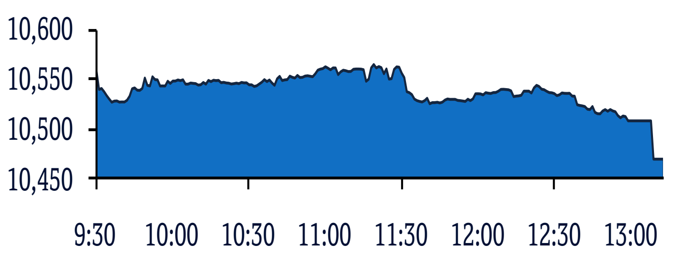
Daily Market Report

Thursday, 04 February 2021

QSE Intra-Day Movement



Qatar Commentary

The QE Index declined 0.4% to close at 10,471.9. Losses were led by the Industrials and Real Estate indices, falling 1.1% and 1.0%, respectively. Top losers were Al Khaleej Takaful Insurance Company and Qatari Investors Group, falling 3.3% and 2.7%, respectively. Among the top gainers, Qatar Industrial Manufacturing Company gained 3.0%, while Qatar Islamic Insurance Company was up 2.4%.

GCC Commentary

Saudi Arabia: The TASI Index fell 0.9% to close at 8,542.6. Losses were led by the Comm. & Prof. Svc and Diversified Fin. indices, falling 2.6% and 2.3%, respectively. Red Sea Int. Co. declined 6.3%, while Solidarity Saudi Takaful Co. was down 4.7%.

Dubai: The DFM Index fell 0.4% to close at 2,712.5. The Investment & Financial Services index declined 1.6%, while the Banks index fell 0.6%. Dubai Financial Market declined 4.8%, while Al Sagr National Insurance Company was down 4.2%.

Abu Dhabi: The ADX General Index fell 0.4% to close at 5,674.7. The Telecom. index declined 0.9%, while the Banks index fell 0.6%. Manazel Real Estate declined 4.9%, while Gulf Medical Projects was down 4.8%.

Kuwait: The Kuwait All Share Index fell 0.9% to close at 5,700.9. The Consumer Services index declined 2.7%, while the Real Estate index fell 1.4%. Al Tamdeen Investment Co. declined 12.3%, while IFA Hotels & Resorts Co. was down 10.7%.

Oman: The MSM 30 Index fell 0.5% to close at 3,603.7. The Financial index declined 0.8%, while the other indices ended in green. Galfar Engineering & Contracting declined 8.2%, while Al Ahlia Insurance Company was down 7.8%.

Bahrain: The BHB Index fell 0.1% to close at 1,464.8. The Hotels & Tourism index declined 7.6%, while the Investment index fell 0.2%. Gulf Hotel Group declined 10.0%, while GFH Financial Group was down 1.1%.

Market Indicators	03 Feb 21	02 Feb 21	%Chg.
Value Traded (QR mn)	460.9	421.1	9.4
Exch. Market Cap. (QR mn)	606,434.9	609,661.1	(0.5)
Volume (mn)	156.2	176.9	(11.7)
Number of Transactions	8,933	10,147	(12.0)
Companies Traded	45	47	(4.3)
Market Breadth	18:24	22:19	–

Market Indices	Close	1D%	WTD%	YTD%	TTM P/E
Total Return	20,204.59	(0.4)	(0.3)	0.7	18.2
All Share Index	3,223.84	(0.4)	(0.4)	0.8	18.9
Banks	4,207.57	(0.3)	(0.2)	(0.9)	15.2
Industrials	3,227.18	(1.1)	(0.7)	4.2	28.5
Transportation	3,457.71	(0.4)	(0.5)	4.9	15.8
Real Estate	1,858.77	(1.0)	0.1	(3.6)	16.4
Insurance	2,445.10	(0.3)	(2.0)	2.1	N.A.
Telecoms	1,163.79	1.4	3.7	15.2	17.1
Consumer	7,936.20	(0.2)	(2.2)	(2.5)	28.5
Al Rayan Islamic Index	4,266.50	(0.3)	(0.2)	(0.1)	19.5

GCC Top Gainers##	Exchange	Close#	1D%	Vol. '000	YTD%
Abu Dhabi Comm. Bank	Abu Dhabi	6.68	1.7	5,027.8	7.7
Saudi Arabian Mining Co.	Saudi Arabia	41.15	1.6	1,681.0	1.6
Saudi Electricity Co.	Saudi Arabia	21.58	1.6	1,196.9	1.3
Ooredoo	Qatar	8.70	1.4	2,475.0	15.7
Ominvest	Oman	0.31	1.3	81.8	(7.1)

GCC Top Losers##	Exchange	Close#	1D%	Vol. '000	YTD%
Sohar International Bank	Oman	0.09	(4.5)	23.0	(6.6)
Arabian Centres Co Ltd	Saudi Arabia	21.88	(3.2)	688.6	(12.7)
Banque Saudi Fransi	Saudi Arabia	31.00	(3.1)	207.2	(1.9)
Southern Prov. Cement	Saudi Arabia	86.00	(2.9)	103.9	2.0
Bank Al Bilad	Saudi Arabia	26.30	(2.8)	967.5	(7.2)

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

QSE Top Gainers	Close*	1D%	Vol. '000	YTD%
Qatar Industrial Manufacturing Co	3.05	3.0	1,515.1	(5.0)
Qatar Islamic Insurance Company	6.86	2.4	381.9	(0.6)
Gulf Warehousing Company	5.30	1.9	1,284.3	3.9
Vodafone Qatar	1.52	1.5	20,475.3	13.5
Ooredoo	8.70	1.4	2,475.0	15.7

