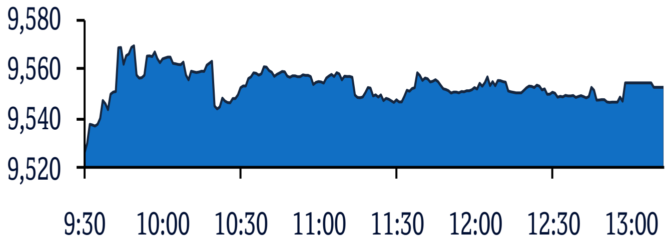
Daily Market Report

Thursday, 13 August 2020

QSE Intra-Day Movement



Qatar Commentary

The QE Index rose 0.3% to close at 9,553.1. Gains were led by the Industrials and Real Estate indices, gaining 0.7% and 0.6%, respectively. Top gainers were Qatar General Insurance & Reinsurance Company and Vodafone Qatar, rising 4.4% and 2.2%, respectively. Among the top losers, Dlala Brokerage & Investment Holding Company fell 6.0%, while Alijarah Holding was down 2.4%.

GCC Commentary

Saudi Arabia: The TASI Index gained 0.3% to close at 7,645.6. Gains were led by the Media and Retailing indices, rising 1.6% and 1.2%, respectively. The National Co. for Glass Industries rose 9.9%, while Ash-Sharqiyah Development Co. was up 5.5%.

Dubai: The DFM Index gained 0.9% to close at 2,115.3. The Banks index rose 1.6%, while the Insurance index gained 0.9%. Ajman Bank rose 3.3%, while Emirates NBD was up 2.7%.

Abu Dhabi: The ADX General Index fell 0.2% to close at 4,359.6. The Real Estate index declined 1.6%, while the Consumer Staples index fell 0.6%. Ras Al Khaimah Ceramics declined 4.6%, while Waha Capital was down 4.1%.

Kuwait: The Kuwait All Share Index gained 1.0% to close at 5,152.3. The Banks index rose 1.4%, while the Industrials index gained 0.8%. Kuwait Finance & Investment rose 9.1%, while United Real Estate Company was up 6.4%.

Oman: The MSM 30 Index fell 0.2% to close at 3,566.9. Losses were led by the Services and Financial indices, falling 0.3% and 0.1%, respectively. Oman Arab Bank declined 3.5%, while Renaissance Services was down 2.2%.

Bahrain: The BHB Index gained 0.5% to close at 1,314.6. The Commercial Banks index rose 1.2%, while the Investment index gained 0.1%. Esterad Investment Company rose 8.6%, while Ahli United Bank was up 1.7%.

QSE Top Gainers	Close*	1D%	Vol. '000	YTD%
Qatar General Ins. & Reins. Co.	2.25	4.4	2.3	(8.5)
Vodafone Qatar	1.27	2.2	12,714.6	9.7
Gulf International Services	1.73	1.7	5,058.9	0.5
Aamal Company	0.77	1.4	8,243.4	(4.9)
Mesaieed Petrochemical Holding	2.13	1.4	2,476.4	(15.1)

QSE Top Volume Trades	Close*	1D%	Vol. '000	YTD%
Alijarah Holding	0.96	(2.4)	27,914.3	35.5
Mazaya Qatar Real Estate Dev.	0.89	(0.6)	19,304.4	23.8
Qatar Aluminium Manufacturing	0.92	(1.3)	19,217.3	17.7
Vodafone Qatar	1.27	2.2	12,714.6	9.7
Investment Holding Group	0.51	0.0	11,485.7	(9.4)

Market Indicators	12 Aug 20	11 Aug 20	%Chg.
Value Traded (QR mn)	308.7	555.9	(44.5)
Exch. Market Cap. (QR mn)	557,444.6	555,142.5	0.4
Volume (mn)	184.0	310.2	(40.7)
Number of Transactions	8,000	11,688	(31.6)
Companies Traded	46	47	(2.1)
Market Breadth	21:22	32:12	–

Market Indices	Close	1D%	WTD%	YTD%	TTM P/E
Total Return	18,365.52	0.3	1.5	(4.3)	15.6
All Share Index	2,977.94	0.4	1.2	(3.9)	16.5
Banks	4,098.67	0.3	(0.0)	(2.9)	13.7
Industrials	2,763.96	0.7	4.6	(5.7)	24.6
Transportation	2,876.83	(0.4)	0.9	12.6	13.6
Real Estate	1,612.73	0.6	2.0	3.0	13.2
Insurance	2,044.35	0.4	0.3	(25.2)	32.6
Telecoms	903.20	0.6	1.1	0.9	15.2
Consumer	7,703.83	0.5	3.1	(10.9)	24.2
Al Rayan Islamic Index	3,895.22	0.4	2.8	(1.4)	18.2

GCC Top Gainers##	Exchange	Close#	1D%	Vol. '000	YTD%
Banque Saudi Fransi	Saudi Arabia	31.50	3.1	505.1	(16.9)
Emirates NBD	Dubai	9.50	2.7	2,667.9	(26.9)
Ahli United Bank	Kuwait	0.26	2.0	1,508.2	(21.1)
Kuwait Finance House	Kuwait	0.62	2.0	17,829.8	(16.3)
Jarir Marketing Co.	Saudi Arabia	166.00	2.0	250.7	0.2

