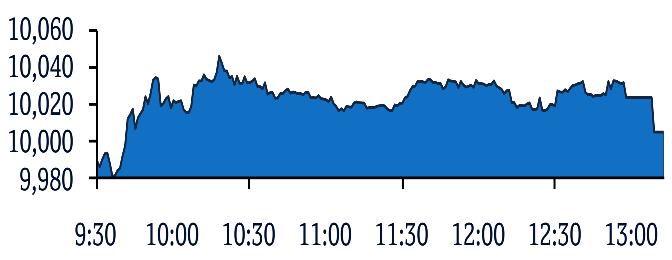
Daily Market Report

Sunday, 04 October 2020

QSE Intra-Day Movement



Qatar Commentary

The QE Index rose 0.2% to close at 10,005.9. Gains were led by the Consumer Goods & Services and Real Estate indices, gaining 0.9% and 0.8%, respectively. Top gainers were Medicare Group and Qatari German Company for Medical Devices, rising 10.0% each. Among the top losers, Qatar Cinema & Film Distribution Company fell 1.8%, while Qatar Insurance Company was down 1.4%.

GCC Commentary

Saudi Arabia: The TASI Index fell marginally to close at 8,295.1. Losses were led by the Insurance and REITs indices, falling 3.9% and 3.1%, respectively. Buruj Cooperative Insurance and Allianz Saudi Fransi Cooperative Insurance Company were down 10.0% each.

Dubai: The DFM Index fell 0.3% to close at 2,265.7. The Consumer Staples and Discretionary index declined 4.3%, while the Insurance index fell 0.8%. Ithmaar Holding declined 4.9%, while Emirates Refreshments Company was down 4.8%.

Abu Dhabi: The ADX General Index fell 0.6% to close at 4,492.0. The Investment & Financial Services index declined 1.6%, while the Industrial index fell 1.1%. Gulf Cement Company declined 4.8%, while Gulf Pharmaceutical Industries was down 4.4%.

Kuwait: Market was closed on October 01, 2020.

Oman: Market was closed on October 01, 2020.

Bahrain: The BHB Index fell 0.1% to close at 1,432.5. The Industrial and Commercial Banks indices declined 0.2% each. Ithmaar Holding declined 8.0%, while Khaleeji Commercial Bank was down 5.3%.

Market Indicators	01 Oct 20	30 Sep 20	%Chg.
Value Traded (QR mn)	511.6	578.4	(11.6)
Exch. Market Cap. (QR mn)	588,569.0	587,819.2	0.1
Volume (mn)	239.0	243.0	(1.6)
Number of Transactions	9,478	11,496	(17.6)
Companies Traded	46	47	(2.1)
Market Breadth	35:9	24:17	–

Market Indices	Close	1D%	WTD%	YTD%	TTM P/E
Total Return	19,236.02	0.2	2.2	0.3	16.2
All Share Index	3,086.41	0.1	2.5	(0.4)	16.9
Banks	4,135.69	(0.2)	3.5	(2.0)	13.8
Industrials	2,949.58	0.5	0.5	0.6	25.5
Transportation	2,824.11	(0.0)	2.3	10.5	13.4
Real Estate	2,074.41	0.8	2.9	32.5	16.3
Insurance	2,190.35	(0.7)	4.8	(19.9)	32.9
Telecoms	917.70	0.6	(4.6)	2.5	15.5
Consumer	8,061.22	0.9	2.7	(6.8)	24.3
Al Rayan Islamic Index	4,183.80	0.7	1.6	5.9	18.4

GCC Top Gainers##	Exchange	Close#	1D%	Vol. '000	YTD%
Rabigh Refining & Petro.	Saudi Arabia	16.34	4.5	26,488.5	(24.6)
Saudi Electricity Co.	Saudi Arabia	17.82	3.5	16,959.2	(11.9)
National Industrialization	Saudi Arabia	13.62	2.7	17,447.1	(0.4)
Sahara Int. Petrochemical	Saudi Arabia	16.96	2.7	21,081.2	(5.6)
Co. for Cooperative Ins.	Saudi Arabia	88.60	2.0	375.1	15.5

GCC Top Losers##	Exchange	Close#	1D%	Vol. '000	YTD%
Saudi Arabian Mining Co.	Saudi Arabia	41.00	(1.8)	717.1	(7.7)
Abu Dhabi Islamic Bank	Abu Dhabi	4.22	(1.6)	1,159.9	(21.7)
Jabal Omar Dev. Co.	Saudi Arabia	35.95	(1.5)	1,602.9	32.4
Emirates NBD	Dubai	10.50	(1.4)	789.4	(19.2)
QNB Group	Qatar	18.00	(1.1)	644.6	(12.6)

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%
Medicare Group	8.36	10.0	4,177.2	(1.1)
Qatari German Co for Med. Devices	2.38	10.0	18,252.1	308.4
Dlala Brokerage & Inv. Holding Co.	2.14	10.0	11,492.7	250.7
Mannai Corporation	3.19	4.5	985.1	3.5
Qatari Investors Group	1.99	4.0	6,745.6	11.2

QSE Top Volume Trades	Close*	1D%	Vol. '000	YTD%
United Development Company	1.88	1.1	41,090.1	23.7
Ezdan Holding Group	1.96	1.3	24,892.2	219.3
Investment Holding Group	0.62	0.0	18,941.7	10.1
Qatari German Co for Med. Devices	2.38	10.0	18,252.1	308.4
Qatar Aluminium Manufacturing	1.02	0.9	13,827.1	30.7

QSE Top Losers	Close*	1D%	Vol. '000	YTD%
Qatar Cinema & Film Distribution	3.81	(1.8)	4.0	73.2
Qatar Insurance Company	2.25	(1.4)	2,211.3	(28.7)
Salam International Inv. Ltd.	0.62	(1.1)	10,239.7	19.7
QNB Group	18.00	(1.1)	644.6	(12.6)
Masraf Al Rayan	4.15	(0.3)	2,407.5	4.7

QSE Top Value Trades	Close*	1D%	Val. '000	YTD%
United Development Company	1.88	1.1	76,651.8	23.7
Ezdan Holding Group	1.96	1.3	48,838.6	219.3
Qatari German Co for Med. Dev.	2.38	10.0	42,379.7	308.4
Medicare Group	8.36	10.0	34,884.6	(1.1)
Gulf Warehousing Company	5.10	0.5	30,332.6	(7.0)

