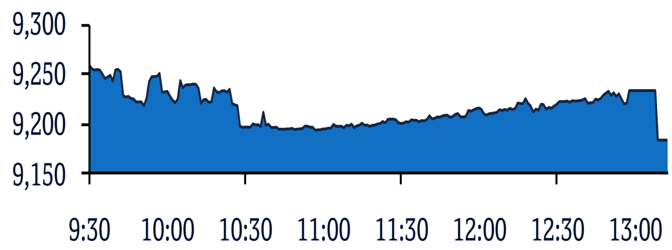
Daily Market Report

Thursday, 11 June 2020

QSE Intra-Day Movement



Qatar Commentary

The QE Index declined 0.8% to close at 9,186.1. Losses were led by the Banks & Financial Services and Industrials indices, falling 1.0% and 0.9%, respectively. Top losers were Qatar Navigation and Industries Qatar, falling 2.2% and 1.6%, respectively. Among the top gainers, Dlala Brokerage & Investment Holding Company gained 9.9%, while Mazaya Qatar Real Estate Development was up 7.8%.

GCC Commentary

Saudi Arabia: The TASI Index fell marginally to close at 7,328.1. Losses were led by the Food & Staples Retailing and Banks indices, falling 1.2% and 0.6%, respectively. Mefic REIT declined 3.9%, while Gulf General Cooperative Ins. was down 3.5%.

Dubai: The DFM Index gained marginally to close at 2,125.0. The Consumer Staples and Disc. index rose 5.8%, while the Real Estate & Const. index gained 1.9%. Al Salam Group Holding rose 10.4%, while Gulf Navigation Holding was up 6.3%.

Abu Dhabi: The ADX General Index fell marginally to close at 4,331.3. The Telecom. index declined 0.7%, while the Real Estate index fell 0.4%. Methaq Takaful Insurance declined 4.7%, while National Bank of Ras Al-Khai was down 4.2%.

Kuwait: The Kuwait All Share Index fell 1.5% to close at 5,083.1. The Banks index declined 2.4%, while the Consumer Services index fell 2.0%. Al-Massaleh Real Estate Co. declined 17.4%, while Burgan Co. for Well Drilling was down 13.7%.

Oman: The MSM 30 Index gained marginally to close at 3,524.9. The Financial index gained 0.3%, while the other indices ended in red. Al Hassan Engineering Company rose 6.3%, while Sohar International Bank was up 2.4%.

Bahrain: The BHB Index gained 0.1% to close at 1,282.6. The Services index rose 0.5%, while the Commercial Banks index gained 0.1%. Seef Properties rose 2.3%, while APM Terminals Bahrain was up 2.1%.

Market Indicators	10 Jun 20	09 Jun 20	%Chg.
Value Traded (QR mn)	300.7	319.0	(5.7)
Exch. Market Cap. (QR mn)	521,374.7	525,222.7	(0.7)
Volume (mn)	185.4	219.5	(15.5)
Number of Transactions	7,539	7,686	(1.9)
Companies Traded	44	45	(2.2)
Market Breadth	22:19	12:33	–

Market Indices	Close	1D%	WTD%	YTD%	TTM P/E
Total Return	17,660.00	(0.8)	(0.7)	(7.9)	14.5
All Share Index	2,850.38	(0.7)	(0.6)	(8.0)	15.2
Banks	3,945.75	(1.0)	(1.3)	(6.5)	13.0
Industrials	2,636.08	(0.9)	0.3	(10.1)	21.0
Transportation	2,658.67	(0.5)	0.2	4.0	12.9
Real Estate	1,428.61	0.7	1.9	(8.7)	14.1
Insurance	2,051.46	0.9	2.1	(25.0)	33.7
Telecoms	882.79	0.0	(0.8)	(1.4)	14.8
Consumer	7,424.45	(0.5)	(0.4)	(14.1)	19.0
Al Rayan Islamic Index	3,685.67	(0.6)	(0.2)	(6.7)	17.0

GCC Top Gainers##	Exchange	Close#	1D%	Vol. '000	YTD%
Etihad Etisalat Co.	Saudi Arabia	28.45	3.3	5,636.5	13.8
Emaar Properties	Dubai	2.91	2.8	19,746.7	(27.6)
Arabian Centres Co Ltd	Saudi Arabia	21.12	2.8	2,021.0	(27.5)
Sohar International Bank	Oman	0.08	2.4	107.8	(21.3)
Almarai Co.	Saudi Arabia	55.70	2.4	812.6	12.5

GCC Top Losers##	Exchange	Close#	1D%	Vol. '000	YTD%
Gulf Bank	Kuwait	0.21	(7.9)	29,776.5	(30.7)
Burgan Bank	Kuwait	0.20	(4.9)	4,285.2	(35.5)
National Bank of Kuwait	Kuwait	0.80	(2.7)	13,787.5	(21.4)
Arab National Bank	Saudi Arabia	21.14	(2.6)	632.1	(22.8)
Banque Saudi Fransi	Saudi Arabia	32.10	(2.4)	710.8	(15.3)

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.	1.00	9.9	2,417.7	63.2
Mazaya Qatar Real Estate Dev.	0.74	7.8	43,465.9	3.5
Qatar Industrial Manufacturing Co	2.91	3.7	1,237.1	(18.5)
Qatar Oman Investment Company	0.60	2.6	2,606.5	(10.6)
Investment Holding Group	0.50	2.5	6,452.9	(12.2)

QSE Top Volume Trades	Close*	1D%	Vol. '000	YTD%
Mazaya Qatar Real Estate Dev.	0.74	7.8	43,465.9	3.5
Ezdan Holding Group	0.86	(0.1)	19,710.9	40.3
Al Khalij Commercial Bank	1.34	0.1	15,029.4	2.3
Qatari German Co for Med. Devices	1.18	2.4	11,460.2	102.9
Qatar Gas Transport Company Ltd.	2.50	0.8	10,040.1	4.6

