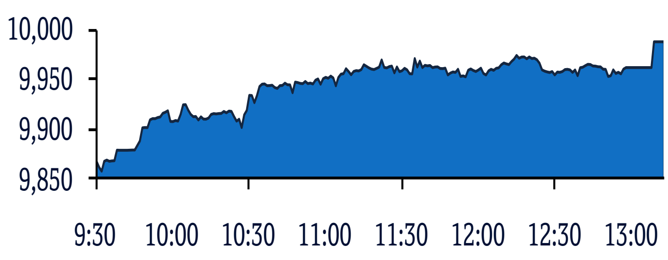
Daily Market Report

Thursday, 01 October 2020

QSE Intra-Day Movement



Qatar Commentary

The QE Index rose 0.8% to close at 9,990.4. Gains were led by the Banks & Financial Services and Consumer Goods & Services indices, gaining 1.5% and 1.3%, respectively. Top gainers were Medicare Group and Qatar Islamic Bank, rising 4.3% and 2.7%, respectively. Among the top losers, Qatar Cinema & Film Distribution Co. fell 9.7%, while Qatar General Insurance & Reinsurance Company was down 8.5%.

GCC Commentary

Saudi Arabia: The TASI Index gained 0.2% to close at 8,299.1. Gains were led by the REITs and Consumer Durables indices, rising 5.0% and 2.8%, respectively. Salama Cooperative Insurance and Al Maather REIT Fund were up 10.0% each.

Dubai: The DFM Index gained 0.9% to close at 2,273.5. The Banks index rose 1.5%, while the Insurance index gained 1.4%. Dubai Islamic Insurance and Reinsurance Company rose 11.7%, while Al Salam Group Holding was up 4.4%.

Abu Dhabi: The ADX General Index gained 0.5% to close at 4,518.1. The Energy index rose 1.1%, while the Industrial index gained 0.8%. Gulf Pharmaceutical Industries rose 6.2%, while National Bank of Umm Al Qaiwain was up 5.3%.

Kuwait: Market was closed on September 30, 2020.

Oman: Market was closed on September 30, 2020.

Bahrain: The BHB Index gained 0.3% to close at 1,434.5. The Commercial Banks index rose 0.5%, while the Services index gained marginally. Ahli United Bank rose 1.2%, while Seef Properties was up 0.6%.

Market Indicators	30 Sep 20	29 Sep 20	%Chg.
Value Traded (QR mn)	578.4	807.9	(28.4)
Exch. Market Cap. (QR mn)	587,819.2	584,423.0	0.6
Volume (mn)	243.0	412.8	(41.1)
Number of Transactions	11,496	11,294	1.8
Companies Traded	47	47	0.0
Market Breadth	24:17	20:23	–

Market Indices	Close	1D%	WTD%	YTD%	TTM P/E
Total Return	19,206.20	0.8	2.1	0.1	16.3
All Share Index	3,082.61	0.7	2.4	(0.5)	17.0
Banks	4,142.52	1.5	3.7	(1.8)	13.9
Industrials	2,934.65	(0.4)	(0.0)	0.1	25.5
Transportation	2,824.54	0.8	2.3	10.5	13.4
Real Estate	2,058.45	(0.8)	2.1	31.5	16.9
Insurance	2,205.36	(2.8)	5.5	(19.4)	32.9
Telecoms	912.36	0.0	(5.2)	1.9	15.4
Consumer	7,987.41	1.3	1.8	(7.6)	25.1
Al Rayan Islamic Index	4,155.36	0.1	0.9	5.2	19.4

GCC Top Gainers##	Exchange	Close#	1D%	Vol. '000	YTD%
Saudi Kayan Petrochem.	Saudi Arabia	11.68	6.8	23,787.2	5.2
National Shipping Co.	Saudi Arabia	42.15	4.5	7,141.9	5.4
Rabigh Refining & Petro.	Saudi Arabia	15.64	4.1	15,172.2	(27.8)
National Industrialization	Saudi Arabia	13.26	3.6	5,531.4	(3.1)
Emirates NBD	Dubai	10.65	3.4	2,594.5	(18.1)

GCC Top Losers##	Exchange	Close#	1D%	Vol. '000	YTD%
Industries Qatar	Qatar	9.85	(1.0)	2,023.8	(4.2)
Mesaieed Petro. Holding	Qatar	2.08	(0.9)	3,144.9	(17.2)
Riyad Bank	Saudi Arabia	18.64	(0.9)	941.1	(22.3)
Saudi Arabian Oil Co	Saudi Arabia	35.90	(0.8)	5,694.2	1.8
Saudi British Bank	Saudi Arabia	25.30	(0.8)	696.2	(27.1)

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%
Medicare Group	7.60	4.3	5,426.5	(10.1)
Qatar Islamic Bank	16.50	2.7	1,487.1	7.6
Dlala Brokerage & Inv. Holding Co.	1.95	2.6	5,074.2	219.0
Doha Insurance Group	1.20	2.5	1.0	(0.1)
Qatar Fuel Company	17.70	2.3	557.2	(22.7)

QSE Top Losers	Close*	1D%	Vol. '000	YTD%
Qatar Cinema & Film Distribution	3.88	(9.7)	18.3	76.4
Qatar General Ins. & Reins. Co.	2.02	(8.5)	0.0	(17.8)
United Development Company	1.86	(3.6)	87,955.8	22.4
Vodafone Qatar	1.26	(2.9)	5,433.0	8.8
Qatar Insurance Company	2.29	(2.4)	1,775.9	(27.7)

