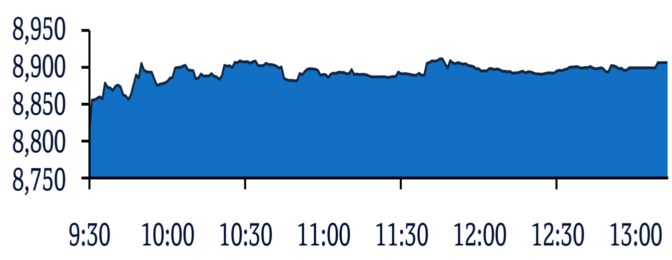
QNB FINANCIAL SERVICES

Daily Market Report

Monday, 11 May 2020

QSE Intra-Day Movement



Qatar Commentary

The QE Index rose 1.2% to close at 8,907.0. Gains were led by the Real Estate and Industrials indices, gaining 3.5% and 3.3%, respectively. Top gainers were United Development Company and Mesaieed Petrochemical Holding Company, rising 8.7% and 6.2%, respectively. Among the top losers, Qatari German Company for Medical Devices fell 10.0%, while Qatar First Bank was down 2.4%.

GCC Commentary

Saudi Arabia: The TASI Index gained 0.8% to close at 6,682.9. Gains were led by the Software & Services and Consumer Durables indices, rising 3.5% and 2.1%, respectively. Saudi Marketing Co. and Gulf Union Coop. Ins. were up 10.0% each.

Dubai: The DFM Index fell 1.1% to close at 1,901.6. The Telecommunication index declined 2.0%, while the Services index fell 1.7%. Al Salam Group Holding declined 4.7%, while Ekttitab Holding Company was down 4.4%.

Abu Dhabi: The ADX General Index gained 1.4% to close at 4,118.7. The Real Estate index rose 2.4%, while the Telecommunication index gained 1.8%. Rak Properties rose 2.9%, while Aldar Properties was up 2.4%.

Kuwait: The Kuwait All Share Index fell 1.0% to close at 4,812.4. The Consumer Goods index declined 3.1%, while the Real Estate index fell 1.8%. Combined Group Contracting declined 16.5%, while Munshaat Real Estate Project was down 9.1%.

Oman: The MSM 30 Index fell 0.4% to close at 3,469.3. Losses were led by the Services and Financial indices, falling 1.8% and 0.2%, respectively. Shell Oman Marketing declined 20.0%, while United Power Company was down 9.6%.

Bahrain: The BHB Index fell 0.9% to close at 1,268.3. The Commercial Banks index declined 1.5%, while the Industrial index fell 0.6%. GFH Financial Group declined 2.7%, while Ahli United Bank was down 2.5%.

QSE Top Gainers	Close*	1D%	Vol. '000	YTD%
United Development Company	1.37	8.7	28,717.6	(10.2)
Mesaieed Petrochemical Holding	2.04	6.2	14,097.2	(18.6)
Industries Qatar	7.65	4.1	1,057.6	(25.6)
Qatar Islamic Insurance Company	6.40	3.8	170.2	(4.3)
Ahli Bank	3.34	2.8	1.5	0.2

QSE Top Volume Trades	Close*	1D%	Vol. '000	YTD%
United Development Company	1.37	8.7	28,717.6	(10.2)
Ezdan Holding Group	0.85	0.7	20,791.5	37.4
Mesaieed Petrochemical Holding	2.04	6.2	14,097.2	(18.6)
Qatar Aluminium Manufacturing	0.73	0.3	12,812.7	(6.8)
Investment Holding Group	0.50	0.8	7,696.5	(12.2)

Market Indicators	10 May 20	07 May 20	%Chg.
Value Traded (QR mn)	208.3	331.5	(37.2)
Exch. Market Cap. (QR mn)	504,192.0	499,577.0	0.9
Volume (mn)	136.7	215.0	(36.4)
Number of Transactions	5,435	10,239	(46.9)
Companies Traded	45	45	0.0
Market Breadth	29:14	21:22	–

Market Indices	Close	1D%	WTD%	YTD%	TTM P/E
Total Return	17,123.48	1.2	1.2	(10.7)	14.0
All Share Index	2,759.03	0.8	0.8	(11.0)	14.7
Banks	3,843.31	0.1	0.1	(8.9)	12.6
Industrials	2,450.06	3.3	3.3	(16.4)	19.5
Transportation	2,746.92	(0.2)	(0.2)	7.5	13.3
Real Estate	1,456.43	3.5	3.5	(6.9)	14.4
Insurance	1,996.67	0.3	0.3	(27.0)	33.7
Telecoms	818.00	0.4	0.4	(8.6)	13.7
Consumer	7,089.18	0.5	0.5	(18.0)	18.1
Al Rayan Islamic Index	3,557.39	1.9	1.9	(10.0)	16.4