QSE Top Losers	Close*	1D%	Vol. '000	YTD%
Qatar Navigation	5.65	(2.2)	373.0	(7.3)
Industries Qatar	8.46	(1.6)	569.0	(17.7)
Zad Holding Company	14.30	(1.4)	60.7	3.5
Qatar Islamic Bank	15.80	(1.3)	352.3	3.1
Qatar International Islamic Bank	8.10	(1.2)	898.3	(16.3)

QSE Top Value Trades	Close*	1D%	Val. '000	YTD%
QNB Group	17.60	(1.1)	38,865.2	(14.5)
Mazaya Qatar Real Estate Dev.	0.74	7.8	31,393.7	3.5
Qatar Gas Transport Co. Ltd.	2.50	0.8	25,076.8	4.6
Al Khalij Commercial Bank	1.34	0.1	19,558.6	2.3
Ezdan Holding Group	0.86	(0.1)	17,122.0	40.3

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*	9,186.11	(0.8)	(0.7)	3.9	(11.9)	81.88	141,970.3	14.5	1.4	4.4
Dubai	2,124.99	0.0	4.2	9.2	(23.1)	79.54	81,137.6	6.4	0.8	4.0
Abu Dhabi	4,331.27	(0.0)	0.7	4.6	(14.7)	38.87	132,449.2	13.5	1.3	5.9
Saudi Arabia	7,328.09	(0.0)	1.7	1.6	(12.6)	1,440.65	2,190,315.3	22.2	1.8	3.5
Kuwait	5,083.10	(1.5)	1.2	1.8	(19.1)	235.57	94,051.7	14.7	1.2	3.8
Oman	3,524.85	0.0	0.2	(0.6)	(11.5)	3.88	15,335.1	9.8	0.8	6.8
Bahrain	1,282.55	0.1	0.7	1.0	(20.3)	4.06	19,445.6	9.3	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 0.8% to close at 9,186.1. The Banks & Financial Services and Industrials indices led the losses. The index fell on the back of selling pressure from non-Qatari shareholders despite buying support from Qatari and GCC shareholders.
- Qatar Navigation and Industries Qatar were the top losers, falling 2.2% and 1.6%, respectively. Among the top gainers, Dlala Brokerage & Investment Holding Company gained 9.9%, while Mazaya Qatar Real Estate Development was up 7.8%.
- Volume of shares traded on Wednesday fell by 15.5% to 185.4mn from 219.5mn on Tuesday. Further, as compared to the 30-day moving average of 228.6mn, volume for the day was 18.9% lower. Mazaya Qatar Real Estate Development and Ezdan Holding Group were the most active stocks, contributing 23.4% and 10.6% to the total volume, respectively.

Overall Activity	Buy %*	Sell %*	Net (QR)
Qatari Individuals	37.47%	38.33%	(2,589,848.20)
Qatari Institutions	22.09%	20.25%	5,547,117.23
Qatari	**59.56%**	**58.58%**	**2,957,269.04**
GCC Individuals	1.06%	1.29%	(676,875.50)
GCC Institutions	4.49%	0.39%	12,323,361.43
GCC	**5.55%**	**1.68%**	**11,646,485.94**
Non-Qatari Individuals	13.02%	13.78%	(2,285,516.42)
Non-Qatari Institutions	21.86%	25.96%	(12,318,238.55)
Non-Qatari	**34.88%**	**39.74%**	**(14,603,754.97)**

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

Global Economic Data

Date	Market	Source	Indicator	Period	Actual	Consensus	Previous
06/10	US	Mortgage Bankers Association	MBA Mortgage Applications	5-Jun	9.30%	–	-3.90%
06/10	US	Bureau of Labor Statistics	CPI MoM	May	-0.10%	0.00%	-0.80%
06/10	US	Bureau of Labor Statistics	CPI YoY	May	0.10%	0.30%	0.30%
06/10	US	US Treasury	Monthly Budget Statement	May	-$398.8bn	-$504.0bn	-$207.8bn
06/10	France	INSEE National Statistics Office	Industrial Production MoM	Apr	-20.10%	-20.00%	-16.20%
06/10	France	INSEE National Statistics Office	Industrial Production YoY	Apr	-34.20%	-33.10%	-17.30%
06/10	France	INSEE National Statistics Office	Manufacturing Production MoM	Apr	-21.90%	-18.10%	-18.30%
06/10	France	INSEE National Statistics Office	Manufacturing Production YoY	Apr	-37.10%	-35.30%	-19.40%
06/10	Japan	Bank of Japan	PPI MoM	May	-0.40%	-0.30%	-1.60%
06/10	Japan	Bank of Japan	PPI YoY	May	-2.70%	-2.40%	-2.40%
06/10	Japan	Economic and Social Research I	Core Machine Orders MoM	Apr	-12.00%	-7.00%	-0.40%
06/10	Japan	Economic and Social Research I	Core Machine Orders YoY	Apr	-17.70%	-13.20%	-0.70%
06/10	China	National Bureau of Statistics	PPI YoY	May	-3.70%	-3.30%	-3.10%
06/10	China	National Bureau of Statistics	CPI YoY	May	2.40%	2.70%	3.30%
06/10	China	The People's Bank of China	Money Supply M0 YoY	May	9.50%	9.80%	10.20%
06/10	China	The People's Bank of China	Money Supply M1 YoY	May	6.80%	5.70%	5.50%
06/10	China	The People's Bank of China	Money Supply M2 YoY	May	11.10%	11.30%	11.10%
06/10	China	National Bureau of Statistics	New Yuan Loans CNY	May	1,480.0bn	1,600.0bn	1,700.0bn

