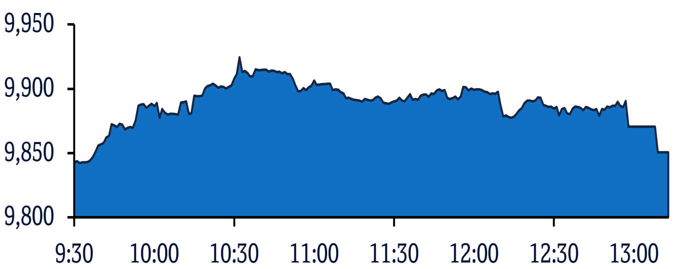
Daily Market Report

Wednesday, 02 September 2020

QSE Intra-Day Movement



Qatar Commentary

The QE Index rose 0.1% to close at 9,850.7. Gains were led by the Real Estate and Industrials indices, gaining 3.3% and 0.6%, respectively. Top gainers were Investment Holding Group and United Development Company, rising 9.8% and 4.8%, respectively. Among the top losers, Doha Insurance Group fell 2.7%, while INMA Holding Group was down 2.6%.

GCC Commentary

Saudi Arabia: The TASI Index fell 0.5% to close at 7,898.9. Losses were led by the Pharma, Biotech and Media & Ent. indices, falling 3.8% and 2.7%, respectively. Wafrah for Industry declined 5.6%, while Saudi Arabia Refineries was down 4.4%.

Dubai: The DFM Index gained 0.3% to close at 2,252.4. The Consumer Staples and Discretionary index rose 3.1%, while the Insurance index gained 2.5%. Arabtec Holding Co rose 15.0%, while Dubai Islamic Insurance and Reins. Co. was up 12.0%.

Abu Dhabi: The ADX General Index gained 0.1% to close at 4,525.4. The Industrial index rose 2.0%, while the Services index gained 1.9%. Gulf Cement Co. rose 14.8%, while Ras Al Khaimah Ceramics was up 8.1%.

Kuwait: The Kuwait All Share Index gained 0.6% to close at 5,326.9. The Financial Services index rose 1.7%, while the Real Estate index gained 1.3%. Munshaat Real Estate Project rose 37.5%, while Kuwait Remal Real Estate Co was up 27.6%.

Oman: The MSM 30 Index gained 0.2% to close at 3,780.3. Gains were led by the Financial and Services indices, rising 0.2% and 0.1%, respectively. Oman & Emirates Investment Holding Co. rose 2.1%, while HSBC Bank Oman was up 2.0%.

Bahrain: The BHB Index gained 1.8% to close at 1,405.6. The Commercial Banks index rose 2.9%, while the Industrial index gained 0.5%. Ahli United Bank rose 5.5%, while GFH Financial Group was up 1.8%.

Market Indicators	01 Sep 20	31 Aug 20	%Chg.
Value Traded (QR mn)	794.7	794.5	0.0
Exch. Market Cap. (QR mn)	570,235.7	570,037.0	0.0
Volume (mn)	565.8	407.1	39.0
Number of Transactions	14,294	12,833	11.4
Companies Traded	46	45	2.2
Market Breadth	21:21	17:27	–

Market Indices	Close	1D%	WTD%	YTD%	TTM P/E
Total Return	18,937.60	0.1	(0.3)	(1.3)	16.0
All Share Index	3,045.45	(0.1)	(0.7)	(1.7)	16.8
Banks	4,091.97	(0.5)	(1.7)	(3.0)	13.7
Industrials	2,976.97	0.6	0.4	1.5	25.9
Transportation	2,841.11	(0.1)	(0.1)	11.2	13.5
Real Estate	1,744.94	3.3	4.5	11.5	14.3
Insurance	2,123.91	(0.6)	0.4	(22.3)	32.8
Telecoms	905.80	(0.5)	(1.5)	1.2	15.3
Consumer	8,184.28	(0.2)	(0.2)	(5.3)	25.7
Al Rayan Islamic Index	4,082.97	0.5	0.6	3.3	19.0

GCC Top Gainers##	Exchange	Close#	1D%	Vol. '000	YTD%
Emaar Economic City	Saudi Arabia	8.87	9.9	8,692.1	(7.1)
Ahli United Bank	Bahrain	0.77	5.5	905.3	(19.3)
Barwa Real Estate Co	Qatar	3.53	3.3	18,960.1	(0.4)
GFH Financial Group	Dubai	0.64	3.3	34,130.9	(24.4)
Dar Al Arkan Real Estate	Saudi Arabia	8.35	3.0	73,793.9	(24.1)

GCC Top Losers##	Exchange	Close#	1D%	Vol. '000	YTD%
Saudi Arabian Fertilizer	Saudi Arabia	80.60	(2.8)	379.3	4.0
Al Rajhi Bank	Saudi Arabia	63.40	(2.3)	7,923.6	(3.1)
Bupa Arabia for Coop. Ins.	Saudi Arabia	122.20	(1.5)	91.9	19.3
The Commercial Bank	Qatar	4.10	(1.3)	1,728.3	(12.8)
National Comm. Bank	Saudi Arabia	36.75	(1.2)	2,873.8	(25.4)

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%
Investment Holding Group	0.64	9.8	232,502.6	12.8
United Development Company	1.30	4.8	66,268.1	(14.5)
Qatar Cinema & Film Distribution	3.61	4.7	15.1	64.1
Barwa Real Estate Company	3.53	3.3	18,960.1	(0.4)
Alijarah Holding	1.09	3.2	35,863.8	54.9

QSE Top Losers	Close*	1D%	Vol. '000	YTD%
Doha Insurance Group	1.13	(2.7)	508.0	(5.5)
INMA Holding Group	4.43	(2.6)	2,573.2	133.2
Medicare Group	7.40	(1.5)	1,357.0	(12.4)
The Commercial Bank	4.10	(1.3)	1,728.3	(12.8)
Aamal Company	0.92	(1.3)	15,318.2	12.9

QSE Top Volume Trades	Close*	1D%	Vol. '000	YTD%
Investment Holding Group	0.64	9.8	232,502.6	12.8
United Development Company	1.30	4.8	66,268.1	(14.5)
Salam International Inv. Ltd.	0.66	2.8	58,620.5	28.2
Alijarah Holding	1.09	3.2	35,863.8	54.9
Qatar Aluminium Manufacturing	1.00	1.0	23,908.1	27.4