QSE Top Losers	Close*	1D%	Vol. '000	YTD%
Al Khaleej Takaful Insurance Co.	2.59	(3.3)	1,438.0	36.5
Qatari Investors Group	1.87	(2.7)	3,554.6	3.3
Qatar National Cement Company	4.41	(2.2)	451.4	6.3
Industries Qatar	11.95	(1.8)	1,905.2	9.9
United Development Company	1.54	(1.7)	2,735.0	(6.8)

QSE Top Volume Trades	Close*	1D%	Vol. '000	YTD%
Vodafone Qatar	1.52	1.5	20,475.3	13.5
Investment Holding Group	0.55	(0.7)	15,828.3	(7.8)
Qatar First Bank	1.82	(1.1)	9,209.7	5.8
Gulf International Services	1.63	1.1	9,010.8	(5.1)
Qatar Aluminium Manufacturing	0.94	0.3	7,493.9	(2.5)

QSE Top Value Trades	Close*	1D%	Val. '000	YTD%
QNB Group	17.31	(0.8)	86,093.5	(2.9)
Vodafone Qatar	1.52	1.5	31,480.1	13.5
Industries Qatar	11.95	(1.8)	22,869.7	9.9
Masraf Al Rayan	4.38	(0.2)	22,135.8	(3.3)
Ooredoo	8.70	1.4	21,647.6	15.7

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*	10,471.92	(0.4)	(0.7)	(0.0)	0.3	126.21	165,799.3	18.2	1.5	3.6
Dubai	2,712.51	(0.4)	0.6	2.2	8.9	57.43	98,764.3	13.7	0.9	3.6
Abu Dhabi	5,674.67	(0.4)	0.6	1.5	12.5	148.60	217,149.0	22.5	1.6	4.3
Saudi Arabia	8,542.55	(0.9)	(3.0)	(1.8)	(1.7)	2,703.46	2,369,042.1	32.1	2.0	2.5
Kuwait	5,700.91	(0.9)	(0.8)	(1.4)	2.8	164.25	107,104.4	37.4	1.4	3.4
Oman	3,603.72	(0.5)	(1.2)	(1.4)	(1.5)	5.35	16,228.5	13.0	0.7	7.0
Bahrain	1,464.76	(0.1)	0.5	0.1	(1.7)	6.16	22,405.6	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 declined 0.4% to close at 10,471.9. The Industrials and Real Estate indices led the losses. The index fell on the back of selling pressure from GCC and Foreign shareholders despite buying support from Qatari and Arab shareholders.
- Al Khaleej Takaful Insurance Company and Qatari Investors Group were the top losers, falling 3.3% and 2.7%, respectively. Among the top gainers, Qatar Industrial Manufacturing Company gained 3.0%, while Qatar Islamic Insurance Company was up 2.4%.
- Volume of shares traded on Wednesday fell by 11.7% to 156.2mn from 176.9mn on Tuesday. Further, as compared to the 30-day moving average of 174.7mn, volume for the day was 10.6% lower. Vodafone Qatar and Investment Holding Group were the most active stocks, contributing 13.1% and 10.1% to the total volume, respectively.

Overall Activity	Buy %*	Sell %*	Net (QR)
Qatari Individuals	30.70%	32.74%	(9,436,933.5)
Qatari Institutions	18.16%	12.48%	26,144,210.3
Qatari	**48.85%**	**45.23%**	**16,707,276.9**
GCC Individuals	0.59%	0.70%	(527,921.7)
GCC Institutions	1.40%	2.98%	(7,250,924.3)
GCC	**1.99%**	**3.68%**	**(7,778,846.1)**
Arab Individuals	11.45%	9.44%	9,279,406.7
Arab Institutions	0.03%	–	139,775.0
Arab	**11.48%**	**9.44%**	**9,419,181.7**
Foreigners Individuals	2.45%	2.75%	(1,371,457.1)
Foreigners Institutions	35.22%	38.90%	(16,976,155.3)
Foreigners	**37.67%**	**41.65%**	**(18,347,612.5)**

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
Saudi Arabian Mining Co.*	Saudi Arabia	SR	18,579.8	4.8%	810.6	-8.5%	(209.0)	N/A
Dubai Financial Market*	Dubai	AED	351.8	7.6%	–	–	137.9	14.3%
Dubai Investments*	Dubai	AED	2,658.1	-7.7%	876.5	-23.7%	347.9	-47.1%
Emirates Driving Company*	Abu Dhabi	AED	241.0	15.1%	196.0	18.3%	126.8	20.4%

