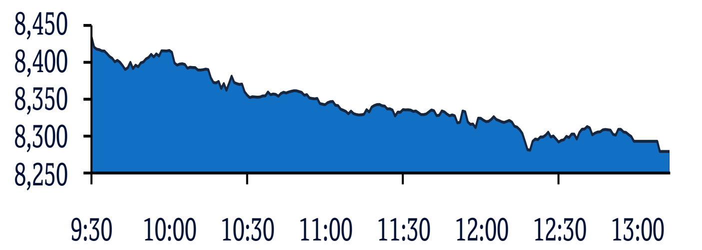
Daily Market Report

Tuesday, 31 March 2020

QSE Intra-Day Movement



Qatar Commentary

The QE Index declined 1.8% to close at 8,282.7. Losses were led by the Telecoms and Industrials indices, falling 4.7% and 2.3%, respectively. Top losers were Ahli Bank and Investment Holding Group, falling 9.2% and 9.0%, respectively. Among the top gainers, Qatar Oman Investment Company gained 3.6%, while Doha Insurance Group was up 2.8%.

GCC Commentary

Saudi Arabia: The TASI Index fell 0.1% to close at 6,373.3. Losses were led by the Banks and Utilities indices, falling 1.1% and 0.2%, respectively. Taleem REIT Fund declined 4.2%, while Alkhabeer REIT was down 3.1%.

Dubai: The DFM Index fell 2.3% to close at 1,789.6. The Consumer Staples and Discretionary index declined 4.2%, while the Real Estate & Construction index fell 3.6%. Aan Digital Services Holding Co. and Ithmaar Holding were down 5.0% each.

Abu Dhabi: The ADX General Index fell 3.5% to close at 3,744.1. The Real Estate index declined 4.6%, while the Banks index fell 4.1%. First Abu Dhabi Bank and Arkan Building Materials Company were down 5.0% each.

Kuwait: The Kuwait All Share Index gained marginally to close at 4,759.6. The Telecommunications index rose 2.4%, while the Insurance index gained 1.3%. Wethaq Takaful Insurance Co. rose 10.0%, while Warba Insurance Co. was up 9.9%.

Oman: The MSM 30 Index fell 0.4% to close at 3,467.4. Losses were led by the Industrial and Services indices, falling 0.7% and 0.5%, respectively. Oman Cement Company declined 9.5%, while Oman Investment & Finance was down 9.3%.

Bahrain: The BHB Index fell 0.5% to close at 1,355.4. The Investment index declined 0.9%, while the Commercial Banks index fell 0.5%. Bahrain Commercial Facilities Company declined 9.1%, while Al Salam Bank - Bahrain was down 4.2%.

Market Indicators	30 Mar 20	29 Mar 20	%Chg.
Value Traded (QR mn)	374.3	133.9	179.6
Exch. Market Cap. (QR mn)	466,618.0	476,394.5	(2.1)
Volume (mn)	122.5	54.7	123.9
Number of Transactions	11,070	4,196	163.8
Companies Traded	46	43	7.0
Market Breadth	8:35	6:31	–

Market Indices	Close	1D%	WTD%	YTD%	TTM P/E
Total Return	15,839.39	(1.8)	(2.3)	(17.4)	12.2
All Share Index	2,576.89	(1.8)	(2.3)	(16.9)	13.6
Banks	3,762.97	(1.6)	(2.0)	(10.8)	13.1
Industrials	2,071.84	(2.3)	(2.8)	(29.3)	15.2
Transportation	2,205.56	(0.7)	(1.3)	(13.7)	11.5
Real Estate	1,206.15	(1.6)	(2.8)	(22.9)	9.6
Insurance	2,003.23	(0.9)	(1.5)	(26.7)	34.9
Telecoms	741.57	(4.7)	(6.9)	(17.1)	12.8
Consumer	6,696.25	(1.7)	(2.0)	(22.6)	15.7
Al Rayan Islamic Index	3,133.43	(1.3)	(1.9)	(20.7)	13.2

GCC Top Gainers##	Exchange	Close#	1D%	Vol. '000	YTD%
Bupa Arabia for Coop. Ins.	Saudi Arabia	91.10	5.9	202.8	(11.0)
Mobile Telecom. Co.	Kuwait	0.50	3.3	6,598.1	(16.5)
Jabal Omar Dev. Co.	Saudi Arabia	23.98	3.3	1,301.2	(11.7)
National Bank of Oman	Oman	0.17	3.1	638.7	(10.3)
Saudi Cement Co.	Saudi Arabia	47.65	2.7	486.8	(32.0)

GCC Top Losers##	Exchange	Close#	1D%	Vol. '000	YTD%
Ooredoo	Qatar	5.74	(6.0)	5,595.4	(18.9)
Qatar Electri. & Water Co.	Qatar	13.77	(5.5)	1,697.2	(14.4)
First Abu Dhabi Bank	Abu Dhabi	9.88	(5.0)	4,466.0	(34.8)
Abu Dhabi Comm. Bank	Abu Dhabi	4.87	(4.7)	7,826.2	(38.5)
Al Dar Properties	Abu Dhabi	1.47	(4.5)	24,799.5	(31.9)

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 Oman Investment Company	0.43	3.6	56.3	(36.2)
Doha Insurance Group	1.08	2.8	92.2	(10.1)
Qatar International Islamic Bank	7.15	1.6	1,791.7	(26.1)
Qatar General Ins. & Reins. Co.	1.96	0.8	119.0	(20.2)
Al Khalij Commercial Bank	1.20	0.4	1,344.1	(8.8)

QSE Top Volume Trades	Close*	1D%	Vol. '000	YTD%
Investment Holding Group	0.39	(9.0)	18,281.0	(30.3)
Qatar Aluminium Manufacturing	0.52	(0.2)	8,222.2	(33.5)
Ezdan Holding Group	0.56	(3.9)	7,751.8	(8.9)
Barwa Real Estate Company	3.00	(1.6)	7,429.9	(15.3)
Masraf Al Rayan	3.63	0.0	6,607.6	(8.3)

QSE Top Losers	Close*	1D%	Vol. '000	YTD%
Ahli Bank	3.06	(9.2)	2.8	(8.2)
Investment Holding Group	0.39	(9.0)	18,281.0	(30.3)
Qatari German Co. for Med. Dev.	0.40	(8.4)	769.5	(30.8)
Al Khaleej Takaful Insurance Co.	1.33	(6.6)	708.9	(33.7)
Alijarah Holding	0.61	(6.1)	4,920.0	(14.2)

QSE Top Value Trades	Close*	1D%	Val. '000	YTD%
QNB Group	17.25	(1.9)	91,452.4	(16.2)
Qatar Islamic Bank	14.74	(3.3)	35,523.4	(3.8)
Ooredoo	5.74	(6.0)	33,099.5	(18.9)
Masraf Al Rayan	3.63	0.0	24,047.8	(8.3)
Qatar Electricity & Water Co.	13.77	(5.5)	23,891.6	(14.4)

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*	8,282.66	(1.8)	(2.3)	(12.7)	(20.6)	101.78	126,780.1	12.2	1.2	4.8
Dubai	1,789.60	(2.3)	(1.1)	(30.9)	(35.3)	54.30	73,592.9	6.6	0.6	6.9
Abu Dhabi	3,744.13	(3.5)	(0.7)	(23.6)	(26.2)	51.41	115,263.2	10.9	1.0	6.6
Saudi Arabia	6,373.29	(0.1)	0.7	(16.5)	(24.0)	881.57	1,989,091.0	17.3	1.5	4.2
Kuwait	4,759.57	0.0	(2.8)	(21.6)	(24.2)	91.57	87,996.1	12.2	1.1	4.6
Oman	3,467.40	(0.4)	(2.0)	(16.1)	(12.9)	1.73	15,160.0	7.0	0.6	7.6
Bahrain	1,355.44	(0.5)	(2.4)	(18.4)	(15.8)	3.44	21,073.6	9.7	0.8	5.8

