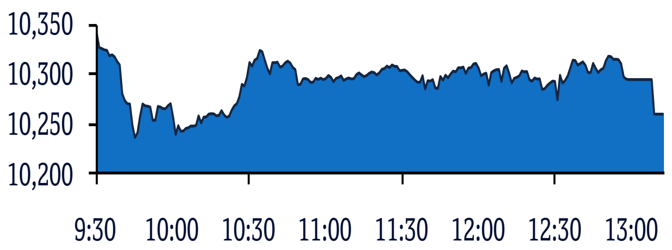
Daily Market Report

Tuesday, 01 December 2020

QSE Intra-Day Movement



Qatar Commentary

The QE Index declined 0.2% to close at 10,262.1. The Banks & Financial Services index fell 1.4%. Top losers were The Commercial Bank and Widam Food Company, falling 2.7% and 2.5%, respectively. Among the top gainers, Qatar Industrial Manufacturing Company gained 6.5%, while Ezdan Holding Group was up 4.2%.

GCC Commentary

Saudi Arabia: The TASI Index gained 0.4% to close at 8,747.1. Gains were led by the Food & Staples Ret. and Consumer Serv. indices, rising 2.2% and 2.1%, respectively. Naseej International Trading and Filling & Packing Materials were up 10.0% each.

Dubai: The DFM Index gained 0.8% to close at 2,419.6. The Banks index rose 2.8%, while the Insurance index gained 0.6%. Emirates NBD rose 5.8%, while DAMAC Properties Dubai Company was up 1.7%.

Abu Dhabi: The ADX General Index fell 0.4% to close at 4,964.9. The Real Estate index declined 1.5%, while the Banks index fell 1.1%. Waha Capital declined 4.6%, while Abu Dhabi Ship Building Company was down 3.9%.

Kuwait: The Kuwait All Share Index fell 1.1% to close at 5,459.5. The Telecom. index declined 3.3%, while the Real Estate index fell 2.2%. Alrai Media Group Company declined 18.4%, while First Takaful Insurance Company was down 5.3%.

Oman: The MSM 30 Index gained 0.6% to close at 3,643.5. Gains were led by the Services and Financial indices, rising 0.3% and 0.1%, respectively. Al Madina Investment Co. rose 4.5%, while Oman Telecommunications Co. was up 4.3%.

Bahrain: The BHB Index fell 0.4% to close at 1,477.5. The Commercial Banks index declined 1.4%, while the other indices ended flat or in green. Ithmaar Holding declined 5.0%, while Khaleeji Commercial Bank was down 2.2%.

Market Indicators	30 Nov 20	29 Nov 20	%Chg.
Value Traded (QR mn)	1,680.1	304.7	451.4
Exch. Market Cap. (QR mn)	590,506.9	590,452.8	0.0
Volume (mn)	424.3	126.8	234.7
Number of Transactions	21,032	8,619	144.0
Companies Traded	46	45	2.2
Market Breadth	20:22	12:32	–

Market Indices	Close	1D%	WTD%	YTD%	TTM P/E
Total Return	19,728.55	(0.2)	(0.3)	2.8	17.4
All Share Index	3,149.43	(0.4)	(0.4)	1.6	18.0
Banks	4,169.30	(1.4)	(1.4)	(1.2)	14.7
Industrials	3,108.83	1.3	1.8	6.0	27.8
Transportation	3,200.65	0.5	(0.7)	25.2	14.6
Real Estate	1,813.68	0.1	(1.2)	15.9	16.0
Insurance	2,463.39	0.7	1.3	(9.9)	N.A.
Telecoms	935.72	1.3	0.8	4.6	13.9
Consumer	8,143.51	0.5	0.0	(5.8)	24.1
Al Rayan Islamic Index	4,195.94	0.6	0.2	6.2	19.2

GCC Top Gainers##	Exchange	Close#	1D%	Vol. '000	YTD%
Emirates NBD	Dubai	10.95	5.8	14,724.1	(15.8)
Oman Telecom. Co.	Oman	0.68	4.3	632.1	12.7
Ezdan Holding Group	Qatar	1.62	4.2	22,948.5	163.3
Aluminium Bahrain	Bahrain	0.48	3.9	625.3	15.6
Mesaieed Petro. Holding	Qatar	2.09	3.2	7,947.7	(16.7)

GCC Top Losers##	Exchange	Close#	1D%	Vol. '000	YTD%
Dr Sulaiman Al Habib	Suadi Arabia	116.00	(7.2)	5,310.3	132.0
Mobile Telecom. Co.	Kuwait	0.58	(4.4)	219,872.9	(3.2)
Burgan Bank	Kuwait	0.20	(4.4)	6,730.5	(35.2)
Gulf Bank	Kuwait	0.21	(4.1)	126,022.2	(30.7)
Mabanee Co.	Kuwait	0.62	(4.0)	40,598.4	(26.9)

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 Industrial Manufacturing Co	3.24	6.5	68.0	(9.3)
Ezdan Holding Group	1.62	4.2	22,948.5	163.3
Qatar Aluminium Manufacturing	0.96	4.1	7,201.2	22.5
Qatar National Cement Company	4.09	3.5	451.5	(27.6)
Mesaieed Petrochemical Holding	2.09	3.2	7,947.7	(16.7)

QSE Top Losers	Close*	1D%	Vol. '000	YTD%
The Commercial Bank	4.35	(2.7)	7,020.9	(7.4)
Widam Food Company	6.33	(2.5)	639.6	(6.4)
QNB Group	17.72	(1.9)	16,213.5	(13.9)
Al Meera Consumer Goods Co.	21.00	(1.8)	120.3	37.3
Qatar Islamic Bank	16.66	(1.7)	6,652.0	8.7

QSE Top Volume Trades	Close*	1D%	Vol. '000	YTD%
Qatar Gas Transport Company Ltd.	3.24	1.7	205,161.8	35.5
Barwa Real Estate Company	3.30	(1.0)	28,627.2	(6.8)
Ezdan Holding Group	1.62	4.2	22,948.5	163.3
Masraf Al Rayan	4.27	(0.7)	17,071.4	7.8
QNB Group	17.72	(1.9)	16,213.5	(13.9)