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

Global Economic Data

Date	Market	Source	Indicator	Period	Actual	Consensus	Previous
02/03	US	Mortgage Bankers Association	MBA Mortgage Applications	29-Jan	8.1%	–	-4.1%
02/03	US	Markit	Markit US Composite PMI	Jan	58.7	–	58
02/03	US	Markit	Markit US Services PMI	Jan	58.3	57.4	57.5
02/03	US	Institute for Supply Management	ISM Services Index	Jan	58.7	56.7	57.2
02/03	UK	Markit	Markit/CIPS UK Services PMI	Jan	39.5	38.8	38.8
02/03	UK	Markit	Markit/CIPS UK Composite PMI	Jan	41.2	40.6	40.6
02/03	EU	Markit	Markit Eurozone Services PMI	Jan	45.4	45	45
02/03	EU	Markit	Markit Eurozone Composite PMI	Jan	47.8	47.5	47.5
02/03	EU	Eurostat	PPI MoM	Dec	0.8%	0.7%	0.4%
02/03	EU	Eurostat	PPI YoY	Dec	-1.1%	-1.2%	-1.9%
02/03	EU	Eurostat	CPI MoM	Jan	0.2%	-0.1%	0.3%
02/03	EU	Eurostat	CPI Estimate YoY	Jan	0.9%	0.6%	-0.3%
02/03	EU	Eurostat	CPI Core YoY	Jan	1.4%	0.9%	0.2%
02/03	Germany	Markit	Markit Germany Services PMI	Jan	46.7	46.8	46.8
02/03	Germany	Markit	Markit/BME Germany Composite PMI	Jan	50.8	50.8	50.8
02/03	France	Markit	Markit France Services PMI	Jan	47.3	46.5	46.5
02/03	France	Markit	Markit France Composite PMI	Jan	47.7	47	47
02/03	Japan	Markit	Jibun Bank Japan PMI Services	Jan	46.1	–	45.7
02/03	Japan	Markit	Jibun Bank Japan PMI Composite	Jan	47.1	–	46.7
02/03	China	Markit	Caixin China PMI Composite	Jan	52.2	–	55.8
02/03	China	Markit	Caixin China PMI Services	Jan	52	55.5	56.3
02/03	India	Markit	Markit India PMI Services	Jan	52.8	–	52.3
02/03	India	Markit	Markit India PMI Composite	Jan	55.8	–	54.9

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
QGTS	Qatar Gas Transport Company Limited (Nakilat)	7-Feb-21	3	Due
BRES	Barwa Real Estate Company	8-Feb-21	4	Due
QCFS	Qatar Cinema & Film Distribution Company	8-Feb-21	4	Due
IQCD	Industries Qatar	8-Feb-21	4	Due
DHBK	Doha Bank	8-Feb-21	4	Due
QAMC	Qatar Aluminum Manufacturing Company	14-Feb-21	10	Due
QATI	Qatar Insurance Company	14-Feb-21	10	Due
QEWS	Qatar Electricity & Water Company	14-Feb-21	10	Due
ORDS	Ooredoo	14-Feb-21	10	Due
QIMD	Qatar Industrial Manufacturing Company	14-Feb-21	10	Due
QLMI	QLM Life & Medical Insurance Company	17-Feb-21	13	Due
GISS	Gulf International Services	18-Feb-21	14	Due
DOHI	Doha Insurance Group	22-Feb-21	18	Due
MPHC	Mesaieed Petrochemical Holding Company	23-Feb-21	19	Due
MERS	Al Meera Consumer Goods Company	23-Feb-21	19	Due

Source: QSE

News

Qatar

- **UDCD's bottom line rises 24.6% YoY and 1340.7% QoQ in 4Q2020 –** United Development Company's (UDCD) net profit rose 24.6% YoY to QR130.1mn in 4Q2020 (3Q2020: QR9.0mn; +1340.7% QoQ).The company's Revenue came in at QR326.3mn in 4Q2020, which represents a decrease of 22.1% YoY. However, on QoQ basis Revenue rose 14.1%. In FY2020, UDCD recorded net profit of QR226.1mn as compared to QR423.3mn in FY2019. EPS amounted to QR0.064 in FY2020 as compared to QR0.120 in FY2019. UDCD's Board of Director's recommended the distribution of QR177mn as dividends, equivalent to 5% of the par value. UDCD's Chairman, Turki bin Mohamed Al-Khater said, "Despite the challenges that businesses have faced in 2020 as a result of the coronavirus pandemic, UDCD was able to maintain development activities throughout the year where we succeeded in completing the planned development phases at The Pearl-Qatar and Gewan Island." In line with its business plan to develop promising projects, UDCD awarded contracts worth QR1.5bn for the Gewan Island's mixed-use buildings, landscape and infrastructure works. This is in addition to signing technical services and management and operation pacts with Corinthia Hotels, and its connected golf course and beach club in Gewan Island, besides the new Yacht Club at The Pearl-Qatar. "All these investments will ensure UDCD's sustainable growth and the creation of new opportunities and revenue sources over the long term," he said, adding the proposed dividends are in line with value of the real estate projects that it is developing and cash outflow that will be spent on these projects in 2021 in accordance with its five-year business plan. UDCD's President and Chief Executive. Ibrahim Jassim al-Othman said the stability in occupancy rates at The Pearl-Qatar contributed to achieving recurring revenues from residential and retail leasing, in addition to the sale of residential units and plots in 2020. Residential occupancy further thrived with 140 new rental contracts signed for UDCD properties and it also succeeded in achieving returns from the sale of 31 completed residential units at The Pearl-Qatar and the sale of 95% of residential units under construction in Al Mutahidah Towers. This is in addition to the sale of all completed villas and low-rise building plots in Giardino Village as well as all residential plots in Qanat Quartier Marina. In Gewan Island, UDCD finalized the sale of 70% of residential land plots. The retail leasing witnessed an increase of 125% in new leased retail space in 2020 compared to 2019 and the opening of 28 new retail brands at The Pearl-Qatar, across the three main retail hubs in Porto Arabia, Medina Centrale and Qanat Quartier, al-Othman said. UDCD achieved major strides in the development of Gewan Island, with the completion of major marine works simultaneously with ongoing infrastructure works and it also completed main foundation works and started installing support pylons of Gewan Island's main entrance bridge. (QSE, Gulf-Times.com)
- **QNB Group announced as Official Middle East and Africa Supporter and Official Qatari Bank of FIFA World Cup 2022 –** QNB Group, the largest financial institution in the Middle East and Africa, was today unveiled as an Official Middle East and Africa Supporter of the FIFA World Cup Qatar 2022 as well as the Official Qatari Bank of the tournament. As an Official Middle East and Africa Supporter of the FIFA World Cup Qatar 2022, QNB will be granted various assets and rights across the region, as well as branding exposure in the Host Cities. The group has an extensive network of ATMs and locations and will be the sole provider of on-site ATMs at all eight FIFA World Cup Qatar 2022 stadiums. QNB Group's CEO, Abdulla Mubarak Al Khalifa said, "We are extremely proud to announce QNB's role as an Official Middle East and Africa Supporter of the FIFA World Cup 2022 and as the Official Qatari Bank of the FIFA World Cup Qatar 2022. QNB's brand, the most valuable banking brand in the Middle East and Africa, will prove influential in making the tournament a success that will be remembered for generations." Additionally, the agreement covers the upcoming FIFA Club World Cup, where QNB is participating as the Official Qatari Bank of the FIFA Club World Cup Qatar 2020. The tournament will bring together six top teams from around the world to compete for the most prestigious honor in global club football and is set to be held in Doha, with matches taking place from 4 to 11 February 2021. (Press Release)