GCC Top Losers##	Exchange	Close#	1D%	Vol. '000	YTD%
Mouwasat Medical Serv.	Saudi Arabia	108.20	(3.2)	96.8	23.0
Aldar Properties	Abu Dhabi	1.77	(1.7)	24,212.6	(18.1)
Arabian Centres Co Ltd	Saudi Arabia	25.50	(1.5)	2,465.3	(12.5)
National Petrochemical	Saudi Arabia	26.50	(1.3)	438.7	11.6
Sahara Int. Petrochemical	Saudi Arabia	15.36	(1.3)	1,976.5	(14.5)

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%
Dlala Brokerage & Inv. Holding Co	1.91	(6.0)	6,596.1	212.6
Alijarah Holding	0.96	(2.4)	27,914.3	35.5
Ahli Bank	3.15	(1.6)	227.8	(5.5)
Qatar Islamic Insurance Company	6.21	(1.5)	111.4	(7.1)
Qatar Aluminium Manufacturing	0.92	(1.3)	19,217.3	17.7

QSE Top Value Trades	Close*	1D%	Val. '000	YTD%
Qatari German Co for Med. Dev.	2.65	0.8	28,680.2	355.3
Alijarah Holding	0.96	(2.4)	26,904.9	35.5
QNB Group	18.15	0.8	18,270.8	(11.9)
Qatar Aluminium Manufacturing	0.92	(1.3)	17,708.0	17.7
Mazaya Qatar Real Estate Dev.	0.89	(0.6)	17,324.8	23.8

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*	9,553.10	0.3	1.5	2.0	(8.4)	84.28	152,126.6	15.6	1.4	4.2
Dubai	2,115.31	0.9	0.4	3.1	(23.5)	47.32	81,467.7	7.4	0.8	4.6
Abu Dhabi	4,359.58	(0.2)	(0.0)	1.3	(14.1)	51.38	177,747.8	15.1	1.3	5.6
Saudi Arabia	7,645.55	0.3	1.9	2.5	(8.9)	1,812.64	2,252,444.0	25.1	1.8	3.4
Kuwait	5,152.26	1.0	2.8	3.7	(18.0)	145.03	95,032.2	17.2	1.2	3.9
Oman	3,566.90	(0.2)	(0.0)	(0.0)	(10.4)	2.49	16,110.1	5.1	0.4	13.9
Bahrain	1,314.55	0.5	2.0	1.9	(18.4)	8.75	19,811.0	12.2	0.8	5.4

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 0.3% to close at 9,553.1. The Industrials and Real Estate indices led the gains. The index rose on the back of buying support from Qatari shareholders despite selling pressure from GCC, Arab and Foreigners shareholders.
- Qatar General Insurance & Reinsurance Company and Vodafone Qatar were the top gainers, rising 4.4% and 2.2%, respectively. Among the top losers, Dlala Brokerage & Investment Holding Company fell 6.0%, while Alijarah Holding was down 2.4%.
- Volume of shares traded on Wednesday fell by 40.7% to 184.0mn from 310.2mn on Tuesday. Further, as compared to the 30-day moving average of 301.6mn, volume for the day was 39.0% lower. Alijarah Holding and Mazaya Qatar Real Estate Development were the most active stocks, contributing 15.2% and 10.5% to the total volume, respectively.

Overall Activity	Buy %*	Sell %*	Net (QR)
Qatari Individuals	48.18%	53.84%	(17,478,153.8)
Qatari Institutions	21.89%	12.58%	28,753,730.0
Qatari	**70.07%**	**66.42%**	**11,275,576.2**
GCC Individuals	0.72%	1.04%	(962,176.8)
GCC Institutions	2.99%	4.02%	(3,183,339.9)
GCC	**3.72%**	**5.06%**	**(4,145,516.7)**
Arab Individuals	13.61%	14.54%	(2,875,906.3)
Arab	**13.61%**	**14.54%**	**(2,875,906.3)**
Foreigners Individuals	3.64%	3.38%	789,152.9
Foreigners Institutions	8.97%	10.60%	(5,043,306.1)
Foreigners	**12.61%**	**13.99%**	**(4,254,153.2)**

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

Earnings Releases, Global Economic Data and Earnings Calendar

Earnings Releases

Company	Market	Currency	Revenue (mn) 2Q2020	% Change YoY	Operating Profit (mn) 2Q2020	% Change YoY	Net Profit (mn) 2Q2020	% Change YoY
Al Jouf Cement Co.	Saudi Arabia	SR	56.5	22.3%	9.2	682.2%	7.2	6254.7%
National Medical Care Co.	Saudi Arabia	SR	186.0	9.5%	29.8	91.4%	25.8	86.6%
Sadara Basic Services Company	Saudi Arabia	SR	1,861.2	-31.8%	(776.3)	N/A	(1,405.7)	N/A
Maharah Human Resources Co.	Saudi Arabia	SR	352.5	-4.0%	54.4	-25.0%	49.4	-31.4%
Tabuk Cement Co.	Saudi Arabia	SR	50.0	-18.3%	4.7	15.1%	0.5	-94.0%
Saudi Pharma. Ind. and Med. App.	Saudi Arabia	SR	332.3	-6.4%	20.6	N/A	25.9	N/A
Aseer Trading, Tourism & Manufac.	Saudi Arabia	SR	389.5	-6.0%	13.4	N/A	(3.2)	N/A
Gulf Navigation Holding	Dubai	AED	34.1	-16.3%	(21.1)	N/A	(33.2)	N/A
Aldar Properties	Abu Dhabi	AED	2,006.8	21.2%	–	–	483.4	2.7%
Gulf Cement Co.	Abu Dhabi	AED	85.7	-21.3%	–	–	(19.5)	N/A
National Takaful Company	Abu Dhabi	AED	75.0	-2.4%	–	–	14.3	361.4%
Al Fujairah National Insurance Co.	Abu Dhabi	AED	65.4	-3.8%	–	–	19.2	127.8%
Al Dhafra Insurance Co.	Abu Dhabi	AED	75.9	-0.6%	–	–	19.1	2.5%
Ras Al Khaimah Cement Co.	Abu Dhabi	AED	36.0	-17.0%	–	–	(1.0)	N/A
Gulf Pharmaceutical Industries	Abu Dhabi	AED	169.7	90.2%	(14.2)	N/A	(20.7)	N/A
RAK Co. for White Cement & Cons. Mat.	Abu Dhabi	AED	36.3	-42.3%	1.2	122.3%	5.2	71.3%
Bahrain National Holding Co.*	Bahrain	BHD	18.5	3.1%	–	–	2.4	-12.8%
United Gulf Investment Corporation	Bahrain	BHD	7.6	-12.6%	–	–	0.3	N/A
Gulf Hotels Group*	Bahrain	BHD	11.1	-41.2%	–	–	(3.0)	N/A
Arab Insurance Group*	Bahrain	USD	(12.6)	N/A	–	–	(3.1)	N/A

