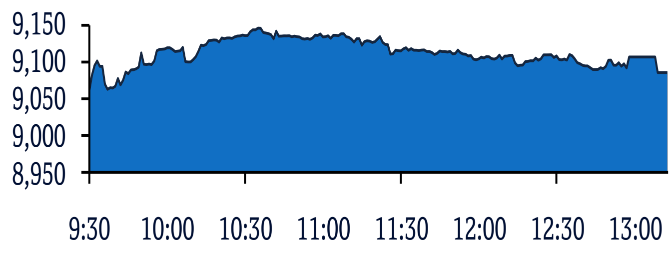
Daily Market Report

Thursday, 02 July 2020

QSE Intra-Day Movement



Qatar Commentary

The QE Index rose 1.0% to close at 9,087.8. Gains were led by the Banks & Financial Services and Telecoms indices, gaining 1.6% and 0.9%, respectively. Top gainers were Al Khalij Commercial Bank and Islamic Holding Group, rising 10.0% and 9.0%, respectively. Among the top losers, Mazaya Qatar Real Estate Development fell 5.5%, while Ahli Bank was down 4.1%.

GCC Commentary

Saudi Arabia: The TASI Index gained 0.4% to close at 7,253.3. Gains were led by the Health Care and Food & Beverages indices, rising 4.8% and 2.0%, respectively. Dr Sulaiman Al Habib Medical rose 7.3%, while Takween Advanced Ind. was up 5.4%.

Dubai: The DFM Index fell marginally to close at 2,064.4. The Transportation index declined 3.0%, while the Investment & Financial Services index fell 0.8%. Aramex declined 4.9%, while Al Salam Sudan was down 4.5%.

Abu Dhabi: The ADX General Index fell marginally to close at 4,285.1. The Energy index declined 0.5%, while the Banks index fell 0.4%. Al Qudra Holding declined 4.8%, while Abu Dhabi National Energy Company was down 2.3%.

Kuwait: The Kuwait All Share Index fell 0.6% to close at 5,102.3. The Consumer Services index declined 1.1%, while the Financial Services index fell 1.0%. Dar Al Thraya Real Estate declined 13.4%, while Abyaar Real Estate Dev was down 6.3%.

Oman: The MSM 30 Index gained 0.1% to close at 3,518.0. The Services index gained 0.4%, while the other indices ended in red. Al Madina Takaful Company rose 2.9%, while Galfar Engineering & Contracting was up 2.2%.

Bahrain: The BHB Index fell 0.4% to close at 1,272.2. The Commercial Banks index declined 0.8%, while the other indices ended flat or in green. Ahli United Bank declined 1.7%.

Market Indicators	01 Jul 20	30 Jun 20	%Chg.
Value Traded (QR mn)	628.6	680.4	(7.6)
Exch. Market Cap. (QR mn)	523,922.1	520,030.9	0.7
Volume (mn)	420.8	502.6	(16.3)
Number of Transactions	10,893	11,169	(2.5)
Companies Traded	46	46	0.0
Market Breadth	25:19	29:15	–

Market Indices	Close	1D%	WTD%	YTD%	TTM P/E
Total Return	17,470.93	1.0	(1.1)	(8.9)	14.3
All Share Index	2,832.63	0.9	(1.1)	(8.6)	15.1
Banks	3,963.49	1.6	(1.2)	(6.1)	13.0
Industrials	2,511.82	0.1	(2.8)	(14.3)	20.0
Transportation	2,722.29	0.3	0.8	6.5	13.2
Real Estate	1,473.89	(0.9)	1.8	(5.8)	14.6
Insurance	1,970.91	(0.0)	0.8	(27.9)	32.7
Telecoms	875.70	0.9	0.2	(2.2)	14.7
Consumer	7,316.62	0.2	(0.8)	(15.4)	18.7
Al Rayan Islamic Index	3,653.74	1.0	(0.7)	(7.5)	16.8

GCC Top Gainers##	Exchange	Close#	1D%	Vol. '000	YTD%
Masraf Al Rayan	Qatar	4.01	5.0	33,919.9	1.3
Mouwasat Medical Serv.	Saudi Arabia	94.50	4.7	204.6	7.4
National Petrochemical	Saudi Arabia	25.00	3.7	169.7	5.3
Savola Group	Saudi Arabia	43.10	2.4	1,155.6	25.5
Almarai Co.	Saudi Arabia	53.00	2.3	519.9	7.1

GCC Top Losers##	Exchange	Close#	1D%	Vol. '000	YTD%
Saudi Industrial Inv.	Saudi Arabia	19.50	(3.5)	1,004.7	(18.8)
Ahli Bank	Oman	0.12	(2.4)	10.0	(1.5)
Advanced Petrochem. Co.	Saudi Arabia	52.00	(2.3)	423.5	5.3
Mabanee Co.	Kuwait	0.67	(1.8)	518.8	(22.1)
Ahli United Bank	Bahrain	0.58	(1.7)	240.2	(39.2)

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%
Al Khalij Commercial Bank	1.50	10.0	1,747.8	14.7
Islamic Holding Group	3.86	9.0	10,891.4	103.2
Masraf Al Rayan	4.01	5.0	33,919.9	1.3
Qatar Aluminium Manufacturing	0.78	4.0	41,663.6	(0.1)
Doha Bank	2.12	3.9	8,750.2	(16.2)

QSE Top Losers	Close*	1D%	Vol. '000	YTD%
Mazaya Qatar Real Estate Dev.	0.86	(5.5)	46,123.2	18.9
Ahli Bank	3.04	(4.1)	101.6	(8.8)
Qatar Industrial Manufacturing	2.70	(3.5)	1,147.6	(24.4)
Alijarah Holding	0.82	(3.0)	19,818.0	16.2
Salam International Inv. Ltd.	0.45	(2.2)	65,655.3	(12.2)

QSE Top Volume Trades	Close*	1D%	Vol. '000	YTD%
Ezdan Holding Group	1.13	(0.2)	84,713.6	84.1
Salam International Inv. Ltd.	0.45	(2.2)	65,655.3	(12.2)
Mazaya Qatar Real Estate Dev.	0.86	(5.5)	46,123.2	18.9
Qatar Aluminium Manufacturing	0.78	4.0	41,663.6	(0.1)
Masraf Al Rayan	4.01	5.0	33,919.9	1.3