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

Qatar Market Commentary

- The QE Index declined 1.8% to close at 8,282.7. The Telecoms and Industrials indices led the losses. The index fell on the back of selling pressure from non-Qatari shareholders despite buying support from Qatari and GCC shareholders.
- Ahli Bank and Investment Holding Group were the top losers, falling 9.2% and 9.0%, respectively. Among the top gainers, Qatar Oman Investment Company gained 3.6%, while Doha Insurance Group was up 2.8%.
- Volume of shares traded on Monday rose by 123.9% to 122.5mn from 54.7mn on Sunday. Further, as compared to the 30-day moving average of 121.9mn, volume for the day was 0.5% higher. Investment Holding Group and Qatar Aluminium Manufacturing Company were the most active stocks, contributing 14.9% and 6.7% to the total volume, respectively.

Overall Activity	Buy %*	Sell %*	Net (QR)
Qatari Individuals	20.99%	15.28%	21,370,115.42
Qatari Institutions	21.77%	23.83%	(7,689,769.78)
Qatari	**42.76%**	**39.11%**	**13,680,345.63**
GCC Individuals	0.93%	0.80%	489,352.98
GCC Institutions	0.93%	0.60%	1,236,481.57
GCC	**1.86%**	**1.40%**	**1,725,834.54**
Non-Qatari Individuals	8.69%	6.97%	6,432,666.85
Non-Qatari Institutions	46.69%	52.53%	(21,838,847.03)
Non-Qatari	**55.38%**	**59.50%**	**(15,406,180.17)**

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

Earnings Releases, Global Economic Data and Earnings Calendar

Earnings Releases

Company	Market	Currency	Revenue (mn) 4Q2019	% Change YoY	Operating Profit (mn) 4Q2019	% Change YoY	Net Profit (mn) 4Q2019	% Change YoY
Filing & Packing Materials Manufacturing Co.*	Saudi Arabia	SR	164.1	0.4%	(23.9)	N/A	(22.3)	N/A
Saudi Arabian Amiantit Co.*	Saudi Arabia	SR	780.4	-17.6%	(247.5)	N/A	(338.5)	N/A
Emaar Development*	Dubai	AED	12,746.1	-17.4%	–	–	2,700.1	-30.8%
Emaar Malls*	Dubai	AED	4,673.0	5.1%	2,462.1	3.1%	2,285.6	2.5%
Emaar Properties*	Dubai	AED	24,585.9	-4.3%	–	–	6,200.0	1.0%
Amlak Finance*	Dubai	AED	–	–	–	–	(321.5)	N/A
Abu Dhabi National Co. for Building Materials*	Abu Dhabi	AED	58,071.9	-22.9%	–	–	(63.2)	N/A
Abu Dhabi Ship Building Co.*	Abu Dhabi	AED	319.7	-29.5%	–	–	(3.8)	N/A
Manazel*	Abu Dhabi	AED	946.8	17.0%	–	–	240.6	4.3%
National Takaful Company*	Abu Dhabi	AED	–	–	–	–	13.1	38.5%
Ras Al Khaimah Cement Co.*	Abu Dhabi	AED	181.7	-20.7%	(54.9)	N/A	(55.7)	N/A

Source: Company data, DFM, ADX, MSM, TASI, BHB. (*Financial for FY2019)

Global Economic Data

Date	Market	Source	Indicator	Period	Actual	Consensus	Previous
03/30	UK	Bank of England	Mortgage Approvals	Feb	73.5k	68.5k	71.3k
03/30	UK	Bank of England	Money Supply M4 MoM	Feb	0.3%	–	0.7%
03/30	UK	Bank of England	M4 Money Supply YoY	Feb	4.9%	–	4.7%
03/30	EU	European Commission	Economic Confidence	Mar	94.5	91.6	103.4
03/30	EU	European Commission	Industrial Confidence	Mar	-10.8	-12.6	-6.2
03/30	EU	European Commission	Services Confidence	Mar	-2.2	-5.0	11.1
03/30	EU	European Commission	Consumer Confidence	Mar	-11.6	–	-11.6
03/30	Germany	German Federal Statistical Office	CPI MoM	Mar	0.1%	0.0%	0.4%
03/30	Germany	German Federal Statistical Office	CPI YoY	Mar	1.4%	1.3%	1.7%

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

Earnings Calendar

Tickers	Company Name	Date of reporting 1Q2020 results	No. of days remaining	Status
QIBK	Qatar Islamic Bank	15-Apr-20	15	Due
KCBK	Al Khalij Commercial Bank	15-Apr-20	15	Due
QFLS	Qatar Fuel Company	15-Apr-20	15	Due
QIGD	Qatari Investors Group	19-Apr-20	19	Due
ABQK	Ahli Bank	20-Apr-20	20	Due
UDCD	United Development Company	22-Apr-20	22	Due
DHBK	Doha Bank	22-Apr-20	22	Due