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

News

Qatar

- **PwC: Qatari banking industry shows higher resilience; positions itself for emerging opportunities –** Qatar's banking industry has shown higher resilience than the other countries and it can further mitigate risks and position itself for the emerging opportunities in this volatile period, according to PricewaterhouseCoopers (PwC), a global consultant. However, the sector needs to pay attention to digital transformation and financial inclusion as well as address credit, profit and operational risks in the mid-term, PwC said in its report. The aggregated profits of the eight listed commercial banks declined 1% YoY at the end of first quarter ended March 31, 2020, which resulted from increased expenses mainly driven by a short-term raise of net impairment losses on loans and advances to customers. However, considering a three-year period, the aggregated profits of the eight listed commercial banks showed sharp growth and resilience, increasing by 15.3% as on March 31 2020 compared to 1Q2017, it said. "Going forward, banks in Qatar can further mitigate risks and position themselves for emerging opportunities during this volatile period," it said, adding the banking sector seemed to have already responded with appropriate measures. Finding that 1Q2020 already manifested a "significant impact" of the international volatility and its ramification on the banking industry; it said, however, Qatar's banking sector has experienced higher resilience than other countries, proving that the joint co-ordination of all the stakeholders from public authorities as well as public and private institutions has contributed to ensure stability among financial institutions. PwC has identified five primary areas of attention for banks in Qatar for mid-term and it includes digital transformation and financial inclusion, driven by new regulations; credit risk, due to deteriorating credit conditions; capital and liquidity levels for ensuring risk mitigation; income and profit risk; and operational risks. Qatari banks have experienced growth in total assets and total loans and advances over the first quarter of 2020 (1Q2020 versus financial year 2019) despite the volatility of the last quarter, as demonstrated by the (consolidated) reports published by the eight listed commercial banks. Growth of the aggregated assets accelerated in 1Q2020 by 1.8% compared with FY 2019, by 8.6% against Q1 2019, and by 7% compounded annual growth (CAGR) over the three-year period (1Q2020 versus 1Q2017). The growth dynamics in the aggregated total loans and advances of the eight listed banks have also been "positive", it said, highlighting that in the last three years, total loans and advances grew 23.7% (CAGR of 7.3%), proving that the banking industry in Qatar has been expanding at a "rapid pace" over the last three years. Customer deposits grew by a total of 7.4% over the last years (versus 1Q2019), by a three-year CAGR of 6.5% (1Q2020 versus 1Q2017) and by 2.5% in the last quarter (versus FY2019) on aggregate. "By and large, the overall trend of key performance indicators (KPIs) for the eight listed banks throughout the last three years remained positive, showing double-digit growth for the main KPIs," PwC said. (Gulf-Times.com)
- **FocusEconomics: PPP law, stimulus package to prop up economic activity in Qatar –** The long-awaited Public-Private Partnership (PPP) law passed by Qatar's government in May this year should support investment and activity in the country's non-oil sector, FocusEconomics has said. According to FocusEconomics Consensus Forecast-Middle East & North Africa for June report, the PPP law coupled with a 13% of GDP stimulus package will prop up economic activities in the country. While the economy remains hamstrung in the second quarter due to lockdown and travel restrictions, the report said, a strong fiscal stimulus package worth QR75bn will support the non-oil private sector cushion the downturn. "Since May, Qatar's economy has begun to gradually restart, which should prop up industrial activity," the report said. FocusEconomics panelists see Qatar's economy to grow 3.5% in 2021. The country's economic growth will further accelerate to 3.6% in 2022, the report said. "Consumer prices fell 3.1% in annual terms in April, sharper than March's 1.4% decline, due to COVID-19 weighing on activity. Consumer prices should ebb this year, due to economic slack. Our panelists see consumer prices falling 0.4% in 2020, which is down 0.4 percentage points from last month's forecast. In 2021, our panel sees inflation averaging 1.8%," the report said. The report indicated that the GDP per capita in Qatar will increase from $60,518 in 2020 to $78,914 in 2024. (Qatar Tribune)
- **Qatari cargoes dominate June arrivals –** Out of 10 LNG tankers with cargoes currently on the way to north west Europe markets, seven are from Qatar, ship-tracking and port data on Bloomberg showed. Two are from Russia and one is from Nigeria. (Bloomberg)
- **Qatar Airways' share of international traffic over triple its nearest competitor in April –** New independent data from the International Air Transport Association (IATA) clearly reaffirms "Qatar Airways as the airline that worked diligently to take people home safely and reliably" during the pandemic crisis. Qatar Airways' over 1.3bn revenue passenger kilometers (RPK) during April accounted for 17.8% of the global market, over triple its nearest competitor and more than the next four airlines combined. Qatar Airways Cargo also continues to lead its sector with more than 900mn cargo tons kilometers (CTK), accounting for 7.2% of the global cargo market, ensuring much needed airfreight capacity to support global trade and the transportation of essential medical and aid supplies to impacted regions. While the Covid-19 pandemic has created unprecedented challenges for the global aviation industry, the national carrier of the State of Qatar has remained focused on its fundamental mission of taking people home. Qatar Airways has become the largest carrier in the world flying more than 50mn kilometers to repatriate over 1.8mn passengers on over 15,000 flights during the crisis. The airline has also worked closely with governments, and companies around the world to operate over 220 charters and extra sector flights. Qatar Airways has accumulated unrivalled experience of how to safely and reliably carry passengers during these uncertain times, having taken more people home on more flights to more destinations than any other airline. (Gulf-Times.com)

International

- **US inflation subdued with economy in recession –** The US consumer prices fell for a third straight month in May and underlying inflation was weak as demand for goods and services remained subdued amid a recession caused by the COVID-19 pandemic. The Labor Department said its consumer price index dipped 0.1% last month after plunging 0.8% in April, which was the largest decline since December 2008. Prices were held down by a 3.5% drop in the cost of gasoline, which followed a 20.6% plunge in April. That offset a 0.7% increase in the cost of food last month. Food prices jumped 1.5% in April. Prices for food consumed at home rose 1.0% after surging 2.6% in April. The cost of beef shot up a record 10.8% in May, reflecting shortages as a result of COVID-19 infections at meat processing plants. Expensive food has led consumers to anticipate higher inflation this year. The Fed tracks the core personal consumption expenditures (PCE) price index for its 2% inflation target. The core PCE price index increased 1.0% on a year-on-year basis in April, the smallest advance since December 2010. May's core PCE price index data will be released at the end of the month. The Fed projected core inflation rising 1.0% this year and picking up to 1.5% in 2021. Back in December, it forecast inflation at 1.9% this year and 2% in 2021. Economists polled by Reuters had forecasted the CPI would be unchanged in May and gain 0.2% YoY. (Reuters)