QSE Top Value Trades	Close*	1D%	Val. '000	YTD%
Masraf Al Rayan	4.01	5.0	136,365.9	1.3
Ezdan Holding Group	1.13	(0.2)	95,253.4	84.1
Islamic Holding Group	3.86	9.0	40,710.3	103.2
Mazaya Qatar Real Estate Dev.	0.86	(5.5)	40,112.3	18.9
Qatar Aluminium Manufacturing	0.78	4.0	32,673.1	(0.1)

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*	9,087.76	1.0	(1.1)	1.0	(12.8)	171.54	142,873.6	14.3	1.4	4.4
Dubai	2,064.39	(0.0)	(1.1)	(0.0)	(25.3)	44.14	79,927.8	6.2	0.7	4.5
Abu Dhabi	4,285.06	(0.0)	(0.0)	(0.0)	(15.6)	24.96	131,804.3	13.7	1.3	6.0
Saudi Arabia	7,253.33	0.4	0.3	0.4	(13.5)	1,115.64	2,207,234.5	21.9	1.8	3.6
Kuwait	5,102.26	(0.6)	(1.3)	(0.6)	(18.8)	67.12	94,946.5	14.8	1.2	3.8
Oman	3,518.04	0.1	(0.2)	0.1	(11.6)	1.45	15,350.9	10.0	0.8	6.8
Bahrain	1,272.18	(0.4)	(0.6)	(0.4)	(21.0)	2.28	19,348.1	9.2	0.8	5.5

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 rose 1.0% to close at 9,087.8. The Banks & Financial Services and Telecoms indices led the gains. The index rose on the back of buying support from GCC and non-Qatari shareholders despite selling pressure from Qatari shareholders.
- Al Khalij Commercial Bank and Islamic Holding Group were the top gainers, rising 10.0% and 9.0%, respectively. Among the top losers, Mazaya Qatar Real Estate Development fell 5.5%, while Ahli Bank was down 4.1%.
- Volume of shares traded on Wednesday fell by 16.3% to 420.8mn from 502.6mn on Tuesday. However, as compared to the 30-day moving average of 225.3mn, volume for the day was 86.8% higher. Ezdan Holding Group and Salam International Investment Limited were the most active stocks, contributing 20.1% and 15.6% to the total volume, respectively.

Overall Activity	Buy %*	Sell %*	Net (QR)
Qatari Individuals	50.57%	58.52%	(49,921,555.61)
Qatari Institutions	23.28%	16.58%	42,150,755.98
Qatari	**73.85%**	**75.10%**	**(7,770,799.63)**
GCC Individuals	1.05%	1.25%	(1,294,714.12)
GCC Institutions	1.28%	0.22%	6,650,726.11
GCC	**2.33%**	**1.47%**	**5,356,011.99**
Non-Qatari Individuals	14.33%	15.50%	(7,368,814.88)
Non-Qatari Institutions	9.49%	7.93%	9,783,602.53
Non-Qatari	**23.82%**	**23.43%**	**2,414,787.64**

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
07/01	US	Mortgage Bankers Association	MBA Mortgage Applications	26-Jun	-1.8%	–	-8.7%
07/01	US	Markit	Markit US Manufacturing PMI	Jun	49.8	49.6	49.6
07/01	US	Institute for Supply Management	ISM Manufacturing	Jun	52.6	49.8	43.1
07/01	UK	Markit	Markit UK PMI Manufacturing SA	Jun	50.1	50.1	50.1
07/01	EU	Markit	Markit Eurozone Manufacturing PMI	Jun	47.4	46.9	46.9
07/01	Germany	Markit	Markit/BME Germany Manufacturing PMI	Jun	45.2	44.6	44.6
07/01	France	Markit	Markit France Manufacturing PMI	Jun	52.3	52.1	52.1
07/01	Japan	Markit	Jibun Bank Japan PMI Mfg	Jun	40.1	–	37.8
07/01	China	Markit	Caixin China PMI Mfg	Jun	51.2	50.5	50.7
07/01	India	Markit	Markit India PMI Mfg	Jun	47.2	–	30.8

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 2Q2020 results	No. of days remaining	Status
QNBK	QNB Group	12-Jul-20	10	Due
MARK	Masraf Al Rayan	13-Jul-20	11	Due
QFLS	Qatar Fuel Company	15-Jul-20	13	Due
QIBK	Qatar Islamic Bank	15-Jul-20	13	Due
QGTS	Qatar Gas Transport Company Limited (Nakilat)	15-Jul-20	13	Due
IHGS	Islamic Holding Group	16-Jul-20	14	Due
QEWS	Qatar Electricity & Water Company	19-Jul-20	17	Due
ABQK	Ahli Bank	20-Jul-20	18	Due
QIGD	Qatari Investors Group	21-Jul-20	19	Due
DHBK	Doha Bank	27-Jul-20	25	Due
ORDS	Ooredoo	28-Jul-20	26	Due

