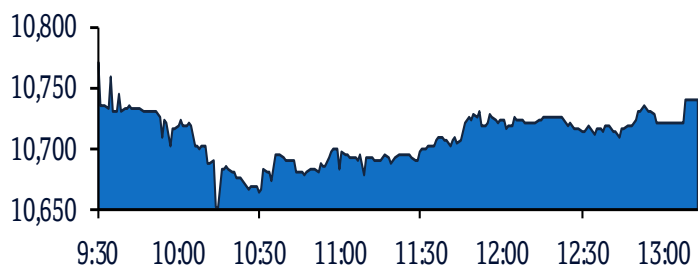


## QSE Intra-Day Movement



## Qatar Commentary

The QE Index declined 0.2% to close at 10,740.1. Losses were led by the Real Estate and Industrials indices, falling 1.0% and 0.4%, respectively. Top losers were Qatar Islamic Insurance Company and QLM Life and Medical Insurance, falling 2.6% and 2.2%, respectively. Among the top gainers, Ahli Bank gained 1.8%, while Qatar Cinema & Film Distribution was up 1.7%.

## GCC Commentary

**Saudi Arabia:** The TASI Index gained 0.6% to close at 10,859.2. Gains were led by the Media & Entertainment and Insurance indices, rising 3.2% and 1.8%, respectively. Al Sagr Co-Operative Insurance rose 9.9%, while Wataniya Insurance Co. was up 8.4%.

**Dubai:** The DFM Index fell 0.1% to close at 2,848.0. The Consumer Staples and Discretionary and Transportation indices declined 0.9% each. Emirates Refreshments Co. declined 9.7%, while Gulf Navigation Holding was down 2.6%.

**Abu Dhabi:** The ADX General Index fell 0.5% to close at 6,616.0. The Consumer Staples and Banks indices declined 1.1% each. National Bank of Umm Al Qaiwain declined 8.4%, while Fujairah Cement Industries was down 7.9%.

**Kuwait:** The Kuwait All Share Index gained 0.2% to close at 6,418.9. The Insurance index rose 1.8%, while the Health Care index gained 1.5%. Advanced Technology Co rose 7.5%, while Fujairah Cement Industries was up 7.1%.

**Oman:** The MSM 30 Index fell 0.8% to close at 4,022.9. Losses were led by the Industrial and Financial indices, falling 1.2% and 1.0%, respectively. Oman Chlorine declined 10.0%, while Oman Education & Training Investment was down 9.1%.

**Bahrain:** The BHB Index gained marginally to close at 1,569.0. The Insurance index rose 2.0%, while the Investment index gained 0.3%. Arab Insurance Group rose 10.0%, while Inovent Co. was up 7.4%.

QSE Top Gainers	Close*	1D%	Vol. '000	YTD%
Ahli Bank	3.70	1.8	1,146.1	7.3
Qatar Cinema & Film Distribution	4.07	1.7	0.2	1.8
Gulf Warehousing Company	5.18	1.0	134.8	1.6
Mannai Corporation	3.70	0.6	5.9	23.2
Doha Bank	2.69	0.4	1,958.0	13.4

QSE Top Volume Trades	Close*	1D%	Vol. '000	YTD%
Salam International Inv. Ltd.	1.00	(0.9)	18,674.3	53.8
Qatar Aluminum Manufacturing Co	1.52	(0.8)	16,473.1	57.4
Mazaya Qatar Real Estate Dev.	1.11	(1.9)	13,911.0	(12.4)
Gulf International Services	1.52	(0.6)	9,297.1	(11.5)
Investment Holding Group	1.04	(0.1)	8,464.0	74.0

Regional Indices	Close	1D%	WTD%	MTD%	YTD%	Exch. Val. Traded (\$ mn)	Exchange Mkt. Cap. (\$ mn)	P/E**	P/B**	Dividend Yield
Qatar*	10,740.13	(0.2)	(0.0)	(0.1)	2.9	94.89	168,364.3	18.1	1.6	2.7
Dubai	2,847.95	(0.1)	(0.5)	1.8	14.3	47.77	106,829.1	21.6	1.0	2.8
Abu Dhabi	6,615.94	(0.5)	(0.5)	0.9	31.1	324.55	256,837.7	22.2	1.9	3.7
Saudi Arabia	10,859.18	0.6	0.1	2.9	25.0	2,944.20	2,594,312.2	35.8	2.4	1.9
Kuwait	6,418.85	0.2	0.4	3.3	15.7	219.61	121,688.4	40.9	1.6	2.0
Oman	4,022.87	(0.8)	(1.3)	4.4	10.0	5.39	18,167.2	14.1	0.8	3.9
Bahrain	1,569.00	0.0	0.4	2.7	5.3	2.90	24,149.7	26.9	1.0	2.1

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

Market Indicators	21 Jun 21	20 Jun 21	%Chg.
Value Traded (QR mn)	351.5	234.4	50.0
Exch. Market Cap. (QR mn)	622,879.3	624,771.6	(0.3)
Volume (mn)	132.9	106.6	24.6
Number of Transactions	9,799	5,643	73.6
Companies Traded	48	47	2.1
Market Breadth	12:33	21:23	-

Market Indices	Close	1D%	WTD%	YTD%	TTM P/E
Total Return	21,260.73	(0.2)	(0.0)	6.0	18.1
All Share Index	3,404.23	(0.3)	(0.1)	6.4	18.8
Banks	4,484.23	(0.2)	0.1	5.6	15.6
Industrials	3,588.91	(0.4)	(0.6)	15.9	27.6
Transportation	3,399.95	0.3	1.2	3.1	21.9
Real Estate	1,807.26	(1.0)	(1.1)	(6.3)	17.1
Insurance	2,613.31	(0.4)	(1.0)	9.1	23.4
Telecoms	1,043.69	(0.1)	1.0	3.3	27.7
Consumer	8,171.27	(0.2)	(0.8)	0.4	27.3
Al Rayan Islamic Index	4,558.58	(0.5)	(0.6)	6.8	19.5