- **US May deficit nearly doubles to $399bn –** The US federal budget deficit in May nearly doubled to $399bn from a year earlier amid continued strong spending on coronavirus relief programs and a 25% drop in receipts, the Treasury Department said on Wednesday. The May deficit brought the year-to-date fiscal deficit to $1.88tn, has already eclipsing the previous full-year record of $1.4tn in 2009, with some analysts predicting a gap as high as $3.8tn for the fiscal year to September 30. May receipts fell 25% to $174bn, powered largely by a 16% drop in individual withheld taxes and a 62% drop in corporate income tax payments. Outlays were up 30% to $573bn. A US Treasury official told Reuters that it was difficult to predict when the coronavirus relief outlays would peak in the federal budget data. While the May deficit reflected large spending on direct payments to individuals, it did not reflect the outlays for forgivable small business loans. Those numbers will show up in the budget as loans are forgiven between the end of June and late October, the official said. (Reuters)
- **US Treasury chief says considering more direct payments in next coronavirus aid bill –** The US Treasury Secretary Steven Mnuchin said on Wednesday he would seriously consider more direct payments to individuals in the next phase of coronavirus rescue legislation, adding that funds should also be targeted to help sectors struggling to reopen, including hospitality and tourism. Testifying before the US Senate Small Business Committee, Mnuchin said the Treasury also planned to issue new guidance this week to ease rules that prohibit business owners with a criminal conviction in the past five years from accessing forgivable Paycheck Protection Program loans. That would be reduced to three years, and Mnuchin said he was open to easing the rules further. Mnuchin said he definitely believed another round of federal coronavirus aid would be needed, including measures to create jobs. Congress has so far passed three coronavirus bills totaling about $3tn in programs, including the small- business payroll loans, payments to individuals, money for healthcare providers and Federal Reserve credit market backstops. (Reuters)
- **Possible Fed move to cap yield rise could further weaken US dollar –** The US dollar would probably come under further pressure if the Federal Reserve adopts targets for US Treasury yields that would limit their rise and ensure that interest rates remain near zero for some time. Capping bond yields could diminish the attractiveness of US Treasury debt, as investors look to other alternatives, analysts said. That may exacerbate a downtrend in the US currency that has been partly triggered by a gradual reopening of global economies following shutdowns aimed at curbing the spread of the novel coronavirus. Since late May, the dollar has fallen about 4.2% against a basket of major currencies. Speculation on a move to control the yield curve that plots rates on near-term Treasury maturities to long-dated ones, gained momentum after the Federal Reserve mentioned it in the minutes of its April policy meeting released last month. Instead of simply setting short-term rates, the Fed could set specific target rates anywhere from bills to notes and bonds. (Reuters)
- **Bank of England ready to replenish its COVID-19 warchest –** The Bank of England (BoE) looks set to give itself at least another 100bn Pounds in bond-buying firepower next week to try to stop the coronavirus crisis from inflicting further damage on Britain's economy. The BoE slashed interest rates to an all-time low of 0.1% in March as the country went into lockdown, but it says it needs time to weigh up the risks of going below zero like some other central banks. That leaves bond-buying as its main weapon for tackling what could be Britain's deepest recession in three centuries. The BoE is amassing gilts faster than the government is selling them in order to prevent the debt flood from pushing up borrowing costs. It has already used up most of a record 200bn Pound expansion of its asset purchase program made in March. Most economists said the Monetary Policy Committee will announce another 100bn Pound boost on June 18. That would be enough for the BoE to keep buying bonds at its current pace until August, when the MPC is next due to meet. By then there should be a few more signals of how much long-term damage has been done to the world's fifth-biggest economy. Data on Friday is expected to show Britain's gross domestic product plunged by about 20% in April although there have been some signs of a recent bottoming out of the slump. (Reuters)
- **UK house prices hit 10-year low but recovery signs emerge –** A gauge of British house prices hit a 10-year low in May but there are signs that confidence is returning to the market after the government lifted its coronavirus lockdown for buyers and sellers in England, a survey showed on Thursday. The Royal Institution of Chartered Surveyors (RICS) said its headline house price balance slumped to -32% in May, its lowest since 2010, from -22% in April. But expectations for house prices in 12 months' time were less negative than a month earlier and new buyer enquiries recovered from a record low of -94% in April to -5% in May. Near-term sales expectations were now broadly neutral and the 12-month outlook improved, RICS said. (Reuters)
- **Germany eyes up to 50bn Euros of additional debt for stimulus push –** German Finance Minister Olaf Scholz is considering borrowing up to another 50bn Euro to finance Berlin's bumper stimulus package, a senior official with knowledge of the

discussions told Reuters. The plan to take on more debt underlines Germany's massive fiscal shift from Europe's former austerity champion to one of the biggest spenders in the Eurozone's efforts to counter the economic impact of the coronavirus pandemic. Chancellor Angela Merkel's cabinet is planning to pass a second supplementary budget on June 17 to finance its 130bn Euro stimulus package to support Europe's largest economy, said the official, who spoke on condition of anonymity. Another official with knowledge of the budget plans also said the cabinet wanted to pass the extra budget next Wednesday, adding the finance ministry was looking at issuing more debt than the originally envisaged 25-30bn Euros. (Reuters)