Source: QSE

Qatar

- **QGRI announces the resignation of the Group CEO –** Qatar General Insurance and Reinsurance Company (QGRI) announced its temporary Board of Directors' approval of the resignation of Hassan Ahmed Hassan Al Efrangi from his position as a Group CEO and the appointment of Saeed Abu Gharbieh as the Acting Group CEO starting from today. (QSE)
- **ABQK appoints Mr. Hassan Al-Afranji as CEO –** Ahli bank has appointed Mr. Hassan Ahmed Al-Afranji as CEO of the Bank, according to the approval issued by Qatar Central Bank (QCB) for the appointment, dated 30/6/2020. (QSE)
- **QCB issues QR600mn treasury bills for June –** Qatar Central Bank (QCB) issued treasury bills for three, six, and nine months for the month of June 2020 with a value of QR600mn. According to a statement posted on QCB website, the treasury bills are distributed as follow: QR300mn for three months at an interest rate of 0.25%, QR200mn for six months at an interest rate of 0.35%, QR100mn for nine months at an interest rate of 0.41%. The issuance of the treasury bills comes as part of Qatar Central Bank's monetary policy initiatives and its efforts to strengthen the financial system as well as to activate the tools available for the open market operations. (Qatar Tribune)
- **Proposed MARK-KCBK merger seen supporting Qatari economy –** Industry experts and banking captains view the proposed merger between Masraf Al Rayan (MARK) and Al Khalij Commercial Bank (KCBK) as a sustainable journey to create fewer but stronger financial institutions with deep pockets to support the overall economy. Terming the proposed move as expected; Group Chief Executive of Doha Bank, R Seetharaman said "If you have sustainable journey in mind, then the industry consolidation is bound to happen." He made this observation at a webinar "Qatar's Banking Sector: Looking beyond Covid-19", organized by the Qatar Stock Exchange (QSE) and moderated by Director (Product Development), Mohsin Mujtaba at the QSE. "Essentially, revenues are going to shrink (as they have to be shared with technology companies) and therefore cost has to be rationalized," he said, adding the consolidation in the financial service helps the customers get value advantage. The potential merger between MARK and KCBK would lead to the creation of one of the largest Shari'ah-compliant bank in Qatar, and in the Middle East, with total assets exceeding QR164bn and a shareholders' equity of more than QR19bn. The merger is also expected to contribute positively to the economic development in Qatar by supporting corporate businesses and small and medium sized entities, and would also create a strategic partner for the public sector. "We are overbanked compared to the size of the market we are operating in. It is natural to see some consolidation in the market and it will help the whole sector," Qatar Islamic Bank's Group Chief Executive, Bassel Gamal said, adding competition is good for the market. Omar Mahmood, partner at KPMG Qatar, a leading global consultancy firm, said the region has witnessed a flurry of mergers and acquisitions in the sector. "Given the number of the banks, demographics and the size of the market, there is clearly need for further consolidation," Mahmood said, adding there is a need for fewer but stronger and larger financial institutions with deep pockets. Highlighting that there are 10 local banks and seven foreign lenders, which is "too much" for a market like Qatar; he said the consolidation has to be seen in the context of shrinking revenues and the increasing digital governance that is making the banks go global. (Gulf-Times.com)
- **Real estate trade value exceeds QR215mn during June 21-25 –** The volume of real estate trading in sales contracts registered at the department of real estate registration, Ministry of Justice, reached QR215.294mn during the period from June 21 to June 25. The weekly bulletin issued by the department showed that the list of real estate properties traded for sale included vacant lands, houses, a residential tower, a residential complex, and multi-purpose vacant lands. The sales were concentrated at the municipalities of Al Daayen, Al Rayyan, Doha, Umm Slal, Al Shamal, Al Khor, Al Dhakhira, Al Wakrah, and Al Shihaniya. The volume of real estate trading had reached QR801.366 during the period from June 14 to June 18. (Qatar Tribune)
- **QFC records growth of 35% in 2019, says annual report –** Qatar Financial Centre (QFC) released its business performance annual report entitled "2019 Growth Report", which underscores the exceptional business growth of 35% during 2019 and highlights the 2022 strategic roadmap. QFC concluded last year on a high note, having more than 800 firms registered on its unique platform, representing a wide array of industries, spanning financial and non-financial sectors, including Fintech, IT, and tax and investment advisories, hailing from diverse countries including the US, Canada, the UK, France, Germany, Switzerland, Jordan, and India. The '2019 Growth Report' highlights the QFC's exceptional performance and continued expansion of its diversified business activities and network with world-renowned entities worldwide. Leveraging its connections across different markets, QFC has signed 11 remarkable MoUs with key local and global stakeholders; including a key partnership with the Finance Office of the Presidency of Turkey to establish long-term cooperation between the Istanbul Financial Center and the QFC. Additionally, QFC inked agreements with Microsoft, which facilitates strategic cooperation and attracts international digital and IT businesses to Qatar, and with Bloomberg Media Group which brought the very first Qatar-based television studio to the QFC and further emphasized Qatar's position as a thriving international media hub. (Qatar Tribune)
- **Ashghal boosts healthcare infrastructure –** The Public Works Authority (Ashghal) has achieved substantial progress in improving the healthcare infrastructure as part of its efforts to help Qatar achieve the National Vision 2030. Ashghal has so far completed the construction of health centers at Muaither, Al Wajba, Al Waab and Naufar and they have been handed over to the Ministry of Public Health (MoPH). This in addition to Al Ruwais Health Centre that has 48 clinics, 26 consulting rooms, five specialized consulting rooms, four dental clinics,10 dialysis units, a pharmacy, radiology facilities and a swimming pool. Ashghal also completed the construction of Hamad Medical

Corporation's (HMC) ultra-modern simulation center that helps healthcare professionals improve their skills and advance clinical techniques. The Hamad General Hospital Trauma and Emergency Department building was also handed over to HMC. (Gulf-Times.com)

- **Private sector work hours back to normal from today –** The Cabinet has cancelled its earlier decision limiting work hours for private sector employees at their workplace with effect from Thursday, the official Qatar News Agency (QNA) reported. As part of the plan to gradually lift the restrictions imposed as a result of COVID-19, the Cabinet decided to cancel its "decision determining work hours for private sector employees present at their place of work, starting Thursday, July 2, 2020", according to QNA. (Gulf-Times.com)

