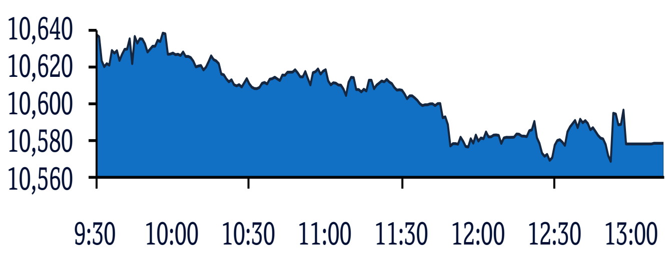
Daily Market Report

Thursday, 07 January 2021

QSE Intra-Day Movement



Qatar Commentary

The QE Index declined 0.4% to close at 10,579.7. Losses were led by the Insurance and Real Estate indices, falling 2.2% and 1.6%, respectively. Top losers were Qatar Insurance Company and United Development Company, falling 4.2% and 3.8%, respectively. Among the top gainers, Al Khalij Commercial Bank gained 6.3%, while Qatar General Insurance & Reinsurance Company was up 3.8%.

GCC Commentary

Saudi Arabia: The TASI Index fell 0.1% to close at 8,670.8. Losses were led by the Software & Services and Banks indices, falling 1.2% and 0.7%, respectively. Wafrah for Industry declined 3.1%, while Naseej Int. Trading was down 2.6%.

Dubai: The DFM Index fell 0.1% to close at 2,606.0. The Consumer Staples and Discretionary index declined 3.8%, while the Transportation index fell 1.4%. DXB Entertainments declined 4.4%, while Air Arabia was down 2.2%.

Abu Dhabi: The ADX General Index fell 0.3% to close at 5,128.8. The Energy index declined 0.7%, while the Real Estate index fell 0.6%. Commercial Bank International and Palms Sports were down 4.9% each.

Kuwait: The Kuwait All Share Index fell 0.6% to close at 5,529.7. The Oil & Gas index declined 1.2%, while the Insurance index fell 1.0%. UniCap Investment and Finance Co. declined 8.6%, while Burgan for Well Drilling Trading was down 6.0%.

Oman: The MSM 30 Index fell 0.1% to close at 3,711.5. Losses were led by the Services and Industrial indices, falling 0.4% and 0.3%, respectively. Galfar Engineering & Contracting declined 6.4%, while Al Anwar Holding was down 3.0%.

Bahrain: The BHB Index fell marginally to close at 1,455.4. The Industrial index declined 0.4%, while the Commercial Banks index fell 0.1%. BBK declined 2.1%, while Seef Properties was down 0.6%.

Market Indicators	06 Jan 21	05 Jan 21	%Chg.
Value Traded (QR mn)	426.4	646.3	(34.0)
Exch. Market Cap. (QR mn)	612,464.4	613,566.1	(0.2)
Volume (mn)	155.9	370.3	(57.9)
Number of Transactions	8,461	12,104	(30.1)
Companies Traded	46	46	0.0
Market Breadth	12:29	33:9	–

Market Indices	Close	1D%	WTD%	YTD%	TTM P/E
Total Return	20,339.05	(0.4)	1.4	1.4	18.0
All Share Index	3,252.72	(0.2)	1.7	1.7	18.8
Banks	4,346.40	(0.1)	2.3	2.3	15.3
Industrials	3,132.74	0.0	1.1	1.1	28.0
Transportation	3,341.29	(0.7)	1.3	1.3	15.3
Real Estate	1,915.64	(1.6)	(0.7)	(0.7)	16.9
Insurance	2,415.46	(2.2)	0.8	0.8	N.A.
Telecoms	1,032.30	1.4	2.1	2.1	15.4
Consumer	8,186.71	(0.3)	0.5	0.5	29.1
Al Rayan Islamic Index	4,300.52	(0.5)	0.7	0.7	19.7

GCC Top Gainers##	Exchange	Close#	1D%	Vol. '000	YTD%
National Petrochemical	Saudi Arabia	33.55	3.5	279.1	0.9
GFH Financial Group	Dubai	0.63	2.3	59,831.7	4.3
Southern Prov. Cement	Saudi Arabia	87.90	2.2	128.2	4.3
Ooredoo	Qatar	7.70	1.9	2,351.0	2.4
Saudi Basic Ind. Corp.	Saudi Arabia	103.60	1.6	2,946.9	2.2

GCC Top Losers##	Exchange	Close#	1D%	Vol. '000	YTD%
BBK	Bahrain	0.48	(2.1)	25.0	(5.9)
Qatar Gas Transport Co.	Qatar	3.25	(1.8)	3,871.1	2.2
Ezdan Holding Group	Qatar	1.77	(1.6)	8,186.5	(0.2)
Co. for Cooperative Ins.	Saudi Arabia	79.30	(1.5)	235.5	(0.5)
Riyad Bank	Saudi Arabia	20.10	(1.5)	571.2	(0.5)

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

QSE Top Gainers	Close*	1D%	Vol. '000	YTD%
Al Khalij Commercial Bank	1.99	6.3	14,286.2	8.5
Qatar General Ins. & Reins. Co.	2.65	3.8	105.6	(0.5)
Ooredoo	7.70	1.9	2,351.0	2.4
Qatar Cinema & Film Distribution	3.71	1.3	34.9	(7.1)
Qatar Navigation	7.10	0.7	3,671.3	0.1

QSE Top Volume Trades	Close*	1D%	Vol. '000	YTD%
Investment Holding Group	0.59	(1.8)	23,802.1	(1.2)
Salam International Inv. Ltd.	0.64	(2.4)	15,893.2	(1.1)
Al Khalij Commercial Bank	1.99	6.3	14,286.2	8.5
Mazaya Qatar Real Estate Dev.	1.27	(0.7)	13,584.6	0.7
Gulf International Services	1.73	(0.1)	12,962.4	0.6

QSE Top Losers	Close*	1D%	Vol. '000	YTD%
Qatar Insurance Company	2.39	(4.2)	1,639.0	1.4
United Development Company	1.61	(3.8)	3,628.5	(2.7)
Dlala Brokerage & Inv. Holding Co	1.75	(2.6)	3,979.2	(2.3)
Salam International Inv. Ltd.	0.64	(2.4)	15,893.2	(1.1)
INMA Holding	5.07	(2.0)	829.5	(0.9)