Source: QSE

News

Qatar

- **ERES reports net loss of QR199.9mn in 4Q2019 –** Ezdan Holding Group (ERES) reported net loss of QR199.9mn in 4Q2019 as compared to net loss of QR29.7mn in 4Q2018 and net profit of QR88.5mn in 3Q2019.The company's rental income came in at QR305.2mn in 4Q2019, which represents a decrease of 1.8% YoY (-2.6% QoQ). In FY2019, ERES posted net profit of QR309.29mn compared to net profit amounting to QR433.75mn for year ended December 31, 2018. EPS amounted to QR0.012 in FY2019 as compared to QR0.016 in FY2018. The Board of Directors has proposed no dividends for the financial year ended December 31, 2019. The proposed will be submitted for approval at the Annual General Assembly meeting. In addition, ERES announced that Investors Relation conference call will be held on March 31, 2020 at 1:30 pm to discuss financial results for the year ended December 31, 2019. (QSE, Company Press Release)
- **QE Index, QE Al Rayan Islamic Index and QE All Share constituents as of April 1, 2020 –** The Market Notice dated March 11, 2020, provided details of constituent changes of all QSE indices effective April 1, 2019. This notice provides the final Index Free Float number of shares and capping factors (where applicable) to be used in the QE Index and QE All Share index calculation effective April 1, 2020. The new index composition of QE Al Rayan Islamic Index is also restated as follows. QE Index – Al Meera Consumer Goods Company will replace Gulf International Services Company in the QE Index. Effective Index Free Float number of shares and capping factors for the QE index as of April 1, 2020 is shown as follows. Weights are indicative based on March 29, 2020 close prices. Note, that QE Index and QE Total Return Index have identical composition. No change of index constituents for Al Rayan Islamic Index & QE All Share Index & Sectors. (QSE)
- **QNCD shuts down the digital cement plant (4 and 5) till further notice –** In line with the decisions and precautionary measures issued by the Supreme Committee for Crisis Management in the State of Qatar and in light of the current conditions related to the decrease in cement demand in the local market, Qatar National Cement Company's (QNCD) board of directors has decided to stop operating the cement factories (4 and 5) from April 1, 2020, until further notice. (QSE)
- **WDAM's AGM endorses items on its agenda and approves the distribution of 30% cash dividend –** Widam food's (WDAM) Ordinary General Assembly Meetings (AGM) was held on March 30, 2020 and the quorum was achieved in its meeting (53.03 % by Law) and has approved the agenda. The agenda includes to distribute to the shareholders cash dividends at the rate of (30%) of the nominal share value, i.e. QR0.30 for each share, among others. (QSE)
- **DBIS postpones its AGM until further notice –** Dlala Brokerage and Investment Company (DBIS) announced that due to the current conditions, and in the interest of the safety of shareholders and all attendees, the General Assembly Meeting (AGM), which was scheduled to take place on April 7, 2020, has been postponed till further notice. (QSE)
- **IIF: Qatar's inflation-adjusted growth seen better than world, MENA average –** The Institute of International Finance (IIF), the US-based economic think-tank, has revised down Qatar's real growth this year in view of the global pandemic COVID-19; but held that Doha's inflation-adjusted economic expansion will be better than the world and the Middle East and North Africa (MENA) average. The IIF has now pegged Qatar's real GDP growth at 0.4% in 2020 against the previous estimate of 2.6% for the same year. In comparison, the world average growth is slated to be (-) 1.5% compared to 2.6% and the MENA region's average of (-) 0.3% against 1.8%. The GCC exporters' real growth is revised down to 0.6% against the previous estimate of 2.2%. The mature economies' growth has been revised down to (-) 3.3% against the previous estimate of 1.5% with the US and Euro region likely to register (-) 2.8% and (-) 4.7% growth compared to 2% and 1.2% respectively. The IIF highlighted that the Qatari government announced a three-year stimulus package of $20.6bn (12.5% of GDP) to the private sector to mitigate the effects of the spread of the coronavirus. This also includes the capital infusion into the Qatar Stock Exchange. (Gulf-Times.com)
- **Banks hike purchase limit for contactless cards –** Banks in Qatar have increased the purchase limit of contactless debit and credit cards by 200%. Earlier, customers were allowed to do purchases up to QR100, but now this limit has been increased to QR300. The Commercial Bank and QNB Group have already hiked this limit while other banks are also expected to follow suit. This initiative by banks will play an important role in limiting the spread of COVID-19 as customers are not required to enter the Personal Identification Number (PIN) while doing a transaction with these cards. "The Commercial Bank has just increased the Tap N Pay limit to QR300 instead of QR100, which means that you can pay now for purchases up to QR300 without the need to enter your PIN nor hand the card to the merchant on all The Commercial Bank point of sales," The Commercial Bank stated in a tweet. QNB Group also made similar announcement on its twitter account. "For your safety and to speed up your payments you can now use your Tap & Pay card with increased limit up to QR300 per transaction," QNB Group stated in a tweet. (Peninsula Qatar)
- **Kahramaa records huge increase in usage of online services –** Qatar General Electricity and Water Corporation (Kahramaa) has witnessed a remarkable increase in the use of its online services during the period from March 17 to March 28, the company stated in a statement issued on Monday. The increase is in line with the company's endeavor to provide high-quality online services as a precautionary measure to prevent and limit the spread of Coronavirus. Kahramaa stated that during the period from March 17 to March 28 a significant increase was witnessed in the people's interest in the use of online services compared to the same period last February. The creation of new electronic accounts increased by 93%, logging into electronic accounts increased by about 300%, and downloading Kahramaa application for smartphones from electronic stores increased at a rate of about 240%, it added. Kahramaa noted that during the same period, the company received 17,820 requests through its digital platforms, where 14,200 electronic payment transactions, 1,122 house moving requests, 2,033 requests to issue a certificate, 32 requests to register as a Qatari participant

eligible for exemption were made through its website and the smartphone application. (Qatar Tribune)

- **Qatar Airways Cargo to resume scheduled belly-hold cargo operations to China –** Qatar Airways Cargo will resume scheduled belly-hold cargo operations to China soon with the utilization of wide-body and passenger-configurated aircraft subject to government approvals. The additional cargo capacity is being added to the carrier's existing freighter service amid increased demand for the shipment of immediate goods in and out of the region. The decision to reinstate belly-hold service to six of its passenger destinations in the country is in line with airline's initiative to continue supporting worldwide connectivity, re-establishing the global supply chain, and meeting the market's strong demand for freight exports and imports. This includes the transportation of urgent medical relief aid that is pivotal to the global fight against the COVID-19 pandemic. Qatar Airways Group's Chief Executive, HE Akbar Al-Baker said, "We are pleased to resume belly-hold cargo operations to China where the COVID-19 pandemic has been significantly contained and industrial production is restoring nationwide. In addition to our dedicated freighter service, the extra belly-hold availability leveraging the flexibility and reliability of our fleet will greatly enhance our cargo handling capacity in China to support market's soaring demand for imports and exports, including the urgent outbound shipment of essential commodities, fresh produce, food products, and large proportion of medical supplies to other parts of the world that are currently facing the public health crisis." The belly-hold cargo flights will be operated on a turnaround basis assuming the routes' previously assigned flight numbers and frequencies, without any cabin crew members or passengers on-board. (Gulf-Times.com)
- **QDB begins implementing COVID-19 safeguard benefits for SMEs –** The Qatar Development Bank (QDB) has started implementing the financial benefits to be extended to small and mediums enterprises (SMEs) as part of the government's safeguard program for such companies which are affected due to the outbreak of the COVID-19 in Qatar. In line with the decision of the Supreme Committee for Crisis Management (to combat COVID-19) QDB has been directed to postpone the installments of all borrowers for a period of six months. QDB has announced to implement the repayment program of loans and other details. As part of the implementation of the 'National Safeguards Program in Response' to the implications of COVID-19, the QDB has posted a series of infographs on its official twitter handle highlighting the key details of the program, such as the grace period (0-6 months) for the repayment of loans (for a period of 3 years) and the interest/profit rates (1.5%) on the credit granted by QDB to various Qatari companies, including SMEs. QDB, the state-backed development agency, covers profits/ interest on loans on behalf of the beneficiary. QDB has said that if the loan amount is paid in seven to 12 months period by the beneficiary, the payment will be made against the original loan amount only (principal amount). The interest/profits ratio is estimated at the Qatar Central Bank's lending rate plus 1% service charge. For loans for a repayment period of more than one year, QDB will cover 1.5% of the profit/interest ratio on behalf of the beneficiary. The beneficiary for this period shall bear the difference in the interest/profits ratio between the above-mentioned percentages. And for the loans with a payment period of two years, the interest/profits ratio is estimated at the Qatar Central Bank lending rate plus 2% service charge. The beneficiary shall bear the full interest/profits ratio for the period. The QDB will administer the program and issue special guarantees to banks operating in the country for financing companies. The program includes companies that are fully owned by the private sector. The program includes the provision of guarantees to banks to finance the wages of workers in private companies and rents for a period of 3 months. The program duration is 3 years, which includes one year as a grace period. (Peninsula Qatar)
- **MoCI issues circular on ratified contracts to hold concerts, festivals, events and special gatherings –** The Ministry of Commerce and Industry (MoCI) issued a circular on holding concerts, festivals, events and special gatherings that compels contractors and providers of these services to seek consensual agreements with clients following the directives to ban concerts, festivals, events and special gatherings. The circular falls in line with the Ministry's efforts to ensure stability in business transactions between suppliers and consumers while taking into account the interests of both parties and avoiding material damages that may be caused to any party due to the preventive and precautionary measures implemented by the State to reduce the spread of the Coronavirus (COVID-19). Given that COVID-19 is considered a global pandemic and a force majeure that cannot be avoided or anticipated, which makes it difficult for some suppliers to fulfill their obligations towards consumers at the present time, and in line with this circular, the Ministry of Commerce and Industry calls on service providers to ratify new contracts that outline other dates to fulfill their obligations or to seek consensual agreements that take into account the interests of both parties with regard to the down payments and financial installments made to suppliers in return for assuming their obligations as agreed with consumers. The Ministry urges all suppliers to adhere to the provisions of the circular and to embrace this initiative in line with their social responsibility in support of the preventive and precautionary measures taken by the state to protect the health of all members of society. The Ministry will intensify its inspection campaigns to ensure the compliance of concerned parties with their obligations as stipulated in the circular and to crack down on any violations in this regard. (Qatar Tribune)
- **Hazm Mebaireek Hospital to treat COVID-19 patients –** Hamad Medical Corporation (HMC) has announced the designation of Hazm Mebaireek General Hospital as a facility for treating coronavirus patients, with the aim of providing high-quality care for such patients in an integrated facility. HE the Minister of Public Health Hanan Mohamed Al-Kuwari said that the rapid transformation of Hazm Mebaireek General Hospital into a facility for treating coronavirus patients is an example of the proactive approach in the healthcare sector in the face of this epidemic. She added that the ministry started to move quickly from the beginning and worked to set standards through decisions without any delay, and this is exactly what we need to address the rapidly spreading coronavirus. Patients infected with coronavirus and having moderate to severe symptoms will be admitted to Hazm Mebaireek General Hospital, where they