Source: Company data, DFM, ADX, MSM, TASI, BHB. (*Financial for 6M2020)

Global Economic Data

Date	Market	Source	Indicator	Period	Actual	Consensus	Previous
08/12	US	Mortgage Bankers Association	MBA Mortgage Applications	07-Aug	6.8%	–	-5.1%
08/12	US	Bureau of Labor Statistics	CPI MoM	Jul	0.6%	0.3%	0.6%
08/12	US	Bureau of Labor Statistics	CPI YoY	Jul	1.0%	0.7%	0.6%
08/12	UK	UK Office for National Statistics	Monthly GDP (MoM)	Jun	8.7%	8.0%	2.4%
08/12	UK	UK Office for National Statistics	Industrial Production MoM	Jun	9.3%	9.0%	6.2%
08/12	UK	UK Office for National Statistics	Industrial Production YoY	Jun	-12.5%	-13.1%	-20.0%
08/12	UK	UK Office for National Statistics	Manufacturing Production MoM	Jun	11.0%	10.0%	8.3%
08/12	UK	UK Office for National Statistics	Manufacturing Production YoY	Jun	-14.6%	-15.0%	-23.1%
08/12	UK	UK Office for National Statistics	GDP QoQ	2Q2020	-20.4%	-20.7%	-2.2%

Date	Market	Source	Indicator	Period	Actual	Consensus	Previous
08/12	UK	UK Office for National Statistics	GDP YoY	2Q2020	-21.7%	-22.3%	-1.7%
08/12	EU	Eurostat	Industrial Production SA MoM	Jun	9.1%	10.0%	12.3%
08/12	EU	Eurostat	Industrial Production WDA YoY	Jun	-12.3%	-11.6%	-20.4%
08/12	Japan	Bank of Japan	Money Stock M2 YoY	Jul	7.9%	8.4%	7.3%
08/12	Japan	Bank of Japan	Money Stock M3 YoY	Jul	6.5%	7.0%	5.9%

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

Earnings Calendar

Tickers	Company Name	Date of reporting 2Q2020 results	No. of days remaining	Status
ERES	Ezdan Holding Group	13-Aug-20	0	Due
MPHC	Mesaieed Petrochemical Holding Company	13-Aug-20	0	Due