- **France lifts pandemic response to 136bn Euros –** France raised its coronavirus response measures to nearly 136bn Euros on Wednesday, bringing the cost to 5.6% of GDP in its third budget revision so far this year. The government had put the cost at 110bn Euros in April but has since had to make upward revisions to take account of falling tax revenue and extra spending, it said in its budget update. Combined with various financing guarantees the state has extended to companies and EU institutions, Finance Minister Bruno Le Maire said the government was mobilizing a total 460bn Euros, or 20% of GDP. (Reuters)
- **Japan's machinery orders, wholesale prices sink as pandemic hits business spending –** Japan's machinery orders slumped in April at their quickest pace in nearly two years, as a drop in demand and company profits caused by the coronavirus pandemic paralyzed businesses spending. Separate data showed May wholesale prices fell at the fastest annual pace in nearly four years, keeping alive market fears Japan may slide back into deflation. The weak readings will pressure policymakers to take bolder action to support an economy already headed for deeper recession caused by the pandemic. Core machinery orders, often regarded as an indicator of capital spending in the coming six to nine months, tumbled 12.0% in April from the previous month, Cabinet Office data showed on Wednesday. The drop was larger than an 8.6% decline seen by economists in a Reuters poll and the fastest decline since September 2018. The fall in machinery orders in April suggests that resilience in business investment is now also giving way, a sign the recession is likely to deepen in the current quarter. Overseas orders dropped 21.6% from the previous month for their biggest tumble since April 2019, highlighting growing concerns about the external environment. The soft machinery orders data came after separate, preliminary data showed on Tuesday Japan's machine tool orders fell 52.8% in May from a year earlier. By sector, manufacturers' orders dropped 2.6%, weighed by general purpose and production machinery, while core orders from the service-sector lost 20.2%, the sharpest MoM drop since comparable data became available in April 2005. From a year earlier, core machinery orders fell 17.7% in April, coming in worse than an expected 14.0% decline and following a 0.7% drop in March. (Reuters)
- **China factory gate deflation deepens on global demand slump –** China's producer prices fell by the sharpest rate in more than four years, underscoring pressure on the manufacturing sector as the COVID-19 pandemic reduces trade flows and global demand. The coronavirus crisis has disrupted trade to China's key export markets including the United States and Europe, heaping further pressure on the outlook for manufacturing investment and jobs in the world's second-largest economy. The producer price index (PPI) in May fell 3.7% from a year earlier, the National Bureau of Statistics (NBS) said in a statement on Wednesday, the sharpest decline since March 2016. That compared with a 3.3% drop tipped by a Reuters poll of analysts and a 3.1% fall in April. The drop in producer prices was led by a 57.6% slide in prices in the oil and natural gas industry and a 24.4% drop in the oil, coal and other fuels processing sector, the statistics bureau said. On a monthly basis, however, producer prices showed some signs of steadying. May producer prices fell 0.4% from the previous month, easing from April's 1.3% fall, the bureau said. Exports contracted in May as global coronavirus lockdowns continued to devastate demand while a deeper fall in imports pointed to mounting pressure on the key manufacturing sector. Official and private factory surveys also indicated deep contractions in export orders. The consumer price index rose 2.4% from a year earlier - the weakest reading since March 2019 - compared with a 3.3% increase in April, as food prices continued to ease. Analysts had projected a 2.7% rise. Core inflation - which excludes food and energy costs - remained benign last month at 1.1%, unchanged from April's rise. (Reuters)
- **China's new bank loans fall in May, but broader credit growth quickens –** New bank lending in China fell more than expected in May but broader credit growth quickened as the central bank continues to ease policy to get the economy back on solid footing after the coronavirus crisis. Banks extended 1.48tn Yuan in new Yuan loans in May, down from 1.70tn Yuan in April, according to data released by the People's Bank of China (PBOC) on Wednesday. Analysts polled by Reuters had predicted loans would fall to 1.50tn Yuan. But the tally was higher than 1.18tn Yuan in the same month last year. Household loans, mostly mortgages, rose to 704.3bn Yuan from 666.9bn Yuan in April, while corporate loans fell to 845.9bn Yuan from 956.3bn Yuan. Broad M2 money supply grew 11.1% from a year earlier, below estimates of 11.3% but in line with April's rise. The monthly lending figures are highly seasonal, so analysts tend to focus on annual changes to gauge underlying trends. As expected, outstanding Yuan loans grew 13.2% YoY, edging up from 13.1% in April. (Reuters)
- **China's outstanding total social financing up 12.5% YoY at end-May –** China's outstanding total social financing (TSF) was 268.39tn Yuan at the end of May, up 12.5% from a year earlier, the central bank said on Wednesday. TSF includes off-balance-sheet forms of financing that exist outside the conventional bank lending system, such as initial public offerings, loans from trust companies and bond sales. In May, TSF rose to 3.19tn Yuan from 3.09tn Yuan in April. Analysts polled by Reuters had expected May TSF of 3.00tn Yuan. (Reuters)
- **S&P affirms India's long-term sovereign credit rating, outlook –** Standard and Poor's (S&P) affirmed its rating on India's long-term foreign and local currency sovereign credit at the lowest investment-grade level and retained its stable outlook on the economy on Wednesday. India's long-term rating was affirmed at 'BBB-' with a 'Stable' outlook while the short-term rating

was held at 'A-3'. Earlier this month, Moody's downgraded India to a notch above junk, falling in line with other global agencies, but also cut its outlook to 'Negative' on the back of rising debt and persistent stress in the financial system. S&P's stable outlook reflects its expectation that the Indian economy will recover following the containment of the COVID-19 pandemic, and maintain its sound net external position, it said. The agency also assumes that the government's fiscal deficit will recede markedly following a multi-year high this fiscal year. (Reuters)

