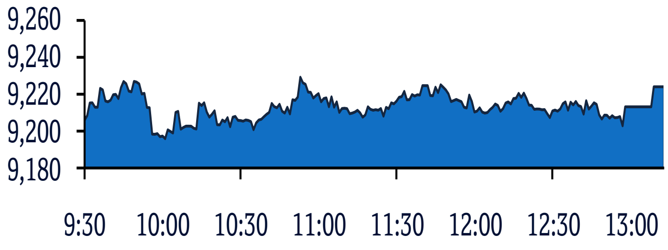
Daily Market Report

Thursday, 09 July 2020

QSE Intra-Day Movement



Qatar Commentary

The QE Index declined 0.2% to close at 9,224.8. Losses were led by the Telecoms and Industrials indices, falling 1.2% and 1.0%, respectively. Top losers were Gulf International Services and Islamic Holding Group, falling 4.2% and 4.0%, respectively. Among the top gainers, Dlala Brokerage & Investment Holding Company gained 5.7%, while Baladna was up 2.6%.

GCC Commentary

Saudi Arabia: The TASI Index fell 0.1% to close at 7,394.3. Losses were led by the Media & Ent. and Software & Services indices, falling 1.3% and 1.2%, respectively. Aldrees Petroleum declined 3.9%, while Gulf Union Coop. Ins. was down 3.8%.

Dubai: The DFM Index fell 0.7% to close at 2,083.3. The Real Estate & Construction index declined 1.6%, while the Consumer Staples and Discretionary index fell 1.5%. Union Properties and Arabtec Holding Co. were down 5.0% each.

Abu Dhabi: The ADX General Index fell 0.7% to close at 4,311.9. The Real Estate index declined 2.6%, while the Banks index fell 1.4%. Al Qudra Holding declined 4.9%, while Methaq Takaful Insurance was down 4.1%.

Kuwait: The Kuwait All Share Index fell 0.3% to close at 5,139.5. The Consumer Services index declined 0.6%, while the Banks index fell 0.5%. Asiya Capital Investments Co. declined 4.9%, while Educational Holding Group was down 4.5%.

Oman: The MSM 30 Index fell 0.3% to close at 3,493.6. Losses were led by the Services and Financial indices, falling 0.7% and 0.4%, respectively. Al Maha Petroleum Products declined 7.0%, while Al Madina Investment Co was down 4.3%.

Bahrain: The BHB Index gained 0.2% to close at 1,283.3. The Commercial Banks index rose 0.4%, while the Services index gained marginally. Khaleeji Commercial Bank rose 5.1%, while National Bank of Bahrain was up 1.3%.

Market Indicators	08 Jul 20	07 Jul 20	%Chg.
Value Traded (QR mn)	591.7	588.0	0.6
Exch. Market Cap. (QR mn)	537,062.8	537,564.1	(0.1)
Volume (mn)	309.3	308.2	0.4
Number of Transactions	9,077	10,835	(16.2)
Companies Traded	46	45	2.2
Market Breadth	13:27	23:19	–

Market Indices	Close	1D%	WTD%	YTD%	TTM P/E
Total Return	17,734.38	(0.2)	0.1	(7.6)	14.5
All Share Index	2,874.72	(0.2)	(0.1)	(7.2)	15.3
Banks	3,983.81	0.0	(1.1)	(5.6)	13.1
Industrials	2,616.09	(1.0)	1.1	(10.8)	20.8
Transportation	2,834.07	1.6	2.4	10.9	13.7
Real Estate	1,559.59	(0.8)	5.1	(0.3)	15.4
Insurance	1,974.30	(0.4)	(0.2)	(27.8)	32.8
Telecoms	886.24	(1.2)	1.3	(1.0)	14.9
Consumer	7,234.31	(0.3)	(0.6)	(16.3)	18.5
Al Rayan Islamic Index	3,705.54	(0.8)	0.5	(6.2)	17.1

GCC Top Gainers##	Exchange	Close#	1D%	Vol. '000	YTD%
Co. for Cooperative Ins.	Saudi Arabia	79.60	7.6	1,368.6	3.8
National Industrialization	Saudi Arabia	10.94	2.8	5,078.7	(20.0)
Savola Group	Saudi Arabia	46.20	2.6	1,666.7	34.5
National Shipping Co.	Saudi Arabia	36.15	2.3	2,652.2	(9.6)
Qatar Gas Transport Co.	Qatar	2.70	1.9	12,387.8	13.0

GCC Top Losers##	Exchange	Close#	1D%	Vol. '000	YTD%
Yanbu National Petro. Co.	Saudi Arabia	51.20	(3.0)	1,045.0	(8.4)
Ominvest	Oman	0.33	(2.9)	27.7	(1.8)
Aldar Properties	Abu Dhabi	1.80	(2.7)	5,559.5	(16.7)
Saudi Arabian Fertilizer	Saudi Arabia	76.10	(2.4)	221.5	(1.8)
Emaar Properties	Dubai	2.74	(1.8)	10,295.3	(31.8)

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

QSE Top Gainers	Close*	1D%	Vol. '000	YTD%
Dlala Brokerage & Inv. Holding Co.	1.54	5.7	5,884.5	152.0
Baladna	1.49	2.6	6,665.0	48.8
Qatar First Bank	1.15	2.1	9,333.7	40.6
Qatar Gas Transport Company Ltd.	2.70	1.9	12,387.8	13.0
Qatar Navigation	6.00	1.5	3,477.3	(1.6)