International

- **UN study: Global tourism stands to lose up to $3.3tn from COVID-19 –** Global tourism revenues are expected to fall by up to $3.3tn due to COVID-19 restrictions, with the US standing to lose the most, according to a UN study published on Wednesday. The 'COVID-19 and Tourism' report released by The United Nations Conference on Trade and Development (UNCTAD) is based on three scenarios for the industry, with lockdown measures lasting 4 months, 8 months and 12 months. In those scenarios, revenues would fall $1.17tn, $2.22tn and $3.3tn respectively or between 1.5-4.2% of the world's GDP. The report did not say which scenario was most likely, although an UNCTAD official said the middle scenario "could be a realistic one". "International tourism has been almost totally suspended, and domestic tourism curtailed by lockdown conditions imposed in many countries," the report said. "Although some destinations have started slowly to open up, many are afraid of international travel or cannot afford it due to the economic crisis." The US incurs the highest losses in all three scenarios, with a $187bn drop in the one lasting just four months, followed by China with $105bn. Thailand and France also stand to lose approximately $47bn each. Small island states such as Jamaica stand to suffer big losses in proportion to their economies, facing an 11% fall in GDP or $1.68bn. The US loss in the "pessimistic" scenario is $538bn, or three percent of GDP. (Reuters)
- **US manufacturing activity hits 14-month high –** US manufacturing activity rebounded in June, hitting its highest level in more than a year as the broader economy reopened, but rising COVID-19 infections threaten the recovery. The Institute for Supply Management (ISM) said on Wednesday its index of national factory activity jumped to a reading of 52.6 last month from 43.1 in May. That was the strongest since April 2019 and ended three straight months of contraction. A reading above 50 indicates growth in manufacturing, which accounts for 11% of the US economy. Economists polled by Reuters had forecast the index rising to 49.5 in June. The rebound in the ISM index was in tandem with improvements in regional manufacturing surveys and added to data on job growth, consumer spending and the housing market in suggesting that the economy had turned the corner after sliding into recession in February. The uptick in economic activity follows the reopening of many businesses after being shuttered in mid-March in a bid to slow the spread of the respiratory illness. But the resumption of operations has been accompanied by a surge in coronavirus cases across large parts of the country, including the densely populated California, Florida and Texas, prompting authorities to scale back or pause reopenings. (Reuters)
- **US companies not rushing to rehire workers; rising COVID-19 cases threaten recovery –** US private payrolls increased less than expected in June as reopening businesses showed little urgency to rehire workers and employers announced more than 170,000 layoffs, bolstering views the recovery from the COVID-19 pandemic would be a long slog. Other data on Wednesday showed manufacturing activity rebounding in June, hitting its highest level in 14 months as firms and businesses resumed operations. But a surge in coronavirus cases across the country, including the populous California, Florida and Texas, threaten the budding recovery. Several states are scaling back or pausing reopenings, and the record number of infections has consumers growing ever more anxious. The economy slipped into recession in February. The ADP National Employment Report showed private payrolls increased by 2.369 million jobs last month. Data for May was revised up to show payrolls surging 3.065 million, in line with a surprise rebound in job growth reported by the government, instead of tumbling 2.76 million as previously estimated. (Reuters)
- **ADP: US private payrolls miss expectations in June –** US private payrolls increased less than expected in June and gains are likely to curbed by a surge in COVID-19 infections, which is threatening the nascent recovery from the recession. The ADP National Employment Report on Wednesday showed private payrolls increased by 2.369mn jobs last month. Data for May was revised up to show payrolls surging 3.065mn, in line with a surprise rebound in job growth reported by the government, instead of dropping 2.76mn as previously estimated. Economists polled by Reuters had forecast private payrolls increasing by 3.0mn in June. The economy slipped into recession in February. The reopening of many businesses after being shuttered in mid-March to slow the spread of the respiratory illness has lifted consumer spending and manufacturing after record declines. (Reuters)
- **US employers announced more job cuts in June –** US employers announced an additional 170,219 job cuts in June as the recession caused by the COVID-19 depresses demand and pushes companies into bankruptcy, a report showed. Though the layoffs reported by global outplacement firm Challenger, Gray & Christmas were down 57% from May, they jumped 306% compared to June last year. The job cuts explain why new filings for unemployment benefits have remained extraordinary high even as businesses have reopened after closing in mid-March to slow the spread of the coronavirus. "We are beginning to see the impact of the recession spreading to companies that were not directly impacted by the virus," said Andrew Challenger, senior vice president at Challenger, Gray & Christmas. "At the same time, companies that attempted to reopen but were only able to attract a fraction of their pre-COVID customers are closing down again. Meanwhile, a number of high-profile companies are filing for bankruptcy." Initial weekly claims for unemployment benefits have been stuck around 1.5mn, though applications have dropped from a historic 6.867mn scaled at the end of March. About 30.6mn people were collecting unemployment checks in the first week of June. According to Challenger, Gray &

Christmas, layoffs totaled an all-time high of 1.238mn in the second quarter, up 257% from the January-March period. It expected job cuts to remain elevated as rising cases of the respiratory illness across the country and unemployment undercut consumer and business spending. COVID-19 was cited as the reason for 1.011mn of the 1.585mn job cuts this year. About 9,581 layoffs so far this year were due to bankruptcy. (Reuters)