QSE Top Volume Trades	Close*	1D%	Vol. '000	YTD%
United Development Company	1.86	(3.6)	87,955.8	22.4
Qatar Aluminium Manufacturing	1.01	(0.9)	27,096.8	29.6
Baladna	2.20	(1.3)	17,915.9	120.0
Investment Holding Group	0.62	(0.2)	16,084.4	10.1
Mazaya Qatar Real Estate Dev.	1.18	0.0	9,971.1	64.4

QSE Top Value Trades	Close*	1D%	Val. '000	YTD%
United Development Company	1.86	(3.6)	169,924.5	22.4
Medicare Group	7.60	4.3	40,940.9	(10.1)
Baladna	2.20	(1.3)	39,766.9	120.0
QNB Group	18.20	1.1	31,314.1	(11.6)
Qatar Aluminium Manufacturing	1.01	(0.9)	27,652.5	29.6

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*	9,990.39	0.8	2.1	1.5	(4.2)	157.08	159,828.0	16.3	1.5	4.0
Dubai	2,273.48	0.9	0.9	1.3	(17.8)	72.94	86,339.5	8.6	0.8	4.2
Abu Dhabi	4,518.06	0.5	1.1	(0.0)	(11.0)	97.08	181,957.7	16.5	1.3	5.4
Saudi Arabia	8,299.08	0.2	0.8	4.5	(1.1)	3,182.26	2,434,107.6	30.3	2.0	2.5
Kuwait#	5,445.20	(2.2)	(2.9)	2.9	(13.3)	341.17	105,427.5	29.2	1.4	3.6
Oman#	3,614.64	(0.2)	(0.3)	(4.2)	(9.2)	2.54	16,328.1	10.7	0.7	6.8
Bahrain	1,434.49	0.3	(1.1)	3.9	(10.9)	4.00	21,809.4	13.4	0.9	4.8

Source: Bloomberg, Qatar Stock Exchange, Tadawul, Muscat Securities Market and Dubai Financial Market (** TTM; * Value traded ($ mn) do not include special trades, if any, #Data as of September 29, 2020)

Qatar Market Commentary

- The QE Index rose 0.8% to close at 9,990.4. The Banks & Financial Services and Consumer Goods & Services indices led the gains. The index rose on the back of buying support from GCC and Foreign shareholders despite selling pressure from Qatari and Arab shareholders.
- Medicare Group and Qatar Islamic Bank were the top gainers, rising 4.3% and 2.7%, respectively. Among the top losers, Qatar Cinema & Film Distribution Company fell 9.7%, while Qatar General Insurance & Reinsurance Company was down 8.5%.
- Volume of shares traded on Wednesday fell by 41.1% to 243.0mn from 412.8mn on Tuesday. Further, as compared to the 30-day moving average of 366.4mn, volume for the day was 33.7% lower. United Development Company and Qatar Aluminium Manufacturing Company were the most active stocks, contributing 36.2% and 11.2% to the total volume, respectively.

Overall Activity	Buy %*	Sell %*	Net (QR)
Qatari Individuals	39.24%	47.29%	(46,578,589.6)
Qatari Institutions	29.99%	26.29%	21,392,184.7
Qatari	**69.23%**	**73.58%**	**(25,186,404.8)**
GCC Individuals	0.84%	1.52%	(3,918,289.5)
GCC Institutions	1.78%	0.31%	8,555,527.3
GCC	**2.62%**	**1.82%**	**4,637,237.8**
Arab Individuals	9.27%	10.11%	(4,814,745.5)
Arab Institutions	–	0.02%	(104,794.0)
Arab	**9.27%**	**10.12%**	**(4,919,539.5)**
Foreigners Individuals	2.72%	2.60%	713,077.6
Foreigners Institutions	16.16%	11.88%	24,755,628.9
Foreigners	**18.88%**	**14.47%**	**25,468,706.5**

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

Global Economic Data and Earnings Calendar

Global Economic Data

Date	Market	Source	Indicator	Period	Actual	Consensus	Previous
09/30	US	Mortgage Bankers Association	MBA Mortgage Applications	25-Sep	-4.8%	–	6.8%
09/30	US	Bureau of Economic Analysis	GDP Annualized QoQ	2Q2020	-31.4%	-31.7%	-31.7%
09/30	UK	UK Office for National Statistics	GDP QoQ	2Q2020	-19.8%	-20.4%	-20.4%
09/30	UK	UK Office for National Statistics	GDP YoY	2Q2020	-21.5%	-21.7%	-21.7%
09/30	France	INSEE National Statistics Office	CPI MoM	Sep	-0.5%	-0.4%	-0.1%
09/30	France	INSEE National Statistics Office	CPI YoY	Sep	0.1%	0.2%	0.2%
09/30	France	INSEE National Statistics Office	PPI MoM	Aug	0.1%	–	0.4%
09/30	France	INSEE National Statistics Office	PPI YoY	Aug	-2.5%	–	-2.5%
09/30	China	Markit	Composite PMI	Sep	55.1	–	54.5
09/30	China	China Federation of Logistics	Manufacturing PMI	Sep	51.5	51.3	51
09/30	China	China Federation of Logistics	Non-manufacturing PMI	Sep	55.9	54.7	55.2
09/30	China	Markit	Caixin China PMI Mfg	Sep	53.0	53.1	53.1

