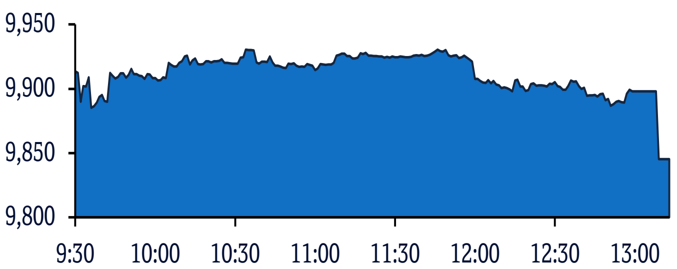
Daily Market Report

Tuesday, 01 September 2020

QSE Intra-Day Movement



Qatar Commentary

The QE Index declined 0.8% to close at 9,845.2. Losses were led by the Telecoms and Industrials indices, falling 1.4% and 1.2%, respectively. Top losers were Industries Qatar and QNB Group, falling 2.0% and 1.8%, respectively. Among the top gainers, Salam International Investment Ltd. gained 7.3%, while Aamal Company was up 4.5%.

GCC Commentary

Saudi Arabia: The TASI Index fell 0.5% to close at 7,940.7. Losses were led by the Media & Entertainment and Software & Services indices, falling 1.7% and 1.6%, respectively. Saudi Arabian Fertilizer Company and Saudi Research and Marketing were down 2.9% each.

Dubai: The DFM Index fell 0.7% to close at 2,245.3. The Banks index declined 1.2%, while the Consumer Staples and Discretionary index fell 0.8%. Dar Al Takaful declined 4.9%, while Ekttitab Holding Company was down 4.8%.

Abu Dhabi: The ADX General Index fell 0.4% to close at 4,519.3. The Telecommunication index declined 1.2%, while the Banks index fell 0.7%. Abu Dhabi National Co. for Building Materials declined 5.0%, while Al Qudra Holding was down 4.6%.

Kuwait: The Kuwait All Share Index fell 0.3% to close at 5,294.3. The Real Estate index declined 1.3%, while the Utilities index fell 1.2%. Salbookh Trading Company declined 7.7%, while Gulf Cement Company was down 5.7%.

Oman: The MSM 30 Index gained 0.5% to close at 3,771.9. Gains were led by the Financial and Services indices, rising 0.7% and 0.3%, respectively. Oman Oil Marketing Company rose 5.9%, while Al Maha Petroleum Products was up 3.5%.

Bahrain: Market was closed on August 31, 2020.

Market Indicators	31 Aug 20	30 Aug 20	%Chg.
Value Traded (QR mn)	794.5	533.4	49.0
Exch. Market Cap. (QR mn)	570,037.0	575,749.6	(1.0)
Volume (mn)	407.1	411.4	(1.1)
Number of Transactions	12,833	10,363	23.8
Companies Traded	45	45	0.0
Market Breadth	17:27	25:18	–

Market Indices	Close	1D%	WTD%	YTD%	TTM P/E
Total Return	18,927.01	(0.8)	(0.4)	(1.3)	16.0
All Share Index	3,048.07	(0.9)	(0.6)	(1.7)	16.8
Banks	4,114.46	(1.1)	(1.2)	(2.5)	13.8
Industrials	2,958.37	(1.2)	(0.2)	0.9	25.7
Transportation	2,843.46	(0.1)	0.0	11.3	13.5
Real Estate	1,689.09	0.1	1.2	7.9	13.8
Insurance	2,137.41	0.5	1.1	(21.8)	32.8
Telecoms	910.29	(1.4)	(1.0)	1.7	15.3
Consumer	8,203.84	0.1	0.1	(5.1)	25.7
Al Rayan Islamic Index	4,061.97	(0.7)	0.1	2.8	18.9

GCC Top Gainers##	Exchange	Close#	1D%	Vol. '000	YTD%
Rabigh Ref. & Petrochem.	Saudi Arabia	14.28	7.0	17,170.3	(34.1)
Mouwasat Med. Services	Saudi Arabia	119.80	3.8	53.1	36.1
HSBC Bank Oman	Oman	0.10	3.2	3,230.4	(19.0)
Sohar International Bank	Oman	0.11	1.9	110.0	0.2
Boubyan Bank	Kuwait	0.58	1.8	2,898.2	(5.3)

GCC Top Losers##	Exchange	Close#	1D%	Vol. '000	YTD%
Saudi Arabian Fertilizer	Saudi Arabia	82.90	(2.9)	639.6	7.0
Emaar Economic City	Saudi Arabia	8.07	(2.8)	4,148.5	(15.5)
Almarai Co.	Saudi Arabia	53.70	(2.7)	1,076.3	8.5
Banque Saudi Fransi	Saudi Arabia	31.95	(2.6)	1,052.8	(15.7)
Co for Coop. Insurance	Saudi Arabia	79.00	(2.5)	399.9	3.0

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

QSE Top Gainers	Close*	1D%	Vol. '000	YTD%
Salam International Inv. Ltd.	0.65	7.3	106,367.9	24.8
Aamal Company	0.93	4.5	40,930.3	14.4
Ahli Bank	3.30	2.2	53.5	(1.0)
Qatar Navigation	5.97	1.5	2,210.9	(2.1)
Investment Holding Group	0.58	1.2	42,902.0	2.7

QSE Top Losers	Close*	1D%	Vol. '000	YTD%
Industries Qatar	9.86	(2.0)	4,631.5	(4.1)
QNB Group	18.00	(1.8)	8,887.1	(12.6)
Ezdan Holding Group	1.40	(1.5)	6,070.8	127.8
Qatar Islamic Insurance Company	6.35	(1.5)	20.6	(4.9)
Al Meera Consumer Goods Co.	19.97	(1.4)	285.3	30.5

QSE Top Volume Trades	Close*	1D%	Vol. '000	YTD%
Salam International Inv. Ltd.	0.65	7.3	106,367.9	24.8
Qatar Aluminium Manufacturing	0.99	(0.5)	52,655.2	26.1
Investment Holding Group	0.58	1.2	42,902.0	2.7
Aamal Company	0.93	4.5	40,930.3	14.4
United Development Company	1.24	0.5	20,386.4	(18.4)