- **Reuters poll: India inflation likely to have hit six-month low in May –** India consumer price inflation is likely to have moderated to a six-month low in May on a softer rise in food prices as supply disruptions eased after businesses reopened from the coronavirus lockdown in many parts of the country, a Reuters poll found. The June 4-9 poll of 35 economists showed that the consumer price index (CPI) was forecast to rise to 5.50% in May compared with a year ago. Government statistics for April headline data were not published because of the lockdown, so the latest comparable figure is for March, which was revised down to 5.84% from 5.91% initially. If publication goes ahead and the Reuters consensus forecast is realized, it would be the lowest inflation rate since November. But it would also mark the eighth consecutive month that inflation is above the Reserve Bank of India's medium-term target of 4.00%. The poll forecast that India's industrial output as measured by the Index of Industrial Production (IIP) also scheduled for release on June 12 was likely to have contracted by an annual 44.9% in April after shrinking 16.7% in March. That was mainly due to a contraction of 38.1% in infrastructure output - made up of eight main industries - including coal, crude oil and electricity - and accounts for nearly 40% of the country's overall industrial production. (Reuters)
- **Brazil posts steepest monthly deflation since 1998, opens door to more rate cuts –** Inflation in Brazil continued to evaporate in May, official figures showed on Wednesday, as falling fuel and air travel costs due to the coronavirus crisis led to the steepest monthly fall in consumer prices since August 1998. Consumer prices as measured by the IPCA index fell 0.38% in May, less than the 0.46% fall economists in a Reuters poll had expected but still the fastest monthly rate of deflation in 22 years and the second fastest since records began in 1980. The annual inflation rate slowed to 1.9% from 2.4% in April, slightly above the Reuters poll forecast of 1.8%, but also the lowest annual rate of inflation since January 1999. Annual inflation is well below the central bank's official 2020 target of 4.0%, even allowing for the 1.5 percentage-point margin allowed on either side of that figure. The latest evidence of weak price pressures is likely to set the seal on another interest rate cut from the central bank next week. According to IBGE, the biggest deflation drivers in May were a 4.35% decline in gasoline prices and a 27.1% slump in air tickets on the month, both of which dragged overall transport costs down by 1.9%. Of the nine sectors covered, six showed deflation in May and three recorded price rises, IBGE said. Housing costs fell 0.25% and clothing fell 0.58% on the month, while food and drink costs rose 0.25% and household items rose 0.58%, IBGE said. (Reuters)

Regional

- **Nigeria to reach OPEC+ compliance by mid-July –** Nigeria did not fully comply with a pact by oil producers to rein in output to balance markets but will make additional cuts to make up for the lapse by mid-July, the Head of the Nigerian National Petroleum Corporation, Mele Kyari said on Wednesday. Nigeria had exceeded its quota for production cuts under an OPEC+ deal by a little less than 100,000 bpd in May, Kyari said in an online interview with Dubai-based research firm Gulf Intelligence. Africa's top oil exporter aims to reach full compliance by "maximum, middle of July", Kyari said, adding the country will by that point need to cut an additional 40,000-45,000 bpd in order to compensate for its earlier over-production. Kyari said there had been technical challenges to reining in Nigeria's output but the country was fully committed to the cuts. The Organization of the Petroleum Exporting Countries, Russia and other producers agreed in April to cut supply by 9.7 million bpd in May and June to support prices as coronavirus lockdowns caused demand to collapse. The group, known as OPEC+, agreed on Saturday to sustain those cuts, equal to about 10% of global supply, through July. It also demanded countries such as Nigeria and Iraq, which exceeded production quotas in May and June, compensate with extra cuts in July to September. (Reuters)
- **OPEC+ compliance with output cuts at 79% due to Saudis –** The OPEC alliance's production cuts stood at 7.63mn bpd as of June 8, or 79% of the deal the members reached in April, due to aggressive reductions by Saudi Arabia, according to a Kpler report. Group needs to cut by another 2mn bpd before it's 100% compliant to that deal. Agreement was to cut by 9.7mn bpd in May. Saudis alone have cut more than all other members combined, reaching 83% compliance for the Kingdom. Arabia's current cuts estimated at ~4.58mn bpd, 2mn bpd more than its target of 2.5mn bpd for May. That is also 1mn bpd higher than its self-imposed target of 3.5mn bpd of cuts for June. Both Saudi Arabia and Russia came to the Saturday OPEC+ meeting with a strong, united position against other OPEC+ countries' lack of compliance. Oil market's tepid reaction to the July cut extension shows it does not believe Riyadh and Moscow will be able to bring back other members on the right track. (Bloomberg)
- **Saudi Aramco raises domestic gasoline prices for June –** Saudi Aramco has raised domestic gasoline prices for the month of June, according to state TV. 91 octane is priced at SR0.90 from SR0.67 per liter. 95 octane has been priced at SR1.08 from SR0.82 per liter. (Bloomberg)
- **Spain's imports of Saudi oil surged to seven-year high in April –** Spain's imports of crude from Saudi Arabia rose 23% YoY to 898k tons in April, the highest level for any month since April 2013, according to data from the Spanish statistics agency CORES. (Bloomberg)
- **Saudi Arabia delays increase to customs fees planned for today –** Saudi Arabia has delayed a wide-ranging increase to customs fees that was set to start today, according to the customs authority. "Based on the questions we received around raising fees on a number of goods, we inform you that the implementation of any change to fees has not begun," it said, without clarifying when or whether the change would be applied. In an interview today with Al-Arabiya television, Saudi Industry Minister, Bandar Alkhorayef said that the plan to raise