- **QLMI's board of directors to meet on February 17 –** QLM Life & Medical Insurance Company (QLMI) has announced that its board of directors will be holding a meeting on February 17, 2021. The agenda includes – (1) To approve the minutes of the 1st Board Meeting held on December 30, 2020, (2) To discuss the Managing Director's memo regarding the results and performance of the company for the Year 2020, (3) To review and approve the Consolidated Financial Statements of QLMI and the Auditor's report for the financial year ending on December 31, 2020, (4) To review and approve the consolidated budget of QLMI for the financial year 2021, (5) To discuss and recommend dividend for the year 2020, (6) To determine the Board of Directors' remuneration for the year 2020 payable to the erstwhile board members, (7) To discuss and approve the date and time for holding Annual General Meeting of the year 2020, (8) To discuss and receive an update on QLMI's Investments portfolio and performance for the Year 2020, (9) To discuss and receive an update on QLMI's risk management initiatives and approval of ORSA report for the Year 2020. (QSE)
- **QAMC postpones its board meeting –** The meeting of the board of directors of Qatar Aluminium Manufacturing Company (QAMC) to discuss the financial results of the company for the financial year ended December 31, 2020, which was to be held on February 04, 2021 will now be held on February 14, 2021. This will allow the board to review the company's business performance and business plan in more details. (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)
- **Qatar's non-energy sector growth re-accelerates in January –** The latest Purchasing Managers' Index (PMI) survey data from Qatar Financial Centre and IHS Markit signaled a strengthening rate of expansion in the non-energy private sector economy in January. Growth rates for both business activity and new business accelerated notably during the month and were among the sharpest registered since the survey began in April 2017. Evidence of a sustained recovery was apparent as the non-oil sector geared up hiring for the longest period in the PMI's history. Employment growth was maintained for a survey-record equaling fourth straight month, and expectations for output remained positive. January data also signaled lower average input prices, enabling firms to reduce their selling prices slightly. The PMI rose from 51.8 in December to 53.9 in January, signaling the strongest overall improvement in non-energy business conditions in five months. Moreover, the PMI was at the fourth-highest level ever registered by the survey, below the peaks seen last July (59.8) and August (57.3) when the economy rebounded rapidly from the first wave of COVID-19, and lower than that recorded in October 2017 (56.3) when domestic production boomed after inducement generated by the blockade. In comparison, since the series began in April 2017 the PMI has trended at 49.7, registering current performance well above the norm. Sub-sector PMI readings indicated that construction was the strongest-performing area in January (55), followed by manufacturing (54.8), wholesale and retail (53) and services (52.9) respectively. All four indices were above their trends in the fourth quarter of 2020. The 2.1-point rise in the headline PMI in January was generated by the two largest components like new orders and output. These both registered the third-fastest rates of expansion in the survey history, slower only than the rapid rebounds seen last July and August in the survey's history. The employment and stocks of purchases components also had positive contributions to the PMI, but to slightly lesser degrees than in December. The final component, suppliers and delivery times, had a fractionally negative contribution to the PMI (although suppliers' delivery times improved during the month, this impact is inverted in the PMI calculation). Companies reported a notable pick-up in customer numbers and new projects at the start of 2021. Outstanding business rose for the fourth successive month, although the increase was only modest as capacity was expanded. Purchasing activity rose for a survey-record seventh consecutive month, but supply chains proved resilient with input delivery times even improving slightly since December. (Qatar Tribune)
- **Qatar re-imposes some COVID curbs –** The Cabinet has re-imposed several COVID-19 restrictions to ensure health and safety of all members of society. The decisions will go into effect from Thursday. The only exception will be the decision on banning indoor and outdoor weddings, which goes into effect starting February 7 until further notice. As per the decision, a maximum of 80% of the employees in both the government and private sectors will be allowed at their workplace, while the remaining 20% can work remotely from their homes or upon request, depending on the circumstances. A maximum of 15 people will be allowed in a meeting in both the government and private sectors, with precautionary measures in place. (Qatar Tribune, Gulf-Times.com)
- **GAC to set up contract logistics facility in Qatar Free Zones –** Shipping and logistics services provider GAC has signed an agreement with the Qatar Free Zones Authority (QFZA) to establish a contract logistics facility and office in the Ras Bufontas Free Zone. The agreement will play an important role in expanding the logistics offerings for QFZA and Qatar, strengthening supply chains and bolstering Qatar's position as a global hub for trade. The purpose-built 27,000 square meters multi-user contract logistics facility, due to be completed in the first quarter of 2022, will be built from sustainable materials, partly fueled by solar power, have several energy-saving features and uses recycled water in its operations. The warehouse will serve key sectors, including fast-moving consumer goods (FMCG), food and beverage (F&B), fashion, sports, energy, aerospace, and healthcare. It will maintain temperatures ranging from -18°C to +22°C to support cold chain operations and will feature dedicated mezzanine levels for value-added services activities, such as component assembly, repacking, and labeling to enhance customers' supply chains. (Gulf-Times.com)
- **Qatar Airways' key role in national economy; contributes 4.9% to country GDP –** Qatar Airways plays a very important part of the country's GDP, contributing 4.9% to its GDP, according to airline's Chief, HE Akbar Al-Baker. "Indirectly, we contribute nearly 11% (to Qatar's GDP)", Al-Baker said citing an Oxford Economics report in an interview with Qatar TV. "You can see