GCC Top Gainers##	Exchange	Close#	1D%	Vol. '000	YTD%
Al Rajhi Bank	Saudi Arabia	110.60	2.4	3,385.4	50.3
Jarir Marketing Co.	Saudi Arabia	222.00	2.0	170.0	28.0
Agility Public Ware. Co.	Kuwait	0.94	1.7	6,298.0	53.3
Almarai Co.	Saudi Arabia	62.40	1.6	1,177.2	13.7
Banque Saudi Fransi	Saudi Arabia	38.60	1.6	266.2	22.2

GCC Top Losers##	Exchange	Close#	1D%	Vol. '000	YTD%
Burgan Bank	Kuwait	0.23	(3.1)	3,479.6	12.4
Sohar International Bank	Oman	0.10	(3.0)	86.8	5.5
HSBC Bank Oman	Oman	0.10	(2.8)	19.0	14.3
Advanced Petrochem. Co.	Saudi Arabia	74.50	(2.1)	802.3	11.2
Ezdan Holding Group	Qatar	1.72	(1.4)	8,289.4	(3.0)

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

QSE Top Losers	Close*	1D%	Vol. '000	YTD%
Qatar Islamic Insurance Company	7.60	(2.6)	804.6	10.1
QLM Life and Medical Insurance	4.80	(2.2)	317.6	52.4
Mazaya Qatar Real Estate Dev.	1.11	(1.9)	13,911.0	(12.4)
Qatar Oman Investment Company	1.01	(1.9)	3,340.8	13.6
Qatari German Co for Med. Dev.	2.59	(1.4)	2,470.2	15.7

QSE Top Value Trades	Close*	1D%	Val. '000	YTD%
QNB Group	17.80	(0.3)	37,123.2	(0.2)
Ooredoo	7.03	0.4	30,211.7	(6.5)
Industries Qatar	13.26	(0.3)	28,431.5	22.0
Qatar Aluminum Manufacturing	1.52	(0.8)	25,055.7	57.4
Salam International Inv. Ltd.	1.00	(0.9)	18,708.3	53.8

Source: Bloomberg (\* in QR)

## Qatar Market Commentary

- The QE Index declined 0.2% to close at 10,740.1. The Real Estate and Industrials indices led the losses. The index fell on the back of selling pressure from GCC and Arab shareholders despite buying support from Qatari and foreign shareholders.
- Qatar Islamic Insurance Company and QLM Life and Medical Insurance were the top losers, falling 2.6% and 2.2%, respectively. Among the top gainers, Ahli Bank gained 1.8%, while Qatar Cinema & Film Distribution was up 1.7%.
- Volume of shares traded on Monday rose by 24.6% to 132.9mn from 106.6mn on Sunday. However, as compared to the 30-day moving average of 196.6mn, volume for the day was 32.4% lower. Salam International Inv. Ltd. and Qatar Aluminum Manufacturing Co. were the most active stocks, contributing 14.1% and 12.4% to the total volume, respectively.

Overall Activity	Buy %*	Sell %*	Net (QR)
Qatari Individuals	41.43%	37.51%	13,786,677.3
Qatari Institutions	20.87%	20.36%	1,814,761.4
<b>Qatari</b>	<b>62.30%</b>	<b>57.86%</b>	<b>15,601,438.7</b>
GCC Individuals	0.20%	0.11%	310,536.7
GCC Institutions	0.42%	3.53%	(10,922,175.3)
<b>GCC</b>	<b>0.62%</b>	<b>3.64%</b>	<b>(10,611,638.6)</b>
Arab Individuals	10.81%	13.59%	(9,780,959.0)
Arab Institutions	0.03%	0.00%	104,380.2
<b>Arab</b>	<b>10.85%</b>	<b>13.60%</b>	<b>(9,676,578.8)</b>
Foreigners Individuals	2.77%	3.31%	(1,889,612.6)
Foreigners Institutions	23.46%	21.59%	6,576,391.3
<b>Foreigners</b>	<b>26.23%</b>	<b>24.90%</b>	<b>4,686,778.6</b>

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

## Earnings Calendar

Tickers	Company Name	Date of reporting 1Q2021 results	No. of days remaining	Status
QFLS	Qatar Fuel Company	11-Jul-21	19	Due
DHBK	Doha Bank	27-Jul-21	35	Due

Source: QSE

## News

### Qatar

- QNB Group Official Regional Supporter of the first FIFA Arab Cup 2021** – QNB Group, the largest financial institution in the Middle East and Africa, was announced as the Official Regional Supporter of the first FIFA Arab Cup 2021, a mega event that will bring together 23 Arab nations from North Africa and the Middle East in a strong competition between 30 November and 18 December in Qatar. This is the first edition of the FIFA Arab Cup and QNB Group, the patron of major sports events in Qatar as well as regional and global tournaments, is determined to play a key role in supporting the event. It is worth mentioning that QNB Group is also the sponsor of Qatar's national football team, who is representing Qatar at the FIFA Arab Cup. The nations participating in the FIFA Arab Cup 2021 include: Qatar (host nation), Bahrain, Iraq, Jordan, Kuwait, Lebanon, Oman, Palestine, Saudi Arabia, Syria, the United Arab Emirates and Yemen, Algeria, Comoros, Djibouti, Egypt, Libya, South Sudan, Mauritania, Morocco, Somalia, Sudan and Tunisia. The matches are set to take place in venues of the FIFA World Cup Qatar 2022 stadiums. The final match is scheduled for 18 December, which is also Qatar National Day. (Gulf-Times.com)
- Forbes ranks QATI amongst top 100 listed companies in the Middle East** – Qatar Insurance Company (QATI) was listed amongst the top 100 companies in the Middle East by Forbes Middle East Magazine's annual ranking of the top 100 listed companies in the region for 2021. The company was ranked top insurance company in the Middle East according to the same ranking. The prestigious ranking features the region's biggest, most valuable and profitable companies. The new ranking reflects QATI's ability to withstand continuity considering the COVID-19 pandemic, and its success in maintaining its longstanding position as the largest insurance company in the

