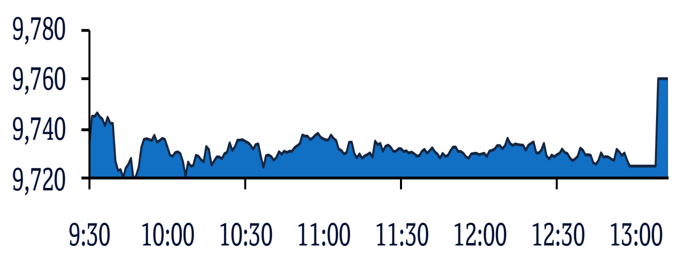
Daily Market Report

Wednesday, 09 September 2020

QSE Intra-Day Movement



Qatar Commentary

The QE Index rose 0.4% to close at 9,760.7. Gains were led by the Real Estate and Consumer Goods & Services indices, gaining 0.8% each. Top gainers were Salam International Investment Limited and Qatar Industrial Manufacturing Company, rising 3.3% and 2.9%, respectively. Among the top losers, Ahli Bank fell 3.3%, while Mannai Corporation was down 1.6%.

GCC Commentary

Saudi Arabia: The TASI Index gained 0.5% to close at 8,089.5. Gains were led by the Real Estate and Capital Goods indices, rising 2.8% and 1.8%, respectively. Al Kathiri Holding Company and Ash-Sharqiyah Development Company were up 10.0% each.

Dubai: The DFM Index gained 0.7% to close at 2,288.0. The Insurance index rose 1.6%, while the Telecommunication index gained 1.5%. Dubai Islamic Insurance and Reinsurance Company and Dar Al Takaful were up 14.9% each.

Abu Dhabi: The ADX General Index gained 0.3% to close at 4,519.6. The Real Estate index rose 0.5%, while the Telecommunication index gained 0.4%. Abu Dhabi National Takaful Co. rose 15.0%, while Gulf Cement Co. was up 9.5%.

Kuwait: The Kuwait All Share Index gained 0.1% to close at 5,297.5. The Technology index rose 5.0%, while the Oil & Gas index gained 1.8%. Salbookh Trading Company rose 12.1%, while KGL Logistics Company was up 10.8%.

Oman: The MSM 30 Index fell 0.1% to close at 3,701.2. Losses were led by the Financial and Industrial indices, falling 0.3% and 0.1%, respectively. Oman Fisheries Company declined 4.4%, while Muscat Finance was down 3.8%.

Bahrain: The BHB Index fell 0.2% to close at 1,402.3. The Commercial Banks index declined 0.3%, while the Services index fell 0.1%. Esterad Investment Company declined 9.7%, while Ithmaar Holding was down 5.0%.

Market Indicators	08 Sep 20	07 Sep 20	%Chg.
Value Traded (QR mn)	364.2	383.9	(5.1)
Exch. Market Cap. (QR mn)	569,565.8	568,720.0	0.1
Volume (mn)	212.6	225.2	(5.6)
Number of Transactions	7,458	9,899	(24.7)
Companies Traded	47	46	2.2
Market Breadth	27:16	21:19	–

Market Indices	Close	1D%	WTD%	YTD%	TTM P/E
Total Return	18,764.58	0.4	(0.8)	(2.2)	15.9
All Share Index	3,020.48	0.3	(0.8)	(2.5)	16.7
Banks	4,060.54	0.1	(1.0)	(3.8)	13.6
Industrials	2,977.12	0.4	(0.7)	1.5	25.9
Transportation	2,798.51	0.3	(0.4)	9.5	13.3
Real Estate	1,730.37	0.8	0.1	10.6	14.2
Insurance	2,107.98	(0.1)	(0.5)	(22.9)	32.8
Telecoms	891.34	0.2	(0.4)	(0.4)	15.0
Consumer	7,985.82	0.8	(1.3)	(7.6)	25.1
Al Rayan Islamic Index	4,048.22	0.6	(0.7)	2.5	18.9

GCC Top Gainers##	Exchange	Close#	1D%	Vol. '000	YTD%
Jabal Omar Dev. Co.	Saudi Arabia	35.80	6.9	16,084.4	31.9
Advanced Petrochem. Co.	Saudi Arabia	59.60	4.0	709.1	20.6
Emaar Malls	Dubai	1.43	2.9	5,521.6	(21.9)
Arabian Centres Co Ltd	Saudi Arabia	27.30	2.6	2,745.4	(6.3)
Co. for Cooperative Ins.	Saudi Arabia	82.30	2.6	1,229.1	7.3

GCC Top Losers##	Exchange	Close#	1D%	Vol. '000	YTD%
Kingdom Holding Co.	Saudi Arabia	7.81	(2.4)	2,493.5	3.4
National Bank of Oman	Oman	0.18	(2.2)	244.1	(4.9)
Rabigh Refining & Petro.	Saudi Arabia	13.90	(2.1)	5,361.5	(35.8)
Emaar Economic City	Saudi Arabia	10.02	(1.6)	5,195.0	4.9
Saudi Kayan Petrochem.	Saudi Arabia	9.19	(1.3)	10,515.3	(17.2)

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

QSE Top Gainers	Close*	1D%	Vol. '000	YTD%
Salam International Inv. Ltd.	0.63	3.3	16,209.4	22.2
Qatar Industrial Manufacturing Co	3.10	2.9	34.7	(13.2)
Qatar Electricity & Water Co.	17.32	2.5	170.1	7.6
Investment Holding Group	0.63	2.5	69,706.3	10.8
Barwa Real Estate Company	3.48	2.4	9,528.1	(1.7)