aviation plays an important part in the nation economy. And it was aviation investment of Qatar that circumvented the blockade when it was imposed on us in 2017," Al-Baker noted. On the role of airfreight, the Qatar Airways Groups' Chief Executive said, "Air cargo plays a very vital role in our fleet. As a matter of fact the four aircraft that we took last year were aircraft that were ordered several years ago." (Gulf-Times.com)

- **Al-Baker: Qatar Airways 'committed' to take all aircraft ordered –** Qatar Airways is committed to take all the aircraft the national carrier has ordered, said group Chief Executive Akbar al-Baker and noted the airline has pushed the deliveries over nearly eight years in view of the pandemic crisis. "Recently I told CNN that we are committed to take all the aero planes we have ordered. What I did not confirm was that we would take large numbers of aircraft, which we were supposed to take before COVID-19," Al-Baker told Qatar TV in an interview. "So what we have done with both Boeing and Airbus is that we have pushed the deliveries over nearly eight years instead of taking those large numbers of aircraft in a period of three to four years. The new deliveries are to substitute aero planes that are going out of the fleet aero planes at QR fleet is the youngest of any airline fleet in the world – and we want to keep it that way. So we are replacing old aero planes with newer ones. He added, "Because of COVID-19 and because of the reduction in flying, and because 20% of our fleet is grounded, we are pushing back the deliveries to up to 2028 or 2029." (Gulf-Times.com)

International

- **US private payrolls rebound; services industry activity gains steam –** US private payrolls rebounded more than expected in January, suggesting the labor market recovery was back on track after the economy shed jobs in December as soaring COVID-19 infections hurt operations in the leisure and hospitality industry. There was also encouraging news on the embattled services sector, with other data on Wednesday showing activity racing to its highest level in nearly two years in January amid an acceleration in new orders and employment. The upbeat reports likely reflected nearly $900bn in additional pandemic relief provided by the government in late December. If the solid hiring is confirmed in the government's closely watched employment report on Friday, that could complicate President Joe Biden's push for a $1.9tn package to speed up the economic recovery, which has met with resistance from some lawmakers worried about the ballooning national debt. Authorities have started to ease restrictions on businesses amid signs of a peak in the recent coronavirus wave, though a new strain of the virus has been reported in many states. The ADP National Employment Report showed private payrolls increased by 174,000 jobs last month after dropping by 78,000 in December. Economists polled by Reuters had forecast private payrolls would rebound by 49,000 in January. The gains in hiring were broad, though the pace was half of the 347,000 monthly average job growth in the last six months of 2020. The ADP report is jointly developed with Moody's Analytics. (Reuters)
- **White House economic advisers say unemployment forecast demands 'immediate action' –** Two top White House economists on Wednesday pushed back against overly rosy interpretations of the Congressional Budget Office's economic forecasts, and called for immediate action to avert the risk of persistent and long-lasting US unemployment. Jared Bernstein and Heather Boushey, members of the Council of Economic Advisers, said the CBO's "dire" forecast that 7mn people will still be out of work in 2021 underscored the urgency of President Joe Biden's $1.9tn rescue plan. "The costs of inaction are far higher than the costs of acting too aggressively," they wrote in a lengthy blog post viewed by Reuters. "We should not wait for years for the economy to return to full employment and get the economy back to pre-pandemic expectations." (Reuters)
- **ISM survey: US service sector activity near two-year high in January –** US services industry activity raced to its highest level in nearly two years in January, with growth in new orders and employment accelerating, raising cautious optimism that the beleaguered sector was turning the corner. The Institute for Supply Management (ISM) said on Wednesday its non-manufacturing activity index increased to a reading of 58.7 last month. That was the highest reading since February 2019 and followed 57.7 in December. The index is now above its pre-pandemic level. A reading above 50 indicates growth in the services sector, which accounts for more than two-thirds of US economic activity. Economists polled by Reuters had forecast the index at 56.8. The ISM revised data going back to January 2012. The services industry has borne the brunt of the COVID-19 pandemic, which has forced authorities to impose restrictions on businesses like restaurants and bars. Consumers have also stayed away from other businesses and venues which attract crowds. The pandemic has shifted spending away from services to goods. Consumer spending on services is about 7.5% lower than before the outbreak of the virus in the US. The distribution of vaccines has offered hope of bringing the pandemic under control. The ISM survey's measure of new orders for the services industry shot up to a six-month high of 61.8 from a reading of 58.6 in December. Backlog orders recovered, though export orders contracted as a global resurgence in the coronavirus led to renewed lockdowns in some of the US' trade partners. (Reuters)
- **Eurozone downturn deepened in January as lockdowns hit services –** The Eurozone's economic downturn deepened in January as renewed restrictions to quell the spread of the coronavirus hit the bloc's dominant service industry hard, offsetting a robust performance by manufacturers, a survey showed. Coronavirus cases have been soaring again and governments across the continent have renewed tough lockdown measures, clamping down on public life and forcing hospitality and entertainment venues to close their doors. IHS Markit's final January Composite Purchasing Managers' Index (PMI), seen as a good guide to economic health, fell to 47.8 from December's 49.1 but was a touch above a flash reading of 47.5. Anything below 50 indicates a contraction. A PMI covering the service industry fell to 45.4 from December's 46.4 but came in higher than the 45.0 flash reading. A manufacturing PMI on Monday showed factory growth remained robust at the start of the year but the pace waned. Business activity across the German service sector contracted for a fourth month running in January as a stricter lockdown hit businesses and put Europe's largest economy on track for a first-quarter contraction. Meanwhile, French service sector activity slowed, albeit not as