QSE Top Value Trades	Close*	1D%	Val. '000	YTD%
Investment Holding Group	0.64	9.8	143,152.2	12.8
United Development Company	1.30	4.8	84,650.7	(14.5)
QNB Group	17.86	(0.8)	75,457.5	(13.3)
Barwa Real Estate Company	3.53	3.3	66,862.1	(0.4)
Alijarah Holding	1.09	3.2	39,099.1	54.9

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*	9,850.68	0.1	(0.3)	0.1	(5.5)	217.26	154,876.0	16.0	1.5	4.1
Dubai	2,252.39	0.3	(0.7)	0.3	(18.5)	96.62	85,451.7	8.5	0.8	4.3
Abu Dhabi	4,525.41	0.1	(0.2)	0.1	(10.8)	117.74	184,324.9	16.5	1.3	5.4
Saudi Arabia	7,898.86	(0.5)	(0.4)	(0.5)	(5.8)	2,917.03	2,375,088.1	28.8	1.9	3.4
Kuwait	5,326.87	0.6	0.7	0.6	(15.2)	143.75	100,153.1	28.3	1.3	3.7
Oman	3,780.25	0.2	1.1	0.2	(5.0)	11.20	16,920.6	11.2	0.8	6.5
Bahrain	1,405.62	1.8	1.8	1.8	(12.7)	5.88	21,006.1	13.1	0.9	5.1

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 0.1% to close at 9,850.7. The Real Estate and Industrials indices led the gains. The index rose on the back of buying support from Qatari and Arab shareholders despite selling pressure from GCC and Foreign shareholders.
- Investment Holding Group and United Development Company were the top gainers, rising 9.8% and 4.8%, respectively. Among the top losers, Doha Insurance Group fell 2.7%, while INMA Holding Group was down 2.6%.
- Volume of shares traded on Tuesday rose by 39.0% to 565.8mn from 407.1mn on Monday. Further, as compared to the 30-day moving average of 305.1mn, volume for the day was 85.4% higher. Investment Holding Group and United Development Company were the most active stocks, contributing 41.1% and 11.7% to the total volume, respectively.

Overall Activity	Buy %*	Sell %*	Net (QR)
Qatari Individuals	51.20%	45.28%	47,023,584.3
Qatari Institutions	14.94%	12.11%	22,451,345.9
Qatari	**66.13%**	**57.39%**	**69,474,930.2**
GCC Individuals	1.05%	1.21%	(1,307,769.2)
GCC Institutions	0.72%	5.07%	(34,555,246.7)
GCC	**1.77%**	**6.28%**	**(35,863,016.0)**
Arab Individuals	12.14%	11.58%	4,459,119.4
Arab Institutions	0.01%	–	90,050.0
Arab	**12.15%**	**11.58%**	**4,549,169.4**
Foreigners Individuals	2.96%	2.75%	1,650,869.2
Foreigners Institutions	16.98%	21.99%	(39,811,952.8)
Foreigners	**19.95%**	**24.75%**	**(38,161,083.6)**

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

Ratings and Global Economic Data

Ratings Updates

Company	Agency	Market	Type*	Old Rating	New Rating	Rating Change	Outlook	Outlook Change
Ahli United Bank	Fitch	Bahrain	STR/LT-IDR/ST-IDR/SR/VR	F3/ BBB-/ F3/ 2/ bb+	B/ BB+/ B/3/ bb	↓	Stable	–
Bank of Sharjah	Capital Intelligence	Abu Dhabi	FLT	A-	BBB+	↓	Stable	–

Source: News reports, Bloomberg (* LT – Long Term, ST – Short Term, FLT – Foreign Long Term, IDR – Issuer Default Rating, SR – Support Rating, VR – Viability Rating,)

Global Economic Data

Date	Market	Source	Indicator	Period	Actual	Consensus	Previous
09/01	US	Markit	Markit US Manufacturing PMI	Aug	53.1	53.6	53.6
09/01	US	Institute for Supply Management	ISM Manufacturing	Aug	56.0	54.8	54.2
09/01	UK	Bank of England	Money Supply M4 MoM	Jul	0.9%	–	1.1%
09/01	UK	Bank of England	M4 Money Supply YoY	Jul	13.5%	–	13.1%
09/01	UK	Markit	Markit UK PMI Manufacturing SA	Aug	55.2	55.3	55.3
09/01	EU	Markit	Markit Eurozone Manufacturing PMI	Aug	51.7	51.7	51.7
09/01	EU	Eurostat	CPI MoM	Aug	-0.4%	-0.1%	-0.4%
09/01	EU	Eurostat	CPI Core YoY	Aug	0.4%	0.8%	1.2%
09/01	Germany	Markit	Markit/BME Germany Manufacturing PMI	Aug	52.2	53.0	53.0
09/01	France	Markit	Markit France Manufacturing PMI	Aug	49.8	49.0	49.0
09/01	Japan	Markit	Jibun Bank Japan PMI Mfg	Aug	47.2	–	46.6
09/01	China	Markit	Caixin China PMI Mfg	Aug	53.1	52.5	52.8
09/01	India	Markit	Markit India PMI Mfg	Aug	52	–	46