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*	10,005.90	0.2	2.2	0.2	(4.0)	139.23	160,031.9	16.2	1.5	3.9
Dubai	2,265.70	(0.3)	0.6	(0.3)	(18.1)	41.13	86,008.9	8.6	0.8	4.3
Abu Dhabi	4,492.02	(0.6)	0.6	(0.6)	(11.5)	70.45	182,479.8	16.4	1.3	5.4
Saudi Arabia	8,295.05	(0.0)	0.7	(0.0)	(1.1)	3,931.65	2,426,500.2	30.2	2.0	2.4
Kuwait#	5,445.20	(2.2)	(2.9)	2.9	(13.3)	341.17	105,427.5	29.2	1.4	3.6
Oman#	3,614.64	(0.2)	(0.3)	(4.2)	(9.2)	2.54	16,328.1	10.7	0.7	6.8
Bahrain	1,432.46	(0.1)	(1.2)	(0.1)	(11.0)	6.34	21,835.6	13.3	0.9	4.7

Source: Bloomberg, Qatar Stock Exchange, Tadawul, Muscat Securities Market and Dubai Financial Market (** TTM; * Value traded ($ mn) do not include special trades, if any; #Data as of September 29, 2020)

Qatar Market Commentary

- The QE Index rose 0.2% to close at 10,005.9. The Consumer Goods & Services and Real Estate indices led the gains. The index rose on the back of buying support from Qatari and GCC shareholders despite selling pressure from Arab and Foreign shareholders.
- Medicare Group and Qatari German Company for Medical Devices were the top gainers, rising 10.0% each. Among the top losers, Qatar Cinema & Film Distribution Company fell 1.8%, while Qatar Insurance Company was down 1.4%.
- Volume of shares traded on Thursday fell by 1.6% to 239.0mn from 243.0mn on Wednesday. Further, as compared to the 30-day moving average of 363.2mn, volume for the day was 34.2% lower. United Development Company and Ezdan Holding Group were the most active stocks, contributing 17.2% and 10.4% to the total volume, respectively.

Overall Activity	Buy %*	Sell %*	Net (QR)
Qatari Individuals	52.94%	63.99%	(56,502,662.1)
Qatari Institutions	24.52%	11.57%	66,261,851.7
Qatari	**77.46%**	**75.55%**	**9,759,189.6**
GCC Individuals	1.00%	1.18%	(909,427.9)
GCC Institutions	1.18%	0.20%	5,006,238.5
GCC	**2.18%**	**1.38%**	**4,096,810.6**
Arab Individuals	11.95%	13.38%	(7,308,618.5)
Arab	**11.95%**	**13.38%**	**(7,308,618.5)**
Foreigners Individuals	4.68%	4.69%	(79,814.1)
Foreigners Institutions	3.73%	4.99%	(6,467,567.7)
Foreigners	**8.41%**	**9.69%**	**(6,547,381.8)**

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

Global Economic Data and Earnings Calendar

Global Economic Data

Date	Market	Source	Indicator	Period	Actual	Consensus	Previous
10/01	US	Department of Labor	Initial Jobless Claims	26-Sep	837k	850k	873k
10/01	US	Department of Labor	Continuing Claims	19-Sep	11,767k	12,200k	12,747k
10/01	US	Markit	Markit US Manufacturing PMI	Sep	53.2	53.5	53.5
10/01	US	U.S. Census Bureau	Construction Spending MoM	Aug	1.4%	0.7%	0.7%
10/01	US	Institute for Supply Management	ISM Manufacturing	Sep	55.4	56.5	56.0
10/01	UK	Markit	Markit UK PMI Manufacturing SA	Sep	54.1	54.3	54.3
10/01	EU	Markit	Markit Eurozone Manufacturing PMI	Sep	53.7	53.7	53.7
10/01	EU	Eurostat	PPI MoM	Aug	0.1%	0.1%	0.7%
10/01	EU	Eurostat	PPI YoY	Aug	-2.5%	-2.7%	-3.1%
10/02	EU	Eurostat	CPI MoM	Sep	0.1%	0.1%	-0.4%
10/02	EU	Eurostat	CPI Core YoY	Sep	0.2%	0.4%	0.4%
10/01	Germany	Markit	Markit/BME Germany Manufacturing PMI	Sep	56.4	56.6	56.6
10/01	France	Markit	Markit France Manufacturing PMI	Sep	51.2	50.9	50.9
10/01	Japan	Markit	Jibun Bank Japan PMI Mfg	Sep	47.7	–	47.3
10/02	Japan	Economic and Social Research Institute	Consumer Confidence Index	Sep	32.7	30.5	29.3
10/01	India	Markit	Markit India PMI Mfg	Sep	56.8	–	52.0

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 3Q2020 results	No. of days remaining	Status
QNBK	QNB Group	11-Oct-20	7	Due
MARK	Masraf Al Rayan	11-Oct-20	7	Due
QIBK	Qatar Islamic Bank	14-Oct-20	10	Due
ERES	Ezdan Holding Group	14-Oct-20	10	Due
IHGS	INMA Holding Group	18-Oct-20	14	Due
QGTS	Qatar Gas Transport Company Limited (Nakilat)	19-Oct-20	15	Due
QEWS	Qatar Electricity & Water Company	19-Oct-20	15	Due
QIGD	Qatari Investors Group	19-Oct-20	15	Due
ABQK	Ahli Bank	21-Oct-20	17	Due
DHBK	Doha Bank	27-Oct-20	23	Due
MERS	Al Meera Consumer Goods Company	28-Oct-20	24	Due
ORDS	Ooredoo	28-Oct-20	24	Due
UDCD	United Development Company	28-Oct-20	24	Due
AKHI	Al Khaleej Takaful Insurance Company	29-Oct-20	25	Due