MENA region. Forbes Middle East's – a licensed edition of Forbes for the Arab World - selection of Top 100 companies in the Middle East is based on collected data from listed stock exchanges in the Arab World and ranked companies based on market value, sales, assets and profits. The ranking was revealed in Forbes Middle East's June 2021 issue, featuring Salem Khalaf Al Mannai, QATI Group CEO. (Zawya, Peninsula Qatar)

- Bloomberg Survey: Qatar's Economy to Expand 3% in 2021; Prior +3%** – Qatar's economy will expand 3% in 2021 according to the latest results of a Bloomberg News survey of 12 economists conducted from June 11 to June 16. The GDP in 2022 is expected to rise +3.8% YoY vs prior +3.6%. CPI in 2021 will rise +0.9% YoY vs prior +0.5% and CPI in 2022 is expected to grow +1.8% YoY vs prior +2%. (Bloomberg)
- Amir: Qatar Economic Forum to help face challenges and build a better future for all** – Qatar is investing in researches related to green, alternative and sustainable energy and contributing to the global efforts to combat climate change, His Highness the Amir Sheikh Tamim bin Hamad Al-Thani has said. "We are a natural gas exporting country, which is a low-carbon and least harmful energy to the environment, yet we are investing in researches related to green, alternative and sustainable energy, and we plan to move Qatar towards that end, moreover, we also contribute to the global efforts to combat climate change," His Highness the Amir said while delivering the opening address at the Qatar Economic Forum Powered by Bloomberg, on Monday. (Gulf-Times.com)
- Shura Council approves number of draft laws** – The Shura Council held its regular weekly meeting under the chairmanship of Speaker HE Ahmed bin Abdullah bin Zaid Al Mahmoud on Monday via video conferencing. At the beginning of the meeting, the Council welcomed Qatar's hosting of the Office of the United

Nations Counter-Terrorism Program on Parliamentary Participation in Preventing and Combating Terrorism, in accordance with the agreement signed between the Council and the United Nations Counter-Terrorism Office. The office, which is the first of its kind in the region and the world, covers all parliaments of the world, and the opening ceremony received wide international participation, the Council noted. The Council stressed that the opening of the office in Doha reflects the extent to which the international community appreciates the efforts of Qatar under the leadership of HH the Amir Sheikh Tamim bin Hamad Al Thani in combating terrorism in all its forms and manifestations. The Council then reviewed the two reports of the Legal and Legislative Affairs Committee on a draft law on the issuance of a law to combat conflict of interest and a draft law on the Shura Council. After extensive discussions on the two reports, the Council recommended amendment of some of their articles, and decided to approve them in the amended form and refer its recommendations on them to the government. (Qatar Tribune, Gulf-Times.com)

- Qatari investments in Jordanian stock exchange reach \$950mn** – The volume of Qatari investment in the Jordanian Stock Exchange reached 665mn Jordanian dinars (about \$950mn) at the end of May, reaching the sixth place in the list of Arab investments in the Jordanian Stock Exchange, in terms of ownership of securities by nationality. Statistical data issued by Jordan's Securities Depository Center revealed that the number of securities owned by Qatari investors reached nearly 204mn in May. The statistics showed that the number of Qatari investment contributions in securities ownership reached 380,000 during that period. (Gulf-Times.com)
- Qatar receives new Saudi envoy as Doha, Riyadh rebuild ties** – Qatar's Foreign Minister on Monday received the new Saudi ambassador to Doha, the first to be reinstated by Arab states after they agreed to end a dispute with Qatar earlier this year, state news agency QNA said. Saudi Arabia, the UAE, Egypt and Bahrain resolved in January to lift the boycott they imposed in mid-2017 and restore political, trade and travel ties with Doha. Riyadh has taken the lead among the four in re-establishing relations. Qatari Foreign Minister Sheikh Mohammed bin Abdulrahman Al-Thani welcomed Saudi Ambassador Prince Mansour bin Khalid bin Farhan and assured him of "all support to advance bilateral relations," QNA reported. (Bloomberg)
- Mukesh Ambani: Qatar investments in health, education worth emulating** – Indian billionaire businessman Mukesh Ambani, who is the chairman and managing director of Reliance Industries, has lauded Qatar's efforts at investing heavily in key areas such as education and health. "Qatar, led by His Highness the Amir, Sheikh Tamim bin Hamad al-Thani, is rightfully investing heavily in education and health, which I believe every country should do. We have to learn from Qatar, which is utilizing its gains from its hydrocarbon resources in such key areas," Ambani said in conversation with Haslinda Amin, anchor, Bloomberg Television, on the topic 'Redefining Business' at the Qatar Economic Forum yesterday. Ambani was all praise for efforts made by Qatar Foundation led by Her Highness Sheikha Moza bint Nasser, Chairperson of Qatar Foundation for Education, Science and Community Development (QF) in promoting education, culture and art and said, "Our family has greatly been inspired by that." On the impact of Covid-19 on economies around the world, Ambani said, "The fight against the pandemic has to be global. In this regard, Qatar has shown an example. Qatar supported many countries that have been hit badly by the pandemic. (Gulf-Times.com)

- WHO Chief praises Qatar's help in fighting Covid-19** – Director-General of the World Health Organization (WHO) Dr Tedros Adhanom Ghebreyesus praised the support provided by Qatar for the poor countries to confront the Covid-19 pandemic, noting that with the continued support of Qatar, "we can build a better future for the African continent and the world." (Gulf-Times.com)

- Qatar stresses Covid's social and economic impacts affect SDG progress** – Qatar has underlined that the coronavirus (Covid-19) pandemic poses an unprecedented threat to countries and societies, and its repercussions, especially the economic and social, will affect the progress made towards achieving the sustainable development goals (SDGs) and the protection and promotion of human rights. This came in a statement delivered by HE the Permanent Representative of Qatar in Geneva, ambassador Ali Khalfan al-Mansouri, before the Human Rights Council during the interactive dialogue on the High Commissioners report on the central role of the State in responding to pandemics and other health emergencies and the social and economic consequences thereof. (Gulf-Times.com)

