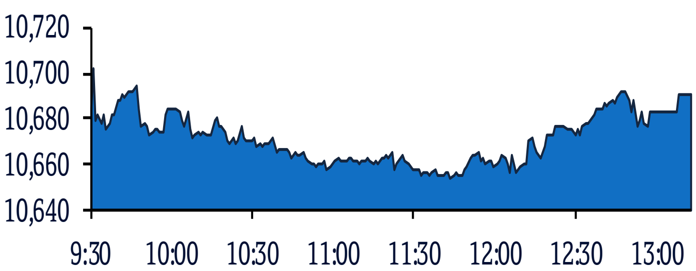
QSE Intra-Day Movement



Qatar Commentary

The QE Index rose 0.2% to close at 10,691.1. Gains were led by the Industrials and Insurance indices, gaining 0.7% and 0.4%, respectively. Top gainers were Qatar General Insurance & Reinsurance Co. and Qatar Aluminum Manufacturing Co., rising 6.0% and 4.5%, respectively. Among the top losers, INMA Holding fell 1.3%, while Doha Bank was down 1.0%.

GCC Commentary

Saudi Arabia: The TASI Index gained 0.5% to close at 10,790.2. Gains were led by the Pharma, Biotech & Life Science and Media & Entertainment indices, rising 9.9% and 4.0%, respectively. Saudi Pharmaceutical Industries and Medical Appliances Corp. rose 9.9%, while Saudi Advanced Industries was up 9.6%.

Dubai: The DFM Index fell 0.1% to close at 2,831.9. The Real Estate & Construction index declined 0.9%, while the Services index fell 0.8%. National Industries Group Holding fell 9.9%, while DAMAC Properties Dubai Co was down 1.5%.

Abu Dhabi: The ADX General Index gained 0.6% to close at 6,711.3. The Services index rose 5.6%, while the Industrial index rose 4.1%. Sharjah Cement & Industrial Development Co. rose 15.0%, while Abu Dhabi National Hotels was up 14.9%.

Kuwait: The Kuwait All Share Index gained 0.2% to close at 6,302.9. The Technology index rose 1.9%, while the Consumer Staples index gained 1.8%. Kuwait Remal Real Estate Co rose 14.1%, while Sultan Center Food Products was up 12.0%.

Oman: The MSM 30 Index gained 1.0% to close at 4,019.8. Gains were led by the Financial and Services indices, rising 1.3% and 0.3%, respectively. Bank Dhofar and Sohar International Bank were up 4.3% each.

Bahrain: The BHB Index gained 0.3% to close at 1,545.9. The Commercial Banks index rose 0.6%, while the Investment index gained 0.1%. Khaleeji Commercial Bank rose 8.9%, while BBK was up 1.4%.

Market Indicators	09 Jun 21	08 Jun 21	%Chg.
Value Traded (QR mn)	404.8	417.8	(3.1)
Exch. Market Cap. (QR mn)	620,598.6	619,021.4	0.3
Volume (mn)	148.0	192.4	(23.1)
Number of Transactions	9,884	10,238	(3.5)
Companies Traded	46	47	(2.1)
Market Breadth	22:21	11:36	–

Market Indices	Close	1D%	WTD%	YTD%	TTM P/E
Total Return	21,163.74	0.2	(0.6)	5.5	18.1
All Share Index	3,391.30	0.2	(0.8)	6.0	18.8
Banks	4,469.55	0.1	(0.8)	5.2	15.6
Industrials	3,531.78	0.7	(0.9)	14.0	27.1
Transportation	3,370.03	(0.2)	(0.6)	2.2	22.5
Real Estate	1,861.55	(0.5)	(1.6)	(3.5)	17.6
Insurance	2,620.86	0.4	(0.7)	9.4	23.5
Telecoms	1,056.12	0.2	(1.6)	4.5	28.0
Consumer	8,164.56	0.1	(0.5)	0.3	28.6
Al Rayan Islamic Index	4,588.98	0.3	(0.7)	7.5	19.7

GCC Top Gainers##	Exchange	Close#	1D%	Vol. '000	YTD%
Bank Dhofar	Oman	0.12	4.3	145.2	23.7
Sohar International Bank	Oman	0.10	4.3	3,674.8	6.6
Savola Group	Saudi Arabia	43.35	3.6	6,413.4	2.0
Abu Dhabi Comm. Bank	Abu Dhabi	7.50	3.2	12,626.4	21.0
National Shipping Co.	Saudi Arabia	39.25	2.7	8,552.8	(3.2)

GCC Top Losers##	Exchange	Close#	1D%	Vol. '000	YTD%
National Petrochemical	Saudi Arabia	46.25	(2.6)	776.8	39.1
Saudi Arabian Mining Co.	Saudi Arabia	57.90	(1.9)	1,561.4	43.0
Rabigh Refining & Petro.	Saudi Arabia	22.00	(1.4)	2,586.6	59.2
Kingdom Holding Co.	Saudi Arabia	10.26	(1.3)	1,427.5	29.1
Bank Nizwa	Oman	0.10	(1.0)	415.9	0.0

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 General Ins. & Reins. Co.	2.23	6.0	0.7	(16.4)
Qatar Aluminum Manufacturing Co	1.61	4.5	32,781.0	66.5
Gulf International Services	1.58	1.0	10,320.3	(7.9)
Mannai Corporation	3.64	1.0	67.6	21.2
Baladna	1.60	0.9	8,817.0	(10.8)

QSE Top Volume Trades	Close*	1D%	Vol. '000	YTD%
Qatar Aluminum Manufacturing Co	1.61	4.5	32,781.0	66.5
Vodafone Qatar	1.67	(0.9)	13,273.9	24.7
Salam International Inv. Ltd.	1.01	0.2	12,795.6	54.8
Investment Holding Group	1.03	(1.0)	10,326.8	72.5
Gulf International Services	1.58	1.0	10,320.3	(7.9)

QSE Top Losers	Close*	1D%	Vol. '000	YTD%
INMA Holding	5.13	(1.3)	1,198.9	0.2
Doha Bank	2.71	(1.0)	3,568.0	14.5
United Development Company	1.54	(1.0)	3,894.3	(6.8)
Investment Holding Group	1.03	(1.0)	10,326.8	72.5
Qatar Navigation	7.29	(1.0)	191.9	2.8

QSE Top Value Trades	Close*	1D%	Val. '000	YTD%
QNB Group	17.55	0.2	62,057.8	(1.6)
Qatar Aluminum Manufacturing	1.61	4.5	51,440.9	66.5
Industries Qatar	12.70	0.6	23,983.7	16.8
Qatar Fuel Company	17.74	(0.1)	23,602.6	(5.0)
Vodafone Qatar	1.67	(0.9)	22,182.1	24.7

Source: Bloomberg (* in QR)

