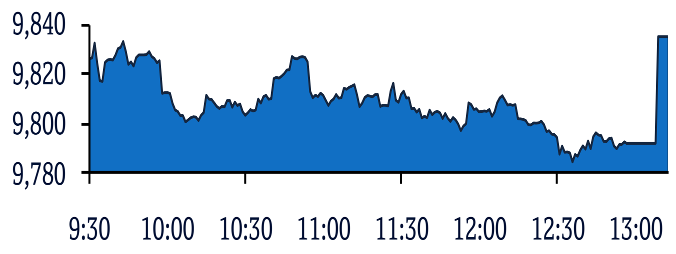
Daily Market Report

Sunday, 06 September 2020

QSE Intra-Day Movement



Qatar Commentary

The QE Index rose 0.3% to close at 9,836.2. Gains were led by the Banks & Financial Services and Real Estate indices, gaining 0.5% and 0.4%, respectively. Top gainers were Ezdan Holding Group and Qatar Industrial Manufacturing Company, rising 2.8% and 2.6%, respectively. Among the top losers, United Development Company fell 1.5%, while Baladna was down 1.0%.

GCC Commentary

Saudi Arabia: The TASI Index gained 0.4% to close at 8,045.1. Gains were led by the Software & Services and Food & Staples indices, rising 2.9% and 1.5%, respectively. Saudi Arabia Refineries and Gulf General Cooperative Insurance were up 9.9% each.

Dubai: The DFM Index gained 1.0% to close at 2,282.7. The Consumer Staples and Discretionary index rose 2.0%, while the Real Estate & Construction index gained 1.9%. Ithmaar Holding rose 14.8%, while Al Salam Sudan was up 3.6%.

Abu Dhabi: The ADX General Index gained 0.1% to close at 4,552.2. The Consumer Staples and Industrial indices rose 1.3% each. Fujairah Building Industries rose 14.3%, while Gulf Pharmaceutical Industries was up 11.9%.

Kuwait: The Kuwait All Share Index gained 0.1% to close at 5,326.0. The Utilities index rose 2.5%, while the Financial Services index gained 1.9%. Al Tamdeen Investment Co. rose 38.4%, while National International Co. was up 10.0%.

Oman: The MSM 30 Index fell 0.6% to close at 3,746.2. Losses were led by the Financial and Services indices, falling 0.8% and 0.1%, respectively. Al Jazeera Steel Products Co. and HSBC Bank Oman were down 3.1% each.

Bahrain: The BHB Index gained 0.9% to close at 1,410.2. The Services index rose 2.8%, while the Commercial Banks index gained 0.9%. Ithmaar Holding rose 14.3%, while Khaleeji Commercial Bank was up 8.1%.

Market Indicators	03 Sep 20	02 Sep 20	%Chg.
Value Traded (QR mn)	489.3	593.9	(17.6)
Exch. Market Cap. (QR mn)	573,259.4	570,660.7	0.5
Volume (mn)	284.0	376.8	(24.6)
Number of Transactions	10,843	12,247	(11.5)
Companies Traded	45	46	(2.2)
Market Breadth	22:18	16:28	–

Market Indices	Close	1D%	WTD%	YTD%	TTM P/E
Total Return	18,909.80	0.3	(0.5)	(1.4)	16.0
All Share Index	3,045.19	0.3	(0.7)	(1.7)	16.8
Banks	4,099.54	0.5	(1.5)	(2.9)	13.7
Industrials	2,996.95	0.2	1.1	2.2	26.0
Transportation	2,810.84	(0.3)	(1.1)	10.0	13.3
Real Estate	1,728.79	0.4	3.6	10.5	14.2
Insurance	2,118.72	(0.2)	0.2	(22.5)	32.8
Telecoms	894.88	(0.4)	(2.6)	(0.0)	15.1
Consumer	8,092.46	(0.1)	(1.3)	(6.4)	25.4
Al Rayan Islamic Index	4,076.74	0.3	0.4	3.2	19.0

GCC Top Gainers##	Exchange	Close#	1D%	Vol. '000	YTD%
Bahrain Telecom. Co.	Bahrain	0.45	4.5	937.7	15.0
Emaar Economic City	Saudi Arabia	10.16	4.2	21,038.5	6.4
Dubai Islamic Bank	Dubai	4.28	3.1	7,626.0	(22.3)
Emaar Properties	Dubai	2.99	2.7	16,917.5	(25.6)
Al Rajhi Bank	Saudi Arabia	66.00	2.3	5,298.0	0.9

GCC Top Losers##	Exchange	Close#	1D%	Vol. '000	YTD%
Saudi British Bank	Saudi Arabia	26.00	(3.2)	60,986.3	(25.1)
HSBC Bank Oman	Oman	0.10	(3.1)	336.5	(21.5)
Bank Muscat	Oman	0.39	(1.5)	407.5	(4.7)
Rabigh Refining & Petro.	Saudi Arabia	14.24	(1.4)	5,713.1	(34.3)
Ominvest	Oman	0.33	(1.2)	108.0	(2.9)

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%
Ezdan Holding Group	1.53	2.8	44,262.0	148.9
Qatar Industrial Manufacturing Co	3.10	2.6	32.7	(13.2)
Qatar Oman Investment Company	0.90	1.5	4,856.5	33.8
Dlala Brokerage & Inv. Holding Co.	1.92	1.2	1,007.4	214.6
Barwa Real Estate Company	3.46	1.0	4,454.6	(2.3)

QSE Top Volume Trades	Close*	1D%	Vol. '000	YTD%
Investment Holding Group	0.64	0.8	82,766.5	12.6
Ezdan Holding Group	1.53	2.8	44,262.0	148.9
Qatar Aluminium Manufacturing	1.00	0.3	28,981.1	28.4
United Development Company	1.26	(1.5)	18,636.2	(17.1)
Salam International Inv. Ltd.	0.64	0.8	16,796.1	23.2

QSE Top Losers	Close*	1D%	Vol. '000	YTD%
United Development Company	1.26	(1.5)	18,636.2	(17.1)
Baladna	1.92	(1.0)	1,861.9	92.0
Qatar General Ins. & Reins. Co.	2.20	(0.9)	63.4	(10.6)
Alijarah Holding	1.07	(0.9)	12,194.8	51.2
INMA Holding	4.43	(0.8)	987.4	133.4