AHCS	Aamal Company	29-Oct-20	25	Due

Source: QSE

News

Qatar

- **Moody's: Higher LNG output prospects, lower capital spending mitigate Qatar's downside credit risks –** Prospects of significantly higher LNG output and lower capital spending are expected to mitigate Qatar's downside credit risks, global rating agency Moody's has said in a report. Recently, Moody's affirmed Qatar's long-term issuer and foreign-currency senior unsecured debt ratings at 'Aa3' and maintained the 'Stable' outlook. The 'Stable' outlook, Moody's noted, "balances a number of risks stemming from Qatar's exposure to regional geopolitical tensions and its exposure to fluctuations in global energy demand and prices against the longer-term growth and revenue upside potential related to the planned expansion of Qatar's LNG production capacity and the government's plans to further reduce capital spending." Geopolitical risks are mostly related to the risk of a further significant escalation in tensions between Iran and the US and its regional allies, which could lead to an "extended disruption" of maritime traffic through the Strait of Hormuz, on which Qatar depends for virtually all of its exports and most of its imports. Although Moody's assigns only a small probability to such an eventuality, its impact on the government's fiscal position and Qatar's current account balance would be significant and commensurate to the duration of such potential disruption. Another significant downside risk stems from the possibility that oil prices remain at depressed levels for longer than Moody's currently expects, leading to larger and more persistent fiscal deficits and increasing the uncertainty around the expected path of government debt reduction. (Gulf-Times.com)
- **EIU: Qatar's currency regime expected to 'weather short-term shocks' –** Qatar's currency regime is expected to "weather the short-term shocks" posed by the COVID-19 pandemic, although the country's current account may move into a deficit in 2020, the Economist Intelligence Unit (EIU) has said in a report. Although export earnings are expected to fall sharply in 2020, the riyal's peg to the US dollar is backed by "healthy" foreign reserves and the QIA's assets, the EIU said, placing the currency risk as B-rated. According to the EIU, Qatar's ability to "fully service" its debt obligations remains strong, supported by ample foreign reserves and the assets of the Qatar Investment Authority (QIA, the country's sovereign wealth fund). In terms of Qatar's banking sector, the EIU said the commercial banks in the country have been increasing liquidity from abroad in the form of a number of debt issues, and cash injections from the QIA have bolstered banks' liquidity. The ratio of non-performing loans as a proportion of total loans has historically been low, but it is likely to rise in the short term. The EIU has placed the banking sector risk BB-rated. It is supported by a "robust" regulatory framework and "solid" capital and liquidity indicators. However, the EIU noted Qatar's overdependence on hydrocarbons exports leaves it exposed to global price movements. "In the short term, policy will continue to focus on addressing the economic fallout from the coronavirus pandemic and weak international oil prices. Qatar's large stock of public debt weighs on the outlook, but a sound financial system is supportive," the EIU noted. (Gulf-Times.com)
- **Ezdan: Building sale deals generate QR553.6mn during September 20-24 –** The property sale market has seen a significant growth in the number of deals clinched from September 20 to 24, which climbed to 243 transactions, according to the latest Ezdan Real Estate (Ezdan) weekly report. Sold buildings of all types (residences, residential buildings, complexes, and towers) generated QR553.6mn, while land lot sales registered QR132mn, the report said. Based on the breakdown of property sale activity from September 20 to 24 released by the Real Estate Registration Department, the report said the total value of property sale deals amounted to QR685.7mn. The sales were distributed among Umm Salal, Al Khor, Al Thakhira, Doha, Al Rayyan, Al Shamal, Al Daayen, Shehaniyah, and Al Wakrah municipalities, and included vacant land lots residences, multi-use buildings, mixed-use space lands, and residential buildings. Doha municipality registered the highest deal in terms of value by selling a land lot spanning over 2,063sqm in Fereej Bin Mahmoud at QR1,500 per square foot, totaling QR33.3mn. (Gulf-Times.com)
- **QA travelers' number rises by over 20% in 5 years –** The number of passengers travelling through Qatar Airways has surged by over 20% in the last five years, reflecting soaring popularity of the airline. The flag carrier of Qatar carried 32.4mn passengers in 2019-20 compared to 26.65mn passengers in 2015-16, showing a growth of around 22%, according to annual reports of the airline. The airline has delivered stellar performance by overcoming major challenges such as illegal airspace blockade imposed since 2017 by siege countries and COVID-19 outbreak that has posed an existential threat to many airlines. Qatar Airways has become the first choice for millions of passengers across the globe, driven by network expansion, latest aircraft and several customer centric measures taken by the airline. (Peninsula Qatar)
- **IHGS to hold investors relation conference call October 19 –** Inma Holding (IHGS) will hold the conference call with the Investors to discuss the financial results of 3Q2020, on October 19, 2020 at 1:30pm Doha time. (QSE)
- **Baladna to disclose the 3rd quarter financials on October 26, 2020; conference call to be held on November 2, 2020 –** Baladna Company has announced its intent to disclose its financial statements for the period ended September 30, 2020 on Monday, October 26, 2020. Furthermore, a conference call with the Investors to discuss the financial results for the Q3- 2020 will be held on Monday, November 2, 2020 at 12:00PM, Doha Time. (QSE)

International

- **US labor market, income data point to drawn-out economic recovery –** The number of Americans filing new claims for jobless benefits fell last week but remained at recession levels, while personal income dropped in August, underscoring the need for another government rescue package for businesses and the unemployed. The decline in initial claims reported by the Labor Department on Thursday likely reflected a decision by California, the most populous state in the nation, to suspend the processing of new applications for two weeks to combat fraud. Factory activity slowed in September, other data showed. Economists are warning that the economy and labor market recovery from the COVID-19 slump could sputter without an infusion of new money from the government. House of Representatives Speaker Nancy Pelosi, a Democrat, and Treasury Secretary Steven Mnuchin are working toward a bipartisan agreement for another fiscal package. "The recovery's wheels are spinning in the sand," said Chris Rupkey, Chief Economist at MUFG in New York. "It's going to be a slow return to normal for the economy." Initial claims for state unemployment benefits decreased 36,000 to a seasonally adjusted 837,000 for the week ended Sept. 26. Economists polled by Reuters had forecast 850,000 applications in the latest week. (Reuters)

