Ltd.	4.400	(2.9)	6,529.0	25.0
Ahli Bank	3.771	(1.4)	42.5	4.1
Qatari Investors Group	1.561	(1.2)	1,251.9	(5.0)
The Commercial Bank	3.950	(1.2)	2,380.1	(36.3)
Dlala Brokerage & Inv. Holding Co.	1.237	(1.0)	407.5	(6.3)

QSE Top Volume Trades	Close*	1D%	Vol. '000	YTD%
Dukhan Bank	3.622	1.7	12,233.5	(8.9)
Mazaya Qatar Real Estate Dev.	0.647	0.0	7,879.7	(10.5)
Mesaieed Petrochemical Holding	1.700	(0.5)	7,418.9	(4.9)
Qatar Gas Transport Company Ltd.	4.400	(2.9)	6,529.0	25.0
Masraf Al Rayan	2.344	(0.5)	5,991.7	(11.7)

QSE Top Value Trades	Close*	1D%	Val. '000	YTD%
Dukhan Bank	3.622	1.7	44,072.8	(8.9)
QNB Group	14.20	0.1	38,397.0	(14.1)
Qatar Islamic Bank	17.79	0.1	30,513.2	(17.3)
Qatar Gas Transport Company Ltd.	4.400	(2.9)	29,340.3	25.0
Industries Qatar	12.23	0.4	17,305.6	(6.5)

Regional Indices	Close	1D%	WTD%	MTD%	YTD%	Exch. Val. Traded ($ mn)	Exchange Mkt. Cap. ($ mn)	P/E**	P/B**	Dividend Yield
Qatar*	9,686.86	0.2	0.2	3.9	(10.6)	85.78	154,296.2	10.9	1.3	4.9
Dubai	3,988.22	0.1	0.2	0.3	(1.8)	42.02	183,857.8	7.9	1.2	6.0
Abu Dhabi	8,969.44	0.4	(0.1)	1.2	(6.4)	216.21	682,556.8	18.0	2.6	2.2
Saudi Arabia	11,498.93	(1.3)	(0.5)	(0.0)	(3.9)	2,934.96	2,652,242.9	19.9	2.3	3.6
Kuwait	7,006.28	(0.4)	(0.4)	(0.6)	2.8	157.59	148,384.2	18.0	1.7	3.3
Oman	4,679.45	(0.4)	(1.9)	(3.4)	3.7	5.26	23,881.2	12.8	1.0	5.3
Bahrain	2,040.01	(0.0)	(0.0)	0.0	3.5	0.9	21,395.1	8.6	0.8	8.2

*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 rose 0.2% to close at 9,686.9. The Telecoms and Insurance indices led the gains. The index rose on the back of buying support from Qatari and Arab shareholders despite selling pressure from Foreign and GCC shareholders.
- Qatar Navigation and Al Khaleej Takaful Insurance Co. were the top gainers, rising 5.5% and 2.8%, respectively. Among the top losers, Qatar Gas Transport Company Ltd. fell 2.9%, while Ahli Bank was down 1.4%.
- Volume of shares traded on Wednesday fell by 38.8% to 92.9mn from 151.6mn on Thursday. Further, as compared to the 30-day moving average of 175.1mn, volume for the day was 47.0% lower. Dukhan Bank and Mazaya Qatar Real Estate Dev. were the most active stocks, contributing 13.2% and 8.5% to the total volume, respectively.

Overall Activity	Buy%*	Sell%*	Net (QR)
Qatari Individuals	20.92%	21.85%	(2,901,854.42)
Qatari Institutions	42.84%	30.35%	39,042,628.36
Qatari	**63.77%**	**52.20%**	**36,140,773.94**
GCC Individuals	0.20%	0.29%	(288,044.62)
GCC Institutions	0.25%	0.41%	(497,603.31)
GCC	**0.45%**	**0.70%**	**(785,647.93)**
Arab Individuals	9.46%	8.50%	2,985,940.97
Arab Institutions	0.00%	0.00%	-
Arab	**9.46%**	**8.50%**	**2,985,940.97**
Foreigners Individuals	3.23%	3.64%	(1,276,657.38)
Foreigners Institutions	23.10%	34.96%	(37,064,409.61)
Foreigners	**26.33%**	**38.60%**	**(38,341,066.99)**

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

Global Economic Data and Earnings Calendar

Global Economic Data

Date	Market	Source	Indicator	Period	Actual	Consensus	Previous
06-19	US	National Association of Home B	NAHB Housing Market Index	Jun	43.00	46.00	45.00
06-19	UK	UK Office for National Statistics	CPI MoM	May	0.30%	0.40%	0.30%
06-19	UK	UK Office for National Statistics	CPI YoY	May	2.00%	2.00%	2.30%
06-19	Japan	Ministry of Finance Japan	Exports YoY	May	13.50%	12.70%	8.30%
06-19	Japan	Ministry of Finance Japan	Imports YoY	May	9.50%	9.50%	8.30%
06-19	EU	Eurostat	Construction Output MoM	Apr	-0.20%	NA	-0.50%
06-19	EU	Eurostat	Construction Output YoY	Apr	-1.10%	NA	-0.70%