QSE Top Value Trades	Close*	1D%	Val. '000	YTD%
Ezdan Holding Group	1.53	2.8	67,316.9	148.9
QNB Group	18.00	0.6	64,573.7	(12.6)
Investment Holding Group	0.64	0.8	52,059.3	12.6
Qatar Aluminium Manufacturing	1.00	0.3	29,027.0	28.4
United Development Company	1.26	(1.5)	23,675.6	(17.1)

Source: Bloomberg (* in QR)

Regional Indices	Close	1D%	WTD%	MTD%	YTD%	Exch. Val. Traded ($ mn)	Exchange Mkt. Cap. ($ mn)	P/E**	P/B**	Dividend Yield
Qatar*	9,836.22	0.3	(0.5)	(0.1)	(5.7)	132.87	155,582.6	16.0	1.5	4.1
Dubai	2,282.70	1.0	0.6	1.7	(17.4)	84.70	86,172.2	8.6	0.8	4.6
Abu Dhabi	4,552.20	0.1	0.4	0.7	(10.3)	108.06	184,591.0	16.6	1.3	5.4
Saudi Arabia	8,045.09	0.4	1.4	1.3	(4.1)	3,361.36	2,423,798.6	29.3	2.0	2.6
Kuwait	5,325.95	0.1	0.7	0.6	(15.2)	83.71	100,608.1	28.3	1.3	3.7
Oman	3,746.19	(0.6)	0.2	(0.7)	(5.9)	2.55	16,807.0	11.1	0.8	6.5
Bahrain	1,410.20	0.9	2.1	2.1	(12.4)	4.33	21,483.2	13.1	0.9	4.9

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

Qatar Market Commentary

- The QE Index rose 0.3% to close at 9,836.2. The Banks & Financial Services and Real Estate indices led the gains. The index rose on the back of buying support from Qatari, Arab and Foreigners shareholders despite selling pressure from GCC shareholders.
- Ezdan Holding Group and Qatar Industrial Manufacturing Company were the top gainers, rising 2.8% and 2.6%, respectively. Among the top losers, United Development Company fell 1.5%, while Baladna was down 1.0%.
- Volume of shares traded on Thursday fell by 24.6% to 284.0mn from 376.8mn on Wednesday. Further, as compared to the 30-day moving average of 304.1mn, volume for the day was 6.6% lower. Investment Holding Group and Ezdan Holding Group were the most active stocks, contributing 29.1% and 15.6% to the total volume, respectively.

Overall Activity	Buy %*	Sell %*	Net (QR)
Qatari Individuals	47.66%	41.10%	32,089,579.1
Qatari Institutions	16.10%	14.61%	7,331,960.4
Qatari	**63.76%**	**55.71%**	**39,421,539.5**
GCC Individuals	1.01%	1.23%	(1,087,642.7)
GCC Institutions	0.37%	9.97%	(46,978,729.8)
GCC	**1.38%**	**11.20%**	**(48,066,372.5)**
Arab Individuals	13.06%	12.44%	3,074,991.2
Arab	**13.06%**	**12.44%**	**3,074,991.2**
Foreigners Individuals	3.02%	2.41%	2,976,728.5
Foreigners Institutions	18.77%	18.25%	2,593,113.3
Foreigners	**21.79%**	**20.66%**	**5,569,841.8**

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

Global Economic Data

Date	Market	Source	Indicator	Period	Actual	Consensus	Previous
09/03	US	Bureau of Labor Statistics	Nonfarm Productivity	2Q20	10.10%	7.50%	7.30%
09/03	US	Department of Labor	Initial Jobless Claims	29-Aug	881k	950k	1011k
09/03	US	Department of Labor	Continuing Claims	22-Aug	1,3254k	1,4000k	1,4492k
09/03	US	U.S. Census Bureau	Trade Balance	Jul	-$63.6bn	-$58.0bn	-$53.5bn
09/03	US	Bloomberg	Bloomberg Consumer Comfort	30-Aug	45.1	–	44.3
09/03	US	Markit	Markit US Services PMI	Aug	55	54.7	54.8
09/03	US	Markit	Markit US Composite PMI	Aug	54.6	–	54.7
09/03	US	Institute for Supply Management	ISM Services Index	Aug	56.9	57	58.1
09/04	US	Bureau of Labor Statistics	Unemployment Rate	Aug	8.40%	9.80%	10.20%
09/03	UK	Markit	Markit/CIPS UK Services PMI	Aug	58.8	60.1	60.1
09/03	UK	Markit	Markit/CIPS UK Composite PMI	Aug	59.1	60.3	60.3
09/04	UK	Markit	Markit/CIPS UK Construction PMI	Aug	54.6	58.3	58.1
09/03	EU	Markit	Markit Eurozone Services PMI	Aug	50.5	50.1	50.1
09/03	EU	Markit	Markit Eurozone Composite PMI	Aug	51.9	51.6	51.6
09/03	Germany	Markit	Markit Germany Services PMI	Aug	52.5	50.8	50.8
09/03	Germany	Markit	Markit/BME Germany Composite PMI	Aug	54.4	53.7	53.7
09/04	Germany	Markit	Markit Germany Construction PMI	Aug	48	–	49.7
09/03	France	Markit	Markit France Services PMI	Aug	51.5	51.9	51.9
09/03	France	Markit	Markit France Composite PMI	Aug	51.6	51.7	51.7
09/03	Japan	Markit	Jibun Bank Japan PMI Composite	Aug	45.2	–	44.9
09/03	Japan	Markit	Jibun Bank Japan PMI Services	Aug	45	–	45
09/03	China	Markit	Caixin China PMI Composite	Aug	55.1	–	54.5
09/03	China	Markit	Caixin China PMI Services	Aug	54	53.9	54.1
09/03	India	Markit	Markit India PMI Composite	Aug	46	–	37.2
09/03	India	Markit	Markit India PMI Services	Aug	41.8	–	34.2