#### International

- Biden says he has concerns about bipartisan infrastructure plan** – US President Joe Biden held separate talks on Monday with two key Democratic senators about a bipartisan infrastructure plan and told them he was encouraged by the proposal but still had questions about how to pay for the bill, the White House said. A bipartisan infrastructure plan costing a little over \$1tn, only about a fourth of what Biden initially proposed, has been gaining support in the US Senate, but disputes continue over how it should be funded. Biden met separately with Senators Joe Manchin and Kyrsten Sinema and "told them he was encouraged by what has taken shape but that he still has questions about the policy as well as the means for financing the bipartisan group's proposal," the White House said. Biden also told the senators that he was "focused on budget resolution discussions in the Senate," it said, an apparent reference to Democratic preparations to pass parts of his broader infrastructure plans opposed by Republicans using a procedure called reconciliation that requires only a simple majority. There are 50 Republicans, 48 Democrats and two independents who caucus with Democrats in the 100-seat Senate and Vice President Kamala Harris has the tie-breaking vote for the Democrats. Manchin and Sinema have been noncommittal when asked if they would support a reconciliation bill. Among other measures, members of the bipartisan group have discussed indexing the gas tax to inflation to help pay for the bill, a provision that Biden has consistently rejected. "We still have some sticking points, particularly around how we pay for this," Brian Deese, director of the White House National Economic Council, told CNN on Monday. Twenty-one of the 100 US senators - including 11 Republicans, nine Democrats and one independent who caucuses with Democrats - are working on the framework to rebuild roads, bridges and other traditional infrastructure that sources said would cost \$1.2tn over eight years. (Reuters)
- Fed's Powell sees 'sustained improvement' in economy, notable rise in inflation** – The US economy continues to show "sustained improvement" from the impact of the coronavirus pandemic and ongoing job market gains, but inflation has "increased notably in recent months," Federal Reserve Chair Jerome Powell said in prepared testimony for a congressional hearing on Tuesday. Powell did not go into detail in his prepared remarks on current monetary policy, or on the possibility the US central bank may have to speed up its plans to pull back on some support for the economy because of the faster rise in prices. In his remarks, which were released by the Fed late



Monday afternoon, Powell said he regards the current jump in inflation, in fact, as likely to fade. He also restated his concern that the recovery remained uneven, with joblessness still hitting lower-wage workers, Blacks and Hispanics the hardest. "We at the Fed will do everything we can to support the economy for as long as it takes to complete the recovery," Powell said. Powell is scheduled to testify on Tuesday before the US House of Representatives Select Subcommittee on the Coronavirus Crisis. Its chairman, South Carolina Democrat James Clyburn, chided Powell last year for not more closely tuning Fed emergency programs to workers. Powell in his remarks said he felt that jobs gains "should pick up in coming months" as COVID-19 vaccinations continue and the reopening of the economy proceeds. (Reuters)

- **White House: Regulators tell Biden US financial system in good shape** – Financial regulators assured President Joe Biden on Monday that the US financial system is in good shape and that financial risks are being mitigated by strong liquidity in the banking system, the White House said. White House officials said Treasury Secretary Janet Yellen, Federal Reserve Chair Jerome Powell, and acting Comptroller of the Currency Michael Hsu, as well as the heads of the Commodity Futures Trading Commission, Securities and Exchange Commission, and the Consumer Financial Protection Bureau, were among those who met Biden. The meeting was Biden's first face-to-face encounter with many of the leading federal regulators of the banking industry and financial markets, including Powell. The Fed chief was appointed by former President Donald Trump. "The regulators reported that the financial system is in strong condition. They further indicated that financial risks are being mitigated by robust capital and liquidity levels in the banking system, and healthy household balance sheets stemming from fiscal support and the ongoing economic recovery," the White House said in a statement. No policy decisions were expected to be made at the routine meeting, said White House press secretary Jen Psaki. Biden is seeking to use trillions of Dollars in government spending to prod a strong rebound from the coronavirus-triggered recession that put millions of Americans out of work. A nearly 12% gain in the S&P 500 stock index this year has helped fuel hopes of a strong recovery, but markets are closely watching inflation and government borrowing costs for signs of trouble. Biden issued here an executive order in May pushing federal agencies to encourage full disclosure of often-hidden climate-related risks to banks, other financial institutions and the federal government. The White House statement on the meeting said regulators reported that they were making "steady progress" on Biden's climate-related executive order, and discussed ideas for promoting financial inclusion and for "responsibly increasing access to credit for potential homeowners and small businesses." (Reuters)
- **Investors eye a high mark in US profit growth as inflation fears deepen** – Investors are looking ahead to an expected spike in June-quarter profits and the outlook for future economic growth to support a record-high stock market that has many traders fearing a selloff. For second-quarter earnings, which begin next month, analysts are expecting a 64% jump over a year ago, the biggest increase for any quarter since the financial crisis in 2009, according to IBES data from Refinitiv. But investors may be difficult to impress after the first-quarter's blowout results, with many fretting about inflationary pressure that could push the Federal Reserve toward raising interest rates. With inflation worries rising, investors will keep a close eye on the impact of higher input costs on profit margins. Hotter-than-expected inflation fears hit the market this week after the Fed hinted it could tighten monetary policy sooner than many investors anticipate. The next earnings season is still weeks

away, but there is a good chance that results will be even stronger than current estimates, said Jonathan Golub, chief US equity strategist and head of quantitative research at Credit Suisse Securities in New York. "Right now companies are able to pass on all of the higher input costs to their customers, so profit margins are under no pressure at all," he said, noting if earnings are likely to surprise to the upside, price-to-earnings ratios "are likely overstated." The S&P 500 is up 11% in 2021, near record highs. Yet the index is trading at 22 times forward earnings, below the 23.5 times at the start of the year, according to Refinitiv. Many companies raised their second-quarter estimates during the first-quarter profit season, Nick Raich, CEO of the Earnings Scout, wrote in a note. "While it is still too early to know for sure, it does appear that the positive earnings momentum will persist in the 2Q 2021 period" and into the second half of 2021, he wrote. Next year's outlook is less clear. S&P 500 earnings are currently projected to increase 36.5% in 2021 and 11.7% in 2022, according to Refinitiv. Investors have flocked to areas of stocks that tend to benefit the most from economic growth since the recovery from the pandemic began last year, but the issue has become "how sustainable will growth be," said Eric Freedman, chief investment officer at US Bank Wealth Management in Minneapolis. "There are concerns about what Q1 and Q2 of next year will look like," he said. "Perhaps that deflation trade has gotten ahead of itself, and I think that's the message you're seeing from markets right now." (Reuters)

