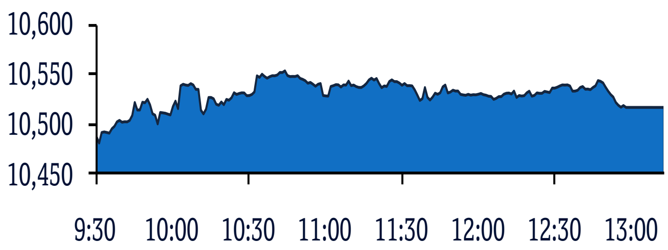
Daily Market Report

Wednesday, 03 February 2021

QSE Intra-Day Movement



Qatar Commentary

The QE Index rose 0.4% to close at 10,517.9. Gains were led by the Telecoms and Industrials indices, gaining 1.4% and 1.3%, respectively. Top gainers were Dlala Brokerage & Investment Holding Company and Widam Food Company, rising 3.3% and 2.5%, respectively. Among the top losers, Qatar Islamic Insurance Company fell 2.7%, while Al Khaleej Takaful Insurance Company was down 2.6%.

GCC Commentary

Saudi Arabia: The TASI Index fell 0.3% to close at 8,618.6. Losses were led by the Consumer Durables and Pharma, Biotech indices, falling 1.9% each. Jazan Energy and Development Co. declined 8.4%, while Malath Coop. Insurance was down 4.5%.

Dubai: The DFM Index gained 1.0% to close at 2,724.1. The Consumer Staples and Disc. index rose 4.7%, while the Real Estate & Const. index gained 1.4%. Emirates Refreshments rose 14.9%, while Al Ramz Corporation Inv. and Dev. was up 5.4%.

Abu Dhabi: The ADX General Index gained 1.1% to close at 5,698.2. The Real Estate index rose 4.8%, while the Banks index gained 1.1%. Manazel Real Estate rose 8.5%, while Union Insurance Company was up 7.7%.

Kuwait: The Kuwait All Share Index fell 0.1% to close at 5,752.8. The Consumer Services index declined 0.8%, while the Utilities index fell 0.4%. Gulf Franchising Holding Co. and Dar Al Thraya Real Estate Co. were down 4.9% each.

Oman: The MSM 30 Index fell 0.8% to close at 3,622.6. Losses were led by the Financial and Services indices, falling 1.0% and 0.5%, respectively. Oman Arab Bank declined 5.4%, while Phoenix Power Company was down 3.8%.

Bahrain: The BHB Index gained marginally to close at 1,466.7. The Services index rose 0.4%, while the other indices ended flat or in red. APM Terminals Bahrain rose 9.2%, while Ithmaar Holding was up 1.5%.

Market Indicators	02 Feb 21	01 Feb 21	%Chg.
Value Traded (QR mn)	421.1	380.3	10.7
Exch. Market Cap. (QR mn)	609,661.1	606,768.8	0.5
Volume (mn)	176.9	128.0	38.1
Number of Transactions	10,147	9,327	8.8
Companies Traded	47	47	0.0
Market Breadth	22:19	29:14	–

Market Indices	Close	1D%	WTD%	YTD%	TTM P/E
Total Return	20,293.37	0.4	0.1	1.1	18.3
All Share Index	3,237.40	0.3	(0.0)	1.2	19.0
Banks	4,219.05	(0.1)	0.0	(0.7)	15.3
Industrials	3,264.30	1.3	0.4	5.4	28.9
Transportation	3,471.64	0.7	(0.1)	5.3	15.9
Real Estate	1,876.87	1.1	1.1	(2.7)	16.6
Insurance	2,451.73	(0.5)	(1.8)	2.3	N.A.
Telecoms	1,147.36	1.4	2.2	13.5	16.8
Consumer	7,953.27	(0.4)	(2.0)	(2.3)	28.6
Al Rayan Islamic Index	4,278.29	0.4	0.1	0.2	19.6

GCC Top Gainers##	Exchange	Close#	1D%	Vol. '000	YTD%
Al Dar Properties	Abu Dhabi	3.77	5.0	65,374.4	19.7
Advanced Petrochem. Co.	Saudi Arabia	63.90	2.6	395.5	(4.6)
Industries Qatar	Qatar	12.17	2.2	1,210.6	12.0
National Comm. Bank	Saudi Arabia	43.20	2.1	974.6	(0.3)
Emaar Properties	Dubai	3.94	2.1	17,783.3	11.6

GCC Top Losers##	Exchange	Close#	1D%	Vol. '000	YTD%
Oman Arab Bank	Oman	0.14	(5.4)	73.8	(25.8)
National Bank of Oman	Oman	0.13	(2.9)	450.7	(16.3)
Banque Saudi Fransi	Saudi Arabia	32.00	(2.7)	414.8	1.3
Ominvest	Oman	0.31	(2.5)	24.2	(8.3)
Jabal Omar Dev. Co.	Saudi Arabia	27.20	(2.5)	1,048.6	(6.5)

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%
Dlala Brokerage & Inv. Holding Co.	1.86	3.3	7,815.0	3.6
Widam Food Company	6.19	2.5	369.3	(2.1)
Qatar First Bank	1.84	2.3	27,403.8	7.0
Industries Qatar	12.17	2.2	1,210.6	12.0
Qatari Investors Group	1.92	1.9	8,589.6	6.1

QSE Top Losers	Close*	1D%	Vol. '000	YTD%
Qatar Islamic Insurance Company	6.70	(2.7)	27.0	(2.9)
Al Khaleej Takaful Insurance Co.	2.68	(2.6)	1,562.1	41.1
Qatar Industrial Manufacturing	2.96	(2.0)	14.5	(7.7)
Qatar Oman Investment Co.	0.85	(1.7)	1,552.2	(4.7)
Al Khalij Commercial Bank	2.02	(1.5)	10,473.2	9.8