QSE Top Volume Trades	Close*	1D%	Vol. '000	YTD%
United Development Company	1.21	(3.6)	81,053.4	(20.3)
Doha Bank	2.25	0.7	67,587.9	(11.1)
Ezdan Holding Group	1.34	0.8	19,043.9	117.9
Investment Holding Group	0.51	(2.5)	16,025.6	(10.1)
Qatar Gas Transport Company Ltd.	2.70	1.9	12,387.8	13.0

QSE Top Losers	Close*	1D%	Vol. '000	YTD%
Gulf International Services	1.66	(4.2)	2,882.3	(3.6)
Islamic Holding Group	3.75	(4.0)	2,728.7	97.1
United Development Company	1.21	(3.6)	81,053.4	(20.3)
Salam International Inv. Ltd.	0.43	(3.4)	10,236.8	(17.8)
Qatar Industrial Manufacturing	2.67	(2.8)	61.8	(25.2)

QSE Top Value Trades	Close*	1D%	Val. '000	YTD%
Doha Bank	2.25	0.7	150,381.7	(11.1)
United Development Company	1.21	(3.6)	100,871.4	(20.3)
QNB Group	17.66	0.3	48,841.0	(14.2)
Qatar Gas Transport Co. Ltd.	2.70	1.9	33,413.2	13.0
Ezdan Holding Group	1.34	0.8	25,701.8	117.9

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*	9,224.80	(0.2)	0.1	2.5	(11.5)	161.88	146,779.3	14.5	1.4	4.3
Dubai	2,083.31	(0.7)	1.1	0.9	(24.7)	51.99	80,498.9	6.3	0.7	4.6
Abu Dhabi	4,311.86	(0.7)	0.0	0.6	(15.1)	42.08	133,733.0	13.8	1.3	5.9
Saudi Arabia	7,394.26	(0.1)	1.1	2.4	(11.9)	1,611.30	2,243,720.9	22.3	1.8	3.5
Kuwait	5,139.47	(0.3)	0.3	0.2	(18.2)	72.03	95,278.5	14.9	1.2	3.8
Oman	3,493.59	(0.3)	(0.5)	(0.6)	(12.2)	2.74	15,988.7	9.9	0.8	6.8
Bahrain	1,283.33	0.2	0.7	0.4	(20.3)	2.48	19,411.9	9.6	0.8	5.5

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 0.2% to close at 9,224.8. The Telecoms and Industrials indices led the losses. The index fell on the back of selling pressure from GCC and non-Qatari shareholders despite buying support from Qatari shareholders.
- Gulf International Services and Islamic Holding Group were the top losers, falling 4.2% and 4.0%, respectively. Among the top gainers, Dlala Brokerage & Investment Holding Company gained 5.7%, while Baladna was up 2.6%.
- Volume of shares traded on Wednesday rose by 0.4% to 309.3mn from 308.2mn on Tuesday. Further, as compared to the 30-day moving average of 252.1mn, volume for the day was 22.7% higher. United Development Company and Doha Bank were the most active stocks, contributing 26.2% and 21.9% to the total volume, respectively.

Overall Activity	Buy %*	Sell %*	Net (QR)
Qatari Individuals	31.57%	27.53%	23,902,527.63
Qatari Institutions	44.30%	48.00%	(21,912,910.70)
Qatari	**75.87%**	**75.53%**	**1,989,616.93**
GCC Individuals	0.82%	0.83%	(47,048.50)
GCC Institutions	1.44%	1.47%	(171,393.88)
GCC	**2.26%**	**2.30%**	**(218,442.38)**
Non-Qatari Individuals	12.34%	10.45%	11,163,033.52
Non-Qatari Institutions	9.54%	11.73%	(12,934,208.06)
Non-Qatari	**21.88%**	**22.18%**	**(1,771,174.55)**

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

Earnings Releases, Global Economic Data and Earnings Calendar

Earnings Releases

Company	Market	Currency	Revenue (mn) 2Q2020	% Change YoY	Operating Profit (mn) 2Q2020	% Change YoY	Net Profit (mn) 2Q2020	% Change YoY
Packaging Co. Ltd.	Oman	OMR	4.6	-7.8%	–	–	0.4	237.9%

Source: Company data, DFM, ADX, MSM, TASI, BHB.

Global Economic Data

Date	Market	Source	Indicator	Period	Actual	Consensus	Previous
07/08	US	Mortgage Bankers Association	MBA Mortgage Applications	03-Jul	2.20%	–	-1.80%