QSE Top Value Trades	Close*	1D%	Val. '000	YTD%
QNB Group	18.00	(1.8)	160,738.6	(12.6)
Salam International Inv. Ltd.	0.65	7.3	67,895.1	24.8
Qatar Aluminium Manufacturing	0.99	(0.5)	52,576.4	26.1
Industries Qatar	9.86	(2.0)	45,925.4	(4.1)
Aamal Company	0.93	4.5	37,616.1	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*	9,845.17	(0.8)	(0.4)	5.1	(5.6)	612.91	155,392.1	16.0	1.5	4.1
Dubai	2,245.29	(0.7)	(1.1)	9.5	(18.8)	375.73	85,230.6	8.5	0.8	4.3
Abu Dhabi	4,519.32	(0.4)	(0.3)	5.0	(11.0)	199.77	185,019.4	16.5	1.3	5.4
Saudi Arabia	7,940.70	(0.5)	0.1	6.5	(5.3)	3,617.00	2,393,270.6	29.0	1.9	3.3
Kuwait	5,294.29	(0.3)	0.1	6.6	(15.7)	148.65	100,493.2	28.1	1.3	3.7
Oman	3,771.89	0.5	0.9	5.7	(5.3)	8.04	16,909.2	11.2	0.8	6.5
Bahrain#	1,380.89	0.6	1.9	7.0	(14.2)	7.15	21,006.1	12.9	0.9	5.2

Source: Bloomberg, Qatar Stock Exchange, Tadawul, Muscat Securities Market and Dubai Financial Market (** TTM; * Value traded ($ mn) do not include special trades, if any, #Data as of August 27, 2020)

Qatar Market Commentary

- The QE Index declined 0.8% to close at 9,845.2. The Telecoms and Industrials indices led the losses. The index fell on the back of selling pressure from GCC and Foreign shareholders despite buying support from Qatari and Arab shareholders.
- Industries Qatar and QNB Group were the top losers, falling 2.0% and 1.8%, respectively. Among the top gainers, Salam International Investment Ltd. gained 7.3%, while Aamal Company was up 4.5%.
- Volume of shares traded on Monday fell by 1.1% to 407.1mn from 411.4mn on Sunday. However, as compared to the 30-day moving average of 307.2mn, volume for the day was 32.5% higher. Salam International Investment Ltd. and Qatar Aluminium Manufacturing Company were the most active stocks, contributing 26.1% and 12.9% to the total volume, respectively.

Overall Activity	Buy %*	Sell %*	Net (QR)
Qatari Individuals	38.36%	32.49%	46,623,896.7
Qatari Institutions	23.59%	8.86%	117,063,609.6
Qatari	**61.95%**	**41.35%**	**163,687,506.3**
GCC Individuals	1.08%	0.60%	3,777,078.5
GCC Institutions	1.02%	15.26%	(113,152,661.4)
GCC	**2.10%**	**15.86%**	**(109,375,582.9)**
Arab Individuals	9.26%	7.60%	13,155,571.6
Arab Institutions	–	–	–
Arab	**9.26%**	**7.60%**	**13,155,571.6**
Foreigners Individuals	2.33%	2.04%	2,271,941.2
Foreigners Institutions	24.37%	33.15%	(69,739,436.3)
Foreigners	**26.70%**	**35.19%**	**(67,467,495.0)**

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

Global Economic Data

Date	Market	Source	Indicator	Period	Actual	Consensus	Previous
08/31	Germany	German Federal Statistical Office	CPI MoM	Aug	-0.1%	0.0%	-0.5%
08/31	Germany	German Federal Statistical Office	CPI YoY	Aug	0.0%	0.1%	-0.1%
08/31	Japan	Ministry of Economy Trade and Industry	Industrial Production MoM	Jul	8.0%	5.0%	1.9%
08/31	Japan	Ministry of Economy Trade and Industry	Industrial Production YoY	Jul	-16.1%	-17.5%	-18.2%
08/31	Japan	Economic and Social Research I	Consumer Confidence Index	Aug	29.3	28.5	29.5
08/31	China	Markit	Composite PMI	Aug	54.5	–	54.1
08/31	China	China Federation of Logistics	Manufacturing PMI	Aug	51.0	51.2	51.1
08/31	China	China Federation of Logistics	Non-manufacturing PMI	Aug	55.2	54.2	54.2
08/31	India	Ministry of Statistics and Programme Implementation	GDP YoY	2Q2020	-23.9%	-18.0%	3.1%
08/31	India	Ministry of Statistics and Programme Implementation	GVA YoY	2Q2020	-22.8%	-18.8%	3.0%