QSE Top Value Trades	Close*	1D%	Val. '000	YTD%
QNB Group	18.49	0.0	106,584.7	3.7
Al Khalij Commercial Bank	1.99	6.3	28,047.4	8.5
Qatar Navigation	7.10	0.7	26,077.3	0.1
Gulf International Services	1.73	(0.1)	22,668.1	0.6
Masraf Al Rayan	4.52	(0.9)	19,762.5	(0.3)

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*	10,579.66	(0.4)	1.4	1.4	1.4	116.35	166,896.5	18.0	1.5	3.7
Dubai	2,605.97	(0.1)	4.6	4.6	4.6	96.93	95,561.4	12.4	0.9	3.7
Abu Dhabi	5,128.79	(0.3)	1.7	1.7	1.7	97.97	200,222.8	20.4	1.4	4.8
Saudi Arabia	8,670.80	(0.1)	(0.2)	(0.2)	(0.2)	1,758.66	2,417,877.5	34.7	2.1	2.4
Kuwait	5,529.66	(0.6)	(0.3)	(0.3)	(0.3)	85.29	103,112.0	35.4	1.4	3.6
Oman	3,711.50	(0.1)	1.4	1.4	1.4	2.46	16,666.5	11.2	0.7	6.8
Bahrain	1,455.43	(0.0)	(2.3)	(2.3)	(2.3)	2.45	22,222.3	14.1	1.0	4.6

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

Qatar Market Commentary

- The QE Index declined 0.4% to close at 10,579.7. The Insurance and Real Estate indices led the losses. The index fell on the back of selling pressure from Qatari, GCC and Arab shareholders despite buying support from Foreign shareholders.
- Qatar Insurance Company and United Development Company were the top losers, falling 4.2% and 3.8%, respectively. Among the top gainers, Al Khalij Commercial Bank gained 6.3%, while Qatar General Insurance & Reinsurance Company was up 3.8%.
- Volume of shares traded on Wednesday fell by 57.9% to 155.9mn from 370.3mn on Tuesday. Further, as compared to the 30-day moving average of 209.3mn, volume for the day was 25.5% lower. Investment Holding Group and Salam International Investment Limited were the most active stocks, contributing 15.3% and 10.2% to the total volume, respectively.

Overall Activity	Buy %*	Sell %*	Net (QR)
Qatari Individuals	34.06%	46.24%	(51,899,919.7)
Qatari Institutions	12.66%	24.25%	(49,422,475.6)
Qatari	**46.73%**	**70.49%**	**(101,322,395.3)**
GCC Individuals	0.70%	0.61%	411,824.9
GCC Institutions	3.51%	3.83%	(1,353,389.5)
GCC	**4.22%**	**4.44%**	**(941,564.6)**
Arab Individuals	8.11%	8.92%	(3,430,548.9)
Arab Institutions	0.00%	–	1,349.5
Arab	**8.11%**	**8.92%**	**(3,429,199.4)**
Foreigners Individuals	2.56%	2.44%	537,289.5
Foreigners Institutions	38.38%	13.72%	105,155,869.8
Foreigners	**40.94%**	**16.16%**	**105,693,159.3**

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
01/06	US	Mortgage Bankers Association	MBA Mortgage Applications	01-Jan	1.7%	–	-5.8%
01/06	US	Markit	Markit US Services PMI	Dec	54.8	55.2	55.3
01/06	US	Markit	Markit US Composite PMI	Dec	55.3	–	55.7
01/06	UK	Markit	Markit/CIPS UK Services PMI	Dec	49.4	49.9	49.9
01/06	UK	Markit	Markit/CIPS UK Composite PMI	Dec	50.4	50.7	50.7
01/06	EU	Markit	Markit Eurozone Services PMI	Dec	46.4	47.3	47.3
01/06	EU	Markit	Markit Eurozone Composite PMI	Dec	49.1	49.8	49.8
01/06	EU	Eurostat	PPI MoM	Nov	0.4%	0.2%	0.4%
01/06	EU	Eurostat	PPI YoY	Nov	-1.9%	-2.0%	-2.0%
01/06	Germany	Markit	Markit Germany Services PMI	Dec	47.0	47.7	47.7
01/06	Germany	Markit	Markit/BME Germany Composite PMI	Dec	52.0	52.5	52.5
01/06	Germany	German Federal Statistical Office	CPI MoM	Dec	0.5%	0.6%	-0.8%
01/06	Germany	German Federal Statistical Office	CPI YoY	Dec	-0.3%	-0.2%	-0.3%
01/06	France	INSEE National Statistics Office	CPI MoM	Dec	0.2%	0.4%	0.2%
01/06	France	INSEE National Statistics Office	CPI YoY	Dec	0.0%	0.2%	0.2%
01/06	France	INSEE National Statistics Office	Consumer Confidence	Dec	95	91	89
01/06	France	Markit	Markit France Services PMI	Dec	49.1	49.2	49.2
01/06	France	Markit	Markit France Composite PMI	Dec	49.5	49.6	49.6
01/06	Japan	Markit	Jibun Bank Japan PMI Services	Dec	47.7	–	47.2
01/06	Japan	Markit	Jibun Bank Japan PMI Composite	Dec	48.5	–	48.0
01/06	Japan	Economic and Social Research Institute	Consumer Confidence Index	Dec	31.8	32.5	33.7
01/06	China	Markit	Caixin China PMI Composite	Dec	55.8	–	57.5
01/06	China	Markit	Caixin China PMI Services	Dec	56.3	57.9	57.8
01/06	India	Markit	Markit India PMI Services	Dec	52.3	–	53.7
01/06	India	Markit	Markit India PMI Composite	Dec	54.9	–	56.3

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

Earnings Calendar

Tickers	Company Name	Date of reporting 4Q2020 results	No. of days remaining	Status
QNBK	QNB Group	12-Jan-21	5	Due
MARK	Masraf Al Rayan	19-Jan-21	12	Due
QFLS	Qatar Fuel Company	21-Jan-21	14	Due
KCBK	Al Khalij Commercial Bank	27-Jan-21	20	Due
QAMC	Qatar Aluminum Manufacturing Company	4-Feb-21	28	Due
DHBK	Doha Bank	8-Feb-21	32	Due
QIMD	Qatar Industrial Manufacturing Company	14-Feb-21	38	Due