Earnings Calendar

Tickers	Company Name	Date of reporting 2Q2024 results	No. of days remaining	Status
BEMA	Damaan Islamic Insurance Company	07-Aug-24	48	Due

Qatar

- **Confirmation of credit rating of Ahli Bank at A2 by Moody's -** Ahli Bank has announced that Moody's has confirmed the credit rating at A2 stable outlook. (QSE)
- **Islamic banks' assets grew 6.3% in last five years -** Islamic banks represent 28% of Qatar's total banking sector. Islamic banks have experienced a compound annual growth rate of 6.3% in their assets over the last five years (2019-2023), surpassing the 4.4% growth rate of conventional commercial banks during the same period. The Islamic finance continues its development through expansion to enter new markets as the sector is undergoing rapid expansion. The assets of Islamic banking sector in Qatar experienced a 3.6% increase in last year. As per the latest statistics released by the Qatar Central Bank, the assets of Islamic banks in the country reached QR563.7bn, up from QR544.3bn in 2022. The growth rate of conventional banks stood at 3.3%, according to seventh annual report on Islamic Finance in Qatar 2023. The foreign assets within Islamic banks recorded QR35.4bn, by 9%, while local assets increased by 4% reaching QR509bn. Reserve decreased by (8%) compared to 2022. QIIB ranked the first among the four Islamic banks in terms of asset growth in 2023 represented in 9.3%, Dukhan Bank assets increased by 7.7%, representing QIB growth by 2.8%, while Al Rayan bank assets decreased by (2%). QIB continues to be the first among Islamic banks in terms of the volume of assets, reaching QR189bn at the end of the year 2023, followed by Masraf Al Rayan with assets reaching QR164.2bn, Dukhan Bank with QR114.4bn, then QIIB, with assets amounting to QR61.6bn.During the period (2019-2023), Dukhan Bank topped Islamic banks in the compound growth rate of assets, reaching 9.1%, Dukhan Bank 8.2%, and in QIB the compound growth was 3%, and QIIB 1.6% during the period. The report further noted that the Islamic banking sector in Qatar experienced a 1.3% decrease in deposits in 2023, as reported by the Qatar Central Bank. Deposits in Islamic banks decreased in 2023 by 1.4%, while the decrease in conventional banks recorded 1.3%. Deposits in Islamic banks accounts for around 32% of total banking sector in Qatar, where deposits reached QR313.4bn, compared to QR317.8bn in 2022. During the period (2019-2023), the compound annual growth rate of deposits in Islamic banks was 5.1%, compared to 2.2% in conventional banks. Regarding the restructuring of Islamic bank deposits for 2023, it stated that the private sector still accounts for the largest percentage of 59%, followed by the public sector by 34%. The nonresident deposits accounted for 7% of the total deposits in Islamic banks. During 2023, the growth rate was the most prominent in public sector deposits; it increased by 8%, while the decrease in private sector deposits was 2%, and non-resident deposits decreased by 43% compared to 2022. (Peninsula Qatar)
- **Qatar eyes sustainable future with eco initiatives -** Within its tireless endeavors to develop a diversified economy and achieve sustainable development in the country, Qatar has made significant progress and taken huge and rapid steps towards establishing a green economy capable of keeping pace with global changes by launching a set of strategies and initiatives covering all components of the national economy. Qatar places environmental and sustainability issues as key priorities within its National Vision 2030 and in its development strategies to preserve resources for future generations. This includes the use of renewable energy sources, reducing water and energy consumption, improving energy efficiency in industrial processes, and focusing on achieving a balance between human needs and preserving the environment, which enhances green economy trends. The Ministry of Finance's recent announcement of the issuance of green bonds totaling $2.5bn, the first of its kind in the region, marks the entry of Qatar into a new phase of funding environmentally friendly projects aimed at combating the negative effects of climate change and protecting the environment through sustainable development. This initiative, along with other projects and initiatives in the field of sustainability and environmentally friendly solutions, affirms that Qatar is moving forward rapidly and steadily on the path to becoming an exceptional center in the region for the green economy model. This is in line with its international commitments and the perspective set by its National Vision 2030 to achieve a sustainable

