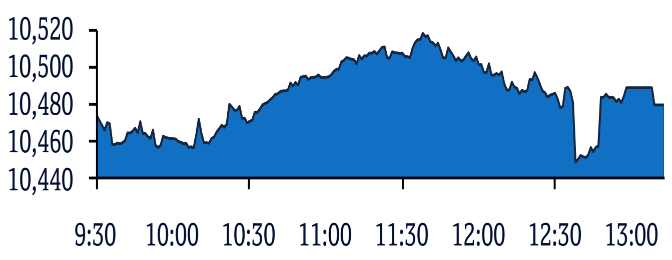
Daily Market Report

Wednesday, 16 December 2020

QSE Intra-Day Movement



Qatar Commentary

The QE Index declined marginally to close at 10,480.7. Losses were led by the Insurance and Banks & Financial Services indices, falling 1.3% and 0.1%, respectively. Top losers were Aamal Company and Qatar Insurance Company, falling 2.2% and 1.9%, respectively. Among the top gainers, INMA Holding gained 6.0%, while The Commercial Bank was up 1.6%.

GCC Commentary

Saudi Arabia: The TASI Index fell marginally to close at 8,659.4. Losses were led by the Utilities and Banks indices, falling 0.8% and 0.6%, respectively. Electrical Industries declined 3.4%, while Al-Samaani Factory for Metal Ind. was down 2.6%.

Dubai: The DFM Index fell 1.0% to close at 2,530.6. The Real Estate & Construction index declined 1.5%, while the Banks index fell 1.2%. Al Firdous Holdings declined 5.0%, while Dubai National Insurance & Reinsurance was down 4.4%.

Abu Dhabi: The ADX General Index fell 0.4% to close at 5,132.9. The Energy and Banks indices declined 0.6% each. Al Buhaira National Insurance Company declined 5.0%, while Al Qudra Holding was down 4.8%.

Kuwait: The Kuwait All Share Index gained 0.5% to close at 5,599.2. The Oil & Gas index rose 6.0%, while the Insurance index gained 1.8%. Burgan for Well Drilling Trading & Maintenance rose 58.4%, while IFA Hotels & Resorts Co. was up 38.5%.

Oman: The MSM 30 Index gained 0.3% to close at 3,607.6. The Financial index gained 0.1%, while the other indices ended in red. Bank Muscat rose 2.1%, while Musandam Power Company was up 2.0%.

Bahrain: The BHB Index fell 0.1% to close at 1,493.4. The Investment and Commercial Banks indices declined 0.1% each. Ithmaar Holding declined 2.6%, while Al Salam Bank-Bahrain was down 1.3%.

Market Indicators	15 Dec 20	14 Dec 20	%Chg.
Value Traded (QR mn)	408.4	390.0	4.7
Exch. Market Cap. (QR mn)	605,759.9	606,969.0	(0.2)
Volume (mn)	141.9	141.6	0.2
Number of Transactions	9,505	10,078	(5.7)
Companies Traded	46	44	4.5
Market Breadth	15:25	15:25	–

Market Indices	Close	1D%	WTD%	YTD%	TTM P/E
Total Return	20,148.77	(0.0)	0.3	5.0	17.8
All Share Index	3,214.13	(0.1)	0.3	3.7	18.4
Banks	4,267.16	(0.1)	0.4	1.1	15.1
Industrials	3,114.05	(0.1)	1.2	6.2	27.8
Transportation	3,303.85	(0.0)	(1.2)	29.3	15.1
Real Estate	1,951.16	(0.1)	(0.8)	24.7	17.2
Insurance	2,407.72	(1.3)	(3.3)	(12.0)	N.A.
Telecoms	982.43	0.6	1.7	9.8	14.6
Consumer	8,256.04	0.1	0.5	(4.5)	24.5
Al Rayan Islamic Index	4,276.30	(0.1)	0.0	8.2	19.6

GCC Top Gainers##	Exchange	Close#	1D%	Vol. '000	YTD%
Mabanee Co.	Kuwait	0.68	2.7	2,208.3	(20.4)
Bank Muscat	Oman	0.40	2.1	25.8	(3.7)
The Commercial Bank	Qatar	4.32	1.6	2,514.9	(8.1)
ADNOC Distribution	Abu Dhabi	3.71	1.6	7,733.2	25.3
Gulf Bank	Kuwait	0.22	1.4	5,886.9	(27.1)