Source: QSE

News

Qatar

- **GISS' bottom line rises to QR45.3mn in 2Q2020 from QR4.0mn in 2Q2019, below our estimate –** Gulf International Services' (GISS) net profit rose to QR45.3mn in 2Q2020 as compared to QR4.0mn in 2Q2019 and QR8.7mn in 1Q2020, below our estimate of QR86.8mn. The company's Revenue came in at QR727.3mn in 2Q2020, which represents a decrease of 3.3% YoY (-12.6% QoQ). In 1H2020, GISS reported net profit of QR54.0mn (1H2019: QR29.3mn) on 6.0% growth in revenue to QR1.6bn. EPS amounted to QR0.029 in 1H2020 as compared to QR0.016 in 1H2019. Net profit continued to reflect the growth across segments with aviation showing strong operational and financial performance on market expansion strategy. Similarly, the drilling segment showed a moderate recovery owing to rationalization of operating costs, including general and administrative expenses. However, top-line performance of the drilling segment was largely impacted by the lower rig utilization rates, due to travel restrictions imposed to contain the spread of COVID-19 pandemic which affected the crew repatriation process, which led to a reduction in revenues compared to last year. The operating profits improved 41% YoY to QR193mn in 1H2020, mainly attributable to the improved revenue compared to last year. Finance cost shrank 21% to QR98mn in 1H2020, on the back of the declining interest rates. GISS' Chairman, Sheikh Khalid bin Khalifa Al-Thani, "Despite the macroeconomic challenges due to the spread of COVID-19 and recent deterioration of oil market, GISS repositioned itself by focusing on high assets utilization, combined with expanding market share and rationalizing operating costs, to build solid foundations for revenue and profit growth. This strategy has particularly helped all the segments to contribute to the group's performance, which translated into the group's improved financial performance." The drilling segment witnessed slight recovery net losses of 3% in 1H2020, due to savings on direct operating costs and lower finance costs. However, drilling revenues declined 11% to QR522mn. The aviation segment reported 16% jump in revenues to QR340mn, which translated into net earnings of QR362mn. The segment continued to maintain its leading position in the domestic market with 100% market share, while operating internationally in Europe, Africa and Asia, with a total fleet of 55 helicopters. Revenue within the insurance segment for the six months period ended June 30, 2020, increased significantly by 23%, as compared to the same period last year, to reach QR470mn. The insurance segment's net profit grew 7% to QR12mn and revenues by 23% to QR470mn. The revenue growth was on the back of successful renewal of policies, along with improved pricing terms on all major accounts within the medical segment, which provided an assurance of continued revenue streams over the year. Moreover, the segment was further able to add new clients within its medical line of business. The catering arm saw a net profit of QR5mn on revenues of QR227mn. The revenue saw 9% growth due to successful expansion of core industrial catering and manpower contracting services and higher occupancy levels at Mesaieed and Dukhan camps. The group's total assets stood at QR11bn. On the liquidity front, the closing cash, including short-term investments, were QR891mn. The total debt at group level stood at QR4.7bn as on June 30, 2020. A GISS' Spokesman said, "Due to the recent uncertainty emanating from the unforeseen lowered operating backdrop, across the oil and gas industry, caused by the spread of the pandemic, the management has decided to temporarily defer all the proceedings of the proposed new debt restructuring and refinancing exercise to latter part of the year. " (QNB FS Research, QSE, Gulf-Times.com)
- **MRDS reports net loss of QR0.2mn in 2Q2020 –** Mazaya Real Estate Development (MRDS) reported net loss of QR0.2mn in 2Q2020 as compared to net profit of QR25.1mn in 2Q2019 and net profit of QR6.9mn in 1Q2020.The company's 'Income from operations' came in at QR22.5mn in 2Q2020, which represents a decrease of 48.2% YoY (-2.8% QoQ). In 1H2020, MRDS posted net profit of QR6.7mn compared to QR13.6mn for the same period of the previous year. EPS amounted to QR0.006 in 1H2020 as compared to QR0.012 in 1H2019. (QSE)
- **QCFS posts 6.8% YoY increase but 13.9% QoQ decline in net profit in 2Q2020 –** Qatar Cinema and Film Distribution Company's (QCFS) net profit rose 6.8% YoY (but declined 13.9% on QoQ basis) to QR1.3mn in 2Q2020.The company's 'Cinema Revenue' came in at QR0.1mn in 2Q2020, which represents a decrease of 96.6% YoY (-94.5% QoQ). In 1H2020, QCFS posted net profit of QR2.7mn compared to net profit amounting to QR4.3mn for the same period of the previous year. EPS amounted to QR0.043 in 1H2020 as compared to QR0.069 in 1H2019. (QSE)

- **QOIS posts 177.8% YoY increase but 0.3% QoQ decline in net profit in 2Q2020 –** Qatar Oman Investment Company's (QOIS) net profit rose 177.8% YoY (but declined 0.3% on QoQ basis) to QR1.8mn in 2Q2020.The company's 'Net investment and interest income' came in at QR2.6mn in 2Q2020, which represents an increase of 402.5% YoY. However, on QoQ basis Net investment and interest income fell 15.5%. In 1H2020, QOIS recorded net profit of QR3.6mn compared to QR4.0mn for the same period of the previous year. EPS amounted to QR0.012 in 1H2020 as compared to QR0.013 in 1H2019. (QSE)
- **MERS' bottom line rises ~12% YoY and QoQ in 2Q2020 –** Al Meera Consumer Goods Company's (MERS) net profit rose ~12% YoY (+~12% QoQ) to ~QR57mn in 2Q2020. In 1H2020, MERS posted net profit of QR107.17mn compared to QR94.99mn in 1H2019. EPS amounted to QR0.54 in 1H2020 as compared to QR0.47 in 1H2019. (QSE)
- **MRDS completes study to change scheme for Marina Mall –** Mazaya Real Estate Development (MRDS) has announced the completion of the study on changing the scheme for the Marina Mall project after discussions with Qatar Foundation for Education, Science and Community Development, the owner of the land. It has been approved to change the mall project to commercial and residential projects in two phases, MRDS said in a statement released on Wednesday. The scheme contains commercial spaces facing the marina of up to 33,000 square meters that provide various and varied activities such as restaurants, cafes and retail stores. The facilities in the first phase will be ready to operate by the summer of 2022, well before the start of the FIFA World Cup in the same year. The second phase will begin immediately after the completion of the tournament and will contain more than 200 apartments of different varieties of one and two rooms to be offered for rent. (Qatar Tribune)
- **Minister details plan to make Qatar more business-friendly –** HE the Minister of Commerce and Industry made a presentation at yesterday's Cabinet meeting on the detailed plan of the Ministry of Commerce and Industry (MoCI) to make Qatar more business-friendly. The Minister of Commerce and Industry stated that the strategy of MoCI has four intermediate outcomes, 12 main goals, 22 programs and 178 projects. Within this plan, responsibilities for the implementation of initiatives and projects were defined in accordance with the competencies of the main sectors and departments of the ministry, which include: – business development and investment attraction, export support and development, protection of competition and prevention of monopolistic practices, establishment of business, protection and development of intellectual property, consumer protection and combating commercial fraud, regulation and control of markets, supply, international trade, general policy for industrialization and development of national industries, and development and exploitation of industrial zones. (Gulf-Times.com)
- **Kahramaa launches pilot project to store electrical energy using batteries –** The Qatar General Electricity and Water Corporation (Kahramaa) has launched the first pilot project to store electrical energy using batteries in Qatar, in cooperation with Al Attiyah Group and Tesla, Inc. where the batteries are connected to a substation of Nuaija station at a voltage of 11 kV, which is controlled by the electrical distribution network. The project, the first of its kind in Qatar, aims to secure production capacity at peak times, in order to raise energy efficiency and enhance sustainability. Energy storage units with a capacity of 1 MW / 4 MWh have been installed in the Nuaija station with the aim of storing energy outside peak times and using it at the maximum load of the station. It can also be used to improve the network voltage. Kahramaa succeeded in completing the project ahead of schedule and starting it during the summer, which is one of the highest energy consumption periods in the country. While Al Attiyah Group built and prepared the civil work and installed the equipment in the station in coordination with Kahramaa, Tesla, Inc. provided the energy storage system (batteries). The total cost of the project was QR10mn. (Gulf-Times.com)