QSE Top Volume Trades	Close*	1D%	Vol. '000	YTD%
Investment Holding Group	0.63	2.5	69,706.3	10.8
Salam International Inv. Ltd.	0.63	3.3	16,209.4	22.2
Ezdan Holding Group	1.57	(0.3)	14,044.2	155.4
Vodafone Qatar	1.26	0.4	13,347.1	8.2
Qatari German Co for Med. Devices	2.61	(1.5)	11,022.8	348.3

QSE Top Losers	Close*	1D%	Vol. '000	YTD%
Ahli Bank	3.25	(3.3)	15.0	(2.5)
Mannai Corporation	3.00	(1.6)	8.9	(2.6)
Qatari German Co for Med. Dev.	2.61	(1.5)	11,022.8	348.3
Gulf International Services	1.61	(1.2)	1,972.2	(6.4)
Mazaya Qatar Real Estate Dev.	1.19	(0.9)	10,956.6	65.5

QSE Top Value Trades	Close*	1D%	Val. '000	YTD%
Investment Holding Group	0.63	2.5	43,398.0	10.8
QNB Group	17.76	(0.2)	38,789.1	(13.7)
Barwa Real Estate Company	3.48	2.4	32,936.2	(1.7)
Qatari German Co for Med. Dev.	2.61	(1.5)	28,966.0	348.3
Ezdan Holding Group	1.57	(0.3)	22,096.3	155.4

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*	9,760.68	0.4	(0.8)	(0.9)	(6.4)	98.65	154,580.2	15.9	1.5	4.1
Dubai	2,287.98	0.7	0.2	1.9	(17.2)	96.86	86,655.0	8.7	0.8	4.6
Abu Dhabi	4,519.56	0.3	(0.7)	0.0	(11.0)	104.25	182,853.1	16.5	1.3	5.4
Saudi Arabia	8,089.54	0.5	0.6	1.9	(3.6)	3,729.12	2,423,380.6	29.5	2.0	2.6
Kuwait	5,297.49	0.1	(0.5)	0.1	(15.7)	101.58	100,005.3	28.6	1.3	3.7
Oman	3,701.19	(0.1)	(1.2)	(1.9)	(7.0)	3.16	16,689.6	11.0	0.7	6.6
Bahrain	1,402.25	(0.2)	(0.6)	1.5	(12.9)	6.60	21,404.2	13.1	0.9	5.0

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

Qatar Market Commentary

- The QE Index rose 0.4% to close at 9,760.7. The Real Estate and Consumer Goods & Services indices led the gains. The index rose on the back of buying support from GCC, Arab and Foreigners shareholders despite selling pressure from Qatari shareholders.
- Salam International Investment Limited and Qatar Industrial Manufacturing Company were the top gainers, rising 3.3% and 2.9%, respectively. Among the top losers, Ahli Bank fell 3.3%, while Mannai Corporation was down 1.6%.
- Volume of shares traded on Tuesday fell by 5.6% to 212.6mn from 225.2mn on Monday. Further, as compared to the 30-day moving average of 301.6mn, volume for the day was 29.5% lower. Investment Holding Group and Salam International Investment Limited were the most active stocks, contributing 32.8% and 7.6% to the total volume, respectively.

Overall Activity	Buy %*	Sell %*	Net (QR)
Qatari Individuals	37.33%	49.02%	(42,560,793.9)
Qatari Institutions	24.36%	18.30%	22,071,265.9
Qatari	**61.69%**	**67.32%**	**(20,489,528.0)**
GCC Individuals	0.65%	0.80%	(541,586.8)
GCC Institutions	1.85%	1.57%	1,022,642.0
GCC	**2.50%**	**2.37%**	**481,055.2**
Arab Individuals	12.43%	11.28%	4,174,876.6
Arab	**12.43%**	**11.28%**	**4,174,876.6**
Foreigners Individuals	2.80%	2.58%	831,398.7
Foreigners Institutions	20.58%	16.46%	15,002,197.6
Foreigners	**23.38%**	**19.04%**	**15,833,596.3**

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

Ratings and Global Economic Data

Ratings Updates

Company	Agency	Market	Type*	Old Rating	New Rating	Rating Change	Outlook	Outlook Change
Arab Banking Corporation	Fitch	Bahrain	LT-IDR/ST-IDR/VR	BBB-/F3/bbb-	BB+/B/bb+	↓	Negative	–

Source: News reports, Bloomberg (* LT – Long Term, ST – Short Term, IDR – Issuer Default Rating, VR – Viability Rating)

Global Economic Data

Date	Market	Source	Indicator	Period	Actual	Consensus	Previous
09/08	EU	Eurostat	GDP SA QoQ	2Q2020	-11.8%	-12.1%	-12.1%
09/08	EU	Eurostat	GDP SA YoY	2Q2020	-14.7%	-15.0%	-15.0%
09/08	Japan	Economic and Social Research Institute	GDP SA QoQ	2Q2020	-7.9%	-8.0%	-7.8%