will receive the necessary treatment while they are under constant surveillance. (Gulf-Times.com)

International

- **UN: Developing nations need $2.5tn coronavirus package –** Developing countries will need a $2.5tn support package this year to face the economic crisis caused by the coronavirus pandemic, a UN report said on Monday. Their economies will take "enormous hit" from high capital outflows, lost export earnings due to falling commodity prices and currency depreciations, with an overall impact likely worse than the 2008 crisis, the report said. Needed measures will include a $1tn liquidity injection and a $1tn dollar debt relief package, according to the paper by the UN Conference on Trade and Development (UNCTAD). Another $500mn will be needed for emergency health services and related programs, on top of capital controls, the report added. Sub-Saharan African countries will be among the hardest hit alongside others including Pakistan and Argentina, said Richard Kozul-Wright, director of globalization and development strategies at UNCTAD who oversaw the report. In what he said was likely a conservative estimate, Kozul-Wright said the coronavirus would cause a $2-$3tn financing deficit over this year and next. In an early sign of the impact, portfolio outflows from main emerging economies were $59bn a month between February and March compared to $26.7bn in the immediate aftermath of the 2008 crisis, the report said. UNCTAD considers around 170 countries to be developing but the financing gap figure stripped out China and South Korea. (Reuters)
- **Eurozone sentiment in record plunge as coronavirus strikes –** Eurozone sentiment suffered its steepest ever monthly decline in March as the coronavirus led to declining confidence among consumers and all sectors of the economy, in many cases even before crippling lockdowns were imposed. Economic sentiment in the 19 countries sharing the euro fell to 94.5 points in March from 103.4 in February, sharply breaking an upward trend in place from November, European Commission survey data showed on Monday. The decline was the steepest monthly drop since records began in 1985. The overall figure, the lowest since September 2013, was slightly above the average 93.0 average forecast in a Reuters poll of economists. However, the Commission said that its data might be less accurate and comparable than usual because its fieldwork effectively stalled due to containment measures designed to stem the spread of the virus. Survey responses were collected between Feb 26 and March 23, but in practice the vast majority were from before national measures were enacted, such as the closure of schools, non-food shops, restaurants, cafes and sports facilities. For Germany and Italy, between 71 and 85% of responses were collected before significant containment measures. For France, it was more than 95%. Dramatic falls in expectations concerning future production and demand and the general economic situation were behind the record slump. Future employment expectations also worsened. Selling prices expectations fell markedly in all business sectors, led by services and retail, although consumer price expectations increased. (Reuters)
- **Eurozone banks heed ECB dividend warning, Swiss ignore regulators –** Banks across the Eurozone are tearing up plans to return cash to shareholders at the behest of regulators, instead shoring up reserves as the coronavirus outbreak threatens to tip the world into a deep recession. As measures to fight the pandemic paralyze economic activity, banks are on the front line in a battle to keep cash-starved businesses alive, although lenders in Switzerland and the US, in stark contrast, are pushing ahead with dividend payments regardless. The European Central Bank (ECB) told lenders last week to skip dividends and share buybacks until at least October, estimating they could save 30 billion euros by doing so, and instead direct profits towards supporting the economy. The ECB's demand was something of a quid pro quo after it helped banks cope by letting them eat into their capital and cash buffers, as well as turning on the cheap credit taps. In Italy, the current epicenter of the outbreak in Europe, UniCredit on Sunday put its planned dividend for 2019 and share buyback on hold, becoming the first Italian bank to respond to the ECB's demands. Dutch bank ABN Amro, which has been hit by a loss of roughly $200 million during the recent market turmoil, followed suit and said it too would scrap dividend payouts for now, while online banking specialist ING, agricultural lender Rabobank and Belgium's KBC did the same. Germany's Commerzbank said it would not propose a dividend for 2019. (Reuters)
- **Britain to spend 75mn Pounds getting stranded citizens home –** Britain will spend up to 75mn Pounds ($93mn) to get stranded passengers home, foreign minister Dominic Raab said on Monday, adding that airlines like British Airways, easyJet and Virgin would help and planes would be chartered where necessary. Tens of thousands of British travelers stranded by the spread of coronavirus will be flown home under the new arrangement, which sees those airlines plus Jet2 and Titan offering alternative bookings where routes are cancelled. "Where commercial flights are no longer running, the government will provide the necessary financial support for special charter flights to bring UK nationals back home," Raab said at a news conference. "We've designated 75mn Pounds to support those flights and the airlines in order to keep the cost down and affordable for those seeking to return to the UK." (Reuters)
- **German inflation slows below ECB target in March on cheaper oil –** German annual inflation slowed sharply in March to well below the European Central Bank's target, data showed on Monday, giving the ECB additional leeway to deploy stimulus policy to counter the economic fallout from the coronavirus crisis. German consumer prices, harmonized to make them comparable with inflation data from other European Union countries, rose by 1.3 YoY after posting a 1.7% increase in the previous month, the Federal Statistics Office said. The ECB targets inflation of close to but below 2%. The reading was below a Reuters forecast for 1.4%. A breakdown of the data showed that cheaper energy had played a role in weakening inflationary pressures. It also showed that the stockpiling of food products unleashed by the coronavirus pandemic had only a mild impact on prices. "This is obviously due to the collapse of oil prices, which is the result of the conflicts between OPEC and Russia," said Ralph Solveen of Commerzbank. "The coronavirus crisis has also contributed to a slump in demand." On the month, EU-harmonized prices rose by 0.1% in March, in line with the forecast. The European Central Bank has ditched a cap

on how many bonds it can buy from any single euro zone country, clearing the way for potentially unlimited money-printing as it scales up its response to the coronavirus outbreak. (Reuters)