- **US job growth slows; nearly 4mn Americans permanently unemployed –** US employment growth slowed more than expected in September and over 300,000 Americans lost their jobs permanently, dealing a potential blow to President Donald Trump ahead of the fiercely contested November 3 presidential election. The Labor Department's closely watched employment report on Friday underscored an urgent need for additional fiscal stimulus to aid the economy's recovery from a recession triggered by the COVID-19 pandemic. The slowdown in hiring compounds problems for Trump, who announced overnight that he had tested positive for coronavirus. Just over half of the 22.2mn jobs lost during the pandemic have been recouped. Former Vice President Joe Biden, the Democratic Party nominee, blames the economic turmoil on the White House's handling of the pandemic, which has killed more than 200,000 people and infected over 7mn in the nation. Nonfarm payrolls increased by 661,000 jobs last month, the smallest gain since the jobs recovery started in May, after advancing 1.489mn in August. Every sector added jobs with the exception of government, which shed 216,000 positions because of the departure of temporary workers hired for the Census and layoffs at state and local government education departments as many school districts shift to online learning. (Reuters)
- **US factory orders miss expectations; business spending improving –** New orders for US-made goods increased less than expected in August, though business spending on equipment appeared to be recovering, which likely supported the economy in the third quarter. The Commerce Department said on Friday that factory orders rose 0.7% after accelerating 6.5% in July. Economists polled by Reuters had forecast factory orders would increase 1.0% in August. Manufacturing, which accounts for 11.3% of US economic activity, is recovering from its pandemic lows as businesses replenish inventories. The pace of expansion, however, is slowing as the coronavirus crisis lingers and the boost from fiscal stimulus ebbs. The Institute for Supply Management reported on Thursday that its measure of national factory activity fell in September as new orders retreated from more than a 16-1/2-year high. Unfilled orders at factories dropped 0.6% in August after falling 0.7% in July. Inventories at factories were unchanged, while shipments of manufactured goods rose 0.3%. The government also reported that orders for non-defense capital goods excluding aircraft, which are seen as a measure of business spending plans on equipment, rose 1.9% in August instead of increasing 1.8% as reported last month. Shipments of core capital goods, which are used to calculate business equipment spending in the GDP report, increased 1.5% as previously reported. Business investment tumbled at a record 26% annualized rate in the second quarter, with spending on equipment collapsing at an all-time pace of 35.9%. Investment in equipment has contracted for five straight quarters. (Reuters)
- **At 7.9%, US jobless rate spells trouble for Trump –** The US unemployment rate fell to 7.9% in September, from 8.4% in August, a big drop that in normal times would be welcome news for a presidential incumbent seeking reelection in just over a month. As the best-known summary statistic of the labor market, the US unemployment rate is a "a psychologically important number" for voters, said Michael Brown, Principal US economist at Visa. But President Donald Trump's announcement on Friday that he had tested positive for the novel coronavirus pushes that number into the background: Voters may be "weighing news related to the virus a bit more than the economic data right now," Brown said. The drop in the September jobless rate, reported by the Labor Department on Friday, extends a steep downward trend from the 14.7% registered in April, which was the highest level since the Great Depression. But other details in the report do not easily fit into Trump's narrative of an economy roaring back to life. Monthly job gains slowed. Overall, of the 22mn jobs lost since February, the economy has recouped about half. (Reuters)
- **US House passes Democratic COVID-19 aid plan after bipartisan deal proves elusive –** The US House of Representatives approved a $2.2tn Democratic plan to provide more economic relief from the coronavirus pandemic, as a bipartisan deal continued to elude House Speaker Nancy Pelosi and the White House. Objections from top Republicans are likely to doom the House Democrats' plan in the Senate. Senate Majority Leader Mitch McConnell has called the $2.2tn price tag "outlandish," although Democrats have reduced the cost of their proposal by over a trillion dollars since May. The House vote was 214-207. No Republican voted for the Democratic plan, although 18 Democrats voted no, many of them moderates from swing districts who have been urging Pelosi to bring a bipartisan proposal to the House floor. Republican President Donald Trump's negotiating team has suggested a $1.6tn response, and the White House on Thursday dismissed Democrats' $2.2tn plan as not serious. Pelosi and Treasury Secretary Steven Mnuchin have talked every day this week, including a 50-minute phone call Thursday, in an effort to negotiate a bipartisan aid package to respond to the economic fallout from a pandemic that has killed more than 207,000 Americans and thrown millions out of work. (Reuters)
- **Trump signs stopgap bill to avoid US government shutdown –** US President Donald Trump signed a stopgap funding bill on Thursday that would keep the federal government open through December 11, the White House said in a statement. Trump signed the measure into law shortly after government funding ran out at midnight. The law would maintain current funding levels for most programs, avoiding a government shutdown in the middle of a pandemic just weeks ahead of the Nov. 3

presidential election. It would also give lawmakers more time to work out budget details for the fiscal year that ends on September 30 2021, including for military operations, healthcare, national parks, space programs, and airport and border security. On Tuesday, the Senate voted 82-6 on a procedural motion to advance the temporary funding bill. The Democratic-led House of Representatives approved the measure a week ago after Democrats struck a deal with the White House and Republicans on farmers' aid and nutritional assistance for children. (Reuters)