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

Qatar

- **CBQK sells $500mn in five-year bonds –** The Commercial Bank (CBQK) has sold $500mn in five-year bonds at 175 basis points over midswaps, a document showed. It began marketing the bonds at around 215 basis points over midswaps earlier on Tuesday, according to a document from one of the banks arranging the deal. CBQK received over $2.3bn in orders for the deal. ANZ, BofA Securities, Citi, Mizuho, Morgan Stanley, QNB Capital and Standard Chartered were hired to arrange the debt sale. (Zawya)
- **Moody's announces completion of a periodic review of ratings of QEWS –** Moody's Investors Service (Moody's) has completed a periodic review of the ratings of Qatar Electricity and Water Company (QEWS) and other ratings that are associated with the same analytical unit. The review was conducted through a portfolio review in which Moody's reassessed the appropriateness of the ratings in the context of the relevant principal methodology(ies), recent developments, and a comparison of the financial and operating profile to similarly rated peers. The review did not involve a rating committee. Since January 1, 2019, Moody's practice has been to issue a press release following each periodic review to announce its completion. Moody's views (QEWS) as a government-related issuer that benefits from credit linkages with the Government of Qatar (Aa3). QEWS' A1 long-term issuer rating reflects a baseline credit assessment (BCA) of baa2, combined with a very high level of dependence and a high level of support from the government. QEWS' standalone assessment is mainly supported by the company's beneficial contractual framework and monopoly in Qatar, which significantly reduces the exposure of QEWS and its Qatari joint ventures (JVs) to common industry risks for utilities (regulatory, demand and price risks). QEWS benefits from long-term power and water purchase agreements (PWPAs) with Qatar General Electricity & Water Corporation (Kahramaa, A1, 100% owned by the Qatari government), the off-taker of most of QEWS' power and water; and matching fuel-supply agreements with Qatar Petroleum (QP, Aa3). Moody's assessment also takes into consideration QEWS' large planned capital spending, which will increase the company's debt and the expiry of older, more profitable contracts, which together will limit the company's deleveraging over the next two to three years. (Bloomberg)
- **Vodafone Qatar makes GigaTV available to businesses in Qatar for public viewing –** Vodafone Qatar has made its premium GigaTV service available for public viewing, enabling hotels, restaurants, cafes, gyms, lounges and all businesses to offer their customers and visitors a unique experience. Internet-based GigaTV is now available free of charge for public viewing with any Vodafone Business Broadband subscription. Vodafone GigaTV does not require an antenna installation – subscribers can simply plug their TV box on the screen and start broadcasting channels in their public areas to keep their customers and visitors entertained. (Qatar Tribune)
- **Ooredoo welcomes back broadband business users –** In the context of a phased approach to business re-opening, in line with the most up-to-date advice and measures to contain COVID-19, Qatar's leading communications operator Ooredoo reiterated that its broadband business offers unrivaled service and value. As the nationwide return to the workplace begins, Ooredoo continues its commitment to small and medium-sized enterprises and SoHo enterprises by offering them superfast internet speeds and all the tools needed to go digital at affordable prices. The Ooredoo portfolio offers a free domain name, free web hosting space, and 50% discount on Microsoft Office 365. Business customers can also activate Ooredoo TV Business free of charge in all Business Broadband business plans. (Qatar Tribune)
- **PwC: Qatari banks prove resilient against virus impact –** The findings from PwC's '1H2020 Qatar Banking Sector Report' covering eight listed commercial banks, has revealed that Qatar succeeded in minimizing the impact of the COVID-19 pandemic on its banking industry. The aggregated total assets of the eight listed commercial banks namely Ahli Bank, The Commercial Bank, Doha Bank, Al Khalij Commercial Bank, Qatar International Bank, Qatar International Islamic Bank, QNB Group, and Masraf Al Rayan grew 1.9% in the first half of 2020, to hit QR1.66tn, while the aggregated loans and advances to customers grew 2.1% to reach QR1.44tn in the first six months of 2020, the report said. Globally, as the lockdown restrictions begin to ease, financial institutions are turning their attention to the new competitive landscape within the new normal, and how to come out ahead. Having secured short-term liquidity and taken measures to cope with loss in profitability, the financial industry is globally seeking opportunities to achieve competitive reinvention and differentiation. Similar trends and dynamics are taking place in Qatar's banking sector, where there has been an increased interest for Qatari financial institutions to forge new collaborations with fintech companies, targeting a new audience segment of young digital-savvy customers both locally and internationally. In parallel, new synergies and mergers have also recently been discussed in Qatar and banks also grew their lending activity, which resulted in supporting local businesses. (Qatar Tribune)
- **Number of factories in Qatar reach 915 in 2020 –** The number of factories operating in Qatar has reached 915 in 2020, a 17% increase compared to 2017, an official of the Ministry of Commerce and Industry (MoCI) reported during a virtual forum on Tuesday. "Qatar's focus on encouraging the growth of local industries and small and medium-sized enterprises (SMEs), and increasing its contribution in the implementation and development of several economic projects has reflected positively on the industrial sector," said Assistant undersecretary for Industry Affairs at MoCI, Mohamed Hassan Al-Malki, during the "Supporting Local Manufacturers Forum". The forum was part of MoCI's efforts to support local industries and enhance the competitiveness of local products on national, regional and international levels. It offered the opportunity for the private sector and local manufacturers to actively

participate in government initiatives, especially Ashghal's projects, which include the development of schools and health institutions, in addition to highways, infrastructure, sewerage and storm water drainage networks, treatment plants, and beautification projects. (Gulf-Times.com)