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 3Q2020 results	No. of days remaining	Status
QNBK	QNB Group	11-Oct-20	10	Due
MARK	Masraf Al Rayan	11-Oct-20	10	Due
QIBK	Qatar Islamic Bank	14-Oct-20	13	Due
ERES	Ezdan Holding Group	14-Oct-20	13	Due
IHGS	INMA Holding Group	18-Oct-20	17	Due
QGTS	Qatar Gas Transport Company Limited (Nakilat)	19-Oct-20	18	Due
QEWS	Qatar Electricity & Water Company	19-Oct-20	18	Due
QIGD	Qatari Investors Group	19-Oct-20	18	Due
ABQK	Ahli Bank	21-Oct-20	20	Due
DHBK	Doha Bank	27-Oct-20	26	Due
MERS	Al Meera Consumer Goods Company	28-Oct-20	27	Due
ORDS	Ooredoo	28-Oct-20	27	Due
UDCD	United Development Company	28-Oct-20	27	Due
AKHI	Al Khaleej Takaful Insurance Company	29-Oct-20	28	Due
AHCS	Aamal Company	29-Oct-20	28	Due

Source: QSE

News

Qatar

- **IHGS to disclose 3Q2020 financial statements on October 18 –** Inma Holding (IHGS) intends to disclose the 3Q2020 financial statements for the period ending September 30, 2020, on October 18, 2020. (QSE)
- **ABQK to disclose 3Q2020 financial statements on October 21 –** Ahli Bank (ABQK) intends to disclose the 3Q2020 financial statements for the period ending September 30, 2020, on October 21, 2020. (QSE)
- **AKHI to disclose 3Q2020 financial statements on October 29 –** Al Khaleej Takaful Insurance Company (AKHI) intends to disclose the 3Q2020 financial statements for the period ending September 30, 2020, on October 29, 2020. (QSE)
- **Medicare Group discloses a court ruling –** Medicare Group discloses that the company has been informed by the external law firm that a court judgment issued this on September 30, 2020 in the civil lawsuit No. 4048/2017 filed by the company against the National Health Insurance Company - SEHA (under liquidation) and other defendants, requesting the court to oblige the defendants to: Pay Medicare Group the outstanding amounts for the health services provided by the company to the insured citizens pursuant to the agreement signed between the parties, in addition to the demurrages due to delay in payment. To nullify the decision of liquidating the first defendant. Declare the first defendant's bankruptcy. The court has issued the following Verdict: (1) Not to accept the case against the second and third litigants. (2) Oblige the first defendant (National Health Insurance Company) to pay the plaintiff an amount of QR125,683,595 and the amount of QR5,000,000 as compensation. (3) Reject the other demands. (4) Oblige the defendant to pay the expenses. (QSE)
- **Qatar Petroleum announces fuel prices in Qatar for October –** Customers will have to pay a bit more for fuel in Qatar in October, unless they are buying diesel. Announcing the fuel prices in Qatar for October, Qatar Petroleum said premium grade petrol will cost QR1.25 per liter, while the super grade petrol will retail at QR1.30 per liter. Both fuel grades were QR0.05 cheaper in September. However, diesel is priced QR1.15 per liter for October, QR0.10 cheaper than its price in September. (Qatar Tribune)
- **Moody's: Qatar expected to retire debt using accumulated contingency reserve funds –** Qatar is expected to retire debt using accumulated contingency reserve funds, global rating agency Moody's said and noted it understands that Qatar's government has now approved a plan to use $20bn (or 13% of 2020 GDP) to reduce its gross borrowing requirement during 2020-21. According to Moody's, Qatar will reduce its debt burden below 50% of GDP from an estimated peak of around 68% of GDP in 2020 through the combination of announced fiscal consolidation measures and a planned debt reduction exercise, which will draw on the government's accumulated contingency reserves. Recently, Moody's affirmed Qatar's long-term issuer and foreign-currency senior unsecured debt ratings at 'Aa3' and maintained the 'Stable' outlook. The increase in government debt during 2018-19, prior to the coronavirus shock, Moody's noted was exclusively due to the government's decision to borrow in excess of its budget financing needs. Despite small fiscal surpluses in both 2018 and 2019 (averaging 1.6% of GDP) and a very modest external debt repayment schedule ($3bn), the government raised $33.5bn from external borrowing during those two years, including $24bn from large multi-tranche issuances of international bonds. While this has facilitated a small reduction in domestic debt, Moody's assumes that most of this borrowing has been saved as part of contingency reserve funds of the Ministry of Finance with the intention to build precautionary buffers and use some of this saving for the repayment of large external maturities ($10.9bn) in 2020 while also taking advantage of favorable external financing conditions. (Gulf-Times.com)
- **S&PGR places 'A' rating on Ras Laffan Liquefied Natural Gas Co. Ltd. (3) on CreditWatch 'Positive' –** S&P Global Ratings (S&PGR) placed its 'A' rating on Ras Laffan Liquefied Natural Gas Co. Ltd. (3) on CreditWatch 'Positive'. Ras Laffan Liquefied Natural Gas Co. Ltd. (II) is expected to repay all of its remaining debt and Ras Laffan Liquefied Natural Gas Co. Ltd. (3) will likely repay two out of its six tranches of debt. The deleveraging will likely strengthen the project's debt service coverage ratios. The CreditWatch reflects the potential for an upgrade following the debt repayment. Ras Laffan Liquefied Natural Gas Co. Ltd. (II), or RLII, and Ras Laffan Liquefied Natural Gas Co. Ltd. (3), RL3, are liquefied natural gas (LNG) production facilities in Qatar (AA-/Stable/A-1+). The two entities, collectively known as RL, were set up to enter into limited recourse financings for the purpose of designing, building, and operating LNG trains 3, 4, and 5 (in the case of RLII), and trains 6 and 7 (RL3). RLII and RL3 have a design production capacity of 14.1mn metric tons per annum (mtpa) and 15.6 mtpa production capacity, respectively. The debt issuance was used to refinance the construction costs of RLII, and to fund the remaining construction activities of RL3, which were finalized in 2011 following the completion of train 7. RL currently has a total of $2.8bn senior debt outstanding as of end-December 2019. Cash flow is generated predominantly from the sale of LNG under sale and purchase agreements with importers of LNG in Europe, Asia, and the US Other revenue comes from the sale of condensates and liquefied petroleum gas. (Bloomberg)
- **Moody's announces completion of a periodic review of ratings of Industries Qatar –** Moody's Investors Service (Moody's) has completed a periodic review of the ratings of Industries Qatar and other ratings that are associated with the same analytical unit. The review did not involve a rating committee. Industries Qatar (IQCD) falls under Moody's Government-Related Issuer (GRI) methodology given the group's ownership structure and links to the Government of Qatar ('Aa3' rating) through its various mandates. The company's 'A1' issuer rating combines a baseline credit assessment (BCA) of 'baa1' and a three-notch GRI uplift, based on the assumption of 'very high' interdependence between the government and IQCD and 'high' likelihood of extraordinary support being provided to the company from the government if ever required. The 'baa1' BCA,