GCC Top Gainers##	Exchange	Close#	1D%	Vol. '000	YTD%
Mesaieed Petro. Holding	Qatar	2.04	6.2	14,097.2	(18.6)
Saudi British Bank	Saudi Arabia	22.88	4.8	629.3	(34.1)
Saudi Arabian Mining Co.	Saudi Arabia	33.90	4.6	561.4	(23.6)
Industries Qatar	Qatar	7.65	4.1	1,057.6	(25.6)
Banque Saudi Fransi	Saudi Arabia	29.45	3.7	208.4	(22.3)

GCC Top Losers##	Exchange	Close#	1D%	Vol. '000	YTD%
Ahli United Bank	Kuwait	0.25	(3.8)	1,197.8	(22.3)
HSBC Bank Oman	Oman	0.09	(3.2)	500.3	(24.8)
Mabanee Co.	Kuwait	0.59	(3.1)	212.2	(30.7)
Ahli United Bank	Bahrain	0.59	(2.5)	910.0	(38.7)
Gulf Bank	Kuwait	0.21	(2.3)	1,517.4	(31.4)

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

QSE Top Losers	Close*	1D%	Vol. '000	YTD%
Qatari German Co for Med. Dev.	1.09	(10.0)	2,050.8	87.5
Qatar First Bank	0.99	(2.4)	4,785.3	21.4
Dlala Brokerage & Inv. Holding Co	0.65	(2.0)	1,312.7	5.9
Widam Food Company	5.95	(1.8)	522.0	(12.0)
Islamic Holding Group	1.89	(1.6)	558.1	(0.6)

QSE Top Value Trades	Close*	1D%	Val. '000	YTD%
United Development Company	1.37	8.7	39,095.6	(10.2)
Mesaieed Petrochemical Holding	2.04	6.2	28,674.7	(18.6)
Ezdan Holding Group	0.85	0.7	17,483.9	37.4
Qatar Gas Transport Co. Ltd.	2.64	0.1	11,778.9	10.5
QNB Group	17.17	(0.5)	10,636.3	(16.6)

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*	8,907.03	1.2	1.2	1.6	(14.6)	56.85	137,493.2	14.0	1.4	4.5
Dubai	1,901.58	(1.1)	(1.1)	(6.2)	(31.2)	49.75	75,983.3	7.3	0.7	5.1
Abu Dhabi	4,118.74	1.4	1.4	(2.6)	(18.9)	20.10	122,763.2	12.2	1.2	6.2
Saudi Arabia	6,682.91	0.8	0.8	(6.0)	(20.3)	730.33	2,077,560.3	19.3	1.6	3.7
Kuwait	4,812.36	(1.0)	(1.0)	(3.3)	(23.4)	36.69	89,497.4	13.4	1.1	4.4
Oman	3,469.27	(0.4)	(0.4)	(2.0)	(12.9)	2.68	15,160.3	8.3	0.7	6.9
Bahrain	1,268.25	(0.9)	(0.9)	(3.2)	(21.2)	2.13	19,750.1	8.8	0.8	5.6

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

Qatar Market Commentary

- The QE Index rose 1.2% to close at 8,907.0. The Real Estate and Industrials indices led the gains. The index rose on the back of buying support from non-Qatari shareholders despite selling pressure from Qatari and GCC shareholders.
- United Development Company and Mesaieed Petrochemical Holding Company were the top gainers, rising 8.7% and 6.2%, respectively. Among the top losers, Qatari German Company for Medical Devices fell 10.0%, while Qatar First Bank was down 2.4%.
- Volume of shares traded on Sunday fell by 36.4% to 136.7mn from 215.0mn on Thursday. Further, as compared to the 30-day moving average of 188.2mn, volume for the day was 27.3% lower. United Development Company and Ezdan Holding Group were the most active stocks, contributing 21.0% and 15.2% to the total volume, respectively.

Overall Activity	Buy %*	Sell %*	Net (QR)
Qatari Individuals	41.24%	55.08%	(28,822,159.02)
Qatari Institutions	30.29%	17.95%	25,709,644.14
Qatari	**71.53%**	**73.03%**	**(3,112,514.88)**
GCC Individuals	1.40%	1.28%	257,920.19
GCC Institutions	0.39%	0.85%	(959,811.62)
GCC	**1.79%**	**2.13%**	**(701,891.44)**
Non-Qatari Individuals	19.75%	14.65%	10,625,716.91
Non-Qatari Institutions	6.93%	10.20%	(6,811,310.59)
Non-Qatari	**26.68%**	**24.85%**	**3,814,406.32**

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

Earnings Releases

Company	Market	Currency	Revenue (mn) 1Q2020	% Change YoY	Operating Profit (mn) 1Q2020	% Change YoY	Net Profit (mn) 1Q2020	% Change YoY
National Agricultural Dev. Co.	Saudi Arabia	SR	559.2	5.4%	33.6	-10.6%	18.2	N/A
Arabian Cement Co.	Saudi Arabia	SR	204.6	8.2%	57.0	17.0%	45.1	21.6%
Saudi Company for Hardware	Saudi Arabia	SR	358.0	-3.3%	25.5	-14.7%	11.7	-39.1%
Al Hassan Engineering Co.	Oman	OMR	7.7	-11.4%	–	–	0.1	-78.2%
Financial Services Co.#	Oman	OMR	70.1	-48.5%	–	–	(36.4)	N/A