QSE Top Value Trades	Close*	1D%	Val. '000	YTD%
Qatar Gas Transport Co. Ltd.	3.24	1.7	657,316.7	35.5
QNB Group	17.72	(1.9)	288,284.2	(13.9)
Qatar Islamic Bank	16.66	(1.7)	111,123.7	8.7
Barwa Real Estate Company	3.30	(1.0)	94,672.9	(6.8)
Masraf Al Rayan	4.27	(0.7)	73,012.3	7.8

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*	10,262.10	(0.2)	(0.3)	5.9	(1.6)	452.60	158,964.5	17.4	1.5	3.8
Dubai	2,419.60	0.8	(0.0)	10.6	(12.5)	161.83	91,677.3	11.3	0.8	4.0
Abu Dhabi	4,964.94	(0.4)	(0.1)	6.5	(2.2)	348.24	196,896.0	19.2	1.4	4.9
Saudi Arabia	8,747.09	0.4	0.6	10.6	4.3	4,112.10	2,480,025.9	33.1	2.1	2.4
Kuwait	5,459.49	(1.1)	(1.8)	0.3	(13.1)	3,160.90	99,457.6	36.2	1.3	3.6
Oman	3,643.52	0.6	0.5	2.4	(8.5)	5.70	16,511.0	11.0	0.7	6.9
Bahrain	1,477.51	(0.4)	0.7	3.5	(8.2)	4.58	22,564.8	14.3	1.0	4.5

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 0.2% to close at 10,262.1. The Banks & Financial Services led the losses. The index fell on the back of selling pressure from Qatari, GCC and Arab shareholders despite buying support from Foreign shareholders.
- The Commercial Bank and Widam Food Company were the top losers, falling 2.7% and 2.5%, respectively. Among the top gainers, Qatar Industrial Manufacturing Company gained 6.5%, while Ezdan Holding Group was up 4.2%.
- Volume of shares traded on Monday rose by 234.7% to 424.3mn from 126.8mn on Sunday. Further, as compared to the 30-day moving average of 243.1mn, volume for the day was 74.5% higher. Qatar Gas Transport Company Limited and Barwa Real Estate Company were the most active stocks, contributing 48.4% and 6.7% to the total volume, respectively.

Overall Activity	Buy %*	Sell %*	Net (QR)
Qatari Individuals	11.59%	14.12%	(42,575,957.7)
Qatari Institutions	8.04%	7.41%	10,700,659.4
Qatari	**19.63%**	**21.53%**	**(31,875,298.3)**
GCC Individuals	0.28%	0.30%	(366,591.8)
GCC Institutions	0.83%	1.74%	(15,276,107.7)
GCC	**1.11%**	**2.04%**	**(15,642,699.6)**
Arab Individuals	4.07%	4.39%	(5,455,258.6)
Arab Institutions	0.01%	0.00%	86,701.2
Arab	**4.07%**	**4.39%**	**(5,368,557.4)**
Foreigners Individuals	1.26%	1.05%	3,389,323.9
Foreigners Institutions	73.93%	70.98%	49,497,231.4
Foreigners	**75.18%**	**72.04%**	**52,886,555.2**

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

Global Economic Data

Date	Market	Source	Indicator	Period	Actual	Consensus	Previous
11/30	Germany	German Federal Statistical Office	CPI MoM	Nov	-0.8%	-0.7%	0.1%
11/30	Germany	German Federal Statistical Office	CPI YoY	Nov	-0.3%	-0.2%	-0.2%
11/30	Japan	Ministry of Economy Trade and Industry	Industrial Production MoM	Oct	3.8%	2.4%	3.9%
11/30	Japan	Ministry of Economy Trade and Industry	Industrial Production YoY	Oct	-3.2%	-4.6%	-9.0%
11/30	China	China Federation of Logistics	Composite PMI	Nov	55.7	–	55.3
11/30	China	China Federation of Logistics	Manufacturing PMI	Nov	52.1	51.5	51.4
11/30	China	China Federation of Logistics	Non-manufacturing PMI	Nov	56.4	56.0	56.2

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

News

Qatar

- **Contracts worth QR6bn signed to create infra for eco-friendly transportation system –** Prime Minister and Minister of Interior HE Sheikh Khalid bin Khalifa bin Abdulaziz Al Thani witnessed the signing of a slew of contracts worth QR6bn to create world-class infrastructure for eco-friendly transportation system in Qatar. The PM witnessed the signing of contracts to purchase buses for the 2022 FIFA World Cup, as well as the services to operate them and their facilities, and the contract to establish an electric bus assembly plant, in addition to signing 11 contracts for the bus infrastructure that support the private sector. Infrastructure such as stations, warehouses and parking lot will be established under the contract. The factory to assemble electric buses will be set up in one of the free zones. The contracts were signed by the Free Zones Authority, the Supreme Committee for Delivery and Legacy, the Public Works Authority (Ashghal), Karwa Transportation Company, Chinese companies Yutong and Higer and a number of private sector companies working in the field of contracting and construction. (Qatar Tribune)
- **Kahramaa inaugurates Suwaidi Station to boost power supply in Doha –** The Qatar General Electricity and Water Corporation (Kahramaa) inaugurated the QR400mn Al Suwaidi Super Grand Station as the first major station with a voltage of 132/400 KV to be implemented in the heart of the city of Doha. The station is part of the plan to expand electricity transmission grids in Doha and it has the highest safety and security standards with two million working hours without injuries. The overall capacity of the station will be around 1,000 MVA, which will suffice to provide three vital residential areas with power supply, namely: Al-Sadd, Bin Mahmoud and Fareej Al-Sudan, in addition to the rail project connected to the stations. The inauguration came as part of the 13th phase of the electricity transmission grids expansion project in Qatar, an ambitious project which, according to Engineer Muhammad Al Kubaisi, head of Transmission Operations and Maintenance Section, Electricity Transmission Department, demonstrates Kahramaa's ability to meet new challenges by upgrading and expanding the existing main station through adding a 400 KV grid to it and installing cables with a voltage of 400 KV and a length of 16 kilometers to

connect Al Suwaidi Station with the Greater Doha South Station. (Qatar Tribune)