Source: QSE

News

Qatar

- **FM: Al-Ula Declaration a victory for all –** Deputy Prime Minister and Minister of Foreign Affairs HE Sheikh Mohammed bin Abdulrahman Al Thani has said the Gulf crisis was an exceptional situation for the past few years and the solution (Al-Ula Declaration) was a victory for all. “We have agreed on basic principles to overcome the current dispute and rules for governing state relations in the future,” Sheikh Mohammed said in an interview with Al Jazeera. He pointed out that the basics of the agreement were not to harm any state, interfere in its affairs, or threaten the security of the region. “We consider what happened is reconciliation. Saudi Arabia represented all parties, and everyone participated, and everyone signed the Al-Ula Declaration,” he said. The FM added, “We found a will from the parties to solve the crisis, and it was through authorizing Saudi Arabia to represent the rest of the countries. We cannot say that this is a success for Qatar, Saudi Arabia, or any other country, but rather a success for everyone.” Regarding Al Jazeera, the FM said, “The issue of Al Jazeera was not raised [at the summit]. It is an institution that we are proud of. We are also proud of its media professionals and its presence in Qatar.” “We guarantee freedom of expression, and the issue of Al-Jazeera must be dealt with positively and constructively,” he added. On the publication of the Gulf reconciliation agreement (Al-Ula Agreement) statement, he said, “There was no agreement to publish the statement, but it contains basic principles that have been clarified. In the final statement of the summit there is no embarrassment for any country,” he said. (Qatar Tribune)
- **Standard Chartered: Qatar economy to grow 3% this year on Gulf rift easing –** Qatar’s economy will grow 3% as the easing of a three-year-old regional dispute will help trade, tourism, and logistics, Standard Chartered said, revising its previous 2.1% growth estimate. Saudi Arabia and its Arab allies agreed on Tuesday to end a boycott imposed in mid-2017. “We see the lifting of restrictions on trade and travel on Qatar as adding impetus to the ongoing recovery in trade, tourism and logistics,” Standard Chartered said in a note. It said the United Arab Emirates lifting restrictions on trade and travel to Qatar could also help the UAE’s trade recovery, “possibly leading to less trade and transit volume via Oman’s port and airport,” after Oman benefited from the re-routing of some trade during the embargo. Another benefit could be a convergence in Qatar’s onshore and offshore spot currency rates, as foreign liquidity stands to benefit from the lifting of the embargo, it said. The bank’s revised growth forecast is higher than the 2.2% forecast Qatar gave last month in its 2021 budget. “Regionally, the boost to consumer and investor sentiment and lower perceived geopolitical risk may contribute positively to economic outcomes, particularly ahead of significant events such as EXPO 2020, set to be hosted by Dubai in October 2021, and the 2022 FIFA World Cup in Doha,” it said. (Reuters)
- **Overflight above Gulf nations set to resume for Qatari jets –** It is a significant moment in the Middle East, as the Arab nations that had blockaded Qatar for more than three years agreed to lift the boycott against the country, and restore diplomatic relations. Saudi Arabia, the UAE, Bahrain and Egypt will reopen airspace to Qatar following a 3.5-year illegal ban, and all of the countries will restore full diplomatic relations with Qatar. Overflight above those nations is set to resume for Qatari jets — but at the time of writing this column, we are still waiting for NOTAMs to reflect the lifting of the airspace ban (a NOTAM is a “notice to airmen” — essentially a policy notice to pilots issued by country aviation authorities and airports regarding airspace access and other key information). Saudi’s foreign minister confirmed “diplomatic relations between Saudi, the UAE, Bahrain, Egypt and Qatar will be restored” following lifting of the embargo on Qatar. (Gulf-Times.com)
- **KCBK to hold board of directors meeting on January 07 –** Al Khalij Commercial Bank (KCBK) has announced that its board of directors will be holding a meeting on January 07, 2021 to discuss the latest developments in the potential merger between KCBK and Masraf Al Rayan (MARK). Results of the meeting will be disclosed to the market as soon as the board meeting is closed. (QSE)
- **QIMD to hold board of directors meeting on February 14 –** Qatar Industrial Manufacturing Company (QIMD) has announced that its board of directors will be holding a meeting on February 14, 2021 to discuss and approve the financial statements for the year 2020. (QSE)
- **Qatargas awards offshore engineering contract to McDermott –** McDermott International Ltd (McDermott) announced it has been awarded a contract from Qatargas to deliver front-end engineering and design (FEED) work for Qatar Petroleum's North Field South (NFS) project. McDermott’s Senior Vice President, Europe, Middle East and Africa, Tareq Kawash said, “For more than 30 years, McDermott has executed projects in Qatar's North Field, and we will leverage our experience and

local resources to successfully deliver this project. As oil and gas field development continues in the region, we are poised to build on this initial work to further support Qatargas as they progress the subsequent phases of the NFS project." The contract scope includes the replication of five offshore wellhead platforms. The FEED contract will be executed from McDermott's Doha office and work will begin immediately. (Bloomberg)