- **British PM launches transport review to boost economy, strengthen ties –** British Prime Minister Boris Johnson launched a review aimed at improving transport links across the UK, including a possible bridge between Scotland and Northern Ireland, as part of a plan to boost the pandemic-hit economy and strengthen ties between its member nations. The study will consider air links within the country, road and rail links in Scotland, the Welsh rail network, as well as the cost and practicality of building a "fixed link" with Northern Ireland, said a government statement on Saturday. Johnson has in the past spoken of his desire for a 20-mile (32 km) plus bridge between Scotland and Northern Ireland. Coronavirus lockdowns meant Britain's economic output collapsed 20% in the second quarter, and the country faces rising unemployment as its furlough scheme comes to an end, and Brexit. At the same time, support for Scottish independence has grown due to perceptions that Johnson responded too slowly to the pandemic and Scots' anger over the UK's decision to leave the European Union. Scottish voters opposed leaving the EU in a 2016 referendum. Johnson hopes that transport improvements resulting from the review will help create jobs and bring the UK's member nations closer together. (Reuters)
- **UK firms not seeing 'V'-shaped recovery - British Chambers of Commerce –** Many more British companies reported a fall in sales over the past three months than experienced an upswing, despite the lifting of lockdown restrictions for most parts of the economy, the British Chambers of Commerce (BCC) said on Thursday. "Economic conditions remained exceptionally weak in the third quarter," BCC economist Suren Thiru said. The BCC's quarterly economic survey - the largest of its kind in Britain - showed that 46% of firms surveyed reported that sales had fallen over the quarter, compared with 73% who reported a decline in the second quarter. Just 27% of the 6,410 businesses surveyed between August 24 and September 14 reported higher sales than three months earlier. The hospitality and catering sectors - which still face significant COVID restrictions on the size of events - were the most likely to report a further fall in sales. "While the declines in indicators of activity slowed as the UK economy gradually reopened, they remain well short of pre-pandemic levels with little sign of a swift 'V'-shaped recovery," Thiru said. Britain's economy shrank by an historic 20% in the second quarter of 2020 after output collapsed in April, and the most recent official data show output in July was 11% below last year's level. (Reuters)
- **UK events industry warns of 90,000 COVID job losses –** Britain's events industry warned Prime Minister Boris Johnson on Friday that more than 90,000 people in the exhibitions sector would be made redundant in the coming weeks unless he offered more support to replace a government job furlough scheme. Under rules designed to stop a resurgence of COVID infections, people in Britain are generally not allowed to meet in groups of more than six, making traditional conferences, concerts and other large events impossible to organize. Until now, many jobs in the sector have been supported by a government program that paid up to 80% of staff wages, but that comes to an end this month. The Events Industry Alliance, an umbrella group for trade bodies, said its members could not afford to use a new scheme, which offers a smaller amount of government support to businesses that bring workers back on reduced hours. "Over 90,000 people will be made redundant in the coming weeks due to continued event closures and the inability of their employers to access the new Job Support Scheme as they are not able to trade at all," the group wrote in a letter to Johnson and Finance Minister Rishi Sunak. (Reuters)
- **Eurozone factory recovery continued in September as Germany boomed –** The recovery in Eurozone manufacturing activity gathered pace last month but it was largely driven by strength in powerhouse Germany, and rising coronavirus cases across the region may yet reverse the upturn, a survey showed. While the manufacturing sector is enjoying something of a revival, most market watchers and policymakers will focus on a survey for the bloc's dominant service industry, which accounts for around two-thirds of GDP, due on Monday. Its preliminary reading returned to contraction territory last month, suggesting renewed coronavirus-led lockdown restrictions were having an impact. "If you look across the region, the fact is large numbers of services firms may no longer be viable in a world where we have a significant amount of COVID-19 restrictions in place and that means there could be a big employment shake out," said Peter Dixon at Commerzbank." Factories also cut headcount in September, albeit at a shallower pace than the previous month, and official data showed unemployment across the region rose to 8.1% in August. As the pandemic raged across Europe governments imposed tough lockdowns. But as infection rates fell, many of those controls were removed. However, a resurgence in cases has meant some restrictions have now been reimposed. (Reuters)
- **Merkel: No breakthrough, but Brexit deal still possible –** Signs that Britain might be going back on the withdrawal agreement on the terms of its departure from the European Union are "bitter" but there is still scope for an agreement to be reached on future ties, German Chancellor Angela Merkel said. "I can't announce a breakthrough," she said. "As long as negotiations on Brexit are ongoing, I'm optimistic." She added that much would ride on what Britain wanted from a deal. (Reuters)
- **Merkel: Hardest months of coronavirus are still ahead of us –** The latest figures on coronavirus infections are worrying, German Chancellor Angela Merkel told a Brussels news conference on Friday, adding that worst months of the pandemic were still ahead. "Everyone is concerned that the number of infections is on the rise," she said. "Everybody knows that the most difficult months are ahead of us." (Reuters)
- **EU leaders' chairman hopeful rule-of-law snag to recovery plan will be solved –** The chairman of European leaders Charles Michel said he hoped EU governments and the European Parliament would soon find a deal on linking respect for the rule

of law and access to EU economic post-pandemic recovery funds. He said the topic was discussed only very briefly at a summit of EU leaders on Friday, without any conclusions. (Reuters)

- **Von der Leyen: EU in talks with more companies for COVID-19 vaccines –** The head of the European Commission, Ursula von der Leyen, said on Friday the European Union was in talks with more companies to secure potential COVID-19 vaccines, as she warned of the "worrying" spike in infections in Europe. "The commission has already concluded two advance purchase agreements and it is negotiating five more. And we are in discussions with four more companies," she told a news conference after a meeting of EU leaders in Brussels. To date the Commission has announced supply deals for the potential vaccines being developed by AstraZeneca and by a partnership between Sanofi and GlaxoSmithKline. (Reuters)
- **Japan business sentiment perks up as hit from pandemic begins to ease –** Japanese business sentiment improved in July-September from a 11-year low hit three months ago, a key central bank survey showed, in a sign the economy is gradually emerging from the devastating hit from the coronavirus pandemic. The data offers some hope for new Prime Minister Yoshihide Suga's efforts to achieve an economic revival from the crisis and pave the way for hosting next year's Tokyo Olympic Games. But factory activity remained shaky and corporate capital expenditure plans were at their weakest since the 2009 global financial crisis, underscoring the challenge of pulling the world's third-largest economy sustainably out of its slump. As the pandemic's pain persists, a ruling party heavyweight signaled Japan's readiness to compile a "large-scale, bold" additional spending package. The headline index for big manufacturers' sentiment improved to minus 27 in September, off a 11-year low of minus 34 in June but worse than a median market forecast of minus 23, the Bank of Japan's closely watched "tankan" survey showed on Thursday. While it showed many firms remain downbeat, it was the first sign of improvement in nearly three years. (Reuters)
- **India to waive certain interest levies on loans in COVID-19 relief –** The Indian government has told the Supreme Court it will waive certain interest levies on loans up to 20mn Rupees ($272,888) under a COVID-19 support plan, a legal filing showed, in a move that will bring relief to millions of borrowers. While the government did not disclose the impact on the banking sector, an analyst at credit ratings firm ICRA estimated it will cost New Delhi a maximum of 50-70bn Rupees ($682mn-$955mn). "We expect the impact to be minimal on profitability of lenders," said ICRA's Anil Gupta. An Indian optician from Agra had challenged the plan which allowed skipping repayments for six months but levied an additional "interest-on-interest" on delayed payments. Other borrowers, including real estate companies and power utilities, also challenged the plan. (Reuters)
- **India's September factory activity grew at fastest pace in over eight years –** India's factory activity expanded at its fastest pace in over eight years in September as a relaxation in coronavirus lockdown restrictions drove a surge in demand and output, a private survey showed on Thursday, though layoffs continued. Signs of recovery are welcome news for Asia's third-largest economy, which is widely expected to mark its first full-year contraction since 1979 this year. The pandemic is spreading in India at the fastest pace in the world. The Nikkei Manufacturing Purchasing Managers' Index, compiled by IHS Markit, jumped to 56.8 in September from 52.0 in August, above the 50-level separating growth from contraction for a second straight month. It was the highest reading since January 2012. "The Indian manufacturing industry continued to move in the right direction, with PMI data for September highlighting many positives. Due to loosened COVID-19 restrictions, factories went full steam ahead for production, supported by a surge in new work," noted Pollyanna De Lima, economics associate director at IHS Markit. "While uncertainty about the COVID-19 pandemic remains, producers can at least for now enjoy the recovery." A sub-index tracking output hit its highest since December 2007 and new orders expanded at the sharpest pace since February 2012, helped by both domestic and foreign demand which grew for the first time in seven months. Although input prices increased at a slower rate in September, manufacturers raised their selling prices after having cut them since March to secure sales. (Reuters)