- **Japan's factory output slows, plunge seen as virus grips economy –** Japan's industrial output rose in February at a slower pace than the previous month and factories expect production to plunge in March, adding to growing signs the coronavirus pandemic is taking a toll on an economy already on the cusp of recession. While retail sales held up, job availability fell to a near three-year low in February in a sign the economy was losing momentum even before the fallout from the virus outbreak widened in March. Analysts say the full impact of the pandemic will start to appear in data for March and beyond, which some say could show Japan on course for a deep stagnation. Factory output rose 0.4% in February, government data showed on Tuesday, exceeding a median market forecast for a 0.1% gain but slower than the 1.0% increase in January. Automakers and machinery manufacturers suffered output declines mainly due to factory shutdowns in China, which led to delays in procuring parts, a government official told reporters. Manufacturers surveyed by the government expect output to fall 5.3% in March and increase 7.5% in April, the data showed. The forecasts may prove too optimistic as they were taken in early March, when companies had less clarity on the extent of damage from the pandemic, a government official told a briefing. Separate data showed retail sales rose 1.7% in February from a year earlier, as weak department store sales were offset by brisk demand for food and beverages by households staying home due to the virus. The data underscores the challenge Prime Minister Shinzo Abe faces in preventing the pandemic from wiping out the benefits his "Abenomics" stimulus policies have brought to the economy. Abe has pledged a huge stimulus package that would be bigger than one launched during the global financial crisis to cushion the outbreak's hit to growth. Behind calls for big spending are growing signs of the pain felt by retailers and households. The jobs-to-applicants ratio fell to 1.45 in February from 1.49 in January, labor ministry data showed, marking the lowest level in nearly three years. (Reuters)
- **Japan ruling party eyes 100tn Yen stimulus to battle coronavirus –** Japan's ruling party called for stimulus worth a total of 100tn Yen ($926bn), or 16-17% of economic output, to combat the hit to the economy from the coronavirus, with the government set to sell bonds worth 16tn Yen to help fund it. Liberal Democratic Party policy chief Fumio Kishida unveiled the government's draft proposal, saying he wanted to secure a stimulus package worth at least 60tn Yen, with direct spending worth 20tn Yen. Taking account of a package of measures compiled last December to ease the pain from the fallout of the Sino-US trade war, the combined size of the stimulus steps could top 100tn Yen, Kishida said. That would well exceed the size of a stimulus package Japan rolled out in the wake of the 2008/09 global financial crisis, which totaled 57tn Yen with 16tn Yen in spending. "The size of the measures would reach 16-17% in terms of Japan's GDP, bringing it on a par with US measures totaling $2.2tn," Kishida told reporters. To fund the package, Japan has no choice but to issue deficit-covering bonds, another lawmaker said, straining the industrial world's heaviest debt burden that is already twice the size of its economy. While many lawmakers sought cuts in the national sales tax that went up to 10% last October, Kishida said that would be hard, citing the difficulty of returning the tax to the current level once it had been cut. The ruling party would finalize the proposal on Tuesday for submission to Japanese Prime Minister Shinzo Abe, he added. (Reuters)
- **China unexpectedly cuts reverse repo rate by most in five years to support virus-hit economy –** China's central bank unexpectedly cut the rate on reverse repurchase agreements by 20 basis points on Monday, the largest in nearly five years, as authorities ramped up steps to relieve pressure on an economy ravaged by the coronavirus pandemic. The People's Bank of China (PBOC) announced on its website that it was lowering the 7-day reverse repo rate CN7DRRP=PBOC to 2.20% from 2.40%, but it did not give a reason for the move. Ma Jun, a central bank adviser told state media that China still has ample room for monetary policy adjustment and the rate decision took into consideration the return of Chinese companies to work, the global virus situation and a deterioration in the external economic environment. It was the third cut in the 7-day rate since November, and comes as the coronavirus infections in China - where the outbreak originated late last year - has slowed from a peak in February. The country has so far reported 3,304 deaths from 81,470 infections. Global policymakers have rolled out unprecedented stimulus measures in the past few weeks, cutting rates sharply and injecting trillions of dollars to backstop their economies as many countries have been put under tight lockdowns to contain the pandemic. (Reuters)
- **China March factory activity unexpectedly expands, but outlook still grim –** Factory activity in China unexpectedly expanded in March after contracting sharply to a record low, but the rapid global spread of the coronavirus is expected to keep businesses and the overall economy under heavy pressure as foreign demand slumps. China's official Purchasing Managers' Index (PMI) rose to 52 in March from a collapse to a record low of 35.7 in February, the National Bureau of Statistics (NBS) said on Tuesday, above the 50-point mark that separates monthly growth from contraction. Analysts polled by Reuters expected the March PMI to come in at 45.0. The NBS attributed the surprise rebound in PMI, a month-on-month indicator, to its record low base in February and cautioned that the readings do not signal a stabilization in economic activity. Markets reacted positively to the PMI survey, with Asian stock rising as investors seemed relieved by the rare good news as the pandemic showed few signs of abating. Many warn that manufacturers and overall economic activity will remain under intense pressure in coming months in light of the rapid spread of the virus across the world, the unprecedented lockdowns in several countries and the almost near certainty of a global recession. Beijing, at great costs to the economy, had imposed draconian quarantine rules and travel restrictions to curb the pandemic that has killed more than 3,000 in the country. But as locally transmitted infections dwindle, most businesses have reopened and life for millions of people has started to slowly return to normal. Yet, the pace of business resumptions has been constrained by China's efforts to guard against a second wave of infections from abroad. The survey's sub-index of manufacturing production picked up to 54.1 in March from

February's 27.8, while a reading of new orders rose to 52 from 29.3 a month earlier. New export orders received by Chinese manufacturers ticked up to 46.4 from 28.7 in February, but were still mired in contraction. (Reuters)

- **Official PMI: China's service sector activity expands in March after virus shock –** China's services activity expanded in March after slumping to a record low the previous month, but business is expected to take some time to return to normal as the economy struggles to recover from the coronavirus shock. The official non-manufacturing Purchasing Managers' Index (PMI) rose to 52.3, after plunging to 29.6 in February, the National Bureau of Statistics said on Tuesday. The 50-point mark separates growth from contraction on a monthly basis. The coronavirus outbreak and strict measures to contain it saw many parts of the country locked down, severely disrupting the manufacturing and services sectors. Shops, restaurants and transport-related businesses saw a slump in sales due to quarantine measures and travel restrictions. The official January composite PMI, which includes both manufacturing and services activity, rose to 53 from February's 28.9. (Reuters)
- **China takes steps to heal virus-hit economy as infections fall –** China ramped up efforts on Monday to heal the world's second-biggest economy as health authorities reported a further drop in new coronavirus cases, although the country remains wary of carriers of the disease coming from abroad and infected people who exhibit no symptoms. The city of Wuhan, the source of the pandemic, reported no new cases for a sixth day, as businesses reopened and residents set about reclaiming a more normal life after a lockdown of almost two months. Smartly turned out staff waited in masks and gloves to greet customers at entrances to the newly reopened Wuhan International Plaza, home to boutiques of luxury brands such as Cartier and Louis Vuitton. Electric carmaker Tesla Inc has also reopened a showroom in Wuhan. Sunday's tally of 31 new cases in mainland China - comprising one locally transmitted infection and 30 imported cases - was down from 45 the previous day, the National Health Commission said. As infections fall, policymakers are scrambling to revitalize an economy nearly paralyzed by months of curbs aimed at controlling the spread of the flu-like disease. On Monday, the central bank unexpectedly cut the interest rate on reverse repurchase agreements by 20 basis points, the largest in nearly five years. The government is pushing businesses and factories to reopen, as it rolls out fiscal and monetary stimulus to spur recovery from what is feared to be an outright economic contraction in the quarter to March. China's exports and imports could worsen as the pandemic spreads, depressing demand both at home and abroad, Xin Guobin, the vice minister of industry and information technology, said on Monday. (Reuters)