Regional Indices	Close	1D%	WTD%	MTD%	YTD%	Exch. Val. Traded ($ mn)	Exchange Mkt. Cap. ($ mn)	P/E**	P/B**	Dividend Yield
Qatar*	10,691.13	0.2	(0.6)	(0.5)	2.4	109.75	167,623.7	18.1	1.6	2.7
Dubai	2,831.93	(0.1)	0.3	1.2	13.6	53.06	105,795.0	21.3	1.0	2.8
Abu Dhabi	6,711.30	0.6	1.6	2.3	33.0	406.54	256,138.3	22.7	1.9	3.6
Saudi Arabia	10,790.24	0.5	0.9	2.3	24.2	4,390.84	2,598,101.7	35.4	2.4	1.9
Kuwait	6,302.94	0.2	0.7	1.5	13.6	245.93	119,598.3	40.1	1.6	2.0
Oman	4,019.84	1.0	2.2	4.3	9.9	12.87	17,970.9	12.2	0.7	4.5
Bahrain	1,545.85	0.3	0.5	1.2	3.8	3.09	23,700.3	26.5	1.0	2.2

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 10,691.1. The Industrials and Insurance indices led the gains. The index rose on the back of buying support from GCC, Arab and foreign shareholders despite selling pressure from Qatari shareholders.
- Qatar General Insurance & Reinsurance Co. and Qatar Aluminum Manufacturing Co. were the top gainers, rising 6.0% and 4.5%, respectively. Among the top losers, INMA Holding fell 1.3%, while Doha Bank was down 1.0%.
- Volume of shares traded on Wednesday fell by 23.1% to 148.0mn from 192.4mn on Tuesday. Further, as compared to the 30-day moving average of 216.5mn, volume for the day was 31.6% lower. Qatar Aluminum Manufacturing Co. and Vodafone Qatar were the most active stocks, contributing 22.2% and 9.0% to the total volume, respectively.

Overall Activity	Buy %*	Sell %*	Net (QR)
Qatari Individuals	38.98%	37.47%	6,109,714.9
Qatari Institutions	18.44%	25.44%	(28,325,255.0)
Qatari	**57.42%**	**62.91%**	**(22,215,540.1)**
GCC Individuals	0.40%	0.55%	(613,536.0)
GCC Institutions	1.51%	0.93%	2,341,985.9
GCC	**1.91%**	**1.48%**	**1,728,449.9**
Arab Individuals	10.82%	8.78%	8,268,215.8
Arab Institutions	0.00%	0.01%	(55,332.0)
Arab	**10.82%**	**8.79%**	**8,212,883.8**
Foreigners Individuals	2.51%	2.26%	1,042,691.2
Foreigners Institutions	27.34%	24.56%	11,231,515.2
Foreigners	**29.85%**	**26.82%**	**12,274,206.4**

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

Ratings and Global Economic Data

Ratings Updates

Company	Agency	Market	Type*	Old Rating	New Rating	Rating Change	Outlook	Outlook Change
Aldar Properties	Moody's	Abu Dhabi	LTR	–	Baa2	–	–	–

Source: News reports, Bloomberg (* LTR – Long Term Rating)

Global Economic Data

Date	Market	Source	Indicator	Period	Actual	Consensus	Previous
06/09	US	Mortgage Bankers Association	MBA Mortgage Applications	04-Jun	-3.1%	–	-4.0%
06/09	Japan	Bank of Japan	Money Stock M2 YoY	May	7.9%	8.4%	9.2%
06/09	Japan	Bank of Japan	Money Stock M3 YoY	May	6.9%	7.0%	7.8%
06/09	China	National Bureau of Statistics	CPI YoY	May	1.3%	1.6%	0.9%
06/09	China	National Bureau of Statistics	PPI YoY	May	9.0%	8.5%	6.8%

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

News

Qatar

- **QSE to launch its sustainability benchmark index by October –** The Qatar Stock Exchange (QSE) will launch its sustainability benchmark index for the listed companies by October this year as Doha seeks to be a niche ESG (environment social governance) market in the region. Moreover, the bourse is awaiting the listing of a small and medium enterprise (SME), another exchange traded fund (ETF) and a real estate investment trust (REIT), QSE Chief Executive Rashid bin Ali Al-Mansoori told a webinar 'Economic Development in Qatar and Opportunities', organized by Doha Bank. The QSE is expecting at least $1.5bn foreign funds from passive investors and much more from active funds in view of allowing up to 100% foreign ownership limit in the listed companies. The bourse, which has lined up several initiatives such as the launching of derivatives, is also making it mandatory for the listed companies to ensure ESG regime by 2023, a period when it will become eligible for the advanced market status from the present emerging ones. (Gulf-Times.com)
- **IGU: NFE project to 'reposition' Qatar as world leader in LNG liquefaction capacity –** The multi-billion dollar North Field East (NFE) project will "reposition Qatar as the world leader" in terms of liquefaction capacity, overtaking Australia, the International Gas Union (IGU) has said in a report. Qatar Petroleum has taken the final investment decision for the NFE project, the world's largest LNG project, which will raise Qatar's LNG production capacity from 77mn tons per year (mtpy) to 110mtpy. The project involves the construction of four new LNG mega-trains with a capacity of 8mtpy, the IGU said in its 'World LNG Report 2021'. This year's global LNG trade increased to 356.1mn tons, a small increase of 1.4mn tons compared to 2019, but another year of consecutive growth in LNG trade despite COVID-19 related impacts on the supply and demand sides, noted Joe M Kang, president, IGU. This was mostly supported by increased exports from the US and Australia, together adding 13.4mn tons of exports. Asia Pacific again imported the most volumes in 2020, together accounting for more than 70% of global LNG imports. Asia also accounted for the largest growth in imports in 2020 – adding 9.5mn tons of net LNG imports compared to 2019. Global LNG market pricing experienced a turbulent year. Spot prices of cargoes trading in the Atlantic and Asia Pacific basins plummeted to record lows in the first six months, before reaching record highs at the start of 2021. (Gulf-Times.com)
- **Italy woos Qatari investors with €248bn recovery plan –** Italy, which recently announced its €248bn pandemic recovery plan, offers foreign investors including those from Qatar, with a wide range of opportunities in an improved foreign investment climate, Italy's Ambassador to Qatar HE Alessandro Prunas has said. Prunas was speaking at the 'Doing Business in Italy' webinar which was jointly hosted by McNair Chambers and the Italian Embassy in Doha. Citing the latest available data, Prunas said that Qatari investments in Italy are currently valued at €6bn. "Italy is one of the main manufacturing countries in the world, and among the top 20 countries in the world for partner for foreign capital stocks. There's a wide range of opportunities for foreign investors. Venture capital also provides profitable opportunities," Prunas said. He also highlighted that Italy ranked first in Europe for the number of startups, scaleups, and innovative companies with the highest profit in terms of turnover according to the Financial Times 1000 Europe's Fastest Growing Companies 2021 Index. (Peninsula Qatar)
- **OIL TENDER: Qatar's QPSPP offers DFC, LSC for August loading –** Qatar offered Deodorized Field Condensate and Low-Sulfur Condensate for loading in August, according to a tender document. Cargo size 500k-1mn barrels. Bids are due from 12:30pm Doha time on June 15, valid until 5pm on June 16. (Bloomberg)
- **Petronet talking to Qatar for more LNG –** Petronet LNG is talking to major suppliers such as Qatar for additional volumes as it plans to expand processing at Dahej and Kochi terminals, CEO Akshay Kumar Singh said on a call with reporters after fourth-quarter earnings. Dahej plant on India's west coast is being expanded to 22.5 mtpa from 17.5 mtpa now; utilization of Kochi terminal in southern India can rise to 6.5 mtpa from 1.5 mtpa. Qatar is a preferred supplier because of proximity, but Petronet is not looking at investing in Qatar LNG projects. Petronet is hoping Qatar meets India's price expectations as the South Asian nation's gas requirement is guided by price, Singh said. Current long-term contract with Qatar for 7.5 mtpa is valid until 2028, co. has time till December 2023 for a renewal. (Bloomberg)
- **Qatar witnesses 28.4% YoY growth in number of building permits issued in May –** Qatar has witnessed a strong 28.4% YoY growth in the total number of building permits issued this May, mainly paced by a strong double-digit growth in permits issued in Al Rayyan, Doha, Al Wakra and Al Daayen municipalities, amidst additional COVID-19 related restrictions, according to the official data. Qatar issued a total of 348 building permits in May 2021 with Al Rayyan, Doha and Al Wakra municipalities together constituting as much as 71% of the total; said the figures released by the Planning and Statistics Authority (PSA). In its latest data, the PSA reported that of the total number of new building permits issued, Al Rayyan constituted 31% or 109 permits, Doha (21% or 72 permits), Al Wakra (19% or 65 permits), Al Daayen (16% or 54 permits), Umm Slal (5% or 18 permits), Al Khor (4% or 15 permits), Al Shahaniya (3% or 12 permits) and Al Shamal (1% or three permits). The Al Rayyan municipality registered a stupendous 91.2% yearly growth in the building permits issued in May 2021, followed by Doha 33.3%, Al Wakra 27.5%, Al Daayen 25.6% and Al Khor 7.1%; whereas Umm Slal witnessed 43.8% decline, Al Shamal 40% and Al Shahaniya 20%. (Gulf-Times.com)
- **16 new factories set up in first quarter this year –** The manufacturing industry has contributed over QR10bn to Qatar's GDP in the fourth quarter of 2020, according to a tweet by the Ministry of Commerce and Industry (MoCI). The infographics posted on the Ministry's official Twitter handle also indicate that Qatar added 16 new factories to its manufacturing sector. A recent KPMG report stated that Qatar's efforts to promote local manufacturing are expected to boost production value for the sector by approximately 30% in the next few years. The growth in the industry would create over 100,000 job opportunities by 2025, the report added. According to the 'Industry Indicators First Quarter 2021' infographics posted yesterday, QR10.254bn from manufacturing industries improved the 2020 Q4 GDP and added 1,038 workers. In other indicators of the growing sector, the rate of compliance of factories with industrial requirements was put at 80 percent. Also, Industrial Development Services are delivered at an average time of four days. Industrial-Manufacturing Production Index in January 2021 reached 108.6 while Industrial Production Index (IPI) was 107.1 Qatar's diversification drive from a carbon-based economy into a more sustainable model has seen the rise of other sectors like tourism, fintech, banking, agricultural production, and, more importantly, the manufacturing industry. Also, through the Qatar National Manufacturing Strategy 2018-2022, which aims to accelerate growth in the sector to