Source: Company data, DFM, ADX, MSM, TASI, BHB. (# – Values in Thousands)

News

Qatar

- **WOQOD opens petrol station at Umm Slal –** As part of its ongoing expansion plans to be able to serve every area in Qatar, Qatar Fuel Company (WOQOD) opened a fuel station at Umm Slal, on Al Majd Road raising the number of its petrol stations to 105. The new Umm Slal petrol station is spread over an area of 28,000 square meters and has 4 lanes with 8 dispensers for light vehicles, and 2 lanes with 4 dispensers for Heavy Vehicles, which will serve Umm Slal area, Al Majd Road and its neighborhood. Umm Al Slal petrol station offers round-the-clock services to residents, and includes Sidra convenience store, manual car wash, oil change and tyre repair facilities for Light Vehicles and sale of LPG cylinders Shafaf, in addition to the sale of gasoline and diesel products for light vehicles and heavy vehicles. (QSE, Gulf-Times.com)
- **Qatar sets crude prices for April shipments at lowest since 1999 –** Qatar Petroleum cut official selling prices for April crude sales by 51%, the official Qatar News Agency reported, setting both grades at the lowest in more than twenty years. The country's Land crude grade sold at $17.78 a barrel, compared with $36.26 the previous month. The state-run energy company fixed the official selling price for its Marine crude at $17.53 a barrel, down from $35.96, the report said. The April OSPs are the lowest for both grades since June 1999, according to data compiled by Bloomberg. Crude prices have plunged worldwide amid excess supply and a loss of demand due to conronavirus lockdowns. (Bloomberg)
- **KPMG predicts COVID-19 pandemic will 'peter out' in Qatar by late summer –** KPMG in Qatar is optimistic that Qatar's COVID-19 cases will stabilize by late summer and expects business to start opening after a phased easing of the shutdown. "While Qatar has been impacted by the new coronavirus, it seems to be weathering the storm better than many other countries. The rate of infection in the country is similar to Germany and the UK, but this has so far not been translated into a high mortality rate, which means Qatar is effectively combating the pandemic", Ahmed Abu-Sharkh, Country Senior Partner, KPMG in Qatar said. Speaking Exclusively to The Peninsula, on the `potential impact of COVID-19 on the Qatar economy', Abu-Sharkh noted there are at least three key factors that contributed to Qatar's relatively better outcome in terms of combating the pandemic; including its strict enforcement of social distancing, its young population and a capable healthcare system. "It is up to the Supreme Committee for Crisis Management, in consultation with the government, to take a decision on fully lifting the restrictions. But our prediction is that infection cases will stabilize within three months and life will start to get back to normal in another three months," AbuSharkh said. Qatar's economy is showing signs of being able to come through the crisis positively. This is partly due to limited presence of external investors and a QR10bn government backstop for the stock market. The government also offered a stimulus package of QR75bn to assist small business and hard-hit sectors. The recent upgrade by Moody's of Qatar's rating to `Aa3` with a `stable` outlook in April 15 is also a sign of resilient economy. KPMG in Qatar believes the major beneficiaries of Qatar's stimulus package will be the SMEs. The most vulnerable are the SMEs as they will be the fastest to run out of cash in the current environment. (Peninsula Qatar)

- **Sheikh Faisal: Private sector maintains a key role in economic development amid pandemic –** Qatar's private sector has continued to function as an instrument for economic development despite the challenges it is facing during the novel coronavirus (COVID-19) pandemic, according to Qatari Businessmen Association's (QBA) Chairman, HE Sheikh Faisal bin Qassim Al-Thani. "Qatar's business community has proven be highly-responsible throughout the various exceptional circumstances that came over the Qatari economy, in particular, and the international economy, in general," the Chairman said during a recently-held video conference with HE the Prime Minister and Interior Minister Sheikh Khalid bin Khalifa bin Abdulaziz Al-Thani. During the meeting, which was attended by other leading business institutions in the country, Sheikh Faisal pointed out that, "The private sector has fully undertaken its role and used all its potentials to support the national economy. Besides, the private sector is not only seeking support and finances but it simultaneously working to assume an effective role at the economic and commercial activities in the country as part of its sense of responsibility towards the nation and for the good of the two parties." According to Sheikh Faisal, the meeting affirms that major players and stakeholders in the country's industries all agree on the need for the private and public sectors to cooperate and to rise above the "exceptional circumstances" happening in the country. "In addition, work should be done to put all human, financial, and economic capabilities in the service of the government programs to guarantee the protection of the economic, investment, and social environment in our country, Qatar," he noted. (Gulf-Times.com)
- **Hussain Alfardan: Qatar's private sector firmly behind government in facing COVID-19 consequences –** Qatar's private sector is firmly behind the government in facing the consequences of COVID-19, said Qatari Businessmen Association's First Deputy Chairman, Hussain Ibrahim Alfardan. Alfardan appreciated the meeting HE the Prime Minister and Minister of Interior Sheikh Khalid bin Khalifa bin Abdulaziz Al-Thani had with the representatives of the private sector recently, describing it as "transparent, clear and open" for discussing all the issues in the light of the current conditions due to the global pandemic, COVID-19. HE Sheikh Khalid considered all the ideas and views discussed during the meeting and appreciated them, stressing the need to continue running the economic cycle without stop, Alfardan told Gulf Times. "The meeting reflects the keenness and care of the government to enhance the role of the private sector in the national economy. The private sector in Qatar is also keen to support the efforts of the State to face the consequences of COVID-19 pandemic. We, as a private sector, will not spare any effort to support the efforts of the government in any field," Alfardan said, highlighting the initiatives undertaken by the private sector since the breakout of the pandemic. (Gulf-Times.com)