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

News

Qatar

- **QCB: Qatar official reserves rise to record in July –** Official reserve assets of Qatar were little changed from the previous month at QR203.5bn in July, according to Qatar Central Bank (QCB) figures. Reserves were up 3.8% from the same period last year. Gold reserves were up 18% MoM, 69% YoY to QR11.1bn. Other reserves assets remained unchanged MoM, up 0.8% YoY to QR55.7bn. (Bloomberg)
- **Qatar Petroleum announces fuel prices for September 2020 –** Qatar Petroleum (QP) announced on Monday the diesel and gasoline prices for the month of September 2020, showing a stability compared to the previous month. Qatar Petroleum set the price of a liter of diesel at QR1.25 during the month of September compared to QR1.20 per liter during August, and set the price of Super Gasoline (95) at QR1.25 per liter for the month of September. Premium Gasoline (91) remained stable as Qatar Petroleum set its price at QR1.20 per liter for the next month compared to QR1.20 per liter during the month of August. (Bloomberg)
- **Ooredoo Qatar says network is ready for school re-openings but 70% of lessons remain online –** Ooredoo Qatar said its network is ready to cope with continued demand for efficiency as schools prepare to reopen. With 30% of lessons being offered physically and 70% remotely learning, demands on Ooredoo's network are expected to remain at the increased levels seen during lockdown. Ooredoo says there has been a rise in the number of voice calls and that each call has lasted twice as long. There has been an 11,000% increase in video calls and a 3,500% growth in online learning sessions. The operator has facilitated network upgrades and capacity boosts at hundreds of sites to cope with the demand for more and longer voice calls, while internet speeds were doubled free of charge to homes and businesses. Engineers worked around the clock to ensure a reliable network. (Bloomberg)
- **EIU: Qatar's ability to 'fully service' debt obligations remains strong amid COVID-19, oil price drop –** Qatar's ability to fully service its debt obligations remains strong, despite the economic shock from the coronavirus (COVID-19) pandemic and a collapse in oil prices, The Economist Intelligence Unit (EIU) has said in its latest country overview. This is supported by ample foreign reserves and the assets of the Qatar Investment Authority (QIA, the country's sovereign wealth fund), EIU noted. Qatar's banking sector is supported by a "robust" regulatory framework and "solid" capital and liquidity indicators, it said. Commercial banks have been increasing liquidity from abroad in the form of a number of debt issues, and cash injections from the QIA have bolstered banks' liquidity. The ratio of non-performing loans as a proportion of total loans has historically been low, but it is likely to rise in the short term, EIU said and indicated the country's banking sector risk is BB-rated. Although export earnings are expected to fall in 2020, EIU noted the riyal's peg to the US dollar is backed by "healthy" foreign reserves and QIA assets. "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. Currency risk is B-rated," the EIU overview showed. Qatar's "overdependence" on hydrocarbons exports leaves it exposed to global price movements, EIU said. In the short term, policy will continue to focus on addressing the economic fallout from the coronavirus pandemic and weak international oil prices. Qatar's large stock of public debt "weighs" on the outlook, but a sound financial system is supportive and said the economic structure risk is B-rated. According to EIU, Qatar's overall business environment score has improved from 6.7 for the historical period (2015-19) to 7.2 for the forecast period (2020-24). This has helped Qatar's global ranking improve by seven places from 35th to 28th, although its regional ranking remains steady at third. (Gulf-Times.com)
- **Qatar's automobile sector grows double-digit MoM in July –** Qatar's automobile sector seems to have regained momentum this July with the new registrations — especially of private vehicles, motorcycles and heavy equipment — growing by a robust double-digit month-on-month, according to the official statistics. The summer and Eid offers seem to have pushed the sales of new private vehicles in July, a month which saw the third phase of easing of the COVID-19 related restrictions. The total clearing vehicles were 126,176 units, which increased 1.7% and 18.2% MoM and YoY respectively in the review period, said the figures released by the Planning and Statistics Authority. The new vehicles segments rebounded, after a brief lull particularly due to social distancing measures, with their registration at 5,455 units, which represented 39.9% and 5.7% growth MoM and YoY respectively in July this year. The registration of new private vehicles stood at 3,233, registering 42.3% growth MoM but was down a marginal 0.1% on yearly basis in July 2020. These accounted for about 59% of the new vehicles registered this July. The registration of new private transport vehicles stood at 1,332; which constituted 24% of the total new vehicles in the review period. Such registrations saw 32.7% and 2.8% growth on monthly and yearly basis respectively in July 2020. (Gulf-Times.com)
- **PSA monthly bulletin: Number of sold properties increases 41.2% in July –** The number of sold properties in Qatar increased 41.2% in July 2020 compared to the previous month and 153.5% when compared with July in the previous year, according to a monthly bulletin released by Planning and Statistics Authority (PSA) on Monday. The highest share of the numbers and values of properties sold during July 2020 was vacant lands, which accounted for 56.7% of the total number of sold properties and 45.5% of the total values of sold properties. As for the banking sector, the total Broad Money Supply (M2) recorded about QR588.1bn during July 2020, an annual increase of 6.2% compared with July in the previous year. On the other hand, cash equivalents including commercial bank deposits amounted to QR878.1bn during July, 2020, an annual increase of 7.9% compared to July last year. (Qatar Tribune)
- **Kahramaa enters Guinness Book of records for largest drinking water storage tank –** Qatar General Electricity and Water Corporation (Kahramaa) achieved a new world record for the State of Qatar by entering the Guinness Book of Records for Largest Drinking Water Storage Tank. On its official website and in the approved certificate received by Kahramaa, the Guinness Book of Records indicated that the volume of the largest water tank of its kind in the world is more than 436,000

cubic meters (exceeding 96mn Imperial Gallons, 115mn US Gallons), which qualified Kahramaa to set a new world record that reflects the efficiency of its strategy to enhance water security in Qatar. Kahramaa had launched the strategic Water Security Mega Reservoirs Project in December 2018 as the largest expansion the country has ever seen, with a total capacity of about 1,500mn gallons, which would cover storage needs until 2026. Kahramaa plans to expand the project in the future, bringing the number of tanks to 40 with a capacity of nearly 4,000mn gallons, in line with the Qatar's requirements for water until 2036. (Qatar Tribune)

- **Phase 4 of lifting Covid-19 restrictions begins Tuesday –** Phase 4 of the gradual lifting of Covid-19 restrictions gets under way in Qatar on Tuesday with the resumption of Metro and public transport services, reopening of all mosques and start of the new school year, among several other key developments. The fourth phase has been divided into two stages, with the first one beginning Tuesday and the next one in the third week of September, as was announced by the Supreme Committee for Crisis Management recently. All precautionary and preventive measures have been put in place to ensure protection from the virus, and the public has been urged to follow the guidelines provided by the relevant authorities for everyone's safety. The first stage of Phase 4 includes the reopening of all mosques in the country to perform daily and Friday prayers, while toilets and ablution facilities will remain closed. Metro and public transport (bus) services will resume on Tuesday at 30% of their capacity, subject to compliance with the precautionary measures in place. Qatar Rail will open Legtaifiya station on the Doha Metro Red Line on Tuesday, while also offering Wi-Fi services across the rail network from Phase 4. Normal working hours will continue at malls while keeping the capacity to 50%, while food courts in malls will open at 30% of their capacity. Also, children will be allowed to enter malls now. (Gulf-Times.com)
- **'Dukan Bedaya' reopens at Katara Cultural Village –** Bedaya Center for Entrepreneurship and Career Development (Bedaya Center), a joint initiative by Qatar Development Bank and Silatech, have announced the reopening of 'Dukan Bedaya' at the Katara Cultural Village following the easing of coronavirus pandemic (COVID-19) restrictions in the third phase. Bedaya will also initiate the process of receiving applications from entrepreneurs keen on being part of the Dukan platform which provides them with the opportunity of launching their products, selling them, and showcasing them to the large segment of the society. Dukan Bedaya was established to support local projects to promote and sell their various products. It is one of the most creative and significant initiatives launched by Bedaya Center in 2017. (Gulf-Times.com)