much as initially thought, weighing on broader private sector business. Italy and Spain also saw services activity shrink. In Britain, outside the European Union, a third national coronavirus lockdown has put the economy on course for a sharp contraction in early 2021, but services companies - buoyed by progress on vaccinations - were confident about recovery. (Reuters)

- **Eurozone inflation surges, a communications headache for ECB –** Eurozone inflation surged well past expectations last month, driven by rising energy costs and a German tax increase, posing a potential communications challenge for the European Central Bank. Inflation has undershot the ECB's nearly 2% target for most of the past decade. The bank has promised ultra-easy policy for years to come, with price pressures muted and a recovery from a pandemic-induced recession dragging out. But a surge in prices, even if temporary as many policymakers expect, could make it more difficult to justify exceptional stimulus, particularly in Germany, the Eurozone's biggest economy, which has viewed copious monetary printing with deep skepticism for years. Annual inflation in the 19 countries sharing the euro jumped to 0.9% in January from -0.3% over the previous four months, Eurostat said on Wednesday, the highest rate in nearly a year and beating economists' expectation for 0.5%. The surge was primarily driven by the reversal of an earlier German tax cut, a rise in energy costs as oil prices surged and higher food prices, even as the cost of imported goods fell over the previous month. Underlying inflation showed a similar surge. Inflation excluding food and energy costs, a key indicator watched by the ECB, rose to 1.4% from 0.4%. A narrower gauge that also excludes alcohol and tobacco rose to 1.4% from 0.2%. Anticipating this surge, the ECB has already warned against taking this technical rebound for the return of sustained inflation. (Reuters)
- **Foreign tourists in Spain fell to 51-year low in 2020 –** The number of foreign tourists who visited Spain in 2020 fell by more than 80% to 19 million, a level not seen since 1969, official data showed on Wednesday, as the coronavirus pandemic devastated one of the country's most crucial industries. Tourist arrivals fell 85% year-on-year in December, after authorities imposed new travel restrictions to curb a new increase in COVID-19 infections. Tourists spent 86.1% less in December than in the same month a year earlier, INE said. For 2020, tourists spent 19.7bn Euros ($23.71bn), 78.5% less. Spain has been one of the hardest-hit countries by the pandemic in Europe. While vaccinations are slowly being rolled out, it reported 29,604 new cases on Tuesday, down from recent highs of more than 40,000 and pushing the overall tally to 2.85mn. Gripped by a third wave of infections, the death toll jumped by 724 to 59,805 people in the biggest one-day rise since April. While tourism accounted for around 12% of GDP in 2019, activity plunged in 2020. Though there are no official data on how much the sector contributed in 2020, Funcas analyst Maria Jesus Fernandez forecast it was around 4% or 5% of GDP. (Reuters)
- **IHS Markit: Brazil PMIs show economic activity shrinks in January for first time since July –** Private sector business activity in Brazil shrank in January for the first time since July, a purchasing managers' survey showed on Wednesday, as a surging COVID-19 second wave threatens to hit economic growth in the first quarter and even push it into reverse. The decline in activity was led by the dominant services sector, which shrank for the first time since August and at the fastest rate since July, according to IHS Markit's latest PMI survey. The headline Brazil services PMI fell to 47.0 from 51.1 in December. The composite PMI including manufacturing fell to 48.9 from 53.5, snapping a run of five months of growth. A PMI reading above 50.0 signals expansion, and a reading below shows contraction. "The January PMI survey results indicate that the Brazilian economy is at risk of going back into contraction in the opening quarter of 2021 as a spike in COVID-19 cases heavily impacted on the private sector," said Pollyanna De Lima, economics associate director at IHS Markit. "Manufacturing managed to stay in expansion mode, though growth rates eased noticeably since the end of 2020. The larger service sector, however, suffered a blow from squeezed income and a subsequent deterioration in demand," she said. As a result, new business, output and employment all fell in the month. The services employment index fell to 48.2 from 49.3, marking the second month of job losses. That pulled the composite employment index across manufacturing and services down to 48.9 from 50.4. The services new business index fell to its first contractionary reading since July, IHS Markit said. Inflationary pressures remained firm, IHS Markit said. (Reuters)