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 2Q2020 results	No. of days remaining	Status
QNBK	QNB Group	12-Jul-20	3	Due
MARK	Masraf Al Rayan	13-Jul-20	4	Due
QFLS	Qatar Fuel Company	15-Jul-20	6	Due
QIBK	Qatar Islamic Bank	15-Jul-20	6	Due
QGTS	Qatar Gas Transport Company Limited (Nakilat)	15-Jul-20	6	Due
IHGS	Islamic Holding Group	16-Jul-20	7	Due
QEWS	Qatar Electricity & Water Company	19-Jul-20	10	Due
ABQK	Ahli Bank	20-Jul-20	11	Due
GWCS	Gulf Warehousing Company	21-Jul-20	12	Due
QIGD	Qatari Investors Group	21-Jul-20	12	Due
QNCD	Qatar National Cement Company	22-Jul-20	13	Due
QIIK	Qatar International Islamic Bank	22-Jul-20	13	Due
KCBK	Al Khalij Commercial Bank	23-Jul-20	14	Due
CBQK	The Commercial Bank	23-Jul-20	14	Due
QAMC	Qatar Aluminum Manufacturing Company	23-Jul-20	14	Due
WDAM	Widam Food Company	23-Jul-20	14	Due
NLCS	Alijarah Holding	23-Jul-20	14	Due
QIMD	Qatar Industrial Manufacturing Company	27-Jul-20	18	Due
IQCD	Industries Qatar	27-Jul-20	18	Due
DHBK	Doha Bank	27-Jul-20	18	Due
QISI	Qatar Islamic Insurance Group	28-Jul-20	19	Due
ORDS	Ooredoo	28-Jul-20	19	Due
GISS	Gulf International Services	12-Aug-20	34	Due
MPHC	Mesaieed Petrochemical Holding Company	13-Aug-20	35	Due

Source: QSE

News

Qatar

- **KCBK to disclose 2Q2020 financials on July 23 –** Al Khalij Commercial Bank (KCBK) will disclose the financial reports for the period ending June 30, 2020 on July 23, 2020. The conference call with the Investors to discuss the financial results for 2Q2020, will be held on July 27, 2020 at 12:00 pm. (QSE)
- **CBQK to disclose 2Q2020 financials on July 23 –** The Commercial Bank (CBQK) will disclose the financial reports for the period ending June 30, 2020 on July 23, 2020. The conference call with the Investors to discuss the financial results for 2Q2020, will be held on July 27, 2020 at 1:00 pm. (QSE)
- **QIMD to disclose 2Q2020 financials on July 27 –** Qatar Industrial Manufacturing Company (QIMD) will disclose the financial reports for the period ending June 30, 2020 on July 27, 2020. (QSE)
- **QEWS to hold investor relations conference call on July 21 –** Qatar Electricity & Water Company (QEWS) will hold the conference call with the Investors to discuss the financial results for 2Q2020 will be held on July 21, 2020 at 1:00 pm, Doha Time. (QSE)
- **Nakilat transitions LNG Bu Samra to in-house management –** Qatar Gas Transport Company Limited (Nakilat) has assumed full ship management and operations of Q-Max LNG carrier Bu Samra from Shell International Trading and Shipping Company Limited (Shell) with effect from July 8, 2020, as part of the second phase of its planned fleet management transition program. With a cargo carrying capacity of 266,000 cubic meters, Bu Samra is wholly owned by Nakilat and chartered by Qatargas. The vessel was built in South Korea by Samsung Heavy Industries, delivered in December 2008 and has been in service ever since. Bu Samra is the third vessel that will come under the management of Nakilat Shipping Qatar Ltd. (NSQL) this year, bringing the total number of vessels managed by NSQL to 22, comprising of 18 LNG and 4 LPG carriers. (QSE)
- **Ooredoo, Batelco join hands to launch 'Global Zone' in Kuwait –** Ooredoo Telecom, the first to introduce innovative digital services in Kuwait, and Batelco have announced the establishment of "Global Zone Kuwait", which will offer an ecosystem platform to further support the enablement of digital transformation in the region. In line with Batelco's strategic agenda to cater to the ever-growing regional data demands, Batelco has selected Ooredoo as a strategic partner to enable the rollout of Global Zone's regional expansion and support the growing regional ICT and connectivity needs. As a result of further growing Global Zone and expanding into new markets, a seamless data center interconnection is created and entirely powered by FASTtelco, the leading internet service provider (ISP) in Kuwait; acquired by Ooredoo in 2016. Featuring state-of-the-art high density designed systems, Global Zone Kuwait is being developed rapidly and supported by a superhighway network infrastructure. This entails Batelco's wholly owned terrestrial cable system, Batelco Gulf Network (BGN), ensuring both cost effective solutions to the end customers and superior performance. Through Batelco and Ooredoo Kuwait's longstanding partnership, the two entities will be able to further strengthen their ties and help their customers and partners to reach new markets, while eliminating the complexity of getting connected to other players. Global Zone, a carrier-neutral data center, which was launched in 2019, has a rich digital business solutions portfolio including Manama-IX, a carrier-neutral internet exchange, Cloud Connect solutions, and IPT solutions, which will also be available in Global Zone Kuwait, where Ooredoo Kuwait/FASTtelco and Batelco's partners can avail of these solutions for their business needs. (Gulf-Times.com)
- **All commercial activities to resume on weekends –** As part of the plan to gradually lift the COVID-19 restrictions, the Cabinet decided to revoke its decision to close shops and suspend all commercial activities on Fridays and Saturdays. The decision will come into effect from today. The Cabinet has also affirmed continuation of the precautionary measures taken to combat COVID-19 epidemic after it heard a presentation by HE the Minister of Public Health on the latest developments to contain the virus. The Cabinet approved a draft decision from the Minister of Administrative Development, Labor, and Social Affairs on determining the ratio of Qatari employees to non-Qatari employees in the private sector. The draft decision comes as part of implementation of the provision of the Labor Law no 14 of 2004. The draft decision aims to raise the percentage of Qataris working in state-owned companies, or where the state is an investor amounting to 60%. The decision includes other authorities that are subject to the retirement and pension law. The draft decision also aims to raise the percentage of Qataris in human resources to 80% in these authorities. (Qatar Tribune)
- **Hassad acquires 25% stake in Canadian firm Sunrise Foods International –** Hassad has successfully closed the acquisition of significant minority shareholding in Sunrise Foods International with a 25% equity stake. The transaction was completed after both the parties fulfilled all the requirements under the share purchase agreement, Hassad announced on Wednesday. Hassad's CEO, Mohamed Al-Sadah stated, "It is our pleasure to announce the successful closure of the Sunrise Foods International acquisition." Al-Sadah confirmed that this transaction is in line with the company's investment strategy, and contributes in achieving food security for the State of Qatar. Hassad's CEO further explained that the demand for organic products in the global markets continues to grow, and he emphasized that Hassad will benefit significantly over the coming years from this investment, on both the commercial and strategic sides. Sunrise Foods, the world's largest supplier of organic grains and oilseeds is based in Canada. It markets its products in the US as well as to European markets. The company has facilities in the US, Canada and Turkey, and its business spans from the Black Sea Region across Europe to North America. (Gulf-Times.com)
- **Qatar consumer prices drop on government initiatives to regulate costs –** The government's initiatives to regulate prices during Ramadan yielded positive results with Qatar witnessing a general drop in the consumer prices — particularly in the price of food and beverages, according to the Ministry of Commerce and Industry (MOCI) report. The consumer price index (CPI)