balance between economic and social development and environmental conservation. Qatar's issuance of green bonds was preceded by many other strategies and initiatives, including the energy sector as one of the fundamental pillars of the national economy. QatarEnergy launched its updated Sustainability Strategy, which outlines multiple initiatives to reduce greenhouse gas emissions, including flagship projects such as the further deployment of carbon capture and storage (CCS) technology to capture over 11mn tons per annum of CO_2 in Qatar by 2035. The strategy will further reduce the carbon intensity of Qatar's LNG facilities by 35%, and of its upstream facilities by at least 25% (compared to previous targets of 25% and 15%, respectively), bolstering Qatar's commitment to responsibly supply cleaner LNG at scale in support of the energy transition. Furthermore, QatarEnergy will continue pursuing efforts to advance the midterm targets of increasing solar capacity to over 5 GW, eliminating routine flaring, and limiting fugitive methane emissions along the gas value chain. Qatar's interest in the green economy is also evident through its efforts to establish a culture of sustainability and environmental preservation by working to increase recycling processes, reduce the use of natural resources and carbon emissions, and preserve biodiversity, which contribute to reducing negative impacts on the climate and achieving a balance between human needs and preserving the environment for future generations. The Ministry of Municipality has reached advanced stages in the process of recycling, waste treatment, and utilization as it manages the solid waste treatment plant, its transfer stations, and sanitary landfills for waste and recycling in accordance with international specifications and standards. Additionally, it is developing necessary plans and strategies for handling solid waste to ensure public health and safety. In the context of the successes achieved by Qatar regarding recycling, Qatar managed to recycle all waste generated during the FIFA World Cup Qatar 2022 by achieving a 100% recycling rate, marking the first time this rate was achieved in the history of previous World Cup events. According to data from the National Planning Council, the total number of new projects subject to environmental impact assessment increased from 2,428 projects in 2021 to 2,676 projects in 2022, reflecting a growing environmental focus alongside developmental progress. These projects subjected to assessment in the past year included 572 large projects, 1,433 small and medium-sized projects, and 671 industrial projects. Statistics also indicate that 99.8% of treated wastewater in 2022 met environmental standards. Treated wastewater was utilized for agricultural irrigation, with a total of 76.13mn cubic meters used annually. Additionally, 113.34mn cubic meters of treated wastewater were used for landscaping irrigation, while around 50.60mn cubic meters were injected into underground reservoirs annually. The environment is a vital issue for the state's economic growth direction and perspective. Qatar's National Vision 2030 focuses on achieving true sustainability in the areas of environment, economy, and society. Within this context, the pillars of sustainability are part of the Expo 2023 Doha's theme, encompassing the following: Economic Pillar: Investing in innovative agricultural technologies. Social Pillar: Strengthening the connection between humans and nature to increase awareness. Environmental Pillar: Transforming dry and barren lands into agricultural and forested areas. Model projects and sustainable cities, such as Lusail City, Msheireb Downtown Doha, and Pearl Island, highlight Qatar's efforts in this field as a model for sustainable cities. The country has invested heavily in these cities and regions to provide green infrastructure and smart technologies to control energy consumption. In this context, Lusail seamlessly integrates smart technologies with energy-efficient buildings to intelligent transportation solutions, while Msheireb Downtown Doha weaves smart infrastructure into its fabric to establish a connected and environmentally conscious urban center. (Gulf Times)

- **QNB Group wins four awards at MEED's MENA Banking Excellence Awards -** QNB Group, the largest financial institution in the Middle East and Africa, was honored by the Middle East Economic Digest (MEED) magazine with four distinguished awards at the annual awards of "Banking Excellence in the Middle East and North Africa 2024". QNB topped the digital banking leaders list by winning the "Excellence in Product Marketing", "Excellence in Omni-Channel Integration", and "Best Digital Wallet" in addition to winning the "Best Private Bank" award. These awards come in recognition of the bank's latest enhancements on QNB Mobile and Internet Banking and QNB Pay Wallet, its distinguished digital marketing activities as well as its unwavering commitment to excellence in private banking services. In line with its digital transformation strategy, QNB has revamped its Mobile and Internet Banking, Self-Service Machines and introduced QNB Pay Wallet by implementing a customer-centric omni-channel approach. This makes transactions simpler, easier, and more secure. As part of broader efforts, QNB strives to provide the best customer experience and continues to develop innovative products and services, such as Digital Account Opening, Virtual Cards, eLoans, Fawran (instant payments to anyone in Qatar), and cross-border payments via Ripple Net. The Digital Onboarding allows new customers to open Current and Savings accounts and obtain a Virtual Debit Card digitally without visiting a branch; while existing customers can also open a Saving or Fixed Deposit account or create a Virtual Credit Card - which caters to the advancing digital banking landscape in the region, and beyond. These efforts are supported by targeted and personalized digital marketing activities to engage current and prospective customers. The MEED's MENA Banking Excellence Awards program celebrates the best-in-class banking and financial services institutions and individuals for their innovative services and commitment to customer excellence. QNB Group currently ranks as the most valuable bank brand in the Middle East and Africa. Through its subsidiaries and associate companies, the Group extends to more than 28 countries across 3 continents providing a comprehensive range of advance products and services. The total number of employees is 30,000 operating through 900 locations, with an ATM network of more than 5,000 machines. (Qatar Tribune)