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

Qatar

- **BRES signs a financing agreement with Barwa Bank –** Barwa Real Estate Company (BRES) has signed a financing agreement with Barwa Bank in the amount of QR800mn. The purpose of the agreement is to refinance one of BRES' current facilities which will positively reflect on the company's cashflow. The new financing period will extend to seven years. Noting that there is no conflict of interest between the contracting parties to this agreement. (QSE)
- **Vodafone Qatar launches 'social Wi-Fi solution' for businesses to transform customer experience –** Vodafone Qatar has launched another product in its continually-expanding digital portfolio. Its Social Wi-Fi for Business solution seeks to help hotels, restaurants, cafes, gyms, salons, and all businesses alike to transform their free guest Wi-Fi into a powerful tool to understand, engage, and offer a better experience to their customers. Key demographic data and basic information is collected via a captive login portal/guest Wi-Fi landing page. Businesses can build detailed customer profiles to better understand and connect with their customer base via their preferred social media channels to continually update them on new offers. The solution also helps in gathering customer feedback by redirecting customers to complete a short survey, as part of connecting to the Wi-Fi. (Gulf-Times.com)
- **Ooredoo expands customer services with 'Mini Shop on Wheels' –** Ooredoo has announced that it has expanded its Shop on Wheels fleet with the addition of a new Mini Shop on Wheels. Designed to ensure that the telecommunications operator can reach even more of its customers, the Mini Shop on Wheels will offer customers all regular Ooredoo services normally available in shops, without them needing to leave their homes, the company has said in a statement. The Mini Shop on Wheels joins the existing fleet of two Shop on Wheels vehicles, which are already busy serving customers around Doha, with plans in the pipeline to expand the fleet further in the coming months. The new Mini Shop on Wheels will also serve customers at outdoor events organized within Qatar. (Gulf-Times.com)
- **Qatar August Financial Center PMI reaches 57.3 –** IHS Markit released Qatar's August financial center purchasing managers' index (PMI). The Index declined to 57.3 in August 2020 from 59.8 in July 2020; 46.4 in August 2019. However, employment rose to 49.4 in August versus 49.3 in July, indicating highest reading since April 2020. (Bloomberg)
- **Container movement through Qatari ports rise 4% YoY in August –** Container movement through the Hamad, Doha and Al Ruwais ports has seen about 4% YoY growth this August as the country gradually eases the restrictions imposed due to the COVID-19 pandemic. The country's maritime sector witnessed a robust MoM increase in the handling of automobiles (RORO) and building materials, which are one of the key parameters gauging the pickup in the local economy, said the figures of Mwani Qatar, which is responsible for managing Qatar's seaports and shipping terminals. The number of ships calling on these ports stood at 263 in August this year, lower by 4.71% and 17.55% on a monthly and yearly basis respectively. As many as 2,048 ships had called on the ports during the first eight months of this year against 2,627 the year-ago period. Hamad Port's strategic geographical location offers opportunities to create cargo movement towards the upper Gulf, supporting countries such as Kuwait and Iraq, and south towards Oman. At present, efforts are to offload the 12 mobile cranes that reached Hamad Port in August end. It came as part of operationalizing the 403,500 square meters container terminal 2 (CT2) by the end of fourth quarter of this year. QTerminals said it has begun offloading the RTGs and all the 12 would be offloaded by Saturday, it said in a tweet. Container handling through the three ports stood at 113,795 TEUs (twenty-foot equivalent units), which increased 3.65% on yearly basis; while it fell 7.6% on monthly basis in August 2020. Container movement totaled 910,350 TEUs during January-August this year, thus registering about 2% on an annual basis. There was a handling of 4,091 vehicles (RORO), which grew 17.93% MoM; even as it plummeted 21.39% on a yearly basis in August this year. A total of 40,339 units have moved through these ports during January-August 2020 compared to 45,823 units the previous year period. Building materials handled amounted to 27,883 tons in August this year, which grew 1.26% MoM; but shrank 5.89% on a yearly basis. A total of 200,264 tons of building materials had been handled by these three ports during the first eight months of this year against 278,139 tons a year ago period. General cargo movement through the three ports was 51,450 tons this August, plummeting 59.1% and 61.09% MoM and YoY respectively. Cumulative general cargo movement through the three ports reached 904,949 tons during the first eight months of this year against 670,591 tons in the comparable period of 2019. (Gulf-Times.com)
- **QCB: Qatar's banking sector sees decline in cross-border exposure in 2019 –** Qatar's banking sector has seen a decline in its cross-border exposure in 2019, the Qatar Central Bank (QCB) said and noted the share of these assets to gross assets got reduced by 1.5 percentage points to settle at 15% last year. All the components of assets including credit and investments declined but not for asset with foreign financial institutions (FFI), the QCB said in its 11th Financial Stability Review. Assets with FFIs are generally short-term in nature and grew by 12.6% during the year over and above a growth of 41.8% recorded in 2018. Thus, the banking sector appears to have increased the foreign currency liquid assets in the last two years, the QCB said. Credit continued to hold major share (32.3%) of the cross-border assets followed by assets with FFI (28.6%). Cross-border liabilities on the contrary, recorded substantial growth of 22.9% during the year. The highest growth was recorded by non-resident deposits, which grew by 23.2% in 2019, the QCB said. Other external liabilities including liabilities to FFI and external borrowings also recorded significant growth. The increase in these external liabilities resulted in a spike in their respective share to total banking sector liabilities. As at end-December 2019, such liabilities cover around 34.8% of the total banking sector liabilities. (Gulf-Times.com)