QSE Top Volume Trades	Close*	1D%	Vol. '000	YTD%
Qatar First Bank	1.84	2.3	27,403.8	7.0
Investment Holding Group	0.56	1.3	19,974.2	(7.2)
Ezdan Holding Group	1.75	1.8	15,505.9	(1.3)
Salam International Inv. Ltd.	0.64	0.0	10,478.3	(1.7)
Al Khalij Commercial Bank	2.02	(1.5)	10,473.2	9.8

QSE Top Value Trades	Close*	1D%	Val. '000	YTD%
Qatar First Bank	1.84	2.3	50,213.3	7.0
QNB Group	17.45	(0.3)	47,526.8	(2.1)
Ezdan Holding Group	1.75	1.8	27,196.7	(1.3)
Al Khalij Commercial Bank	2.02	(1.5)	21,157.7	9.8
Qatar Islamic Bank	16.90	0.0	18,092.6	(1.2)

Source: Bloomberg (* in QR)

Regional Indices	Close	1D%	WTD%	MTD%	YTD%	Exch. Val. Traded ($ mn)	Exchange Mkt. Cap. ($ mn)	P/E**	P/B**	Dividend Yield
Qatar*	10,517.93	0.4	(0.3)	0.4	0.8	115.58	166,925.2	18.3	1.5	3.6
Dubai	2,724.13	1.0	1.0	2.6	9.3	71.24	99,112.2	13.4	0.9	3.6
Abu Dhabi	5,698.15	1.1	1.0	1.9	12.9	199.61	218,102.0	22.5	1.6	4.3
Saudi Arabia	8,618.57	(0.3)	(2.1)	(1.0)	(0.8)	2,239.21	2,383,876.3	33.4	2.1	2.4
Kuwait	5,752.79	(0.1)	0.1	(0.5)	3.7	129.02	108,046.6	37.7	1.4	3.4
Oman	3,622.61	(0.8)	(0.7)	(0.8)	(1.0)	2.51	16,245.1	13.1	0.7	6.9
Bahrain	1,466.68	0.0	0.6	0.3	(1.6)	4.20	22,433.3	14.2	1.0	4.6

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 0.4% to close at 10,517.9. The Telecoms and Industrials indices led the gains. The index rose on the back of buying support from Arab and Foreign shareholders despite selling pressure from Qatari and GCC shareholders.
- Dlala Brokerage & Investment Holding Company and Widam Food Company were the top gainers, rising 3.3% and 2.5%, respectively. Among the top losers, Qatar Islamic Insurance Company fell 2.7%, while Al Khaleej Takaful Insurance Company was down 2.6%.
- Volume of shares traded on Tuesday rose by 38.1% to 176.9mn from 128.0mn on Monday. However, as compared to the 30-day moving average of 177.4mn, volume for the day was 0.3% lower. Qatar First Bank and Investment Holding Group were the most active stocks, contributing 15.5% and 11.3% to the total volume, respectively.

Overall Activity	Buy %*	Sell %*	Net (QR)
Qatari Individuals	43.09%	49.67%	(27,684,027.7)
Qatari Institutions	16.50%	13.07%	14,439,148.7
Qatari	**59.59%**	**62.74%**	**(13,244,879.0)**
GCC Individuals	1.41%	0.58%	3,487,412.7
GCC Institutions	2.12%	4.65%	(10,650,081.5)
GCC	**3.52%**	**5.23%**	**(7,162,668.8)**
Arab Individuals	10.70%	10.07%	2,665,373.4
Arab Institutions	0.05%	–	210,559.8
Arab	**10.75%**	**10.07%**	**2,875,933.1**
Foreigners Individuals	4.57%	4.73%	(688,692.2)
Foreigners Institutions	21.56%	17.24%	18,220,306.8
Foreigners	**26.13%**	**21.97%**	**17,531,614.7**

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

Earnings Releases, Global Economic Data and Earnings Calendar

Earnings Releases

Company	Market	Currency	Revenue (mn) 4Q2020	% Change YoY	Operating Profit (mn) 4Q2020	% Change YoY	Net Profit (mn) 4Q2020	% Change YoY
Easy Lease Motor Cycle Rental*	Abu Dhabi	AED	87.7	65.4%	–	–	24.6	75.6%
Agthia Group*	Abu Dhabi	AED	2,061.2	1.1%	–	–	34.5	-74.8%

Source: Company data, DFM, ADX, MSM, TASI, BHB. (*Financial for FY2020)

Global Economic Data

Date	Market	Source	Indicator	Period	Actual	Consensus	Previous
02/02	France	INSEE National Statistics Office	CPI MoM	Jan P	0.2%	0.0%	0.2%
02/02	France	INSEE National Statistics Office	CPI YoY	Jan P	0.6%	0.3%	0.0%

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 4Q2020 results	No. of days remaining	Status
UDCD	United Development Company	3-Feb-21	0	Due
QAMC	Qatar Aluminum Manufacturing Company	4-Feb-21	1	Due
QGTS	Qatar Gas Transport Company Limited (Nakilat)	7-Feb-21	4	Due
BRES	Barwa Real Estate Company	8-Feb-21	5	Due
QCFS	Qatar Cinema & Film Distribution Company	8-Feb-21	5	Due
IQCD	Industries Qatar	8-Feb-21	5	Due
DHBK	Doha Bank	8-Feb-21	5	Due
QATI	Qatar Insurance Company	14-Feb-21	11	Due
QEWS	Qatar Electricity & Water Company	14-Feb-21	11	Due
ORDS	Ooredoo	14-Feb-21	11	Due
QIMD	Qatar Industrial Manufacturing Company	14-Feb-21	11	Due
GISS	Gulf International Services	18-Feb-21	15	Due
DOHI	Doha Insurance Group	22-Feb-21	19	Due
MPHC	Mesaieed Petrochemical Holding Company	23-Feb-21	20	Due
MERS	Al Meera Consumer Goods Company	23-Feb-21	20	Due