Regional

- **Moody's: Islamic financing asset growth to continue to pick up in 2020 –** Islamic financing asset growth will continue to pick up in 2020, Moody's Investor Service stated and noted that mergers between Islamic and conventional banks in the GCC will drive one-off increases in assets, as they did in 2019. Strong demand across core Islamic markets is likely to continue to support growth in Islamic financing assets in 2020, Moody's stated in a report yesterday. The merger of Barwa Bank and International Bank of Qatar (completed in April 2019) created the third-largest Islamic bank and sixth-largest bank in Qatar, with an estimated market share of 6% of total loans and assets of around $22bn, Moody's noted. Growth in Islamic financing assets accelerated in 2019, consistent with the overall expansion in banking system assets across core Islamic banking markets, it said. In addition, Moody's noted Islamic financing asset growth continued to outpace conventional asset growth across these markets. As a result, the market share of Islamic financing assets in core Islamic markets increased to 31.2% of total financial assets (including conventional bank loans), from 29.2% in December 2017. The GCC region and Malaysia have led the growth in Islamic financing assets, the report said. In the GCC, Islamic finance penetration increased over the last decade to 44% as of September 2019 from 32% in December 2009. The main driver was retail demand for Shari'ah-compliant financial services, which powered strong financing growth of around 6.2% in compound annual terms in the last three years, compared with a 4.5% increase in conventional bank financing. (Gulf-Times.com)
- **Moody's expects $180bn Sukuk issuance this year –** Sukuk issuance will stabilize after growing for four consecutive years, supported by the deficit financing needs of some GCC sovereigns, amid weaker oil prices and higher Sukuk refinancing, Moody's Investor Service has stated in a report. Moody's expects Sukuk issuance of around $180bn in 2020, after a 36% rise in 2019 to $179bn. "Continued focus on this industry and increased activity by the governments of the core Islamic finance markets, regionally and internationally, will support issuance. The deficit financing needs of some GCC sovereigns, amid weaker oil prices and higher Sukuk refinancing, will also provide support. "Corporate issuance in asset-backed Sukuk will remain limited because of more attractive conventional market opportunities. Nevertheless, Sukuk issuance from these sectors could help to underpin the industry's longer-term potential," Moody's stated in a report titled 'Cross Sector – Islamic Finance' yesterday. Moody's expects Sukuk issuance will stabilize in 2020 after growing a robust 36% to around $180bn in 2019 – the fourth consecutive year of expansion. Of this, around $110bn had maturities of more than one year at the time of issuance, the highest volume of long-term issuance to date. A 55% increase in short-term issuance, primarily from Malaysia and Indonesia, was the biggest driver of the recent growth. Global sovereign Sukuk issuance, including long- and short-term Sukuk from national governments, central banks and supranational organizations, increased by 31% to $119bn in 2019, from $91bn in 2018. Despite lower oil prices, Moody's expects Sukuk issuance to remain broadly stable around the $180bn mark in 2020. This will be driven largely by sovereigns, given their higher financing needs owing to lower oil prices and a slowdown in fiscal consolidation, and as major issuers gradually increase the share of Sukuk in fiscal deficit financing. In the medium term, the report noted that gross issuance will rise further as GCC Sukuk issued after 2015 begin to mature and are refinanced via new issuance. That said, Moody's noted downside risks are rising in the short term because of the fallout from the coronavirus outbreak, as prolonged market disruption could dissuade issuers from coming to market. (Gulf-Times.com)

- **S&P: Gulf countries set to face headwind from coronavirus, low oil prices, capital flight –** Gulf oil exporting countries are expected to face headwinds this year from lower oil prices, economic pressures due to the coronavirus outbreak, and capital flight from emerging markets, S&P Global Ratings stated. Saudi Arabia is likely to see a "sharp rise" in its fiscal deficit this year due to oil supply increases and a collapse in oil demand, S&P stated. However, financially weaker Gulf countries like Bahrain and Oman would be likely to receive support from their wealthier Gulf neighbors if their currency pegs to the US dollar were to be under threat, the credit rating agency stated. (Reuters)
- **Saudi Arabia and UAE businesses battle cash crunch despite anti-coronavirus stimulus –** Saudi Arabia and the UAE are spending tens of billions to prop up their economies during the coronavirus crisis and oil price slump but the scaling back of state projects is blunting the impact. The pain felt by the tourism, retail, hospitality and logistics sectors due to global travel disruptions and closure of most public venues is spreading to the contracting and oil services industries in the Arab world's biggest economies. Saudi Arabia last week announced suspension of work on the third phase of a $100bn expansion of the Grand Mosque in Mecca over coronavirus fears. Two days earlier, construction giant Saudi Binladin Group stated in an internal note, seen by Reuters, that two employees on the project had been infected. Riyadh-based MOBCO Civil Construction sent a memo to staff in the Saudi cities of Riyadh, Mecca and Medina notifying them that it plans to cut wages between 25% to 50% due to "unforeseen circumstances of COVID-19", according to the internal document dated March 25, which was seen by Reuters. State spending in the energy producing Gulf is the main engine of economic growth. Saudi and UAE authorities have announced nearly $70bn in stimulus to ease the impact of the coronavirus outbreak. Fitch Ratings stated this accounted for more than 10% of the UAE's GDP and over 4% of that of Saudi Arabia. The stimulus consists largely of monetary and off-budget measures, for example loan repayment holidays to distressed businesses and individuals. (Reuters)
- **S&P: Expect rich Gulf states to step in if currency pegs at risk -** S&P stated on Monday it would expect wealthier Gulf states to provide support if any of the region's financially-strained countries saw their currency pegs come under threat. S&P downgraded a number of Gulf states last week following the year's slump in oil prices, but it said on Monday that it expected the bloc's currency pegs to stay intact despite the growing pressure on finances. "If the pegs (of recently downgraded countries) were under threat then we expect that wealthier GCC countries would step in," to prevent "contagion" worries about their own pegs, S&P Analyst, Zahabia Gupta said. (Zawya)
- **Saudi Arabia's 4Q2019 real GDP falls 0.3% YoY –** The General Authority for Statistics in Riyadh published Saudi Arabia's 4Q2019 preliminary GDP which showed that the real GDP fell 0.3% YoY. The GDP came in at SR685bn in 4Q2019 compared to SR687bn in the same quarter a year ago. Crude oil & natural gas came in at SR254.4bn compared to SR270.7bn, a fall of 6% YoY. Petroleum refining came in at SR22.9bn compared to SR23.8bn, a fall of 4% YoY. (Bloomberg)
- **Saudi Arabia plans to boost oil exports to 10.6mn bpd from May –** Saudi Arabia plans to boost its oil exports to 10.6mn bpd from May because the country is burning less oil for power generation and there is also lower domestic consumption, a Saudi Energy Ministry official said. The world's top oil exporter has already made plans to boost its crude supply and exports sharply after the collapse earlier this month of a three-year deal between the OPEC and other producers, led by Russia. The rise in crude oil exports will be "starting from May by about 600,000 barrels per day," the official said. "This increase came as a result of displacing crude with natural gas from the Al-Fadhili gas plant as a fuel for generating electricity," the official said. He also said it followed a decrease in local demand for petroleum products due to the reduction in transportation as a result of precautionary measures in place to limit the coronavirus outbreak. Saudi Arabia had said this month it had directed national oil company Saudi Aramco to keep supplying crude at a record rate of 12.3mn bpd in coming months and export more 10mn bpd from May. The country is willing to maintain its survival-of-the-fittest oil strategy by using its vast supplies and financial muscle to drive out higher-cost rivals for the long term, sources have told Reuters. Saudi Arabia produces more than a tenth of global crude. (Reuters)
- **Saudi Aramco weighs pipeline stake sale to raise over $10bn –** Saudi Aramco is weighing the sale of a stake in its pipeline unit to raise money amid a slump in crude prices, according to sources. Saudi Aramco may need to raise cash this year as it confronts a historic rout in oil prices and a burgeoning list of spending obligations. The company has reaffirmed its commitment to pay out $75bn in dividends this year and also needs to make the first installment for its $70bn acquisition of a stake in chemicals producer Saudi Basic Industries Corp. Saudi Aramco, the world's most valuable publicly traded company after selling shares on the Riyadh exchange last year, could raise more than $10bn from the sale, the sources said. Saudi Aramco has already held some preliminary discussions with potential advisors on the deal, however, talks are still at an early stage and Aramco may decide against a sale, the sources said. (Bloomberg)
- **Saudi Arabia's wheat strategic reserves exceed 1mn tons –** Saudi Arabia's strategic reserves of wheat exceeds 1mn tons and the country plans to start importing at least 1.2mn tons more as of next month, the Agriculture Ministry's spokesman said. His comments came amid concerns over supply tensions arising from the coronavirus crisis. The Kingdom has also expanded the list of countries from which it can import livestock and does not have any concerns about shortages of livestock supply, Abdullah Abalkhail said at a televised press conference. Saudi consumption of food and livestock is expected to increase, with the approach of the Muslim month of Ramadan. "We assure the availability of food supplied from the local and strategic reserve," he said. (Reuters)
- **Saudi Arabia fill oil storage in Egypt in preparation to flood market –** Saudi Arabia is directing huge amounts of crude oil toward Egypt as part of the world's biggest exporter's preparations to flood Europe with barrels. The Kingdom has exported about 1.3mn bpd toward the North African country so far in March, ship-tracking data compiled by Bloomberg show.