clearly demonstrated that consumer goods prices trended downward since March and declined further during Ramadan, the report said. The regulation of prices was taken in a bid to bolster the purchasing power of citizens and residents, and to alleviate the financial burden resulting from the unjustified hike in the price of various commodities, especially basic consumer goods. The CPI covered 12 major categories, including food and beverages, which represent of the most important categories in the report, and account for 13.45% of total family spending. The category covers various food products, including Ramadan commodities, and constitutes 13% of a total basket — the equivalent of 557 products. The report noted that the drop in the price of basic food products was evident in May, which coincided with most of the days of Ramadan. The meat CPI decreased from 105.65 in March to 101.97 in May, while the fish and seafood CPI fell from 85.89 in March 2020 to 75.76 in May. Meanwhile, the fruit price index fell from 100.86 in April to 100.75 in May, while the vegetable index fell from 99.93 in March to 97.12 in May. The CPI for cereals declined from 101.44 in March to 96.92 in May, while the CPI for the milk, cheese and eggs group decreased from 101.72 in March to 95.64 in May. Additionally, the price index for spices, salt and marinades decreased from 101.74 in March to 100.36 in May 2020. The joint community initiative between malls and suppliers contributed significantly to the decline in food and consumer prices referred to in the CPI index for June. The initiatives launched by MOCI during Ramadan fell in-line with its efforts to maintain efficient markets and to balance supply and demand, resulting in the provision of products at appropriate prices for producers, suppliers and consumers. (Gulf-Times.com)

International

- **Reis: US office, apartment vacancy rates rise marginally in second quarter –** US office and apartment vacancy rates rose marginally in the second quarter from a year earlier, as property owners were yet to feel the full impact of the COVID-19 pandemic, according to real estate research firm Reis Inc. The US office vacancy rate rose to 17.1% in the second quarter from 16.8%, a year earlier, while the US apartment vacancy rate inched up to 4.8% from 4.6%. Reis said the forced work-from-home option driven by the pandemic has prompted many office planners to reconsider future needs which will impact the office market for years. "Demand for apartments could hold steady in most metros as the housing sales market will likely bear the brunt of the downturn that the pandemic has incurred," according to the report. In May, US home sales dropped to their lowest level in more than 9-1/2 years strengthening expectations for a sharp contraction in housing market activity in the second quarter. Reis said that in the apartment market, the national average asking rent and effective rent rose 1.6% and 1.7% respectively, from a year ago. (Reuters)
- **UK's Sunak pledges 30bn Pounds to stem unemployment crisis –** Britain's Finance Minister promised an additional 30bn Pounds ($38bn) to head off an unemployment crisis on Wednesday, funneling money to employers, homebuyers and beleaguered hospitality firms to drive a recovery. Rishi Sunak, who was already on course to take state borrowing to World War Two levels with 133bn Pounds of initial coronavirus emergency measures, said he would return the public finances to a sustainable footing over the medium term. But the former Goldman Sachs analyst promised to press on with using the power of the state to shore up the economy, which has forced his Conservative Party to suspend its traditional pro-market instincts. "I want every person in this House and in the country to know that I will never accept unemployment as an unavoidable outcome," Sunak told parliament on Wednesday. The world's sixth-biggest economy shrank by 25% in March and April and could be heading for its biggest fall in 300 years in 2020, with the unemployment rate on course to more than double to about 10%, according to official projections. Under a new bonus plan, employers will be paid 1,000 Pounds ($1,256) after the furlough scheme expires at the end of October for every worker who returns to their job, provided they are kept on through to the end of January. With more than 9mn jobs covered by the scheme, the cost of the bonuses could be as much as 9.4bn pounds. To help hospitality and tourism, hampered by social distancing rules, Sunak announced a cut in value-added tax for the sector to 5% from 20% for six months. People eating out in August between Monday and Wednesday will receive a 50% discount of up to 10 pounds each, paid for by the government. (Reuters)
- **Sunak targets youth unemployment with £2bn scheme –** British finance minister Rishi Sunak will on Wednesday announce a new scheme to stave off youth unemployment as he attempts to revitalize the economy following its COVID lockdown. The 2bn Pound Kickstart Scheme will enable employers to hire unemployed young people aged 16-24, using government funds to pay them the national minimum wage for 25 hours a week. "Young people bear the brunt of most economic crises, but they are at particular risk this time because they work in the sectors disproportionately hit by the pandemic," Sunak said in a statement. "We also know that youth unemployment has a long-term impact on jobs and wages and we don't want to see that happen to this generation." The Resolution Foundation estimated the program could help up to 300,000 young people into work. Sunak will also announce a 111mn pound plan to boost traineeships when he delivers his update to parliament on measures to boost the economy. Britain's economy looks set to shrink by more than 10% this year, the International Monetary Fund predicted in June, worse than the US and Germany, although a less severe contraction than in some other European countries. (Reuters)
- **ONS: UK job ads show lowest ebb for labor demand came in May –** Demand for labor in Britain may have hit its low point in May before recovering slightly in June, based on a study of online job advertisements, Britain's Office for National Statistics said on Wednesday. "Experimental online job adverts data imply the worst impact of the pandemic on labor demand was experienced in May, and some sectors increased hiring in June," the ONS said, after looking at data from online jobs portal Adzuna. May marked the first easing of the coronavirus virus lockdown restrictions and more businesses reopened in June, which the ONS said contributed to an increase of hiring activities in some sectors. Demand for retail and catering workers picked up modestly in June after collapsing in April and May, while appetite for healthcare workers - who have been in strong demand throughout - showed little change. Still, the