International

- **UK inflation drops to 2% target for first time since 2021 -** British inflation returned to its 2% target for the first time in nearly three years in May, but strong underlying price pressures all but rule out a pre-election interest rate cut. While Prime Minister Rishi Sunak welcomed the fall in headline inflation in May, it has likely come too late to turn around his fortunes in British elections on July 4 or to prompt a Bank of England rate cut on Thursday. Office for National Statistics data showed services price inflation, which the BoE thinks gives a better picture of medium-term inflation risks, was 5.7%. That was down from 5.9% in April, but higher than the 5.5% economists had forecast in a Reuters poll or the 5.3% predicted by the BoE last month. Sterling rose modestly against the dollar and the euro after the data, but British government bonds underperformed as investors bet the BoE would delay following the lead of the European Central Bank, which cut rates earlier this month. "Services CPI continues to print to the upside (which) we think removes any lingering risk that the Monetary Policy Committee might announce a cut to Bank Rate tomorrow," said Cathal Kennedy, senior UK economist at RBC Capital Markets. The drop in annual consumer price inflation from April's 2.3% reading - in line with economists' expectations - took it to its lowest since July 2021 and marks a sharp decline from the 41-year high of 11.1% in October 2022. The fall has been sharper than in the euro zone or the United States, where consumer price inflation in May was 2.6% and 3.3% respectively, belying concerns a year ago that British inflation was proving unusually sticky. Inflation first began to pick up in most Western economies in the second half of 2021 due to bottlenecks from the COVID-19 pandemic, then surged after Russia's full-scale invasion of Ukraine in February 2022 caused natural gas prices to soar. Consumer prices in Britain are up more than 20% over the past three years, squeezing living standards and contributing to the unpopularity of Sunak's Conservatives, who are around 20 points behind the opposition Labor Party in opinion polls. Sunak said that the drop in inflation since he took over from his Conservative predecessor Liz Truss - whose fiscal policy triggered a surge in government borrowing costs - was evidence that his economic policies were working. (Reuters)
- **China leaves benchmark rates steady as PBOC walks tight rope -** China left benchmark lending rates unchanged at a monthly fixing on Thursday, in line with market expectations. The one-year loan prime rate (LPR) was kept at 3.45%, while the five-year LPR was unchanged at 3.95%. In a Reuters survey of 30 market participants conducted this week, 21, or 70% of all respondents, expected both rates to stay unchanged. (Reuters)

Regional

- **Foreign capital inflows in GCC equity markets surge to $616.7mn -** Foreign capital inflows in the GCC equity markets increased to $616.7mn in May, led by strong growth in the UAE and Saudi Arabia. Equity markets in the GCC accumulated net inflows of $1.77bn year-to-date, according to data by the Dubai-based management consultants and financial advisors Iridium. The positive trend also resulted in a higher net inflow in the GCC Emerging markets, with Kuwait, Qatar, Saudi Arabia, and the UAE recording a combined inflow of $636.2mn. The UAE led the region with the highest net inflow of $680.4mn, followed by Saudi Arabia with $169.3mn. However, both Kuwait (-$56.4mn) and Qatar (-$157.1mn) experienced net outflows. Despite two markets underperforming, this month's data reversed the negative trend observed in April 2024, which posted a total net outflow of -$596.7mn for the GCC, with Saudi Arabia recording the largest outflow of $409mn, followed by Kuwait ($97mn), the UAE ($48.6mn), and Qatar ($34.9mn). At the time, Iridium had said the shifts were indicative of broader market responses to the danger of escalating tensions in the Middle East and the challenging global economic climate, particularly the impact of higher for longer interest rates. In year-to-date inflow charts, the UAE maintained its lead, contributing $1.67bn to the total. Saudi Arabia followed with $224mn in net inflows. In contrast, Kuwait and Qatar have reported mixed performances, with Kuwait posting modest net inflows of $190mn while Qatar experienced net outflows amounting to -$125mn. Data further revealed the probability of an index rise after net inflows continued to be highest for the MSCI Saudi Arabia Index at 51%, followed by the MSCI Qatar Index at 37%, and both the MSCI UAE and MSCI Kuwait Indexes at 28%, emphasizing the importance of foreign capital in driving market performance. (Zawya)