- **Qatar's October M2 money supply rises 4.3% YoY –** Qatar Central bank has published data on monetary aggregates for October on website, which showed that M2 money supply rose 4.3% from year ago while it fell 1.6% MoM. M1 money supply rose 18.9% YoY and 0.1% MoM. The International reserves and foreign currency liquidity rose to QR204.4bn from QR204bn in September. (Bloomberg)
- **Qatargas LNG train 4 set to be offline for at least 2 more weeks –** According to sources, Qatargas LNG Train 4 is slated to be offline for at least another two weeks due to issues related to repairing its compressor. The company is facing difficulties opening the compressor to fully examine the issue. The train, which has a capacity to export 7.8mn tons per year of LNG, was shut on November 19 for unplanned work. (Bloomberg)
- **Qatar becomes 10% shareholder of Turkey's stock exchange –** The acquisition of a 10% share in Turkish stock exchange Borsa Istanbul by the Qatari state Investment Authority was completed on Monday. According to a statement from the Turkiye Wealth Fund (TWF), the transaction size of $200mn implies a total equity value of $2bn. Zafer Sonmez, the Turkish fund's CEO, said the share transfer was one of the very first steps in long-term cooperation between the two sovereign wealth funds. "This investment will support value creation and strengthen the corporate governance of Borsa Istanbul before an Initial Public Offering (IPO) of the company that we plan to pursue in the medium term," Sonmez noted. Turkiye Wealth Fund is still the majority shareholder of Borsa Istanbul with 80.6% of its shares, while the remainder is held by prominent local capital markets institutions. The Qatar Investment Authority is the sovereign wealth fund of the Gulf state. Last week, the two sides signed a memorandum of understanding (MoU) for the sale of shares. (Bloomberg)
- **EIU: Robust regulatory framework, solid capital and liquidity indicators support Qatari banks –** A robust regulatory framework and solid capital and liquidity indicators have helped improve the risk position of Qatari banks, the Economist Intelligence Unit (EIU) said in its latest update. The country's commercial banks have been increasing liquidity from abroad in the form of a number of debt issues, and cash injections from the sovereign wealth fund, the Qatar Investment Authority (QIA) have bolstered banks' liquidity. The ratio of non-performing loans as a proportion of total loans has historically been low, but is likely to rise in the short term, the EIU said. The Riyal's peg to the US Dollar is backed by healthy foreign reserves and QIA assets; the EIU said but noted the export earnings are expected to fall in 2020. The current account will move into deficit in 2020, but the currency regime is expected to weather the short-term shocks posed by the pandemic. Qatar's ability to fully service its significant debt obligations remains strong, supported by ample foreign reserves and the assets of the QIA. The economic shock from the coronavirus (COVID-19) pandemic and a collapse in oil prices are expected to lead to a drop in export earnings and a shift to fiscal deficit. According to the EIU, in the short term, policy will continue to focus on addressing the economic fallout from the pandemic and weak international oil prices. Qatar's large stock of public debt weighs on the outlook, but a sound financial system is supportive. In its previous economic update, the EIU noted Qatar's real economic growth will remain stable throughout most of the long-term forecast period (up to 2050). However, economic diversification investment projects will sustain robust growth until 2030, after which growth will start to edge down. There remains potential for bursts of high growth if further gas export projects, beyond those planned for the mid-2020s are approved by the government. Diversification and the expansion of the services sector, funded by the state's hydrocarbons wealth, will also provide opportunities for growth. The population will continue to increase, largely through immigration, to 3.9mn in 2050. As a result, growth in real GDP per head will be much slower than growth in real GDP, the EIU said. (Gulf-Times.com)
- **Al-Kaabi discusses cooperation with European Commissioner for Energy –** HE the Minister of State for Energy Affairs Saad bin Sherida Al-Kaabi will take part in the seventh IEF-IGU Ministerial Gas Forum (virtual) hosted by Malaysia on December 3, the International Gas Union and the International Energy Forum said. The IEF and the IGU have set up this important dialogue platform in close collaboration with the Economic Planning Unit of Malaysia. Dialogues in both sessions will be held under the Chatham House Rule and help IEF member governments, IGU natural gas business leaders and policy makers around the world to unite behind a clear vision on what is needed to stimulate inclusive growth and create a sustainable energy future. (Gulf-Times.com)
- **QFZA in deal with Yutong to manufacture e-buses in Qatar –** Qatar Free Zones Authority (QFZA) on Monday signed a multilateral framework agreement with Yutong, one of the world's largest bus and coach suppliers, and Mowasalat, the major transport services provider in Qatar. The deal will see electric-buses (e-buses) manufactured in the zones with the first e-buses produced for the Qatar FIFA World Cup 2022 and beyond. The deal is part of a wider Qatari initiative to ensure 25% of the public bus network is powered by electricity in time for the tournament, with the entire public fleet system expected to be e-powered by 2030. The multilateral framework agreement was signed during a ceremony where other agreements were also formalized to facilitate the transformation of the e-vehicles industry in Qatar. (Qatar-Tribune)

International

- **Moody's says most sovereigns face 'significant negative shock' from COVID-19 –** Moody's Investors Service said on Monday that most sovereigns face a "significant negative shock" from the coronavirus pandemic and that recent developments in vaccine trials have not changed the rating agency's forecasts. "Most (sovereigns) face a significant economic loss, a marked increase in their debt burden, and some, in particular emerging markets, face a deterioration in debt affordability", a top sovereign analyst at Moody's said in an email responding to questions from Reuters. "We have not changed our forecasts based on recent developments in progress on vaccine trials since they remain consistent with our general assumptions that some easing of the pandemic is likely next year, although only gradually", the agency's Sovereign Risk Group Managing Director, Marie Diron told Reuters. Diron said the evolution of the pandemic, including vaccine availability, will be a key driver of economic trends going into the next year. "The recovery will proceed at different paces in different countries, in part depending on the speed of return to normalcy, in part depending on the varied capacity of economies to recover from a shock", Diron added. Pfizer Inc and Moderna Inc are seeking US emergency use authorization for their experimental vaccines, but experts have said more than one vaccine would be needed to end the pandemic that has killed more than 1.4mn people globally. Moody's said in October that the global recession caused by the pandemic has been far deeper than expected and has disproportionately affected emerging and frontier market nations. The rating agency said earlier in November that it expected G20 economies to contract by 3.8% collectively in 2020, followed by 4.9% growth in 2021 and 3.8% growth in 2022. (Reuters)