Regional

- **OPEC+ pledges to pursue rebalancing of oil market –** OPEC+ said it will keep pushing to quickly clear the oil surplus left behind by the pandemic, a bullish signal for prices that have already surged to a one-year high. Ministers led by Saudi Arabia and Russia "stressed importance of accelerating market re-balancing without delay" amid "uncertain" prospects for the global economy and oil demand yesterday. The OPEC and its allies have taken a two month pause while restoring some of the millions of barrels of crude output they halted when the coronavirus emerged to crush fuel demand last spring. Saudi Arabia is tightening supplies further this month and next with an extra cut of 1mn bpd. The committee left any discussion about what to do after the two-month hiatus ends to its next full ministerial meeting in early March. OPEC+ is currently withholding just over 7mn barrels of daily output, or roughly 7% of global supplies. (Peninsula Qatar)
- **Saudi non-oil private sector continues solid growth in January –** Saudi Arabia's non-oil private sector grew strongly in January, its fifth straight month of expansion, as output soared and firms were hopeful of a substantial economic recovery, a survey showed on Wednesday. The seasonally adjusted IHS Markit Saudi Arabia Purchasing Managers' Index (PMI) rose slightly to 57.1 in January from 57.0 in December. The 50.0 mark separates growth from contraction. The January and December readings were the highest since November 2019 and above the series average of 56.9, according to a Reuters calculation based on the PMI data. "The country has been helped by low case numbers, while other parts of the world have suffered a spike in infections that risks derailing the upturn in the global economy," said David Owen, economist at survey compiler IHS Markit. The headline index's rise was supported by the sharpest

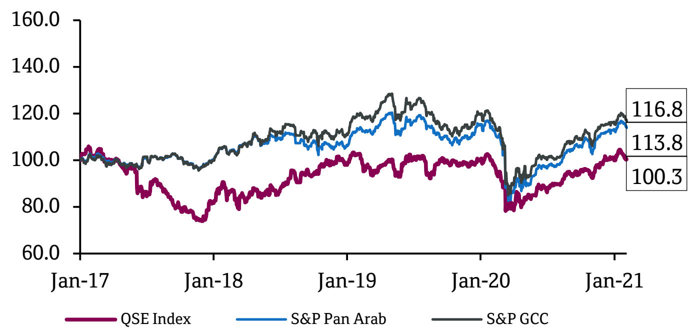
growth in business activity in 15 months - output rose to 61.2 in January from 59.0 in December. "While client demand has soared in recent months, this has not fed through into rising employment numbers as January data signaled a slight reduction in workforces. Firms indicated that excess capacity was sufficient to deal with incoming work and reduce backlogs as well." (Reuters)

- **RJHI posts 4.3% YoY rise in net profit to SR10,596mn in FY2020 –** Al Rajhi Bank (RJHI) recorded net profit of SR10,596mn in FY2020, an increase of 4.3% YoY. Total operating profit rose 6.3% YoY to SR20,721mn in FY2020. Total income from special commissions/investments rose 2.4% YoY to SR17,378mn in FY2020. Total assets stood at SR468.8bn at the end of December 31, 2020 as compared to SR384.1bn at the end of December 31, 2019. Loans and advances stood at SR315.7bn (+26.4% YoY), while clients' deposits stood at SR382.6bn (+22.5% YoY) at the end of December 31, 2020. EPS came in at SR4.24 in FY2020 as compared to SR4.06 in FY2019. (Tadawul)
- **UAE non-oil private sector mild growth unchanged in January –** Mild growth in the UAE's non-oil private sector was unchanged in January as business activity grew solidly and employment increased for the first time in over a year, although sales growth weakened, a survey showed on Wednesday. The seasonally adjusted IHS Markit UAE Purchasing Managers' Index (PMI), which covers manufacturing and services, was at 51.2 in January, steady from December when it rose above the 50.0 mark that separates growth from contraction for the first time since September. While the reading marks the index's joint-highest reading since August 2019, it signaled only a marginal improvement in business conditions from the end of last year and was well below the series' average of 54.2. "Compared to the results seen throughout 2020, the latest data indicated more favorable business conditions. However, with firms still having to make up lost ground from the COVID-19 lockdown, the pace of recovery so far appears subdued," Economist at survey compiler IHS Markit, David Owen said. (Reuters)
- **Pandemic's second wave threatens to derail Dubai's tourism surge –** A second wave of coronavirus infections threatens to upend a tourism boom in Dubai that provided salve to its battered economy, although with so few places open globally its hospitality sector hopes tourists will keep coming. Dubai, one of the few destinations open to international travelers since July, has yet to impose the toughest restrictions after record daily infections in the UAE, in the hope that vaccinations will spare a repeat of last year's lockdown. But after a rush of visitors during December, hotel chain RIU saw a "significant slowdown" in January bookings in Dubai after some countries tightened entry restrictions for those travelling from the UAE, SVP Sales & Business Development Indian Ocean, Oliver Kluth said. British and Israeli tourists largely disappeared from the city's sandy beaches after the UK and Israel demanded those coming from the Gulf state to quarantine. Denmark - then Britain - suspended flights from the UAE. The moves came as daily infections tripled over the past month to hit a record 3,966 on January 28 in the UAE, which is now battling its biggest outbreak since the pandemic begun. The Gulf state does not give a breakdown for each Emirate, but some doctors told Reuters that private hospitals in Dubai were admitting sick patients for the first time in months. (Reuters)
- **Abu Dhabi's CPI down 2.6% YoY in November –** Abu Dhabi's Consumer Price Index (CPI) declined by 2.6% YoY in November 2020, maintaining its negative rates for the 18th consecutive month. The index recorded 108 points in November 2020, when compared to 110.3 points in the same month of 2019, according to recent data by the Statistics Centre Abu Dhabi (SCAD). On a monthly basis, the Emirate's CPI went up 0.1% to 107.5 points in November 2020 from 107.3 points in October 2020. During the first eleven months of 2020, the consumer prices retreated by 2.4%, when compared to the corresponding period of 2019. The prices of recreation and culture group dropped by 21.8% YoY in the January-November period of 2020, contributing to 50.5% of the overall decrease in Abu Dhabi's CPI. The prices of the housing, water, electricity, gas, and fuel group decreased by 3.1% during the January-November period of 2020, compared to the same period in 2019. On the other hand, the prices of the food and beverages group rose by 5.8% in the first eleven months of 2020, compared to the corresponding period of 2019. (Zawya)
- **Kuwait's government transfers last of performing assets to the country's sovereign wealth fund –** Kuwait's government has transferred the last of its performing assets to the country's sovereign wealth fund in exchange for cash to plug its budget deficit, after a political dispute over borrowing left one of the world's richest nations short of cash and prompted Fitch to cut its outlook to Negative. Fitch affirmed Kuwait's AA rating but said "the imminent depletion of liquid assets" and "absence of parliamentary authorization for the government to borrow" was creating uncertainty. Its report follows S&P recent warning that it would consider downgrading Kuwait in the next six to 12 months if politicians fail to overcome the impasse. Kuwaiti MPs attend a parliament session at the national assembly in Kuwait City on January 5, 2021. Though it is a high-income country, years of lower oil prices have forced Kuwait to burn through its reserves. Desperate to generate liquidity, the government began last year swapping its best assets for cash with the $600bn Future Generations Fund, which is meant to safeguard the Gulf Arab nation's wealth for a time after oil. With those now gone, it is not clear how the government will cover its eighth consecutive budget deficit, projected at KD12bn for the fiscal year beginning April. The assets include stakes in Kuwait Finance House (KFH) and telecoms company Zain, sources said. State-owned Kuwait Petroleum Corp., which has a nominal value of $8.3bn, was also transferred from the government's treasury in January, sources said. The Finance Ministry declined to give details about the swaps. Responding to Fitch, however, Finance Minister, Khalifa Hamada said Kuwait's financial position remained "robust" due to the cushion provided by the FGF. The government's priority going forward would be to replenish the treasury, he said, without specifying how. (Bloomberg)
- **National Bank of Kuwait sees organic growth in Egypt, Saudi Arabia –** National Bank of Kuwait is pressing ahead with product offerings in Saudi Arabia and Egypt, and will look to grow organically in these markets, the lender said. Egypt has "compelling retail and wholesale opportunities that we are very