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

News

Qatar

- **Qatar central bank sells QR600mn of T-bills –** Qatar's Central Bank sold QR100mn ($27mn) of 273-day bills due June 1, 2021. The bills have a yield of 0.28% and settled September 1. Qatar Central Bank sold QR200mn ($54mn) of 182-day bills due March 2, 2021. The bills have a yield of 0.22% and settled September 1. Qatar Central Bank sold QR300mn ($81mn) of 91-day bills due December 1. The bills have a yield of 0.16% and settled September 1. (Bloomberg)
- **Ahli Bank sells $500mn in 5-year bonds –** Ahli Bank sold $500mn in five-year bonds at 165 basis points (bps) over mid swaps and received more than $1.9bn in orders for the debt sale, a document showed on Tuesday. It began marketing the bonds at around 190 bps over mid swaps earlier on Tuesday. Barclays, Mizuho Securities, QNB Capital and Standard Chartered arranged the deal. (Zawya)
- **QIBK launches exclusive home finance offer for citizens –** Qatar Islamic Bank (QIBK) has announced the launch of an exclusive home finance offer in line with its commitment to providing the best and most competitive offers in the market for its customers. Whether customers want to buy a new home or a land, the new home finance offer allows Qatari citizens to benefit from reduced profit rates, extended grace period and waived fees when purchasing their home through QIB's Shari'ah compliant home finance program. The offer is valid for a short period of time. During this period, salaried Qatari customers will benefit from competitive home finance profit rates starting from reducing rate of 4.5% per annum inclusive of Life Takaful coverage. Customers applying for QIBK's home finance will also be eligible for the 12 months' repayment grace period allowing them to own their home today and start paying the installments after one year. (Qatar Tribune)
- **BRES in pact to build, maintain 8 schools and lease them to government –** Barwa Real Estate Group (BRES) has signed an agreement with "Ashghal" to develop eight schools according to PPP Development Program – Package 1. Under this project, Barwa will have the responsibility to develop and maintain eight schools across Qatar for a period of 25 years. After construction, the schools will be directly leased to the concerned government authority, thereby securing guaranteed rental income for BRES, a matter which brings sustainable long term returns for the Group and its shareholders. This is the first of its kind public private partnership endeavor in the State of Qatar in the field of education. The selection of Barwa in this project of national importance further strengthens its position as a key real estate partner of the Government. (QSE)
- **Qatar's July foreign trade surplus falls 52.3% YoY –** Ministry of Development Planning and Statistics in Doha has published foreign merchandise trade data for July which showed that foreign trade surplus fell 52.3% YoY. Trade surplus reached QR6.3bn versus surplus of QR5.87bn in previous month. Domestic exports reached QR13bn vs QR11.7bn in previous month, declining 39.8% YoY. Imports reached QR7.35bn vs QR6.86bn in previous month, declining 19.5% YoY. (Bloomberg)
- **Vodafone, Qatar Rail partner to provide Wi-Fi access for all Doha Metro passengers –** Vodafone Qatar, in partnership with Qatar Rail, has launched a public Wi-Fi service on the Doha Metro Red, Green and Gold lines to provide passengers with Internet access at all stations and on board trains. "The fully managed Wi-Fi is one of Qatar's very few projects to provide seamless Internet access while users are on the move," Vodafone Qatar said in a statement on Tuesday. The coverage spans the Metro facilities, both above and below ground, including the 37 stations and all trains on each of the three lines, to give passengers uninterrupted connectivity. (Gulf-Times.com)
- **QCB: Credit stress tests indicate Qatar's banking sector at 'comfortable' position –** Credit stress tests have indicated that Qatar's banking sector is at a "comfortable" position owing to the availability of "sufficient" capital, although "traces of risk" have been identified at the individual bank level, the Qatar Central Bank has said in a report. The credit risk as measured through the level of non-performing loan (NPL) ratio declined, albeit marginally, the QCB said in its 11th Financial Stability Report. Along with the decline in NPL, coverage ratio has improved, which further eased the stress on the banks in case of any eventual loss from the non-performing loans. Improvement in NPL ratio was broad-based, the QCB noted. The ratio declined for all the economic sectors, except from the credit provided to non-residents. NPL from the non-resident sector increased by around 0.7 percentage points while the share of NPL from domestic private sector declined by 0.4 percentage points. The slippage ratio, fresh accretion to NPLs during the year from the performing credit at the beginning of the year, considerably reduced to 0.12% as compared to 0.37% reported in 2018. In nominal terms, NPL grew at a slower pace at 6.3% from the last year (23.2%). Overall, the extent of stress from credit risk declined due to improvements in asset quality and increase in coverage of delinquent loans. In order to assess the impact of probable risk due to stress on corporate and household sector balances sheet, the QCB has stressed the banking sector's credit portfolio by assuming high NPLs levels from the private sector. It assumed stress on consumption sector credit at higher rate since individual sector holds more than half of the total NPLs. A moderate stress condition is assumed for all other sectors except the public sector. The stress test results showed that the capital ratios of the banks decline anywhere between 3.5 to 6.2 percentage points, the QCB noted. (Gulf-Times.com)
- **Moody's: IQCD has 'significant' financial flexibility to consolidate ownership in JVs –** Industries Qatar (IQCD), which is buying the remaining 25% stake in Qatar Fertiliser Company (QAFCO) from Qatar Petroleum (QP), has "substantial cash and minimal debt", giving it "significant" financial flexibility to consolidate ownership in joint ventures, Moody's, a global rating agency, has said. In its latest issuer comment, the rating agency said the market heavyweight IQCD has potential to buy the remaining 20% stake in Qatar Petrochemical Company (QAPCO) and 50% in Qatar Fuel Additives (QAFAC), when shareholder agreements expire in the coming years. IQCD reported a cash balance of $3.1bn as on June 30, 2020. This amount consolidates cash held at QAFCO and Qatar Steel level, and on average, 65%-70% of the cash has historically been held at the IQCD holding company level. Highlighting that IQCD's proposed plan to buy the remaining 25% stake in QAFCO from QP for $1bn is credit "positive"; Moody's said it will give IQCD

full strategic, operational and financial control over QAFCO and 100% of its dividends, which in turn would increase the parent's attributable net profit. "We estimate that IQCD's attributable net profit would have been 11% higher for 2019 pro forma, if QAFCO was fully owned by IQCD instead of 75%," Moody's said, adding IQCD's fertilizer business segment, effectively the QAFCO operation, is an important earnings contributor to the IQCD group, despite its volatility. As part of the transaction, QAFCO will acquire QP's 40% stake in Qatar Melamine Company (QMC), a key subsidiary of QAFCO. Both QAFCO and QMC have also entered into a new gas sale and purchase agreement (GSPA) with QP. The GSPA is effective until 2035 and covers the natural gas needs of both companies. The new GSPA provides feedstock to QAFCO and QMC under a more simplified, competitive and favorable arrangement compared to the prior agreements. "The new GSPA will slightly improve QAFCO's cost position because it will buy natural gas feedstock from QP at a cheaper rate on average than previously. Under the announced transaction, the 25% stake that IQCD is buying will revert back to QP in December 2035, once the GSPA expires," Moody's said. (Gulf-Times.com)