International

- **Fed policymakers say economic growth will be muted until virus contained –** The US economic slowdown is likely to continue as more restrictions are put in place to control the coronavirus epidemic, and Americans will have to learn to "live with" the virus for the rest of the year, two Federal Reserve policymakers said on Wednesday. Consumer spending will probably remain weak relative to the past as people avoid activities that require high levels of social interaction for health reasons, Boston Fed President Eric Rosengren said during an online event organized by the South Shore Chamber of Commerce in Massachusetts. "The forecast for the US economy this fall is quite uncertain, but my view is that the recent slowdown in economic activity that we have seen in high-frequency data is likely to continue," Rosengren said. With a vaccine unlikely to be ready in the immediate future, consumers and businesses need a plan to manage the risks of the virus throughout the fall and winter, Rosengren said. (Reuters)
- **US consumer prices push higher; high unemployment likely to keep lid on inflation –** US consumer prices rose more than expected in July, with a measure of underlying inflation increasing by the most in 29-1/2 years amid broad gains in the costs of goods and services. The report from the Labor Department on Wednesday, however, probably does not mark the start of worrisome inflation, and the Federal Reserve is likely to continue pumping money into the economy to aid the recovery from the COVID-19 recession. The jump in prices is likely an unwinding of sharp declines experienced when nonessential businesses were shuttered in mid-March to slow the spread of the coronavirus. The higher prices further dispel fears of deflation, a decline in the general price level that is harmful during a recession as consumers and businesses may delay purchases in anticipation of lower prices. The consumer price index rose 0.6% last month, with gasoline accounting for a quarter of the gain. The CPI increased by the same margin in June. In the 12 months through July, the CPI accelerated 1.0% after climbing 0.6% in June. Excluding the volatile food and energy components, the CPI jumped 0.6% last month as the cost of motor vehicle insurance surged a record 9.3%. That was the largest gain in the so-called core CPI since January 1991 and followed a 0.2% rise in June. In the 12 months through July, the core CPI advanced 1.6% after increasing 1.2% in June.

Economists polled by Reuters had forecast the CPI would rise 0.3% in July and the core CPI would gain 0.2%. The report followed on the heels of news on Tuesday that producer prices accelerated in July. With at last 31.3mn people on unemployment benefits, inflation is hardly a threat in the services-oriented economy. (Reuters)