- **IMF Blog: CBDC seen important priority for Gulf countries -** Close on the heels of Qatar laying the foundation for the central bank digital currency (CBDC) regime, an International Monetary Fund (IMF) blog has said CBDC appears to be an important priority for oil exporters and the Gulf countries. "CBDCs can potentially help improve the efficiency of cross-border payment services. This appears to be an important priority for oil exporters and the Gulf Co-operation Council (GCC) countries of Bahrain, Kuwait, Oman, Qatar, Saudi Arabia, and the UAE," an IMF blog said, quoting a recent departmental paper 'Central Bank Digital Currencies in the Middle East and Central Asia.' Reasoning for the priority, the report said it was because cross-border payments tend to have frictions like varying data formats and operating rules across regions and complex compliance checks. CBDCs that can address these inefficiencies could significantly cut transaction costs. Some countries have already introduced cross-border technology platforms to address these issues and promote digital currency payments between countries, it said, highlighting the Buna cross-border payment system, created by the Arab Monetary Fund in 2020. The IMF blog said almost two-thirds of countries in the Middle East and Central Asia are exploring adopting a CBDC as a way to promote financial inclusion and improve the efficiency of cross-border payments. Many of the 19 countries currently exploring a CBDC are at the research stage. Bahrain, Georgia, Saudi Arabia, and the UAE have moved to the more advanced "proof-of-concept" stage. Kazakhstan is the most advanced after two pilot programs for the digital tinge. The Qatar Central Bank recently said it has developed the infrastructure for the CBDC project, which will enter its first experimental phase extending to October 2024. It aims to achieve a set of primary objectives, including leveraging artificial intelligence technologies, distributed ledger technology, and emerging technologies and establish a strong foundation to enhance liquidity by expanding participation in financial market facilities, considering the aspects related to information security during project implementation. The IMF blog said CBDCs can advance financial inclusion by fostering competition in the payments market and allowing for transactions to be settled more directly and with less intermediation, in turn lowering the cost of financial services and making them more accessible. Highlighting that deposits make up a large share of bank funding in the region, about 83%; it said because a CBDC may compete with bank deposits, it could weigh on bank profits and lending and have implications for financial stability. However, lenders in the region generally have adequate capital levels, profit margins, and liquidity buffers, and their relatively high concentration may limit strains on deposits, it said, adding large banks are especially dominant in the GCC countries. In the GCC, financial systems are large, having grown in recent years thanks to buoyant economic activity fueled by large hydrocarbon proceeds and abundant liquidity. (Gulf Times)

- **Saudi Arabia dethrones China as top emerging market borrower -** Saudi Arabia has displaced China as the most prolific issuer of international debt among emerging markets, breaking Beijing's 12-year run at the top. Data for new-bond sales by both governments and corporates this year reveal the kingdom is borrowing at a record pace as global debt investors begin to back Crown Prince's Mohamed bin Salman's Vision 2030 plan. Chinese borrowers, on the other hand, are witnessing a buying frenzy in local-currency bonds and have slowed international issuance to one of the slowest paces in recent years. Overtaking China is meaningful for Saudi Arabia which has 1/16th of the Asian nations the gross domestic product and the drive to become a global business hub by the end of the decade. The latest data suggest improving sentiment as Riyadh seeks funding for projects to diversify the economy from oil and position it as a link between Asia and Europe. Meanwhile, the rest of emerging markets are also witnessing a blockbuster year for bond issuance, amid falling borrowing costs and a hunt for juicy yields. "Sentiment for Saudi bonds is very healthy," said Apostolos Bantis, the Zurich-based managing director of fixed-income advisory at Union Bancaire Privee Ubp SA. "It's not a surprise that the Kingdom has become the largest EM bond issuer given its large funding needs for large infrastructure projects." Bond sales from Saudi Arabian entities have increased 8% so far this year and exceeded $33bn. The government accounts for more than half of this, including a $5bn dollar denominated sukuk deal last month. The kingdom is working to find alternative sources of funding to help cover an expected fiscal shortfall of about $21bn this year. It expects total funding activities for the year to reach about $37bn, to help accelerate Vision 2030. In fact, the country has turned to the bond market on such a scale partly because foreign direct investment has fallen short of its targets, while oil revenue has been crimped by supply cuts. The nation's borrowing is already inviting caution from some money managers. Barclays Plc downgraded Saudi Arabia's sovereign credit to underweight from market weight, citing "recurrent" bond issuance, lower oil prices and Middle East tensions. "Saudi cannot keep up the current bond issuance pace for too long as that would start to have an impact on its fundamentals and cost of funding," said Bantis of UBP. Overall, EM international bond sales have increased 28% from a year earlier to $291bn, the highest for comparable periods since 2021. The extra yield investors demand to buy EM bonds — sovereign and corporate combined — rather than Treasuries is now about 266 basis points, below the five-year average of 336 basis points, according to a Bloomberg index. Meanwhile, China Development Bank in Beijing and Chinese companies have together sold $23.3bn of dollar- and euro-denominated bonds this year. That's a 68% drop from the country's average government and corporate-bond sales for this time for the year since 2019. China now accounts for only 8.1% of emerging market borrowing, a far cry from 2017 when it accounted for one third of all issuances with a $224bn spree. Unlike the trend in dollar bonds, the country is witnessing unprecedented bond issuance in local-currency debt as borrowing costs tumble to record low. (Gulf Times)