- **Vodafone funds 5G powered, self-driving delivery vehicle –** Airlift Systems has introduced Qatar's first 5G powered smart delivery transport in Education City, MENA's first self-driving delivery vehicle pilot, sponsored by Vodafone Qatar, and through a partnership with Talabat and support from the Qatar Foundation Research, Development and Innovation (QF RDI). (QF RDI). During the trial, Education City residents, students and staff can place orders on Talabat and pay online for their deliveries through the usual process. To ensure that food is delivered safely, customers are provided with QR codes that they will use to unlock the vehicle compartment and retrieve the package. This pilot is a three-month trial of the vehicle's performance capability comparable or indistinct to that of a human being. The trial will also obtain feedback from the consumer, using it to develop strategies that ensure customer satisfaction in the long term. The vehicle is equipped with a low-latency, real-time feedback system powered by Vodafone's 5G network and remotely monitored in the Education City control room. (Qatar Tribune)
- **Qatar witnesses strong growth in non-oil sector, 65 new industrial factories established in 2020 –** Qatar's non-energy private sector economy ended 2020 with another above-par rate of growth, according to the December Purchasing Managers' Index (PMI) survey data issued by the Qatar Financial Centre (QFC). Total business activity increased at a relatively marked pace, continuing the trend shown since the rapid expansion in July and August as the economy bounced back from the lockdown-induced downturn in the second quarter of the year. New business continued to grow at a rate above the long-run survey average, while outstanding work rose the most since July 2018 signaling rising pressure from demand on business capacity. Firms continued to boost employment and wages while input purchase prices continued to fall on average, allowing companies to hold prices charged stable. The PMI eased slightly from 52.5 in November to 51.8 in December, broadly in line with the fourth quarter average of 51.9 and well above the long-run trend level of 49.6. This signaled a solid end to 2020 for the non-energy private sector, with all five of the components of the PMI in positive territory. Total business activity continued to expand at a relatively strong rate in December. The expansion was the strongest since the first quarter of 2018 over the fourth quarter as a whole, excluding the post-lockdown bounce in the third quarter. New business continued to support the overall growth of activity and demand was sufficiently strong to generate rising levels of incomplete work. In fact, backlog growth was the strongest since July 2018. Sub-sector data signaled that the strongest overall improvement in business conditions over the fourth quarter as whole came from manufacturing, followed by construction, wholesale & retail and services respectively. In terms of output, manufacturing registered the strongest growth for the second month running in December, which forebodes strong non-oil export performance. Employment in the non-energy private sector rose further in December, with notably strong recruitment in services. Outlining the growth of industrial sector during 2020, Qatar Chamber has issued its monthly economic newsletter for December 2020 stated that the number of industrial facilities registered by the end of 2020 reached 927 compared to 862 at the beginning of the same year with the establishment of 65 new industrial factories in 2020. (Qatar Tribune)

International

- **US private payrolls post first decline in eight months as COVID-19 cases skyrocket –** US private companies shed workers in December for the first time in eight months as out-of-control COVID-19 infections unleashed a fresh wave of business restrictions, setting the tone for what is likely to be a brutal winter for the economy. The ADP National Employment Report showed job losses across all industries last month as the coronavirus outbreak kept many consumers and workers at home. While the report underscored the magnitude of the crisis, the economy was unlikely to slide back into recession, thanks to additional fiscal stimulus approved in late December. The ADP report added to slumping consumer spending and persistently high layoffs in suggesting that the economy lost significant momentum at the end of 2020. Minutes of the Federal Reserve's December 15-16 meeting published on Wednesday showed policymakers expected skyrocketing cases "would be particularly challenging for the labor market in coming months." Private payrolls decreased by 123,000 jobs last month, the first decline since April, after increasing 304,000 in November. Economists polled by Reuters had forecast private payrolls would rise by 88,000 in December. The ADP report is jointly developed with Moody's Analytics. Though it has a spotty record predicting the government's private payrolls count because of methodology differences, it is still watched for clues on the labor market's health. (Reuters)
- **US factory orders beat expectations in November –** New orders for US-made goods increased more than expected in November and business investment on equipment was solid, pointing to sustained recovery in manufacturing. The Commerce Department said that factory orders rose 1.0% after increasing 1.3% in October. Economists polled by Reuters had forecast factory orders increasing 0.7% in November. Orders fell 7.3% YoY. Manufacturing, which accounts for 11.9% of the U.S. economy, is being supported by a shift in demand towards goods from services because of the COVID-19 pandemic. The Institute for Supply Management reported on Tuesday that its index of national factory activity increased in December to the highest level since August 2018. The Commerce Department also reported that orders for non-defense capital goods excluding aircraft, which are seen as a measure of business spending plans on equipment, advanced 0.5% in November instead of 0.4% as reported last month. Shipments of core capital goods, which are used to calculate business equipment spending in the GDP report, rose 0.5%. They were previously reported to have increased 0.4%. Business spending on equipment rebounded in the third quarter, ending five straight quarters of decline. The economy grew at a 33.4% rate in the

July-September quarter after contracting at a 31.4% pace in the second quarter, the deepest since the government started keeping records in 1947. (Reuters)