- **US July deficit falls to $63bn on delayed tax payments –** The US federal budget deficit fell to $63bn in July, half the amount of a year earlier and down from $864bn in June, as a delayed July 15 tax payment deadline boosted revenues and coronavirus aid outlays shrank sharply, the US Treasury said on Wednesday. The July deficit brought the fiscal year-to-date deficit to $2.81tn, compared to $867bn for the comparable period of 2019 and doubling the 2009 full-year record deficit of $1.4tn. The budget deficit for July was smaller than the $193bn deficit forecast by analysts in a Reuters poll. But many analysts still anticipate a full-year deficit approaching $4tn. The fiscal year ends September 30. Outlays in July were $626bn, up from $371bn a year earlier and down from about $1.1tn in June. A Treasury official said the higher figure for June was due to about $511bn in costs recognized for disbursement of small business loans under the Paycheck Protection Program that were sharply lower in July. Receipts for July more than doubled from a year earlier to $563bn as a result of payment of non-withheld taxes due on July 15, a deadline that was delayed from the traditional April 15 deadline due to the coronavirus epidemic. Receipts for the fiscal 2020 year-to-date period were $2.82tn, down slightly from $2.86tn in the year-earlier period. A Treasury official said this was because of stronger revenues early in the year, coupled with income replacement aid, including PPP loans that kept employees on payrolls and supplemental unemployment benefits that were subject to tax withholding. (Reuters)
- **UK economy faces long climb back to health after historic 20% crash –** Britain's economy shrank by a record 20.4% in the second quarter when the coronavirus lockdown was tightest, the most severe contraction reported by any major economy so far, with a wave of job losses set to hit later in 2020. The scale of the economic hit may also revive questions about Prime Minister Boris Johnson's handling of the pandemic, with Britain suffering the highest death toll in Europe. More than 50,000 UK deaths have been linked to the disease. "Today's figures confirm that hard times are here," finance minister Rishi Sunak said. "Hundreds of thousands of people have already lost their jobs, and sadly in the coming months many more will." The data confirmed that the world's sixth-biggest economy had entered a recession, with the low point coming in April when output was more than 25% below its pre-pandemic level. Growth restarted in May and quickened in June, when the economy expanded by a monthly 8.7% - a record single-month increase and slightly stronger than forecasts by economists in a Reuters poll. However, some analysts said the bounce-back was unlikely to be sustained. (Reuters)
- **UK says trade talks with US continue to make positive progress –** Britain said its latest round of trade talks with the US made positive progress in many areas, and that both sides agreed negotiations should continue at pace in the coming months. After leaving the European Union earlier this year Britain is trying to tie up swift trade deals with major partners like the US to capitalize on its new freedom to strike bilateral deals rather than EU-wide ones. "Positive progress continues to be made in many of the areas covered by an agreement," the British trade department said in a statement. Nevertheless, the government said international trade minister Liz Truss had told her US counterparts that retaliatory tariffs imposed on EU goods - which still impact British goods like Scotch Whisky - were unacceptable and should be removed. Total trade between the two countries was valued at 232.7bn Pounds in 2019, according to British statistics. The next round of talks is in early September, and will see both sides exchange their first market access offers. Britain says that while it wants a quick deal, it is not willing to set a target date for one because it does not want time pressure used against it. The most recent round of negotiations saw texts exchanged on rules of origin - the criteria used to determine the source of a good, and therefore which duties and regulation should apply. There was also detailed discussion of intellectual property rules. (Reuters)
- **RICS: UK housing boom gathers pace, but fears of a bust grow too –** The rebound in Britain's housing market gathered more pace in July with a measure of property prices turning positive for the first time since the coronavirus crisis engulfed the country, a survey showed on Thursday. But the Royal Institution of Chartered Surveyors (RICS) said its members were worried the mini-boom could turn into a bust once the government's jobs subsidy program closes in less than three months' time and a tax cut expires at the end of March. The RICS monthly house price balance rose to +12 from June's -13, above all forecasts in a Reuters poll of economists. London was the only region to show price falls last month and even there the pace of decline slowed. Simon Rubinsohn, RICS's chief economist, said surveyors were more cautious about the outlook in the medium term with the economy expected to recover only slowly from its record second-quarter crash and finance minister Rishi Sunak's property tax cut set to vanish in April. "Significantly, some contributors are now even referencing the possibility of a boom followed by a bust," he said. RICS said enquiries by new buyers rose strongly in July for a second month. Agreed sales, which were falling sharply earlier in 2020, jumped too. Sales were expected to grow over the next three months but to be falling in 12 months' time. RICS also confirmed signals picked up by other housing market players that buyers are increasingly looking for properties with access to green spaces, gardens or balconies which would help them cope with any future lockdowns. (Reuters)
- **Eurozone industry output rebound disappoints for second straight month –** Eurozone industrial production rose in June, official data showed on Wednesday, but the rebound after coronavirus-induced record drops in March and April was below expectations for a second straight month and slowed from May. The manufacturing output increase was driven by a surge in production of durable goods, such as cars or fridges, in what could be seen as a positive sign of consumer confidence as COVID-19 restrictions were eased in the region. However, the MoM increase was lower than economists had forecast. It slowed from May, and production remained largely below pre-crisis levels. Manufacturing output in the 19-country currency bloc rose by 9.1% in June from May, the European Union

statistics office Eurostat said, after it had increased by 12.3% in May on the month. Economists polled by Reuters had predicted a 10.0% rise in June MoM. The May reading had also disappointed economists who had been expecting a 15% rise as factories reopened after lockdowns were softened. Eurostat also slightly revised downward from 12.4% its previous estimate of industrial output in May. In a clearer sign that the bloc's manufacturing sector is still far from having recovered, output tumbled by 12.3% in June on the year, more than market expectations of a 11.5% fall. The YoY drop was less pronounced than in May and April, confirming a gradual rebound. All countries for which data were available posted an annual drop, with the exception of Ireland where industrial output grew by 4.5% in June compared to a year earlier. MoM, production of durable goods rose by 20.2%, the highest increase among segments assessed by Eurostat. Output of capital goods also went up significantly, by 14.2%, in what could show stronger appetite for investments among factory managers. Production of energy went up by only 2.6%, while output of non-durable consumer goods, such a clothing or canned food, rose by 4.8% on the month. (Reuters)

- **Japan's wholesale price fall eases further as economy emerges from coronavirus jolt –** Japan's wholesale prices fell at a smaller annual pace in July than in the previous month as global and domestic demand rebounded, a sign the economy was gradually emerging from the damage wrought by the coronavirus pandemic. But analysts expect any pick-up in prices to remain shallow as fears of a huge second wave of infections weigh on business and consumer sentiment. The corporate goods price index (CGPI), which measures the price companies charge each other for their goods, fell 0.9% in July from a year earlier, Bank of Japan data showed on Thursday, less than a median market forecast for a 1.1% drop. The decline was less steeper than a 1.6% fall in June and the smallest downturn since March, when it was off 0.5%. Declines in gasoline, chemical and nonferrous metal prices eased in July, reflecting a pick-up in demand as China and many advanced economies lifted lockdowns, the data showed. Agricultural goods prices also fell at a much slower pace than in June, as demand for beef and other food products recovered after Japan ended lockdown measures in late May. Japan's economy slipped into recession and is expected to have suffered an annualized contraction of 27.2% in April-June, as the coronavirus crisis crushed business and consumer spending. While economic activity has re-opened, a recent surge in infection numbers is clouding the outlook for the recovery. (Reuters)
- **Russian Central bank says inflation seen quickening by year-end despite weak demand –** Russia's central bank said it sees inflation quickening to a range of 3.7-4.2% by the end of the year, despite weak demand in the economy. In a report, the bank said the upward pressure on inflation from a weaker Rouble would gradually evaporate. Analysts polled by Reuters in late July expect the central bank to make one more rate cut this year, to a new record low of 4%, in the face of economic contraction and subdued inflationary risks. Its next rate-setting meeting will be on September 18. Inflation, which currently stands below the bank's 4% target at 3.4%, is seen ending this year at 3.7%, the poll showed. (Reuters)
- **Brazilian retail sales surge back to pre-crisis levels –** Brazilian retail sales ended the first half of the year on a strong footing, official figures showed on Wednesday, surging back to pre-crisis levels as the easing of lockdown measures to combat the coronavirus pandemic continued across the country. Retail sales rose more than forecast and May's record rise was revised higher still, adding weight to the view among government and central bank officials that the economy is recovering quicker than expected from the crisis. Retail sales excluding cars and building materials jumped 8% in June, statistics agency IBGE said, more than the median forecast of a 5.4% rise in a Reuters poll of economists. Seven of the eight sectors covered by IBGE showed a rise in sales. Fabric, clothing and footwear rose 53.2% on the month, furniture and home appliances rose 31% and other personal and domestic goods rose 22.7%, IBGE said. The MoM figure for May was revised up to a new record 14.4% increase from 13.9%. (Reuters)