- **US Federal Reserve says extending four emergency liquidity programs to March 31, 2021 –** The US Federal Reserve said Monday it is extending emergency liquidity programs for the commercial paper and other key financial markets through March 31, a step to help financial markets plan through the start of the next year as the economy recovers from the coronavirus pandemic. The programs, including the Commercial Paper Liquidity Facility, the Primary Dealer Credit Facility, the Money Market Mutual Fund Liquidity Facility, and the Paycheck Protection Program Liquidity Facility, are considered a critical part of the Fed's efforts last spring to prevent a developing recession from triggering a financial crisis as well. By keeping the short-term markets for commercial "paper," money market funds and other parts of the financial system primed with Fed loans, the Central Bank arguably helped stave off the sort of financial gridlock that many economists feel can deepen and prolong an economic downturn. The programs "are supporting market functioning and enhancing the flow of credit," the Fed said in a statement. The extension, the Fed said, would help market participants plan through the first quarter of 2021. Any extension beyond then would depend in part on how the economy is reacting to the possible rollout of a coronavirus vaccine and the possible easing of risks around the pandemic, as well as the priorities of the incoming administration of President-elect Joe Biden. (Reuters)
- **US housing, manufacturing data suggest economic recovery slowing –** Contracts to buy US previously owned homes fell for a second straight month in October as an acute shortage of properties pushed up prices, though the housing market remains supported by record low mortgage rates. Other data on Monday showed activity at factories in the Midwest and Texas slowing this month, likely as a nationwide resurgence in new COVID-19 infections curbed new orders and disrupted production. The reports support expectations of a sharp slowdown in economic growth in the fourth quarter because of the raging coronavirus pandemic and depleted fiscal stimulus. The National Association of Realtors said its Pending Home Sales Index, based on contracts signed last month, decreased 1.1% to 128.9. Economists polled by Reuters had forecast pending home contracts, which become sales after a month or two, would rebound 1.0% in October. Compared to a year ago, pending homes sales jumped 20.2% in October. The monthly decline in contracts suggests a slowdown in sales of existing home sales after they accelerated in October to their highest level since November 2005. The housing market is being driven by record low mortgage rates. The COVID-19 pandemic, which has seen at least 21% of the labor force working from home, has led to a migration from city centers to suburbs and other low-density areas as Americans seek out more spacious accommodation for home offices and schools. (Reuters)
- **UK mortgages hit 13-year high, but consumers wary about borrowing –** British lenders approved the most mortgages in more than 13 years in October, Bank of England data showed on Monday, suggesting no let-up yet in a post-coronavirus lockdown bounce-back in the country's housing market. But the figures also underscored a broader wariness about day-to-day borrowing among many consumers - whose spending helps drive the economy - as the country was hit by a second wave of COVID-19 cases. Mortgage approvals for house purchase hit 97,532, up from 92,091 in September and higher than all forecasts in a Reuters poll of economists. Britain's housing market has gone into top gear in recent months, propelled by demand for bigger properties from people who were locked down at home in the spring and an emergency tax cut for buyers that is due to expire in March. The housing recovery looks increasingly at odds with a renewed slowdown in the economy and a rise in unemployment that looks set to peak only next year. The BoE data showed net consumer lending fell by 590mn Pounds ($786mn) on the month, much of it due to repayment of credit card debt. Lending to consumers was down 5.6% compared with a year ago, the biggest such drop since monthly records began in 1994. Household savings rose by 12.3bn Pounds, the biggest monthly increase since May. (Reuters)
- **Lloyds: UK business confidence at four-month low but signs of vaccine boost –** Confidence among British businesses fell to its lowest level in November since July as companies faced new COVID-19 restrictions but firms turned less pessimistic after news of a breakthrough in developing a vaccine, a survey showed. Lloyds Bank's business barometer sank by 3 points to -21 for the month as a whole, hit by nervousness about Britain's chances of a post-Brexit trade deal as well as the pandemic measures. But responses in the second week of the survey saw confidence rise by three points to -15, coinciding with the November 9 announcement by Pfizer Inc about the effectiveness of a coronavirus vaccine developed with German partner BioNTech. Lloyds' survey of 1,200 firms was conducted between November 2 and 16, covering the start of a month-long lockdown for England. A third of firms planned a pay freeze, up from 14% at the start of 2020, Lloyds said. (Reuters)
- **Britain and EU warn that time is running out for Brexit trade deal –** Britain and the European Union warned each other on Monday that time was running out to reach a Brexit trade deal, with big differences still to be bridged on state aid, enforcement and fishing. The UK leaves the EU's orbit on December 31, when a transition period of informal membership ends following its formal departure last January, and the sides are trying to secure a deal to govern nearly $1tn in annual trade. Prime Minister Boris Johnson, who is also tackling Europe's worst official death toll from COVID-19, says a deal would be preferable but that Britain, which joined the EU in 1973, would flourish without one. Talks in London over the weekend were "quite difficult" and "massive divergences" remained on elements of fisheries, economic fair

play and settling disputes, an EU source said. “We are running out of time here,” Irish Foreign Minister Simon Coveney said. Echoing his remarks, German Chancellor Angela Merkel said some EU member states were losing patience. “We don’t need a deal at any price and we have made this clear... A deal is in everyone’s interest,” she said. Johnson’s spokesman said there had been some progress but “there still remains divergence on issues (such as) fisheries and the level playing field.” “We want to try and reach a free trade agreement as soon as possible but we’ve been clear we won’t change our negotiating position,” the spokesman said. A trade deal would not only safeguard trade but also buttress peace in British-ruled Northern Ireland, though some disruption is almost certain at the busiest EU-UK border points. Failure to secure a deal would snarl borders, spook financial markets and disrupt delicate supply chains that stretch across Europe and beyond – just as the world grapples with the vast economic cost of the COVID-19 outbreak. (Reuters)