- **IMF: UK may need bigger safety net for jobless after lockdown –** Britain should consider increasing its unemployment benefits to help get people into the kind of work that is likely to be in demand after the coronavirus lockdown, the chief economist of the International Monetary Fund said. Gita Gopinath told lawmakers in Britain's parliament on Wednesday that the first priority for governments was to scale back gradually their support programs for workers affected by the COVID-19 crisis, including state job retention schemes. Then, as governments seek to get people back to work, the focus should be on reallocating resources in the labor market, or moving people into jobs where demand will be strong, which would initially increase reliance on unemployment support. "In case of the UK, you could make a case for temporarily increasing the support under that because the UK has one of the lower replacement rates among advanced economies in terms of unemployment insurance," Gopinath said. Britain's job retention scheme currently covers more than 9mn jobs - equivalent to around one in three private sector employees - and it is due to expire at the end of October. Prime Minister Boris Johnson has said Britain is very likely to need a bigger employment support program. Finance Minister Rishi Sunak is due to spell out the government's next moves to support the economy on July 8. (Reuters)
- **Bank of England gives banks 18 months to manage climate risks –** Banks and insurers in Britain must implement by the end of 2021 plans they have drawn up to deal with risks to their businesses from climate change, the Bank of England (BoE) said on Wednesday. The BoE previously told firms to establish a plan by October 2019 to mitigate climate-related risks, such as rising flood claims, or risks caused by a shift to net-zero emissions that will hit investments in activities with heavy emissions. But the bank did not previously give a deadline for implementing those plans. "There are some areas of our expectations where few barriers exist to full implementation, but we recognize that challenges remain in others," Deputy Governor Sam Woods said in a letter to heads of banks and insurers that it regulates. "Where challenges exist we will work closely with firms to understand how they are seeking to overcome them," he wrote, setting the end of 2021 as the date to "fully embed" plans to deal with climate risks. Limited data meant firms might not be able to calculate in full the impact on capital by the end of 2021, he said. "However, you should be able to explain what steps your firm has taken to ensure that, where appropriate, capital levels adequately cover the risks to which your firm is, or might be, exposed," Woods said. BoE-backed industry guidance on mitigating climate risks was published this week. Woods said the central bank, which also acts as a regulator, would offer further guidance. (Reuters)
- **PMI: UK manufacturing steadies in June after historic slide –** The historic collapse in British manufacturing caused by the coronavirus lockdown abated in June as companies reported a small increase in output, a survey showed on Wednesday. The IHS Markit/CIPS UK manufacturing Purchasing Managers' Index (PMI) rose to 50.1 from 40.7 in May, unrevised from a preliminary reading and creeping back above the 50 line that signifies growth for the first time since February. "Output edged higher and domestic demand firmed as lockdown restrictions loosened, factories restarted and staff returned to work," said Rob Dobson, director at IHS Markit, which compiles the survey. "The planned loosening in COVID-19 restrictions on July 4 should aid further gains in coming months." The survey is designed only to show the magnitude of monthly changes in output across businesses. The return to a reading above 50 does not signify a recovery to normal levels of manufacturing output. In June, the Bank of England said Britain's economy looked on course to have shrunk by around 20% in the first six months of 2020 — a smaller decline than it had first feared, but still one of the biggest annual drops in 300 years. Manufacturers are nevertheless looking forward to better days. Optimism hit a 21-month high in June, Dobson said. (Reuters)
- **Nationwide: UK house prices fall for first time since 2012 –** Britain's house prices fell in annual terms for the first time since 2012 in June as the country reeled from the coronavirus shock to the economy, mortgage lender Nationwide said on Wednesday. Nationwide said its measure of house prices fell by 0.1% compared with June of last year. In monthly terms, prices fell by 1.4%, not as steep as May's 1.7% fall, which was the biggest drop in more than 11 years. A Reuters poll of economists had pointed to an annual rise of 1.0% and a monthly fall of 0.7%. The government eased restrictions on the housing market in mid-May but data published by the Bank of England earlier this week showed the lowest number of mortgage approvals on record during that month. Nationwide's chief economist, Robert Gardner, said a further easing of broader lockdown measures in the coming weeks was likely to lead to a slight pick-up in activity in the housing market, but the medium-term outlook remained highly uncertain. Nationwide said on a seasonally adjusted basis, house prices in June were 3.2% lower than in April. It said its sample sizes had remained sufficiently large to generate an accurate reading of price changes. In London, house prices rose by an annual 2.1% over the second quarter and average prices in the capital were just 3% below all-time highs struck in early 2017. A Reuters poll of property market analysts published last week showed prices in London were expected to fall 5.0% this year before rising 2.0% next year and 4.3% in 2022. (Reuters)
- **Anaemic Eurozone inflation unexpectedly ticks up –** Eurozone inflation unexpectedly rose in June but underlying price pressures dropped again, underscoring fears that consumer price growth will remain anaemic for years as the bloc recovers from the biggest recession in living memory. Annual inflation in the 19 countries sharing the euro accelerated to 0.3% in June from a four-year low of 0.1% in May, beating forecasts for no change and supporting the European Central Bank's expectation that a negative reading may be avoided. Excluding volatile food and energy prices, a key measure watched by the ECB, inflation eased to 1.1% from 1.2% while an even narrower gauge, which also excludes alcohol and tobacco, fell to 0.8% from 0.9%, data from Eurostat, the EU's statistics agency showed on Tuesday. The ECB targets inflation at 2% but has already missed this for

seven years and expects to undershoot at least through 2022 as a coronavirus-induced recession raises unemployment, dampens consumption and depresses wage growth. Tuesday's figure may still offer mild comfort to the ECB that the rapid decline in inflation, also fueled by crashing oil prices, may be over, even if any rebound in price growth is still unlikely until next year. Policymakers had hoped massive government wage subsidies which limited income losses for households plus super easy monetary policy would limit the damage to the economy and prop up confidence enough to prevent a dangerous deflationary spiral. But ECB projections suggest inflation could stay at or near zero for the rest of 2020 and only pick up in the second quarter of 2021. Energy prices were down 9.4% year on year in June, following an 11.9% plunge in May, while unprocessed food prices were 5.9% higher after a 6.7% increase in May. Inflation in services dropped to 1.2% from 1.3%. (Reuters)

- **Eurozone factory downturn eased in June as lockdowns loosened –** The downturn in Eurozone manufacturing was not as bad as initially thought last month after more economies in the bloc eased restrictions imposed to quell the spread of the coronavirus, a survey showed. Over 10mn people have been infected by the virus globally and more than 500,000 have died, leading governments to impose lockdowns and force businesses to temporarily close and citizens to stay at home. But with transmission rates falling in much of Europe, and economies opening up, IHS Markit's final Manufacturing Purchasing Managers' Index (PMI) moved closer to the 50-mark separating growth from contraction in June. It registered 47.4 last month, up from May's 39.4 and comfortably ahead of an earlier flash reading of 46.9. An index measuring output jumped to 48.9 from 35.6. "The final PMI numbers for June add further to signs that the Eurozone factories are seeing a strong initial recovery as the economy lifts from COVID-19 lockdowns," said Chris Williamson, chief business economist at IHS Markit. "Expectations for the year ahead have also rebounded sharply as hopes grow that the economy will continue to find its feet again in the coming months." The future output index, which gauges optimism about the coming 12 months, bounced back into positive territory at 57.3 from May's 44.6. However, all other indexes remained stubbornly below the breakeven level, suggesting any recovery might be slow and long. (Reuters)
- **German economic rebound from coronavirus gathering pace –** German retail sales rebounded sharply in May and unemployment rose less than expected in June, data showed on Wednesday, signaling that an economic recovery from the impact of the coronavirus is gathering steam. Retail sales rose by almost 14%, rebounding from a 6.5% drop in April, largely supported by online shopping as concerns about catching the disease kept many consumers away from stores. Last month, the number of people out of work rose by 69,000, Labor Office figures showed - far less than the 120,000 forecast in a Reuters poll of analysts. Europe's largest economy has weathered COVID-19 better than most of its neighbors, helped by relatively soft lockdown measures that allowed some social and industrial activity to continue throughout the peak months of the epidemic, as well as hefty rescue and stimulus packages. The Ifo institute said on Wednesday the economy was likely to return to last year's level of output at the end of 2021. "From now on, things are gradually improving again," it said. The government hopes a cut in value-added tax rates from July 1 to the end of 2020 will give consumption a further boost, and it has also introduced a short-time work scheme that allows firms to put employees on shorter hours during a downturn to keep them on the payroll. (Reuters)
- **China to cut or suspend subsidy for substandard waste-to-energy power plants –** China will cut or suspend subsidy for waste-to-energy (WTE) power plants that violate emission standards, as part of its anti-pollution campaign, the country's finance and environment ministries said late on Tuesday. The move, effective July 1, aims at improving environmental levels at WTE power plants and mitigating public discontent with stench and the risk of toxic emissions, such as dioxin. The Ministry of Ecology and Environment (MEE) had rolled out a new regulation last year, forcing waste incinerators to reveal real-time emission and temperature data to the public as well as to upload it to the environmental bureau monitoring system. The government will cut or even suspend the subsidy for the WTE power generators that are found not revealing emission data or forging the data or not reaching the standards, according to the joint statement on Tuesday. China has vowed to build waste incineration handling capacity of 591,400tons per day by 2020. At end 2019, China had installed WTE power generation capacity of 12.02 gigawatts (GW) and daily incineration capacity of 490,000 tons. According to China's Biomass Energy Association, the country is expected to add 2.9 GW WTE power generation capacity in 2020, requiring a subsidy of about 11.1bn Yuan ($1.57bn). However, Beijing has been striving to curtail financial supports to renewable power sources in order to ease a backlog of subsidy payment exceeding 223bn Yuan, which may shadow the development of WTE projects in the pipeline. (Reuters)
- **India's factory activity contracts for third straight month in June –** India's manufacturing activity contracted for a third straight month in June, albeit at a much shallower pace, as demand and output continued to suffer from three months of lockdowns to quell the spread of the coronavirus, a private survey showed. The virus has infected over half a million people in the world's second-most populous nation, stalling economic activity, but Wednesday's survey suggested the worst may be over for the economy, at least for now. While the Nikkei Manufacturing Purchasing Managers' Index, compiled by IHS Markit, increased to 47.2 last month from 30.8 in May it was still below the 50-mark separating growth from contraction. Analysts polled by Reuters had expected 37.5. "India's manufacturing sector moved towards stabilization in June, with both output and new orders contracting at much softer rates than seen in April and May. However, the recent spike in new coronavirus cases and the resulting lockdown extensions have seen demand continue to weaken," noted Eliot Kerr, an economist at IHS Markit. The April-June period was the worst quarterly performance since the PMI survey began in March 2005, in line with a Reuters poll predicting Asia's third-largest economy contracted last quarter for the first time since the mid-1990s. Input and output prices declined for a third consecutive month in June, and manufacturers continued to cut staff. However, a continued decline in price pressures might provide additional breathing space for the Reserve Bank of India to announce further easing