International

- **Morgan Stanley: Global economy seeing sharper V recovery, raising case for inflation –** The global economy is likely to recover to pre-pandemic levels by early next quarter, about three months earlier than previously expected, economists at Morgan Stanley said. "The evidence indicates that the virus/economy equation has shifted decisively from the early days of the outbreak," they said in a note to clients, saying that the recovery has continued to gather momentum as countries get better at managing the virus. The US economy could reach its pre-COVID 19 levels by the second quarter of next year, while the entire developed markets could reach that level by the third quarter of next year, they said. Coupled with unprecedented levels of fiscal and monetary support and possible disruptions to trade, the prospective recovery is likely to be accompanied by stronger inflation, they said. (Reuters)
- **US to block cotton, tomato product imports from China's Xinjiang over forced labor –** The US on Tuesday will move to block imports of cotton and tomato products from western China's Xinjiang region over allegations that they are produced with forced labor, officials with US Customs and Border Protection told Reuters. The actions, which hit two of China's major commodity exports, are expected to be formally announced later on Tuesday by CBP Acting Commissioner Mark Morgan, along with five other import bans involving Xinjiang forced labor abuses in an unprecedented move likely to stoke tensions between the world's two largest economies. The "Withhold Release Orders" allow the CBP to detain shipments based on suspicion of forced labor involvement under longstanding US laws aimed at combating human trafficking, child labor and other human rights abuses. The Trump administration is ratcheting up pressure on China over its treatment of Xinjiang's Uighur Muslims. The United Nations has said it has credible reports that 1mn Muslims have been detained in camps in the region, where they are put to work. China denies mistreatment of the Uighurs and says the camps are vocational training centers needed to fight extremism. (Reuters)
- **ONS: UK takeover deals slump in second quarter –** The number of merger and acquisition deals involving British companies fell sharply to 152 in the second quarter, during the peak of the coronavirus restrictions, down from 463 in the first quarter, the country's statistics said. The value of deals involving foreign companies acquiring British ones totaled 2.1bn Pounds ($2.75bn), the lowest since the end of 2014 and down from 5.1bn Pounds in the first quarter, the Office for National Statistics (ONS) said. Deals involving British companies acquiring foreign companies were valued at 4.4bn Pounds, a slight increase from the first three months of the year. (Reuters)
- **Irish PM: Brexit talks 'null and void' if divorce deal not implemented –** Britain's trade talks with the European Union (EU) would be rendered "null and void" if the Brexit withdrawal agreement it signed up to is not implemented in full, Irish Prime Minister Micheal Martin was quoted as saying on Tuesday. The EU warned Britain on Monday that there would be no trade deal if a Financial Times report that London might simply undercut the divorce treaty signed in January was accurate. The deal included special arrangements to avoid a hard border between Ireland and British-ruled Northern Ireland. "The withdrawal agreement is an international treaty and we expect the UK government to implement and to adhere to what was agreed. We trust them to do so or they would render the talks process null and void," Martin told the Irish Examiner in an interview. (Reuters)
- **Eurozone GDP revised up, but still a record drop –** The Eurozone economy declined by slightly less than initially estimated in the second quarter, but the drop was still the sharpest ever as consumer spending caved in due to COVID-19 restrictions. GDP fell by 11.8% from the previous quarter and by 14.7% YoY, data from the European statistics agency Eurostat showed on Tuesday. That compared with initial estimates of respectively 12.1% and 15.0% reported at the end of July. The contraction in the April-June period, during with COVID-19 restrictions were in place across the continent, was the steepest in a data series that began in 1995. In the first three months of this year, the contraction was already 3.7% QoQ and 3.2% YoY. The sharpest second-quarter declines from the previous quarter were in Spain, Greece, Portugal and France. Household spending had the greatest negative influence, cutting 6.6 percentage points from growth, followed by gross fixed capital formation at minus 3.8 points. Net trade, government spending and inventory changes also had a negative impact. Eurostat also reported that employment fell by 2.9% in the second quarter, also the sharpest decline since records began in 1995, after a 0.3% drop in the first three months of 2020. (Reuters)
- **EU aims for strategic economic autonomy after COVID pandemic –** The European Union (EU) wants to reposition its economy to become more independent from global powers like Asia and the US in the production medicines and processors, the chairman of EU leaders Charles Michel said on Tuesday. Speaking at the Brussels Economic Forum, Michel said the strategic independence of the 27-nation bloc in essential products was the EU's projects for this century. "Our industrial strategy will foster greater independence and make sure we have access to all the necessary resources to ensure the prosperity of our citizens. This includes, for instance, greater autonomy in producing processors, vital medicines, and other essential products," Michel said. France and other EU countries have become worried about supply chains to the European economy after the COVID pandemic has shut down in February many production sites in China which makes 80% of the raw materials for active agents in some drugs, or components for the car industry. "European strategic autonomy – these are not just words. The strategic independence of Europe is our new common project for this century. It's in all our common interest. European strategic autonomy is goal number one for our generation," Michel said. (Reuters)
- **German July trade figures point to slow recovery –** German exports remained far below their pre-crisis levels in July despite a 4.7% increase during the month, data published on Tuesday showed, adding to signs that Germany's economic recovery from the coronavirus will be slow. Imports rose by only 1.1% on the

month, taking the seasonally adjusted trade surplus to 18bn Euros, the Federal Statistics Office said. Economists expect Europe's biggest economy to show a return to growth in the third quarter, helped by higher activity levels domestically and in some of Germany's main trading partners after lockdowns were lifted from April. Yet weak demand from major economic peers still grappling with the pandemic, such as the US, is holding back a stronger recovery. The data showed that exports to the US were 17% lower in July YoY. Exports to China, however, which is experiencing a more pronounced recovery than the US, were only 0.1% lower. The German economy contracted by a record 9.7% in the second quarter as household spending, company investment and trade all collapsed at the height of the COVID-19 pandemic. Exports were in July still more than 12% lower than in February. Trade tensions, uncertainties linked to Britain's departure from the European Union and an automotive sector struggling to adapt to electrification had suppressed demand for German goods and services before the pandemic, setting off a recession in the manufacturing sector. (Reuters)