- **German inflation falls deeper into negative territory after VAT cut –** German annual consumer prices fell further in November, pushed down by a VAT cut introduced as part of the government’s stimulus push to help Europe’s largest economy recover from the coronavirus shock, data showed. Consumer prices, harmonized to make them comparable with inflation data from other European Union countries, fell 0.7% YoY after shrinking by 0.5% in the previous month, the Federal Statistics Office said. November’s preliminary data compared with a Reuters poll forecast of a 0.5% decline. “The inflation rate is influenced, among other things, by the reduction in value-added tax that came into force on July 1, 2020,” the office said in a statement. On the month, harmonized prices fell 1.0%. The Reuters consensus forecast was a fall of 0.8%. The European Central Bank, which has a target of keeping inflation close to but below 2% in the Eurozone, is preparing a new stimulus package to help cushion the impact of the coronavirus pandemic. The ECB’s chief economist warned last Thursday that accepting “a longer phase of even lower inflation” would hurt consumption and investment as well as cementing expectations of low price growth in the future. The Eurozone’s central bank has kept the money taps wide open for years and promised to announce further stimulus, probably in the form of even more bond purchases and subsidized loans to banks, at its December 10 meeting. (Reuters)
- **Ifo: Germany partial lockdown pushes more companies into short-time work –** The share of companies in Germany using short-time work schemes rose in November compared to the previous month, economic institute Ifo said, as a partial lockdown hit employment in tourism and restaurant industries. Ifo said a survey of around 7,000 companies showed that the share of companies using the scheme rose to 28% in November from 24.8% in October. Short-time work, also known as Kurzarbeit, allows employers to switch employees to working fewer hours or even none during an economic downturn. It aims to stop immediate shocks from leading into mass unemployment. (Reuters)
- **Japan factory output grows for fifth month, retail sales surge –** Japan’s industrial output rose for the fifth straight month in October and retail sales in the same month grew the most in over a year, signaling the economy was recovering further from the damage caused by the COVID-19 crisis. The world’s third-largest economy rebounded sharply in the third quarter from a pandemic-induced slump, thanks to surging consumption and exports, though some analysts worry about slowing growth ahead due to a resurgence in coronavirus infections. Official data released on Monday showed factory output jumped 3.8% in October from the previous month, mainly due to strength in general machinery production and motor vehicle manufacturing. The solid increase beat the median market forecast of a 2.1% rise in a Reuters poll of economists, and was in line with the prior month’s 3.9% gain. Manufacturers surveyed by the Ministry of Economy, Trade and Industry (METI) expected output to grow another 2.7% in November and decline 2.4% in December. Inventories across all industries fell 1.6% in October, the seventh straight month of decline, as inventories of inorganic and organic chemicals as well as iron, steel and non-ferrous metals were reduced. Separate data showed retail sales posted their largest gain since September last year in October YoY after consumers sharply curtailed spending in October 2019 following a sales tax hike at that time. Retail sales jumped 6.4% YoY in October to rise for the first time in eight months, matching a 6.4% gain expected by economists in a Reuters poll and turning around from an 8.7% drop in the previous month. (Reuters)
- **China banking regulator says property market is biggest 'grey rhino' –** China’s property market is the biggest “grey rhino” - a very obvious yet ignored threat - in terms of financial risks, given it is so deeply intertwined with the financial industry, the head of the country’s banking regulator said. China Banking and Insurance Regulatory Commission (CBIRC) Chairman and party chief of the country’s central bank, Guo Shuqing made the comments in a collection of articles by policymakers on China’s 14th Five-Year Plan, the official Shanghai Securities News reported. Loans related to the property market currently account for 39% of total bank loans in China - to say nothing of a large amount of bonds, equities and trust investments with exposure to it, Guo said. “It’s safe to say that the property market is currently the greatest grey rhino in terms of financial risks,” he was quoted as saying. Guo also noted that modern technologies have brought and will continue to bring big changes to the financial industry, with digital currency, cybersecurity and information security emerging as key challenges for regulators. In response, Guo said the CBIRC would use innovative ways to regulate large technology firms to prevent risks and monopolies, while promoting their development, according to the report. (Reuters)
- **Caixin PMI: China's November factory activity growth hits decade high –** Activity in China’s factory sector accelerated at the fastest pace in a decade in November, a business survey showed on Tuesday, as the world’s second-largest economy recovers to pre-pandemic levels. The Caixin/Markit Manufacturing Purchasing Managers’ Index(PMI) rose to 54.9 from October’s 53.6, with the gauge staying well above the 50-level that separates growth from contraction for the seventh consecutive month. Analysts polled by Reuters had forecast the headline reading would slip to 53.5. Since COVID-19 paralyzed huge swathes of the economy early this year, China has seen a strong rebound in activity, helped by strict virus containment measures, infrastructure-driven stimulus, strong exports of

medical supplies, and pent-up demand. Surging infections and fresh lockdowns in some of its key trading partners could dent demand for Chinese exports, which have been surprisingly resilient so far. The Caixin PMI reading was the highest since November 2010, and comes after an official gauge of factory activity, focusing more on larger and state-owned firms, rose at the fastest pace in over three years. E-commerce shopping promotions in November showed strong consumer demand, bolstering confidence for small and medium-sized firms. Economic indicators ranging from trade to producer prices all suggest a further pick up in the industrial sector. (Reuters)