Regional

- **IATA: 1.7mn Middle East workers to lose jobs as airlines get pummeled –** The Middle East's aviation industry is heading for more job losses, as the air traffic continues to suffer due to the coronavirus pandemic, the International Air Transport Association (IATA) said. Before the end of the year, an estimated 1.7mn people are expected to be out of employment, the air transport body's latest research revealed. The number is half of the region's 3.3mn workers in aviation and related industries. Within the aviation industry alone, some 323,000 jobs will be lost, while the GDP supported by aviation in the region will plummet by up to $105bn. "This latest research highlights the urgency of restarting aviation in the Middle East. Normally, aviation contributes $213bn to the region's GDP. Closing borders has reduced this to $108bn," IATA's Regional Vice President for Africa and the Middle East, Muhammad Albakri said. (Zawya)
- **Saudi Arabia imposes new, lower property tax to shore up sector –** Saudi Arabia's King on Friday issued an order exempting real estate deals from a 15% value-added tax (VAT) and imposed a new 5% tax on transactions as the Gulf state moves to revitalize an economy hit by low oil prices and the COVID-19 pandemic. The Finance Minister Mohammed al-Jadaan said that the order, carried on state media, also aimed to support Saudi citizens who want to buy homes. The world's largest oil exporter is facing a deep recession, with the economy shrinking by 7% in the second quarter and unemployment hitting a record high of 15.4%. The government had in July tripled VAT to 15% to boost non-oil revenues, but the move has limited domestic demand. "The royal order aims to support citizens and ease their burden ... and enable them to own homes and helps develop the Kingdom's economy by spurring the residential and commercial property sector," he said. (Reuters)
- **Moody's Investors Service to rate government of Saudi Arabia's local Riyal debt issuance –** Moody's Investors Service announced it has entered into an agreement with the Government of Saudi Arabia through the National Debt Management Centre to rate the government's local Riyal debt issuance beginning in June 2020. Moody's Investors Service previously announced on April 23, 2019 that it intended to offer National Scale Ratings (NSRs)

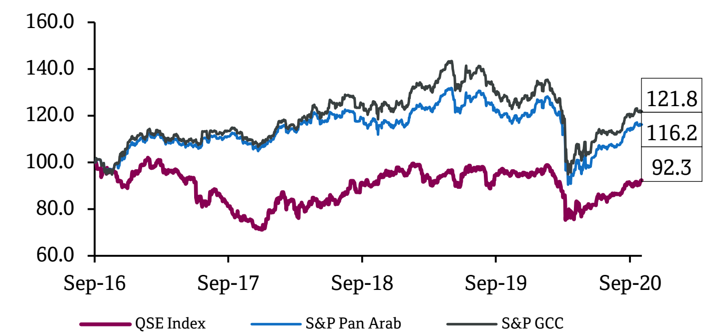
in the Kingdom of Saudi Arabia. Any issuer in the Kingdom of Saudi Arabia (KSA) that opts for an NSR will be assigned an NSR with an ".sa" marker to allow for the ranking of relative creditworthiness within the KSA. The ".sa" marker will be appended to Moody's globally recognized rating symbols. "As the KSA continues to develop its debt capital markets, we expect that investors and other users of credit ratings will find NSRs to be helpful in providing enhanced transparency and greater differentiation among credits within the country," Managing Director, Emerging Markets and Global Sovereigns, Commercial Group and Regional Management at Moody's, David Aldrich said. "NSRs will be particularly beneficial since global scale ratings for most domestic issuers are clustered around a more-narrow rating range, and the KSA national scale ratings will divide the ratings more finely within these clusters." (Bloomberg)