overall index of job vacancies remained well below its pre-COVID levels as of late June, the ONS data showed. Earlier on Wednesday the Recruitment and Employment Confederation (REC) industry body warned that a "jobs crisis" is underway as its monthly survey showed the collapse in Britain's labor market eased only slightly last month. (Reuters)

- **Merkel wants swift EU deal on COVID economic recovery to grow unity –** German Chancellor Angela Merkel on Wednesday called for a swift agreement on the European Union's (EU) mass economic stimulus to advance unity that would strengthen the bloc as it recovers from the coronavirus crisis. Speaking to European lawmakers in Brussels as Germany assumed the EU presidency until the end of the year, Merkel called the pandemic the biggest challenge ever for the EU, where the euro zone economy is set to shed a record 8.7% this year. "We all know that my visit today is taking place against the background of the biggest trial the European Union has faced in its history," she said on her first foreign trip since coronavirus struck in Europe. "Europe will emerge from the crisis stronger than ever if we strengthen cohesion and solidarity," she added as parliamentarians - all wearing face masks - sat separated by empty seats. Merkel underlined the need for solidarity across the 27-nation EU, which has been tested in recent months as governments acted alone to secure medical kit or tighten their borders. She said the depth of economic crisis caused by the pandemic meant that member states would need to compromise to sign off on a joint recovery fund. "We want to reach an agreement swiftly, we have seen a great economic upheaval and we cannot waste any time," she said. "I hope we will reach an agreement before the summer recess." Fiscally conservative and wealthy northern countries have so far failed to agree with the high-debt southern states hardest hit by the pandemic over the proposed 750bn Euro ($847bn) fund that would be tied to the next joint budget worth another 1.1tn Euros in 2021-27. EU leaders will try to narrow their differences at face-to-face talks in Brussels on July 17-18 but their chairman, Charles Michel, said separately on Wednesday there was still "a lot of work to do" to get a deal. Merkel said her priorities also included shoring up fundamental rights that the health emergency has threatened. (Reuters)
- **Brussels approves Germany's coronavirus crisis fund –** The European Commission has given its approval for Germany's proposed Economic Stabilization Fund, Berlin's Economy and Finance ministries said on Wednesday. In a statement, they said that the European Commission had approved the key framework for the fund, meaning that recapitalization measures of up to 250mn Euros ($282mn) and capital guarantees do not need to be individually approved by the EU civil service. With capital of up to 600bn Euros, the stabilization fund is intended to offset the coronavirus epidemic's long-term impact on Europe's largest economy. (Reuters)
- **DIHK: German exports to fall by 15% in 2020 –** German exports will drop by 15% this year and will only recover slightly in 2021, Germany's DIHK chambers of commerce said on Wednesday. Exports will rise by a single-digit percentage next year, by 7% if the situation improves significantly, DIHK foreign trade head Volker Treier said. "We will only experience disappointments in the next few months," Treier said. (Reuters)
- **German economy likely to grow again from October or November –** Europe's largest economy will likely start to grow again from October or November, German Economy Minister Peter Altmaier said on Wednesday. The German economy has been battered by the coronavirus crisis, with economic output contracting by 2.2% in the first quarter, its steepest rate since 2009. The government expects the economy to shrink by 6.3% this year, its worst recession since World War Two. (Reuters)
- **Japan's draft policy roadmap prioritizes digitalization, omits budget-balance mention –** Japan will prioritize efforts to digitalize its economy and better cope with the fallout from the coronavirus pandemic, the government said in a draft policy framework that left open how the huge cost of combating the crisis would be funded. The draft was presented at the Council on Economic and Fiscal Policy (CEFP), the government's top economic panel, on Wednesday. In more normal times, the policy focus would be on measures to rein in Japan's huge public debt. Instead, the government pledged to speed up digitalization of its outdated administration, which has hampered the swift delivery of payouts to households and firms hit by the virus. "We'll strongly promote the digitalization of our country's society as a whole," the draft document said. The draft left out any explicit mention of the government's target to achieve a primary budget surplus by fiscal 2025, a key move suggesting Tokyo is backing away from its commitment to rein in the country's ballooning public debt. The pandemic has forced Japan to compile two massive spending packages to cushion the economic blow, straining its already tattered finances and casting doubt on its ability to keep its fiscal house in order. (Reuters)
- **Japan's service sector mood jumps in June as lockdowns ease –** Japan's service sector sentiment jumped at a record pace in June as businesses re-opened after lockdown measures were lifted in late May, data showed on Wednesday, offering hope that the economy's coronavirus-induced slump has bottomed out. But a recent rise in new infections in Tokyo is clouding the outlook, leaving few analysts predicting a V-shaped recovery. "Japan's economy will hopefully pick up as business re-opens and the effect of government stimulus measures appears," said Takeshi Okuwaki, economist at Dai-ichi Life Research Institute. "But it will take some time for economic activity to return to pre-pandemic levels. The outlook remains severe," he said. A government survey of workers such as taxi drivers, hotel workers and restaurant staff - called "economy watchers" for their proximity to consumer and retail trends - showed their confidence about current economic conditions jumped a record 23.3 points to 38.8 in June from the previous month. The index improved for the second straight month after hitting a record low of 7.9 points in April. But it remained well below the boom-or-bust threshold of 50, indicating more respondents think conditions are worsening rather than improving. The outlook index, which indicates the level of confidence in future conditions, rose 7.5 points to 44.0 in June from May. (Reuters)
- **Japan's machinery orders tick up but factory demand patchy –** Japan's machinery orders unexpectedly rose in May, offering policymakers some comfort capital expenditure has held up despite the hit to corporate profits from the coronavirus pandemic. However, the increase in headline orders was due to