develop and diversify the Gulf state’s economy, Qatar launched the comprehensive plan to provide the conditions necessary for a vibrant manufacturing sector. (Peninsula Qatar)

- **QFC eyes 'growth engine' Asia in expansion plan –** The Qatar Financial Center (QFC) is increasingly targeting Asia, which is set to be the world's growth engine for the next decade. "Asia is the next destination for growth as I don't see growth coming from Europe. There will be growth in the US but Asia will be taking the growth levels into next decade," QFC Authority chief executive Yousuf bin Mohamed Al-Jaida told a webinar on 'Economic Development in Qatar and Opportunities', organized by Doha Bank. Stressing that Asia will continue to be an important continent for Qatar; he said "we intend to invest in Asia for the future." Terming that the Asian markets have always been "significant" to Qatar, he pointed out that the bulk of the country's exports went to the Asian countries. According to the latest data from the Planning and Statistics Authority, the rebound in the country's merchandise trade has been mainly on account of robust high two-digit expansion in exports, especially to Asian countries. The Asian region accounted for more than 64% of Qatar's exports, with Japan, China and India occupying the first three slots. (Gulf-Times.com)
- **QFC signs agreements with top Russian organizations to promote mutual investment, innovation –** Represented by a high-level delegation at the 24th edition of St Petersburg International Economic Forum (SPIEF) 2021, the Qatar Financial Centre (QFC), a leading onshore financial and business center in the region, signed six memoranda of understanding (MoUs) and one letter of intent with leading organizations from Russia’s investment, technology, and innovation ecosystem, aimed at promoting investment in Qatar’s wider business landscape. The diverse range of MoUs, inked during SPIEF 2021, focus on strengthening the long-term strategic business and investment exchange between Qatar and Russia. (Gulf-Times.com)
- **QDB incubator QBIC launches third wave of Lean Manufacturing Program –** Mena region’s leading mixed-use business incubator, Qatar Business Incubation Center (QBIC) – founded by QDB – launched the third wave of the Lean Manufacturing Program (LMP), aimed at developing the manufacturing capabilities of local emerging companies and taking them to new levels. Candidate projects are to receive six-weeks of training on the most important aspects of plant operation and product development. LMP targets manufacturing projects in Qatar to support national and local industries. Participants in the program are trained to develop their ideas leveraging the advice of local and international experts and partners. In this wave, a large number of applications were received from ambitious and promising projects and companies, and some 15 companies were selected for the program to receive education, training, and development. (Gulf-Times.com)
- **Qatar Chamber supports efforts to boost joint Arab investments –** Qatar Chamber (QC) Chairman Sheikh Khalifa bin Jassim Al-Thani headed the Chamber's delegation participating in 131st meeting of the Union of Arab Chambers and the 55th meeting of the Federation of GCC Chambers which were convened in Dubai. The meetings were attended by a number of chairpersons and board members of Arab and GCC chambers. In a statement to the press, the QC chairman stressed Qatar's support for the joint Arab work in all fields, noting that Qatar Chamber supports all efforts aiming at developing intra-Arab trade and increasing joint Arab investments. He also pointed out to the continuing co-ordination between Arab chambers of commerce and industry and strenuous efforts made by the Union of Arab Chambers to enhance trade among Arab countries and mutual investments and achieve the desirable Arab economic integration. (Gulf-Times.com)
- **HSBC Qatar appoints new Chief Operating Officer –** HSBC Qatar appointed Laura Dunn as Chief Operating Officer, the first woman to be appointed in this role in the bank in the country. “I am very pleased with Laura’s appointment as the Chief Operating Officer in Qatar. Laura has extensive experience in banking and finance, especially in banking operations and will add tremendous value to the senior leadership of the bank,” said Abdul Hakeem Mostafawi, CEO of HSBC in Qatar. Dunn started her career in banking and finance in 2005 as market risk manager with Dresdner Kleinwort Investment Bank and by 2017 she was the chief operating officer for Global Transaction Banking Finance at Deutsche Bank in Germany. She joined HSBC in Qatar in 2019 as Country head (Operations) where she played an important role in leading and managing the operations during the most difficult period of COVID-19. (Gulf-Times.com)
- **QFCRA commences program on International Financial Systems –** The Qatar Financial Centre Regulatory Authority (QFCRA) announced the commencement of the Program on Essentials of International Financial Systems, which is a collaboration between the Program on International Financial Systems (PIFS) and Harvard Law School Executive Education to deliver training programs for financial regulators. The intensive eight-week program for Qatari nationals offers participants in-depth training in international financial markets, corporate finance, and financial market regulation. The program will be delivered by leading experts from the financial services sector and academia, including Harvard Law School and Columbia Law School. (Gulf-Times.com)
- **Qatar to achieve herd immunity in a month –** Qatar is expected to achieve herd immunity against COVID-19 in a month, said a senior health official yesterday. “We will be among the first countries to get the herd immunity in one month from now assuring that we can open in the coming months very soon for tourism. We will prefer vaccinated people in the first stage and then we can evaluate every case. The system is more sustainable for that,” said Sheikh Dr. Mohammed bin Hamad Al Thani, Director of Public Health at the Ministry of Public Health. He was speaking during a virtual conference titled ‘Qatar Economic Development and Opportunities’, hosted by Doha Bank. Qatar’s rapid pace of mass vaccination drive has yielded positive results. More than half of the adult population has fully been vaccinated against COVID-19. According to the data from the Ministry of Public Health (MoPH), 51% of total population (16 years and above) has received both doses of the COVID-19 vaccine. (Peninsula Qatar)