- **QATAR TANKER TRACKER: Flows slip to 3-month low on Korean slump –** Qatar's crude and condensate shipments fell to a 3-month low in August as shipments to South Korea plunged to the lowest since at least 2017, offsetting a steep increase to Japan, tanker-tracking data compiled by Bloomberg showed. Observed exports slipped to 891k barrels per day last month, lowest since May; flows in July were 940k barrels per day. (Bloomberg)

International

- **Labor Department: US employment projected to increase 6mn from 2019 to 2029 –** US employment is projected to increase by 6mn jobs this decade, with the annual growth rate sharply slower than during the economy's recovery from the Great Recession, according to a government report on Tuesday. The projections published by the Labor Department's Bureau of Labor Statistics (BLS) do not include the impact of the COVID-19 pandemic and response efforts, and are developed using models based on historical data. The coronavirus crisis delivered the biggest economic shock since the Great Depression, with 22mn jobs lost. Only 9.3mn jobs had been recovered by July. "The 2019-29 projections were finalized in the spring of 2020 when there was still significant uncertainty about the duration and impacts of the pandemic," the BLS said. Employment is projected to increase to 168.8mn over the 2019-29 decade from 162.8mn over the prior period. That reflects an annual growth rate of 0.4%, significantly slower than the 2009-19 pace of 1.3%, which was bolstered by recovery from the 2007-09 recession. The healthcare and social assistance industry is projected to add the most new jobs, and six of the 10 fastest-growing occupations are related to healthcare, the BLS said. The long-term projections are intended to capture structural changes in the economy, not cyclical fluctuations. The projected pedestrian employment growth pace reinforces economists' belief that it could take years for the labor market to recoup the jobs lost during the pandemic. A moderate pace of economic growth is also projected. Inflation-adjusted gross domestic product is forecast rising 1.8% annually from 2019 to 2029, down from 2.3% in the prior decade. (Reuters)
- **Commerce Department: US construction spending almost flat in July –** US construction spending barely rose in July as an increase in outlays on private projects was almost offset by a plunge in public construction projects. The Commerce Department said on Tuesday that construction spending edged up 0.1%. Data for June was revised to show construction outlays falling 0.5% instead of decreasing 0.7% as previously reported. Economists polled by Reuters had forecast construction spending would rebound 1.0% in July. Construction spending dipped 0.1% on a YoY basis. Spending on private construction projects advanced 0.6%, boosted by investment in homebuilding amid record-low mortgage rates. Spending on residential projects surged 2.1%, eclipsing a 1.0% drop in outlays on nonresidential construction projects such as manufacturing and power plants. Spending on public construction projects tumbled 1.3%. (Reuters)
- **PMI: UK factories see big upturn in August, but from low ebb –** British factory output recovered some ground lost to the COVID-19 pandemic as output rose in August at the fastest pace in more than six years, albeit from a low level, a survey showed on Tuesday. The IHS Markit/CIPS manufacturing Purchasing Managers' Index (PMI) rose to 55.2 in August from July's 53.3, broadly in line with an earlier flash estimate of 55.3 and the highest since February 2018. The PMI's output component — which IHS Markit says can give a better guide to the sector's strength than the headline figure — rose to its highest since May 2014. The index levels represent the pace of growth rather than the amount of output, however, and the sector has a long way to go to get back to where it was before the lockdown. Job losses were widespread at the businesses surveyed. "Companies report that the current bounce is mainly driven by the restarting of manufacturers' operations and reopening of clients as COVID-19 restrictions continue to be relaxed," said Rob Dobson, director at IHS Markit, which compiles the survey. "Backlogs of work fell at an increased rate, hinting at spare capacity, and the labor market remains worryingly weak, with job losses registered for the seventh straight month." Some 58% of manufacturers surveyed in late July and the first half of August by the Confederation of British Industry said they considered their order books to be "below normal". (Reuters)
- **BRC: UK retailers step up their discounting in August –** British retailers discounted their goods a bit more aggressively in August than in July as they sought to get customers back after the coronavirus lockdown earlier in the year, industry data showed on Wednesday. Average shop prices in August were 1.6% lower than a year before, compared with a fall of 1.3% in July and a record 2.4% tumble in May, the British Retail Consortium (BRC) said. August's fall was driven by bigger price declines of 3.4% for non-food prices, compared with a 2.9% drop in July. "Many retailers have continued to run promotions and sales in order to entice customers to spend and make up for lost ground during lockdown," BRC Chief Executive Helen Dickinson said. The availability of fresh, seasonal produce allowed food inflation to ease to 1.3% in August, down from 1.5% in July, Dickinson said. Figures from the Confederation of

British Industry published last week showed an unexpected weakening of retail sales in the first half of August, raising concerns that a bounce-back in consumer spending after the lockdown might be short-lived. The BRC shop prices survey was conducted between August 3 and August 7.(Reuters)