which is a measure of stand-alone credit quality, is underpinned by IQCD's (1) solid competitive position as a world-class low-cost producer; (2) very strong financial profile, with no debt on the balance sheet; and (3) a high degree of integration between IQCD and Qatar Petroleum (QP, 'Aa3' rating), notably through board representation, shared management and QP's control over key IQCD group financial policies, as well as financial and investment decisions at the operating company level. Long-term competitive feedstock agreements with QP give IQCD a degree of resilience to various down cycles in the sectors in which it operates. IQCD's 'baa1' BCA is constrained by its scale, concentration risks and exposure to the volatility in the petrochemical, fertilizer and steel industries. (Bloomberg)

- **QCB's August foreign reserves rise MoM & YoY to QR203.7bn –** Qatar Central Bank (QCB) has published Qatar's foreign reserves for August on its website. International reserves and foreign currency liquidity rose to QR203.7bn from QR203.5bn in July. Reserves were up 3.4% from the same period last year. Gold was up 3.6% MoM and 53% YoY to QR11.5bn. Other reserves of assets was unchanged MoM, while it was up 0.5% YoY to QR55.9bn. (Bloomberg)
- **Qatar tourism revenue falls 60% in 2Q2020 –** Income from foreign visitors to Qatar fell 60% to QR1.94bn in 2Q2020 compared with the same period last year, according to data from Qatar Central Bank. This is the lowest number since March 31, 2012. Revenue from tourism accounted for 12% of services exports, down from 27% a year earlier, and 5.9% of the country's total export of goods and services. In the same time, residents from Qatar spent QR4.45bn ($1.21bn) abroad, down 49% from last year. The Qatari Riyal strengthened 0.8% against the dollar in 2Q2020 and strengthened 0.6% over the past year. (Bloomberg)
- **Winter LNG demand climbs 4.5% as supply returns –** The global gas market will move past the impact of COVID-19 as it enters peak demand season. Summer liquefied natural gas demand is estimated to be 3.6% lower than last year, but winter 2020-21 - the period between October 2020 and March 2021 is set to see a 4.5% growth over last winter 2019-20. Global LNG supply rebounds into the fourth quarter, particularly in the US, to cater to Asia's increased gas needs. (Bloomberg)