Source: QSE

News

Qatar

- **VFQS' bottom line rises 65.6% YoY and 27.9% QoQ in 4Q2020, above our estimate –** Vodafone Qatar's (VFQS) net profit rose 65.6% YoY (+27.9% QoQ) to QR58.4mn in 4Q2020, above our estimate of QR49.1mn (variation of +19.0%). The company's Revenue came in at QR588.1mn in 4Q2020, which represents an increase of 2.9% YoY (+9.0% QoQ). In FY2020, VFQS stated that the total revenue for the year increased by 3.5% to reach QR2.2bn due to higher demand for the company's fixed broadband services and continued growth in post-paid; mobile customer base stood at 1.7mn in 2020. Vodafone Qatar posted its "highest-ever" net profit of QR185mn in 2020, up 29% on the previous year mainly driven by EBITDA growth, despite the impact of COVID-19. EPS amounted to QR0.044 in FY2020 as compared to QR 0.034 in FY2019. VFQS said the total revenue for the year increased by 3.5% to reach QR2.2bn due to higher demand for the company's fixed broadband services (GigaHome) and continued growth in post-paid. Service revenue grew by 3.7% to QR2bn and the mobile customer base stood at 1.7mn. EBITDA stood at QR808mn, reflecting strong growth of QR99mn or 14% compared to last year, positively impacted by the higher service revenue and the continued cost optimisation programme. Consequently, EBITDA Margin improved by 3.4 percentage points to reach 36.7%, the "highest" in the company's history. Based on Vodafone Qatar's commitment to enhance shareholder value and the strong financial performance, the Board of Directors have recommended the distribution of a cash dividend of 5% of the nominal share value, i.e. QR 0.05 per share, which will be presented at the Company's next Annual General Assembly for approval. Rashid Fahad Al-Naimi, Vodafone Qatar's Managing Director noted, "Vodafone Qatar finished 2020 with 12 consecutive quarters of higher year-on-year revenue, despite global telecommunications industry headwinds that continue to erode overall market value. Strengthening and growing our core business and implementing strategic plans that are dynamic in meeting with the sweeping changes in the ICT sector, while driving operational efficiencies is enabling us to deliver consistent strong results. With this, we are confident in our ability to continue to deliver profitable and responsible growth to our shareholders." (QNB FS Research, QSE, Gulf-Times.com)
- **ABQK announced investor calls for inaugural Additional Tier 1 Bond –** Ahli Bank (ABQK) has mandated several international banks to organize a series of fixed income investor calls which may start as early as February 2, 2021. A $300mn fixed rate resettable RegS Registered Additional Tier 1 Perpetual Non-Call 5 year unrated bond may follow, subject to market conditions. ICMA/ FCA Stabilization applies. Manufacturer target market (MIFID II and UK MiFIR product governance) is eligible counterparties and professional clients only (all distribution channels). No EEA or UK PRIIPs key information document (KID) has been prepared as not available to retail in the European Economic Area or the UK. (QSE)
- **WDAM imports a third shipment of livestock during the month of January 2021 –** Widam Food Company (WDAM), the main importer of meat to the State of Qatar, announces receiving a shipment of Sudanese 1600 heads of livestock. This shipment is the third one and the largest imported shipment received during the month of January 2021 by the company. The company received two earlier shipments from Australia and Sudan which makes the total amount of livestock imported by the company 70 thousand heads to meet the local markets requirement. WDAM has signed contracts to import more than 90 000 heads of sheep, and cattle for the local market during the month of March 2021 both as livestock and chilled meat for the month of Ramadan. It is worth mentioning that the company has lately imported regularly throughout the year to meet the needs and requirement of consumers a number of shipments of sheep, and Romanian cattle and other livestock of Arabic sheep and meat from Australia, South Africa, Argentina, India, and Pakistan. (QSE)
- **GISS opens nominations for its board membership 2021 –** Gulf International Services (GISS) announced the opening of nominees for the board memberships, years from 2021 to 2024. Applications will be accepted starting from February 03, 2021 till 02:30 pm of February 14, 2021. (QSE)
- **BRES to hold its investors relation conference call on February 11 –** Barwa Real Estate Company (BRES) announced that the conference call with the Investors to discuss the financial results for the Annual 2020 will be held on February 11, 2021 at 01:30 pm, Doha Time. (QSE)
- **QLMI to launch family healthcare insurance in 2Q2021 –** QLM Life & Medical Insurance Company (QLMI) will launch its family healthcare insurance product, which will be a first of its kind in Qatar, in the second quarter of 2021. Being groomed to be the most popular healthcare family insurance program for Qatari citizens and expatriate residents, QLMI's new insurance product will feature four plans providing comprehensive coverage for medical services in Qatar and beyond. QLMI's CEO, Fahad Al Suwaidi said, "QLMI's vision is to continuously improve its customer's experience by offering a range of distinctive products & services. This new family healthcare product reflects our commitment to our vision, which is designed after a thorough study of the current market statistics and customer needs while considering the factors that differentiates private medical sector in the State of Qatar from advanced healthcare services. QLM's family healthcare insurance product will be inclusive of all segments of the society, from the families of Qatari nationals to families of expats with valid Qatar ID working in various sectors and classes of our community, to become the most comprehensive product in the insurance sector. It will further support the company's strategy to diversify its product lines and to meet the needs of customers and the insurance sector of a unique product that includes full or partial coverage of medical expenses for an individual," he added. (Peninsula Qatar)
- **QCB issues T-bills worth QR600mn –** Qatar Central Bank (QCB) on Tuesday issued treasury bills for three, six and nine months, with a value of QR600mn. According to a statement posted on QCB website, the treasury bills are distributed in three categories like QR300mn for three months at an interest rate of 0.12%, QR200mn for six months at an interest rate of 0.15% and QR100mn for nine months at an interest rate of 0.18%. The

issuance of the treasury bills is part of QCB's monetary policy initiatives and its efforts to strengthen the financial system in Qatar as well as to activate the tools available for the open market operations, as one of the monetary policy tools, and as an implementation of the coordination mechanism between fiscal and monetary policies. The issuance is part of a series of issues executed by QCB on behalf of the government of the state of Qatar and in accordance with the schedule prepared by both QCB and the Ministry of Finance. Treasury bills are issued through auction for banks operating in Qatar. (Qatar Tribune)