- **Saudi crude exports surge to four-month high in September –** Saudi Arabia's crude exports jumped by half-a-million barrels a day in September, as increased buying by India and South Korea helped to offset a dip in Chinese demand. Observed shipments from the kingdom rose to about 6.2mn barrels daily, the highest since May, according to tanker-tracking data compiled by Bloomberg. It compares with 5.7mn bpd in August. The OPEC and its allies relaxed their supply cuts starting in August, though production targets are set to remain steady through the end of the year. Saudi Arabia, OPEC's largest producer, has consistently held to its pledged output quota while pressing other members of the OPEC+ alliance to do the same. For September, Saudi Arabia cut the price of its flagship oil grade to Asia for the first time in four months, creating an incentive for refiners in the region to boost their purchases of Saudi crude. In China, stockpiles have risen after the country binged on oil when crude was cheap in April and May, as the pandemic battered the oil market. Independent refiners have also used up many of their import allocations. (Bloomberg)
- **Saudi Aramco and Sumitomo Chemical to lend Petro Rabigh \$2bn –** Japan's Sumitomo Chemical and Saudi Aramco will lend \$2bn to their refinery and petrochemicals joint venture as it faces a shortfall of capital due to the COVID-19 pandemic and periodic maintenance, Sumitomo said on Thursday. Sumitomo Chemical plans to provide \$750mn, or 37.5% of the loan, to Rabigh Refining and Petrochemical Company (Petro Rabigh) while Saudi Aramco will lend the rest, a spokesman at the Japanese chemical company said. Sumitomo Chemical will use funds it raised by issuing hybrid bonds last year for its share and the loan will be provided soon, the spokesman said. The Japanese company also said the financial completion guarantees it and Saudi Aramco provided for financing the Rabigh Phase 2 refinery and petrochemicals complex project had been terminated as of September 30. (Reuters)
- **Saudi Albilad Capital announces SR423.640mn dividends –** Albilad Capital will distribute cash dividends worth SR423.640mn to the unitholders of Albilad Saudi Sovereign Sukuk ETF, for September 2020. The distributions will be to 12.400mn existing units, at SR0.0342 per unit, according to a stock exchange statement on Wednesday. Furthermore, the amount represents 0.34% of the unit's initial price and 0.34% of the net asset value (NAV) as of September 29, 2020. Eligibility of dividends will be to the unitholders registered in the records of the Securities Depository Center Company (Edaa) at the end of Sunday, October 4, 2020, the end of the trading day on Wednesday, 30 September. The distributions will be paid within 10 working days from the due date. (Zawya)
- **Saudi grocer Bindawood discloses SR284mn related-party loans –** Saudi Arabia's BinDawood Holding Co. is giving institutional investors the chance to amend or cancel their IPO bids after disclosing SR284mn in loans to related parties. Institutional investors will have until October 5 to make changes, BinDawood said in an update to the intial public offering prospectus released Thursday. Under the original timeline, the institutional offering period closed on September 22 and the final allotment should have taken place on October 1. A planned offering to retail investors will now take place from October 8 to October 12. BinDawood said it lent the money to Amwaj Real Estate Co. and AQimma Hotels Co. between July and September. The loans have since been repaid. Board members Abdulrazzag Dawood BinDawood, Abdulkhaliq Dawood BinDawood, and Khalid Dawood BinDawood have indirect ownership in the two companies. It remains unclear how the revelations will impact investor appetite for the share sale, which aims to raise about \$600mn and was already more than 50 times oversubscribed when the IPO process was put on hold last week, sources told Bloomberg last week. (Bloomberg)
- **UAE, US and Israel to develop joint energy strategy, say ministers –** The US, Israel and the UAE will develop a joint strategy for greater coordination in the energy sector and look to solve energy challenges facing the Palestinians, the energy ministers said. The statement, carried on the UAE's state news agency WAM, said the three countries would work together on renewable energy, energy efficiency, oil, natural gas resources, and related technology, as well as water desalination technology. (Reuters)
- **Abu Dhabi's Mubadala agrees \$853mn deal with India's Reliance Retail –** Abu Dhabi state fund Mubadala Investment Co has agreed to invest \$853mn in the retail division of India's Reliance Industries, the Indian conglomerate said in a statement. Reliance Retail is on a fundraising spree and has secured around \$1.8bn in the past few weeks from KKR & Co and Silver Lake Partners. Mubadala's investment translates into a 1.4% equity stake in Reliance Retail Ventures Limited on a fully diluted basis, according to the statement and a source close to the deal. "This marks the second significant investment by Mubadala in a Reliance Industries subsidiary after the \$1.2bn investment in Jio Platforms announced earlier this year," Reliance said. (Reuters)
- **Investors in Etihad-linked vehicle get back 43% at bond maturity –** Investors in bonds linked to Etihad Airways got 43% of their money back as the \$700mn of notes matured on Monday, putting the debt formally into default. Holders of the EA Partners I bonds, issued by an investment vehicle tied to the Gulf carrier, received about \$301.5mn of their initial investment, according to a company filing Thursday. As a result of the partial redemption, the notes are now in default, EA Partners said. The notes were issued in 2015 to help fund Etihad and a network of affiliates in which it held stakes, with each airline responsible for repayment. The so-called Equity Alliance was intended to funnel traffic through its Abu Dhabi hub in a bid to build a global carrier to rival Dubai-based Emirates and Qatar Airways. The effort,

which brought together largely unprofitable and struggling airlines, was abandoned with the departure of Chief Executive Officer, James Hogan. Etihad itself has racked up losses of more than $6bn in four-and-a-half years, prompting it to shrink the network and cut jobs and planes. Etihad, Etihad Airport Services and Air Serbia repaid bondholders this week, while Air Berlin, Alitalia, Jet Airways India Ltd. and Air Seychelles did not, according to the filing. (Bloomberg)