International

- **Senators discuss US infrastructure deal that avoids tax hikes –** A bipartisan group of 10 senators is discussing whether it is possible to revitalize US roads and bridges without raising taxes, lawmakers said on Wednesday, a day after President Joe Biden rejected a separate Republican proposal. Revamping America's infrastructure is a high priority for Biden, but his sweeping $1.7tn proposal has run into trouble in a Congress only narrowly controlled by his fellow Democrats, making Republican support pivotal. Republican Senator Mitt Romney told reporters that members of the group have reached "tentative conclusions" on their plan. It is expected to total nearly $900bn. A Democratic member of the group, Senator Jon Tester said he would be willing to look at funding an infrastructure plan without raising taxes -- though he was not committed to that approach. Some liberal members of Biden's Democratic Party -- which holds razor-thin majorities in both chambers of Congress -- have become frustrated by the long-running talks, and worried they will lead to a far smaller deal that does not include party priorities including funding for schools and home health care. The bipartisan group includes Republicans Romney, Rob Portman, Bill Cassidy, Susan

Collins and Lisa Murkowski, and Democrats Tester, Kyrsten Sinema, Joe Manchin, Mark Warner and Jeanne Shaheen. Cassidy, who spoke to Biden about infrastructure by phone on Tuesday, predicted that any plan containing tax hikes would not receive enough Republican support to pass the Senate. That chamber's rules require 60 of its 100 members to agree to pass most legislation. Biden has proposed raising taxes on US corporations to help fund a sweeping package that would address physical infrastructure projects as well as climate change and social programs. Republicans have shown no appetite for tax increases, having strongly backed a 2017 tax cut law signed by former President Donald Trump. Romney and Portman said members of the group have not settled on a total amount of infrastructure spending and declined to discuss specific provisions they would pursue. Portman said the group is looking at funding mechanisms for their proposal that could face Democratic resistance including unspecified user fees and tapping into funds for COVID-19 pandemic-related unemployment payments to individuals that some states have returned to the US Treasury. The Senate is divided 50-50, with Democrats in control because Vice President Kamala Harris can cast a tie-breaking vote. Biden broke off talks on Tuesday with Republican Senator Shelley Moore Capito, who had headed a six-member Republican team including party leaders and top members of relevant Senate committees. Capito had offered Biden $330bn in new infrastructure spending, far short of what he has sought. Cassidy said the bipartisan nature of his group could make a difference. The 10 senators now working on a new plan are part of a larger 20-member bipartisan group, known as the G-20, that includes Capito. Portman said he would continue to work closely with Capito and her team. (Reuters)

- **US wholesale inventories rise solidly; supply constraints loom –** US wholesale inventories increased strongly in April as businesses replenished stocks to meet pent-up demand, but supply constraints could make it harder to maintain the current pace of inventory rebuilding. The Commerce Department said on Wednesday that wholesale inventories rose 0.8% as estimated last month. Stocks at wholesalers advanced 1.2% in March. Wholesale inventories increased 5.2% in April from a year earlier. Inventories are a key part of gross domestic product. Economists polled by Reuters had forecast that April's increase in wholesale inventories would be unrevised. "There are downside risks for the inventory build," said Matt Colyar, an economist at Moody's Analytics in West Chester Pennsylvania. "Supply chain disruptions could become an even bigger problem, choking off producers' ability to restock depleted inventories." Manufacturers are battling shortages of raw materials and labor in the wake of pent-up demand unleashed by the reopening of the economy as vaccinations ease COVID-19's intensity. The supply constraints are underscored by a global semiconductor shortage, which is undercutting motor vehicle production as well as output of electrical equipment, appliances and components, raising prices and hurting sales of these goods. The component of wholesale inventories that goes into the calculation of gross domestic product also increased 0.8%. Economists maintained their lofty second-quarter GDP growth estimates, mostly in the double-digit zone, but cautioned that bottlenecks in the supply chain posed a downside risk. Though wholesale inventories of motor vehicles rose in April, they were down 3.3% on a year-on-year basis. Computer equipment stocks fell 1.1% in April. Businesses ran down inventories in the first quarter amid a burst in domestic demand. The inventory drawdown subtracted nearly three percentage points from GDP growth last quarter. Still, the economy grew at a robust 6.4% annualized rate after expanding at a 4.3% pace in the fourth quarter. Sales at wholesalers rose 0.8% in April after accelerating 4.3% in March. At April's sales pace it would take wholesalers 1.22 months to clear shelves, unchanged from March. That is the shortest period since September 2014. "It reflects the robust demand as economies reopen, alongside the constraints on inventories amid supply chain disruptions, micro chip shortages, and rising commodity costs," said Mike Englund, chief economist at Action Economics in Boulder, Colorado. (Reuters)
- **MBA: US mortgage applications decline with a drop in refinancing –** US applications for home mortgages declined last week as refinancing dropped to its lowest level since February 2020 with fewer homeowners able to take advantage of lower rates during a holiday-shortened week. The Mortgage Bankers Association (MBA) said its seasonally adjusted market index fell 3.1% in the week ending June 4 from a week earlier. This reflected a 5.1% decline in applications for refinancing and was 27% lower than the same week one year ago. The purchase index increased 0.3% from a week earlier. The week's data included an adjustment for the Memorial Day holiday. "Home-price growth continues to accelerate, driven by favorable demographics, the recovering job market and economy, and housing demand far outpacing supply," Joel Kan, an economist at the MBA, said in a statement. Surging home prices and limited supply has put a lid on home sales recently, and a record-low percentage of US consumers believe now is a good time to purchase a home. The average contract interest rate for traditional 30-year mortgages decreased to 3.15% last week from 3.17% the prior week. (Reuters)
- **NRF : US retail sales estimated to hit up to $4.56tn in 2021 –** The National Retail Federation (NRF) raised its growth expectations for US retail sales in 2021 to between 10.5% and 13.5%, as more Americans get inoculated and the economy reopens at a more accelerated pace than previously predicted. The trade group now expects annual US retail sales of between $4.44tn and $4.56tn, from its previous estimates, issued in February, of between 6.5% and 8.2%, or more than $4.33tn. "We are seeing clear signs of a strong and resilient economy," NRF Chief Economist Jack Kleinhenz said. The US retail group also forecast GDP growth to approach 7% in 2021, higher than the 4.4% and 5% projected earlier this year. "Most indicators (of US economic activity) point toward an energetic expansion over the upcoming months and through the remainder of the year," Kleinhenz added as he anticipates this year to be the fastest growth the US has experienced since 1984. (Reuters)
- **US Fed's reverse repo volume surges to record half a trillion Dollars –** The Federal Reserve's reverse repurchase window on Wednesday took in $503bn in cash, hitting a record peak for a third consecutive session, as financial institutions flush with liquidity flocked to the Fed facility to park their cash and secure Treasury collateral. The US Treasury has targeted a $450bn cash balance by the end of July, the debt ceiling deadline. To get there, the Treasury needs to spend its cash, which usually ends up on bank balance sheets, often in the form of money market funds. With short-term money market yields so low – in some cases negative – investors have trekked to the Fed's reverse repo facility, which pays a zero interest rate. "It's another indication of the cash-collateral imbalance in the financial system, and there does not appear to be significant relief in sight as Treasury cash balances are poised to continue to fall ahead of the debt ceiling deadline, and as Treasury bill issuance remains negative," said Dan Belton, fixed income strategist, at BMO Capital in Chicago. "The Fed has and will continue to relax any constraints to the facility which will keep rates from moving sustainably negative," he added. With the Federal Reserve in the midst of its quantitative easing program, the US central bank has been buying Treasuries both on the short- and long-end and flooding the financial markets with cash. In addition, the Treasury has reduced the supply of its bills in the market, exacerbating a collateral shortage that has