- **NYSE to delist three Chinese telecoms in dizzying about-face –** The New York Stock Exchange (NYSE) said it will delist three Chinese telecom companies, confirming its latest reversal on the matter a day after US Treasury Secretary Steve Mnuchin told the NYSE Chief he disagreed with an earlier decision to reverse the delistings. The latest move, which is effective January 11, marks the third time in less than a week the Big Board has ruled on the matter. The flip-flopping highlights the confusion over which firms were included in an executive order issued by President Donald Trump in November barring US persons from investing in publicly traded companies Washington deems to be tied to the Chinese military. It also comes amid escalating tensions within Washington on China policy in the final days of the Trump administration. The NYSE originally on Thursday announced plans to delist China Mobile Ltd, China Telecom Corp Ltd and China Unicom Hong Kong Ltd. On Monday, it did a U-turn after consulting with regulators in connection with the US Treasury's Office of Foreign Assets Control and decided to keep them listed. Wednesday's decision marks a return to the original plan. The U-turn to keep the companies listed had prompted criticism that Treasury was being dovish on China. Mnuchin has long been seen as seeking to thwart attempts by hardliners in the administration - many led by the State department - to crack down on Chinese companies. (Reuters)
- **US, Japan set for recovery in second half of 2021, IMF chief economist says –** Economic stimulus approved in the US and Japan at the end of last year will help to power a recovery in their economies in the second half of 2021, IMF Chief economist Gita Gopinath said. Gopinath told Yahoo Finance in a live interview that the US and Japanese rebounds may prompt upgrades of economic forecasts in some parts of the world. But she said the recovery in some developing countries could be delayed until 2022 by limited availability of coronavirus vaccines. She repeated earlier remarks that the global economy is starting 2021 in a stronger position than anticipated last year due to a stronger-than-forecast performance in the third and fourth quarters. Gopinath, however, added that the outlook was clouded by a race between the surging COVID-19 pandemic and the worldwide vaccination campaign. But the combination of a stronger starting point and new stimulus "should power recovery in the second half," Gopinath told Yahoo Finance. "Based on the 2020 better-than-expected numbers, we should see an upgrade in some parts of the world." That assumes that vaccines will be widely distributed by mid-year in those countries, she said, adding that those with limited access to vaccines will recover more slowly, including many developing economies. The International Monetary Fund is expected to revise its World Economic Outlook forecasts on January 26. In October, it forecast a 4.4% global GDP contraction for 2020, followed by a rebound to growth of 5.2% for 2021. (Reuters)
- **Biggest drop in UK new car sales since World War Two –** British new car sales fell nearly 30% last year in their biggest annual drop since 1943 as lockdowns to curb the spread of the coronavirus hit the sector, an industry body said on Wednesday. Demand stood at 1.63mn cars in 2020, according to data from the Society of Motor Manufacturers and Traders (SMMT). It was particularly hard hit by a 97% fall in April, the first full month of a national lockdown. Dealerships gradually reopened in June on differing dates across the UK's four nations. Showrooms in England were closed again during a second lockdown in November but many were better prepared with "click and collect" options, allowing more purchases, but still leading to a 27% YoY slump. The performance leaves new car sales at their lowest level since 1992, and suffering the biggest drop since 1943, when sales fell by more than 90%. (Reuters)
- **EU may ask too high a price for financial services trade, BoE warns –** Britain should not submit to the European Union's (EU) financial services rules just to get better access to the bloc's market after Brexit, Bank of England (BoE) Governor Andrew Bailey said on Wednesday. European daily share trading worth 6bn Euros ($7.36bn) left the City of London for the continent this week in the first tangible sign of Brexit's impact on Britain's 130bn-Pound ($176bn) finance industry. Bailey said Britain must not become a mere "taker" of EU rules in return for access. "If the price of this is too high then we can't just go for it whatever," he told parliament's Treasury Committee. "I strongly recommend that we don't become a rule-taker. If the price of that is no equivalence ... then I am afraid that will follow." Britain left the EU's single market last week and its new trade deal with the bloc does not cover financial market access. Britain and the EU are committed to agreeing a memorandum of understanding by the end of March on cooperation in financial rules to unlock equivalence-based access. The EU has asked Britain about its intentions to diverge from the bloc's rules, which could make it harder for Brussels to grant equivalence-based direct access for the City of London. (Reuters)
- **Eurozone contraction deeper than thought in December but optimism rose –** Eurozone economic activity contracted more sharply than previously thought at the end of 2020 and could get worse this month as renewed restrictions to contain the coronavirus hit the bloc's dominant service industry, a survey showed. With infection rates soaring across Europe, countries have clamped down on public life. Germany is set to extend its strict lockdown until the end of the month and Italy decided on Tuesday to keep some nationwide restrictions in place. With many businesses shuttered, unemployment surging and debt hitting record highs, the European Central Bank rolled out yet more stimulus measures last month to lift the currency bloc out of a double-dip recession. But the economy is expected to gain momentum later this year on vaccine hopes, a December Reuters poll found, and will return to pre-crisis levels within two years. IHS Markit's final December Composite Purchasing Managers' Index (PMI), seen as a good gauge of economic health, did rise to 49.1 from November's 45.3 but was significantly below a flash reading of 49.8. Anything below 50 indicates contraction. The services PMI registered 46.4 in December, better than the previous month's 41.7 but far weaker than the 47.3 preliminary estimate. A lockdown kept Germany's services sector in contraction for a third month in a row in December and Italy's remained deep in negative territory, significantly undershooting analysts' expectations. But French business activity came within a hair of returning to growth last

month after a second coronavirus lockdown was lifted. In Britain, outside the European Union, the economy made only a subdued return to growth in December after shrinking during a four-week England-wide coronavirus lockdown in November. (Reuters)

- **German inflation remains in negative territory in December –** German annual consumer prices remained negative in December, as a lockdown to contain a second wave of coronavirus infections in Europe's biggest economy kept inflation pressure subdued, data showed on Wednesday. Consumer prices, harmonized to make them comparable with inflation data from other European Union countries, fell 0.7% YoY after shrinking by the same amount in the previous month, the Federal Statistics Office said. December's preliminary data compared with a Reuters forecast for a 0.6% decline. "The coronavirus crisis has again resulted in difficulties in conducting the consumer price survey because some goods were not available on the market," the office said in a statement. (Reuters)
- **PMI: Japan service-sector activity falls for 11th month in December –** Activity in Japan's services sector extended its run of declines to the 11th month in December, a private sector survey showed, as a new wave of coronavirus infections led to a contraction in business conditions. The data comes after Japan's government in December cut its view on private consumption, which contributes about 55% of the country's gross domestic product, as sectors such as domestic tourism were showing weakness. The final Jibun Bank Japan Services Purchasing Managers' Index (PMI) edged down to a seasonally adjusted 47.7 from the prior month's final 47.8 and compared to a preliminary 47.2 reading. The headline index remained firmly in contraction territory, below the 50 neutral level, where it has been since February. "Latest data indicated both activity and incoming business contracted," said Usamah Bhatti, economist at IHS Markit, which compiles the survey. "Firms often cited that demand had been dampened by rising infection rates." The main reading contracted again as declines in new and outstanding business as well as prices firms charged offset their optimism about the 12 months ahead. Surveyed firms said a third wave of COVID-19 infections had hurt demand as it led to cancellation of orders. "Private sector firms were hopeful that the pandemic would diminish over the course of the next 12 months to induce a broad-based economic recovery," said Bhatti. The composite PMI, which includes both manufacturing and services, also remained in contraction for an 11th month, coming in at 48.5 in December from the previous month's final of 48.1. (Reuters)
- **Caixin PMI: China's services sector expands at a slower pace –** China's services sector activity expanded at a slower pace in December, a private sector survey showed on Wednesday, as sporadic coronavirus outbreaks tempered the recovery in consumer confidence and weighed on new business growth. The Caixin/Markit services Purchasing Managers' Index (PMI) eased to 56.3, a three-month low, in December from 57.8 in November, but remained well above the 50-mark that separates growth from contraction on a monthly basis, pointing to brisk expansion. A sub-index for new business stood at 54.3, down markedly from 58.7 the previous month, the survey showed. Growth in new export business, which only returned to expansion in November, eased as a surging pandemic restrained overseas demand. The survey also revealed a further sharp rise in input prices, which led firms to increase their prices charged at the fastest pace since January 2008. The loss of momentum was largely in line with the findings in an official survey released last week, which showed activity for the catering industry contracted. The services sector, which had been slower to recover initially than the industrial sector, is more vulnerable to social distancing restrictions as authorities race to tackle dozens of COVID-19 cases in northern China, such as Beijing city, Hebei and Liaoning provinces. Chinese tourists, millions of whom have shunned overseas travel this year because of the global pandemic, are narrowing the scope of their journeys as a result, visiting nearby cities and avoiding trips out of their provinces. (Reuters)
- **India's services sector loses more steam in December, job cuts resume –** Growth in India's dominant services industry continued to lose momentum in December as a resurgence in coronavirus infections weighed on new business and employment, a private survey showed on Wednesday. Asia's third-largest economy has been gradually recovering from a coronavirus-induced recession but is not expected to return to pre-pandemic levels soon, especially within the service industry - the engine of economic growth and jobs in the country. The Nikkei/IHS Markit Services Purchasing Managers' Index fell to 52.3 in December from November's 53.7 but held above the 50-mark separating growth from contraction for a third straight month. India has the second-highest number of coronavirus infections in the world. On Sunday it approved two coronavirus vaccines for emergency use but it could take years to vaccinate over 1.3bn people with its rudimentary healthcare system. Although a sub-index monitoring overall demand ended a rough 2020 in growth territory, it declined to a three-month low as night curfews in some major cities depressed demand. Demand from abroad remained firmly in contraction territory as many countries reimpose lockdown measures to contain a fresh spike in COVID-19 cases. Weak demand forced firms to lower their prices despite an uptick in input costs, which increased at the quickest pace since February. (Reuters)
- **IHS Markit: Brazil's services sector expands in Dec for 4th month, but pandemic fears linger –** Brazil's services sector expanded in December for a fourth straight month and at a slightly faster pace than the month before, a purchasing managers' survey showed on Wednesday, although underlying data painted a more mixed picture. Services have lagged manufacturing and industry in the rebound from the COVID-19 crisis but have recently shown signs that the bounce back is underway, a view strengthened by hopes a vaccine will soon be available. IHS Markit's headline Brazil services PMI rose to 51.1 from 50.9 in November. It was the fourth consecutive reading above 50.0, the threshold that separates expansion from contraction. The slight rise in services accompanied the second consecutive manufacturing PMI decline, however, meaning the composite PMI encompassing both sectors slipped to 53.5 in December from 53.8 in November, IHS Markit said. That marked the fifth straight month that business activity in Brazil's private sector has grown, but COVID-19 worries still linger. Within services the employment index fell to 49.3 from 51.3, as