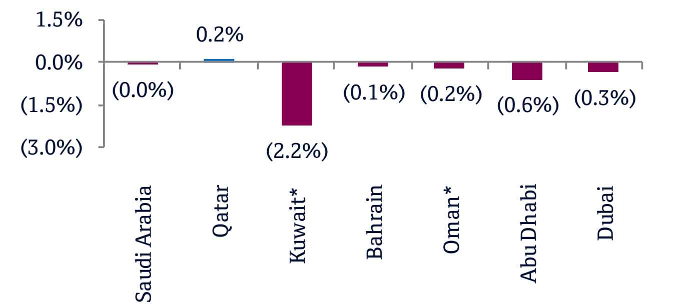
- **CBK affirms commitment to dinar strength, exchange rate stability –** Central Bank of Kuwait (CBK) affirmed on Saturday its commitment to the strength of the Dinar and the stability of its exchange rate, it said. The CBK said that "in light of recent online reports falsely speculating on the intent to devalue the national currency, it reiterates its commitment to maintaining the Kuwaiti dinar exchange rate at a level that protects its purchasing power." It will also continue adhering to policies that aim to bolster the local currency and maintain monetary and financial stability in the country, the central bank added. (Reuters)
- **CI Capital: Kuwait to lure $3.3bn with MSCI upgrade in November –** Kuwait will lure $3.3bn with its MSCI upgrade in November, CI Capital stated. The main beneficiary of Kuwait's upgrade from frontier to emerging market by MSCI in November will be the banking sector, with National Bank of Kuwait, Kuwait Finance House benefiting the most, CI Capital said in a note. In Egypt, chances increase that EFG-Hermes will replace ElSewedy in the quarterly index review, with the former potentially attracting flows of $47mn while the latter would see outflows of $27mn, analysts Sara Saada and Malek El-Bahabety wrote. Abu Dhabi Islamic Bank seen joining UAE's standard index, potential inflow of $220mn. Expected outflows from other Abu Dhabi stocks include FAB -$51mn and Etisalat -$48mn. In Saudi Arabia, Zain Saudi and Mouwasat could be upgraded to the Standard Index from the small caps group. (Bloomberg)
- **Goldman says Oman needs to sell $3bn of debt each year –** Oman will need to raise at least $3bn each year from global debt markets through 2023 as pressure on its finances grows following the slump in oil prices, according to Goldman Sachs Group Inc. Even if Brent crude prices rebound to $65 per barrel by the end of 2021, as Goldman's commodity team forecasts, the government's gross financing requirement (comprising its budget deficit and debt coming due) is on course to rise sharply. Projects the financing requirement over a four-year horizon to reach $52bn, equivalent to 75% of 2020 GDP. "In the extreme case that Oman loses access to capital markets, as happened to Bahrain in 2018, we estimate that fiscal reserves could run out within the next twelve months in the absence of alternative financing," an Economist in London, Farouk Soussa wrote in a report. This could happen by the third quarter of next year, or even earlier, if oil fails to recover to the level that Goldman predicts. While the likelihood of support from other members of the GCC is high, regional political considerations complicate Oman's willingness to seek financial assistance from its neighbors, should external support be needed. An IMF program is "a viable and possibly preferable alternative" as it would enhance the credibility of Oman's fiscal adjustment plans and would be "free of the political dimensions that come with GCC support." The Sultanate will probably be able to retain its currency peg under an IMF program as it has helped support domestic monetary and economic stability. (Bloomberg)
- **Omantel said to explore a $500mn sale of tower network –** Oman's biggest phone company is weighing the sale of its tower network, a deal that may fetch about $500mn, according to sources. State-controlled Oman Telecommunication Co., valued at $1.2bn, is seeking to sell about 3,000 towers in the Sultanate, sources said. The transaction will probably attract telecommunications companies with businesses in the region as well as private-equity firms, they said. Carriers are offloading towers in emerging markets across the Middle East and Africa to reduce the burden of costly infrastructure. A potential sale could also help Omantel strengthen its balance sheet and preserve cash. It reported a 28% drop in first-half profit, hurt by a sharp slowdown in economic activity caused by the coronavirus pandemic. Discussions are still ongoing and there is no certainty that the deal would be completed, sources said. (Bloomberg)
- **Bahrain's GFH approves plan to withdraw from Kuwait stock market –** Bahrain-based GFH Financial Group is expected to go ahead with its plan to withdraw its listing from the stock exchange in Kuwait. The company, which is also listed in Dubai and Bahrain, had earlier said that listing on Boursa Kuwait is "unfeasible" because of the "conflicting regulatory requirements of the Capital Markets Authority of Kuwait and the Central Bank of Bahrain." The firm, which offers Islamic finance solutions, has investments in infrastructure and real estate. Its net profit for the first half of the year fell 69.4% to $15.05mn. In a bourse filing on Thursday, the investment bank said it has approved a resolution to de-list its shares from the Kuwait exchange and transfer them to the Bahrain Bourse. It also named the newly elected members of the Board of Directors for the next three years. (Zawya)

Rebased Performance



Source: Bloomberg

Daily Index Performance



Source: Bloomberg (*Data as of September 29, 2020)

Asset/Currency Performance	Close ($)	1D%	WTD%	YTD%
Gold/Ounce	1,899.84	(0.3)	2.1	25.2
Silver/Ounce	23.74	(0.2)	3.7	33.0
Crude Oil (Brent)/Barrel (FM Future)	39.27	(4.1)	(6.3)	(40.5)
Crude Oil (WTI)/Barrel (FM Future)	37.05	(4.3)	(8.0)	(39.3)
Natural Gas (Henry Hub)/MMBtu#	1.40	0.0	(26.3)	(33.0)
LPG Propane (Arab Gulf)/Ton	48.50	0.2	(4.2)	17.6
LPG Butane (Arab Gulf)/Ton	56.25	1.1	(0.4)	(15.3)
Euro	1.17	(0.3)	0.7	4.5
Yen	105.29	(0.2)	(0.3)	(3.1)
GBP	1.29	0.3	1.5	(2.4)
CHF	1.09	(0.2)	0.9	5.1
AUD	0.72	(0.3)	1.8	2.0
USD Index	93.84	0.1	(0.8)	(2.6)
RUB	78.19	1.1	0.0	26.1
BRL	0.18	(0.6)	(2.1)	(29.3)

Source: Bloomberg (#Market was closed on October 02, 2020)

Global Indices Performance	Close	1D%*	WTD%*	YTD%*
MSCI World Index	2,362.41	(0.7)	1.5	0.2
DJ Industrial	27,682.81	(0.5)	1.9	(3.0)
S&P 500	3,348.44	(1.0)	1.5	3.6
NASDAQ 100	11,075.02	(2.2)	1.5	23.4
STOXX 600	362.69	0.0	2.9	(9.0)
DAX	12,689.04	(0.6)	2.6	0.1
FTSE 100	5,902.12	0.7	2.8	(23.7)
CAC 40	4,824.88	(0.2)	2.9	(15.8)
Nikkei	23,029.90	(0.5)	(0.5)	0.6
MSCI EM	1,081.71	(0.3)	2.1	(3.0)
SHANGHAI SE Composite#	3,218.05	0.0	0.4	8.2
HANG SENG#	23,459.05	0.0	1.0	(16.4)
BSE SENSEX#	38,697.05	0.0	4.2	(8.8)
Bovespa	94,015.70	(1.9)	(4.9)	(42.3)
RTS	1,148.07	(2.2)	(1.4)	(25.9)

Source: Bloomberg (*$ adjusted returns; #Market was closed on October 02, 2020)

Contacts

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

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

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

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

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