prompted financial institutions to lend money to the Fed's reverse repo facility in exchange for Treasury collateral. Money market participants will be looking to the Fed's monetary policy meeting next week, when policymakers could decide to raise the reverse repo rate and the interest on excess reserves (IOER) rate, currently at 0.10%, two rates that influence the effective fed funds rate to trade within the target range. (Reuters)

- **UK-EU 'sausage war' talks yield threats, not progress –** Britain and the European Union failed on Wednesday to agree any solutions to ease post-Brexit trade with Northern Ireland and exchanged threats in a standoff that could cloud a weekend international summit. Since Britain completed its tortuous exit from the EU late last year, its relations with Brussels have soured further, with each side accusing the other of bad faith over a part of their Brexit deal that covers goods movements to Northern Ireland. The row has been dubbed the "sausage war" by UK media as it affects the movement of chilled meats from Britain to Northern Ireland, a British province. On Wednesday, the dispute moved up a gear, with Britain saying it could again unilaterally extend a grace period waiving checks on some foodstuffs, and the EU saying it could advance its legal action, a step that could end in tariffs and quotas. British Prime Minister Boris Johnson wants the summit of the world's seven largest advanced economies (G7) in southwestern England to showcase what he calls "global Britain". He said he wasn't worried about the spat overshadowing the event. But he could receive a warning from US President Joe Biden, who, according to the Times newspaper, will tell London to respect a deal with the EU that was designed to protect a 23-year-old peace settlement in Northern Ireland. British Brexit minister David Frost, who is expected to attend the summit and sit in on any talks with EU leaders, met European Commission Vice President Maros Sefcovic in London to address the issue. A senior UK source close to the talks said all options were on the table if there was no agreement, including London further extending a grace period that waives checks on some foodstuffs moving to Northern Ireland beyond June 30. Sefcovic responded in kind, saying the EU was considering advancing its legal challenge over Britain's actions, which could result in a court case by autumn or the eventual imposition of tariffs and quotas. (Reuters)
- **RICS : UK house-buying frenzy builds ahead of tax cut deadline –** A rush by home-buyers to beat an end-of-June deadline for a tax break and a shortage of properties on the market helped to push a measure of British house prices to its highest level since 1988 in May, a survey showed on Thursday. In the latest sign of the heat in the housing market, the Royal Institution of Chartered Surveyors' price index - which reflects the proportion of surveyors reporting price increases - rose for a fourth month to +83 from +76 in April. "With the economy performing better than could have been expected even a short while ago and the cost of money still at rock bottom levels, the principal drivers supporting demand will remain in place even after the expiry of the stamp duty holiday," RICS chief economist Simon Rubinsohn said. "More challenging is the question of supply, a theme coming back strongly from respondents to the survey." As in many other countries, demand for housing in Britain has soared since the coronavirus pandemic led to an increase in working from home and a jump in demand for bigger properties. RICS said the mismatch between rising new buyer enquires and falling new instructions by sellers was the widest since November 2013. However, there were signs that more properties would be coming onto the market as appraisals increased and 12-month sales expectations were flat. British finance minister Rishi Sunak, seeking to soften the COVID-19 hit to the economy, last year exempted the first 500,000 Pounds ($707,500) of property purchases in England or Northern Ireland from the stamp duty tax. In March he extended the incentive until the end of June after which there will be a 250,000 Pound tax-free allowance until the end of September. Bank of England Chief Economist Andy Haldane said on Tuesday that Britain's housing market was "on fire" which would probably aggravate wealth inequalities in the country. Deputy Governor Dave Ramsden has said there was a "risk that demand gets ahead of supply and that will lead to a more generalized pick-up in inflationary pressure." Rubinsohn at RICS said government measures to speed up home-building had not convinced the industry that the shortage of properties available for sale would ease any time soon. Expectations for prices and rents in five years' time hit their highest levels since the middle of the last decade. (Reuters)
- **German exports rise slightly in April –** German exports rose in April, prompted by increasing trade with the US, suggesting a continued recovery in Europe's biggest economy. Seasonally adjusted exports increased by 0.3% on the month after an upwardly revised rise of 1.3% in March, the Federal Statistics Office said on Wednesday. "After eleven increases in a row, the export sector can take it easy. Especially since its outlook remains positive," Alexander Krueger at Bankhaus Lampe said. Exports to the US jumped by 59.9% compared to April last year soon after Germany entered its first lockdown to curb the coronavirus. On the year, exports to China rose by 16% while sales to the UK rose 64%, the first increase since the beginning of the year and the UK's completion of its departure from the European Union. Imports dropped 1.7% after an increase of 7.1% in the prior month, as more German companies reported bottlenecks and rising costs for raw materials. "The scarcity of materials and the lack of preliminary products are weighing on industrial production," Thomas Gitzel at VP Bank said. A Reuters poll had pointed to a 0.5% rise in exports and a 1.1% drop in imports. The trade surplus grew to 15.9bn Euros from 14bn Euros in March. (Reuters)
- **PM : Japan will aim to meet fiscal targets, raise minimum wage –** Japanese Prime Minister Yoshihide Suga said on Wednesday the government will aim to achieve its fiscal targets including its goal to bring the primary balance to a surplus. Suga also said the government will strive to raise the nationwide average minimum wage to 1,000 Yen ($9) an hour soon. Suga made the remarks at a meeting of the government's top economic council, which approved the government's fiscal blueprint for this year. (Reuters)
- **Nikkei: Japan's Suga to compile big stimulus package around summer –** Japanese Prime Minister Yoshihide Suga's administration will compile a large-scale economic stimulus package before calling a snap election in September, the Nikkei newspaper reported on Thursday. The Nikkei did not specify how much spending may be involved. Opposition parties have called for a package of around 30tn Yen ($273.67bn), a proposal Suga brushed aside in a debate with their leaders on Wednesday. Taking into account such calls, however, Suga will likely order his cabinet to compile a massive stimulus package around summer to appeal to voters in an expected lower house election in September, the paper said without citing sources. Tokyo has deployed massive stimulus packages totaling $3tn over the past year to combat the COVID-19 pandemic, further straining public finances by adding to the debt pile that is the biggest among major industrialized nations. Suga has repeatedly brushed aside the chance of compiling another stimulus package any time soon, arguing that the government still had money left over from a pool of reserves set aside to meet immediate funding needs to combat the pandemic. (Reuters)
- **Japan's wholesale prices rise at fastest pace in 13 years on commodities surge –** Japan's wholesale prices rose 4.9% in May from a year earlier to mark the biggest increase in 13 years,