demand from the services sector, masking a plunge in external and manufacturing orders, clouding the outlook for Japan's export-reliant economy. "The gain is likely to be one-off given weak demand from sectors like automobile, capital goods and general-purpose machinery, which hold the key to capital spending," said Takeshi Minami, chief economist at Norinchukin Research Institute. "Japan's economy may have hit the bottom in May. But capital expenditure likely won't turn for the better as weak demand and the risk of a second wave of infection discourage manufacturers from boosting non-urgent spending." Core orders, a highly volatile data series regarded as a leading indicator of capital spending, rose 1.7% in May after a 12.0% slump in April, the fastest drop since 2018. The increase confounded a 5.4% drop projected by analysts. A 15.5% drop in manufacturers' orders was offset by a 17.7% increase in orders by non-manufacturers, the Cabinet Office data showed on Thursday. Overseas orders sank 18.5% from May to the lowest level since 2010, a sign the pandemic was hurting global demand. (Reuters)

- **China's producer prices extend declines amid sluggish demand –** China's factory gate prices fell for the fifth consecutive month in June but at a slower-than-expected pace, with persistent deflation in the industrial sector highlighting the lasting economic impact of the coronavirus pandemic. The producer price index (PPI) in June fell 3.0% from a year earlier, China's National Bureau of Statistics (NBS) said in a statement on Thursday, compared with a 3.2% fall tipped by a Reuters poll of analysts and a 3.7% decline in May. However, in a sign of modest improvement in the manufacturing sector, PPI rose 0.4% from the previous month, turning around from a 0.4% decline in May. Chinese officials have said the economy is recovering from the sharp contraction in the January-March quarter when the coronavirus outbreak in the mainland reached its peak and crippled large parts of the economy. The consumer price index rose 2.5% from a year earlier, statistics bureau data also showed, in line with a 2.5% rise tipped by a Reuters poll and slightly faster from 2.4% growth in May. (Reuters)
- **Chinese factories to face headwinds in next phase of post-lockdown recovery –** Orders for infrastructure materials and equipment have helped industrial output recover faster in China than most places emerging from COVID-19 lockdowns, but further expansion will be hard to attain without stronger broad-based demand and exports. Prices of copper and steel have surged and share prices for Chinese blue chips struck five-year highs, as state-funded infrastructure projects drove up production of cement, steel and non-ferrous metals. Railway investment, for example, soared 11.4% in April-June from a year earlier versus a 21% drop in the first quarter. Industries also gained from pent-up demand for autos and electronics. The property sector, a pillar of growth, also showed signs of rebounding, with real estate investment expanding and sales quickening. China's factory-gate prices, still in deflation territory this year, may have turned positive on a monthly basis in June, said Yating Xu, senior economist at IHS Markit, in a sign of recovering demand for manufactured goods. The optimism also led investment bank ING to forecast no more policy interest rate cuts from the central bank for the rest of the year. (Reuters)
- **Brazil retail sales rose at record pace in May, suggesting economic rebound likely –** Brazilian retail sales jumped at record pace in May, official figures showed on Wednesday, suggesting the economy could be on a recovery path as authorities gradually lift social isolation measures taken to curb the spread of the novel coronavirus. Sales excluding autos and building materials in Brazil climbed 13.9% in May from April, statistics agency IBGE said, ending a two-month retraction that started in March, when lockdown and quarantine rules were put in place. It was the fastest pace of growth since the beginning of the historical series in January 2000, and also higher than the 6% monthly rise forecast in a Reuters poll of economists. On an annual basis, sales fell 7.2% in May, better than the 12.1% drop forecast in the Reuters poll. All categories showed significant expansion in May, with fabrics, clothing and footwear emerging as the most positive highlight after a 100.6% sales rise compared with April, according to IBGE. Furniture and home appliances sales rose 47.5%, while other personal and domestic goods soared 45.2% on a monthly basis, the survey showed. Supermarket, food, drink and tobacco sales grew 7.1%, and pharmacy, medical and cosmetics sales climbed 10.3% in May from the previous month, IBGE said. (Reuters)