- **Britain begins negotiations to join trans-Pacific trade deal** – Britain will begin negotiations on Tuesday to join a trans-Pacific trade deal that it sees as crucial to its post-Brexit pivot away from Europe and towards geographically more distant but faster-growing economies. Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) removes 95% of tariffs between its members: Japan, Canada, Australia, Vietnam, New Zealand, Singapore, Mexico, Peru, Brunei, Chile and Malaysia. Britain hopes to carve out a niche for itself in world trade as an exporter of premium consumer goods and professional services. Accession to the pact would supplement trade deals London is seeking, or has already agreed, with larger members. "This part of the world is where Britain's greatest opportunities lie. We left the EU with the promise of deepening links with old allies and fast-growing consumer markets beyond Europe," trade minister Liz Truss said. "It is a glittering post-Brexit prize that I want us to seize." The CPTPP is not expected to lead to a surge in British exports. But it locks in market access, including for legal, financial and professional services sectors, and is seen by ministers as an important way to gain influence in a region where China is increasingly the dominant economic force. Unlike the European Union, the CPTPP does not impose laws on its members, it does not aim to create a single market or a customs union, and it does not seek wider political integration. (Reuters)
- **ECB's Lagarde says Eurozone and US economies in "different situation"** – The Eurozone and the US are "clearly in a different situation" when it comes the outlook for inflation, European Central Bank President Christine Lagarde said, playing down any impact from across the Atlantic. With the US economy reopening and prices rebounding fast, Federal Reserve officials have started discussing ending their bond purchase program and last week brought forward their expectations for the first rate hike since the start of the coronavirus pandemic. This has triggered market speculation about rising inflation and a tightening of monetary policy across the globe. But Lagarde rejected comparisons between both economies, saying the US recovery was farther ahead of the Eurozone's. "The US and Europe are clearly in a different situation," Lagarde told the European Parliament. "It's tempting

to compare but it's not very judicious given the many differences between the two economies." She acknowledged that there would be some "spillovers" from rising inflation in the US through higher import prices, stronger exports and potentially even Eurozone citizens' expectations about inflation. "Overall, however, the effects on euro area HICP inflation are expected to be moderate," she added. She added the ECB estimated a cumulative impact of 0.15 percentage point on inflation and of 0.3 percentage point on growth between 2021 and 2023 in the Eurozone from the US stimulus package, reaffirming the bank's March projections. Lagarde also repeated her message, delivered after the ECB's last policy meeting on June 10, that it was not yet time to allow interest rates to rise, so the central bank would maintain favorable financing conditions. "A sustained rise in market rates could translate into a tightening of wider financing conditions that are relevant for the entire economy," she said. "Such a tightening would be premature and would pose a risk to the ongoing economic recovery and the outlook for inflation." (Reuters)

- **ECB's Centeno says Eurozone inflation rise is temporary, sees no permanent effects** – The recent rise in inflation in the Eurozone and the US is temporary and is unlikely to have permanent effects, European Central Bank (ECB) Governing Council member Mario Centeno said on Monday. This means the ECB should be able to maintain its current asset purchase program until March 2022 and liquidity support measures are expected to be in place "at least until June 2022", Centeno told a banking conference in Lisbon. "All analyses in the euro area, the US and other jurisdictions indicate that the phenomena associated with inflation are of a temporary nature," he said. Inflation in Europe could be explained by changes to the tax framework in some countries in the region, according to Centeno, alongside supply chain difficulties. "There is no evidence of permanent effects on the inflation rate," he added. Inflation in the 19 countries sharing the euro rose 0.3% MoM in May for a 2.0% YoY increase. The ECB aims to keep inflation below, but close to, 2%. Governments have spent record amounts over the past year to save their economies from a pandemic-induced downturn, but as the recovery takes hold, a debate is underway on how and when to bring back temporarily suspended budget rules. "It is clear that all (support) measures must be adapted as the crisis evolves... but we were fortunate to have, in 2020, the fiscal policy coordinated with monetary policy," Centeno said. Fiscal policy in the European Union would "benefit in 2022 from the flexibility it enjoyed in 2020 and 2021", he added. "This is the ideal policy framework for us to be confident that the recovery will actually happen and will be supported by these policies," Centeno said. (Reuters)
- **Spain welcomes bank efforts on job cuts, proposes new path** – Spain on Monday welcomed efforts by banks to reduce the number of initially planned layoffs after talks with unions, while calling on lenders to explore new paths to profitability. Comisiones Obreras, Spain's largest financial sector union, has called for a one-day-strike on Tuesday in protest at plans by Caixabank to cut to cut more than 7,5000 jobs. Spanish Economy Minister Nadia Calvino told a financial event in Santander that she hoped Caixabank and unions will reach an agreement regarding layoffs. "I appreciate that the restructuring processes are being carried out in a negotiated way, in some cases an agreement has been reached and in others an agreement with the workers' representatives is getting closer," Calvino said. However, she also said that the Spanish banking sector's focus should not only be based on cutting staff or branches. "If the sector is to return to a path of profitability (...) we need banks to deploy new and profitable business areas," Calvino said, without specifying what these might be. Caixabank

said in April it was planning to cut 8,291 jobs, one of the largest such cuts in Spanish history, though it later offered to bring that number down to around 7,605, in order to adapt to a client shift towards online banking. And this month, thousands of BBVA employees held a one-day-strike, the first just stoppage involving a bank at a national level in 30 years, to protest against plans by Spain's second largest bank set out in April to initially cut 3,798 jobs. BBVA reached an agreement with unions a week to lay off 2,935 employees in Spain and also reduced the closure of branches to 480 from initially 530. On Monday, BBVA chairman Carlos Torres said that activities that used to have an added value and were carried out in branches "are increasingly no longer necessary because the customer interacts with the bank remotely or digitally". (Reuters)