data showed on Thursday, indicating that higher commodities costs could hit companies slowly emerging from the COVID-19 pandemic's pain. The gain in the corporate goods price index (CGPI), which measures the prices companies charge each other for their goods, was more than market forecasts for a 4.5% increase and followed a 3.8% rise in April, Bank of Japan data showed. It was the biggest annual increase since September 2008. "Rising commodities prices reflecting the global economic recovery is pushing up wholesale prices for a broad range of goods," Shigeru Shimizu, head of the BOJ's price statistics division, told a briefing. "The data shows companies are starting to pass on rising costs, though the gain in wholesale prices is driven more by external factors rather than domestic demand," he said. Oil and coal prices jumped 53.5% in May from a year earlier, while prices of nonferrous metals were up 41.6%, as robust US and Chinese demand boosted raw material costs, the data showed. Wood and lumber prices were also up 9.7%, reflecting a shortage of raw material and rising demand across the world, Shimizu said. Rising costs would pinch margins for many companies including retailers still reeling from state-of-emergency curbs implemented to prevent the spread of the pandemic, clouding the outlook for Japan's fragile economic recovery. Companies, on the other hand, have been cautious of passing on the higher costs to households. Core consumer prices fell 0.1% in April from a year, marking the ninth consecutive month of decline - a sign sluggish domestic demand was discouraging firms from raising prices. (Reuters)

- **Economy ministry official: Brazil inflation to peak in June or July –** Brazil has some "issues" with inflation right now, but it will peak in June or July then fall toward the central bank's target range thanks to combined monetary and fiscal policy action, a senior Economy Ministry official said on Wednesday. Special secretary to the ministry Adolfo Sachsida was speaking in an online event hosted by the Brazil-Florida Business Council on the day figures showed monthly inflation in May at a 25-year high for that month and the annual rate above 8% for the first time since 2016. "Right now we have some issues with inflation, I understand that, and probably inflation will peak in June and July. However, we are working very hard to bring inflation to inside the target by the end of the year," Sachsida said. Sachsida said the government's firm commitment to fiscal consolidation will help anchor inflation expectations, as well as attract investment and keep a lid on long-term interest rates. Central bank chief Roberto Campos Neto, meanwhile, said earlier this week that policymakers are "100% committed" to meeting the bank's inflation goals. This year's target is 3.75% with a 1.5 percentage point margin of error on either side, and next year's is 3.50%, with the same level of leeway. The central bank is widely expected to raise interest rates by 75 basis points for a third time next week, lifting its benchmark Selic rate to 4.25%. Many economists expect it to rise much further in the coming months. "I am quite sure that the central bank is going to do its part to put inflation down, and we here in the government are going to do the same," Sachsida said. (Reuters)
- **Russia's high inflation shifts expectations for bigger rate hike on Friday –** Russia's unexpectedly high inflation in May prompted a wide-scale revision of forecasts, shifting market expectations towards a bigger 50 basis-point interest rate increase on Friday, a Reuters poll suggested on Wednesday. Annual consumer inflation, the central bank's main area of responsibility, overshot expectations and accelerated to 6.0% in May, reaching its highest since October 2016 when the key rate was at 10%, data showed late on Monday. Twenty-seven of the 29 analysts and economists polled after the inflation release said the central bank would raise the key rate to 5.50% from 5% (RUCBIR=ECI). The previous Reuters poll from Monday showed 19 of the 28 polled experts expected the central bank to raise the key rate by 25 basis points. Only nine experts polled on the first day of the rate-setting week predicted the central bank to raise rates by 50 basis points, as it did in April. "May inflation surprise favors another 50bp hike," Deutsche Bank analysts said of the inflation reading that overshoot Reuters forecast of 5.8%. The central bank targets annual consumer inflation of 4%. It climbed above the target in late 2020 amid global inflation and as the weaker Rouble filtered into prices. The central bank this year announced a plan to return to a neutral policy rate of 5%-6% after slashing the rate to a record low of 4.25% in 2020 to prop up the economy amid the COVID-19 pandemic and a drop in oil prices. Rate increases became more necessary recently when the Rouble took a hit from a new wave of sanctions, while inflationary expectations among people in Russia reached a four-year high and the pace of economic growth exceeded expectations. Two experts in the latest poll still said the central bank would raise the rate to 5.25%. (Reuters)
- **Reuters poll: India retail inflation likely rebounded to 5.30% in May –** India's retail inflation likely rose last month after a three-month low in April, lifted by higher food and energy prices, but stayed within the Reserve Bank of India's target range for the sixth consecutive month, a Reuters poll found. "In April, the retail prices of petroleum products were kept unchanged because of multiple state elections being held then, despite rising crude prices," said Kunal Kundu, India economist at Societe Generale. "But immediately thereafter, the retail prices were increased about seven times in May itself, which led to substantial shooting up of this inflation component." The June 4-9 poll of 40 economists showed consumer price inflation rose to 5.30% in May from a year ago, after dipping to a three-month low of 4.29% in April. If realized, inflation will have held within the RBI's 2%-6% comfort range for the sixth month in a row. While there were fewer supply chain disruptions during the recent pandemic lockdowns compared with last year, a general rise in inflation globally has elevated domestic price pressures. Inflation was forecast to average 5.0% this fiscal year, according to a Reuters poll of economists late last month. That was similar to the RBI's estimated average of 5.1%, at its June meeting. Inflation holding within the target range will likely help the RBI to focus its policies more towards the economy, which has taken a hit from a second coronavirus wave. Even before that wave struck, Asia's third largest economy expanded just 1.6% in the Jan-March quarter from a year ago. For this fiscal year, predictions for growth have been repeatedly downgraded by economists and major institutions in recent weeks. While that suggests demand would be subdued, rising input costs were likely to pressure some components of the inflation basket higher. The wholesale price index was expected to rise 13.07% in May from a year ago, as compared to 10.49% in April. The poll also showed industrial output likely jumped 120.0% in April from a year ago, when it plunged 57.3% from a stringent lockdown imposed back then. India's infrastructure output - which comprises of eight main industries and accounts for about 40% of the total factories' production - rose 56.1% in April. (Reuters)