- **PMI: Eurozone factory output stayed strong in August –** Eurozone manufacturing activity remained on a recovery path last month, a survey showed on Tuesday, but factory managers were wary about investing and hiring workers as the coronavirus pandemic rages on. IHS Markit's final Manufacturing Purchasing Managers' Index (PMI) dipped to 51.7 from July's 51.8, in line with an earlier flash reading and comfortably ahead of the 50 mark separating growth from contraction. An index measuring change in output, which feeds into a composite PMI due on Thursday that is seen as a good gauge of economic health, rose to 55.6 from 55.3, just below the flash reading of 55.7 but its highest level since April 2018. "Eurozone factory output rose strongly again in August, providing further encouraging evidence that production will rebound sharply in the third quarter after the collapse seen at the height of the COVID-19 pandemic in the second quarter," said Chris Williamson, chief business economist at IHS Markit. Despite optimism at a two-year high, factories reduced headcount and ordered fewer raw materials. The employment index sagged well below the break-even mark at 44.2, albeit closer to it than July's 42.9. (Reuters)
- **Germany sees economy recovering faster than expected in 2020 –** Germany expects the economic devastation caused by the COVID-19 pandemic to be less severe this year than originally feared, but sluggish foreign demand is likely to weaken the rebound in Europe's largest economy next year. Presenting the government's updated forecasts on Tuesday, Economy Minister Peter Altmaier said a strong response from the state was helping fuel a quicker than expected recovery from the coronavirus shock. "The recession in the first half of the year turned out to be less severe than we had feared," Altmaier told reporters, adding that the worst was over for the economy. "Overall, we can say that at least for now, we are dealing with a V-shaped development," Altmaier said. He added that he did not expect authorities to impose another round of lockdown measures as in March and April. Confirming an earlier Reuters report, Altmaier said Berlin had revised upwards its 2020 forecast to a decline of 5.8% from a previous estimate of -6.3%. That would still represent the biggest economic slump since World War Two. The German economy contracted by 5.7% in 2009 as the global financial crisis unfolded. For 2021, the government revised downward its growth forecast to an expansion of 4.4% from its previous estimate of 5.2%. This means the economy will not reach its pre-pandemic size before early 2022, Altmaier said. The government expects exports to tumble by 12.1% this year before jumping by 8.8% in 2021. Private consumption is seen falling by 6.9% this year and then rising by 4.7% in 2021. (Reuters)
- **Germany revises upward 2020 GDP forecast to -5.8%, weaker rebound in 2021 –** The German government has revised upward its economic forecast for this year to a decline of 5.8% from a previously expected slump of 6.3%, two sources told Reuters on Tuesday. For 2021, the government has revised downward its growth forecast for Europe's largest economy to an expansion of 4.4% from its previous estimate of 5.2%, said two people with knowledge of the figures. Economy Minister Peter Altmaier will present the updated outlook later on Tuesday (0900 GMT) after the economy suffered its worst peacetime recession in the first half of the year. (Reuters)
- **Japan's next premier to find pandemic eroding job market gains made by 'Abenomics' –** Whoever succeeds Shinzo Abe as Japan's Prime Minister will be confronted with growing signs that the job market is deteriorating in an economy laid low by the coronavirus pandemic. Top government spokesman Yoshihide Suga is emerging as a front-runner to become next premier, heightening the chance the government will continue down the policy course set by Abe - notably the "Abenomics" strategy aimed at reviving the economy. But the widening damage from COVID-19 is threatening job creation, among the few successes of Abenomics. Japan's unemployment rate crept up to 2.9% in July and job availability fell to a more than six-year low, data showed on Tuesday. Nearly 2mn people lost their jobs in July, about 410,000 more than in the same month last year, with the number of job losses rising for six straight months through July. Among the hardest hit have been non-permanent workers, who make up nearly 40% of Japan's workforce and are concentrated in industries like hotels, restaurants and entertainment. The number of temporary workers fell by 1.31mn in July from a year ago, the biggest drop in more than 6-1/2 years. "We're seeing more non-permanent workers lose their jobs, especially in industries vulnerable to the pandemic," said Shinya Kodera, an economist at Mizuho Research Institute. (Reuters)
- **China's looming corn shortage fans food security unease –** Soaring corn prices are stoking food security jitters in China, where food inflation has climbed to the highest in over a decade and President Xi Jinping made a recent high-profile plea for an end to wastage. The price surge in corn - critical for China's mammoth hog, dairy and poultry sectors - is the latest in a series of ructions that include a devastating pig disease, pandemic-driven upsets for international suppliers and warnings of a growing food supply gap. Prices have risen as the country heads for its first real corn shortfall in years in the upcoming 2020/21 season starting in October and could face a deficit of up to 30mn tons, around 10% of its total crop, say analysts and traders. That would be a likely boon for major exporters like the United States and Ukraine, but threatens to push up global prices and have a knock-on impact elsewhere as some corn users switch to other grains. "It is certain that there will be a corn shortage in the future, and we would need to import a lot next year," said an executive with a state-owned trading firm, who declined to be identified as he was not authorized to talk to media. (Reuters)
- **Brazil manufacturing PMI hits record high 64.7 in August: IHS Markit –** Brazilian manufacturing expanded at a record pace in August, a survey of purchasing managers' activity showed on Tuesday, extending its solid recovery from the COVID-19 crisis as new orders rose to new peaks and employment hit a 10-year high. IHS Markit's headline Brazil manufacturing purchasing managers index (PMI) jumped to 64.7 in August from the previous all-time high of 58.2 in July, the highest level since the

index was first compiled in February 2006. This is the latest piece of evidence to show a widening chasm between manufacturing and industry, which are rebounding strongly from the crisis, and the dominant services sector, which is still contracting and shedding jobs. Economic forecasts have been revised up recently, in large part due to the strong rebound in manufacturing. The consensus among economists is now closer to a 5.5% fall in gross domestic product this year compared with around -7% a few months ago. "Growth rates in production and new orders hit their highest ever levels and helped to drive an unprecedented rise in purchasing activity. Job hiring subsequently took off, with growth in employment the best in over a decade," said Paul Smith, economics director at IHS Markit. Among the notable sub-index PMI readings for August, output jumped to 68.0 from 62.9, and new orders rose to 70.8 from 60.5, both comfortably the highest ever. The employment index rose to 56.3 from 52.3, the highest since February, 2010. But Smith also noted the "eye-wateringly high" inflationary pressures in August due to supply constraints a persistently weak exchange rate. The input prices index jumped to 86.7 from 75.8, the highest since the series began in 2006. (Reuters)

- **Brazil trade surplus widens to $6.6bn in August as imports slide –** Brazil posted a $6.6bn trade surplus in August, official data showed on Tuesday, as the economic crisis triggered by the COVID-19 pandemic led to yet another steep decline in imports. Exports totaled $17.7bn and imports were $11.1bn, the economy ministry said, adding that the accumulated January-August surplus of $36.6bn was up from a $32.2bn surplus in the same period last year. August's surplus was almost exactly in line with the median forecast in a Reuters poll of economists for a $6.7bn surplus, and was sharply up from the $4.1bn surplus in the same month last year. In the first seven months of the year, the total value of Brazil's trade with the rest of the world was $240.7bn, compared with $266.4bn in the same period last year, the economy ministry said. Exports totaling $138.6bn were down around 7%, not accounting for working days or price changes, while imports of $102bn were down 13% on a similar basis. Official data earlier on Tuesday showed that international trade was one of the few areas of Latin America's biggest economy that did not slump and actually added to growth in the second quarter, as exports rose 1.8% and imports fell a record 13.2%. According to Goldman Sachs, this added a net 216 basis points to growth in the period, although heavy declines in most other sectors led to an overall 9.7% slump in gross domestic product. (Reuters)