International

- **US private payrolls accelerate in September; many challenges loom –** US private employers stepped up hiring in September, but diminishing government financial assistance and a resurgence in new COVID-19 cases in some parts of the country could slow the labor market's recovery from the pandemic. Other data on Wednesday confirmed that the economy suffered its sharpest contraction in at least 73 years in the second quarter because of the disruptions from the coronavirus. Record growth is predicted in the third quarter, buoyed by fiscal stimulus and the resumption of many business operations. But without another rescue package, rising coronavirus infections and political uncertainty that could extend beyond the November 3 presidential election, gross domestic product estimates for the fourth quarter are being slashed. Private payrolls increased by 749,000 jobs this month after rising 481,000 in August, the ADP National Employment Report showed. Economists polled by Reuters had forecast private payrolls would rise by 650,000 in September. Employment gains were spread across all industries and company size. Manufacturing payrolls increased by 130,000 jobs and employment at construction sites rose 60,000. Hiring in the services industries advanced 552,000, with trade, transportation and utilities leading the gains. The ADP report is jointly developed with Moody's Analytics. Though it has fallen short of the government's private payrolls count since May because of methodology differences, it is still watched for clues on the labor market's health. (Reuters)
- **UK GDP collapsed nearly 20% in second quarter in historic COVID hit –** Britain suffered a record collapse in economic output in the second quarter of 2020 when COVID-19 lockdown measures were in full force, though the decline was slightly smaller than first estimated. GDP shrank by 19.8% in the three months to June, the Office for National Statistics said, slightly less than the initial estimate of a quarterly 20.4% crash but still more than for any other major advanced economy. The fall was the biggest since the ONS records began in 1955. Other data has suggested Britain is on course for its biggest annual fall since the 1920s. Britain's economy had already shrunk by 2.5% in the January-March period as the country entered lockdown in late March. Output has rebounded in recent months but the recovery looks to be fading with rising coronavirus cases and forecasts of a jump in unemployment as the government scales back job support. Households saved a record 29.1% of their income, up from 9.6% in the first quarter, as they were unable to spend in many shops and restaurants during the lockdown, while incomes were supported by a government job program which ends next month. (Reuters)
- **EY Brexit tracker: More than 7,500 finance jobs have left Britain for Europe –** More than 7,500 finance jobs and a trillion pounds in assets have already left Britain for the European Union as banks prepare for full-blown Brexit in January, EY consultants said on Thursday. Banks, insurers and asset managers have opened new or expanded existing hubs in the EU to continue serving their clients given that future access will be more limited once transition arrangements expire on December 31. The number of jobs and amount of assets is still a fraction of total jobs and assets held by Britain's financial sector. But there could still be a flurry of further staff and operational announcements in the weeks before the year end, said Omar Ali, UK financial services managing partner at EY. EY said its Brexit Tracker showed that companies have also been hiring for more than 2,800 new roles in Europe since Britain voted to leave the EU in 2016. Assets worth over 1.2tn Pounds ($1.55tn) belonging to EU customers have also been moved from London to the bloc, where Dublin remains the most popular destination for new hubs, followed by Luxembourg, Frankfurt and Paris, EY said. The EU has said it will only offer selective access for the City of London's range of financial services under its "equivalence" system, under which access is only allowed if Britain's finance regulations are equivalent to the EU's. The Tracker monitors statements from 222 of the biggest financial firms that have significant operations in Britain, with latest data up to September 30. (Reuters)
- **ECB's Lagarde sets scene for Fed-like strategy overhaul –** European Central Bank (ECB) President Christine Lagarde set

the scene on Wednesday for a change of strategy that could align the ECB with the US Federal Reserve, possibly including a commitment to let inflation overshoot after it has been low for too long. Inflation in the euro zone has missed the ECB's target of "below but close to 2%" for more than seven years, despite increasingly aggressive stimulus from the central bank, which has pushed its main interest rate below zero and bought more than 3tn Euros ($3.51tn) worth of assets. In her first update on the ECB's current review of its strategy, Lagarde also raised the idea that the ECB might in future focus on achieving that elusive goal more quickly. The ECB is widely expected to follow in the footsteps of the Fed, which said last month it would aim for inflation of 2% on average, so that periods when prices grow too slowly can be compensated for with faster increases at another time. French Central Bank Chief Francois Villeroy de Galhau added that the ECB's aim is already not too different from that of the US Central Bank and should produce similar results. (Reuters)