International

- **US moves to curb steel imports from Mexico, Brazil –** US President Donald Trump's administration took new steps to curb steel imports from Brazil and Mexico on Monday, boosting protections for battered US steelmakers and jobs in the election battleground states of Pennsylvania, Ohio and Michigan. The US Trade Representative's office said it was reducing Brazil's remaining 2020 quota for semi-finished steel imports into the US to 60,000 metric tons from 350,000 tons "in light of recent deterioration in market conditions brought on by the COVID-19 pandemic affecting domestic steel producers." Brazil agreed to the quotas in 2018 in exchange for an exemption from Trump's 25% "Section 232" national security tariffs on steel imports. USTR said it will maintain existing quotas for other Brazilian-made steel products and will consult with Brazil about the country's 2021 quota for semi-finished steel in December, "by which time we hope market conditions will have improved." Mexico also agreed in consultations with USTR to establish a strict monitoring regime to address surges in steel pipe, mechanical steel tubing and semi-finished steel exports to the US. (Reuters)
- **Germany to revise downward its 2021 growth forecast on coronavirus woes –** The German government expects the economic devastation caused by the coronavirus pandemic this year to be slightly less severe than originally feared, but it will revise downward its growth forecast for next year, two sources told Reuters on Monday. Economy Minister Peter Altmaier will present the updated outlook for Europe's largest economy on Tuesday after it suffered its worst recession in peacetime in the first half of the year. The government said in April at the height of the pandemic that it expected the economy to rebound with an expansion rate of +5.2% in 2021 following a record plunge of -6.3% this year. "The recovery next year will be somewhat less strong than initially expected," a person familiar with the government's updated forecast said on condition of anonymity. (Reuters)
- **VAT cut pushes German inflation into negative territory –** German annual consumer prices fell for the first time in more than four years in August due to a VAT cut as part of the government's stimulus push to help Europe's largest economy recover from the coronavirus shock, data showed on Monday. German consumer prices, harmonized to make them comparable with inflation data from other European Union countries, fell 0.1% YoY after stagnating in the previous month, the Federal Statistics Office said. This compared with a Reuters forecast for 0.0% and was the first negative reading since May 2016. "The inflation rate is influenced, among other things, by the VAT cut that came into effect on July 1, 2020," the office said in a statement. Germany's stimulus package includes a cut in VAT - value added tax - for regular goods to 16% from 19% and for food and some other goods to 5% from 7% from July 1 until December 31. The reduction is estimated to cost the federal government up to 20bn Euros ($24bn). The government hopes that its rescue and stimulus measures will help companies and consumers recover more quickly from the coronavirus shock which plunged the economy into its deepest recession on record in the second quarter. (Reuters)
- **Spain's economy growing over 10% in third quarter after pandemic hit –** The Spanish economy has been growing at a rate of more than 10% so far in the third quarter after a record drop in the preceding quarter due to the impact of the coronavirus pandemic, Economy Minister Nadia Calvino said on Monday. The Spanish economy was one of the worst-hit by the pandemic and subsequent lockdowns in Europe, posting an 18.5% contraction in April-June from the previous quarter as non-essential activities ground to a halt for most of the period.

It had contracted 5.2% in the first quarter. “With all the precaution and prudence, we can expect growth of more than 10% in the third quarter of the year,” Calvino told a financial event held in the northern city of Santander. The growth estimate from Calvino, who also said the labor market was rebounding, is slightly more conservative than that by fiscal watchdog AIReF, which last week upgraded its third quarter GDP expansion forecast to 15.2%. To repair the ravaged economy, the Spanish government is counting on the 140bn Euros ($167bn) it is due to receive from the European Union’s recovery fund, about half of which will be in non-repayable grants. (Reuters)