International

- **Trump's economic team braces for worsening job market in May** – President Donald Trump's top economic advisers on Sunday argued that a "safe" reopening of the US is the needed urgently as they stare down the worst job numbers since the Great Depression. Meanwhile, although Trump has said he's in no rush to enact another round of economic stimulus, the economic team said informal discussions are under way with members of Congress and others. The April US jobless rate, released Friday, tripled to 14.7%, the highest since the 1930s. And it is only set to worsen in May as job cuts spread further into white-collar work. Unemployment may peak "north of" 20% in May or June before the economy starts to come back from coronavirus-related shutdowns in the second half of 2020, White House adviser Kevin Hassett said on CBS's "Face that Nation." The estimate was "not science as much as arithmetic," based on the large numbers of people filing initial unemployment claims at the moment, said Hassett, a former chairman of the Council of Economic Advisers who returned to the White House to consult on virus-related matters. Treasury Secretary Steven Mnuchin conceded on "Fox News Sunday" that the real unemployment rate could already be closer to 25%, based on 7mn additional workers who have lost jobs since the April monthly figures were compiled, and those who've stopped looking for work. (Bloomberg)
- **US unemployment rate will get worse, Treasury's Mnuchin says** – The staggering US unemployment rate reported by the government on Friday amid coronavirus lockdowns may get even worse, Treasury Secretary Steven Mnuchin said on Sunday. "The reported numbers are probably going to get worse before they get better," Mnuchin told the Fox News Sunday program. The unemployment rate surged to 14.7% in April, the Department of Labor reported. That shattered the post-World War Two record of 10.8% touched in November 1982. Mnuchin indicated the White House was talking about more fiscal measures to ease the economic pain from the pandemic. But, Mnuchin said the federal government did not want to bail out states that were "poorly" managed. The White House is pushing for a payroll tax cut, he added. (Reuters)
- **White House considers more coronavirus aid as jobs picture worsens –** The White House has begun informal talks with Republicans and Democrats in Congress about what to include in another round of coronavirus relief legislation, officials said on Sunday, while predicting further US jobs losses in the coming months. Officials in President Donald Trump's administration, including Treasury Secretary Steven Mnuchin and White House economic adviser Larry Kudlow, said they were holding discussions with lawmakers on issues including potential aid to states whose finances have been devastated by the pandemic. Another White House economic adviser, Kevin Hassett, said future legislation could include food aid to help Americans struggling with hunger amid widespread job losses that have ruined the finances of many people. It also could include broadband access for those who lack it, Hassett added. While Democrats, who control the House of Representatives, are moving to unveil new legislation as early as this week, the White House signaled it is in no hurry to pass another relief bill. Since early March, Congress has passed bills allocating $3tn to combat the pandemic, including taxpayer money for individuals and companies to blunt an economic impact that includes an unemployment rate to 14.7% in April after US job losses unseen since the Great Depression of the 1930s. (Reuters)
- **Major US airlines endorse temperature checks for passengers –** A major US airline trade group on Saturday said it backed the

US Transportation Security Administration (TSA) checking the temperatures of passengers and customer-facing employees during the coronavirus pandemic. Airlines for America, which represents the largest US airlines including American Airlines, United Airlines, Delta Air Lines and Southwest Airlines, said the checks "will add an extra layer of protection for passengers as well as airline and airport employees. Temperature checks also will provide additional public confidence that is critical to relaunching air travel and our nation's economy." A US official said Saturday no decision has been made on whether to mandate the checks, but said the issue is the subject of extensive talks among government agencies and with US airlines and added a decision could potentially be made as early as next week. One possible route would be for a pilot project or to initially begin temperature checks at the largest US airports. Questions remain about what the government would do if someone had a high temperature and was turned away from a flight. US officials said the temperature checks would not eliminate the risk of coronavirus cases but could act as a deterrent to prevent people who were not feeling well from traveling. (Reuters)