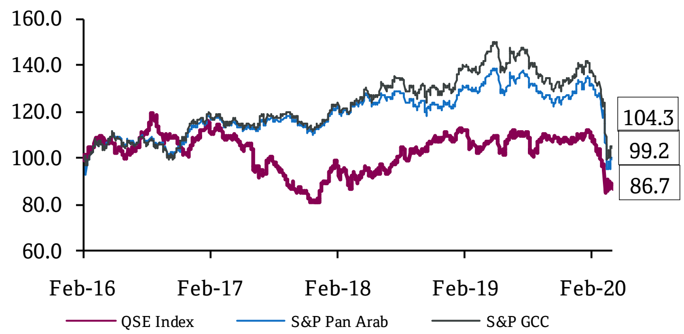
The flow is by far the largest in at least three years. The cargoes will go to a terminal at the south end of the Suez Canal before getting pumped across the country to a storage and export facility on the Mediterranean Sea. Two people with knowledge of the matter say the additional cargoes will then get re-exported from that port -- Sidi Kerir as part of Saudi Arabia's plan to supply as much as it can, at deep discounts, into a market that's drowning in crude because of a demand shock caused by the coronavirus. (Bloomberg)

- **UAE's Gulf Navigation to issue AED125mn Islamic Sukuk –** Shareholders of UAE's Gulf Navigation Holding have approved the issuance of Islamic Sukuk, with a total value of AED125mn. The decision was reached during the company's general assembly meeting held on March 29. The Dubai-listed maritime and shipping company stated the issuance will happen by way of a private placement to qualified investors. The total number of Sukuk is AED125mn and the issuance price per SAK is AED1. Profit payments are pegged at 12% per annum, payable every six months. The company's board will be delegated the authority to determine the issuance date. (Zawya)
- **Expo 2020 Dubai organizers support one-year delay due to coronavirus –** Organizers of Expo 2020 Dubai on Monday backed a proposal to postpone the event for one year due to the coronavirus pandemic. Reuters earlier on Monday reported Expo was due to be postponed by a year at the request of participating countries who want to focus on tackling the virus. "Many countries have been significantly impacted by COVID-19 and they have therefore expressed a need to postpone the opening of Expo 2020 Dubai by one year, to enable them to overcome this challenge," Director General for Expo 2020 Dubai Reem Al-Hashimy said. "The UAE and Expo 2020 Dubai have listened. And in the spirit of solidarity and unity, we supported the proposal to explore a one-year postponement at today's Steering Committee meeting." An estimated 11mn overseas visitors were expected to attend the showpiece of culture, business and technology featuring pavilions from 192 countries. A final decision will be made in June by member states of the Paris-based Bureau International des Expositions, which awards the event. (Reuters)
- **Emaar's listed companies decide not to pay dividend for 2019 –** Dubai's Emaar stated three of its listed companies will not pay dividends for 2019 in "view of the current circumstances." Emaar Properties, Emaar Development and Emaar Malls, according to their financial statements. The companies did not explain the circumstances that led to the decision. (Bloomberg)
- **flydubai to reduce staff pay for three months due to coronavirus –** UAE carrier flydubai will reduce pay for its employees for three months from April due to the impact of the global coronavirus crisis on its business, a spokeswoman said on Monday. Airlines around the world have been hammered by the outbreak that has virtually halted international travel. Flydubai has suspended scheduled operations. "This decision has not been taken lightly. It has been made to offer some stability at a time of uncertainty and to minimize the impact on all its employees when the normal pattern of life has been disrupted," the spokeswoman told Reuters. The spokeswoman did not say by how much pay would be reduced but said senior employees would contribute a greater share and that measures had been taken to reduce the impact on junior staff. Other employee benefits would not be affected, she said. (Reuters)
- **Dana Gas seeks approval to hold feasibility study for demerger –** Dana Gas's board sought shareholder's approval to conduct a feasibility study for a potential demerger and to start evaluating its assets. The shareholders meeting is scheduled to take place on April 14, the Sharjah, UAE-based energy producer stated. It did not provide further details. The company stated earlier this month that it is continuing with its strategic review of its Egyptian assets and "has been encouraged by the level of interest that it has received to date." (Bloomberg)
- **IMF urges Kuwait to reduce oil dependence, boost savings –** Kuwait needs to urgently reduce its dependence on oil revenues and boost savings, despite its vast financial buffers and low levels of debt, the International Monetary Fund (IMF) stated on Monday. Kuwait - a major oil exporter - saw its overall economic growth decline to 0.7% last year from 1.2% in 2018, as oil production cuts agreed with OPEC and non-OPEC partners weighed on its oil sector, the IMF stated in a report. The report, based on information available as of March 2, was prepared before the coronavirus outbreak became a pandemic, the Washington-based international lender said. "It, therefore, does not reflect the implications of these developments and related policy priorities. The outbreak has greatly amplified uncertainty and downside risks around the outlook." Kuwait's fiscal financing needs, excluding investment income and discounting compulsory transfers to the country's Future Generations Fund (FGF), remained large at 7.7% of GDP in the fiscal year 2018-2019. Kuwait's fiscal year starts on April 1. "The challenge to reduce dependence on oil and boost savings has become more urgent. Kuwait has large financial buffers and low debt, but the window of opportunity to tackle its challenges from the position of strength is narrowing," the IMF stated, citing subdued forecasts for oil revenues. (Reuters)
- **Moody's places Kuwait's 'Aa2' rating on review for downgrade –** Moody's Investors Service has placed Kuwait's 'Aa2 long-term issuer rating on review for downgrade. The decision to place Kuwait's issuer rating on review for downgrade reflects the significant decline in government revenues resulting from the sharp decline in oil prices combined with weak governance leading to heightened uncertainty that the government will be able to access sufficient sources of financing at a time when its financing needs have increased significantly. Moody's judgment regarding effective governance was one of the drivers of this action. The rapid and widening spread of the coronavirus outbreak, deteriorating global economic outlook, falling oil prices, and asset price declines are creating a severe and extensive credit shock across many sectors, regions and markets. The combined credit effects of these developments are unprecedented. With a government revenue base nearly entirely reliant on oil, Kuwait is highly exposed to the collapse in oil prices that has resulted from depressed global oil demand and a slow adjustment of supply following the collapse of the OPEC+ agreement. During the review, Moody's will assess the government's capacity to adjust the sovereign's funding strategy in light of the ongoing parliamentary impasse regarding legal authorization to issue debt that is accelerating the depletion of the liquid assets within the General Reserve