- **Transshipment volumes at Qatari ports grew by 89% YoY in January –** Qatar's port sector began 2021 on a stronger note with prospects appearing brighter for the country to be a regional maritime hub as transshipment volumes grew by a robust 89% YoY this January, according to figures of Mwani Qatar. The general cargo movement and handling of building materials through Qatar's Hamad, Doha and Al Ruwais ports more than tripled year-on-year in January 2021, indicating the buoyant non-oil sector and seemingly corroborating the projections of a positive overall economic momentum for the whole of this year. The lifting of the COVID-19-related restrictions augured well for the country's maritime sector as Qatar's merchandise trade has been showing resilience; indicating Doha's maritime sector holds promising potential for the logistics and other support services segments as well as for the special zones within the periphery. Mwani Qatar reported transshipment volumes of 54,321 TEUs (twenty-foot equivalent units) in January this year. The government's plan is to transform Qatar into a vibrant regional trading hub in the region, given its geographical proximity with the continents and attractive regulatory, legal environment as well as robust infrastructure. In 2019 Mwani Qatar and Swiss-based Mediterranean Shipping Company (MSC) had entered into a pact that will see Hamad Port become a regional hub for the Swiss company's trans-shipment business. Hamad Port will handle some 100,000 TEUs per year for MSC from 2020, with capacity growing to 1mn TEUs, which will be one-third of the second container terminal's (CT2) overall capacity. Hamad Port's strategic geographical location offers opportunities to create cargo movement towards the upper Gulf, supporting countries such as Kuwait and Iraq, and south towards Oman. The general cargo handled through the three ports stood at 188,274 tons in January 2021, which according to Mwani Qatar's estimates, show a 230% surge on a yearly basis. It, however, declined 18.43% month-on-month in the review period. The container handling through the three ports stood at 137,509 TEUs (twenty-foot equivalent units), which grew 18.71% YoY in January 2021. On a monthly basis, the container handling was down 7.54%. The Hamad Port, which is the largest eco-friendly project in the region and internationally recognized as one of the largest green ports in the world, alone saw 135,873 TEUs of containers handled in January 2020. Qatar's share in the overall Middle East trade is expected to significantly increase with the robust technological infrastructure supporting the Hamad Port's CT2. The number of ships calling on Qatar's three ports stood at 272 in January 2021, which was 6.21% and 4.9% lower on both yearly and monthly basis respectively. (Gulf-Times.com)
- **Ezdan: Building deals generate QR302.5mn in weekly realty sale –** The property sale market activity within the week has seen building sale deals worth QR302.5mn or 57.1% of total sales value, while vacant land lots generated nearly QR227.3mn or 42.9% of the sales value, according to the latest Ezdan Real Estate (Ezdan) report. The data from the Real Estate Bulletin released by the Real Estate Registration Department from January 24-28, 2021 showed that the number of property sales reached 154 deals worth QR529.9mn covering the municipalities of Umm Salal, Al Khor, Al Dhakhira, Doha, Al Rayyan, Al Shamal, Al Daayen, Al Shehaniyah, and Al Wakrah. Doha led the weekly sale activity in terms of the highest deal value with the sale of a residential building in Old Al Ghanem spanning over an area of 1,721square meters. The deal was concluded at an aggregate sum of QR47.9mn at QR2,587 per square feet. (Gulf-Times.com, Qatar Tribune)
- **Pre-sales of Qatar 2022 hospitality program set a world record –** MATCH Hospitality (MATCH), the worldwide exclusive rights holder of the FIFA Hospitality Program, yesterday announced that pre-sales for the FIFA World Cup Qatar 2022 hospitality program had reached a record $90mn. "Our pre-sales performance for the FIFA World Cup Qatar 2022 has been record-breaking. We have already surpassed what we achieved in the first month of sales for the 2014 FIFA World Cup Brazil, which to date has been our most commercially successful hospitality operation," MATCH's Executive Chairman, Jaime Byrom told Gulf Times. Byrom noted that the amount sets another FIFA World Cup record, far exceeding sales targets secured by MATCH for the equivalent sales agent tender processes it conducted in connection with the tournaments in Brazil (2014) and Russia (2018). MATCH conducted the pre-sale purchase, which was offered to FIFA's commercial affiliates and select groups. It is the only company appointed by FIFA to exclusively promote and sell official ticket-inclusive commercial hospitality packages for 2022 tournament, which can be purchased from February 1 at FIFA.com/hospitality. According to Byrom, MATCH concluded its worldwide sales agent tender process, appointing 27 agents across 39 territories who collectively committed financially to sales targets exceeding $260mn. (Gulf-Times.com)

International

- **US Democrats take first step to go it alone on Biden's COVID-19 aid –** Democrats in the US Congress took the first steps toward advancing President Joe Biden's proposed $1.9tn coronavirus aid plan without Republican support. The Senate voted along party lines, with Democrats edging out Republicans 50-49, to open debate on a fiscal 2021 budget resolution with coronavirus aid spending instructions. Using this strategy unlocks a legislative tool needed for Democrats to enact Biden's package in the face of Republican opposition. Republicans used the ploy when they controlled Congress in 2017 to pass a sweeping tax reform bill without Democratic support. Republicans have pushed back on the Democratic president's price tag, which follows $4tn in COVID-19 aid last year. Later on Tuesday, the House followed the Senate to begin debate on the budget resolution, voting 216-210, with no Republicans joining in support. (Reuters)