- **Minister: UK wants to 'slowly and cautiously' ease lockdown to restart economy –** The British government wants to slowly and cautiously restart the economy, housing minister Robert Jenrick said on Sunday ahead of a televised address from the prime minister to set out plans to begin easing the coronavirus lockdown measures. It has been nearly seven weeks since Boris Johnson asked Britons to stay at home to help prevent the spread of the virus, all but shutting down the economy. "The message ... of staying at home now does need to be updated, we need to have a broader message because we want to slowly and cautiously restart the economy and the country," Jenrick told Sky News. Jenrick said the easing of the lockdown would be conditional on keeping the spread of the virus under control, and if the rate of infection begins to increase in some areas, more stringent measures could be re-introduced. (Reuters)
- **French, Dutch join forces to urge EU to show teeth on trade –** France and the Netherlands have joined forces to urge the European Union to enforce environmental and labor standards more forcefully with countries the bloc signs trade deals with, according to a document seen by Reuters. The initiative comes as the EU tries to negotiate a new trade deal with Britain, which formally left the bloc on January 31, amid concerns that it might seek to undercut EU labor and environmental standards to boost its competitiveness. The involvement of the traditionally strongly pro-free trade Dutch underscores a shift in European thinking on the need to protect domestic industry and jobs, a French diplomat said, as the coronavirus pandemic batters the global economy. A more assertive China and US President Donald Trump's more protectionist 'America-First' agenda have also helped to reshape European attitudes towards free trade. In their joint proposal sent to the other 25 EU member states, the French and Dutch trade ministers urge the European Commission to be ready to raise tariffs against trade partners that fail to meet their commitments on sustainable development. "Trade policy instruments can provide additional leverage to the implementation of international environmental and labor standards," the document said. The EU should link tariff reductions "where relevant" to the effective implementation of trade and sustainable development provisions and be willing to take action when those provisions are breached, it added. (Reuters)
- **Japan PM says ready to take more stimulus steps to combat pandemic –** Japanese Prime Minister Shinzo Abe said on Monday the government was ready to take further steps to ease the economic pain from the coronavirus pandemic. "If we decide that additional steps are needed, we will take bold and timely action," Abe told parliament, when asked by an opposition lawmaker whether the government will compile a second supplementary budget to fund additional steps to combat the economic fallout from the pandemic. (Reuters)
- **Japan eyes more spending backed by second extra budget to combat pandemic fallout –** Japan will take additional stimulus measures "swiftly" to combat the fallout from the coronavirus pandemic, Prime Minister Shinzo Abe said, signaling readiness to compile a second supplementary budget during the current Diet session running through June. The new package of steps would aim to cushion the blow to the world's third-largest economy, which is on the cusp of deep recession amid a plunge in global demand and a local state of emergency that has been extended through to the end of May. Abe said the government will consider additional steps such as aid to firms struggling to pay rent, support for students who have lost part-time jobs, and more subsidies to companies hit by slumping sales. Abe declined to say how much the size of spending could be, saying the decision will depend how many prefectures will be able to lift state-of-emergency measures now applied nationwide. In extending the measures to the end of May, the government said it would reassess the situation on May 14 and possibly lift them earlier for some prefectures. (Reuters)
- **China's April passenger car retail sales down 5.6%: industry body –** China's passenger car retail sales in April fell 5.6% from a year earlier to 1.43mn, the China Passenger Car Association said on Monday, as the country gradually recovers from the coronavirus. The association said during an online briefing that the overall passenger car sales trend is showing a quick recovery from the virus-induced low. (Reuters)

Regional

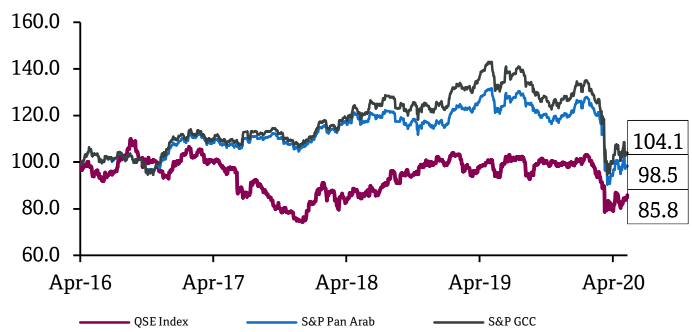
- **S&P: Rated Gulf banks can absorb up to $36bn shock before moving into red –** Rated banks in the Gulf can absorb up to a $36bn shock before depleting their capital bases, S&P said on Sunday, adding that banks in Bahrain, Oman and the UAE are the most vulnerable to increases in cost of risk. The ratings agency said the relatively strong profits of the region's rated banks and loan-loss provisions will help them weather the double shock of the coronavirus pandemic and the collapse of oil prices. The $36bn shock that S&P estimates banks can absorb is about three times the agency's calculated normalized losses, which implies a substantial level of stress, it said. S&P said it expected banks' profitability to suffer in 2020 due to the pandemic and low oil prices. "This is because financing growth will remain limited, with banks focusing more on preserving their asset-quality indicators than generating new business," it said, adding it expected asset quality will deteriorate and cost of risk would rise. S&P assumed COVID-19, the disease caused by the new coronavirus, will be contained and non-oil activity will resume by the third quarter. If not, banks' profitability will suffer further and some will see losses, it said. “In our view, the support measures enacted by GCC governments will at best delay this problem, in the absence of additional measures,” it said, though it added banks’ low cost base and potential new cost-saving measures next year could benefit them. While some banks have taken measures to preserve their workforces, job cuts will probably come next year if the environment doesn’t improve, S&P said. S&P said Saudi banks are the most resilient, while Kuwait has the highest capacity to withstand higher cost of risk and Bahrain, Oman and UAE are the most vulnerable to such costs. It added that the $36bn figure is not evenly distributed. A few banks have more capacity to absorb losses than others, which is not correlated with the lender’s size. (Reuters)