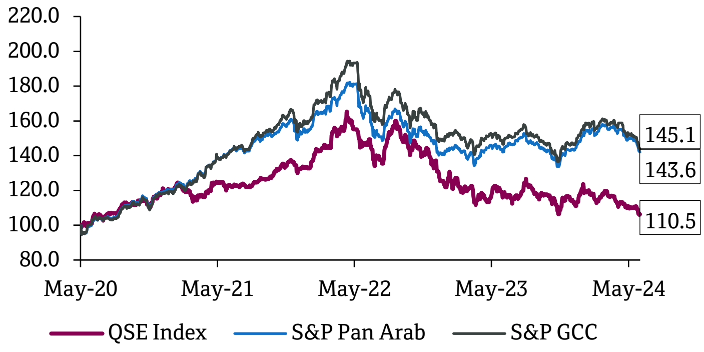
- **6,700mnaires expected to move to UAE by end of 2024 -** The UAE is continuing its run as the destination of choice for high-net-worth individuals (HNWI) with a new report by international investment migration advisory firm Henley & Partners stating that 6,700 ultra rich migrants are expected to make the country their home by the end of 2024. Findings by the 'Henley Private Wealth Migration Report 2024', reveal the UAE's tax-free income, golden visa residency program, and its geographic location have made the country a top choice for migrating millionaires. Data shows that the UAE is expected to attract nearly twice as many millionaires as the US, which is projected to receive an inflow of 3,800mnaires in 2024. Dominic Volek, Group Head of Private Clients at Henley & Partners said in the report that investment migration can serve as a powerful mechanism to enable individual connectedness and economic diversification. "The rise of the UAE is testament to this. With its sights firmly set on becoming the world's top wealth haven, the UAE is pulling out all the stops to attract millionaires, from an attractive golden visa offering and luxurious living to a business-friendly environment in a strategic location," he said. "By attracting wealthy residents and their capital, key sectors such as real estate, renewable energy, technology, and tourism tend to flourish." According to the report, the UAE has consistently attracted large numbers of millionaires from India, the Middle East, Russia, and Africa. In 2024, large inflows are also expected to come from the UK and Europe, with the former expected to see an unprecedented net loss of 9,500mnaires this year, second only to China worldwide, and more than double the 4,200 who left the country last year. The report's W15 ranking of the world's top 15 countries for millionaires, centi-millionaires and billionaires placed the UAE in the 14th position, with 116,500mnaires (having more than $1mn in liquid investable wealth), 308 centi millionaires (more than $100mn) and 20bnaires (more than $1bn), indicating a 77% growth in the decade from 2013 to 2023. Biggest movers: According to the report, China was on track to be the biggest millionaire loser globally, with an anticipated net exit of 15,200 HNWIs this year (compared to 13,800 in 2023), whereas India has stemmed its wealth exodus, dropping down to third place after the UK with 4,300mnaires projected to leave the country in 2024 (compared to 5,100 last year). South Korea's HNWI exodus is expected to rise with a forecast loss of 1,200mnaires, compared to 800 in 2023, while the flight of millionaires that left Russia following the outbreak of the Ukraine war appears to be abating with only 1,000 projected to relocate this year, compared to 8,500 in 2022 and 2,800 in 2023. Singapore came in third this year with net inflows of 3,500 moneyed migrants, while Canada and Australia, followed in fourth and fifth places with net inflows of 3,200 and 2,500, respectively. (Zawya)

- **Dubai is the most expensive city for employees in the Middle East -** Dubai is the costliest city in the Middle East for international employees, according to a new report, with rising rents and insurance premiums contributing to the growth in expenses. The findings of the '2024 Cost of Living City Ranking' by the US-based consulting firm Mercer are that Dubai currently ranks 15th globally as the most expensive city, up three places from 2023, in a study spanning 226 cities. According to the report, the overall cost of living in Dubai has been impacted by upward movement in the rental property market, with the emirate recording a 21% jump in housing prices between 2023 and 2024. In the apartments segment, the survey showed average increases of around 15% for three-bedroom properties year-on-year, while house rental prices have risen by an average of 32% in the same period. This was significantly higher than year-on-year movements in other fast-growing cities such as Singapore (average year-on-year rent increase of around 10%), Amsterdam (7%), New York (6%), and Hong Kong (7%). Dubai also witnessed moderate increases in prices for groceries (up 5%) and personal care items (up 3%), while transport costs remained stable, although Mercer analysis suggested insurance premiums are expected to rise following the storms and flooding in April 2024. "Dubai remains an extremely competitive city when it comes to attracting international businesses, because of the quality of life and the dynamic growth of the non-oil economy. However, prices – particularly rental costs – are rising above the global average for fast-growing cities, which is pushing companies to reconsider their approach to employee compensation," Vladimir Vrzhovski, Principal at Mercer Middle East, said in a statement. "Rising housing costs in cities around the world have made talent mobility a challenge for employers, and companies in Dubai are likely to face the same pressures when it comes to attracting and retaining top talent," he added. After Dubai, Tel Aviv emerged as the next most expensive city in the Middle East, which dropped eight places from the previous year to rank 16th. The UAE capital Abu Dhabi made its debut on the list, ranking 43, followed by Riyadh (90) and Jeddah (97). According to Mercer, Saudi Arabia moved up the rankings breaking into the top 100 cities, which reflects the "increased demand for international talent aligned with the kingdom's economic transition and growth strategy." Hong Kong, Singapore, and Zurich were ranked as the costliest cities for international workers, holding their positions in Mercer's rankings from last year. At the other end of the spectrum, the cities that ranked the lowest for living costs were Islamabad, Lagos, and Abuja. (Zawya)