- **Biden moves to reverse Trump immigration policies, too slowly for some –** US President Joe Biden on Tuesday ordered a review of asylum processing at the US-Mexico border and the immigration system as he seeks to undo some of former President Donald Trump's hardline policies. Biden also created a task force to reunite migrant families who were separated at the border by Trump's 2018 'zero tolerance' strategy. The executive orders called for a dizzying array of reviews and reports that could trigger policy changes in the weeks and months ahead, but provide limited immediate relief to immigrants barred by Trump-era rules. Immigration advocates have urged the new Democratic administration to quickly undo Trump's policies but Biden aides say they need time to unravel the many layers of immigration restrictions and to put in place more migrant-friendly systems. The cautious strategy reflects the tightrope Biden is walking to reverse hardline Trump policies while simultaneously trying to prevent a surge in illegal immigration. Biden opponents could also derail or slow down his agenda with lawsuits if his administration moves too quickly and fails to follow proper procedures. In a sign of the wary approach, Biden's executive orders on Tuesday did not repeal an order known as 'Title 42,' which was issued under Trump to stop the spread of the coronavirus and allows US authorities to expel almost all people caught crossing the border illegally. (Reuters)
- **UK house prices fall for first time since June before tax break ends –** British house prices fell in January for the first time in seven months, before the scheduled March 31 end of a tax cut for buyers, mortgage lender Nationwide said on Tuesday, adding that the market could weaken sharply in the months ahead. House prices fell by a monthly 0.3%, slowing the pace of their annual increase to 6.4% from 7.3% in December, which was their biggest jump in six years. Economists polled by Reuters had expected a monthly increase of 0.3% and a 6.9% rise in annual terms. Demand for housing surged after Britain's first coronavirus lockdown last year, helped in part by the temporary exemption of property purchase taxes as well as people seeking bigger homes in response to the lockdown restrictions. On Monday, data from the Bank of England showed British mortgage approvals remained close to a 13-year high in December. British media have reported that finance minister Rishi Sunak might extend the tax break and support for the labor market as he seeks to help the economy through the COVID-19 pandemic. (Reuters)
- **Japan's service sector slump deepens as COVID-19 emergency hits businesses –** Japan's services sector shrank at the fastest pace in five months in January, as a heavy blow to demand from a resurgence in coronavirus infections and a state of emergency in parts of the country greatly hurt new business orders. The gloomy readings come after Prime Minister Yoshihide Suga extended a state of emergency in Tokyo and nine other areas until March 7 on Tuesday as policymakers sought to end the COVID-19 crisis and take pressure of the nation's medical system. The final au Jibun Bank Japan Services Purchasing Managers' Index (PMI) dropped to a seasonally adjusted 46.1 from the prior month's 47.7, marking the lowest reading since August. The headline index, which compared to a preliminary 45.7 reading, remained firmly in contraction territory - below the 50 neutral level - as new and outstanding business shrank at a faster pace. "Latest PMI data signaled a quicker decline in both business activity and new orders, with the latter contracting at the fastest pace since May," said Usamah Bhatti, economist at IHS Markit, which compiles the survey. "Panel members highlighted that a rise in COVID-19 infections and the subsequent implementation of a state of emergency dampened output and demand further." New export business shrank at an increased rate, while prices firms charged remained in contraction. That offset their positive outlook about the 12 months ahead. (Reuters)
- **Architect of BOJ's 'bazooka' stimulus calls for fiscal firepower to beat deflation –** With interest rates already ultra-low, Japan must switch to bolder fiscal spending to pull itself out of economic stagnation, said Kikuo Iwata, the central bank's former deputy governor and architect of its "bazooka" monetary stimulus. As a vocal advocate of aggressive monetary easing, Iwata provided the academic backbone of Bank of Japan Governor Haruhiko Kuroda's massive asset-buying scheme deployed in 2013 that aimed to accelerate inflation to 2% in roughly two years. Iwata, who left the BOJ in 2018, now believes monetary policy should take a backseat as slashing long-term interest rates from already low levels would cripple regional lenders and risks destabilizing Japan's banking system. "It would be difficult for the BOJ to cut rates further due to concern over the impact on Japan's financial system," said Iwata, who joined the BOJ board with Kuroda back in 2013. "There is not much the BOJ can do beyond containing any spike in interest rates. Fiscal policy should take the front seat," he told Reuters in an interview on Tuesday. (Reuters)
- **Deputy Governor Wakatabe: BOJ will not dial back stimulus, seeks more nimble policy –** The Bank of Japan's policy review in March won't lead to a withdrawal of monetary stimulus, Deputy Governor Masazumi Wakatabe said, stressing its readiness to sustain or ramp up support if the COVID-19 pandemic hurts the economy further. Speaking to business leaders in an online meeting, Wakatabe said the review will discuss measures to ensure the BOJ can deal with any future shocks to the economy "effectively" and in a timely fashion. The key would be to strike the right balance between the costs and benefits of the BOJ's massive stimulus, so it becomes more sustainable and "nimble" in responding to changes in economic developments, Wakatabe said. As the coronavirus pandemic forces it to maintain a massive stimulus program for a prolonged period, the BOJ plans to announce next month ways to make its tools more sustainable. Sources have told Reuters the BOJ could allow long-term interest rates to move more widely around its 0% target and tweak its asset-buying program so it can purchase risky assets more flexibly. Wakatabe said the review will not lead to an overhaul of the BOJ's yield curve control (YCC) policy or its 2% inflation target. Rather, it will scrutinize the tools, such as its asset purchases, to make them more sustainable, he added. (Reuters)
- **Caixin PMI: China's services sector grows at slowest pace in nine months –** China's services sector activity grew at its slowest pace in nine months in January, a private sector survey showed on Wednesday, as a flare-up in coronavirus outbreaks weighed on businesses in the world's second-largest economy. The Caixin/Markit services Purchasing Managers' Index (PMI)

dropped sharply to 52.0, the lowest since April, from 56.3 in December, while remaining above the 50-mark that separates growth from contraction on a monthly basis. A sub-index for employment stood at 50.7, its lowest since July last year, and down from 52.0 the previous month, the survey showed. Growth in new export business, which only returned to expansion in November, slowed from the month before. The loss of momentum was largely in line with the findings in an official survey released on Sunday. The Caixin survey also showed a further acceleration in input prices, but the rise in prices charged by service firms slowed. The services sector, which had been slower to recover initially from the COVID-19 pandemic than the industrial sector, is more vulnerable to social distancing restrictions as authorities race to tackle new scattered cases. (Reuters)