- **Japan's Suga says coronavirus will take priority in deciding on snap election –** As Japan's ruling party formally kicked off its leadership race on Tuesday, frontrunner and chief cabinet secretary Yoshihide Suga said that preventing the spread of the coronavirus should take priority in any decision to call a snap election. Suga, a favorite to succeed incumbent Prime Minister Shinzo Abe, who is stepping down due to poor health, also stressed that the biggest job for the new prime minister will be to revive the coronavirus-ravaged economy. Suga is widely expected to win the Liberal Democratic Party's (LDP) leadership election on September 14, a date set after Abe's decision to step down. The winner is virtually assured of becoming premier because of the LDP's parliamentary majority. Markets have been rife with speculation that if elected, Suga might dissolve parliament and call a snap election to solidify his political grip. He signaled in an Asahi Shimbun interview that there was a chance of calling a snap elections but cautioned that the coronavirus would impact any such decision. (Reuters)
- **Japan's service sector sentiment improves in August –** Japan's service sector sentiment index rose in August, a Cabinet Office survey showed on Tuesday, signaling some improvement in business confidence although worries remained over the economic impact of the coronavirus pandemic. The 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 grew 2.8 points from July to 43.9. The index hit a record low in April. The Cabinet Office, in its assessment, said that the index was picking up but that the pandemic continued to have a severe impact. (Reuters)
- **Japan's worst postwar economic downturn could force new leader to boost stimulus –** Japan's economy sank deeper into its worst postwar contraction in the second quarter as the coronavirus jolted businesses more than initially thought, underscoring the daunting task the new prime minister faces in averting a steeper recession. Other data put that challenge in perspective, with household spending and wages falling in July as the impact of the pandemic kept consumption frail even after lockdown measures were lifted in May. The world's third-largest economy shrank an annualized 28.1% in April-June, more than a preliminary reading of a 27.8% contraction, revised GDP data showed on Tuesday, suffering its worst postwar contraction. The data will put the new prime minister, to be elected in a ruling party leadership race on September 14, under pressure to take bolder economic support measures. Chief Cabinet Secretary Yoshihide Suga, the frontrunner to become next premier, has signaled his readiness to boost spending if he were to lead the country. "The risk ahead is that the effect of measures taken so far, such as pay-outs to households, will peter out," said Koichi Fujishiro, an economist at Dai-ichi Life Research Institute. "If COVID-19 weighs heavily on wages, the new administration could take additional steps to help households." The government has so far unveiled a $2tn package of stimulus measures, adding to an enhanced easing program from the Bank of Japan (BOJ). (Reuters)
- **USDA: China buys 664,000 tons of US soybeans, biggest daily total in nearly seven weeks –** Chinese buyers booked deals to buy 664,000 tons of soybeans, the largest daily total since July 22, for delivery in the 2020/21 marketing year, the US Agriculture Department said on Tuesday. The sales were the latest in a string of large US farm commodity purchases by China, which vowed to import record amounts of US agricultural goods this year as part of a Phase 1 trade deal signed in January. Still, Chinese purchases in the first half of this year totaled just $7.274bn, according to US Census Bureau trade data. The trade deal called for $36.5bn in annual purchases. USDA on Tuesday also said that private exporters reported the sale of 101,600 tons of corn for delivery in 2020/21. China has been ramping up its US corn imports, as the country faces its first real corn shortfall of corn in years. A sharp price surge in corn - critical for China's mammoth hog, dairy and poultry sectors - is the latest in a series of ructions that include a devastating pig disease, pandemic-driven upsets for international suppliers and warnings of a growing food supply gap. After months of record soybean imports from Brazil, China has pivoted to buying more soybeans and other goods from the United States. The world's top commodity importer has already bought record volumes of US corn, pork and poultry this year, and last month booked its largest-ever weekly purchase of US beef. US soybean exports to China typically rise in the fourth quarter of the year after US crops are harvested and as supplies from top exporter Brazil run low. (Reuters)
- **Indian economy projected to contract 11.8% YoY, Fitch domestic arm says –** India's economy is projected to contract 11.8% on the year in the current fiscal year beginning from April, before bouncing back in the next fiscal year, India Ratings and Research, a domestic arm of ratings agency Fitch, said on Tuesday. "All indicators, be it mobility or consumption, are pointing towards a much weaker economic recovery," Sunil Kumar Sinha, its principal economist told an online conference. The economy is projected to contract 11.9% in the current quarter, followed by a contraction of 6.7% in the December quarter and 5.4% in the subsequent quarter, Sinha said, citing the adverse impact of coronavirus pandemic. Earlier, India Ratings had projected the economy would contract 5.3% in the current fiscal year, versus growth of 4.2% in the previous year. While a second wave of infections sweeps the globe, India has not yet managed to flatten the first wave, he said. Its economy shrank 23.9% in the quarter from April to June, much more than

forecast, in a sign that recovery could be longer than expected, with analysts urging further stimulus. On Monday, India surpassed Brazil as the nation with the largest number of infections outside the US, with a tally of 4.28mn. India Ratings projected the federal fiscal deficit to rise to 8.2% of GDP, propelled by an economic contraction and greater government spending to mitigate the pandemic effects, versus 4.6% in the previous fiscal year. (Reuters)