Regional

- **OPEC reaches consensus to extend oil cuts by three months, Algeria says –** OPEC members have reached a consensus on the need to extend existing oil production cuts for three months from January and will work on convincing their allies in the wider OPEC+ group to support such a move, Algeria's minister said on Monday. Algerian Energy Minister, Abdelmadjid Attar, holder of OPEC's rotating presidency, was speaking shortly before OPEC ministers began talks to discuss a policy that would help producers cope with weak demand in 2021 due to the coronavirus crisis. "There is consensus at the OPEC level on extending the current 7.7mn bpd cuts until the end of March," Attar said, according to Algeria's state news agency. The OPEC, Russia and others, a group known as OPEC+, hold their wider talks on Tuesday, after informal discussions of key ministers on Sunday had failed to reach a consensus. (Reuters)
- **OPEC reaches consensus to extend oil cuts in 1Q2021 if allies agree –** OPEC members reached a broad consensus on the need to extend existing oil production cuts for three months from January if their allies in the wider OPEC+ group also support such a move, ministers and delegates said on Monday. Algerian Energy Minister, Abdelmadjid Attar, holder of the OPEC's rotating Presidency, said there was "consensus at the OPEC level." He spoke before OPEC ministers began their talks on a policy that would help producers cope with weak demand in 2021 due to the coronavirus crisis. His Iranian counterpart, Bijan Zanganeh, made similar remarks after the meeting finished, but said Tuesday's meeting of OPEC+, which includes Russia and other allies, would not be easy. "I think within OPEC there was consensus," Zanganeh said, the Iranian oil ministry's news agency SHANA reported. "Tomorrow's meeting will be difficult and require negotiations and patience." (Reuters)
- **OPEC+ postpones talks to December 3 amid disagreements –** OPEC and allies led by Russia postponed talks on oil output policy for 2021 to Thursday, three sources said on Monday as key players still disagreed on how much oil they should pump amid weak demand due to the coronavirus pandemic. OPEC+, which includes the OPEC, Russia and other allies, had been scheduled to hold its meeting on Tuesday. The group had been due to ease existing production cuts by 2mn bpd from January. (Reuters)
- **OPEC oil output rises for fifth month on Libyan recovery, Reuters survey shows –** OPEC oil output rose for a fifth month in November, a Reuters survey found, as increased Libyan production offset full adherence by other producers to cuts agreed in an OPEC-led supply deal. The 13-member OPEC has pumped 25.31mn bpd in November, the survey found, up 750,000 bpd from October and a further increase from the three-decade low reached in June. OPEC, Russia and their allies, a group known as OPEC+, are gathering virtually on Monday and Tuesday and will consider whether to extend existing curbs due to weak demand or increase output gradually from January, sources say. "OPEC+ seem unable to reach agreement, at least in the run-up to today's meeting," Eugen Weinberg of Commerzbank said. "That said, the oil market firmly believes that the current production cuts will be maintained for at least another three months," Weinberg added. (Reuters)
- **Saudi Arabia's October M1 money supply rises 11.7% YoY –** Saudi Arabian Central Bank published data on monetary aggregates for October which showed that M1 money supply rose 11.7% YoY, M2 money supply rose 10% YoY and M3 money supply rose 10.8% YoY. (Bloomberg)
- **Saudi Arabia official reserves drop to lowest since December 2010 –** Official reserve assets of Saudi Arabia were little changed from the previous month at SR1.67tn in October, according to Saudi Arabian Monetary Agency figures. Reserves down 8.7% from the same period last year. Gold remains unchanged YoY at SR1.62bn. Foreign currency reserves were down 4.8% MoM and 11% YoY to SR552.2bn. Special Drawing Rights (SDR) remained unchanged MoM and down 1.9% YoY to SR30.8bn. IMF reserve position remained unchanged MoM, however was up 38% YoY to SR12.2bn. (Bloomberg)
- **Saudi Arabia may raise Asia crude prices in January –** Top oil exporter Saudi Arabia is expected to raise its official selling prices (OSPs) for Asian buyers in January, tracking stronger benchmark prices as some refiners increase output to meet higher winter demand, a Reuters survey showed. Six sources at Asian refiners expect the January OSP for Saudi flagship crude grade Arab Light to rise by $0.65 a barrel on average, with their forecasts ranging between an increase of $0.50 and $0.85. Two of the sources forecasted bigger price increases for Saudi lighter grades than heavier ones, as they contain more middle distillates, gasoil and jet fuel, which were more profitable for refiners this month. Strong demand for spot crude pushed up November's average differentials to Dubai swaps for benchmarks cash Dubai and DME Oman by around $0.80 a barrel from last month, data compiled by Reuters showed. (Reuters)
- **Saudi Aramco eyes new businesses, signs partnerships with six firms –** Saudi Arabian state oil giant Aramco shared plans on Monday to launch new businesses that will create jobs in the Kingdom, as it secured new partnership deals with six companies in Europe and Asia The firm said it had just signed memorandum of understandings (MOU) with Shell & AMG Recycling B.V. from the Netherlands; Chinese companies Suzhou XDM, Shen Gong, Xinfoo and SUPCON; and Posco from South Korea, to boost its industrial and digital capabilities at home, and expand its flagship "localization program". The agreements include studying the feasibility of building an integrated steel plate manufacturing plant in the kingdom, exploring joint investment opportunities for the services and manufacturing value chain, as well as in chip manufacturing and related technologies. The oil company has been among major Gulf firms hit hard by a slump in demand and weak oil prices due to the coronavirus pandemic. The company saw its profits for the third quarter of the year drop by 44.6%, and still has to pay its shareholders more than $18bn dividend for the quarter. In a statement on Monday, the firm said

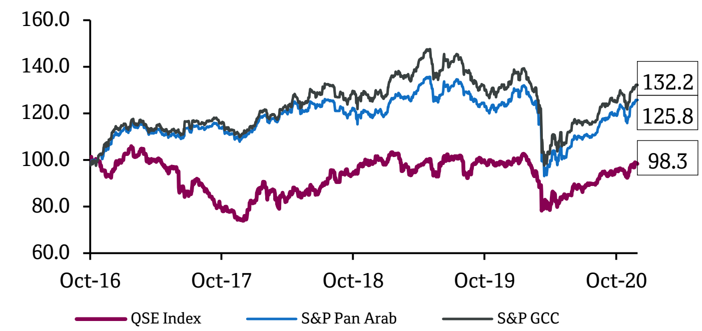
the latest collaborations will "pave the way for the launch of new businesses across multiple innovative growth sectors, including steel plate manufacturing, industrial 3D printing, digital equipment manufacturing, energy management and control; catalyst manufacturing and recycling and advanced chip and smart sensor manufacturing". "These new collaborations reflect Aramco's commitment to increasing the company's reliability and operational efficiency, as well as its commitment to further enhancing the kingdom's commercial ecosystem and increasing employment and development opportunities for talented Saudis," it added. (Zawya)