- **Pompeo delivers warning to Italy over China's economic influence, 5G –** US Secretary of State Mike Pompeo delivered a warning to Italy over its economic relations with China on Wednesday, and described Chinese mobile telecoms technology as a threat to Italy's national security and the privacy of its citizens. "The foreign minister and I had a long conversation about the United States' concerns at the Chinese Communist Party trying to leverage its economic presence in Italy to serve its own strategic purposes," Pompeo told a joint news conference with Foreign Minister Luigi Di Maio. "The US also urges the Italian government to consider carefully the risks to its national security and the privacy of its citizens presented by technology companies with ties to the Chinese Community Party." Di Maio said the Italians were aware of US concerns over Chinese 5G technology, and "fully realize the responsibility faced by every country when dealing with security". US attention has focused particularly on Huawei Technologies, the world's biggest telecoms equipment maker. Washington has told its European allies the Chinese firm poses a security threat, noting that Chinese companies and citizens must by law aid the state in intelligence gathering. Huawei has denied it poses a risk. The head of its Italian unit said on Wednesday it was ready for any scrutiny to show that its technology was safe. (Reuters)
- **Japan's factory output rises for third month in August –** Japan's factory output rose for the third straight month in August, in a positive sign for manufacturers as economic activity gradually recovered further from the impact of the coronavirus pandemic. Demand among Japan's global trading partners, and especially China, has come off lows seen earlier this year when the virus crisis forced governments to impose lockdowns that hurt global trade and production. Separate data showed retail sales posted their sixth straight month of declines in August as worries over a fragile economic recovery kept a lid on consumer spending. Official data released on Wednesday showed factory output increased 1.7% in August from the previous month, boosted by rebounding production of automobiles and car parts as well as iron, steel and non-ferrous metals. August's rise, which was much slower than the previous month's record 8.7% gain, came in largely in line with the median market forecast of 1.5% growth in a Reuters poll of economists. But analysts said the recovery in car output was expected to fade in the coming months as a resurgence in coronavirus infections around the world would likely lead to weaker demand. Manufacturers expect output to rise 5.7% in September and 2.9% in October, the Ministry of Economy, Trade and Industry (METI) said. (Reuters)
- **Japan business sentiment perks up as hit from pandemic begins to ease –** Japanese business sentiment improved in July-September from a 11-year low hit three months ago, a key central bank survey showed, in a sign the economy is gradually emerging from the devastating hit from the coronavirus pandemic. The data offers some hope for new Prime Minister Yoshihide Suga's efforts to achieve an economic revival from the crisis and pave the way for hosting next year's Tokyo Olympic Games. But factory activity remained shaky and corporate capital expenditure plans were at their weakest since the 2009 global financial crisis, underscoring the challenge of pulling the world's third-largest economy sustainably out of its slump. As the pandemic's pain persists, a ruling party heavyweight signaled Japan's readiness to compile a "large-scale, bold" additional spending package. The headline index for big manufacturers' sentiment improved to minus 27 in September, off a 11-year low of minus 34 in June but worse than a median market forecast of minus 23, the Bank of Japan's closely watched "tankan" survey showed on Thursday. While it showed many firms remain downbeat, it was the first sign of improvement in nearly three years. Big non-manufacturers' sentiment also recovered to minus 12 from minus 17 in June, worse than a Reuters poll of minus 9 but the first improvement in five quarters. Big firms plan to raise their capital expenditure by just 1.4% in the current business year to March 2021, lower than a 3.2% increase projected in June. Total spending plans by companies of all size and industry for the current fiscal year fell 2.7%, the biggest drop marked in any September survey since fiscal 2009, the tankan showed. (Reuters)
- **India posts record current account surplus in June quarter –** India's current account surplus rose to a record $19.8bn in April-June as its trade deficit narrowed sharply, the Reserve Bank of India said on Wednesday. The current account figure for the first quarter of the fiscal year compared with a surplus of $600mn in the Jan-March quarter, which was the country's first surplus in 13 years. The surplus stood at 3.9% of GDP in the latest quarter, compared with a deficit of $15bn or 2.1% in the same period a year ago, RBI data showed. The higher balance-to-GDP ratio is primarily due to sharp contractions in both the trade deficit and economic activity, said Rupa Rege Nitsure, chief economist at L&T Financial Services. The country's merchandise trade balance recorded a deficit of $10bn in April-June, sharply lower than the deficit of $46.8bn in the same quarter a year ago. India's economy contracted by 23.9% in the June quarter, far worse than economists had predicted, as sweeping coronavirus restrictions paralyzed business and consumer activity. They are now predicting around a 10% contraction for the full year 2020/21. Net services receipts remained stable, primarily on the back of net earnings from computer services, the RBI said. (Reuters)
- **Brazil registers strongest August formal job growth in a decade –** Formal job creation in Brazil accelerated sharply in August,