Regional

- **Saudi Aramco raises $6bn with debut Sukuk –** Saudi Aramco locked in another $6bn on Wednesday to help fund a large dividend as it returned to the international debt markets with its first US dollar-denominated Sukuk sale, a document showed. The debt issuance, which will help fund a $75bn dividend commitment that will mostly go to the government, comprises tranches of three, five and 10 years, a document from one of the banks arranging the deal and seen by Reuters showed. Aramco sold $1bn in the three-year tranche at 65 basis points (bps) over US Treasuries (UST), $2bn in the five-year portion at 85 bps over

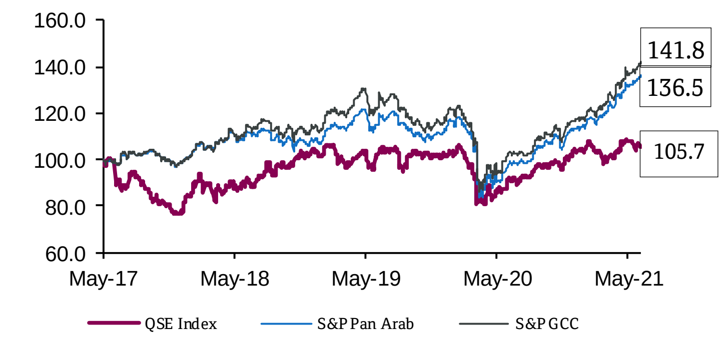
UST and $3bn in 10-year paper at 120 bps over UST. Initial price guidance was around 105 bps over UST for the three-year bonds, around 125 bps over UST for the five-year notes and around 160 bps over UST for the 10-year tranche. The spreads were tightened after the deal attracted combined orders of more than $60bn. Aramco last year maintained its promised $75bn annual dividend to shareholders despite lower oil prices and is expected to shoulder significant domestic investments in Saudi Arabia's plans to transform the economy. (Reuters)

- **Saudi to be anchor investor in $800mn Gulf Infrastructure Fund –** Saudi Arabia's sovereign Public Investment Fund (PIF) is to be an anchor investor in a new $800mn Gulf infrastructure fund, according to the Financial Times, citing sources. The fund will be setup by Aberdeen Standard Investments and Investcorp. First close for the fund at $250mn is being finalized by Investcorp and could be announced as early as next week. Investments are seen in social infrastructure projects across the Gulf states, including healthcare, education, social housing, water and digitization. (Bloomberg)
- **Alinma Bank to issue additional Tier 1 Sukuk in Riyals –** Saudi lender Alinma Bank has mandated Alinma Investment Company, J.P. Morgan as joint lead managers and joint bookrunners for the potential private placement offer. The number and value of Sukuk to be offered will be determined on market conditions. (Bloomberg)
- **Dubai May PMI at 51.6 vs 53.5 in April –** The Dubai non-oil private sector economy continued to expand in May, latest PMI data suggests, although the rate of growth cooled off from April's robust level. Output and new business both grew to a lesser extent, while there was a renewed decrease in employment. After rising for the first time in three years in April, output charges declined in the latest period, as firms sought to boost their sales whilst cost pressures remained weak. The headline IHS Markit Dubai Purchasing Managers' Index (PMI) is derived from individual diffusion indices which measure changes in output, new orders, employment, suppliers' delivery times and stocks of purchased goods. The survey covers the Dubai non-oil private sector economy, with additional sector data published for travel & tourism, wholesale & retail and construction. After posting a 17-month high of 53.5 in April, the seasonally adjusted IHS Markit Dubai Purchasing Managers' Index (PMI) fell back to 51.6 in May. However, this still signaled the second quickest improvement in operating conditions for ten months. Four of the five sub-indices of the headline PMI provided a weaker contribution than in April, with suppliers' delivery times the exception. The largest drops were recorded by the Output and New Orders Indices, which both decreased by 3.8 points over the month. (Markit)
- **Emirates NBD lists $750mn bond on Nasdaq –** Emirates NBD, Dubai's largest lender has listed its $750mn bond - Additional Tier 1 (AT1) capital bond - on Nasdaq on Wednesday. The bank's second offering for 2021 has increased Emirates NBD's listed bonds to more than $5.1bn, making it the largest financial services bond issuer on Nasdaq. The latest issuance was 2.3 times oversubscribed and attracted demand from the region, as well as Asia, Europe and the UK, among others, the bank said in a statement. "The successful issuance and listing of the second bond underlies investor confidence in the fundamentals and prospects of the bank as one of the largest banking groups in the region, as well as the growth outlook for the UAE's economy," Vice Chairman and Managing Director of Emirates NBD, Hesham Abdulla Al Qassim said. (Reuters)
- **Founder of Dubai's DAMAC offers $255mn to take property firm private –** UAE property tycoon Hussain Sajwani made a $255mn offer on Wednesday to buy out minority shareholders in DAMAC Properties, which he has run for nearly two decades. The all-cash offer comes amid a years-long slump in Dubai's once hot property market, a decline exacerbated by the economic hit from the COVID-19 pandemic. DAMAC is best-known for building the Middle East's only Trump-brand golf course, which opened in Dubai in 2017 while Donald Trump was US President. The deal confirms a Reuters report in 2020 that Sajwani was considering buying out minority shareholders. Sajwani, who resigned both as Chairman and from the board, made the offer through investment vehicle Maple Invest Co, which said he directly and indirectly controls 88.106% of DAMAC. Maple Invest Co intends to increase the holding to at least 90% plus one so it can exercise its right to buy out the remaining minority shareholders, it said in a statement. (Reuters)
- **Mubadala gets Brazil regulatory approval to buy Petrobras' RLAM –** Mubadala gets Brazil regulatory approval to buy Petrobras' RLAM. The superintendence of Brazil's antitrust regulator, known as Cade, approved the deal between MC Brazil Downstream and Petrobras, according to a decision published in the country's official gazette. MC is part of Mubadala's company's portfolio, according to a document on Cade's website. (Bloomberg)
- **ADQ offers to combine exhibitions co with ADNH –** Abu Dhabi state-owned ADQ said on Wednesday it submitted an offer to Abu Dhabi National Hotels Company (ADNH) to combine Abu Dhabi National Exhibitions Company (ADNEC) with the hotel firm. The combination would "create one of the largest hospitality, events, and catering powerhouses in the region," the holding company said in an statement via email. Upon completion, the combined group would have assets of around AED20bn, it said. ADNH would issue to ADQ a convertible instrument that would convert into 1.221bn ordinary shares in the capital of ADNH at a price of AED3.93 per share. After the transaction is completed, ADQ will own roughly 54.98% of ADNH, it added. (Reuters)
- **ADIA joins Medline buyout group –** Abu Dhabi Investment Authority (ADIA) is joining one of the biggest leveraged buyouts of all time by investing about $1bn alongside a consortium acquiring medical supply company Medline Industries Inc. The world's third-biggest wealth fund, known as ADIA, will back the takeover of Medline by Blackstone Group Inc., Carlyle Group Inc. and Hellman & Friedman, according to sources. Singapore's state-owned investor GIC Pte is also investing in the deal, which values Medline at more than $30bn. A spokesperson for ADIA confirmed the investment in response to Bloomberg queries. Abu Dhabi's rainy-day fund has amassed just under $700bn in assets, according to estimates from Global SWF and the SWF Institute, with a mandate to funnel the government's oil surplus into foreign holdings. Medline is the biggest private US manufacturer and distributor of medical supplies like gloves, gowns and exam tables to hospitals and doctor's offices. The private equity consortium beat out Canadian investment giant Brookfield Asset Management Inc., which was bidding on its own, to acquire the business. (Bloomberg)
- **Aldar gets extension to submit SODIC's merger offer –** Aldar Properties received approval from the Egyptian Financial Regulatory Authority for an extended deadline to present a mandatory tender offer to acquire at least 51% of the outstanding share capital of The Sixth of October for Development and Investment (SODIC). Aldar was granted an additional 30 business days commencing from the original date of the expiry of the initial grace period, June 14. Aldar's proposal to SODIC is subject to due diligence, as well as applicable regulatory approvals and other conditions. (Bloomberg)
- **Kuwait's Ahli United Bank sells $600mn Islamic bond –** Kuwait's Ahli United Bank has sold $600mn in Additional Tier 1 Islamic bonds at 3.875%, a document showed on Wednesday. Pricing on the bond tightened from an initial price guidance of around 4.375% after the debt sale attracted more than $1.7bn in