Regional

- **S&P: Most Gulf economies to remain smaller next year than in 2019 –** The economies of most of the six-member GCC are expected to remain smaller next year than they were in 2019, resulting in persistent pressure on businesses in the region, S&P said on Tuesday. Companies, including infrastructure firms, are set to focus on recuperating 2020's losses and largely halt new investments in 2021, the ratings agency said. "Absent a substantial recovery in revenue generation, they are likely to focus on cost optimization, proactively managing their liquidity, and pressuring their cash flows, while new investments will continue to take a back seat in most sectors," S&P said. "After suffering a major contraction in 2020, we expect aggregate real GDP growth of just 2.5% in the GCC economies between 2021 and 2023." The GCC comprises Saudi Arabia, the UAE, Qatar, Kuwait, Oman and Bahrain. Nearly two-fifths of the non-financial companies and infrastructure firms rated by S&P in the GCC region carry a negative outlook. When excluding government-related entities - 17 of the 32 rated entities - that rises to nearly three-quarters, reflecting governments' strong role in the region's economies. Real estate and oil field services represented around half of S&P's negative rating actions in 2020. (Reuters)
- **GDP in GCC states to recover modestly; corporates will be under pressure –** After a very challenging 2020 amid the COVID-19 pandemic and oil price shock, GCC economies are expected to grow moderately this year, according to a report by S&P. However, corporate sectors will continue to feel pressure, particularly the companies operating in tourism, aviation, real estate, and non-food retail. Revenue generation for the larger oil, gas, and commodities sectors, including oil field services will remain under pressure relative to 2019, S&P said. "Given the negative operating outlook, we expect most corporates to maintain conservative strategies. Absent a substantial recovery in revenue generation, they are likely to focus on cost optimization, proactively managing their liquidity, and preserving their cash flows, while new investments will continue to take a back seat in most sectors," S&P Credit Analyst, Timucin Engin said. The global ratings agency expects economic pressures to continue and recovery to be slow and gradual. "After suffering a major contraction in 2020, S&P expects aggregate real GDP growth of just 2.5% in the GCC economies between 2021 and 2023. S&P expects Brent oil prices to average $50 in 2021 and 2022 and $55 in 2023 and thereafter," Engin said. (Zawya)
- **OPEC core's crude exports slip even as output curbs are eased –** Oil shipments from OPEC's Persian Gulf producers slipped last month, even as output restrictions were eased and production volumes increased. Combined shipments of crude and condensate -- a light form of oil extracted from gas fields -- from Saudi Arabia, Iraq, the UAE and Kuwait were almost 430,000 bpd lower in January than in December. The UAE was the only one of the group to boost shipments last month, vessel-tracking data monitored by Bloomberg showed. The four Persian Gulf nations shipped a total of 13.59mn bpd of crude and condensate last month. With 29mn barrels, equivalent to about 940,000 bpd, on ships yet to signal a final destination, the volumes delivered to individual countries could rise significantly. The biggest drop came from Saudi Arabia, where shipments fell by 688,000 bpd, or 10%, to their lowest level since August. It reversed the previous month's increase and was the biggest month-on-month decline since June, when the Kingdom implemented a unilateral output cut of 1mn bpd. Kuwait cut exports by 9% in January, the data showed. The drop may be related to the commissioning of the country's new Al Zour refinery, which took its first crude delivery in December. (Bloomberg)
- **Saudi wealth fund to raise more than $10bn with loan –** Saudi Arabia's sovereign wealth fund may raise $10bn or more through a revolving loan, exceeding what it initially targeted, sources said, as the Public Investment Fund (PIF) seeks extra liquidity to fund its plans. The fund, which is the engine of Crown Prince Mohammed bin Salman's economic transformation plans for Saudi Arabia and manages a portfolio worth $400bn, has boosted its firepower by tapping several funding sources in recent years. PIF, which declined to comment, is raising the new facility for general corporate use, the sources told Reuters. It has been in talks with banks since late last year about a loan facility, its third such debt raising since 2018, which it initially targeted at $7bn. One of the sources said the fund could raise between $13bn and $15bn with the one-year revolving loan, which the sources said can be renewed four times by the lenders. That would take its total fundraising through bank debt so far to more than $30bn, after loans of $11bn and $10bn raised in recent years. A revolving loan is one that can be drawn, repaid and drawn again during the agreed lending period. The one-year tenor, renewable for four years, helps PIF secure low interest rates, but the risk for banks is that they may end up pricing a four-year deal like a one-year facility, as not renewing it could dent their relationship with the Saudi borrower, one of the sources said. (Reuters)
- **Consumer spending in Saudi Arabia fell 4% in 2020 –** Consumer spending in Saudi Arabia, as measured by point-of-sales transactions and cash withdrawals, declined by 4% in 2020 compared to the previous year, marking the first annual decline since 2017. In a new report, Jadwa Investment said that while POS transactions rose by 24% YoY in 2020, cash withdrawals—the larger component of total consumption—declined by 15% YoY, leading to the overall drop. Meanwhile, in the industrial sector, the monthly volume of licensed investments in new

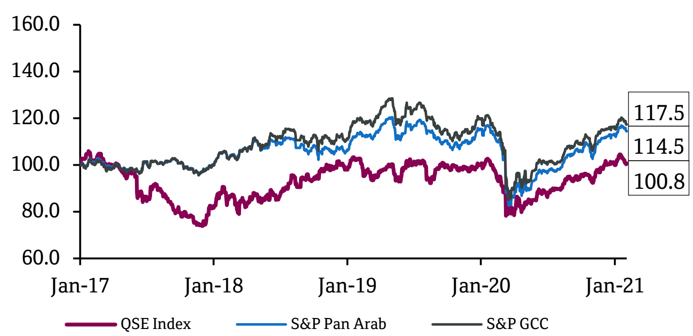
factories stood at SR2.15bn in December, ending the year with a total of SR23.5bn of newly licensed investments, the report said citing data from the Ministry of Industry and Mineral Resources. Moreover, the sector added 1,300 new Saudi and 1,204 expatriate workers. Cement sales and production also continued to rise in December, by 10.4% and 9%, respectively. Cement sales and production averaged 23% and 22% higher in 2020 respectively (vs. 2019's average of 4% and 6% rise). "We see 2020's significant rise mainly correlated with continued progress on PIF mega-projects around the Kingdom," Jadwa said in the report. (Zawya)