firms went back to shedding jobs. That pulled the composite employment index across manufacturing and services down to 50.4 from a nine-year high of 52.6. Inflationary pressures continued to build, with the services sector input prices index rising to 66.5, the highest in four and a half years. The prices charged index rose to a one-year high of 53.4 from 51.3 in November, IHS Markit said. The composite future output index rose to 75.3 from 70.2, marking its highest level since February last year just before the pandemic struck. (Reuters)

Regional

- **OPEC December oil output rises for sixth month led by Libya –** OPEC oil output rose for a sixth month in December, a Reuters survey found, buoyed by further recovery in Libyan production and smaller rises elsewhere in the group. The 13-member OPEC pumped 25.59mn bpd in December, the survey found, up 280,000 bpd from November and a further increase from a three-decade low reached in June. OPEC output is set to rise further in January after OPEC+ - which groups OPEC and other producers including Russia - agreed to ease output cuts. Under a deal on February output agreed on Tuesday, most of OPEC+ will keep production steady while Saudi Arabia has offered to make a big voluntary cut. "The additional production cut by Saudi Arabia will probably prevent the oil market from becoming oversupplied, which risked happening otherwise," Analyst at Commerzbank, Carsten Fritsch said referring to the first quarter. In December, the biggest supply increase came from Libya, an OPEC member which is exempt from OPEC+ cuts, the survey found. Libyan output had been largely shut down for months due to unrest. (Reuters)
- **Goldman says Saudi's extra oil output cuts signal demand risks –** Saudi Arabia's pledge to cut its oil output by more than required under its pact with other OPEC+ producers points to weakening oil demand following new COVID-19 lockdowns and sets the stage for a tighter market in the second quarter, Goldman Sachs said in a note released on Tuesday. "Saudi's action and the prospect for a tight market in 2Q2021, as the rebound in demand stresses the ability to restart production, will likely support prices in coming weeks, leading us to reiterate our bullish oil view," the analysts wrote. Benchmark Brent oil prices on Wednesday hit their highest level since February after Saudi Arabia, the world's biggest oil exporter, said it would cut by an additional, voluntary 1mn bpd in February and March. Two OPEC+ members - Russia and Kazakhstan - will bump up their output by a combined 75,000 bpd while other producers will hold production steady. Producers are wary of the impact of new lockdowns on oil demand. (Reuters)
- **Moody's: Negative outlook for GCC sovereigns as recovery could take up to three years –** It will take two to three years for real, inflation-adjusted GDP in GCC sovereigns to return to pre-pandemic levels, Moody's Investors Service said in a report Wednesday. Even then recovery will take the longest in the more economically diversified sovereigns, where key sectors such as transportation and tourism will be slow to bounce back, the ratings agency said in its outlook for sovereign creditworthiness among GCC members. "Our negative outlook for GCC sovereigns reflects the coronavirus pandemic's impact on oil revenue and our expectations for the erosion of fiscal strength experienced last year to extend throughout 2021," a Moody's Analyst and the report's Co-Author, Thaddeus Best said. In most cases, however, access to vast sovereign wealth fund (SWF) assets continued to buttress very high fiscal strength, despite significantly lower oil prices, contracting economic activity and significantly lower revenue. The report forecasts that GCC government debt burdens will rise on average by around 21 percentage points of GDP over 2019-21, compared with 14 percentage points on average for advanced economies. While borrowing costs will remain high for sovereigns with small or no liquid sovereign wealth fund (SWF) buffers like Oman and Bahrain, they will be low for Abu Dhabi, Kuwait, Qatar and Saudi Arabia. "Within the UAE, Abu Dhabi has largely pre-financed its budgetary requirements for 2021, although we expect additional issuance from Dubai and Sharjah. The $15bn of bonds issued by Abu Dhabi in 2020 was in excess of budgetary needs and should cover 2021 requirements too. Debt issuance will remain the sole source of budget funding for Dubai and Sharjah, given the absence of SWF assets," the report noted. The fiscal measures implemented by GCC sovereigns to mitigate the effects of the pandemic have generally been modest, in most cases amounting to less than 2% of GDP. Except for Saudi Arabia and Bahrain, GCC governments have not provided support to workers (either directly or via employers) to compensate for the loss of salaries during lockdown, unlike many of their advanced economy peers. "The vast majority of support efforts came from GCC central banks which rolled out substantial monetary stimulus and encouraged banks to offer payment holidays and other forms of relief for affected borrowers." (Zawya)
- **Saudi Arabia's extra oil cut to last two months, Minister says –** Saudi Arabia's additional million-barrel-a-day oil production cut will last two months, and then the supplies will be returned to the market, the Kingdom said. The extra cutback in February and March which comes on top of curbs Riyadh is already making with OPEC+ will end in the same fashion as the supplementary reduction made last summer, Energy Minister, Prince Abdulaziz bin Salman said. "We gave the oil industry a wonderful present and a wonderful surprise," he said. "We're extending support and help to the industry." (Bloomberg)
- **Saudi Arabia raises February crude official prices to Asia –** Saudi Arabia's state oil producer Aramco raised its February official selling price (OSP) for its Arab Light crude to Asia by $0.70 per barrel, setting it at plus $1 per barrel versus the Oman/Dubai average, according to a document seen by Reuters on Wednesday. The company set the Arab Light OSP to Northwestern Europe at a discount of $1.90 a barrel against ICE Brent, down $0.50 from January and to the United States at plus $0.75 per barrel over ASCI (Argus Sour Crude Index), up $0.20 from the previous month. (Reuters)
- **Saudi Arabia signs $3bn financing accord with Korea Trade –** Saudi Arabia signed an agreement with Korea Trade Insurance Corp. for $3bn in long-term financing to fund government projects in the Kingdom. The transaction has been closed with 10 international banks, according to a statement on the finance ministry's website. The ministry's National Debt Management Center arranged the financing. It follows Saudi Arabia raising $267mn through Germany's Euler Hermes in July last year,