- **Qatar Rail prepares 300 bus stops near Doha Metro stations –** Qatar Rail is preparing 300 bus stops near Doha Metro stations. This will help commuters get in and out of the Metrolink buses. These stops, marked in bright red color, are already present outside many Doha Metro stations. Metrolink also resumed services from September 1 on 17 selected routes and operate from 6am to 11pm on Sunday to Wednesday, 6 am to 11:59 pm on Thursday and 2 pm to 11:50 pm on Friday. In line with the fourth phase of gradual lifting of COVID-19 curbs on public transit, Doha Metro resumed its services at 30% capacity from September 1. Prior to its resumption, Qatar Rail affirmed the safety of passengers as it implemented a series of precautionary and operational measures. Doha Metro in coordination with Vodafone has started providing Wi-Fi services to commuters from September 1. The Wi-Fi services will be free for the first 30 minutes and additional minutes will be charged a fee. (Peninsula Qatar)
- **Ezdan: Property sales reach QR310mn in last week of August –** The property sale activity from August 23-27 has witnessed 74 deals for selling vacant and mixed-use land lots, worth over QR302.4mn; while buildings of all types, including residences, complexes, towers and multi-use buildings registered 73 sale deals, worth up to QR310.2mn. The breakdown of real estate activity from August 23-27 reflects a total of 147 property sale deals concluded over 8 municipalities, including Umm Salal, Al Khor, Al Dhakhira, Doha, Al Rayyan, Al Shamal, Al Shahaniya, Al Daayen, and Al Wakra. The total sales volume reached QR612.6mn worth of vacant land lots, residences, mixed-use buildings, mixed-use land lots and residential buildings. Al Daayen municipality spearheaded other municipalities by highest deal in terms of value by selling a piece of multiuse land lot in Lusail spanning over 16,364 square meters. The land was sold at QR340 per square foot, totaling more than QR59.8mn. Umm Salal ranked second by highest deal value through the sale of a multi-use land lot in Al Kharaitiyat spread over 3,295 square meters, at QR1,342 per square foot, reaching more than QR47.6mn. Al-Rayyan Municipality sold a residential complex spanning over 5,846 square meters, and the deal was clinched at QR636 per square foot, reaching an aggregate value of QR40mn. (Peninsula Qatar)
- **Local tourism in Qatar upbeat as markets reopen –** The government's recent lifting of COVID-19 restrictions has been instrumental in boosting tourism-related activities across different destinations in Qatar, according to an industry expert. There has been a surge in bookings for beach properties, private yachts, and resorts across Qatar, according to Tawfeeq Travel Group's CEO, Rehan Ali Syed. Local tours and excursions like kayaking, dhow cruise, and safari have also been in demand, he noted. As early as the third phase of lifting restrictions, Syed stated that hotels in Qatar were seeing positive trends, especially with beach properties. During the Eid holidays, most of the premium properties were running on very high occupancy, he stressed. The effective management of COVID-19 pandemic by Qatar has bode well for the country's tourism industry with a number of hotels reporting higher levels of occupancy for the next several weeks to come. The proper planning by tourism authorities to create a framework for meeting expectations of domestic tourists, especially after most of the restrictions were removed from September 1, has seen some of the Doha hotels witness full booking for the next one month. (Gulf-Times.com, Qatar Tribune)

International

- **US labor market slowing as fiscal stimulus boost ebbs –** US job growth slowed further in August as financial assistance from the government ran out, threatening the economy's recovery from the COVID-19 recession. Government hiring for the 2020 Census accounted for nearly a fifth of the employment gains reported by the Labor Department on Friday. Companies from transportation to manufacturing industries are announcing layoffs or furloughs. The moderation in hiring could pressure the White House and Congress to restart stalled negotiations for another fiscal package, and will likely become political ammunition for both Democrats and Republicans with just two months to go until the presidential election. Programs to help businesses pay wages have either lapsed or are on the verge of ending. A $600 weekly unemployment supplement expired in July. Economists credited government largesse for the sharp rebound in economic activity after it nearly ground to a halt following the shuttering of businesses in mid-March to control the spread of the coronavirus. Nonfarm payrolls increased by 1.371mn jobs last month after advancing 1.734mn in July. Government employment rose 344,000, with 238,000 temporary workers hired for the population count. Job growth peaked at 4.781mn in June. The unemployment rate fell to 8.4% last month from 10.2% in July, even as more people entered the labor force. Economists polled by Reuters had forecast 1.4mn jobs added in August and the unemployment rate sliding to 9.8%. (Reuters)
- **White House asks US agencies to detail all China-related funding –** The White House has asked US government agencies for extensive details of any funding that seeks to counter China's global influence and business practices, or supports Beijing, amid growing tensions between Washington and Beijing. According to an August 27 White House Office of Management and Budget (OMB) document seen by Reuters, the OMB directed US agencies to submit "cross-cutting data on federal funding that aids or supports China, or that directly or indirectly counters China's unfair competition and malign activities and influence globally." China denies it engages in unfair competitive practices. The document, titled "Strategic Competition with China Crosscut," does not say how the information will be used other than that it will "inform policymakers" of the myriad ways US government spending involves China. The US and China have grown antagonistic toward each other with disagreements that stretch from a two-year-old trade war, to the Trump administration blaming Beijing for a lack of transparency about the spread of COVID-19. The sweeping budget data request will be used to help policymakers and notes all funding should "reflect strategic priorities" when responding to China. (Reuters)
- **US, Taiwan seek 'like-minded' democracies in supply chain shift from China –** The US and Taiwan said on Friday they were seeking "like-minded" democracies to join a shift in global supply chains during the coronavirus pandemic, as Washington looks to accelerate a move away from economic reliance on China. The Trump administration is taking action on multiple fronts to rebalance US economic ties with China, including executive orders aimed at ensuring domestic production of key products and using "Buy America" requirements and incentives to

persuade US firms to bolster domestic supply chains. China has decried this as a politicized attempt at "de-coupling" the world's two largest economies that will never succeed. De facto US ambassador in Taiwan Brent Christensen, speaking in front of his Japanese, European Union and Canadian counterparts, Taiwan's foreign minister and the visiting Czech Senate speaker, said everyone in the room was connected by their shared values, like freedom of the press and religion. "These are the shared values that will inform how we reinvent the supply chains of the future," Christensen said. "Helping economies, sectors and companies build out secure supply chains will require a coordinated effort from all of us." Taiwan has also been keen to encourage its companies home from China - which claims Taiwan as its own territory - or to move factories elsewhere. (Reuters)