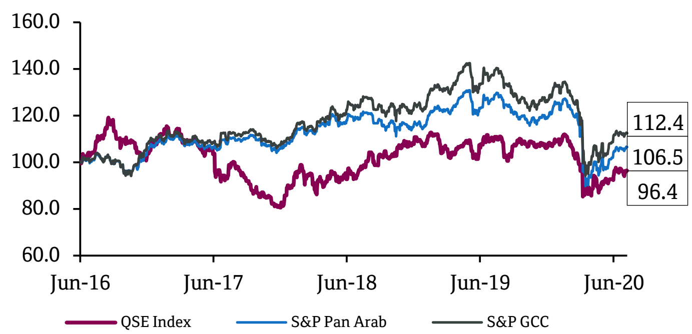
Regional

- **Alvarez & Marsal's: Saudi banks witnessed improving profitability in Q1 2020 –** Profitability at Saudi Arabia's top banks improved during the first quarter of the year. However, the sector will face challenges due to COVID-19 headwinds, a recent report showed. Alvarez & Marsal's (A&M) first edition of the KSA Banking Pulse stated that Saudi banks' return on equity (RoE) rose to 12.5% in 1Q2020 from 11.1% in 4Q2019. Increased operating efficiency and lower provisioning helped offset the effect of lower operating income. Total operating income dropped 1.6% QoQ as net interest income fell 3.9%. Non-interest income grew however by 7% in the period as certain banks reported strong trading income in 1Q2020, while provisioning decreased 21.8% QoQ according to the report. The report examined data for the 10 largest listed banks in the Kingdom, comparing 1Q2020 against 4Q2019. Despite the COVID-19 pandemic, loans and advances (L&A) grew by 4.9% QoQ while deposits rose 1.5% for the same period, while net loans to deposit ratio rose to 86% from 83.2%. A&M Managing Director, Asad Ahmed noted however that the sector is likely to face a challenging environment due to COVID 19 headwinds. "With oil prices dropping, austerity measures from the government are likely to delay major projects and impact demand in the economy. Thus, we expect loan growth to remain limited, while low interest rate regime coupled with a possible increase in provisioning will impact profitability," Ahmed said. Aggregate net interest margin (NIM) fell by 25bps to 3.2% in 1Q2020 weighed down by lower interest rates. Cost-to-income ratio (C/I) dropped to 35.1% in 1Q2020 compared to 37.4% in 4Q2019. "In the medium to long term, banks are likely to focus more on rationalizing their costs to hedge against the uncertain conditions," Ahmed said. (Zawya)
- **FGE: Saudi Aramco delays Ras Tanura refinery maintenance to August –** Saudi Aramco is delaying the start of planned maintenance and upgrades at its 550k bpd Ras Tanura refinery until August, according to energy industry consultancy FGE.

Maintenance to take place during all of August and for about 10 days in September. (Bloomberg)