well positioned to seize. In Saudi Arabia, our wealth management proposition has generated strong momentum." Lender also intends to maintain conservative approach to risk. (Bloomberg)

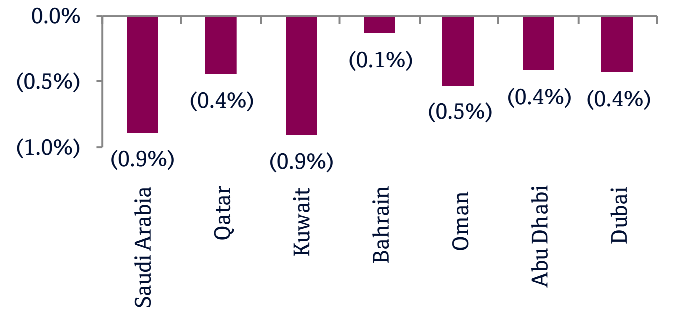
- **Bahrain sells BHD26mn 182-day Islamic Sukuk; bid-cover at 10.65x –** Bahrain sold BHD26mn of 182-day Islamic Sukuk due on August 5 on February 2, 2021. Investors offered to buy 10.65 times the amount of securities sold. The Sukuk have a yield of 2.35% and will settle on February 4, 2021. (Bloomberg)

Rebased Performance



Source: Bloomberg

Daily Index Performance



Source: Bloomberg

Asset/Currency Performance	Close ($)	1D%	WTD%	YTD%
Gold/Ounce	1,834.04	(0.2)	(0.7)	(3.4)
Silver/Ounce	26.89	0.8	(0.4)	1.9
Crude Oil (Brent)/Barrel (FM Future)	58.46	1.7	4.6	12.9
Crude Oil (WTI)/Barrel (FM Future)	55.69	1.7	6.7	14.8
Natural Gas (Henry Hub)/MMBtu	3.14	0.0	15.1	32.1
LPG Propane (Arab Gulf)/Ton	82.75	(0.3)	(4.9)	10.0
LPG Butane (Arab Gulf)/Ton	96.75	(1.0)	0.5	29.0
Euro	1.20	(0.1)	(0.8)	(1.5)
Yen	105.03	0.0	0.3	1.7
GBP	1.36	(0.2)	(0.4)	(0.2)
CHF	1.11	(0.2)	(0.9)	(1.6)
AUD	0.76	0.1	(0.3)	(1.0)
USD Index	91.17	(0.0)	0.6	1.4
RUB	75.94	(0.4)	0.3	2.0
BRL	0.19	0.3	2.1	(3.0)

Source: Bloomberg

Global Indices Performance	Close	1D%*	WTD%*	YTD%*
MSCI World Index	2,737.93	0.2	2.9	1.8
DJ Industrial	30,723.60	0.1	2.5	0.4
S&P 500	3,830.17	0.1	3.1	2.0
NASDAQ 100	13,610.54	(0.0)	4.1	5.6
STOXX 600	407.27	0.4	2.0	0.4
DAX	13,933.63	0.8	2.8	(0.6)
FTSE 100	6,507.82	(0.1)	1.2	0.8
CAC 40	5,563.05	0.1	2.1	(1.4)
Nikkei	28,646.50	1.1	3.2	2.6
MSCI EM	1,392.64	0.8	4.7	7.9
SHANGHAI SE Composite	3,517.31	(0.5)	0.5	2.3
HANG SENG	29,307.46	0.2	3.6	7.7
BSE SENSEX	50,255.75	1.1	8.7	5.6
Bovespa	119,724.70	1.2	6.1	(3.1)
RTS	1,387.00	(0.9)	1.4	(0.0)

Source: Bloomberg (*$ adjusted returns)

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