- **Saudi Arabia to raise VAT threefold, suspend cost of living allowance –** Saudi Arabia ordered government spending cuts and austerity measures for about $26.6bn and a tripling of the value-added tax to alleviate the impact of the pandemic. Saudi Arabia’s government is suspending the cost of living allowance and raising the value added tax (VAT) threefold, as part of measures aimed to shore up state finances, which have been battered by low oil prices and the coronavirus. “Cost of living allowance will be suspended as of June first, and the value added tax will be increased to 15% from 5% as of July first,” the state news agency reported on Monday. (Reuters, Bloomberg)
- **Saudi Aramco seeking to review price of SABIC deal –** Saudi Aramco is looking to restructure its deal to acquire a controlling stake in petrochemicals maker SABIC after a more than 40% drop in SABIC’s value following a slump in oil prices in coronavirus pandemic, sources told Reuters. Saudi Aramco last year agreed to buy a 70% stake in Saudi Basic Industries Corp (SABIC) from the Public Investment Fund (PIF), the Kingdom’s wealth fund, for $69.1bn, in one of the biggest deals in the global chemical industry. The transaction was priced at SR123.39 per SABIC share, when the deal was announced in March 2019; however, its shares are currently trading at around SR70, as an oil price crash and the coronavirus pandemic pushed SABIC into a second straight quarterly loss in the first quarter. SABIC’s total market value now is about $56.5bn, which would make the value of Saudi Aramco’s planned stake around $40bn. In theory, Saudi Aramco has to pay about $75bn in dividends to the Saudi government after its initial public offering last year but analysts say its free cash flow is not expected to cover that amount. Saudi Aramco’s Chairman and Head of the PIF, Yasir Al-Rumayyan, is leading the talks for Saudi Aramco and purchase price will be reviewed, according to one of the sources. Another source familiar with the deal said that Saudi Aramco wanted to reduce the burden on its balance sheet. PIF is also looking to extend a $10bn bridge loan signed with 10 banks in October and linked to the acquisition by Saudi Aramco of its stake in SABIC, one of the two sources and a separate source said. The loan was aimed at providing PIF with short-term funding for new investments and would have been repaid after the sale of SABIC is completed, the PIF said last year. A SABIC spokesperson said purchase of SABIC shares is a matter between the PIF and Saudi Aramco. (Reuters)
- **Saudi's Aramco lowers domestic gasoline prices –** Saudi Aramco said on Sunday it was lowering its domestic gasoline prices for May, with 91 grade and 95 grade falling to SR0.67 and SR0.82 per liter, respectively. The prices will effective from Monday May 11, a company statement said. (Reuters)
- **Emirates to raise debt as it braces for most difficult months ever –** Emirates said on Sunday it will raise debt to help it through the coronavirus pandemic and may have to take tougher measures as it faces the most difficult months in its history. The state-owned airline, which suspended regular passenger flights in March due to the virus outbreak that has shattered global travel demand, said that a recovery in travel was at least 18 months away. It reported a 21% rise in profit for its financial year that ended on March 31, however, said the pandemic had hit its fourth quarter performance and it would tap banks to raise debt in its first quarter to lessen the impact on cash flows by the virus. The airline, which has been promised financial aid from its Dubai state owner, did not say how much it expected to raise. “The COVID-19 pandemic will have a huge impact on our 2020-21 performance,” Chairman, Sheikh Ahmed bin Saeed said. “We continue to take aggressive cost management measures, and other necessary steps to safeguard our business, while planning for business resumption.” In an internal email sent to staff on Sunday and seen by Reuters, Sheikh Ahmed said the months ahead would be the most difficult in the airline’s 35-year history. “At some point, if our business situation doesn’t improve, we will have to take harder measures,” he said. Emirates Group, which counts the airline among its assets, said it will not pay an annual dividend to its shareholder, Dubai’s state fund. Its cash assets stood at AED25.6bn, it said. Dubai Ruler, Sheikh Mohammed bin Rashid Al-Maktoum said in the group’s annual report released on Sunday that he was confident Emirates would emerge from the crisis strong, and a global leader in aviation. Dubai said in March that it would inject funding into the airline. Emirates said in the annual report that Dubai would financially support the airline if it was required. The airline made a profit of AED1.1bn in the year to March 31, up from AED871mn a year earlier, it said. However, it cautioned that the virus outbreak had hit its final quarter. Revenue contracted 6.1% to AED92bn as the number of passengers carried fell 4.2% to 56.2mn. Emirates Group raised $1.2bn in financing in the first quarter to provide a cushion for the impact of the coronavirus on cash flows. The funding was obtained through term loans, revolving credit and short-term trade facilities, according to a statement. (Reuters, Bloomberg)
- **Dubai real estate fund says irregular trading dented share price –** Emirates REIT, a Dubai-based Shari’ah-compliant real estate investment trust, said on Sunday it had found evidence of irregular trading activity that has contributed to its low share price and has reported it to regulatory authorities. The shares were trading at $0.2 a share on Sunday compared with a net asset value (NAV) per share of $1.57 at the end of 2019. Emirates REIT said its board was in the final stages of evaluating options to increase share liquidity and the trust value. In an email to shareholders and holders of its Sukuk, or Islamic bonds, it said a downturn in the UAE’s real estate sector and resulting investor sentiment had contributed to its low share price. The letter was sent by the Chief Executive Officer of Equitativa, Sylvain Vieujot. The company has been “increasingly concerned that our share price is trading at