- **Ties with Nasdaq giants to make 19.4% of UAE's GDP -** Collaborations with Nasdaq giants is expected to contribute 19.4% of the UAE's GDP from the tech sector in the next 10 years at a time when the exponential growth of AI is propelling Nasdaq to all-time highs, says FOREX.com. In fact, with Nasdaq Futures approaching the 20,000 threshold, US 100 retests the upper border of its up-trending channel since October 2022. From Open AI to Microsoft's Copilot, the momentum of the AI trend is overcoming market obstacles and surpassing concerns over monetary policies and regulatory risks. AI proliferation: According to a McKinsey Global Survey, 72% of surveyed organizations now utilize AI, highlighting its transformative impact on the tech sector and its ability to drive sustained market growth, reinforcing its crucial role in shaping the future of technology and economics. In the UAE, the growth of Nasdaq, fueled by AI advancements, seems to have a positive ripple effect on the country. As leading AI companies on Nasdaq continue to thrive, their groundbreaking innovations enhance the UAE's tech landscape. This synergy not only stimulates economic growth but also aligns with the UAE's vision of a diversified, knowledge-based economy, solidifying its role as a leader in global technological progress. The US and UAE's strategic partnership in AI actually reflects a shared commitment to technological innovation. The UAE's significant investment in US AI startups, combined with US support for AI platforms and education in the UAE, forms the backbone of this crucial alliance, contributing to the UAE's transition from an oil and gas-dependent economy to a data-driven powerhouse. Collaborations with Nasdaq giants like Microsoft and NVIDIA are pivotal in establishing the UAE as a global AI hub, fostering economic diversification and innovation, and contributing to an anticipated 19.4% of the country's GDP from the tech sector within the next decade. Positive sentiment: Digging deeper into the impact of monetary policies on the AI sector and Nasdaq, the recent drop in US consumer price inflation metrics has fueled positive sentiment across the markets, driving the Nasdaq to new record highs. Although inflation rates are gradually moving towards the Fed's 2% target, the 5.5% interest rate remains in place with only one rate cut anticipated this year, as inflation levels are still considered elevated. Similarly, the Central Bank of the UAE (CBUAE) is expected to hold rates in parallel, which will help taper down its own inflationary pressures. The market reversed nearly half of its CPI news gains following the Fed's statement, yet the Nasdaq continued its uptrend, surpassing the 19600 high. "By early 2024, the global adoption of AI has surged significantly. As countries strive to maximize AI benefits while ensuring regulatory compliance, the resilience of the tech and AI sectors continues to outpace concerns over monetary policy and regulation," comments Razan Hilal, Market Analyst, CMT at FOREX.com. She adds: "These sectors are foundational to global efforts to achieve long-term goals, maintaining high levels of innovation and productivity. While occasional corrections in growth trends may occur, the primary trend and long-term investments remain aligned with sustainable agendas, indicating continued strength and a positive future for the tech and AI markets." AI regulatory areas: In terms of AI regulations, and although they vary globally, an analysis by EY of eight jurisdictions revealed four common regulatory areas aimed at mitigating AI risks while promoting its economic and social benefits. These include Respecting human rights, sustainability, and transparency; ensuring cybersecurity, data privacy, and intellectual property protection; tailoring compliance obligations to specific risk levels; promoting private sector collaboration to balance innovation with regulatory requirements; and fostering international cooperation to address risks, safety, and security concerns. Therefore, while AI is showing considerable resilience driving Nasdaq Indices to all-time highs, countries, including the UAE which is largely benefiting from surging AI technologies, strive to establish a robust and ethical AI sector through regulations designed to support growth and align with their future economic and geopolitical objectives, without restricting innovation. (Zawya)