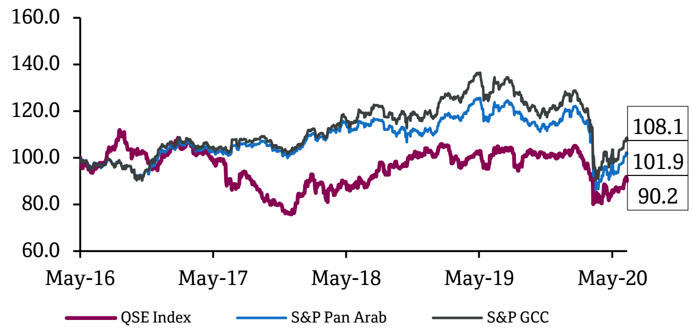
customs fees was an "old" plan drawn up before the coronavirus pandemic -- which has derailed Saudi Arabia's nascent economic recovery -- and was intended to provide support for domestic industries. (Bloomberg)

- **Bupa Investments to raise Bupa Arabia stake in SR504mn deal –** Bupa Investments Overseas Ltd. plans to increase its shareholding in Bupa Arabia to 43.25% from 39.25%. To buy portion of Nazer Group's stake in Bupa Arabia at SR105 per share, totaling SR504mn. Nazer Group will continue as a shareholder in Bupa Arabia. Loay Nazer will continue as Chairman of Bupa Arabia, and Tal Nazer as CEO. (Bloomberg)
- **CBUAE: UAE economy to contract by 3.6% this year –** The UAE's economy is likely to contract by 3.6% this year after economic activity slowed because of the coronavirus pandemic, the Central Bank of the UAE (CBUAE) said on Wednesday. In the first quarter of this year, the UAE economy shrank by 1% YoY, with non-oil GDP down by 3%, as opposed to hydrocarbon GDP, which rose by 3.7% YoY. "As the drop-in economic activity is expected to be followed by sharp contractions in the subsequent quarters, non-energy growth contraction is projected at (minus)-4.1% for 2020," CBUAE said in a first-quarter report. Hydrocarbon GDP is expected to shrink 2.4% this year, it said. "While recovery of economic activity is projected to commence in the second half of the year, recovery of economic sentiment will hinge on deploying policy support measures," it said, referring to stimulus schemes of the central bank and local and federal governments. The central bank expects employment to drop in the second and third quarters, with a recovery in the last quarter of the year. (Reuters)
- **HSBC extends $558mn funding for UAE's Etihad Rail project –** Work on a major railway line of the UAE's Etihad Rail project has begun following the approval of the working capital for the contractors of the project. HSBC announced on Wednesday that it is extending $558mn in funding for the construction of a 145-kilometre stretch of the railway line. The working capital has been granted to the UAE's National Projects and Construction (NPC) and China Railway Construction Corporation (CRCC), the builders that secured the deal for Package D of Stage Two of the project. "With the working capital facilities now in place, construction on the railway line has begun," an HSBC statement reads. The bank had won a competitive pitch to provide the CRCC-NPC joint venture with a $558mn funding package of "guarantees, trade, supply chain and receivables finance cash management and foreign exchange solutions" for the completion of the railway. The portion of the project that is being financed involves the construction of a 145-kilometre railway line linking the ports of Fujairah and Khorfakkan to the pan-Emirates network at the Dubai border with Sharjah. This will open up connections to Dubai, Abu Dhabi and the UE border with Saudi Arabia. (Zawya)
- **Emirates airline redundancies continue for second day –** Emirates laid off more pilots and cabin crew on Wednesday in a second day of redundancies at one of the world's biggest long-haul airlines, three company sources said. An Emirates spokeswoman declined to comment beyond the airline's statement on Tuesday that said some employees had been laid off. No further details were provided. The Dubai-based carrier laid off hundreds of pilots and cabin crew on Tuesday in a bid to stave off a cash crunch caused by the coronavirus pandemic, sources told Reuters. The state carrier had said in May a promise by the Dubai government to provide Emirates with new equity would allow it to "preserve its skilled workforce." (Reuters)
- **Sharjah Islamic Bank hires banks for dollar Sukuk –** Sharjah Islamic Bank has hired banks to arrange the sale of benchmark dollar Sukuk, sources told Reuters. The Sukuk issuance was likely to be soon, two of the sources said on Wednesday, adding that the banks appointed were Sharjah Islamic Bank's relationship lenders. The size was likely be $500mn, but this could be more if demand is strong, one of the sources said. Sharjah Islamic Bank, which had $500mn Sukuk matured in March. The potential debt sale comes on the heels of Dubai Islamic Bank, the UAE's largest Islamic lender, selling $1bn in Sukuk on Tuesday. DIB's deal was the first international public Sukuk issuance by a Gulf bank since the twin shock of the coronavirus pandemic and an oil price slump hit the region's debt markets. The Emirate of Sharjah also sold $1bn in Sukuk last week. (Reuters)
- **Kuwait plans to stop hiring foreign workers for oil sector –** Kuwait will no longer hire expatriates for jobs in its oil sector as the OPEC member moves to reduce the number of foreigners in the country. Non-Kuwaiti nationals will not be hired at Kuwait Petroleum Corp., the main state-run energy producer, and its subsidiaries for 2020-2021, Kuwait News Agency reported, citing Oil Minister, Khaled Al-Fadhel. Third-party contracts with expatriates, through which some of them are currently employed, will be reduced, the Minister said. Kuwait does not want to be an expat-majority nation anymore. Kuwait's Prime Minister last week said the country's expatriate population should be more than halved to 30% of the total, as the coronavirus pandemic and a slump in oil prices send shudders through Gulf economies. Foreigners account for nearly 3.4mn of Kuwait's 4.8mn population, and "we have a future challenge to redress this imbalance," Sheikh Sabah Al-Khalid Al-Sabah said. (Bloomberg)
- **Kuwaiti Banking Association declares no distribution of cash profits to bank's shareholders for 2020 –** Kuwaiti Banking Association declared on Wednesday there would be no distribution of cash profits to bank's shareholders for 2020. The association said in a statement that the decision was taken to enable the banking sector play the financial brokerage role, ensure liquidity flow and operations in various economic sectors until current extraordinary circumstances created by the coronavirus pandemic cease to exist. The declaration was publicized on the heels of regular meetings that had been held with the Central Bank of Kuwait, following up on the sector condition in shadow of the pandemic and its fallouts. The announcement is in harmony with criterion of the Basel committee for overseeing banking sector, adopted by the CBK as part of the measures to cope with the coronavirus repercussions. Such an approach is intended to bolster rating of the sector and its credit status in tandem with identical measures adopted globally. (KUNA)
- **Kuwait's First Investment receives CMA approval on capital reduction –** First Investment Company has received CMA

approval on capital reduction. The capital reduction is to KD44.6mn from KD65.1mn. (Reuters)