measures. It has already cut its repo rate by a cumulative 115 basis points since the lockdown started on March 25. (Reuters)

- **India asks telcos, internet firms to block banned Chinese apps, ByteDance to hold talks –** India has ordered telecom companies and other internet providers to stop access to 59 banned Chinese-origin apps, according to notices seen by Reuters, intensifying efforts to crack down on such businesses following a border clash between the nations. The Department of Telecommunications (DOT) said internet operators should "immediately block" access to such apps and their websites, warning of legal action if they fail to do so, according to notices issued late on Tuesday. The department's order came after India's government this week banned several Chinese apps including ByteDance's TikTok, Alibaba's UC News and Tencent's WeChat citing "threat to sovereignty and integrity", a move seen as India's push back against Chinese firms following a border clash with the neighbor. The websites of some of the banned apps - such as Alibaba's UC News - were no longer accessible from some internet networks in India. While Bytedance moved to block TikTok in India soon after the government's announcement, several other banned apps were still available for download. The Indian government has separately reached out to Google and Apple formally and asked them to remove the apps from their app stores so that new downloads can be restricted, two sources told Reuters. (Reuters)
- **Brazil posts historic trade surplus in June, raises 2020 forecast –** Brazil posted one of its biggest trade surpluses on record in June, official data showed on Wednesday, and the Economy Ministry raised its forecast for this year's overall surplus by almost 20%. June's $7.5bn surplus was a record for that particular month, the ministry said. It was more than the consensus forecast in a Reuters poll of economists for $6.95bn and sharply higher than the $5.4bn surplus a year ago. According to Refinitiv data, it was the second biggest monthly trade surplus in Brazil's history, only behind the $7.7bn surplus registered in May 2017. Exports in June totaled $17.9bn and imports were $10.4 billion, the Economy Ministry said, which helped bring the accumulated surplus in the first half of the year to $23bn. That was 10% smaller than the same period last year. But if the ministry's new forecasts are accurate, trade will not be a drag on overall economic growth as has been the case in the last couple of years. The Economy Ministry raised its 2020 trade surplus forecast by almost 20% to $55.4bn from $46.6bn, with the economy's steep decline squeezing imports, and a weak currency and increased competitiveness lifting exports slightly. The ministry now expects imports to total $147.1bn this year, down from its previous forecast of $153.2bn, and exports to total $202.5bn, up from $199.8bn. (Reuters)

Regional

- **IATA: Middle Eastern carriers improve air cargo business in May –** Middle Eastern carriers reported a decline of 25% YoY in May on air cargo, a significant improvement from the 36.2% fall in April, according to the International Air Transport Association (IATA). Despite a number of carriers in the region maintaining some cargo capacity, traffic on all key routes was low. International capacity decreased 24.4%, it said. Data for global air freight markets in May released by IATA showed a slight improvement in the air cargo market. However, capacity remains unable to meet demand as a result of the loss of belly cargo operations on passenger aircraft that have been parked. All regions suffered declines in May. Airlines in Europe and Latin America suffered the sharpest drops in YoY growth in total air freight volumes, while airlines in Asia-Pacific and the Middle East experienced slightly less dramatic declines. Airlines in North America and Africa saw more moderate drops compared to the other regions. Global demand, measured in cargo ton-kilometers (CTKs), fell by 20.3% in May (-21.5% for international operations) compared to the previous year. That is an improvement from the 25.6% year-on-year drop recorded in April. Global capacity, measured in available cargo ton-kilometers (ACTKs), shrank by 34.7% in May (-32.2% for international operations) compared to the previous year, a slight deceleration from the 41.6% YoY drop in April. (Gulf-Times.com)
- **New M&A wave seen for Gulf banks trying to outrun virus slowdown –** The coronavirus-induced economic slowdown is prompting a new wave of consolidation talk among banks in the Persian Gulf. In less than a week, two potential tie-ups have been announced, adding momentum to an already unprecedented merger and acquisition spree. Saudi Arabia's biggest lender National Commercial Bank kicked off the most recent wave with an offer to buy rival Samba Financial Group in what could be the world's biggest banking takeover this year. Days later, two Qatari lenders said they'd started initial talks to combine. "Banks are struggling to deliver top-line growth in an environment where low oil prices are crimping public spending and denting private-sector confidence, and where low interest rates are keeping margins in check," said Rahul Shah, the Dubai-based head of financials equity research at Tellimer Ltd. The Saudi deal is also being driven the desire to create a regional champion and other lenders "may be forced to respond." The region is also heavily over-banked and lenders are being compelled to do deals to remain competitive. There are more than 70 listed banks in the six-nation GCC, according to data compiled by Bloomberg, catering to a population of about 50mn people. "The economic trauma from lower oil revenues and the Covid-19 lockdowns are the catalysts for another round of consolidation in the banks," the Head of Equity Strategy at Tellimer's Dubai unit, Hasnain Malik said. "This reduction of excess capacity has been long overdue." Qatar, for instance, has 2.5mn people being served by about 20 local and international banks, and its second-biggest lender has less than a fifth of the assets of its the biggest bank. This leaves smaller lenders at a disadvantage unless they can find a niche or competitive edge. (Bloomberg)
- **Saudi CMA exempts listed companies from paying fees for 1 year –** The Saudi Captial Market Authority (CMA) exempts listed companies for one year from end of June from paying fees of submitting an application to register shares, reviewing application related to share registration, and registration of requests to offer new shares to raise capital either as rights issue or debt conversion. It has also extended exemption to debt instruments issuers intending to publicly offer debt instruments from paying the fees payable to the CMA. It says the initiative is part of efforts to alleviate the economic impacts coronavirus pandemic. (Bloomberg)
- **Clariant is in advanced merger discussions –** Clariant is in merger talks with four candidates, Swiss daily Tages-Anzeiger reported,