figures showed on Wednesday, as industry and manufacturing led the strongest job growth in a decade for that month and services finally showed signs of a recovery in employment. A net 248,388 formal jobs were created in August, the economy ministry said, marking the second month in a row of job gains and almost double the 130,000 forecast in a Reuters poll of economists. It was the highest figure for any August since 2010 when 299,415 jobs were created, and reduced the net number of formal job losses in the first eight months of this year to 849,387. In the month, 1.24mn jobs were created and 990,090 were cut. Industry led the way with 92,893 new jobs, followed by construction (50,489), trade (49,408), services (45,412) and agriculture (11,213), the figures showed. Services, which account for around 70% of economic activity in Brazil, had been shedding jobs recently even as industry, manufacturing and construction had been recovering from the worst of the coronavirus pandemic earlier in the year. (Reuters)

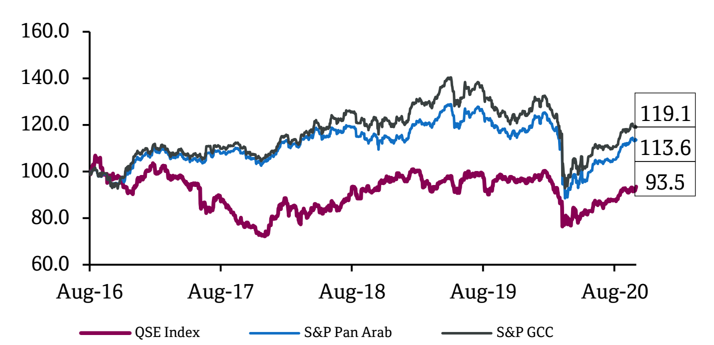
Regional

- **OPEC September oil output rises for third month on Libya restart, Iran –** OPEC oil output has risen for a third month in September, a Reuters survey found, as a restart of some Libyan installations and higher Iranian exports offset strong adherence by other members to an OPEC-led supply cut deal. The 13-member OPEC pumped 24.38mn bpd on average in September, the survey found, up 160,000 bpd from August's revised figure and a further boost from the three-decade low reached in June. An increase in OPEC supply since August and concerns of a new demand hit as coronavirus cases rise have weighed on oil prices, which have fallen 10% in September to near $40 a barrel. OPEC is monitoring Libyan output, which has failed to sustain restarts in the past. "While demand struggles to keep up, supply is rising," Analyst at Rystad Energy, Paola Rodriguez-Masiu said. "Libya's production is coming back." Libya and Iran are two of the OPEC members exempt from an supply pact by OPEC and allies including Russia, known as OPEC+. The pact has helped to boost prices in 2020 from historic lows in April as the coronavirus crisis destroyed demand. (Reuters)
- **OPEC July crude supply to US slumps after rising on price war –** Crude deliveries from OPEC to the US declined by nearly half to 27.3mn bbl in July, after surging in May and June in the wake of price war between Russia and Saudi Arabia, according to EIA's Petroleum Supply Monthly (PSM) report. OPEC shipments reached 43.2mn bbl in May and 41.4mn bbl in June. Saudi Arabia sent 19.9mn bbl in July compared to 35.7mn bbl in May, 36.2mn bbl in June. (Bloomberg)
- **Saudi Arabia to cut spending next year, sees economy bouncing back –** Saudi Arabia plans to cut spending by 7.5% in next year's budget to SR990bn from this year's SR1.07tn, according to a preliminary budget statement published on Wednesday. But despite a significant drop in revenue this year and a slowdown in economic activity, it expects the economy to bounce back to growth next year as it improves its management of the coronavirus crisis. The retrenchment in spending comes as the world's largest oil exporter faces an economic contraction caused by the pandemic, a drop in oil prices, and crude production cuts. For next year, the government "seeks to preserve the fiscal and economic gains achieved in recent years and to achieve the goals of stability, fiscal discipline, and spending efficiency," the ministry of finance said in the statement. Riyadh expects a 12% budget deficit for 2020, falling to 5.1% next year, the document showed. Spending is expected to decrease to SR955bn and SR941bn in 2022 and 2023, respectively, with the deficit shrinking to 3% and 0.4% in those two years. (Reuters)
- **Saudi government expects inflation to hit 3.7% after VAT hike –** Saudi Arabia's government expects inflation to reach 3.7% in 2020, partially due to an increase in its value-added tax rate, it said in a preliminary budget statement on Wednesday. The government expects inflation to hit 2.9% in 2021, the document showed. (Reuters)
- **Saudi unemployment spikes as virus-hit economy shrinks by 7% in second-quarter –** Saudi Arabia's economy shrank by 7% in the second quarter, a sign of how deeply the new coronavirus hit both the oil and non-oil sectors, while unemployment hit a record high of 15.4%, official data showed on Wednesday. The world's largest oil exporter is facing a deep recession after the COVID-19 pandemic curbed global crude demand and measures to contain the coronavirus hurt domestic activity. "The private sector and the government sector recorded a negative growth rate of 10.1% and 3.5%, respectively," said the General Authority for Statistics. The Saudi unemployment rate was "largely impacted by the effects of the COVID-19 pandemic on the Saudi economy," it said. In the first quarter, Saudi Arabia posted a 1% economic contraction, but that only captured part of the oil price collapse and the impact of the pandemic, which escalated in March. Back then, the oil sector slumped by 4.6%, while the non-oil sector posted a positive growth rate of 1.6%. (Reuters)
- **Saudi Aramco boosts Propane, Butane prices for Asia in October –** Saudi Aramco set LPG contract prices for October-loading cargoes for Asian customers, a company official said. October Propane prices stood at $375 per ton, up from $365 per ton a month earlier, October Butane at $380 per ton, up from $355 per ton a month earlier. (Bloomberg)
- **Arabtec shareholders vote to liquidate the Dubai construction firm –** Arabtec Holding shareholders authorized the board of the Dubai-listed construction company on Wednesday to file for liquidation due to its untenable financial position following the fallout from the coronavirus pandemic, an internal company email said. Shareholders also authorized Arabtec to appoint AlixPartners and Matthew Wilde, or any other person or persons the board considered fit, as liquidator, sources told Reuters. "Unfortunately, against a backdrop of adverse market conditions, we regret to inform you that Arabtec shareholders voted to adopt a plan of liquidation and dissolution due to the company's untenable financial situation," the company said. Arabtec held a general assembly on Wednesday to decide whether to continue operating or liquidate and dissolve the firm after the COVID-19 pandemic hit projects and led to additional costs. (Reuters)
- **ADNOC says new oil trading arm starts derivatives trading –** Abu Dhabi National Oil Company (ADNOC) said on Wednesday that one of its new trading entities, ADNOC Trading, has started derivatives trading. "ADNOC has incorporated two trading units, ADNOC Trading (AT), which focuses on the trading of crude oil, and ADNOC Global Trading (AGT) a joint

venture with ENI and OMV that will focus on the trading of refined products," ADNOC said in a statement. AT will focus on the trading of crude oil, while AGT, which is a joint venture with Italy's ENI and Austria's OMV will be trading in refined products, ADNOC said. (Reuters)