- **Natwest, Santander to sell more shares in Saudi British Bank –** Natwest Markets and Banco Santander plan to sell a combined 5.6% of shares in Saudi British Bank representing about $680mn worth of shares, a term sheet reviewed by Reuters showed. HSBC Holdings and Olayan Saudi Investment Co, current shareholders in Saudi British Bank, have indicated their intention to purchase part of the shares being placed, the term sheet said. HSBC is looking to buy 36.986mn shares and Olayan 42.37mn shares out of the 116mn shares being placed in the share offering, the term sheet showed. HSBC currently owns a 29.2% stake in Saudi British Bank and the Olayan family, a leading Saudi business group, has around 18.3% stake, based on Refinitiv data. (Zawya)
- **Gulf Insurance signs deal to buy French insurer AXA's Gulf operations for $269mn –** French insurer AXA Group, will sell its insurance operations in the Gulf region, including its share in UAE-based AXA Green Crescent Insurance Company (AXA GCIC), to Kuwait's Gulf Insurance Group (GIG). AXA will sell its insurance operations in the Gulf region to GIG for $269mn, AXA said on Monday. As part of the overall transaction, GIG will also acquire AXA Group's entire shareholding interests in AXA Cooperative Insurance Company in Saudi Arabia and 100% of the share capital of AXA Insurance (Gulf) in Bahrain. "This transaction marks another step in AXA's continued simplification journey. We are convinced that AXA's operations in the Gulf region will benefit from GIG's leadership and scale in the region, to further pursue their focus on delivering growth and excellent customer service," CEO of AXA, Thomas Buberl said. Reuters reported that AXA is leaving markets where it lacks scale as part of a deep restructuring to cope with a negative interest rate environment. (Zawya)
- **Dubai builder Arabtec says to proceed with liquidation –** Dubai builder Arabtec Holding said on Monday it will go ahead with its earlier plan to file for bankruptcy and liquidation after shareholders did not agree for the company to continue its existing business and seek restructuring. The statement came after a shareholder meeting earlier on Monday discussed a proposal from a group of investors to reverse a decision made in September to file for liquidation. "The board has concluded that it is no longer tenable for the company to continue operating outside of a formal insolvency process," Arabtec said. "It is in the best interests of the company's stakeholders that the company be placed into an insolvent liquidation (subject to court approval) at the earliest opportunity." Shareholders, including Abu Dhabi state fund Mubadala Investment Co, voted in September to liquidate Arabtec after losses deepened due to the coronavirus crisis. One of the key divisions of Arabtec Holding will escape being dissolved along with the rest of the company, as banks moved to contain the fallout from the collapse of the firm that helped build the world's tallest building. Target Engineering Construction Co. will not be part of Arabtec's liquidation process and will likely be sold, according to sources. (Reuters, Bloomberg)
- **UAE's Agthia Group shareholders approve acquisition of Al Foah –** The UAE will see the conclusion of a deal to merge two food and beverage (F&B) companies led by state-run holding company ADQ anytime next month. In a bourse filing on Monday, Abu Dhabi-listed Agthia Group said that its shareholders have just approved the proposal to acquire Al Foah Company. "The transaction is expected to be completed by the end of 2020, after which Agthia Group will be 59.7% owned by Senaat, part of ADQ," a separate statement reads. The move is the latest in a series of consolidation deals in an economy that is significantly impacted by the coronavirus pandemic. Chairman of Agthia Group and Chief Investment Officer of ADQ, Khalifa Sultan Al Suwaidi said the recent shareholders' approval supports their company's plans to expand their offering of premium quality products. "We embrace opportunities that allow us to strengthen the food and beverage sector in the UAE and wider region, and also emphasize our commitment to an outstanding experience," he said. Also, Agthia stated it has submitted a binding offer to fully acquire Kuwait-based Al Faysal Bakery and Sweets. It did not provide terms of the offer; it said Al Faysal offers diverse range of consumer products including mini pizzas, cupcakes and pastries. CEO, Alan Smith said combination with Al Faysal will give Agthia "an important foothold in Kuwait." (Zawya, Bloomberg)
- **Abu Dhabi wealth fund in talks with KKR over Italian grid deal –** Abu Dhabi's biggest sovereign fund is in talks with US firm KKR to invest in Telecom Italia's (TIM) last-mile network in a deal that has drawn scrutiny from Italy's government, three sources close to the matter told Reuters. Rome typically welcomes foreign investments but demands assurances that investors will follow the country's national interests. The government has special vetting powers to block unwanted bids in industries deemed of strategic importance. TIM agreed in August to sell to KKR a 37.5% stake of a newly created company, FiberCop, into which it has transferred its 'last-mile' network connecting street cabinets to people's homes. KKR now wants to sell up to 30% of the unit that will hold that stake to Infinity Investments, a subsidiary of the Abu Dhabi Investment Authority (ADIA), as it looks for co-investors in the Italian deal, the sources said, asking not to be named. Abu Dhabi would then hold up to 11% of TIM's last-mile grid, provided the government authorised the deal, which is potentially worth $600mn -$720mn. "ADIA would be an indirect and passive investor," one of the sources said. Italy's industry ministry has informed the cabinet office of KKR's plans, and a technical body in charge of scrutinizing foreign investments in strategic Italian assets plans to hear TIM's views on the matter in early December, the sources added. (Reuters)
- **ADNOC said to be in running to buy offshore oil services firm –** Abu Dhabi National Oil Co. (ADNOC) is a potential contender to buy a local offshore oil-services firm that counts the state-owned crude producer among its major clients, according to sources. Zakher Marine International is working with Bank of