- **PMI: Japan's August factory activity shrinks at slowest pace in 6 months –** Japan’s factory activity contracted at the slowest pace in six months in August, reducing some of the heat on policymakers pressured to take more radical steps to prevent the economy from sliding deeper into recession. The world’s third-largest economy is expected to see a modest bounce in the current quarter after a record slump in April-June as new coronavirus cases keep a lid on consumer sentiment and slow the overall recovery. Tuesday’s final au Jibun Bank Manufacturing Purchasing Managers’ Index (PMI) rose to a seasonally adjusted 47.2 in August from 45.2 in July. It marked the slowest contraction since February, and also eclipsed a preliminary reading of 46.6. But the pandemic continued to limit the performance of the sector as a whole, with firms feeling pressured to cut their prices due to relatively weak demand. Another month of shrinkage in overall output and new orders held the headline index below the 50.0 threshold that separates contraction from expansion for a 16th month, matching a similar run through June 2009. Many analysts expect only a modest third-quarter rebound, while a firmer recovery is expected to take time as a resurgence in global infections and uncertainty over the outlook for US-China trade threaten overseas demand. Japan is also dealing with a leadership issue after Prime Minister Shinzo Abe announced his resignation Friday due to the worsening of a chronic illness, stirring doubts about future fiscal and monetary stimulus policies. Economy Minister Yasutoshi Nishimura last week said he hoped the economy will recover to levels seen before the coronavirus around the first quarter of 2022. (Reuters)
- **Japan's PM candidate Kishida cautious about cutting sales tax –** Fumio Kishida, a senior Japanese ruling party official seen as among candidates to become next prime minister, on Monday voiced caution over the idea of cutting the sales tax rate to help the economy weather the hit from the coronavirus pandemic. “The sales tax is a source of revenue to pay for Japan’s social welfare burden…,” Kishida told a television program, when asked if he opposed cutting it from the current 10% rate. “Cutting the tax rate would burden small and midsize companies with additional costs” such as adjusting their cashier systems to adapt to a new tax rate, he said. The government’s decision to raise the sales tax to 10% from 8% in October last year pushed Japan’s economy into recession, even before COVID-19 hammered consumption and exports this year. Kishida said Japan must continue to take fiscal and monetary measures to support the economy, as demand will not bounce back strongly due to the expected prolonged battle with COVID-19. A group of ruling party lawmakers have recently called on the government to consider cutting the sales tax to cushion the pandemic’s blow on households - an idea senior government officials have ruled out so far. (Reuters)
- **Japan's jobless rate rises to 2.9% in July –** Japan’s jobless rate rose while the availability of jobs declined in July, government data showed on Tuesday. The seasonally adjusted unemployment rate was 2.9% in July, up from 2.8% in June, figures from the Ministry of Internal Affairs and Communications showed. The median forecast was 3.0%. The jobs-to-applicants ratio slipped for the seventh straight month in July, falling to 1.08 from the previous month’s 1.11 to mark the lowest reading since April 2014, labor ministry data showed. The reading matched the median forecast. (Reuters)
- **Caixin PMI: China's August export orders shake off COVID gloom, fueling factory expansion –** China’s factory activity expanded at the fastest clip in nearly a decade in August, bolstered by the first increase in new export orders this year as manufacturers ramped up production to meet rebounding demand, a private survey showed on Tuesday. The world’s second-biggest economy has largely managed to bounce back from the coronavirus crisis, and the emerging bright spot in the forward-looking gauge of export orders could herald a more durable and broad-based recovery for the Chinese economy in the months to come. The Caixin/Markit Manufacturing Purchasing Managers’ Index (PMI) rose to 53.1 last month from July’s 52.8, marking the sector’s fourth consecutive month of growth and the biggest rate of expansion since January 2011. It beat analysts’ forecasts for a slight dip to 52.6. The 50-mark separates growth from contraction on a monthly basis. The upbeat findings contrasted with an official survey on Monday, which showed China’s factory activity grew at a slightly slower pace in August as floods across southwestern China disrupts production, but there were positive signs in both PMIs. The official PMI’s improving trend in new export orders was similar to the private survey, while the former also showed solid growth in the crucial services sector in a boost to the economy’s continued recovery from the coronavirus shock. (Reuters)
- **China's slower factory growth eclipsed by robust services in boost to economic recovery –** China’s factory activity grew at a slower pace in August as floods across southwestern China disrupts production, but the services sector expanded at a solid rate in a boost to the economy as it continues to recover from the coronavirus shock. The world’s second-biggest economy has largely managed to bounce back from the health crisis, though intensifying Sino-US tensions over a range of issues and the global demand outlook remain a risk factor. The official manufacturing Purchasing Manager’s Index (PMI) fell slightly to 51 in August from 51.1 in July, data from the National Bureau of Statistics showed on Monday. It remained above the 50-point mark that separates growth from contraction on a monthly basis. Analysts had expected it to pick up a touch to 51.2. China’s vast industrial sector is steadily returning to the levels seen before the pandemic paralyzed huge swathes of the economy, as pent-up demand, stimulus-driven infrastructure expansion and surprisingly resilient exports propel a recovery, but the recovery remains uneven. A sub-index for the activity of small firms stood, however, at 47.7 in August, down from July’s 48.6, with over half of them reporting a lack of market

demand and more than 40% of them reporting financial strains, Zhao Qinghe, a senior statistician with the NBS, said in a separate statement. (Reuters)

- **India's recovery to take time after economy shrinks 24% in June quarter –** India's economy shrank by nearly a quarter in April-June, much more than forecast and pointing to a longer than previously expected recovery with analysts calling for further stimulus. Consumer spending, private investments and exports all collapsed during the world's strictest lockdown imposed in late March to combat the COVID-19 pandemic and India - the world's fastest-growing large economy until a few years ago - now looks to be headed for its first full-year contraction since 1980. GDP shrank by a record 23.9% in April-June from a year earlier, official data showed on Monday, against a Reuters poll forecast for an 18.3% contraction. Chief economist at the Ministry of Finance, Krishnamurthy Subramanian said India's economy was set for a "V-shaped" recovery and should perform better in the coming quarters as indicated by a pickup in rail freight, power consumption and tax collections. Some private economists, however, said the fiscal year that began in April could see a contraction of nearly 10%, the worst performance since India won independence from British colonial rule in 1947, and likely to push millions more into poverty. Consumer spending - the main driver of the economy - dropped 31.2% YoY in April-June compared to a 2.6% fall in the previous quarter, data showed, while capital investments were down 47.9% compared to a 2.1% rise in the previous quarter. Prime Minister Narendra Modi announced a $266bn stimulus package in May, including credit guarantees on bank loans and free food grains for poor people, but consumer demand and manufacturing have yet to recover. (Reuters)
- **India's federal fiscal deficit crosses full year budget target in four months –** India's federal fiscal deficit in the four months to end July stood at 8.21tn Rupees ($111.7bn), or 103.1% of the budgeted target for the current fiscal year, government data showed on Monday. Net tax receipts were 2.03tn Rupees, while total expenditure was 10.5tn Rupees, the data showed, indicating the government had stepped up its spending to combat the impact of the coronavirus. The deficit is predicted to cross 7.5% of GDP in the 2020/21 fiscal year that began in April, private economists said, from initial government estimates of 3.5%, mainly due to a sharp economic contraction triggered by the pandemic. (Reuters)
- **Brazil's fiscal fragility stokes funding fears, despite record low rates –** Brazil's official interest rates and the average cost of servicing its public debt have never been lower, but investors are becoming worried that the government could face a funding crisis next year. The premium that investors demand to lend longer-term to Brazil has risen amid record borrowing and government debt, along with concern that the far-right administration of President Jair Bolsonaro will relax a key fiscal discipline rule to combat the COVID-19 crisis. That is forcing the Treasury to borrow for much shorter durations, such as six months, reducing the average maturity of Brazil's debt profile and increasing the need to refinance on a more regular basis. As long as the benchmark Selic interest rate stays low and lenders are willing to accept these historically low returns, the debt situation will be manageable. But with the fiscal outlook deteriorating and almost 1tn reais ($180bn) of public debt maturing next year, nerves are fraying. This prompted official approval last week for the central bank to transfer 325bn Reais to the Treasury to help ease the strain. (Reuters)