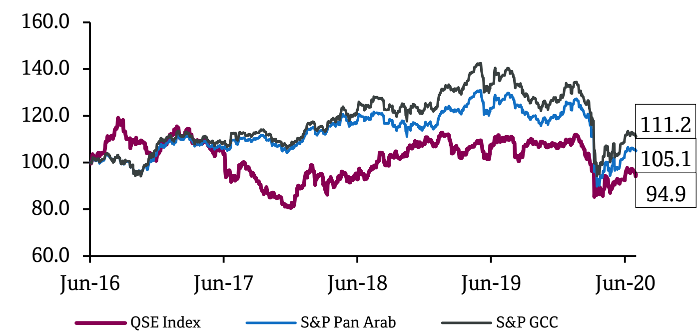
citing unidentified sources. Clariant is in advanced talks with one of the possible partners, and in early to medium stages with three others. Plan is to dilute Saudi Aramco's 31.5% stake in Clariant with a "face-saving solution". Clariant has not given up goal to become a company with CHF10bn to CHF12bn revenue through a merger and, than grow organically to CHF15bn in sales. (Bloomberg)

- **Saudi Arabia to Bahrain Causeway to reopen late July –** The roadway linking Bahrain to Saudi Arabia is expected to reopen on July 27, Asharq Al-awsat newspaper reported citing sources, ending a costly closure introduced to stop the spread of the coronavirus. The King Fahd Causeway shut on March 7 as part of the precautionary measures implemented by Saudi Arabia. Bahrain's tourism revenues have fallen by $10.6mn a day during the pandemic, according to a report by the Bahrain Tourism & Exhibition Authority. That is exacerbating an economic downturn also fueled by the fall in oil prices. S&P forecast Bahrain's economy will shrink 5% this year, although it said government stimulus measures should provide some support. The ratings company expects a rebound in 2021 as crude prices recover and regional activity increases. Bahrain, the smallest among economies of the six GCC members, has the added protection of a $10bn bailout package secured from its regional allies in 2018. (Bloomberg)
- **UAE's BPGIC says limited impact from virus on oil storage facilities –** The UAE's Brooge Petroleum and Gas Investment Co (BPGIC) said that it was moving ahead with its oil storage expansion plans as there has been a limited impact from the coronavirus pandemic on the company's operations. BPGIC also reported on Wednesday that its 2019 revenue rose 23% from a year earlier to $44mn and gross profit climbed 29% from the prior year to $34mn. "The disruption to oil markets caused by COVID-19 showed the high strategic value of having well-located storage assets," Brooge's Chief Executive Officer, Nicolaas Paardenkooper said. "(Our) facilities remain fully operational at this time, having experienced limited impact from the COVID-19 pandemic." Brooge said the second phase of its storage capacity expansion plans in Fujairah, which will add eight storage tanks with capacity of 3.8mn barrels, is expected to be completed by the end of 2020. The company's Fujairah refinery is expected to become operational in the third quarter of next year, it added. (Reuters)
- **UAE's KBBO Group appoints advisers for debt restructuring –** KBBO Group, whose Chairman is a significant shareholder in troubled hospital group NMC Health, said it had hired advisers to restructure outstanding liabilities. The group has appointed Trussbridge Advisory and PwC Middle East as financial experts, while Hadef & Partners LLC and Cleary Gottlieb Steen and Hamilton LLP have been appointed as legal advisors, it said. It did not disclose its outstanding debt. "The Group has been challenged by its exposure to NMC in addition to the COVID-19 outbreak, which has impacted various operations," it said, without detailing its exposure to NMC. Chairman of KBBO Group, Khalifa Bin Butti earlier this year resigned as Vice Chairman of NMC after UK regulators said they were looking into the company after news that founder and chairman B.R. Shetty had inaccurately disclosed the size of his stake in the business. (Reuters)
- **DAMAC says did not receive request from any party on acquisition –** DAMAC has not received any request from any party that includes the intention of acquisition, the Dubai-based property developer stated. (Bloomberg)
- **Moody's upgrades TAQA's ratings to Aa3 following successful transfer of assets; stable outlook –** Moody's Investors Service has upgraded the issuer rating of Abu Dhabi National Energy Company (TAQA) to Aa3 from A3 and its short term rating to P-1 from P-2. The outlook on all ratings is stable. This concludes the review for upgrade Moody's had initiated on February 12, 2020. TAQA successfully completed the transfer of certain assets from Abu Dhabi Power Corporation (ADPower), TAQA's main direct shareholder, on July 1, 2020. The transaction significantly enhances TAQA's asset portfolio, adding transmission and distribution assets to its generation assets and creating a monopoly integrated utility in the Emirate of Abu Dhabi. The upgrade reflects Moody's view that the transfer of the ADPower assets reinforces the strategic importance of TAQA for the government of Abu Dhabi (Aa2 stable). The additional assets entrench TAQA's dominance over electricity generation, transmission and distribution and water desalination in Abu Dhabi. TAQA becomes a vertically integrated utility with total assets of around AED200bn and a more diversified energy generation mix. Indirect government ownership will increase to 98.6% from 74.1%. (Bloomberg)
- **Abu Dhabi's Masdar to boost its renewable capacity on new projects –** Abu Dhabi Future Energy Company (Masdar) plans to boost its renewable energy capacity to 8 gigawatts (GW) before the end of this year, as it expands globally and bids for new projects, its Chief Executive, Mohamed Jameel al-Ramahi told Reuters. Masdar, a developer and operator of utility-scale renewable energy projects, is eyeing new projects in Saudi Arabia, the US as well as in eastern and central Europe and southeast Asia, he said. Masdar is wholly-owned by Abu Dhabi's state fund Mubadala Investment Co. Abu Dhabi, like other Gulf oil producers, wants to reduce reliance on crude oil and diversify its energy mix. "At the beginning of 2019, Masdar set a target of doubling its renewables capacity of 4GW within five years. We now expect to exceed that target before the end of 2020, so in less than two years," he said. In January 2019, Masdar announced plans to double its renewables energy capacity from 4GW in five years with new projects in Asia and the Americas. Al-Ramahi did not give updated details on Masdar's existing renewable energy capacity. (Reuters)
- **Kuwait's Agility seeks $150mn cost saving to tackle virus –** Agility Public Warehousing Co. is seeking to save more than $150mn as the Kuwait-based logistics company tackles the fallout of the coronavirus pandemic. The firm put in place measures "including reduction in spend, personnel measures, and other steps to adjust costs in various business lines to realities on the ground," Chief Executive Officer, Tarek Sultan said in an interview. Agility "made the right sizing and any changes that are needed to make our businesses consistent and relevant to the current world that we're in." Although there have been job losses, it would be "illogical" for Agility to restrict hiring, particularly as some of its businesses are growing and others may come back online quickly, Sultan said. "We would be looking to grow those businesses and maybe leverage the