Regional

- **OPEC's oil-supply boost tempered by extra cuts from quota cheats –** OPEC's monthly crude production rose by only half the amount permitted under an agreement to taper output curbs, as longtime laggards Nigeria and Iraq stumped up extra cuts. The OPEC increased output by 550,000 bpd in August to 23.94mn a day, according to a Bloomberg survey. That's based on information from officials, ship-tracking data and estimates from consultants including Rystad Energy, Petro-Logistics, Rapidan Energy Group and JBC Energy GmbH. The increase compares with the more than 1.2mn bpd that the group was permitted to add during the month as it seeks to balance a market still grappling with uneven demand across major economies. The partial restoration of supply follows a doubling in the price of crude since late April as the world emerges from the depths of the coronavirus crisis. The August figures reflect moves by Persian Gulf members to phase out extra cutbacks implemented in recent months. Saudi Arabia, OPEC's biggest producer, has moved with caution, raising output by 410,000 bpd during the month to 8.86mn a day but keeping below its quota of 8.9mn. The UAE and Kuwait also boosted supply, the survey showed. UAE's Energy Minister, Suhail Al Mazrouei attributed his country's higher output to peak summer electricity demand, saying "measures have been taken to compensate for this temporary increase." Iraq and Nigeria, which had promised to make additional "compensation cuts" in atonement for past laxity, made some progress in meeting those pledges. Iraq pumped 3.72mn bpd, a 70,000-barrel decrease from a month earlier but still well above its 3.59mn-barrel quota. Nigeria produced 110,000 bpd less in August. (Bloomberg)
- **Middle East crude-Malaysia raises August OSP; UAE August oil output above OPEC+ quota –** Middle East crude benchmarks Oman and Dubai held steady at small discounts to Dubai swaps on Tuesday, as traders awaited the release of latest official selling prices (OSPs) from Middle Eastern producers. Taiwan's CPC did not award its monthly tender seeking sweet crude for November delivery due to weak demand, traders said. India's HPCL did not award its tender closed last Friday seeking October-loading Murban or Das crude, traders said. Dubai, as quoted by price-reporting agency S&P, rose in August to an average of $43.987 a barrel, the highest since February. The United Arab Emirates pumped 2.693mn bpd in August, in breach of its OPEC+ quota, after hot weather and people holidaying at home drove associated gas demand for power generation, two sources familiar with the matter told Reuters. South Korean refiners have bought nearly 2mn barrels of Omani crude from Chinese storage tanks in the past two months, seldom seen trades created by low prices and high inventories, according to trade sources and shipping data on Refinitiv Eikon. (Zawya)
- **Saudi Arabia's BinDawood set to be valued at $3bn in IPO –** BinDawood Holding Co., one of Saudi Arabia's largest grocery chains, is set to be valued at about $3bn in its initial public offering this month. Underwriters have valued the 20% stake BinDawood seeks to sell at 615mn, according to the offering document. That would imply an offer price of about SR100 a share. BinDawood plans to sell 22.86mn shares through a book-building process. The final pricing and valuation could still change based on demand. The IPO comes amid a boom in online retail spending and as Saudi Arabia sees more companies listing on the local exchange. BinDawood, which operates the BinDawood and Danube brands, said first-half profit rose 82% from the year-ago period. The company is working with Goldman Sachs Group Inc., JPMorgan Chase & Co., GIB Capital, NCB Capital and Moelis & Co. on the IPO. (Bloomberg)
- **Tadawul plans to start single-stock futures next year –** Saudi Arabia's stock exchange, Tadawul plans to introduce futures contract in single stocks in the first half of next year, according to its Chief Executive Officer, Khalid Abdullah Al Hussan. The start of derivatives market will also help accelerate plans for an

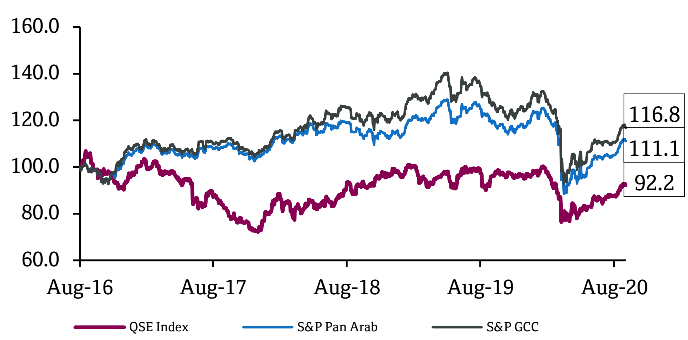
offering of shares in the bourse, he said. Index futures started to trade in the exchange on August 30. Pipeline for IPOs is "very healthy" despite the coronavirus pandemic, with four to five IPOs under review at the moment. Average volume of trade increased by about three-fold amid the pandemic, with active participation of retail investors. IPO of the stock exchange will be assessed in the first quarter of 2021, and could be accelerated since the launch of the derivatives market has been implemented; "It was a big transformation we wanted to do." Exchange working on increasing products and listings in order to attract more foreign investors. (Bloomberg)