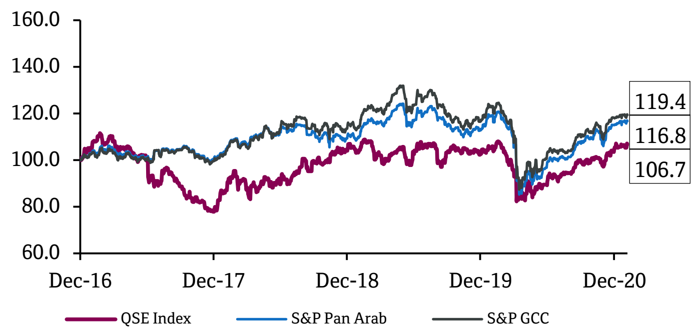
using export credit agency financing for the first time. (Bloomberg)

- **S&P: The UAE's monetary policy effectiveness remains limited –** S&P said that it does not expect to change its assessment of the UAE relatively limited monetary policy effectiveness in the near term, despite an announcement that the Central Bank of the UAE (CBUAE) will begin issuing Dirham-denominated securities this month, given that domestic debt capital markets remain shallow. In S&P's view, issuing dirham-denominated securities could improve the effectiveness of the monetary policy transmission mechanism in the UAE, but only gradually, as the local currency debt market deepens. Similar to other countries in the Gulf region, the UAE's banking system remains the key provider of funds to the domestic economy. In addition, the UAE's monetary flexibility is limited by the fixed exchange rate, which requires the UAE to track movements in the US federal funds rate, even when they may not be appropriate for domestic economic conditions. S&P expects the Dirham's peg to the US dollar will remain in place over the next several years. In S&P's view, the UAE has more than sufficient reserves to defend the peg, while considerations of macroeconomic and social stability would also outweigh the potential benefits of amending the exchange rate regime. The CBUAE's introduction of monetary bills (M-Bills)--replacing the existing certificates of deposit program--should help manage liquidity within the UAE's banking sector by providing a stable collateralized source of funds. It should also begin the development of a secondary market for local currency debt, which could result in the creation of a risk-free pricing benchmark (yield curve) for Dirham-denominated debt over the longer term. S&P's ratings on Abu Dhabi (AA/Stable/A-1+), Ras Al Khaimah (A-/Stable/A-2), and Sharjah (BBB-/Stable/A-3) are unaffected. S&P assess the individual Emirates that constitute the UAE as being part of a UAE-wide monetary union (see related research). S&P has applied its assessment of the UAE's monetary flexibility to the individual Emirates. In S&P's view, Abu Dhabi's economic significance to the UAE as a whole means that its economy is likely to have a better alignment with the CBUAE's monetary policy objectives when compared with the smaller Emirates. (Bloomberg)
- **Dubai launches fifth coronavirus economic stimulus package –** The Emirate of Dubai has announced a new stimulus package worth AED315mn to help the economy cope with the effects of the coronavirus pandemic. The package, its fifth, takes the total economic stimulus from the government of Dubai, part of the UAE, to AED7.1bn since March last year, Dubai Crown Prince, Sheikh Hamdan bin Mohammed said. (Reuters)
- **Emaar Properties sells Dubai Sky View Hotel for AED750mn –** Emaar Properties on Wednesday confirmed the disposal of 100% of the shares of its subsidiary ASV Group, which is the owner of the 169-key Sky View hotel, in transaction valued at AED750mn. The note clarified that the hotel management agreement is with Emaar's Address, which will retain ownership of the sky bridge restaurant. The developer clarified that the reason it has decided to divest its asset is because "it is in line with the assets light strategy for company's hospitality assets." Emaar Properties, Emaar Hospitality Group, Address Skyview, and Evergreen Hospitality were the parties involved in the transaction. According to the update, the date of the signing of the transaction deal was October 8, 2020, and the execution was on December 31, 2020. The expected closing date of the deal is on January 15, 2021. The transfer of ownership of the subsidiary owning the assets to the buyer has been completed, but the share transfer of the company owning the hotel operations is yet to be fully completed. (Bloomberg)
- **Mubadala launches new healthcare network across six hospitals –** Abu Dhabi state investor Mubadala said it will bring together six of its wholly owned medical assets into an integrated network called Mubadala Health to serve patients seeking world-class care and to address some of the most challenging healthcare issues. The six hospitals under Mubadala Health include Healthpoint, Imperial College London Diabetes Centre, Amana Healthcare, Abu Dhabi Telemedicine Centre, Capital Health Screening Centre, National Reference Laboratory (NRL) and Cleveland Clinic Abu Dhabi. "CEO, Mubadala Health, Hasan Jasem Al Nowais will direct a diverse team to enhance the patient experience, seeking innovative solutions, driving collaboration across the sector and forging global partnerships to elevate clinical outcomes," Mubadala said. Mubadala Investment Co manages more than $230bn in assets. (Zawya)
- **Credit facilities for banks in Kuwait soars to KD1.6bn –** In an indication of the relative improvement of economic activity in the country, the credit facilities provided by banks in the local market increased by the end of last November to KD1.6bn, compared to KD1.09bn in October, while the total balance of credit facilities for banks reached KD40bn. The financial statements of the Central Bank revealed that the balance of personal facilities increased by KD13.4mn in November, at a rate of 3.4%, to record KD407.6mn at the end of the same month, compared to KD394.2mn in October from KD83.1mn in October to KD71.3mn, the facilities provided to purchase "equity loans" securities retreated 0.2%, at a value of KD6.9mn, from KD2.544bn in October to KD2.551bn in November. In the same context, deposits in the banking sector increased by KD2bn during 11 months to reach KD45.72bn, while private sector deposits in banks decreased by 0.8%, at a value of KD327mn, from KD38.164bn in October to KD37.837bn in November. The government increased KD262mn in November to KD7.8bn. (Zawya)
- **Oman plans to implement VAT from April 16 –** Oman plans to implement a 5% value-added tax (VAT) from April 16 as the Gulf nation tries to plug a fiscal gap and follows the lead of its Gulf neighbors. Oman News Agency reported the date when VAT will come into effect. It also said: Businesses are subject to compulsory VAT registration if the value of annual supplies exceeds or is expected to exceed 38,500 rials. Commodities exempt from VAT are: meat, fish, poultry, dairy products, fresh eggs, vegetables, fruits, coffee, tea, cardamom, grains, olive oil, sugar, bread, bottled drinking water and table salt. (Bloomberg)
- **Oman turns stock exchange into closed joint stock company –** Oman's stock market, the Muscat Securities Market, has been converted into a closed joint stock company and put under the ownership of the state-owned Oman Investment Authority, state media said on Wednesday. It will be called the Muscat Stock Exchange and all assets and employees of the Muscat