- **Biden to keep tariffs on aluminum imports from UAE, reversing Trump –** US President, Joe Biden will maintain a tariff of 10% on aluminum imports from the UAE, reversing Donald Trump's move to end the levies on his last day as President, the White House said on Monday. The Republican President had announced on January 20 that he would exempt the UAE from the tariff on most aluminum imports, saying the two countries had reached a quota agreement that would restrict them. The exemption was due to take effect on Wednesday. Trump granted the exemption shortly after designating the UAE a "major security partner" and signing a deal to sell it 50 Lockheed Martin Corp F-35 fighter jets. Last week, the Biden administration said it would temporarily pause that deal, and some others, to review them. The White House decision late on Monday said the aluminum tariff would be more effective in protecting domestic producers than the "untested quota" announced by Trump. (Reuters)
- **Dubai to start vaccinations with Oxford-AstraZeneca COVID-19 shot –** Dubai will start vaccinating people with the Oxford-AstraZeneca COVID-19 vaccine, the state media office said on Tuesday as the United Arab Emirates battles its biggest outbreak since the pandemic begun. The first shipment has arrived from India, the state media office said in a tweet. It did not provide details on how many doses were received or when inoculations would start. India's Foreign Minister, Subrahmanyam Jaishankar tweeted: "Made in India vaccines reach Dubai. A special friend, a special relationship." Dubai is already inoculating residents, free of charge, with the Pfizer-BioNTech and China National Pharmaceutical Group (Sinopharm) vaccines. (Reuters)
- **Abu Dhabi pension fund to acquire 31% stake in ADNOC property vehicle for $900mn –** Abu Dhabi National Oil Company (ADNOC) said Tuesday that Abu Dhabi Pension Fund would acquire 31% of the energy company's real estate vehicle. Under the agreement, ADPF will acquire 31% of Abu Dhabi Energy Real Estate Company (ADREC), which was created to hold ADNOC's 51% stake in Abu Dhabi Property Leasing Holding Co, for $900mn, the energy company said. The partnership with the pension fund follows the announcement by ADNOC in September last year that it had entered into a long-term strategic investment pact with Apollo Global Management Inc. and its subsidiaries, one of the world's largest alternative investment managers, and a group of institutional investors, for an underlying real estate portfolio valued at $5.5bn. ADPLHC was created to leverage rental income streams from select ADNOC real estate assets under a 24-year master lease agreement. ADPLHC holds long-term leasehold interests underpinned by a sizeable, diversified portfolio of ADNOC real estate assets located across Abu Dhabi. (Zawya)
- **First Abu Dhabi Bank markets sterling-denominated bonds –** First Abu Dhabi Bank (FAB) launched on Tuesday $546.56mn in bonds due in December 2025 at 98 basis points over UK gilts, a document showed. Barclays, First Abu Dhabi Bank (FAB), HSBC and TD Securities arranged the deal, another document also from one of the banks arranging the deal showed. FAB had given initial price guidance of around 115 basis points over UK gilts due in September 2025 and received around 850mn Pounds in orders for the debt sale, the documents showed. (Zawya)
- **RAKBANK's net profit falls 53.9% YoY to AED505.4mn in FY2020 –** The National Bank of Ras Al-Khaimah (RAKBANK) recorded net profit of AED505.4mn in FY2020, registering decrease of 53.9% YoY. Net interest income fell 9.9% YoY to AED2,525.6mn in FY2020. Operating profit before provisions for impairment fell 10.0% YoY to AED2,168.7mn in FY2020. Total assets stood at AED52.8bn at the end of December 31, 2020 as compared to AED57.1bn at the end of December 31, 2019. Gross loans and advances stood at AED32.2bn (-11.2% YoY), while deposits from customers stood at AED36.9bn (+0.3% YoY) at the end of December 31, 2020. (ADX)
- **Fitch revises Kuwait's outlook to Negative; affirms at 'AA' –** Fitch Ratings has revised the outlook on Kuwait's Long-Term Foreign-Currency Issuer Default Rating (IDR) to Negative from Stable and affirmed the IDR at 'AA'. The revision of the outlook reflects near-term liquidity risk associated with the imminent depletion of liquid assets in the General Reserve Fund (GRF) in the absence of parliamentary authorization for the government to borrow. This risk is rooted in political and institutional gridlock that also explains the lack of meaningful reforms to tackle double-digit fiscal deficits and the expected weakening of Kuwait's fiscal and external balance sheets, although these will remain among the strongest of Fitch-rated sovereigns. Without passage of a law permitting new debt issuance, the GRF could run out of liquidity in the coming months without further measures to replenish it. Depletion of GRF liquidity would sharply limit the government's ability to make good on its spending obligations and could result in significant economic disruption. Fitch's base case is that government will replenish the GRF to avoid depletion even without any new legislation by parliament, and that debt service (about KD400mn or 1% of GDP in 2021) would in any case continue in a timely manner. Nevertheless, a degree of uncertainty remains. The authorities have shown commitment to avoiding a liquidity crisis and have flexibility to take extraordinary measures, but the timing of a sustainable funding solution remains unclear. In August, parliament passed legislation removing the automatic requirement to transfer 10% of revenue from the GRF into the much larger Future Generations Fund (FGF). This allowed for the reversal of the transfer for the fiscal year ending March 2019 (FY18) and followed the purchase of liquid assets from the GRF by the FGF. The GRF still has a broad range of illiquid assets that could also be transferred to the FGF, including the Kuwait Petroleum Corporation (KPC). The GRF could also borrow from the FGF, as it did during the Iraqi invasion in 1990-1991, although this is not an option that the government is considering at this stage. Under Kuwait's