- **PIF to become investor in Emaar economic city –** Public Investment Fund (PIF) will become an investor in Emaar Economic City as part of a deal to settle loan with Saudi Ministry of Finance, according to a statement. 283.3mn new shares in the company to be issued at nominal value of SR10 per share against the entire debt owed. Ministry of Finance has given its non-objection in principle for the agreement. (Bloomberg)
- **Saudi Arabia delays showcase investment conference until January –** Saudi Arabia has delayed its annual Future Investment Initiative conference, which in the past has hosted corporate titans including Jamie Dimon and Larry Fink, because of the corona virus. The event, hosted by the Kingdom's sovereign wealth fund and dubbed Davos in the Desert by participants due to the presence of world leaders and captains of industry, was scheduled for October, according to the website for the conference. It will now be held on January 26-28, Saudi Arabia's Future Investment Initiative Institute said in a statement. The conference has been delayed "after careful consideration and assessment of the global travel and airline outlook, as well as the regulations imposed by a significant number of countries," it said. (Bloomberg)
- **UAE to make 'modest recovery' in 2021 after COVID-19 slump –** The UAE's economy is likely to make a modest recovery in 2021 after contracting by 6% this year on the back of the downturn caused by the coronavirus pandemic, Euler Hermes said. In its latest forecast, the trade credit insurance provider said the UAE economy would post 1.5% growth next year, based on the assumption that the World Expo will take place as scheduled. The real GDP of the country, however, will take "several years" to return to levels seen prior to the pandemic. "The tentative forecast for 2021 is a modest recovery to around +1.5% growth... Overall, it perhaps will take several years for real GDP to return to pre-crisis levels," CEO of Euler Hermes GCC, Jean Claus said. The firm also predicted that fiscal spending will go up "markedly" this year, largely due to the fiscal stimulus measures that the government has rolled out to mitigate the impact of the economic crisis. The price of oil will likely stay at less than $50 bpd. "This, together with a crisis-induced drop in nominal GDP, will result in a large fiscal deficit of around -9% of GDP, followed by another shortfall of -5% or so in 2021 as the recovery is projected to be very modest," Euler Hermes said. However, financing of such deficits will not be a problem, given that the assets held in sovereign wealth funds (SWFs) are huge. As for total public debt, including domestic debt of government-related entities, the figure will rise from 52% of the GDP in 2019 to approximately 65% in 2021. "But again, this relatively high ratio as compared to peers is not a reason for serious concern as the UAE is in a solid net creditor position, thanks to public foreign assets of around $900bn, including SWFs, which is more than 200 percent of GDP," Euler Hermes said. The decline in oil prices and oil production this year will also result in lower annual current account surplus, from an average of 7.1% in 2016-2019 to just 1% in 2020. "As oil prices will recover only slightly in 2021, the external surplus will remain small by historical standards at 3% of GDP or so in 2021," Euler said. (Zawya)
- **DMCC, ENBD to offer payment plan at zero interest –** Dubai's free zone DMCC has partnered with Emirates NBD to offer DMCC member companies the opportunity to spread out payments for DMCC services over multiple instalments using their credit cards at a 0% interest rate. The instalment plan offers existing and new members the flexibility to convert DMCC payments for company set-up, renewal or any other service-related fees into three, six or 12-month instalment plans with no interest charges. The service is available for DMCC customers when using any Emirates NBD credit card issued to individuals or corporates, with a minimum payment of AED500. The partnership offers over 17,500 DMCC member companies the benefits of making ongoing routine payments conveniently, providing liquidity and financial flexibility. The offer will also assist new companies to make setup related payments in a more manageable way and at no additional cost. Customers using individually issued credit cards can conveniently convert their payments by using the Mobile App or Online Banking as well as through push and SMS messaging while corporate cardholders can get in touch with their relationship manager or contact the bank's call centre to request for the same. Ahmad Hamza, Executive Director - Free Zone, DMCC, said: "Supporting our business community throughout the past few months has been our top priority, and will remain so as we enter this new phase of reopening and recovery. Package, is set to boost Dubai's economic resilience at this critical time and ensure that the Emirate remains the chosen place for doing business in the coming months and years. We are confident that through collaboration and cooperation, we will emerge from this stronger and overcome the current period while maintaining a robust economy." (Zawya)
- **First Abu Dhabi Bank gains in MENA debt underwriting –** First Abu Dhabi Bank gained ground in underwriting debt in the MENA region this year as the value of deals rose 16%. Issuers sold $86.8bn of bonds through August vs. $74.9bn a year ago, according to data compiled by Bloomberg League Tables. First Abu Dhabi Bank's market share rose 0.73 percentage points from a month earlier and the bank climbed one place to fifth in the table; Standard Chartered Bank remained the top manager with market share of 18.3%. Emirate of Abu Dhabi United Arab Emirates was the biggest issuer in August, at $5bn. (Bloomberg)
- **Fitch: Kuwait will maintain funding of government despite 'conundrum' –** Fitch Ratings said it "believes that Kuwait will maintain smooth funding of government, despite depletion of treasury liquidity and political roadblocks to a new law permitting debt issuance," according to a report. Fitch now estimates that the General Reserve Fund, which effectively

serves as the government’s treasury account, will only last until November. Beyond November, Fitch said it assumes Kuwait’s government will issue new debt or access the principal of the Future Generations Fund, “despite uncertainty about whether parliament will pass the debt law”. Another option is the government’s overdraft at the central bank of up to 10% of revenue, or about KD1bn, but Fitch says it is unclear if it’s subject to the debt law. Even without new borrowing or drawdowns from the Future Generations Fund, “the small size of Kuwait’s debt-service obligations could allow them to be prioritized”. Kuwait scheduled to make about KD1bn in interest and debt payments in 2020, of which about KD200mn remains Dinars, and less than KD400mn in 2021; the government’s nearest Eurobond maturity, of about $3.5bn, is in 2022. (Bloomberg)