opportunity that Covid presents by being able to attract even better people." (Bloomberg)

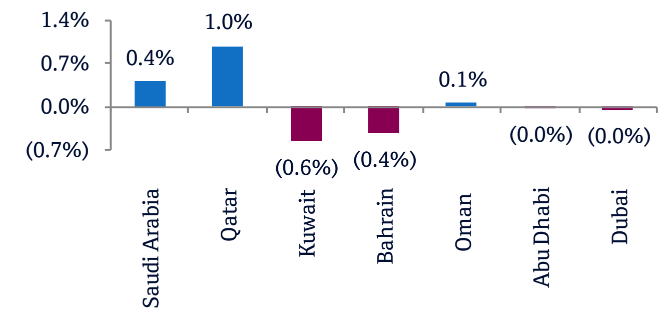
- **Oman notifies crude customers of 10% cut in allocations for September –** Oman has told its crude oil term customers of a cut of about 10% in allocations for September loading and delivery, the oil ministry said. The reduction, of which customers were notified on Tuesday, reflects the Gulf oil producer's "100% commitment to the OPEC+ alliance by cutting 161,000 bpd, as of September 2020, from Oman's quota," the ministry said. (Reuters)

Rebased Performance



Source: Bloomberg

Daily Index Performance



Source: Bloomberg

Asset/Currency Performance	Close ($)	1D%	WTD%	YTD%
Gold/Ounce	1,770.09	(0.6)	(0.1)	16.7
Silver/Ounce	18.01	(1.1)	1.2	0.9
Crude Oil (Brent)/Barrel (FM Future)	42.03	2.1	2.5	(36.3)
Crude Oil (WTI)/Barrel (FM Future)	39.82	1.4	3.5	(34.8)
Natural Gas (Henry Hub)/MMBtu	1.64	0.0	17.1	(21.5)
LPG Propane (Arab Gulf)/Ton	46.38	0.8	(1.9)	12.4
LPG Butane (Arab Gulf)/Ton	45.00	7.8	5.6	(31.3)
Euro	1.13	0.2	0.3	0.3
Yen	107.47	(0.4)	0.2	(1.0)
GBP	1.25	0.6	1.1	(5.9)
CHF	1.06	0.2	0.2	2.3
AUD	0.69	0.2	0.7	(1.5)
USD Index	97.20	(0.2)	(0.2)	0.8
RUB	71.19	0.0	2.0	14.8
BRL	0.19	2.7	2.8	(24.5)

Source: Bloomberg

Global Indices Performance	Close	1D%*	WTD%*	YTD%*
MSCI World Index	2,211.27	0.4	2.5	(6.2)
DJ Industrial	25,734.97	(0.3)	2.9	(9.8)
S&P 500	3,115.86	0.5	3.5	(3.6)
NASDAQ 100	10,154.63	1.0	4.1	13.2
STOXX 600	361.19	0.4	1.1	(12.9)
DAX	12,260.57	(0.2)	1.7	(7.0)
FTSE 100	6,157.96	0.6	1.1	(23.2)
CAC 40	4,926.94	0.0	0.7	(17.3)
Nikkei	22,121.73	(0.4)	(2.0)	(5.2)
MSCI EM	1,001.08	0.6	0.2	(10.2)
SHANGHAI SE Composite	3,025.98	1.3	1.7	(2.3)
HANG SENG#	24,427.19	0.0	(0.5)	(12.9)
BSE SENSEX	35,414.45	1.5	0.8	(19.0)
Bovespa	96,203.20	3.7	5.0	(37.3)
RTS#	1,212.63	0.0	(2.7)	(21.7)

Source: Bloomberg (*$ adjusted returns, #Market was closed on July 01, 2020)

Contacts

Saugata Sarkar, CFA, CAIA
Head of Research
Tel: (+974) 4476 6534
saugata.sarkar@qnbfs.com.qa

Shahan Keushgerian
Senior Research Analyst
Tel: (+974) 4476 6509
shahan.keushgerian@qnbfs.com.qa

Zaid al-Nafoosi, CMT, CFTe
Senior Research Analyst
Tel: (+974) 4476 6535
zaid.alnafoosi@qnbfs.com.qa

Mehmet Aksoy, PhD
Senior Research Analyst
Tel: (+974) 4476 6589
mehmet.aksoy@qnbfs.com.qa

QNB Financial Services Co. W.L.L.
Contact Center: (+974) 4476 6666
PO Box 24025
Doha, Qatar