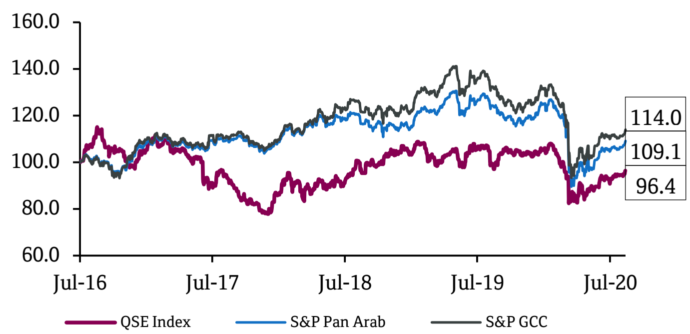
Regional

- **OPEC trims 2020 oil demand, sees doubts about 2021 on virus fallout –** OPEC said on Wednesday that world oil demand will fall more steeply in 2020 than previously forecast due to the pandemic and there were uncertainties about next year's recovery. World oil demand will fall by 9.06mn bpd this year, the OPEC said in a monthly report, more than the 8.95mn bpd decline expected a month ago. Oil prices have collapsed as the coronavirus curtailed travel and economic activity. While some countries have eased lockdowns allowing demand to recover, concern over new outbreaks has kept a lid on prices and OPEC expects this to persist. "Crude and product price developments in the second half of 2020 will continue to be impacted by concerns over a second wave of infections and higher global stocks," OPEC said in the report. OPEC stuck to its forecast that in 2021 oil demand would rebound by 7mn bpd but said the view was subject to large uncertainties that may result in "a negative impact on petroleum consumption," such as demand for air travel, more fuel-efficient cars and more competition from other fuels. "Almost all forecasters expect jet fuel in 2021 to struggle making up for lost demand," OPEC said. "Gasoline demand will face pressure to return to 2019 levels." (Reuters)
- **Reliance-Saudi Aramco $15bn deal faces delay on valuation issue –** Differences over the valuation of the refining and petrochemicals business of Reliance Industries may delay the proposed $15bn deal between the Indian company and the world's top crude oil producer Saudi Aramco, Mint reported, citing sources. The disagreement over deal valuation persists following the drop in oil prices and there is also doubt about the availability of another asset that Saudi Aramco could buy in the market. (Bloomberg)
- **Saudi Aramco plans further spending cuts to pay for dividend –** Saudi Aramco plans to cut its capital spending to a range of $20bn to $25bn this year to pay a $75bn dividend it pledged to investors during its initial public offering last year, the Financial Times reported on Wednesday, citing sources. The report says the new level of capital spending is largely dedicated to the state-owned group's exploration and production business and will hold for the next three years. Spending has been cut across the board to shore up cash as the oil industry contends with a realization that lower crude prices

could be the norm for a long period of time after the coronavirus pandemic sapped fuel demand. (Zawya)