Fund (GRF, the smaller stabilization fund which holds part of the sovereign wealth fund assets managed by the Kuwait Investment Authority). Moody's will also assess the government's policy response to prevent the budget deficit from widening to close to 30% of GDP this year. Without new financing sources, Kuwait's creditworthiness would be significantly weaker than currently estimated. And even if financing is secured for the short term, the absence of a credible medium-term funding strategy may indicate markedly weaker institutions and governance strength, and creditworthiness, than Moody's has so far assumed. (Bloomberg)

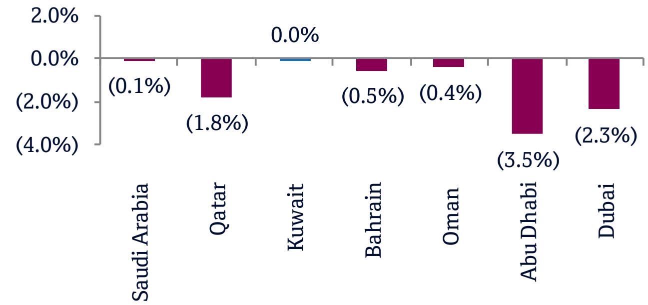
- **Kuwaiti banks can cope with coronavirus shock –** The Kuwait Banking Association stated on Monday local lenders had the financial strength to absorb the shocks created by the coronavirus pandemic. "The history of the Kuwaiti banking sector in dealing with crises in the past decades proves its ability to ride through them and to continue to grow and make a profit," it stated. (Reuters)
- **S&P lowers ratings on two Kuwaiti banks –** S&P lowered its ratings on National Bank of Kuwait (NBK) to 'A' from 'A+' and those on Boubyan Bank to 'A-' from 'A'. The outlooks on the two banks are Stable. S&P downgraded Kuwait because S&P thinks the lower oil prices and slow reform momentum in recent years will have negative economic and fiscal implications for the sovereign. In March 2020, S&P has revised down its oil price assumption to $30 per barrel. Around 80% of Kuwait's exports are destined for Asia, where regional economies have already been undermined by the COVID-19 pandemic, causing demand for oil to contract. Kuwait's non-oil economy is likely to grow only slowly in 2020-2021. (Bloomberg)
- **Moody's places Oman's 'Ba2' rating under review for downgrade –** Moody's has today placed the 'Ba2' issuer rating of the Government of Oman under review for downgrade. The decision to place the rating under review for downgrade reflects Oman's increased external vulnerability and government liquidity risks following the large oil price shock and the severe tightening in external financing conditions compared with a few weeks ago when Moody's downgraded Oman's ratings to 'Ba2' with a 'Stable' outlook. Moody's judgment regarding effective governance was one of the drivers of this action. The severity of the external shock experienced by Oman is amplified by its relatively weak institutional and governance strength which, over the past four years, have impeded fiscal and economic adjustment to lower oil prices, leaving the sovereign exposed to further and more durable shocks. The rapid and widening spread of the coronavirus outbreak, deteriorating global economic outlook, falling oil prices, and asset price declines are creating a severe and extensive credit shock across many sectors, regions and markets. The combined credit effects of these developments are unprecedented. Oman is highly exposed to the loss in government revenue due to the decline in oil prices and increase in financing costs that result from financial market dislocation. (Bloomberg)
- **Oman state companies told to pause capital outlays and cut expenses –** Oman is extending austerity measures by telling government-owned companies to cut expenditure after the plunge in oil prices. All state-run companies will reduce their operational and administrative expenses in 2020 by 10%, the Finance Ministry stated. It also asked government-owned firms to stop the implementation of any new projects or capital spending for this year. Oman, the Gulf country most exposed to the fallout from the oil-price war, already announced plans to reduce budget spending by 5% as the health emergency and much lower crude prices hammer revenue. Facing its seventh straight year in the red, Oman's fiscal deficit is expected to average almost 8% of GDP over 2021-2023, according to S&P. "The sharp drop in oil prices in 2020 will intensify Oman's fiscal and external pressures, leading to a faster deterioration in the government's balance sheet, which has considerably weaker buffers than during the 2014-2015 oil price shock," S&P stated last week when it downgraded the government's long-term credit rating one step to 'BB-'. (Bloomberg)
- **Oman sells OMR5mn 91-day bills at yield 0.502% –** Oman sold OMR5mn of 91-day bills due on July 1, 2020. The bills were sold at a price of 99.875, having a yield of 0.502% and will settle on April 1, 2020. (Bloomberg)
- **Bahrain sells BHD70mn 91-day bills at yield 2.21% –** Bahrain sold BHD70mn of 91-day bills due on July 1, 2020. The bills were sold at a price of 99.445, having a yield of 2.21% and will settle on April 1, 2020. (Bloomberg)

Rebased Performance



Source: Bloomberg

Daily Index Performance



Source: Bloomberg

Asset/Currency Performance	Close ($)	1D%	WTD%	YTD%
Gold/Ounce	1,622.51	(0.3)	(0.3)	6.9
Silver/Ounce	14.05	(2.9)	(2.9)	(21.3)
Crude Oil (Brent)/Barrel (FM Future)	22.76	(8.7)	(8.7)	(65.5)
Crude Oil (WTI)/Barrel (FM Future)	20.09	(6.6)	(6.6)	(67.1)
Natural Gas (Henry Hub)/MMBtu	1.71	0.6	0.6	(18.2)
LPG Propane (Arab Gulf)/Ton	24.75	0.0	0.0	(40.0)
LPG Butane (Arab Gulf)/Ton	25.50	(2.9)	(2.9)	(61.1)
Euro	1.10	(0.8)	(0.8)	(1.5)
Yen	107.76	(0.2)	(0.2)	(0.8)
GBP	1.24	(0.4)	(0.4)	(6.4)
CHF	1.04	(0.7)	(0.7)	1.0
AUD	0.62	0.1	0.1	(12.1)
USD Index	99.18	0.8	0.8	2.9
RUB	79.33	0.7	0.7	28.0
BRL	0.19	(1.8)	(1.8)	(22.6)

Source: Bloomberg

Global Indices Performance	Close	1D%*	WTD%*	YTD%*
MSCI World Index	1,870.48	2.4	2.4	(20.7)
DJ Industrial	22,327.48	3.2	3.2	(21.8)
S&P 500	2,626.65	3.4	3.4	(18.7)
NASDAQ 100	7,774.15	3.6	3.6	(13.4)
STOXX 600	314.88	0.6	0.6	(25.7)
DAX	9,815.97	1.2	1.2	(27.2)
FTSE 100	5,563.74	0.8	0.8	(31.1)
CAC 40	4,378.51	(0.1)	(0.1)	(28.1)
Nikkei	19,084.97	(1.5)	(1.5)	(18.6)
MSCI EM	832.02	(1.2)	(1.2)	(25.4)
SHANGHAI SE Composite	2,747.21	(1.0)	(1.0)	(11.7)
HANG SENG	23,175.11	(1.3)	(1.3)	(17.4)
BSE SENSEX	28,440.32	(4.8)	(4.8)	(34.8)
Bovespa	74,639.50	0.1	0.1	(49.8)
RTS	958.54	0.3	0.3	(38.1)

Source: Bloomberg (*$ adjusted returns)

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