orders, the document from one of banks on the deal showed. Additional Tier 1 (AT1) bonds are designed to be perpetual in nature, but issuers can redeem or "call" them after a specified period. Ahli United Bank's AT1 Sukuk will be non-callable for 5-1/2 years. Kuwait's Ahli United, nearly three-quarters owned by Bahrain's Ahli United Bank, hired Citi, HSBC, Standard Chartered, Abu Dhabi Islamic Bank, Kamco Invest, KFH Capital and Kuwait International Bank to arrange the deal. (Reuters)

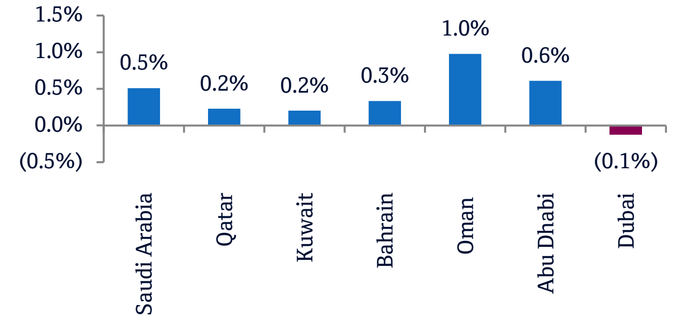
- **Kuwaiti mortgage law may benefit Boubyan, Gulf Bank most –** Lenders with strong domestic presence in Kuwait, like Boubyan Bank and Gulf Bank, may be the biggest beneficiaries of a draft mortgage law being considered in the Gulf state, according to EFG-Hermes. The draft law says “that banks could extend mortgages to Kuwaiti households for financing the construction of their first homes on lands allocated,” analysts Elena Sanchez-Cabezudo and Ahmed El-Shazly write in a note. The mortgage lending opportunity could range from KD5.7bn to KD11.3bn under a more optimistic scenario. Analysts see law adding 4% to 7% to system loans per year from 2022 to 2025. National Bank of Kuwait could see a 4% boost in profit from 2022 to 2025 combined, Kuwait Finance House +6%, Boubyan Bank +10%, Gulf Bank +10%. (Bloomberg)
- **Fitch: Bahrain's Islamic banking sector has room to grow –** The market share of Islamic banks (including Islamic windows) in Bahrain is expected to increase in 2021-2022, driven by bank mergers and acquisitions, and a rising awareness of shariah products among the public. In a recent report, Fitch Ratings said the growth will build on its current position of accounting for 37.1% of domestic banking system assets and 17.2% of total banking system assets (including foreign assets). The domestic market share of Islamic banks has been steadily rising from 35.4% in 2015, driven by an increase in real estate financing, but the pandemic and lower oil prices in 2020 resulted in domestic asset growth of Islamic banks (2.1%) lagging conventional banks' (5.7%). “The Islamic banking sector benefits from mainstream relevance and high awareness of Islamic products, a wide branch and digital banking network, government support in the form of an enabling regulatory framework and the availability of Islamic liquidity-management instruments,” the ratings agency said. In the medium term, the Islamic banking market share could receive a boost from the conversion of Ahli United Bank to an Islamic bank from a conventional bank upon the acquisition by Kuwait Finance House. Following the conversion, Bahrain's largest bank would be Shari’ah-compliant. The acquisition could also create the GCC's sixth-largest bank, with over $100bn in assets. However, the acquisition was postponed due to the pandemic. (Zawya)

Rebased Performance



Source: Bloomberg

Daily Index Performance



Source: Bloomberg

Source: Bloomberg

Asset/Currency Performance	Close ($)	1D%	WTD%	YTD%
Gold/Ounce	1,888.57	(0.2)	(0.2)	(0.5)
Silver/Ounce	27.77	0.6	(0.1)	5.2
Crude Oil (Brent)/Barrel (FM Future)	72.22	0.0	0.5	39.4
Crude Oil (WTI)/Barrel (FM Future)	69.96	(0.1)	0.5	44.2
Natural Gas (Henry Hub)/MMBtu	3.10	(0.3)	4.4	29.7
LPG Propane (Arab Gulf)/Ton	94.25	0.5	2.7	25.2
LPG Butane (Arab Gulf)/Ton	102.75	3.0	3.8	47.8
Euro	1.22	0.1	0.1	(0.3)
Yen	109.63	0.1	0.1	6.2
GBP	1.41	(0.3)	(0.3)	3.3
CHF	1.12	0.1	0.4	(1.2)
AUD	0.77	(0.1)	(0.1)	0.5
USD Index	90.12	0.0	(0.0)	0.2
RUB	72.30	0.0	(0.7)	(2.8)
BRL	0.20	(0.6)	(0.3)	2.6

Source: Bloomberg (*$ adjusted returns)

Global Indices Performance	Close	1D%*	WTD%*	YTD%*
MSCI World Index	2,996.64	(0.2)	(0.0)	11.4
DJ Industrial	34,447.14	(0.4)	(0.9)	12.5
S&P 500	4,219.55	(0.2)	(0.2)	12.3
NASDAQ 100	13,911.75	(0.1)	0.7	7.9
STOXX 600	454.44	0.1	0.5	13.4
DAX	15,581.14	(0.4)	(0.6)	12.5
FTSE 100	7,081.01	(0.4)	(0.2)	13.3
CAC 40	6,563.45	0.2	0.9	17.8
Nikkei	28,860.80	(0.5)	(0.4)	(1.0)
MSCI EM	1,372.80	(0.3)	(0.6)	6.3
SHANGHAI SE Composite	3,591.40	0.5	0.1	5.7
HANG SENG	28,742.63	(0.1)	(0.7)	5.5
BSE SENSEX	51,941.64	(0.7)	(0.5)	8.9
Bovespa	129,906.80	(0.9)	(0.4)	11.1
RTS	1,674.75	1.1	1.7	20.7

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