constitution, the Amir could issue decrees with the force of law, although this option would be politically contentious, in our view. Passage of the debt law, deficit reduction and fiscal reform continue to be beset by entrenched political divisions and fiscal rigidities, with over 70% of government spending consisting of salaries and subsidies and about 80% of Kuwaiti nationals employed in the public sector. With political parties banned, members of parliament (MPs) tend to be elected on narrow, populist platforms and frequently conflict with an appointed government. This trend is likely to continue after gains by the opposition in the December 2020 elections. In January 2021, the government resigned after opposition MPs moved to "grill" the Prime Minister, although the Amir swiftly re-appointed him. The Prime Minister, a senior royal family member, was appointed after the last government resignation in November 2019. Another no-confidence motion in October 2020 was forestalled by the passing of the late Amir. (Bloomberg)

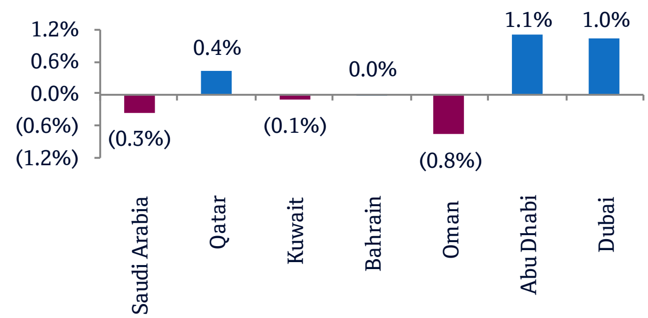
- **Kuwait sells KD240mn 91-day bills; bid-cover at 11.68x –** Kuwait sold KD240mn of 91-day bills due on May 4, 2021. Investors offered to buy 11.68 times the amount of securities sold. The bills have a yield of 1.125% and settled on February 2, 2021. (Bloomberg)
- **Moody's affirms PTTEP's Baa1 ratings following 20% stake purchase in Oman's Block 61 –** Moody's Investors Service has affirmed PTT Exploration and Production Public Co. Ltd.'s (PTTEP) Baa1 issuer rating and (P)Baa1 senior unsecured MTN Program rating. At the same time, Moody's also affirmed (1) the Baa1 rating on the backed senior unsecured notes issued by PTTEP Canada International Finance Limited (PTTEP CIF); (2) the (P)Baa1 backed senior unsecured MTN Program rating established by PTTEP Treasury Center Company Limited (PTTEP TC); and (3) the Baa1 rating on the backed senior unsecured notes issued by PTTEP TC. The senior unsecured notes issued by PTTEP CIF and PTTEP TC are fully and unconditionally guaranteed by PTTEP. Both PTTEP CIF and PTTEP TC are wholly owned subsidiaries of PTTEP. The rating outlook remains stable. "The rating affirmation reflects our expectation that PTTEP's credit metrics will remain appropriate for its rating and its liquidity will remain excellent despite its $2.45bn all cash acquisition of a 20% participating interest in Block 61, a producing onshore gas block in Oman (Ba3 negative)," a Moody's Analyst, Hui Ting Sim said. "While the acquisition will significantly reduce PTTEP's cash reserves that provides a buffer against oil price volatility, this will be partly offset by an improvement in scale of production and reserves," adds Sim, who is also Moody's Lead Analyst for PTTEP. (Bloomberg)

Rebased Performance



Source: Bloomberg

Daily Index Performance



Source: Bloomberg

Asset/Currency Performance	Close ($)	1D%	WTD%	YTD%
Gold/Ounce	1,838.03	(1.2)	(0.5)	(3.2)
Silver/Ounce	26.68	(8.2)	(1.1)	1.1
Crude Oil (Brent)/Barrel (FM Future)	57.46	2.0	2.8	10.9
Crude Oil (WTI)/Barrel (FM Future)	54.76	2.3	4.9	12.9
Natural Gas (Henry Hub)/MMBtu	3.15	10.5	15.4	31.8
LPG Propane (Arab Gulf)/Ton	83.00	(4.6)	(4.6)	10.3
LPG Butane (Arab Gulf)/Ton	97.75	0.8	1.6	30.3
Euro	1.20	(0.1)	(0.8)	(1.4)
Yen	104.98	0.0	0.3	1.7
GBP	1.37	0.0	(0.3)	(0.0)
CHF	1.11	(0.0)	(0.7)	(1.4)
AUD	0.76	(0.2)	(0.5)	(1.1)
USD Index	91.20	0.2	0.7	1.4
RUB	76.23	0.1	0.6	2.4
BRL	0.19	1.2	1.8	(3.2)

Source: Bloomberg

Global Indices Performance	Close	1D%*	WTD%*	YTD%*
MSCI World Index	2,731.95	1.3	2.6	1.6
DJ Industrial	30,687.48	1.6	2.4	0.3
S&P 500	3,826.31	1.4	3.0	1.9
NASDAQ 100	13,612.78	1.6	4.1	5.6
STOXX 600	405.92	0.9	1.6	0.0
DAX	13,835.16	1.1	2.0	(1.4)
FTSE 100	6,516.65	0.6	1.3	0.8
CAC 40	5,563.11	1.4	2.1	(1.5)
Nikkei	28,362.17	0.9	2.1	1.5
MSCI EM	1,381.19	1.5	3.9	7.0
SHANGHAI SE Composite	3,533.69	1.0	1.0	2.8
HANG SENG	29,248.70	1.3	3.4	7.4
BSE SENSEX	49,797.72	2.8	7.5	4.4
Bovespa	118,233.80	2.5	4.9	(4.2)
RTS	1,398.99	2.6	2.3	0.8

Source: Bloomberg (*$ adjusted returns)

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