GCC Top Losers##	Exchange	Close#	1D%	Vol. '000	YTD%
Emaar Properties	Dubai	3.54	(2.7)	10,914.2	(11.9)
Emirates NBD	Dubai	10.65	(2.3)	2,101.4	(18.1)
Riyad Bank	Saudi Arabia	20.10	(2.2)	1,346.9	(16.3)
Banque Saudi Fransi	Saudi Arabia	31.70	(2.2)	348.6	(16.4)
GFH Financial Group	Dubai	0.61	(1.4)	11,286.7	(27.1)

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%
INMA Holding	5.38	6.0	13,221.3	183.2
The Commercial Bank	4.32	1.6	2,514.9	(8.1)
Widam Food Company	6.15	0.8	177.9	(9.1)
Qatar International Islamic Bank	9.11	0.8	569.0	(5.9)
Ooredoo	7.25	0.7	5,764.8	2.4

QSE Top Volume Trades	Close*	1D%	Vol. '000	YTD%
Investment Holding Group	0.60	0.7	20,239.9	6.4
INMA Holding	5.38	6.0	13,221.3	183.2
Ezdan Holding Group	1.80	(0.7)	10,090.9	192.5
Qatar First Bank	1.75	(1.6)	7,791.1	113.6
Salam International Inv. Ltd.	0.64	(1.5)	7,260.4	23.8

QSE Top Losers	Close*	1D%	Vol. '000	YTD%
Aamal Company	0.86	(2.2)	1,732.6	5.2
Qatar Insurance Company	2.45	(1.9)	1,023.6	(22.4)
Alijarah Holding	1.24	(1.8)	7,206.5	76.0
Baladna	1.82	(1.8)	4,791.0	81.9
Qatari Investors Group	1.81	(1.7)	865.9	0.9

QSE Top Value Trades	Close*	1D%	Val. '000	YTD%
INMA Holding	5.38	6.0	70,985.4	183.2
Ooredoo	7.25	0.7	41,933.1	2.4
Masraf Al Rayan	4.42	(0.4)	29,664.4	11.6
QNB Group	18.21	(0.6)	29,345.4	(11.6)
Qatar Islamic Bank	17.01	0.1	20,967.9	11.0

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*	10,480.69	(0.0)	0.3	2.1	0.5	110.41	163,736.9	17.8	1.5	3.8
Dubai	2,530.56	(1.0)	(0.6)	4.6	(8.5)	58.05	93,755.4	11.8	0.9	3.8
Abu Dhabi	5,132.87	(0.4)	0.5	3.4	1.1	108.28	199,735.7	21.3	1.4	4.8
Saudi Arabia	8,659.37	(0.0)	0.2	(1.0)	3.2	3,179.17	2,446,957.3	34.8	2.1	2.3
Kuwait	5,599.21	0.5	0.7	2.6	(10.9)	124.97	103,677.2	35.1	1.4	3.5
Oman	3,607.58	0.3	0.0	(1.0)	(9.4)	2.66	16,352.5	10.9	0.7	7.0
Bahrain	1,493.41	(0.1)	0.2	1.1	(7.3)	5.64	22,845.8	14.5	1.0	4.5

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 marginally to close at 10,480.7. The Insurance and Banks & Financial Services indices led the losses. The index fell on the back of selling pressure from Qatari and Arab shareholders despite buying support from GCC and Foreign shareholders.
- Aamal Company and Qatar Insurance Company were the top losers, falling 2.2% and 1.9%, respectively. Among the top gainers, INMA Holding gained 6.0%, while The Commercial Bank was up 1.6%.
- Volume of shares traded on Tuesday rose by 0.2% to 141.9mn from 141.6mn on Monday. However, as compared to the 30-day moving average of 250.0mn, volume for the day was 43.3% lower. Investment Holding Group and INMA Holding were the most active stocks, contributing 14.3% and 9.3% to the total volume, respectively.

Overall Activity	Buy %*	Sell %*	Net (QR)
Qatari Individuals	37.55%	39.53%	(8,060,166.8)
Qatari Institutions	23.83%	28.77%	(20,189,754.0)
Qatari	**61.39%**	**68.30%**	**(28,249,920.7)**
GCC Individuals	0.92%	0.53%	1,612,652.7
GCC Institutions	5.01%	1.33%	15,034,129.5
GCC	**5.93%**	**1.85%**	**16,646,782.2**
Arab Individuals	8.53%	10.36%	(7,471,256.3)
Arab Institutions	0.14%	–	583,454.9
Arab	**8.67%**	**10.36%**	**(6,887,801.5)**
Foreigners Individuals	3.66%	3.93%	(1,100,149.9)
Foreigners Institutions	20.35%	15.56%	19,591,089.9
Foreigners	**24.02%**	**19.49%**	**18,490,939.9**