America Corp. as it weighs its strategic options, including a sale, sources said. The process is still at an early stage and the company may still decide against selling, they said. Other buyers may also emerge. Established in 1984, privately owned Zakher provides services to the offshore energy industry and currently operates a fleet of more than 35 support vessels, according to its website. It was not immediately clear what valuation the company would seek, sources added. (Bloomberg)

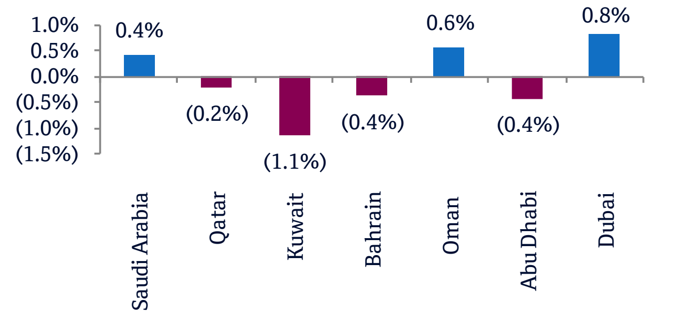
- **Abu Dhabi's non-oil exports, re-exports jump 62.5% between June-August 2020 –** Abu Dhabi's non-oil exports and re-exports reached AED32.8bn between June and August 2020, up 62.5% compared to AED20.2bn recorded between March and May this year, a latest report issued by the Abu Dhabi Department of Economic Development, ADDED, showed. The recently released report reveals the emirate's exports and re-exports of non-oil goods amid the coronavirus pandemic, particularly between March and August 2020. Chairman of ADDED, Mohammed Ali Al Shorafa said, "The recent results showcase the growth in Abu Dhabi's non-oil exports and re-exports despite the global repercussions of the COVID-19 pandemic, which led to the current economic crisis that has negatively affected all countries." (Zawya)
- **Oman Utility to sell debt, easing burden on frail state finances –** Oman's state-owned power-transmission company plans to sell bonds in international debt markets early next year to fund capital expenditure and operations, taking pressure off the government's strained finances. Oman Electricity Transmission Co., known as OETC, is looking to issue a benchmark bond, sources said. A benchmark offering is typically more than $500mn. (Bloomberg)
- **Oman sells OMR62mn 28-day bills at yield 0.652% –** Oman sold OMR62mn of 28-day bills due on December 30, 2020. The bills were sold at a price of 99.95, have a yield of 0.652% and will settle on December 2, 2020. (Bloomberg)
- **Bahrain-based Alba upbeat on growth –** Alba, the world's largest aluminum smelter ex-China, is on track to finish 2020 strong despite the challenges of the year, the company's chairman told a board meeting. Shaikh Daij bin Salman Al Khalifa said during the fourth quarterly directors meeting held virtually yesterday that, "2020 has been a year of exceptional events on many fronts". "Our secret to adapt to the changes and find our new balance is to focus our efforts, not on challenging today's status quo, but on building the new and resilient Alba as we prepare ourselves to start 2021." During the meeting, the board approved the minutes of the previous meeting, reviewed reports of the executive; board audit and the nomination, remuneration and corporate governance committees. (Zawya)
- **Bahrain sells BHD70mn 91-day bills; bid-cover at 1.14x –** Bahrain sold BHD70mn of 91-day bills due on March 3, 2021. Investors offered to buy 1.14 times the amount of securities sold. The bills were sold at a price of 99.441, have a yield of 2.22% and will settle on December 2, 2020. (Bloomberg)

Rebased Performance



Source: Bloomberg

Daily Index Performance



Source: Bloomberg

Asset/Currency Performance	Close ($)	1D%	WTD%	YTD%
Gold/Ounce	1,776.95	(0.6)	(0.6)	17.1
Silver/Ounce	22.64	0.3	0.3	26.8
Crude Oil (Brent)/Barrel (FM Future)	47.59	(1.2)	(1.2)	(27.9)
Crude Oil (WTI)/Barrel (FM Future)	45.34	(0.4)	(0.4)	(25.7)
Natural Gas (Henry Hub)/MMBtu	2.86	28.3	28.3	36.8
LPG Propane (Arab Gulf)/Ton	56.63	2.0	2.0	37.3
LPG Butane (Arab Gulf)/Ton	68.50	6.2	6.2	4.6
Euro	1.19	(0.3)	(0.3)	6.4
Yen	104.31	0.2	0.2	(4.0)
GBP	1.33	0.1	0.1	0.5
CHF	1.10	(0.3)	(0.3)	6.5
AUD	0.73	(0.6)	(0.6)	4.6
USD Index	91.87	0.1	0.1	(4.7)
RUB	76.39	0.7	0.7	23.2
BRL	0.19	0.2	0.2	(24.6)

Source: Bloomberg

Global Indices Performance	Close	1D%*	WTD%*	YTD%*
MSCI World Index	2,583.14	(0.7)	(0.7)	9.5
DJ Industrial	29,638.64	(0.9)	(0.9)	3.9
S&P 500	3,621.63	(0.5)	(0.5)	12.1
NASDAQ 100	12,198.74	(0.1)	(0.1)	36.0
STOXX 600	389.36	(1.0)	(1.0)	(0.3)
DAX	13,291.16	(0.4)	(0.4)	7.0
FTSE 100	6,266.19	(1.3)	(1.3)	(16.4)
CAC 40	5,518.55	(1.4)	(1.4)	(1.7)
Nikkei	26,433.62	(1.0)	(1.0)	16.7
MSCI EM	1,205.07	(2.1)	(2.1)	8.1
SHANGHAI SE Composite	3,391.76	(0.5)	(0.5)	17.7
HANG SENG	26,341.49	(2.1)	(2.1)	(6.1)
BSE SENSEX#	44,149.72	0.0	0.0	3.0
Bovespa	108,893.30	(2.0)	(2.0)	(29.7)
RTS	1,281.97	(1.6)	(1.6)	(17.2)

Source: Bloomberg (*$ adjusted returns; #Market was closed on November 30, 2020)

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