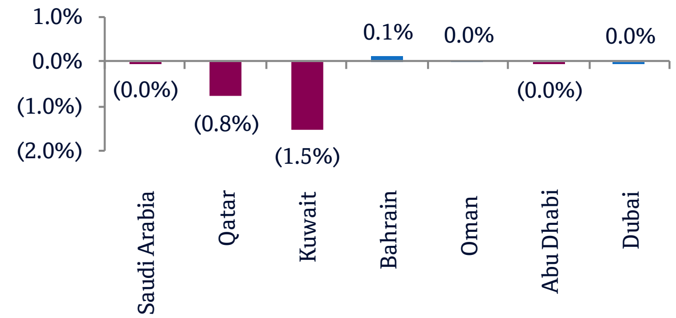
- **Unicap's unit seals KD2.82mn loan with Kuwait's Boubyan Bank –** The Board of Directors of Unicap Investment and Finance have approved the First Kuwaiti Company for Educational Services, one of its subsidiaries, to sign a credit facility agreement worth KD2.82mn with Boubyan Bank. The loan will support the subsidiary in financing its operating expenses amid the coronavirus (COVID-19) crisis, according to a bourse filing on Tuesday. The deal will reflect positively on the unit's future cash inflows and will enhance its liquidity. (Zawya)
- **Oman's oil production dropped 28% last month –** Oman produced 679k bpd of crude and condensate in May, down from 947k bpd in April, according to a statement issued by the country's Ministry of Oil & Gas. Oman exported 737k bpd in May, down from 894k bpd in April. Shipment destinations were as follows: China at 88% and South Korea at 12%. (Bloomberg)
- **Chairman: ALBA running operations at full capacity despite COVID-19 –** Aluminium Bahrain (ALBA), the world's largest aluminum smelter ex-China, has been running its operations at full capacity despite COVID-19, stated the Chairman of Alba's Board of Directors, Shaikh Daij Bin Salman Bin Daij Al Khalifa during the second quarterly Board of Directors' meeting held virtually on Wednesday June 10, 2020. Adding further, Shaikh Daij Bin Salman Bin Daij Al Khalifa said: "As COVID-19 unfolds, we had to adapt quickly -- finding our balance in the new normal. Our production facilities continue at full run rate while new Safety measures were adapted across the plant to ensure that our workforce is safe at all times. I also congratulate everyone, employees and contractors, on topping more than 22mn working-hours without Lost Time Injury (LTI) mark for the first time in our history and for keeping Alba safe as we deliver on our commitments to our customers." During the meeting, the Board approved the Minutes of the previous meeting as well as reviewed Reports of the Executive Committee, Board Audit Committee and the Nomination, Remuneration and Corporate Governance Committee. Updates were also given on Safety and plant performance amidst COVID-19, insights on the overall market conditions and ALBA's financial performance to-date. (Reuters, Press Release)

Rebased Performance



Source: Bloomberg

Daily Index Performance



Source: Bloomberg

Asset/Currency Performance	Close ($)	1D%	WTD%	YTD%
Gold/Ounce	1,738.70	1.4	3.2	14.6
Silver/Ounce	18.11	3.3	4.0	1.5
Crude Oil (Brent)/Barrel (FM Future)	41.73	1.3	(1.3)	(36.8)
Crude Oil (WTI)/Barrel (FM Future)	39.60	1.7	0.1	(35.1)
Natural Gas (Henry Hub)/MMBtu	1.72	(1.7)	(4.4)	(17.7)
LPG Propane (Arab Gulf)/Ton	50.25	2.0	(4.5)	21.8
LPG Butane (Arab Gulf)/Ton	54.75	1.9	(3.5)	(16.4)
Euro	1.14	0.3	0.7	1.4
Yen	107.12	(0.6)	(2.3)	(1.4)
GBP	1.27	0.1	0.6	(3.8)
CHF	1.06	0.7	2.0	2.5
AUD	0.70	0.5	0.4	(0.3)
USD Index	95.96	(0.4)	(1.0)	(0.4)
RUB	68.49	(0.1)	(0.3)	10.5
BRL	0.20	(1.4)	(0.2)	(19.2)

Source: Bloomberg

Global Indices Performance	Close	1D%*	WTD%*	YTD%*
MSCI World Index	2,267.36	(0.3)	0.0	(3.9)
DJ Industrial	26,989.99	(1.0)	(0.4)	(5.4)
S&P 500	3,190.14	(0.5)	(0.1)	(1.3)
NASDAQ 100	10,020.35	0.7	2.1	11.7
STOXX 600	368.15	(0.3)	(1.4)	(10.5)
DAX	12,530.16	(0.6)	(2.0)	(4.2)
FTSE 100	6,329.13	(0.0)	(1.8)	(19.3)
CAC 40	5,053.42	(0.7)	(2.3)	(14.5)
Nikkei	23,124.95	0.6	3.5	(0.7)
MSCI EM	1,012.51	0.3	1.0	(9.2)
SHANGHAI SE Composite	2,943.75	(0.2)	0.8	(4.8)
HANG SENG	25,049.73	(0.0)	1.1	(10.7)
BSE SENSEX	34,247.05	0.6	(0.2)	(21.9)
Bovespa	94,686.00	(2.3)	1.3	(33.0)
RTS	1,277.58	(0.5)	(0.6)	(17.5)

Source: Bloomberg (*$ adjusted returns)

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