Regional

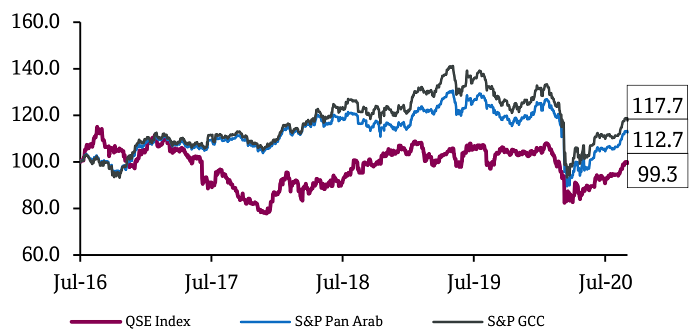
- **Saudi Grocer BinDawood announces intention to float on Tadawul –** BinDawood Holding Co., one of Saudi Arabia's largest grocery chains, has announced its intention to sell a 20% stake on the local stock market. The company, which operates 73 stores across the Kingdom, is looking to sell shares amid a boom in online retail spending driven by the coronavirus pandemic. BinDawood Holding said first-half profit rose 82% from the year-ago period, according to a statement. The company did not disclose an offer price range for the shares or the date at which book building would take place. BinDawood is working with Goldman Sachs Group Inc., JPMorgan Chase & Co., GIB Capital, NCB Capital and Moelis & Co. on the IPO. The company also announced that it reported sales of SR4.8bn in 2019, gross profit of SR1.6bn for 2019 and revenue growth of 22% in the first half compared to a year ago. (Bloomberg)
- **Saudi market authority could allow foreign firms to list –** Saudi Arabia's Capital Market Authority is looking into allowing publicly traded foreign companies to list directly on the Kingdom's stock exchange, Saudi financial-news website Argaam cites Chairman, Mohammed El-Kuwaiz as saying. The regulatory framework is expected to be completed end of 2021. (Bloomberg)
- **Saudi Aramco sets September Propane at $365/Ton, Butane at $355/Ton –** Saudi Aramco has set LPG contract prices for September-loading cargoes for Asian customers, a company official said. The September propane price is set at $365/ton, unchanged from a month earlier. The September butane price is set at $355/ton, up from 345/ton a month earlier. (Bloomberg)
- **Saudi foreign reserve assets rise in July –** Saudi Arabia's foreign reserve assets soared by more than SR2bn on a monthly basis during July 2020 to SR1.679tn, compared with SR1.677tn in the previous month. This hike was backed by a surge in foreign cash and deposits abroad at SR633.28bn in July from SR602.56bn in June, according to the recent monthly bulletin released by the Saudi Arabian Monetary Authority (SAMA). In the meantime, the Kingdom's foreign reserves in the International Monetary Fund (IMF) hiked to SR12.07bn in July from SR11.95bn in June whereas investments at foreign securities fell to SR1.002tn, compared to SR 1.031tn. Gold reserve remained unchanged at SR1.624bn at the end of July 2020. (YoY), the value of overseas reserve assets dropped by 11%. Saudi Arabia has suffered from a simultaneous decline in oil and non-oil revenue this year as the global pandemic combined with lower energy prices to jolt the kingdom's public finances. Officials have taken unprecedented measures in response, including tripling value-added tax. The government could still face a budget deficit of over 13% of GDP in 2020, according to the median of forecasts compiled by Bloomberg. Finance Minister, Mohammed Al-Jadaan has said the Kingdom will double its borrowing plans this year to soften the impact on the state's reserves, which it needs to maintain above a certain level to support the kingdom's currency peg to the dollar. (Bloomberg, Zawya)