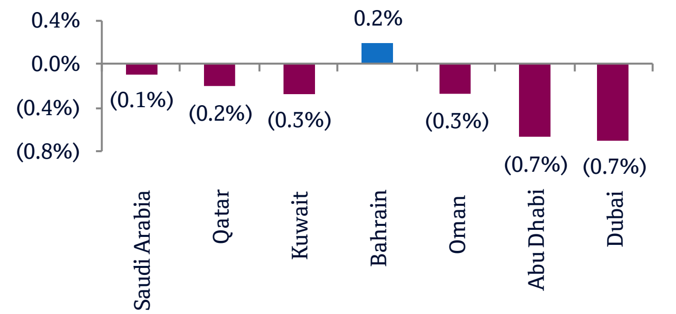
- **Saudi Arabia completes first phase of state mills privatization –** Saudi Arabia said that it had completed the first batch of its flour milling sector privatization, according to a statement by the state grain buyer and privatization center. The long-awaited flour mills sale was one of the first privatizations the Kingdom planned as part of a wide-reaching overhaul of its economy. The first milling company was awarded to Raha AlSafi consortium at SR2.027bn while the third mill went to Alrajhi-Ghurair-Masafi consortium for SR750mn, a statement by the National Center for Privatization and PPP (NCP) and the Saudi Grains Organization (SAGO) said. The final financial bids were submitted on Sunday. The privatization process had attracted interest from some of the world's largest agribusiness companies, including Archer Daniels Midland Co and Bunge Ltd and was seen as a litmus test for other large state asset sales to follow. The grain mills on sale come under the Kingdom's monopoly state grain buyer SAGO, one of the world's largest wheat and barley importers. The qualification phase for the second and final stage of the privatization of the flour milling sector will launch shortly and include the sale of the second and fourth milling companies, according to the statement. The lengthy process which started in 2016 has discouraged some potential bidders, according to grain industry sources. HSBC is acting as the sole financial advisor for the process. (Reuters)
- **Saudi Ground Services signs SR500mn Murabaha with Saudi British Bank –** The Saudi Ground Services Company (SGS) has signed a SR500mn Murabaha financing agreement with the Saudi British Bank. The credit facility duration is 30 months and the purpose of the loan is to support cash liquidity to cover the working capital required for operational operations, the Kingdom's aviation ground handling services company said in a statement on Tadawul. "The loan would provide the required agility to reduce the impact of the pandemic on funding the working capital requirements while continuing with the strategic initiatives to grow the company and elevate the services," the statement said. (Zawya)
- **Dubai to open $3bn rail line as city gets back to business –** Dubai plans to open a $3bn extension to its metro rail network in September as the Emirate pushes ahead with projects even after a key event to attract millions of visitors was delayed by a year. "Route 2020 opens to the public this September and will serve 270,000 people," Dubai's media office said. Dubai's World Expo 2020 was delayed due to the coronavirus pandemic. The government and the private sector had spent billions of dollars building hotels and facilities in expectation of visitors from around the world to the Middle East business hub. The emirate, which started easing restrictions in the past months after locking down the city to prevent the spread of coronavirus, allowed holiday makers to resume flying into Dubai from Tuesday. There will be an "aggressive" bounce back in tourism by the year end, Director General of Dubai's Department of Tourism and Commerce Marketing, Helal Al Marri told Bloomberg TV. (Bloomberg)
- **Kuwaiti reserves up 14.4% in May –** Kuwait's foreign reserves increased by 14.41% during May, according to recent data by the Central Bank of Kuwait (CBK). Reserve assets amounted to KD13.67bn by the end of May 2020, compared with KD11.95bn in May 2019. On a monthly basis, the Kuwaiti reserve grew by 7.39%, compared with its level in April at KD12.73bn. Total currency deposits increased by 14.79% YoY to KD12.875bn, while special withdrawal rights inched up by 0.21% to KD564.4mn. In addition, the Kuwaiti reserve position at the International Monetary Fund (IMF) hiked by 43.37% to KD202.6mn. The book value for gold reserves stood at KD31.7mn. (Zawya)
- **Kuwait Investment discloses 5.18% passive stake in BlackRock –** Kuwait Investment has disclosed 5.18% passive stake in BlackRock. Kuwait Investment disclosed the stake details on behalf of Government of the State of Kuwait. (Bloomberg)
- **Zain Iraq unit's license extended by eight years –** Zain Iraq unit's license has been extended by eight years. The license will be extended till the end of August 30, 2030, the Kuwait-based telecom operator said. The Iraq unit will launch 4G by early next year. It sees a positive impact. (Bloomberg)
- **Bahrain's 1Q2020 real GDP falls 1.1% YoY –** Information & eGovernment Authority in Manama which showed that Bahrain's 1Q2020 real GDP falls 1.1% YoY. The GDP came in at BHD3,133mn in 1Q2020 compared to BHD3,169mn in the same quarter a year ago. Crude petroleum and natural gas came in at BHD538mn compared to BHD528mn, manufacturing at BHD465mn compared to BHD444mn, construction at BHD236mn compared to BHD235mn, financial services at BHD522mn compared to BHD531mn. (Bloomberg)

Rebased Performance



Source: Bloomberg

Daily Index Performance



Source: Bloomberg

Asset/Currency Performance	Close ($)	1D%	WTD%	YTD%
Gold/Ounce	1,808.89	0.8	1.9	19.2
Silver/Ounce	18.72	2.5	3.9	4.9
Crude Oil (Brent)/Barrel (FM Future)	43.29	0.5	1.1	(34.4)
Crude Oil (WTI)/Barrel (FM Future)	40.90	0.7	0.6	(33.0)
Natural Gas (Henry Hub)/MMBtu	1.78	4.1	10.5	(14.8)
LPG Propane (Arab Gulf)/Ton	49.25	0.5	5.6	19.4
LPG Butane (Arab Gulf)/Ton	49.88	3.9	8.4	(23.9)
Euro	1.13	0.5	0.7	1.0
Yen	107.26	(0.2)	(0.2)	(1.2)
GBP	1.26	0.5	1.0	(4.9)
CHF	1.07	0.4	0.8	3.1
AUD	0.70	0.5	0.6	(0.6)
USD Index	96.43	(0.5)	(0.8)	0.0
RUB	71.17	(0.5)	(0.4)	14.8
BRL	0.19	0.8	(0.5)	(24.7)

Source: Bloomberg

Global Indices Performance	Close	1D%*	WTD%*	YTD%*
MSCI World Index	2,252.64	0.4	1.2	(4.5)
DJ Industrial	26,067.28	0.7	0.9	(8.7)
S&P 500	3,169.94	0.8	1.3	(1.9)
NASDAQ 100	10,492.50	1.4	2.8	16.9
STOXX 600	366.48	(0.3)	1.1	(11.0)
DAX	12,494.81	(0.6)	0.6	(4.6)
FTSE 100	6,156.16	(0.2)	1.1	(22.4)
CAC 40	4,981.13	(0.8)	0.3	(15.9)
Nikkei	22,438.65	(0.6)	0.8	(3.7)
MSCI EM	1,070.14	1.7	3.6	(4.0)
SHANGHAI SE Composite	3,403.44	1.9	8.9	10.9
HANG SENG	26,129.18	0.6	3.0	(6.8)
BSE SENSEX	36,329.01	(1.0)	0.5	(16.3)
Bovespa	99,769.90	2.3	2.8	(35.2)
RTS	1,245.54	(0.2)	0.8	(19.6)

Source: Bloomberg (*$ adjusted returns)

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