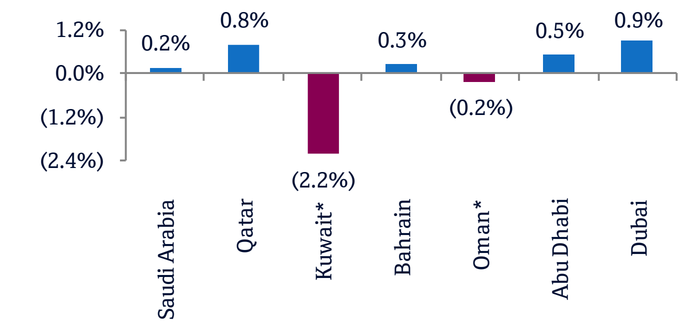
- **ADNOC Distribution on track to deliver 50-60 stations by year-end –** ADNOC Distribution is on track to deliver 50-60 stations by year-end. It includes 20-25 new stations in Dubai, ADNOC Distribution said. It is confident in its ability to pay "generous dividend" while maintaining capacity to deploy capital to expand fuel station network, with focus on Dubai market, investing in non-fuel and international business expansion. As of end-June, the company held AED2.4bn in cash and cash equivalents (including term deposits), AED2.8bn in unutilized revolving credit facilities. (Bloomberg)
- **ADNOC seen keeping Murban OSP unchanged for November –** Abu Dhabi National Oil Co. (ADNOC) may keep the official selling price of its Murban crude unchanged at a $0.50 per bbl discount to the Dubai benchmark for November sales, according to the median estimate in a Bloomberg survey. Of the six refiners and traders surveyed, three predicted the OSP differential to remain unchanged, one forecast a $0.05 per bbl increase and another estimated a gain of $0.10-$0.20. (Bloomberg)
- **FAB issues $750mn benchmark Tier 1 six-year bond –** First Abu Dhabi Bank (FAB), has announced the issuance of a $750mn benchmark fixed rate Additional Tier 1 perpetual non-call six-year bond. "FAB attracted a quality orderbook of over $1.5bn with strong participation from more than 115 accounts. Despite the volatile and challenging market backdrop, FAB successfully achieved its target size of $750mn at a price of 4.5%, making this the lowest yield for a USD Reg S AT1 from the MENA region," the bank said. Commenting on the announcement, Head of Group Funding at FAB, Rula AlQadi said, "We are delighted with the outcome on our AT1 issuance. To be able to achieve our size and price aspirations in challenging markets with a well-diversified international investor base is a fantastic outcome and reflects FAB's strong credit fundamentals with international investors." (Zawya)
- **Kuwait's debt law gridlock poses first economic test for new Emir –** Kuwait's new Emir Sheikh Nawaf Al-Ahmad Al-Sabah faces the urgent task of overcoming legislative gridlock on debt legislation needed to tackle a liquidity crisis in the wealthy oil producing country. Parliament has repeatedly blocked the bill, which would allow Kuwait to tap international debt markets, but the issue has gained urgency as low oil prices and COVID-19 strained state finances and led to the rapid depletion of available cash reserves. The new ruler, sworn in on Wednesday after the death of his brother Emir Sheikh Sabah Al-Ahmad Al-Sabah, takes the helm with the nearly $140 billion economy facing a yawning deficit of $46bn this year. Oil prices at some $40 a barrel are largely below what is needed to balance the OPEC member state's budget, in which public sector salaries and subsidies accounted for 71% of spending for the 2020-2021 fiscal year. (Reuters)
- **Rolls-Royce ends talks with Singapore, Kuwait funds, Sky says –** Rolls-Royce Holdings has ended talks to raise $645mn from sovereign funds in Singapore and Kuwait and will instead seek to raise £2bn from existing shareholders, Sky reported. Current owners opposed the dilution that would occur bringing outside investors into the £2.5bn fundraising effort, the outlet reported, citing sources. The UK maker of aircraft engines is likely to unveil a financing package as soon as Thursday that also includes additional borrowing power, Sky said. (Bloomberg)
- **Bahrain August consumer prices fall 3.6% YoY; rise 0.3% MoM –** Information & eGovernment Authority in Manama published Bahrain's August consumer prices which showed that consumer prices fell 3.6% YoY, however rose 0.3% MoM. (Bloomberg)

Rebased Performance



Source: Bloomberg

Daily Index Performance



Source: Bloomberg (*Data as of September 29, 2020)

Asset/Currency Performance	Close ($)	1D%	WTD%	YTD%
Gold/Ounce	1,885.82	(0.6)	1.3	24.3
Silver/Ounce	23.24	(3.9)	1.5	30.2
Crude Oil (Brent)/Barrel (FM Future)	40.95	(0.2)	(2.3)	(38.0)
Crude Oil (WTI)/Barrel (FM Future)	40.22	2.4	(0.1)	(34.1)
Natural Gas (Henry Hub)/MMBtu	1.63	(4.1)	(14.2)	(22.0)
LPG Propane (Arab Gulf)/Ton	50.50	0.5	(0.5)	22.4
LPG Butane (Arab Gulf)/Ton	56.50	2.7	2.7	(13.7)
Euro	1.17	(0.2)	0.8	4.5
Yen	105.48	(0.2)	(0.1)	(2.9)
GBP	1.29	0.4	1.4	(2.5)
CHF	1.09	(0.2)	0.8	5.1
AUD	0.72	0.4	1.9	2.0
USD Index	93.89	(0.0)	(0.8)	(2.6)
RUB	77.63	(1.8)	(0.7)	25.2
BRL	0.18	0.4	(0.8)	(28.3)

Source: Bloomberg

Global Indices Performance	Close	1D%*	WTD%*	YTD%*
MSCI World Index	2,367.27	0.3	1.7	0.4
DJ Industrial	27,781.70	1.2	2.2	(2.7)
S&P 500	3,363.00	0.8	2.0	4.1
NASDAQ 100	11,167.51	0.7	2.3	24.5
STOXX 600	361.09	(0.2)	2.5	(9.4)
DAX	12,760.73	(0.6)	3.2	0.7
FTSE 100	5,866.10	(0.1)	2.0	(24.3)
CAC 40	4,803.44	(0.7)	2.5	(16.1)
Nikkei	23,185.12	(1.4)	(0.0)	1.1
MSCI EM	1,082.00	1.2	2.2	(2.9)
SHANGHAI SE Composite	3,218.05	0.2	0.4	8.2
HANG SENG	23,459.05	0.8	1.0	(16.4)
BSE SENSEX	38,067.93	0.5	2.0	(10.7)
Bovespa	94,603.40	1.3	(3.8)	(41.7)
RTS	1,178.51	2.0	1.2	(23.9)

Source: Bloomberg (*$ adjusted returns)

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