- **Industry body: China deposit rate reform to ease pressure on banks' costs** – China's reforms to the way banks calculate deposit rates will help ease pressure on banks' funding costs, although the impact on lenders and depositors will be limited, an industry body overseeing rates said on Monday. The body said the previous practice of multiplying the benchmark rate had pushed up lenders' overall funding costs as some used innovative products to lure deposits, prompting competitors raise long-term deposit rates. From Monday, June 21, China will allow banks to set ceilings on deposit rates by adding basis points to the benchmark rate, a shift from the previous practice of multiplying the benchmark rate, the Self-Disciplinary Mechanism for the Pricing of Market-Oriented Interest Rates said. Ceilings on banks' deposit rates with maturities of more than one year have declined following the reforms, while ceilings on banks' time deposit rates with maturities of six months or less have risen, according to the body, which is supervised by the People's Bank of China (PBOC). "The new scheme eliminates the leverage effect, and the gap between long-term and short-term deposit rates will be narrowed, which is conducive to guiding bank deposits to return to a reasonable term structure," the industry body said. Sources have told Reuters that China plans to reform the way banks calculate deposit rates, setting new ceilings of up to 75 basis points above the benchmark rate for some lenders. All banks will be allowed to add up to 20 basis points (bps) to the benchmark rate on demand deposits and small Chinese banks and foreign banks will be permitted to add up to 75 bps to the benchmark rate on time deposit rates, the sources said. The deposit rate reform will help banks keep a reasonable interest margin and profitability, which will be "crucial for ensuring banks' continuous credit supply to the real economy", analysts at China Securities said in a note. On Monday, the PBOC kept its benchmark lending rate, the loan prime rate (LPR), unchanged for the 14th straight month at its June fixing. The one-year loan prime rate (LPR) was kept at 3.85%. A reasonable margin between deposit rates of small- and medium-sized banks and those of state-owned banks will be conducive to maintaining the current relatively balanced market competition environment, the industry body said. In October 2015, the PBOC scrapped the ceiling on bank deposit rates, which are still constrained by its window guidance and pricing mechanism. The PBOC has kept the one-year benchmark deposit rate unchanged at 1.5% since then. Some Shenzhen banks have lowered their deposit rates, said the Shenzhen Special Zone Daily on Monday, following interest rate reform meetings held in Beijing. The paper cited unnamed sources. (Reuters)
- **Survey: Brazil 2021 inflation, growth, interest rate forecasts hit new highs** – Forecasts for Brazilian growth, inflation and interest rates in 2021 rose to new highs, a survey of economists showed on Monday, following the central bank's third rate hike last week and indication that it could quicken the pace of

tightening. The median forecast for 2021 inflation from more than 100 economists in the central bank's weekly FOCUS survey rose to 5.9% from 5.8%, more than two percentage points above the bank's year-end goal of 3.75% and well above the 5.25% upper limit of its wider range. It marked the 11th consecutive weekly rise in inflation forecasts for this year. To prevent inflation expectations for next year running away, the central bank last week raised its benchmark Selic rate by 75 basis points to 4.25%, and dropped its commitment to only a "partial" normalization of policy. The FOCUS survey on Monday showed that economists' year-end Selic median forecast rose to 6.50% from 6.25% a week ago. Four weeks ago it stood at 5.50%. This shows economists now believe the central bank will raise the Selic toward the so-called 'neutral' rate, widely considered to be around 6.00%-6.50%, earlier than previously thought. Next year's median Selic forecast held steady at 6.50% and the median 2022 inflation forecast also held steady at 3.8%, the survey showed. The median GDP forecast for next year slipped, however, to 2.10% from 2.20%. The FOCUS survey showed that this year's growth outlook rose for a ninth straight week to 5.00% from 4.9%. A month ago that stood at 3.5%. (Reuters)

### Regional

- **Moody's: Gulf states will take at least 10 years to end oil dependence** – Countries in the oil-exporting Gulf will remain heavily dependent on hydrocarbon production for at least the next ten years as efforts to diversify economies have made limited progress since the 2014-2015 oil price shock, Moody's said. Reliance on the energy sector will be the "key credit constraint" for the six countries forming the GCC, the ratings agency said in a report on Monday. "If oil prices average \$55/barrel ... we expect hydrocarbon production to remain the single largest contributor to GCC sovereigns' GDP, the main source of government revenue and, therefore, the key driver of fiscal strength over at least the next decade," it said. Oil and gas accounts for over 20% of GDP and at least 50% of state revenues for most Gulf countries. Meanwhile, plans to launch new economic sectors have often overlapped, creating competition among GCC states and constraining room for growth. "While we expect the diversification momentum to pick up, it will be dampened by reduced availability of resources to fund diversification projects in a lower oil price environment and by intra-GCC competition," Moody's said. (Reuters)
- **Fitch affirms Alinma Bank at 'BBB+/Negative; assigns National 'AA-(sau)'** – Fitch Ratings has affirmed Alinma Bank (Alinma) Long-Term Issuer Default Rating (IDR) at 'BBB+'. The outlook is Negative, reflecting the same on the Saudi sovereign, as Alinma's IDRs are driven by potential state support. The agency also assigned Alinma a National Long-Term Rating of 'AA-(sau)' with Stable outlook. Alinma's 'BBB+' Long-Term IDR is driven by potential sovereign support. The Negative Outlook on the Long-Term IDR reflects that on the sovereign. We assign Short-Term IDRs according to the mapping correspondence described in our bank rating criteria. A Long-Term IDR of 'BBB+' can correspond to a Short-Term IDR of either 'F2' or 'F1'. The 'F2' Short-Term IDR of Alinma reflects that a significant proportion of Saudi banks' funding is related to the government and they would likely need support at a time when the sovereign itself is experiencing some form of stress. Alinma's SR and SRF reflect Fitch's view of a high probability of support for Alinma, if needed, from the Saudi authorities. Fitch's assessment considers the authorities' strong ability to support the banking system, given large, albeit decreasing, external reserves. It also reflects a long record of support for Saudi banks, irrespective of their size, franchise, funding structure and level of government ownership. Fitch sees high contagion risk among domestic

banks given that the market is fairly small and inter-connected. We believe this is an added incentive for the state to support any Saudi bank, if needed, to maintain market confidence and stability. (Bloomberg)