unusually low levels, compared with the rest of the REIT market, and that it has experienced unusual price movements", it said. "Our investigations have found evidence of irregular trading activity by certain market participants. In light of these potentially abusive market practices, we have reported those activities to the relevant regulatory authorities." Last month, sources told Reuters that Emirates REIT was considering buying back some of its roughly $400mn in outstanding Sukuk to improve its balance sheet. It was also considering refinancing the Sukuk, but one source said talks with banks fell apart partly because of their exposure to troubled hospital operator NMC Health, which is in restructuring talks with lenders. (Reuters)

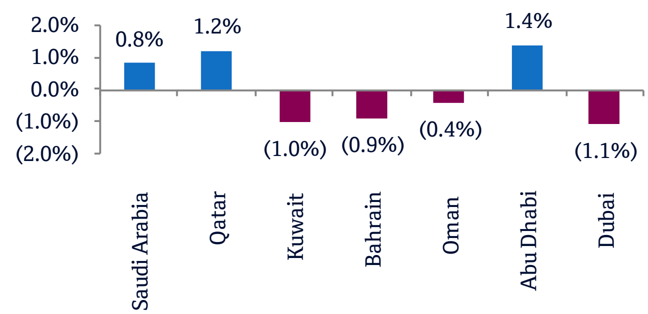
- **Abu Dhabi raises pricing for June Murban crude after Saudi boost –** Abu Dhabi raised pricing for June sales of its flagship Murban crude after Saudi Arabia increased the cost of its barrels for the same month. Government-owned Abu Dhabi National Oil Co. (ADNOC) trimmed the discount for Murban crude to $4.45 a barrel less than the benchmark, according to a price list. That compares with discount of $6.95 a barrel for May sales. ADNOC raised official pricing for Upper Zakum crude, which will sell at a premium of $0.50 a barrel to Murban. That compares with a $0.10 premium for May. The company will keep Umm Lulu crude unchanged, at parity to Murban. It is also keeping the discount for Das crude the same as in May, at $0.35 a barrel below Murban, according to the price list. (Bloomberg)
- **ADIB's net profit falls 55.1% YoY to AED269.7mn in 1Q2020 –** Abu Dhabi Islamic Bank (ADIB) recorded net profit of AED269.7mn in 1Q2020, registering decrease of 55.1% YoY. Net revenue fell 10.0% YoY to AED1,292.3mn in 1Q2020. Credit provisions and impairment charge rose 107.7% YoY to AED387.1mn in 1Q2020. Total assets stood at AED122.7bn at the end of March 31, 2020 as compared to AED124.6bn at the end of March 31, 2019. Gross customer financing stood at AED82.7bn (+1.9% YoY), while Customer deposits stood at AED98.9bn (-1.8% YoY) at the end of March 31, 2020. Despite this challenging operating environment, ADIB was able to sustain robust levels of capital, with a capital adequacy ratio of 18.08% that remains well above regulatory thresholds, as well as a strong liquidity and funding profile with an advances to deposit ratio of 80.3%. This has enabled the bank to support customers and the community throughout this challenging period. ADIB have been fully supportive of the UAE Government and the Central Bank of the UAE's (CBUAE) swift actions in implementing a number of measures to mitigate the impact of the virus outbreak on individuals, businesses and the economy at large. (ADX)
- **Kuwait raises June official price for all grades, destinations –** Official selling price of Kuwait Export Blend Crude for eastern buyers in June set at a discount of $6 a barrel to Oman/Dubai benchmark, according to a price list seen my Bloomberg. The move is similar to Saudi Arabia, which announced a discount of $5.70 to the same benchmark for its Arab Medium grade. (Bloomberg)
- **Kuwait's First Takaful Insurance sells entire stake in Turkey's Neova Sigorta –** First Takaful Insurance (FTI) has completed all procedures to sell its 35% stake in Turkey's Neova Sigorta Insurance Company, a sister company, for around KD12.14mn as per the exchange rate on the sale date. The Kuwaiti insurer logged a loss worth KD4.7mn approximately at the exchange rate on the sale date, representing changes in exchange rate previously registered in the company's budget in the shareholders' rights at KD4.9mn, according to a stock exchange filing on Sunday. Cash liquidity rate has been increased by the same selling value, KD12.14mn, whereas the investment in the affiliate company was down by KD11.9mn. Moreover, the company noted that 5% of the transaction's value is suspended upon completion of other procedures in Turkey as well as other expenses. The deal's financial impact will reflect on the financial statements for 2Q2020. (Boursa Kuwait)
- **Batelco closes $650mn bond and $450mn loan –** Batelco announced that it has repaid in full $473mn of the outstanding senior unsecured bond issued by a subsidiary company and due on May 1. The $650mn bond was issued in 2013, with $177mn subsequently repurchased and redeemed. The $473mn repayment was mainly funded through a $450mn term loan facility. Ahli United Bank (AUB) and Bank ABC in their capacity as initial mandated lead arrangers and bookrunners successfully closed the facility, which was signed on March 18. For the transaction, AUB acts as the investment facility agent and ABC as the designated global and conventional facility agent. Batelco Chief Executive, Mikkel Vinter, who confirmed the full repayment of Batelco's bond, said that the successful closing of the facility in a volatile and financially distressed market reflects Batelco's strong financial standing, its solid business model, prudent risk management and overall growth strategy. "This transaction also demonstrates the ability of both AUB and ABC to lend and support the Bahraini economy and Batelco in such challenging times," Vinter added. The banks expressed their delight with the successful closure of the transaction and wished Batelco continued growth and prosperity in the future. (Zawya)