- **US coronavirus deaths projected to more than double to 410,000 by January –** US deaths from the coronavirus will reach 410,000 by the end of the year, more than double the current death toll, and deaths could soar to 3,000 per day in December, the University of Washington's health institute forecast on Friday. Deaths could be reduced by 30% if more Americans wore face masks as epidemiologists have advised, but mask-wearing is declining, the university's Institute for Health Metrics and Evaluation said. The US death rate projected by the IHME model, which has been cited by the White House Coronavirus Task Force, would more than triple the current death rate of some 850 per day. "We expect the daily death rate in the US, because of seasonality and declining vigilance of the public, to reach nearly 3,000 a day in December," the institute, which bills itself as an independent research center, said in an update of its periodic forecasts. "Cumulative deaths expected by January 1 are 410,000; this is 225,000 deaths from now until the end of the year," the institute said. It previously projected 317,697 deaths by December 1. The model's outlook for the world was even more dire, with deaths projected to triple to 2.8mn by January 1, 2021. The US, which has the world's third largest population, leads the planet with more than 186,000 COVID-19 deaths and 6.1mn coronavirus infections. (Reuters)
- **FCC: US rural telecom networks need $1.8bn to remove Huawei, ZTE equipment –** US rural telecommunications networks, which have relied on inexpensive network equipment from China's Huawei Technologies Co and ZTE Corp, have told the government that it would cost $1.837bn to replace those switches and routers, the Federal Communications Commission said on Friday. In June, the FCC formally designated Huawei and ZTE as threats to US national security, a declaration that bars US firms from tapping an $8.3bn government fund to purchase equipment from the companies. The US telecommunications regulator voted last year to propose requiring rural carriers to remove and replace equipment from the two Chinese companies from US networks. FCC commissioners said the report shows the need for Congress to approve funding to replace that equipment. Congress has authorized reimbursements but has not approved the money. The FCC said it believes the carriers would be eligible for reimbursements of about $1.62bn. (Reuters)
- **PMI: UK construction recovery slows unexpectedly in August –** The momentum behind the recovery of Britain's construction industry faded unexpectedly in August, according to a survey on Friday that pointed to another sharp drop in employment. The IHS Markit/CIPS UK Construction Purchasing Managers' Index fell to 54.6 from 58.1 in July, below all forecasts in a Reuters poll that pointed to an improvement to 58.5. The civil engineering sector slumped back into contraction in August and growth in the commercial and housebuilding sectors slowed. "The latest PMI data signaled a setback for the UK construction sector as the speed of recovery lost momentum for the first time since the reopening phase began in May," said Tim Moore, economics director at IHS Markit. "The main reason for the slowdown in total construction output growth was a reduced degree of catch-up on delayed projects and subsequent shortages of new work to replace completed contracts in August." Construction firms cut jobs for the 17th month running, although at a slower rate than in July. Still, most companies held out hope for better days ahead as the survey's gauge of business optimism rose to a six-month high. The all-sector PMI - a combination of this week's construction, services and manufacturing surveys - rose to a six-year high of 58.7 from 57.1. Some economists view the current strength of the PMI with skepticism because it reflects an inevitable increase in businesses reporting growth as the economy reopens, rather than a recovery in output that could take years. (Reuters)
- **UK car sales slip after sole monthly rise, industry data shows –** New car registrations in Britain fell last month by 6% in annual terms, a "disappointing" turnaround after July's increase when showrooms reopened after the coronavirus lockdown, the Society of Motor Manufacturers and Traders (SMMT) said on Friday. August is usually a quiet month for new car sales and the drop follows an 11% jump in July - the first increase in 2020. "The decline is disappointing, following some brief optimism in July," SMMT chief executive Mike Hawes said. "However, given August is typically one of the new car market's quietest months, it's important not to draw too many conclusions from these figures alone." Hawes said September, when buyers are attracted by an update to the car age identifiers printed on number plates, would give a better of indication of the true state of the auto market. Michael Woodward, UK automotive lead at Deloitte, said his firm's research showed nearly half of consumers were planning to keep their current vehicle for longer than they previously expected, so once pent-up demand is met, sales might drop off. A rise in unemployment as the government winds down its coronavirus job protection scheme is also like to dent consumer demand in the months ahead, economists say. "However, with many consumers looking for a public transport alternative, demand for cheaper models could fuel the used car market," Woodward said. (Reuters)
- **Democracy row poses challenge for EU COVID recovery fund –** Agreeing the exact conditions on respecting democracy to attach to the disbursement of European Union (EU) funds is a key challenge for implementing the bloc's plan to revive the economy after the COVID-19 pandemic, a top official said on Friday. European Council President Charles Michel, who chairs EU summits, spoke to Reuters and five other European news agencies after Hungary refused to grant its final approval to the EU recovery plan without guarantees on a linked mechanism on the rule of law. "There is a difficulty with this topic, it's not new. But we made a big step on that in July and we must now continue," Michel said of a deal between the 27 national EU

leaders this summer on the economic recovery stimulus. "When there is a problem, we need to find a solution. And we will find a solution," he said, without giving details. Under the deal, the EU's executive would borrow 750bn Euros ($888bn) on the market to top up a trillion euros worth of spending under the bloc's joint budget in 2021-27 to help revive growth. (Reuters)