- **Fitch affirms Arab National Bank at 'BBB+/Negative** – Fitch Ratings has affirmed Arab National Bank's (ANB) Long-Term Issuer Default Rating (IDR) at 'BBB+'. The outlook is Negative. Fitch has also assigned a National Long-Term Rating of 'AA-(sau)' to ANB with a Stable outlook. ANB's 'BBB+' Long-Term IDRs are driven by potential sovereign support. The Negative outlook on the Long-Term IDRs reflects that on the Saudi sovereign. Fitch has assigned Short-Term IDRs according to the mapping correspondence described in our bank rating criteria. A Long-Term IDR of 'BBB+' can correspond to a Short-Term IDR of either 'F2' or 'F1'. The 'F2' ST IDR on ANB reflects that a significant proportion of Saudi banks' funding is related to the government and the banks would likely need support at a time when the sovereign itself is experiencing some form of stress. ANB's SR and SRF reflect Fitch's view of a high probability of support for ANB, if needed, from the Saudi authorities. Fitch's assessment considers the authorities' strong ability to support the banking system, given large, albeit decreasing, external reserves. It also reflects a long record of support for Saudi banks, irrespective of their size, franchise, funding structure and level of government ownership. We see high contagion risk among domestic banks given that the market is fairly small and inter-connected. We believe this is an added incentive for the state to provide support to any Saudi bank, if needed, to maintain market confidence and stability. (Bloomberg)
- **Survey: UAE's economy to expand 2.5% in 2021; prior +2.4%** – The economy of the UAE will expand 2.5% in 2021 according to the latest results of a Bloomberg News survey of 15 economists conducted from June 11 to June 16. The GDP for 2022 estimated to be +4% YoY vs prior +4%. CPI for 2021 at +0.5% YoY vs prior +0.6%, CPI for 2022 at +1.5% YoY vs prior +1.5%. (Bloomberg)
- **Majid Al Futtaim set to open Mall of Oman; will create 3500 jobs** – Dubai-based mall developer Majid Al Futtaim will open Mall of Oman, its fifth and largest shopping and entertainment destination in the sultanate in September 2021. The new mall is expected to facilitate 3,500 job opportunities. The Mall of Oman will have 140,000 sqm of retail space comprising over 350 retail outlets including 55 dining options (from restaurants to cafes). It will include Oman's largest VOX Cinemas with 15 screens, the first GOLD experience in Oman, a 3D cinema, KIDS and IMAX experiences; the largest indoor snow park in the Sultanate spanning over 14,000 sqm; and the largest Magic Planet in the country, which features award-winning rides, games and attractions for the whole family, Majid Al Futtaim said in a statement. (Zawya)
- **Mubadala to offer up to 40% of satellite firm in IPO** – Abu Dhabi state investor Mubadala will offer 30% to 40% of its satellite firm Yahsat in an initial public offering (IPO), with a listing likely in the third quarter, it said on Monday. This will be the first listing of a company on the Abu Dhabi bourse since the IPO of Abu Dhabi National Oil Co Distribution in 2017. Mubadala, which will remain a majority shareholder after the listing, could offer 731.9mn to 975.9mn shares, it said. The offer period was from June 27 to July 6, it added. Established in 2007, Yahsat is one of the largest providers of satellite communications services in the world in terms of annual revenues, Mubadala said. It also owns satellite phone operator Thuraya. First Abu Dhabi Bank, Bank of America's securities unit and Morgan Stanley & Co have been appointed as joint global coordinators and Abu Dhabi Commercial Bank, EFG Hermes and HSBC as joint bookrunners. Yahsat is among the

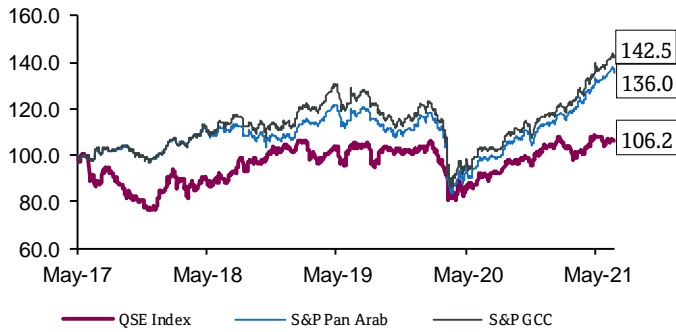


three portfolio companies that Mubadala is pushing to go public this year, sources said. It is close to making a decision on listing Emirates Global Aluminium, which is owned by Mubadala and Investment Corp of Dubai, and close to a potential US listing of Santa Clara-based semiconductor producer Globalfoundries, the sources said. Separately, Abu Dhabi National Oil Company is considering listing its drilling business and its fertilizer joint venture Fertigllobe. (Reuters)

Investors offered to buy 1.79 times the amount of securities sold. The bills were sold at a price of 99.61, have a yield of 1.55% and will settle on June 23. (Bloomberg)