- **Saudi Arabia may cut October crude oil prices to Asia –** Top oil exporter Saudi Arabia is expected to cut its crude oil official selling prices (OSPs) for Asian buyers for a second straight month, tracking a drop in Middle East benchmarks and weak refining margins, industry sources said on Monday. Seven sources from Asian refineries on average expected the October OSP for flagship Arab Light crude to fall by $1 a barrel, which would make it the biggest monthly drop since May, although forecasts ranged from cuts of $0.50 to $1.80 a barrel, a Reuters survey found. Middle East benchmarks cash Dubai and DME Oman differentials fell by around $1.40 this month, trading at discounts to Dubai swaps, data compiled by Reuters showed. Despite spot purchases by Indian, Korean and Japanese refiners, Middle East sour crude grades from Abu Dhabi and Qatar traded at spot discounts in Asia's physical market this month. Weak fuel demand because of renewed lockdown restrictions in response to the continued COVID-19 pandemic have kept market sentiment bearish, however, Saudi Aramco is expected to reduce its crude OSPs gradually, rather than deliver steep cuts in one-go, one of the sources said. Another two of the sources, all of whom asked not to be named, expected steeper price reductions for lighter grades Arab Extra Light and Arab Light, as Asia's refining margins for naphtha and middle distillates dropped in August. Cracks for gasoline slightly improved. Saudi crude OSPs are usually released around the fifth of each month, and set the trend for Iranian, Kuwaiti and Iraqi prices, affecting more than 12 million barrels per day (bpd) of crude bound for Asia. State oil giant Saudi Aramco sets its crude prices based on recommendations from customers and after calculating the change in the value of its oil over the past month, based on yields and product prices. (Zawya)
- **Bupa Investments raises stake in Saudi's Bupa Arabia for $134mn –** Bupa Investments Overseas Limited (BOIL) has completed the acquisition of 4%of Nazer Group’s stake in Bupa Arabia, raising its ownership in the Saudi-listed insurer to nearly half. The transaction, which involved the purchase of 4.8mn Bupa Arabia shares from Modern Computer Programs Company (MCPC), a Nazer Group firm, was done on August 30, the company said on Monday. The deal was a private cash transaction at the agreed price of SR105 per share, totaling $134mn. It takes BIOL’s stake in Bupa Arabia from 39.35% to 43.25%. “The transaction reflects Bupa’s confidence in Bupa Arabia’s strong future growth prospects,” Bupa Arabia said in a filing to the Saudi Stock Exchange (Tadawul). Bupa Arabia is one of the largest health insurers in the Kingdom, with more than three million customers. It started as a joint venture with the Nazer Group in 1997. In 2008, the insurer offered 40% of its shares to the public in an IPO that was oversubscribed by more than 900%. (Zawya)
- **Emirates receives $2bn from Dubai to survive crisis months –** Dubai’s government has put $2bn into Emirates since the coronavirus pandemic brought global air travel to a near halt in March and said it is prepared to send more help to its flagship airline. The state indicated earlier in the year it was committed to providing financial support to the world’s largest long-haul carrier, and a bond prospectus seen by Bloomberg shows the extent of the aid provided over the past five months. “Any further support will be subject to the airline’s requirements and will depend on the impact and duration of the ongoing Covid-19 situation,” according to the document. (Bloomberg)
- **UAE banks' investments in debt securities hit $72bn in June –** The banks operating in the UAE have increased their investments in debt securities by 12% year-on-year (YoY) or around AED28.4bn to AED263.7bn in June 2020, compared to AED235.3bn in the same month of 2019. On a monthly basis, the UAE banks' investments in debt securities rose by 3.4% or AED8.7bn in June 2020, compared to AED255bn in May 2020, according to the latest data by the Central Bank of the UAE (CBUAE). Meanwhile, the banks' investments in stocks were lowered by 15.4% to AED8.8bn in June from AED10.4bn in the corresponding period of 2019. The lenders have also invested AED100.6bn in held-to-maturity bonds in June, down by 0.7% from AED101.3bn in May 2020. Through their investments in debt securities, the banks seek to diversify their fixed-income investments, such as the interests they collected from bonds, to counter the fall in oil prices, Economist, Basel Abu Teima said. (Zawya)
- **Dubai to sell Dollar bond, Sukuk as It joins Gulf debt spree –** Dubai hired banks for an offering of bonds and Islamic securities in Dollars, joining Gulf Arab neighbors that have issued foreign debt to shore up their finances. The government of the Middle East’s main business hub is selling a benchmark-size 10-year Sukuk and a 30-year bond, according to sources. Benchmark typically means the equivalent of at least $500mn. The Dubai government could raise $2bn or more from the sale, two people familiar with the matter said. Dubai is following other governments from the region that have sold dollar debt or started the process as they take advantage of low borrowing costs, with Federal Reserve Chairman, Jerome Powell signaling last week that US interest rates will stay low for longer. The Government of Dubai acting through the Department of Finance, has mandated Dubai Islamic Bank (in respect of the Sukuk tranche), Emirates NBD Capital, First Abu Dhabi Bank, HSBC and Standard Chartered Bank as Joint Lead Managers and Bookrunners to arrange a Global Investor Call and a series of fixed-income investor calls across Asia, Middle East and Europe commencing on August 31. A benchmark fixed rate USD Regulation S senior unsecured dual-tranche transaction consisting of a 10-year Sukuk under Dubai DOF Sukuk Limited’s $6bn Trust Certificate Issuance Program and a 30-year bond under the Government of Dubai’s $5bn Euro Medium Term Note Program, will follow, subject to market conditions. (Bloomberg)
- **Dubai Port interested in participating in Haifa Port tender –** Dubai’s port operator has expressed interest in participating in an Israeli government tender to privatize the Haifa Port, Israel’s Finance Minister, Israel Katz said. (Bloomberg)
- **Dubai banks see 5% higher assets in 1H2020 –** The assets of Dubai's banks jumped by about 5.3% to AED1.53tn in the first half (H1) of 2020, when compared to the corresponding half of 2019, according to the latest statistics by the Central Bank of the UAE (CBUAE). By the end of June 2020, the assets of Dubai's lenders grew by 11% (YoY), when compared to June 2019. On a monthly basis, the total value of assets of the Emirate's banks rose by 2.1% in June 2020, compared to the previous month. The total value of the banks' credit reached AED899.7bn in 1H2020, up 3.9% compared to the same half of

2019. Meanwhile, deposits at Dubai banks increased by 2.7% in the first six months of 2020, when compared to the same months of 2019. It is noteworthy to mention that by the end of April 2020, the total value of Dubai bank assets recorded around AED1.489 tn. (Zawya)