- **German industry orders edge up, 'low hanging fruit' of recovery gone –** Orders for German industrial goods rose by a weaker-than-expected 2.8% in July, indicating an initial snap back from the coronavirus shock is fading into a slower recovery in Europe's largest economy. The rise compared with a Reuters forecast for a 5.0% gain on the previous month, signaling a slow return to pre-crisis levels. June figures were revised up to show an increase of 28.8% from 27.9% previously reported, the Federal Statistics Office said on Friday. Order intake in July was still 8.2% lower than in February, before lockdown measures were imposed to slow the spread of the coronavirus. "In the coming months, we will probably see that the low-hanging fruit has been harvested, and now the economic race to catch up will lose momentum," said Jens-Oliver Niklasch, economist at Landesbank Baden-Wuerttemberg. "We will not see the pre-crisis levels quite as quickly as some had hoped," he added. The German economy contracted by a record 9.7% in the second quarter as household spending, company investment and trade all collapsed at the height of the COVID-19 pandemic. A government stimulus package includes a temporary cut in value-added tax (VAT) from July 1 until December 31, worth up to 20bn Euros ($24bn), to give an additional push to domestic demand, which remains sluggish. (Reuters)
- **Japan's Suga signals ultra-easy monetary policy to continue –** Japan's Chief Cabinet Secretary Yoshihide Suga, a frontrunner to be the next prime minister, said he would like the central bank to continue its ultra-loose monetary policy as the economy is still struggling with the impact of the coronavirus pandemic. In an interview that ran on Saturday in the Nikkei newspaper, Suga also said he would consider compiling another economic stimulus package by the end of this year to "put the pandemic to an end and shift the economy to a new stage." "I highly approve of his handling of monetary policy," Suga said of BOJ Governor Haruhiko Kuroda, who undertook bold easing steps that were part of Prime Minister Shinzo Abe's "Abenomics" stimulus strategy. "I want to carry over (the bold easing steps)," he was quoted as saying by the paper. The remarks reinforce expectations that Suga will continue with many of Abe's pro-growth economic policies as the pandemic adds to the pain of an economy already in deep recession. Suga told Nikkei he would take steps to revitalize smaller firms by promoting consolidation and boosting competitiveness. He also expressed hope of creating a new government agency to promote digitalization of government services and various industries such as healthcare, as delays on this front have slowed payouts to companies and households hit by COVID-19. (Reuters)
- **Global Times: China may dump US Treasuries as Sino-US tensions flare –** China may gradually cut its holdings of US Treasury bonds and notes, in light of rising tensions between Beijing and Washington, state-backed newspaper Global Times cited experts as saying. With Sino-US relations deteriorating over various issues including coronavirus, trade and technology, global financial markets are increasingly worried if China would sell the US government debt it holds as a weapon to counter rising US pressure. "China will gradually decrease its holdings of US debt to about $800bn under normal circumstances," Xi Junyang, a professor at the Shanghai University of Finance and Economics, was quoted as saying on Thursday, without giving a detailed timeframe. "But of course, China might sell all of its US bonds in an extreme case, like a military conflict." China, the second largest non-US holder of Treasuries, held $1.074tn in June, down from $1.083tn the previous month, according to latest official data. China has steadily decreased its holdings of the US bonds this year, although some market watchers suspect China may not have necessarily sold US Treasuries as it may have used other custodians to purchase Treasuries. Dropping to $800bn from the current level could mean shrinking its holdings by more than 25%. Analysts say large-scale Chinese selling, often referred to as the "nuclear option", could trigger turmoil on global financial markets. Another reason the state newspaper cited was the potential default risk in the US as the debt of the world's largest economy has surged sharply to about the same size of its gross domestic product, a level not seen since the end of the World War Two and well above the internationally recognized safety line of 60%. China is heavily exposed to the US dollar and dollar-denominated assets. Its official foreign exchange reserves stood at $3.154tn at the end of July. (Reuters)
- **China's Xi supports Beijing free trade zone –** Chinese President Xi Jinping said on Friday he supports the city of Beijing in setting up a pilot international free trade zone for the service sector and digital economy and to promote scientific and technological innovation. Xi made the remarks while addressing the Global Trade in Services Summit of the 2020 China International Fair for Trade in Services via video. He did not give details on when or how the new zone would be set up. "China will unswervingly increase its openness and set up a robust cross-border services trade-negative list system," he said. A negative list sets out prohibited and restricted industries for foreign investment. The Ministry of Commerce said on Thursday that one would be set up for services by the end of this year. Xi also said China supports the establishment of a global alliance of trade and services, and would further ease market access for the service sector. (Reuters)
- **China planning building spree in Tibet as India tensions rise –** China is planning a more than 1tn Yuan ($146bn) push to accelerate infrastructure investment in Tibet, including new and previously announced projects, three sources familiar with the matter told Reuters. The renewed push to step-up development of the remote and impoverished southwestern region signals Beijing's intent to bolster frontier security amid heightened border tensions with India in recent months, two of the sources said. Last week, during a senior Communist Party meeting on Tibet's future governance, President Xi Jinping lauded achievements and praised frontline officials but said more efforts were needed to enrich, rejuvenate and strengthen unity in the region. He said a number of major infrastructure projects and public facilities would be completed, including the Sichuan-Tibet Railway, according to remarks published by the official Xinhua news agency. The construction plans include completion of the challenging middle section of a high-elevation Sichuan-Tibet railway link, a railway line between Nepal and Tibet that

has remained in the planning stages, and a newly planned dry port in the Tibet Autonomous Region, the sources said. (Reuters)

- **Brazil economy outshines Mexico after surprise role reversal –** The divergence between the Latin America's two largest economies, Brazil and Mexico, is widening as the region's most prominent left- and right-wing leaders adopt stridently different fiscal responses to the COVID-19 pandemic. Their approaches, however, are not what would be expected - and investors are adapting accordingly. The right-wing administration of President Jair Bolsonaro - which came to office last year pledging to lower public spending and cut Brazil's debt - has opened the taps and spent billions on unemployment benefits. Meanwhile, in Mexico, President Andres Manuel Lopez Obrador's left-wing government - which promised to tackle poverty with state spending programs - has kept an iron grip on its purse strings. Economists at Credit Suisse have estimated that Brazil's spending in response to the epidemic was not only three times higher than the median for emerging market economies, it even exceeded the average of wealthy countries. Citing International Monetary Fund data, the bank pegged Brazil's fiscal effort at a whopping 6.5% of GDP - dwarfing Mexico's spending, equivalent to just 0.7% of GDP. The short-term economic impact of this fiscal divergence was reflected in the data. While Brazil's economy shrank by a record 9.7% in the second quarter, Mexico's plunged by a staggering 17.1%. (Reuters)