- **Moody's: Brazil breaking spending cap rule would hurt credit profile –** The Brazilian government's spending cap rule, its most important fiscal anchor, faces a "material risk" of being breached from next year onward due to rising political risk and pressure to maintain welfare spending, ratings agency Moody's said on Tuesday. Breaching the spending cap would push government debt - already at record levels from emergency spending and lost tax revenues caused by the coronavirus pandemic - even higher and threaten Brazil's credit profile, Moody's said. "Political risks and pressures to expand social programs after 2020 still pose material risk to compliance with the spending ceiling in 2021 and beyond," Moody's analysts, led by Samar Maziad, wrote in a report. "Breaching the spending ceiling could cause government debt to continue to rise, which would put pressure on Brazil's credit profile," they said, forecasting government debt to reach 95% of GDP this year, up from 76% last year. The spending cap rule limits growth in public spending to the previous year's rate of inflation. The government published its 2021 budget proposal last week, but major doubts hang over welfare programs for millions of Brazil's poorest people, which have provided a lifeline during the pandemic but were not included. Moody's has Brazil's sovereign credit rating at a non-investment, or "junk" grade of Ba2 and a "stable" outlook. Moody's expects government spending to drop to about 39% of GDP in 2021 from 42% this year, which will support the fiscal accounts, although this would still be higher than the 38% of GDP pre-pandemic last year. (Reuters)

Regional

- **Saudi Electricity readies dollar bond deal –** State-controlled Saudi Electricity Company (SEC), the Kingdom's electric transmission monopoly, plans to issue US dollar-denominated bonds soon, sources said. The potential issuance would come amid a flurry of debt sales in the Gulf, including $1bn in dual-tranche bonds sold by Saudi Basic Industries Corp (SABIC) last week. One of the sources said Saudi Electricity plans to sell green Sukuk, or Islamic bonds, whose proceeds would be used for environment-friendly projects. In June, the company published a green Sukuk framework. Governments and corporates in the Gulf have been increasingly tapping debt investors over the past few years to raise cash in an era of weak oil prices and low global rates. Funding needs have intensified this year as pressure mounted on their finances following the twin shock of the COVID-19 pandemic and lower oil prices. Last month, SEC - the main electricity producer in Saudi Arabia with 81.1% indirect government ownership - said it had signed a SR9bn syndicated Islamic loan with local banks. (Zawya)
- **Fitch downgrades Emirates REIT to 'B+'; with a Negative outlook –** Fitch Ratings has downgraded Emirates REIT's Long-Term Issuer Default Rating (IDR) to 'B+' from 'BB'. The Outlook is Negative. Fitch has also downgraded the senior unsecured sukuk trust certificates, issued through Emirates REIT Sukuk Limited, to 'BB-'/RR3/57% from 'BB'. All ratings have been removed from Rating Watch Negative (RWN), where they were placed on July 2, 2020. The rating actions reflect Emirates REIT's limited ability to reduce high cash flow leverage. The Dubai real estate market is suffering from a supply and demand imbalance and an economy weakened by the effects of the pandemic and low oil prices. Increasing Emirate REIT's occupancy to improve its cash flow in this environment will be challenging. To do so, the company will likely have to make rent concessions to re-sign, retain or attract new tenants. The office portfolio's occupancy rate remains low and only two of the company's four schools are currently generating rents. Net debt to EBITDA (YE19) remained high at 13.8x and with Fitch forecasting in excess of 18x by year end 2020 based on expected cash rent receipts, FY20's net interest cover is expected to fall below 1.0x. (Bloomberg)
- **Du approves sale of 26% stake in Khazna Data Centre –** Emirates Integrated Telecommunications Company (Du) is divesting its shares in Khazna Data Centre, it has been confirmed. The telecom firm said on Tuesday that its board of directors approved the sale of its 26% indirect stake, including its interest in shareholder loans to Technology Holding Company, which currently holds 74% of Khazna. The approval was made during the board's meeting on Tuesday. "The company's board of directors has further approved the delegation to the company's management to conclude the transaction," the telecom firm said in a statement to the Dubai Financial Market (DFM). (Zawya)
- **Abu Dhabi crude-price cut sends another bearish signal for oil –** Abu Dhabi is cutting official crude pricing for October, following a similar Saudi move over the weekend and sending a further bearish signal for oil. Government-owned Abu Dhabi National Oil Co. (ADNOC) is cutting its flagship Murban crude to a discount versus the regional benchmark for the first time in four months. That follows Saudi Aramco's announcement Saturday that it was lowering the comparable Arab Extra Light grade to a discount for the first time since June. (Bloomberg)
- **FAB comments on reports about resuming Bank Audi Egypt takeover talks –** First Abu Dhabi Bank (FAB) affirmed that any developments regarding the potential acquisition of Bank Audi Egypt will be disclosed to the market in due course. The lender said that it "does not comment on market rumors or speculation" in reference to the recent news about restarting discussions to acquire Bank Audi Egypt, according to a statement to the Abu Dhabi Securities Exchange (ADX) on Tuesday. In May, FAB agreed with Bank Audi to halt the transaction process regarding its acquisition of Bank Audi's subsidiary in Egypt due to the economic consequences caused by the coronavirus (COVID-19) pandemic. (Zawya)
- **Kuwaiti banks to post lower profits, deposit growth to plunge –** Kuwait's banking sector will continue to face pressure in terms of profitability and asset quality for the rest of the year, Markaz said. Kuwait Financial Centre's recent report gave an in-depth insight into the impact of COVID-19 credit demand, deposit growth, and net interest margin for the banking sector, as well as non-performing loans (NPL) and profitability prospects over the coming quarters. Profitability for 2020 is expected to fall, with net income reducing from KD1.202bn in 2019 to KD592mn in 2020, due to lower operating income consequent to