Securities Market will be transferred to that new entity, Oman news Agency said. Oman established the Oman Investment Authority in June to own and manage most of the country's sovereign wealth fund and finance ministry assets. (Reuters)

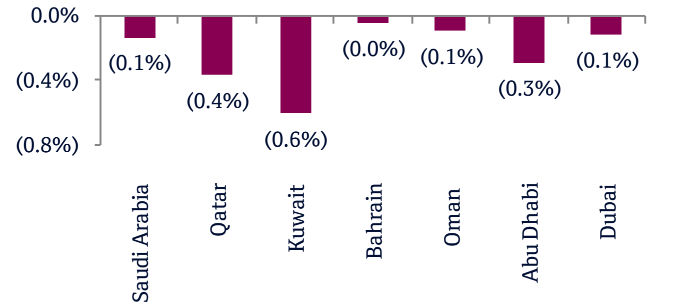
- **Bahrain sells BHD100mn of 3.75% 2026 bonds; bid-cover at 1.83x –** Bahrain sold BHD100mn of bonds due on January 10, 2026. Investors offered to buy 1.83 times the amount of securities sold. The bonds will settle on January 10, 2021. (Bloomberg)

Rebased Performance



Source: Bloomberg

Daily Index Performance



Source: Bloomberg

Asset/Currency Performance	Close ($)	1D%	WTD%	YTD%
Gold/Ounce	1,918.61	(1.6)	1.1	1.1
Silver/Ounce	27.29	(1.0)	3.4	3.4
Crude Oil (Brent)/Barrel (FM Future)	54.30	1.3	4.8	4.8
Crude Oil (WTI)/Barrel (FM Future)	50.63	1.4	4.3	4.3
Natural Gas (Henry Hub)/MMBtu	2.57	0.0	8.2	8.2
LPG Propane (Arab Gulf)/Ton	80.00	0.3	6.3	6.3
LPG Butane (Arab Gulf)/Ton	81.75	4.1	9.0	9.0
Euro	1.23	0.2	0.9	0.9
Yen	103.04	0.3	(0.2)	(0.2)
GBP	1.36	(0.1)	(0.5)	(0.5)
CHF	1.14	(0.0)	0.9	0.7
AUD	0.78	0.6	1.4	1.4
USD Index	89.53	0.1	(0.5)	(0.5)
RUB	73.93	(0.1)	(0.7)	(0.7)
BRL	0.19	(0.5)	(2.2)	(2.2)

Source: Bloomberg

Global Indices Performance	Close	1D%*	WTD%*	YTD%*
MSCI World Index	2,699.51	0.6	0.4	0.4
DJ Industrial	30,829.40	1.4	0.7	0.7
S&P 500	3,748.14	0.6	(0.2)	(0.2)
NASDAQ 100	12,740.79	(0.6)	(1.1)	(1.1)
STOXX 600	406.41	1.4	2.5	2.5
DAX	13,891.97	1.8	1.3	1.3
FTSE 100	6,841.86	3.3	5.5	5.5
CAC 40	5,630.60	1.2	2.0	2.0
Nikkei	27,055.94	(0.9)	(1.4)	(1.4)
MSCI EM	1,315.33	(0.4)	1.8	1.9
SHANGHAI SE Composite	3,550.88	0.5	3.3	3.3
HANG SENG	27,692.30	0.2	1.7	1.7
BSE SENSEX	48,174.06	(0.5)	0.6	0.8
Bovespa	119,100.10	(0.4)	(2.1)	(2.1)
RTS	1,436.71	0.7	3.5	3.5

Source: Bloomberg (*$ adjusted returns)

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