Regional

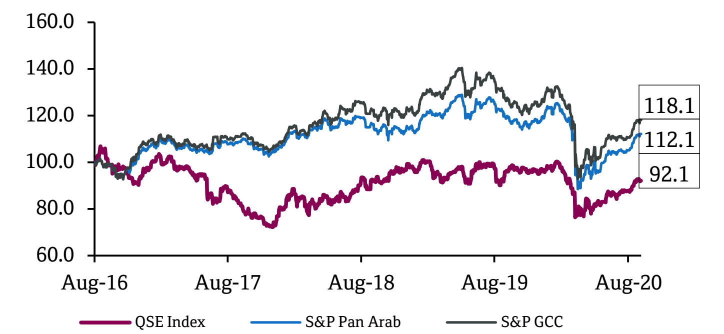
- **PMI: Saudi non-oil private sector deteriorates in August after tax hike –** Business conditions in Saudi Arabia's non-oil private sector deteriorated in August after signs of stabilization the previous month, as demand was hurt by a sharp hike in value-added tax, a survey showed on Thursday. The seasonally adjusted IHS Markit Saudi Arabia Purchasing Managers' Index (PMI) declined to 48.8 from 50.0 in July, slipping back below the 50 mark that separates growth from contraction. "After stabilizing in July, the economy fell back into a downturn as firms registered a solid drop in new business, in part linked to the rise in VAT charges and ongoing social distancing measures," the IHS report said. Saudi Arabia, the world's largest oil exporter, tripled VAT in July to 15% to boost state coffers badly hit by low oil prices, in a move several economists said will likely slow the economic recovery from the coronavirus downturn. "Newly-imposed VAT changes stalled consumer spending across the Saudi Arabia economy in August, latest PMI data suggested," Economist at IHS Markit, David Owen said. "New business was down solidly from July, as several firms commented that the sharp uptick in prices kept some customers away from markets," he said. Business activity and employment declined for the sixth consecutive month, although the declines were modest and the drop in employment was the slowest since May. Due to the VAT hike, businesses reported the sharpest increase in input costs since September 2012, as suppliers increased prices of raw materials. (Reuters)
- **Saudi Arabia reduce oil pricing in sign demand recovery is struggling –** Saudi Arabia cut pricing for oil sales to Asia and the US for October shipments, a sign that the world's biggest exporter may see fuel demand wavering amid flare-ups in the coronavirus. State oil producer Saudi Aramco is cutting its benchmark Arab Light crude more than expected and lowering the grade to a discount for the first time since June for buyers in Asia. It is the second-consecutive month of cuts for barrels to Asia. Aramco will also trim pricing for lighter barrels to northwest Europe and the Mediterranean region. Aramco is reducing pricing to Asia for October shipments of the Light grade by $1.40 a barrel, to 50 cents below the regional benchmark. The company was expected to pare pricing by $1 a barrel, to a 10-cent discount, according to a Bloomberg survey of eight traders and refiners. (Bloomberg)
- **Saudi Aramco shelves $20bn petrochemical plan after oil's crash –** Saudi Aramco is shelving multi-billion-dollar petrochemical and gas projects as the state oil giant's determination to preserve its dividend forces it to cut back on major investments. The world's biggest oil company is abandoning plans to build a $20bn crude-to-chemicals plant at Yanbu on Saudi Arabia's Red Sea coast, according to sources. It is also reviewing a decision last year to buy 25% of Sempra Energy's liquefied natural gas terminal in Texas which would cost several billion dollars and has already taken some staff off the project, according to a separate person. Sempra said it continued to work with Aramco and others "to move our project at Port Arthur LNG forward." The about-turns come as the Saudi firm tries to honor its pledge to pay a $75bn dividend annually for the next several years. Rivals such as BP and Royal Dutch Shell slashed shareholder payouts as the coronavirus pandemic crushed energy demand. Oil prices have more than doubled since April to around $45 a barrel, however, are still down more than 30% this year. (Bloomberg)
- **SABIC issues $1bn in two-part bonds –** Saudi Basic Industries Corp (SABIC), the world's fourth-biggest petrochemicals firm, sold $1bn in dual-tranche bonds on Thursday, as Gulf debt markets pick up after the summer break. SABIC sold $500mn of 10-year bonds and $500mn of 30-year Formosa bonds, a document issued by one of the banks leading the deal and seen by Reuters showed. Formosa bonds are sold in Taiwan by foreign borrowers and are denominated in currencies other than the Taiwanese Dollar. Governments and corporates in the Gulf have been increasingly tapping debt investors over the past few years to raise cash in an era of low oil prices and low global rates. Funding needs have intensified this year due to the double economic blow of the COVID-19 pandemic and lower demand for oil, which has weighed on energy prices. SABIC offered investors 155 basis points over mid swaps for the 10-year paper and 3% for the 30-year notes, the document showed. It received over $8bn for the debt offering. SABIC's bond issuance is one of the largest corporate debt deals in the Middle East this year, following bonds sold by DP World and Equate Petroleum, which raised $1.5bn and $1.6bn, respectively. (Reuters)
- **UAE's August whole economy PMI at 49.4 compared to 50.8 in July –** The UAE non-oil private sector economy suffered its first decline in business conditions for three months in August, latest PMI data showed, as record job cuts stifled the sector's recovery from the impact of the coronavirus disease 2019 (COVID-19) pandemic. Growth in business activity slowed from July and was marginal, as sales rose solidly but were supported by the quickest drop in output charges since the end of 2019. The headline seasonally adjusted IHS Markit UAE Purchasing Managers' Index (PMI) - a composite indicator designed to give

an accurate overview of operating conditions in the non-oil private sector economy - fell below the 50.0 mark separating growth from contraction in August. At 49.4, down from 50.8 in July, the headline index signaled a slight deterioration in business conditions, ending a two-month sequence of growth. That said, the Output and New Orders sub-indices indicated that activity and demand continued to expand during August. Firms reported a solid upturn in new business inflows, which was primarily down to higher domestic spending as export sales declined for the second month in a row. However, rising levels of demand in part reflected steeper price discounting. Output charge deflation reached its strongest pace since December 2019, as businesses made further efforts to recover sales lost during the COVID-19 lockdown. Business activity meanwhile rose for the third successive month, although the rate of expansion slowed to just a marginal pace. Despite stronger output, several firms mentioned that markets had generally not recovered to pre-COVID-19 levels of activity. (Markit)