Rebased Performance



Source: Bloomberg

Daily Index Performance



Source: Bloomberg

Asset/Currency Performance	Close ($)	1D%	WTD%	YTD%
Gold/Ounce	1,702.70	(0.8)	0.1	12.2
Silver/Ounce	15.48	0.9	3.4	(13.3)
Crude Oil (Brent)/Barrel (FM Future)	30.97	5.1	17.1	(53.1)
Crude Oil (WTI)/Barrel (FM Future)	24.74	5.1	25.1	(59.5)
Natural Gas (Henry Hub)/MMBtu	1.75	(4.9)	3.6	(16.3)
LPG Propane (Arab Gulf)/Ton	38.00	1.7	16.9	(7.9)
LPG Butane (Arab Gulf)/Ton	34.88	1.8	24.6	(47.5)
Euro	1.08	0.0	(1.3)	(3.3)
Yen	106.65	0.3	(0.2)	(1.8)
GBP	1.24	0.4	(0.8)	(6.4)
CHF	1.03	0.2	(1.0)	(0.3)
AUD	0.65	0.6	1.8	(7.0)
USD Index	99.73	(0.2)	0.7	3.5
RUB	73.42	(0.9)	(1.3)	18.4
BRL	0.17	1.9	(4.2)	(29.9)

Source: Bloomberg

Global Indices Performance	Close	1D%*	WTD%*	YTD%*
MSCI World Index	2,061.89	1.8	2.8	(12.6)
DJ Industrial	24,331.32	1.9	2.6	(14.7)
S&P 500	2,929.80	1.7	3.5	(9.3)
NASDAQ 100	9,121.32	1.6	6.0	1.7
STOXX 600	341.05	1.2	(0.2)	(20.8)
DAX	10,904.48	1.7	(0.4)	(20.4)
FTSE 100	5,935.98	0.0	1.7	(26.7)
CAC 40	4,549.64	1.4	(1.3)	(26.5)
Nikkei	20,179.09	2.3	3.0	(12.9)
MSCI EM	911.65	1.6	(0.6)	(18.2)
SHANGHAI SE Composite	2,895.34	1.0	1.1	(6.6)
HANG SENG	24,230.17	1.0	(1.7)	(13.6)
BSE SENSEX	31,642.70	0.9	(6.5)	(27.7)
Bovespa	80,263.40	4.3	(5.4)	(51.5)
RTS	1,136.34	0.9	1.0	(26.6)

Source: Bloomberg (*$ adjusted returns)

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