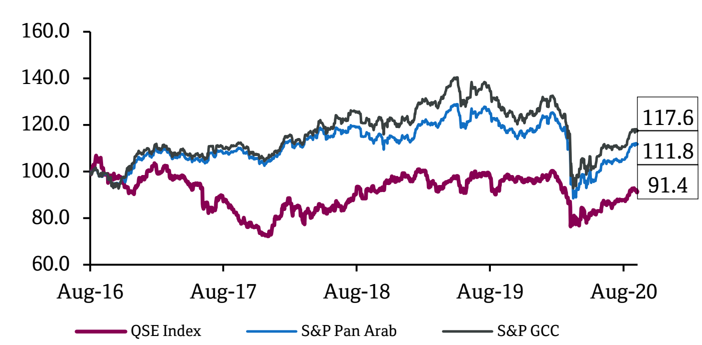
contracting Net Interest Margins and lower non-interest income due to subdued business activity, the report said. For listed banks, deposit growth is expected to fall to 5.0% in 2020, down from 8.1% last year. Credit demand is expected to be moderate at 4.0% on a YoY basis in 2020 due to the fall in economic activity and output caused by the restrictions laid by the government. In addition, NPLs are expected to reach 4.7% in 2020, up from 1.8% in 2019, said the report. "Defaults are likely to be more in sectors such as real estate, where the financial leverage of some borrowers may be relatively large. However, Kuwaiti banks have the highest loan loss allowances of all GCC countries, which provides buffers for the banks to absorb higher and unexpected losses." Overall, the pandemic is expected to add considerable strain to Kuwait's banking sector in 2020 and 2021, Markaz said in the report, titled Kuwait Banking Sector Outlook 2020. (Zawya)

- **Kuwait Wealth Fund asks KFH to postpone general assembly meeting –** Kuwait Investment Authority (KIA) sends letter to Kuwait Finance House (KFH), asking for postponement of general assembly meeting to elect KFH board members. Kuwait Finance House will study the request from a "legal perspective," according to a public filing. (Bloomberg)
- **Bahrain hires banks for second bond issuance of 2020 –** Bahrain has hired banks to arrange a multi-tranche sale of US dollar-denominated sukuk and bonds that would be the country's second bond issue this year, a document from one of the banks arranging the deal showed on Tuesday. The Gulf state, which averted a credit crunch in 2018 with a $10bn aid package from its wealthy neighbors, raised $2bn in May to bolster finances battered by low oil prices and the coronavirus crisis. "Appetite for yield is high at the moment so I think demand will be high for Bahrain, as it's perceived as a lower-rated country backed by the rest of the GCC," Head of debt capital markets at Gulf Investment Corporation, Raffaele Bertoni said referring to the six-member GCC. Bahrain, rated B+ by S&P and Fitch, hired Bank ABC, Citi, Gulf International Bank, HSBC, National Bank of Bahrain and Standard Chartered to arrange an investor call on Tuesday, the document said. It plans to issue seven-year Sukuk, or Shari'ah-compliant bonds, as well as 12-year conventional bonds and/or 30-year conventional bonds, subject to market conditions. "They will have no difficulty placing the shorter-dated sukuk with regional investors. Pricing on the 12-year or possible 30-year bond will be driven by international investors," Head of credit strategies at Rasmala Investment Bank, Doug Bitcon said. As of the end of June, Bahrain's debt-to-GDP ratio was 114.9%, with $23.141bn in external government debt and $14.355bn in gross domestic government debt, according to an investor presentation seen by Reuters. (Reuters)
- **Bahrain's ABC joins race to buy Blom's Egypt business –** Bahrain's Bank ABC said on Tuesday it was in preliminary talks to buy Blom Bank's Egyptian subsidiary, pitting it against Dubai's Emirates NBD which is also a potential bidder. Blom has hired CI Capital to advise on a sale that could fetch $250mn to $300mn as the Lebanese lender tries to boost its capital, Reuters reported last month, citing sources familiar with the deal. Blom had approached potential bidders including Dubai's biggest bank, Emirates NBD, the sources said. Emirates NBD confirmed on August 13 it was interested. Lebanese banks are trying to strengthen their finances as the country endures its worst financial crisis since the civil war. Blom's domestic rival Bank Audi tried to sell its Egyptian business, but the deal stalled in May after First Abu Dhabi Bank halted talks, citing the uncertain outlook relating to the COVID-19 pandemic. FAB plans to restart talks to buy the Egyptian business of Bank Audi, Reuters reported this week Both Emirates NBD and Bank ABC have an existing presence in Egypt, seen as a lucrative banking market because of the North African country's large population and consumer demand. Bank ABC in Egypt has a network of 28 branches spread across major cities including Cairo, Alexandria, Sharm El-Sheikh and other key centers, according to its website. (Reuters)
- **Fitch downgrades Arab Banking Corporation to 'BB+'; with a Negative outlook –** Fitch Ratings has downgraded Arab Banking Corporation's (ABC) Long-Term Issuer Default Rating (IDR) to 'BB+' from 'BBB-' and its Viability Rating (VR) to 'bb+' from 'bbb-'. The outlook on the Long-Term IDR is Negative. The rating action follows the downgrade of Bahrain's sovereign rating to 'B+' from 'BB-' on August 14, 2020. The downgrade reflects Fitch's view that ABC's VR, which is not capped by the sovereign rating, is constrained at a maximum of three notches above the sovereign rating. ABC's sensitivity to a sovereign default, albeit low, is still present (considering market sentiment towards a country experiencing stress and the banks headquartered there, which could, for instance, ultimately affect funding conditions) and is expressed in a maximum number of notches between the bank's VR and the Bahraini sovereign rating. The Negative Outlook reflects Fitch's assessment of material risks from low oil prices and the coronavirus pandemic that could result in further deterioration of ABC's operating environment (especially Brazil and Arab markets, including the Gulf Cooperation Council countries (GCC)), which will be reassessed shortly as part of the annual review. ABC's VR is not capped by the Bahraini sovereign rating because Fitch believes ABC would be little affected by a sovereign default. According to Fitch's calculations, ABC would remain solvent following a Bahraini sovereign default, notably because its exposure to the Bahraini sovereign and other Bahraini counterparties is small as a proportion of its unconsolidated capital base. In addition, ABC has sufficient local-currency liquid assets to repay its small stock of local-currency debt in case of a sovereign default, and the bank's coverage of foreign-currency debt (excluding shareholder funding) by foreign-currency liquid assets is comfortable. Nevertheless, ABC's VR is constrained at a maximum of three notches above the sovereign rating. (Bloomberg)
- **Investcorp, China Resources to acquire majority stake in Hong Kong's high-end retailer –** Bahrain-based Investcorp and China Resources Capital Management Limited (CR Capital Management) will acquire a majority stake in City Super Group, a Hong Kong-based high-end supermarket chain. CR Capital Management is the alternative investments arm of China's state-owned conglomerate, China Resources Holdings. The transaction is expected to be completed by the fourth quarter of this year, subject to Chinese regulatory approvals. Last week, Bloomberg reported that CR Capital Management is close to buying a majority stake in City Super Group, valuing the high-end Hong Kong supermarket chain at almost $300mn. CR Capital Management and its co-investors plan to acquire 65% of City