- **UAE cabinet restructures Emirates Development Bank board –** The cabinet of the UAE issued a decision on Saturday to restructure Emirates Development Bank's (EDB) board of directors, chaired by Minister Sultan Al-Jaber, state news agency reported. Al-Jaber is also Chief Executive Officer of Abu Dhabi National Oil Company (ADNOC) and minister of Industry and advanced technology. (Reuters)
- **DP World, Canadian fund to invest further $4.5bn in port terminals –** Global port operator DP World and Canadian pension fund Caisse de dépôt et placement du Québec announced Thursday a $4.5bn investment in their global portfolio of ports and terminals. The investment will be used to expand in existing and new regions, such as Europe and Asia Pacific, and in supply chain support services such as logistics, the companies said. The money increases the size of the companies' investment vehicle to $8.2bn. "The opportunity for the port and logistics industry is significant and the outlook remains positive as consumer demand triggers major shifts across the global supply chain," DP World's CEO, Sultan Ahmed Bin Sulayem said. Dubai-based DP World will hold a 55% share in the investment vehicle while Caisse de dépôt, which is Canada's second-largest pension fund, will own the rest, the companies added. (Reuters)
- **Dubai solar park gets funding for 900-megawatt project –** Saudi Arabian energy developer ACWA Power completed the funding for a 900-megawatt solar project in Dubai. The $564mn installation is the fifth phase of Dubai's Mohammed bin Rashid Al Maktoum Solar Park, which will be 60% owned by the Dubai Electricity & Water Authority (DEWA) and the rest by ACWA Power and Gulf Investment Corp. The plant will use bi-facial panels, which operate on both sides of the unit and tracking technology to produce a levelized cost of electricity of 1.6953 cents per kilowatt-hour. That compares with about 4.5 cents for tracking solar technology in the US as of December, BloombergNEF data showed. "That's actually a pretty high capex per megawatt considering they get free land, grid connection and cheap labor," a Solar Analyst at BNEF, Jenny Chase said. The borrowing is based on the principles of limited recourse project financing with the senior debt provided by a number of international, regional and local banks along with a project recourse mezzanine tranche committed by a regional bank. In addition, the structure featured a set of equity bridge loans provided by local banks and by DEWA. (Bloomberg)
- **FGE: ADNOC's October oil cuts could be aimed at lifting Murban price –** Abu Dhabi National Oil Co.'s (ADNOC) plan to cut October crude exports by a larger-than-usual margin of 30% could aim to bolster pricing for the Emirate's flagship Murban crude grade, according to industry consultant FGE. Murban has traded at historic lows against benchmark Dubai crude since its collapse in March, in-line with the devaluing of light-sour grades relative to heavier oil in the wake of Covid-19. (Bloomberg)
- **Milbank guides Apollo in $5.5bn Abu Dhabi Real Estate deal –** Milbank advised a consortium of international investors led by Apollo Global Management Inc. and its subsidiaries on a long-term lease deal that the firm said is one of the Middle East's biggest real estate transactions. The partnership agreement calls for the consortium to invest in a real estate portfolio held by the state-owned Abu Dhabi National Oil Company (ADNOC) valued at $5.5bn. UK-based Ashurst said it advised ADNOC. Under the deal, the group led by New York-based Apollo takes a 49% stake in ADNOC affiliate Abu Dhabi Property Leasing Holding Company and will get rental income streams from select ADNOC real estate assets under a 24-year master lease agreement. ADNOC said in a statement that it expects to get $2.7bn upfront from the transaction. It also expects to reap new sources of global institutional long-term capital, while supporting investment in its core business and strategic growth projects. (Bloomberg)
- **Fitch affirms Boubyan Bank at 'A+'; with a Stable outlook –** Fitch Ratings has affirmed Boubyan Bank's (BBY) Long-Term Issuer Default Rating (IDR) at 'A+' with a Stable outlook and Viability Rating at 'bbb-'. BBY's IDRs are driven by support from the Kuwaiti sovereign. Its Support Rating (SR) of '1' and Support Rating Floor (SRF) of 'A+' reflect Fitch's view of an extremely high probability of support being provided by the Kuwaiti authorities to all domestic banks if needed. BBY's SRF is in line with Fitch's Domestic Systemically Important Bank SRF for Kuwait. Fitch's expectation of support from the authorities is underpinned by Kuwait's strong ability to provide support to domestic banks, as reflected by the sovereign rating (AA/Stable) and a strong willingness to do so irrespective of the banks' size, franchise, funding structure and level of government ownership. This view is reinforced by the authorities' record of support for the domestic banking system in case of need. The Central Bank of Kuwait (CBK) operates a strict regime with active monitoring to ensure the viability of the banks and has acted swiftly in the past to provide support where needed. Contagion risk among domestic banks is high (Kuwait is a small and interconnected market) and we believe this is an added incentive for the state to provide support to any Kuwaiti bank if needed, to maintain market confidence and stability. (Bloomberg)
- **Oman Sultan to rule on VAT after legislature suggests 2022 start –** Oman's legislature is proposing to implement a value-added tax after January 2022 as falling oil revenue pressures its finances, following similar moves by Gulf Arab neighbors. A joint committee of the State Council and Shura Council suggested the time frame and sent a draft law for approval to Sultan Haitham Bin Tariq Al Said. He took power in January vowing to take

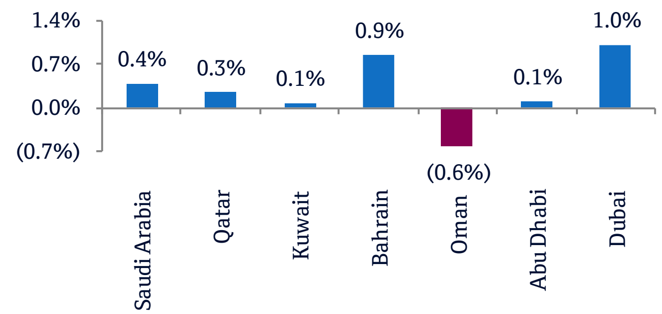
unpopular steps to bolster the near $80bn economy that his predecessor had sidestepped. (Bloomberg)

Rebased Performance



Source: Bloomberg

Daily Index Performance



Source: Bloomberg

Asset/Currency Performance	Close ($)	1D%	WTD%	YTD%
Gold/Ounce	1,933.94	0.2	(1.6)	27.5
Silver/Ounce	26.91	1.2	(2.2)	50.7
Crude Oil (Brent)/Barrel (FM Future)	42.66	(3.2)	(5.3)	(35.4)
Crude Oil (WTI)/Barrel (FM Future)	39.77	(3.9)	(7.4)	(34.9)
Natural Gas (Henry Hub)/MMBtu	1.80	(22.4)	(26.8)	(13.9)
LPG Propane (Arab Gulf)/Ton	48.25	(2.5)	(6.1)	17.0
LPG Butane (Arab Gulf)/Ton	53.50	(6.1)	(2.3)	(19.4)
Euro	1.18	(0.1)	(0.5)	5.6
Yen	106.24	0.0	0.8	(2.2)
GBP	1.33	(0.0)	(0.6)	0.2
CHF	1.09	(0.4)	(1.0)	5.9
AUD	0.73	0.1	(1.1)	3.7
USD Index	92.72	(0.0)	0.4	(3.8)
RUB	75.42	0.2	1.9	21.7
BRL	0.19	(0.2)	1.7	(24.2)

Source: Bloomberg

Global Indices Performance	Close	1D%*	WTD%*	YTD%*
MSCI World Index	2,399.60	(1.1)	(2.3)	1.7
DJ Industrial	28,133.31	(0.6)	(1.8)	(1.4)
S&P 500	3,426.96	(0.8)	(2.3)	6.1
NASDAQ 100	11,313.13	(1.3)	(3.3)	26.1
STOXX 600	361.93	(1.1)	(2.3)	(8.3)
DAX	12,842.66	(1.6)	(1.9)	2.3
FTSE 100	5,799.08	(1.0)	(3.4)	(23.2)
CAC 40	4,965.07	(0.9)	(1.2)	(12.5)
Nikkei	23,205.43	(1.2)	0.6	0.5
MSCI EM	1,099.50	(0.8)	(2.0)	(1.4)
SHANGHAI SE Composite	3,355.37	(0.8)	(1.1)	11.9
HANG SENG	24,695.45	(1.2)	(2.9)	(12.0)
BSE SENSEX	38,357.18	(1.3)	(2.9)	(9.6)
Bovespa	101,241.70	0.5	1.7	(33.6)
RTS	1,220.01	(0.3)	(3.6)	(21.2)

Source: Bloomberg (*$ adjusted returns)

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