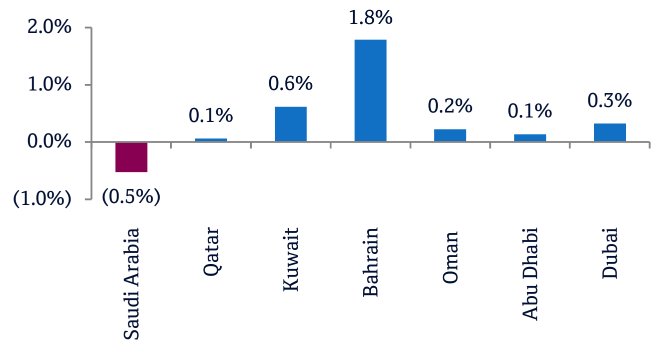
- **Fitch affirms National Bank of Kuwait at 'AA-'; outlook stable –** Fitch Ratings has affirmed National Bank of Kuwait's (NBK), NBK (International)'s (NBKI) and NBK France's Long-Term Issuer Default Rating (IDR) at 'AA-' with a Stable Outlook. Fitch has also affirmed NBK's Viability Rating (VR) at 'a-'. NBK's IDRs are driven by support from the Kuwaiti state. The Support Rating (SR) of '1' and Support Rating Floor (SRF) of 'AA-' reflect Fitch's view of an extremely high probability of support being provided by the Kuwaiti authorities to all domestic banks if needed. NBK's SRF is one notch above Fitch's Domestic-Systemically Important Bank (D-SIB) SRF of 'A+' for Kuwait, given the bank's unique status and systemic importance as the flagship bank in Kuwait, and close business and strategic links with the state. Fitch's expectation of support from the authorities is underpinned by Kuwait's strong ability to provide support to domestic banks, as reflected by the sovereign rating (AA/Stable) and a strong willingness to do so irrespective of the bank's size, franchise, funding structure and level of government ownership. This view is reinforced by the authorities' record of support for the domestic banking system in case of need.The Central Bank of Kuwait (CBK) operates a strict regime with active monitoring to ensure the viability of the banks, and has acted swiftly in the past to provide support where needed. Contagion risk among domestic banks is high (Kuwait is a small and interconnected market) and we believe this is an added incentive for the state to provide support to any Kuwaiti bank if needed, to maintain market confidence and stability. (Bloomberg, Zawya)
- **Kuwait’s July consumer prices rise 1.92% YoY and 0.43% MoM –** Central Statistical Bureau in Kuwait City published Kuwait's consumer price which showed that the July consumer prices rise 1.92% YoY and 0.43% MoM. Food and beverages price index rose 3.74% YoY, Transport prices rose 0.32% YoY and Communication prices rose 3.2% YoY. (Bloomberg)
- **Oman’s July consumer prices fall 1.4% YoY and 0.2% MoM –** National Centre for Statistics & Information in Muscat published Oman’s consumer price indices for July which showed that the consumer prices fell 1.4% YoY and 0.2% MoM. The Food and non-alcoholic beverages prices rose 0.61% YoY in July, Transport prices fell 6.55% YoY in July. (Bloomberg)
- **Bahrain sells BHD70mn 91-day bills; bid-cover at 1.11x –** Bahrain sold BHD70mn of 91-day bills due on December 2, 2020. Investors offered to buy 1.11 times the amount of securities sold. The bills were sold at a price of 99.436, having a yield of 2.24% and will settle on September 2, 2020. (Bloomberg)
- **Bahrain July consumer prices fall 2.7% YoY; rise 0.4% MoM –** Information & eGovernment Authority in Manama published Bahrain’s July consumer price which showed that the consumer prices fell 2.7% YoY, however rose 0.4% MoM. Food and non-alcoholic beverages price index rose 3% YoY in July. Recreation and culture price index fell 40.5% YoY in July. (Bloomberg)
- **Fitch downgrades Bahrain's Ahli United Bank to 'BB+'; Outlook Stable –** Fitch Ratings has downgraded Ahli United Bank’s (AUB) Long-Term Issuer Default Rating (IDR) to 'BB+' from 'BBB-' and the Viability Rating (VR) to 'bb' from 'bb+'. The Outlook on the Long-Term IDR is Stable. The rating actions follow the downgrade of Bahrain's sovereign rating to 'B+' from 'BB-' and Bahrain's Country Ceiling to 'BB+' from 'BBB-' on August 14, 2020. AUB's Long-Term IDR reflects Fitch's assessment of the likelihood of support for AUB from the Kuwaiti authorities. In Fitch's view, the likelihood of AUB being able to receive and utilise this support is constrained by Bahrain's Country Ceiling. The downgrade of the country ceiling has therefore resulted in the downgrade of AUB. This constraint is a consequence of AUB's exposure to the Bahraini sovereign and domestic economy on both sides of the balance sheet. Bahrain represented 17% of AUB's credit risk exposures at end-1H2020. Fitch maintains AUB's VR at a maximum of two notches above the sovereign rating, reflecting its exposure to the domestic market and the one notch downgrade of the VR therefore reflects the one notch downgrade of the sovereign rating. (Bloomberg)

Rebased Performance



Source: Bloomberg

Daily Index Performance



Source: Bloomberg

Asset/Currency Performance	Close ($)	1D%	WTD%	YTD%
Gold/Ounce	1,970.18	0.1	0.3	29.9
Silver/Ounce	28.11	(0.1)	2.2	57.5
Crude Oil (Brent)/Barrel (FM Future)	45.58	0.7	1.2	(30.9)
Crude Oil (WTI)/Barrel (FM Future)	42.76	0.4	(0.5)	(30.0)
Natural Gas (Henry Hub)/MMBtu	2.22	(3.5)	(9.8)	6.7
LPG Propane (Arab Gulf)/Ton	51.88	1.0	0.7	25.8
LPG Butane (Arab Gulf)/Ton	57.50	2.7	4.1	(12.2)
Euro	1.19	(0.2)	0.1	6.2
Yen	105.96	0.0	0.6	(2.4)
GBP	1.34	0.1	0.2	1.0
CHF	1.10	(0.6)	(0.6)	6.4
AUD	0.74	(0.1)	0.1	5.0
USD Index	92.34	0.2	(0.0)	(4.2)
RUB	73.59	(0.6)	(0.6)	18.7
BRL	0.19	1.9	(0.1)	(25.5)

Source: Bloomberg

Global Indices Performance	Close	1D%*	WTD%*	YTD%*
MSCI World Index	2,467.25	0.5	0.4	4.6
DJ Industrial	28,645.66	0.8	(0.0)	0.4
S&P 500	3,526.65	0.8	0.5	9.2
NASDAQ 100	11,939.67	1.4	2.1	33.1
STOXX 600	365.23	(0.4)	(0.6)	(6.7)
DAX	12,974.25	0.1	(0.1)	4.2
FTSE 100	5,862.05	(1.2)	(1.2)	(21.5)
CAC 40	4,938.10	(0.3)	(0.9)	(12.2)
Nikkei	23,138.07	(0.2)	0.5	0.5
MSCI EM	1,120.02	1.7	(0.1)	0.5
SHANGHAI SE Composite	3,410.61	0.7	0.7	14.0
HANG SENG	25,184.85	0.0	(0.9)	(10.2)
BSE SENSEX	38,900.80	1.1	(1.3)	(8.1)
Bovespa	102,167.60	5.4	1.8	(33.6)
RTS	1,274.50	1.3	0.7	(17.7)

Source: Bloomberg (*$ adjusted returns)

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