Super Group from owners led by The Fenix Group, the report said. According to Investcorp, the new partnership will enable the group to accelerate its expansion plans and to continue to seek to best capitalize on Greater China and Asia's consumption growth and premiumization trends. All shareholders will collaborate together with City Super Group's management team and its staff to implement City Super's vision, Investcorp said in a statement. (Zawya)

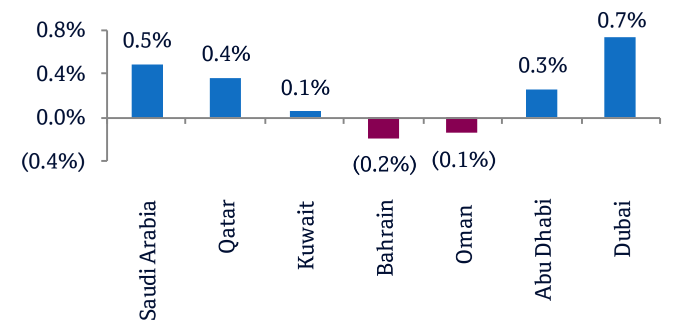
- **Bahrain sells BHD26mn 182-day Islamic Sukuk; bid-cover at 6.39x –** Bahrain sold BHD26mn of 182-day Islamic Sukuk due on March 11, 2021. Investors offered to buy 6.39 times the amount of securities sold. The Sukuk have a yield of 2.54% and will settle on September 10, 2020. (Bloomberg)

Rebased Performance



Source: Bloomberg

Daily Index Performance



Source: Bloomberg

Asset/Currency Performance	Close ($)	1D%	WTD%	YTD%
Gold/Ounce	1,932.03	(0.1)	(0.1)	27.3
Silver/Ounce	26.67	(0.6)	(0.9)	49.4
Crude Oil (Brent)/Barrel (FM Future)	39.78	(5.3)	(6.8)	(39.7)
Crude Oil (WTI)/Barrel (FM Future)	36.76	(7.6)	(7.6)	(39.8)
Natural Gas (Henry Hub)/MMBtu	2.35	30.6	30.6	12.4
LPG Propane (Arab Gulf)/Ton	45.50	(5.2)	(5.2)	10.3
LPG Butane (Arab Gulf)/Ton	50.25	(3.8)	(3.8)	(23.3)
Euro	1.18	(0.3)	(0.5)	5.0
Yen	106.03	(0.2)	(0.2)	(2.4)
GBP	1.30	(1.4)	(2.2)	(2.1)
CHF	1.09	(0.2)	(0.5)	5.4
AUD	0.72	(0.9)	(0.9)	2.7
USD Index	93.45	0.8	0.8	(3.1)
RUB	76.29	0.7	1.2	23.1
BRL	0.19	(1.2)	(1.1)	(25.0)

Source: Bloomberg

Global Indices Performance	Close	1D%*	WTD%*	YTD%*
MSCI World Index	2,354.41	(2.2)	(1.9)	(0.2)
DJ Industrial	27,500.89	(2.2)	(2.2)	(3.6)
S&P 500	3,331.84	(2.8)	(2.8)	3.1
NASDAQ 100	10,847.69	(4.1)	(4.1)	20.9
STOXX 600	363.75	(1.3)	0.2	(8.1)
DAX	12,968.33	(1.2)	0.6	3.0
FTSE 100	5,930.30	(1.1)	0.7	(22.7)
CAC 40	4,973.52	(1.8)	(0.2)	(12.6)
Nikkei	23,274.13	1.1	0.6	1.1
MSCI EM	1,087.51	(0.6)	(1.1)	(2.4)
SHANGHAI SE Composite	3,316.42	0.5	(1.2)	10.6
HANG SENG	24,624.34	0.1	(0.3)	(12.2)
BSE SENSEX	38,365.35	(0.4)	(0.5)	(10.1)
Bovespa	100,050.40	(1.8)	(1.8)	(34.8)
RTS	1,189.47	(2.4)	(2.5)	(23.2)

Source: Bloomberg (*$ adjusted returns)

Contacts

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

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

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

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

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