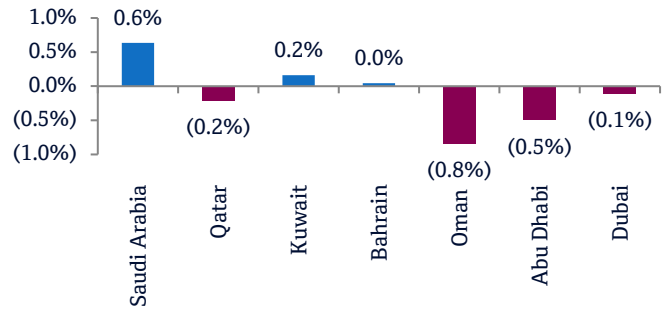
- **Mubadala-backed Dubai fintech startup loads up on debt financing** – A Dubai-based buy-now, pay-later company secured one of the largest debt facilities for a fintech startup in the Middle East and North Africa (MENA). Underscoring the growing interest from international investors in the regional fintech sector, Silicon Valley-based Partners for Growth will provide \$50 million in debt financing to tabby to help expand its business. The size of the facility may increase as the company becomes larger over time, according to a statement. “tabby is one of the fastest growing companies in the MENA region and they have an attractive market opportunity ahead,” Investment Director at PFG, Max Penel said. Just over half a year after a funding round led by Mubadala Capital and Hong Kong’s Arbor Ventures, tabby is among companies that are flourishing as the pandemic accelerates the shift toward online retail and digital payments. Buy-now, pay-later services allow customers to purchase goods and then pay for them in installments or after a certain period of time free of interest. Saudi competitor Tamara recently raised \$110mn in debt and equity financing from checkout.com in one of the region’s largest startup investments to date. Australia’s Zip Co. Ltd. said last month it was paying about \$16mn to buy the shares it didn’t already own in Spotii, another major buy-now, pay-later player in the UAE. (Bloomberg)
- **Oman sells OMR150mn 91-day bills at yield 0.778%** – Oman sold OMR150mn of 91-day bills due on September 22. The bills were sold at a price of 99.806, have a yield of 0.778% and will settle on June 23. (Bloomberg)
- **Oman’s May consumer prices rise 1.65% YoY and 0.24% MoM** – National Centre for Statistics & Information in Muscat has published Oman’s consumer price indices for May which showed that consumer prices rose 1.65% YoY and 0.24% MoM. Food and non-alcoholic beverages prices fell 0.11% YoY in May and Transport prices rose 7.07% YoY in May. (Bloomberg)
- **Kuwait Finance House hires banks for dollar AT1 Islamic bonds** – Kuwait Finance House has hired KFH Capital and Standard Chartered as global coordinators for a planned sale of US dollar-denominated Additional Tier 1 Sukuk that will be non-callable for 5-1/2 years, a document reviewed by Reuters showed on Monday. Along with KFH Capital and Standard Chartered, Boubyan Bank, Dubai Islamic Bank, Dukhan Bank, Emirates NBD Capital, First Abu Dhabi Bank and Mizuho Securities will arrange fixed income investor calls starting on Monday, the document from one of the banks showed. An issuance of the AT1 Islamic bonds will follow, subject to market conditions. AT1 bonds, the riskiest debt instruments banks can issue, are designed to be perpetual, but issuers can redeem them after a specified period. (Zawya)
- **Survey: Bahrain’s economy to expand 3.2% in 2021; prior +3%** – The economy of Bahrain will expand 3.2% in 2021 according to the latest results of a Bloomberg News survey of 11 economists conducted from June 11 to June 16. The GDP for 2022 estimated to be +2.9% YoY vs prior +2.8%, CPI for 2021 at +1% YoY vs prior +1.1%, CPI for 2022 at +1.5% YoY vs prior +1.7%. (Bloomberg)
- **Bahrain sells BHD70mn 91-day bills; bid-cover at 1.79x** – Bahrain sold BHD70mn of 91-day bills due on September 22.

## Rebased Performance



Source: Bloomberg

## Daily Index Performance



Source: Bloomberg

Asset/Currency Performance	Close (\$)	1D%	WTD%	YTD%
Gold/Ounce	1,783.27	1.1	1.1	(6.1)
Silver/Ounce	25.95	0.6	0.6	(1.7)
Crude Oil (Brent)/Barrel (FM Future)	74.90	1.9	1.9	44.6
Crude Oil (WTI)/Barrel (FM Future)	73.66	2.8	2.8	51.8
Natural Gas (Henry Hub)/MMBtu	3.15	(0.3)	(0.3)	31.8
LPG Propane (Arab Gulf)/Ton	98.63	0.9	0.9	31.1
LPG Butane (Arab Gulf)/Ton	107.25	1.7	1.7	54.3
Euro	1.19	0.5	0.5	(2.4)
Yen	110.27	0.1	0.1	6.8
GBP	1.39	0.9	0.9	1.9
CHF	1.09	0.5	0.5	(3.6)
AUD	0.75	0.7	0.7	(2.1)
USD Index	91.90	(0.4)	(0.4)	2.2
RUB	73.16	0.4	0.4	(1.7)
BRL	0.20	1.5	1.5	3.6

Source: Bloomberg

Global Indices Performance	Close	1D%*	WTD%*	YTD%*
MSCI World Index	2,982.11	0.9	0.9	10.9
DJ Industrial	33,876.97	1.8	1.8	10.7
S&P 500	4,224.79	1.4	1.4	12.5
NASDAQ 100	14,141.48	0.8	0.8	9.7
STOXX 600	455.23	1.1	1.1	11.2
DAX	15,603.24	1.4	1.4	10.3
FTSE 100	7,062.29	1.4	1.4	11.5
CAC 40	6,602.54	0.9	0.9	16.0
Nikkei	28,010.93	(3.2)	(3.2)	(4.3)
MSCI EM	1,350.52	(0.8)	(0.8)	4.6
SHANGHAI SE Composite	3,529.18	(0.1)	(0.1)	2.6
HANG SENG	28,489.00	(1.1)	(1.1)	4.5
BSE SENSEX	52,574.46	0.4	0.4	8.4
Bovespa	129,265.00	1.7	1.7	11.6
RTS	1,642.39	(0.3)	(0.3)	18.4

Source: Bloomberg (\*\$ adjusted returns)

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