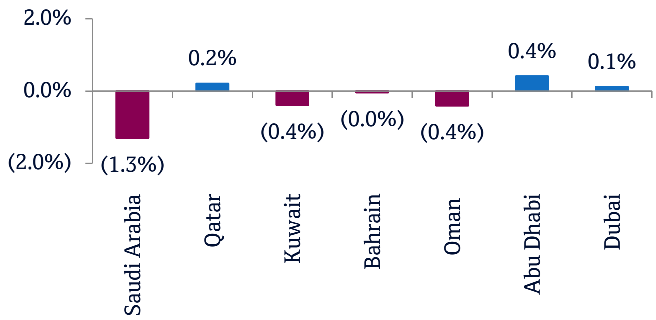
- **Dubai Chamber explores opportunities to drive economic growth -** Dubai Chamber of Commerce's second quarterly roundtable meeting of Business Groups and Councils for 2024 created a valuable platform to highlight prospects for economic growth and explore the promising opportunities. The meeting of the sector-specific Business Groups and country-specific Business Councils overseen by the chamber attracted representatives from private sector companies operating in the emirate. The session Attendees were briefed on the chamber's latest programs and initiatives, together with its future plans to drive the success of the private sector and ensure an enabling environment that supports the sustainable growth of businesses in the emirate. Participants discussed ways to enhance the competitiveness of local companies and improve their performance in line with global economic developments. 24 meetings During the first quarter of 2024, Dubai Chamber of Commerce held 24 meetings with Business Groups and Business Councils, including the inaugural Annual General Meetings of the Polish Business Council and the Qazaqstan Business Council. The chamber also reviewed 33 laws and draft laws in cooperation with Business Groups during Q1 2024, with the resulting recommendations achieving an adoption rate of 45%. Maha Al Gargawi, Vice President of Business Advocacy at Dubai Chambers, commented: “Advancing the interests of the business community in Dubai remains among our top strategic priorities. We are committed to increasing the private sector’s contribution to Dubai’s economic success story by enhancing the role of Business Groups and Councils in improving the emirate’s favorable business environment, which helps promote the growth of companies across all sectors.” The Business Groups and Business Councils operating under the umbrella of Dubai Chamber of Commerce ensure the representation of diverse business and economic sectors and are instrumental in facilitating productive dialogue between private sector stakeholders and government entities. Through their activities, these influential bodies work to enhance Dubai’s dynamic business environment, promote public-private partnerships, and drive the success of businesses in the emirate. (Zawya)

Rebased Performance



Source: Bloomberg

Daily Index Performance



Source: Bloomberg

Asset/Currency Performance	Close ($)	1D%	WTD%	YTD%
Gold/Ounce	2,328.16	(0.1)	(0.2)	12.9
Silver/Ounce	29.79	0.9	0.8	25.2
Crude Oil (Brent)/Barrel (FM Future)	85.07	(0.3)	3.0	10.4
Crude Oil (WTI)/Barrel (FM Future)	81.57	0.0	4.0	13.8
Natural Gas (Henry Hub)/MMBtu	2.43	0.0	(11.3)	(5.8)
LPG Propane (Arab Gulf)/Ton	78.40	0.0	(0.5)	12.0
LPG Butane (Arab Gulf)/Ton	74.90	0.0	1.4	(25.5)
Euro	1.07	0.0	0.4	(2.7)
Yen	158.09	0.1	0.4	12.1
GBP	1.27	0.1	0.3	(0.1)
CHF	1.13	(0.0)	0.7	(4.8)
AUD	0.67	0.3	0.9	(2.0)
USD Index	105.25	(0.0)	(0.3)	3.9
RUB	110.69	0.0	0.0	58.9
BRL	0.19	(1.7)	(1.8)	(9.2)

Source: Bloomberg

Global Indices Performance	Close	1D%*	WTD%*	YTD%*
MSCI World Index	3,523.68	0.0	0.9	11.2
DJ Industrial	38,834.86	0.1	0.6	3.0
S&P 500	5,487.03	0.3	1.0	15.0
NASDAQ 100	17,862.23	0.0	1.0	19.0
STOXX 600	514.13	(0.1)	1.0	4.3
DAX	18,067.91	(0.3)	0.8	4.8
FTSE 100	8,205.11	0.3	1.0	5.8
CAC 40	7,570.20	(0.7)	1.3	(2.5)
Nikkei	38,570.76	0.1	(1.0)	2.8
MSCI EM	1,095.28	1.2	1.7	7.0
SHANGHAI SE Composite	3,018.05	(0.4)	(0.5)	(0.7)
HANG SENG	18,430.39	2.9	2.8	8.2
BSE SENSEX	77,337.59	0.0	0.6	6.9
Bovespa	120,261.34	(0.6)	(1.3)	(20.4)
RTS	1,154.23	2.4	1.5	6.5

Source: Bloomberg ($ adjusted returns if any)*

Contacts

QNB Financial Services Co. W.L.L.
Contact Center: (+974) 4476 6666
info@qnbfs.com.qa
Doha, Qatar

Saugata Sarkar, CFA, CAIA
Head of Research
saugata.sarkar@qnbfs.com.qa

Shahan Keushgerian
Senior Research Analyst
shahan.keushgerian@qnbfs.com.qa

Phibion Makuwerere, CFA
Senior Research Analyst
phibion.makuwerere@qnbfs.com.qa

Roy Thomas
Senior Research Analyst
roy.thomas@qnbfs.com.qa

Dana Saif Al Sowaidi
Research Analyst
dana.alsowaidi@qnbfs.com.qa