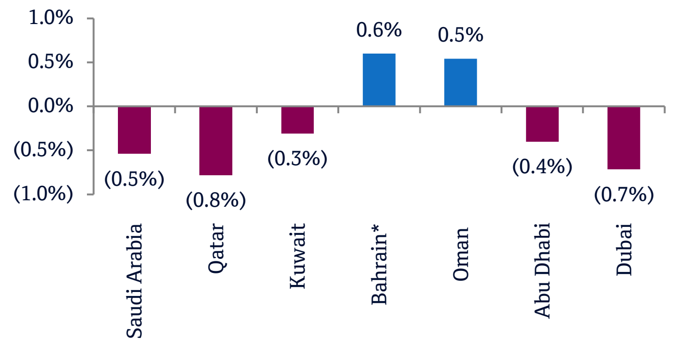
- **Abu Dhabi's cut in oil exports signals a slash in October output –** Abu Dhabi, the biggest oil producer in the United Arab Emirates, signaled it may slash output in October to meet the country's target under a global production-cuts deal. Abu Dhabi National Oil Co., the government producer, said on Monday that it will reduce exports in that month by 30% below contracted amounts for buyers with long-term agreements. The company decreased shipments by only 5% in July, August and September. The UAE is OPEC's third-largest producer, and Abu Dhabi holds most of the country's crude reserves. ADNOC produces four grades and sells mainly to refiners in Asia. The UAE pumped more than 3mn bpd on average in 2019 and in the first four months of this year. After a brief price war in April, when output surged to a record 3.68mn bpd, the country agreed with OPEC+ to limit its production to 2.45mn bpd in May, June and July. The producer alliance eased limits slightly in August. ADNOC explained its earlier decisions to trim sales by saying it were meeting its OPEC+ requirements. Abu Dhabi's grades include Murban from onshore fields and Umm Lulu, Das and Upper Zakum from offshore deposits. (Bloomberg)
- **First Abu Dhabi Bank plans to issue perpetual bonds as soon as September –** First Abu Dhabi Bank (FAB) plans to issue Additional Tier 1 (AT1) bonds as soon as September, sources said. One of the sources said FAB, the largest bank in the UAE, will likely issue $750mn in AT1 bonds. "We always actively monitor our capital positions and we will always make sure to keep them at the best ratios within regulatory buffers," Head of group funding at FAB, Rula Al Qadi said in response to a Reuters query. Additional Tier 1 (AT1) bonds, the riskiest debt instruments banks can issue, are designed to be perpetual in nature, but lenders can call them after a specified period. In June, FAB redeemed $750mn in AT1 bonds on their first call date. (Zawya)
- **Boursa Kuwait says KFH capital REIT to list on September 1 –** KFH Capital REIT will be the first local REIT listing in the country, the stock exchange, Boursa Kuwait said. The exchange introduced REITs as part of third phase of Market Development plan to attract local, foreign investments. (Bloomberg)
- **Oman sets crude selling price at $44.32/bbl for October –** The official selling price of Oman crude was set at $44.32/bbl for October, according to an average of daily marker price on Dubai Mercantile Exchange. The OSP is up 1.6%, or $0.70, from $43.62 for September. (Bloomberg)
- **Oman sells OMR48mn 28-day bills at yield 0.651%; bid-cover at 1.88x –** Oman sold $125mn of bills due on September 30, 2020. Investors offered to buy 1.88 times the amount of securities sold. The bills were sold at a price of 99.95, having a yield of 0.651% and will settle on September 2, 2020. (Bloomberg)
- **Bahrain LNG ship sails for US as home demand falls short –** Bahrain has leased out a vessel it installed less than a year ago for handling imports of liquefied natural gas, amid low demand in the island nation for the fuel. Bahrain's National Oil & Gas Authority (NOGA) will let Bahrain Spirit on a short-term basis because demand for imported gas is not as high as previously expected, Bahrain LNG's Chief Financial Officer, Owais Ahmad said. Bahrain LNG was financed by private companies and lenders. Under the terms, NOGA must make payments to the project company whether it needs LNG imports or not. The Gulf country is under strain from the coronavirus and low oil prices. It is on course for a budget deficit that the IMF projects will be among the world's 10 biggest this year at 15.7% of GDP. Aside from the cargo it was carrying when it arrived, Bahrain Spirit has not been used to import any LNG to the country, according to ship-tracking data compiled by Bloomberg. The vessel was brought to Bahrain so that LNG carriers could moor alongside it and deliver fuel. It is heading to Cove Point in the US state of Maryland, Bloomberg data show. (Bloomberg)

Rebased Performance



Source: Bloomberg

Daily Index Performance



Source: Bloomberg (*Data as of August 27, 2020)

Asset/Currency Performance	Close ($)	1D%	WTD%	YTD%
Gold/Ounce	1,967.80	0.2	0.2	29.7
Silver/Ounce	28.14	2.3	2.3	57.6
Crude Oil (Brent)/Barrel (FM Future)	45.28	0.5	0.5	(31.4)
Crude Oil (WTI)/Barrel (FM Future)	42.61	(0.8)	(0.8)	(30.2)
Natural Gas (Henry Hub)/MMBtu	2.30	(6.5)	(6.5)	10.0
LPG Propane (Arab Gulf)/Ton	51.38	(0.2)	(0.2)	24.5
LPG Butane (Arab Gulf)/Ton	56.00	1.4	1.4	(14.5)
Euro	1.19	0.3	0.3	6.4
Yen	105.91	0.5	0.5	(2.5)
GBP	1.34	0.1	0.1	0.9
CHF	1.11	0.0	0.0	7.1
AUD	0.74	0.1	0.1	5.1
USD Index	92.14	(0.2)	(0.2)	(4.4)
RUB	74.07	0.1	0.1	19.5
BRL	0.18	(1.9)	(1.9)	(26.8)

Source: Bloomberg

Global Indices Performance	Close	1D%*	WTD%*	YTD%*
MSCI World Index	2,455.51	(0.1)	(0.1)	4.1
DJ Industrial	28,430.05	(0.8)	(0.8)	(0.4)
S&P 500	3,500.31	(0.2)	(0.2)	8.3
NASDAQ 100	11,775.46	0.7	0.7	31.2
STOXX 600	366.51	(0.2)	(0.2)	(6.3)
DAX	12,945.38	(0.2)	(0.2)	4.1
FTSE 100#	5,963.57	0.0	0.0	(20.6)
CAC 40	4,947.22	(0.7)	(0.7)	(12.0)
Nikkei	23,139.76	0.7	0.7	0.7
MSCI EM	1,101.50	(1.8)	(1.8)	(1.2)
SHANGHAI SE Composite	3,395.68	0.0	0.0	13.2
HANG SENG	25,177.05	(1.0)	(1.0)	(10.2)
BSE SENSEX	38,628.29	(2.4)	(2.4)	(9.1)
Bovespa	99,369.20	(3.4)	(3.4)	(37.0)
RTS	1,258.60	(0.6)	(0.6)	(18.7)

Source: Bloomberg (*$ adjusted returns, #Market was closed on August 31, 2020)

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