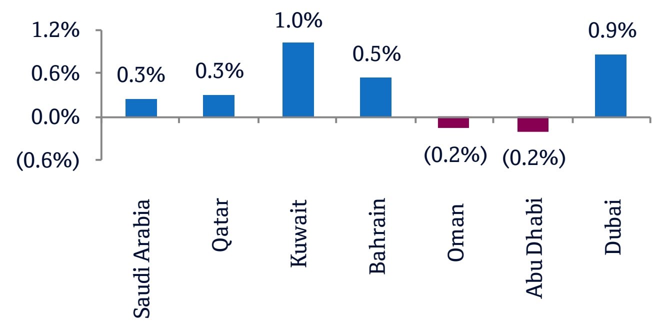
- **Saudi stock exchange to launch environmental index with MSCI –** Saudi Arabia's stock exchange (TADAWUL) plans to launch an environmental, social or governance (ESG) index in cooperation with global index provider MSCI by the fourth quarter of this year or first quarter of 2021, the bourse's Chief Executive, Khalid Al-Hussan said on Wednesday. The index will include at least 70 Saudi listed companies and will be based on MSCI standards, he said. "Globally we understand that ESG is becoming an investment requirement and we don't want to be behind this in the Saudi market," he added. Demand for climate-friendly and sustainable investments has been on the rise over the past few years and has seen another boost during the COVID-19 pandemic, with many investors globally shifting their focus on to businesses with more sustainable, low-carbon models. (Reuters)
- **NMC Health $275mn rescue financing faces creditor opposition –** NMC Health has secured loan commitments worth $275mn in a deal which would allow the lenders to improve their prospects of recovering money already owed by the UAE troubled hospital operator, two sources said. But the financing, which offers beneficial terms to the debt providers, has created heated discussions among NMC lenders in recent days, with some creditors asking to be more involved in the process, said the sources, who are familiar with the matter. (Reuters)
- **Abu Dhabi Islamic Bank reports 1H2020 net profit of AED587.6mn –** Abu Dhabi Islamic Bank (ADIB) reported a net profit of AED587.6mn and AED2.5bn in net revenue for 1H2020. The decline in profitability was predominantly driven by higher impairment charges, due to the unprecedented operating environment, as well as lower revenues, given challenging market conditions. Despite these macroeconomic headwinds, ADIB was able to sustain robust levels of capital, with a capital adequacy ratio of 18.18% that remains well above regulatory thresholds, as well as healthy liquidity and a resilient funding profile with an advances to deposit ratio of 83.1%. Group net revenue for 1H2020 decreased to AED2,556.6mn from AED2,887.1mn in 1H2019. Group net profit for 1H2020 decreased to AED587.6mn compared to AED1,230.5mn in 1H2019. Operating expenses of AED1,258.4mn decreased by 4.0% compared to 1H2019, reflecting the successful implementation of our cost initiatives that were taken to create future efficiencies and capabilities to continue our investment into key strategic and digital programs that are designed to support business growth and enhance the customer experience. Credit provisions and impairments for 1H2020 increased by 105.4% to AED708.6mn from AED345.0mn in 1H2019. ADIB continued to maintain one of the lowest cost of funds in the region supported by an efficient funding strategy and higher CASA which enabled the Bank to maintain one of the highest net profit margins in the market of 3.6% in 1H2020 despite the low rate environment. Net customer financing increased by 3.9% to AED82.0bn from AED78.9bn at the end of 1H2019. The rise was led by growth in Corporate Banking financing. CASA deposits increased by 4.2% YoY to AED74.6bn, comprising 75.6% of the AED98.6bn total customer deposits compared to 71.7% a year earlier. Total assets as at June 30, 2020 were AED124.4bn, representing a decrease of 1.2% from AED125.9bn at the end of December 31, 2019. Advances to stable funds ratio was 86.6% at June 30, 2020, compared to 84.0% at June 30, 2019 (84.1% at December 31, 2019). The bank's common equity tier 1 ratio of 12.46% and capital adequacy ratio of 18.18% remain well above regulatory requirements. (Zawya)
- **Oman secures $2bn bridge loan –** The government of Oman has signed a one-year $2bn bridge loan with a group of international and regional banks, sources with knowledge of the matter said on Wednesday. The loan, which will be repaid with money raised from an international bond issuance, will bolster state coffers hit by low oil prices and the economic downturn caused by the coronavirus crisis. Sources had previously told Reuters, Oman chose First Abu Dhabi Bank and Bank Muscat to coordinate the loan. Oman could issue a bond in the next six months to repay the loan "as long as the market is there," one of those sources said. The pricing was "relatively cheaper than the market" and the loan's structure will see the pricing stepped up over time, the source said. Oman is a relatively small crude oil producer burdened by high levels of debt, making it more vulnerable to oil price swings than most of its wealthier Gulf neighbors. Oman's fiscal deficit could widen to 16.9% of GDP this year from a 7% deficit last year, the International Monetary Fund has estimated. (Reuters)

Rebased Performance



Source: Bloomberg

Daily Index Performance



Source: Bloomberg

Asset/Currency Performance	Close ($)	1D%	WTD%	YTD%
Gold/Ounce	1,915.83	0.2	(5.9)	26.3
Silver/Ounce	25.51	2.9	(9.9)	42.9
Crude Oil (Brent)/Barrel (FM Future)	45.43	2.1	2.3	(31.2)
Crude Oil (WTI)/Barrel (FM Future)	42.67	2.5	3.5	(30.1)
Natural Gas (Henry Hub)/MMBtu	2.05	(4.7)	(4.7)	(1.9)
LPG Propane (Arab Gulf)/Ton	50.50	0.5	1.5	22.4
LPG Butane (Arab Gulf)/Ton	50.13	0.8	3.6	(23.5)
Euro	1.18	0.4	(0.0)	5.1
Yen	106.91	0.4	0.9	(1.6)
GBP	1.30	(0.1)	(0.1)	(1.7)
CHF	1.10	0.5	0.0	6.1
AUD	0.72	0.3	0.1	2.0
USD Index	93.44	(0.2)	0.0	(3.1)
RUB	73.70	0.8	(0.0)	18.9
BRL	0.18	(0.9)	0.1	(26.0)

Source: Bloomberg

Global Indices Performance	Close	1D%*	WTD%*	YTD%*
MSCI World Index	2,391.80	1.4	1.5	1.4
DJ Industrial	27,976.84	1.0	2.0	(2.0)
S&P 500	3,380.35	1.4	0.9	4.6
NASDAQ 100	11,012.24	2.1	0.0	22.7
STOXX 600	374.88	1.3	3.3	(5.3)
DAX	13,058.63	1.0	3.2	3.7
FTSE 100	6,280.12	1.7	4.1	(18.1)
CAC 40	5,073.31	1.1	4.0	(10.9)
Nikkei	22,843.96	0.1	1.5	(1.6)
MSCI EM	1,093.98	0.3	0.4	(1.9)
SHANGHAI SE Composite	3,319.27	(0.5)	(0.6)	9.2
HANG SENG	25,244.02	1.4	2.9	(10.0)
BSE SENSEX	38,369.63	(0.3)	1.2	(11.4)
Bovespa	102,117.80	(1.4)	(1.5)	(35.2)
RTS	1,307.12	0.9	2.8	(15.6)

Source: Bloomberg (*$ adjusted returns)

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