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

Global Economic Data

Date	Market	Source	Indicator	Period	Actual	Consensus	Previous
12/15	US	Federal Reserve	Industrial Production MoM	Nov	0.4%	0.3%	0.9%
12/15	US	Federal Reserve	Manufacturing (SIC) Production	Nov	0.8%	0.4%	1.1%
12/15	France	INSEE National Statistics Office	CPI MoM	Nov	0.2%	0.2%	0.2%
12/15	France	INSEE National Statistics Office	CPI YoY	Nov	0.2%	0.2%	0.2%
12/15	China	National Bureau of Statistics	Industrial Production YoY	Nov	7.0%	7.0%	6.9%
12/15	China	National Bureau of Statistics	Industrial Production YTD YoY	Nov	2.3%	2.3%	1.8%

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

News

Qatar

- **An official holiday at Qatar Stock Exchange on Thursday on the occasion of Qatar National Day –** On the occasion of Qatar National Day, Thursday December 17, 2020 will be an official holiday. The market will resume trading on Sunday December 20, 2020. (QSE)
- **QOIS opens nominations for its board membership 2021 –** Qatar Oman Investment Company (QOIS) announced the opening of nominees for the board memberships, years from 2021 to 2023. Applications will be accepted starting from 16/12/2020 till 02:00 PM of 30/12/2020. (QSE)
- **Vodafone Qatar covers Al Rayyan Stadium with its 5G network –** In yet another 5G milestone, Vodafone Qatar announced yesterday that it has expanded its 5G network to cover Al Rayyan Stadium, paving the way for a truly incredible experience for fans during the FIFA World Cup Qatar 2022 and for all other local and international sporting events to take place in the stadium. The country will get its first glimpse of the visually stunning and culturally important 40,000 capacity venue on December 18 when the stadium plays host to Al Sadd and Al Arabi and spectators can capture the event's highlights via 5G smartphones powered by Vodafone Qatar's incredibly fast 5G network. Al Rayyan Stadium is the third Qatar 2022 stadium to be covered with Vodafone GigaNet 5G, following Al Janoub and Education City. (Peninsula Qatar)
- **Qatar's economic recovery unmatched in the region –** The recovery in Qatar's economy is consistent and is unmatched in the region. The long term growth prospects of Qatar's economy are bright and the economy is expected to grow at a faster pace over the next decade, said a senior official of Qatar Financial Centre (QFC). "The Purchasing Managers' Index (PMI) tells us that Qatar's economic recovery is all about sustained recovery and new business and that is unmatched in our region. I see, for example, over the last four months that we have had a large increase in new orders and those continue to be so," QFC's Senior Economic Advisor, Thaddeus Malesa said in a video posted on QFC's social media account. The PMI readings have seen a consistent rise in the past few months. The PMI rose to 52.5 in November, from 51.5 in October, to signal an improvement in operating conditions in the non-energy private sector. The PMI stood at 51.5 in October, up fractionally from 51.4 in September,

driven by strong business expectations and realized transactions. “The Purchasing Managers’ Index only covers four non-energy sectors and for Qatar’s economy LNG, crude oil, condensates, and related products are extremely important and we have been fortunate because this diversified production suit that we have here in Qatar has been in continual demand throughout the COVID-19 crisis. So we have only had to shut in about 1.3 percent of that production over the period versus (some of) our neighbors have had to shut in 10 percent crude oil production during the same time,” he added. Qatar’s economy is expected to witness accelerated growth over the next decade, helped by World Cup related preparations, expansion of LNG production capacity and increased activities in free zones. (Peninsula Qatar)

- **Ezdan: Building sales dominate property deals last week –** Real Estate deals worth QR373.7mn took place between December 6 and 10 in Qatar, the latest Ezdan Real Estate (Ezdan) report has said, citing figures from the country’s Real Estate Registration Department. Of this, building sales during the period generated QR210mn and 56.2% of the sale trade value. Meanwhile, the sale of vacant land lots saw transaction worth QR163.6mn, representing 43.8% of the total. Al-Daayan municipality witnessed the highest deals in terms of value by selling a multi-use land lot in Jeryan Jenayhat. The transaction generated up to QR16.5mn at a price of QR13,750 per square foot. The land lot extends over an area of 1200 square meters. (Qatar Tribune)

International

- **Fed will be tested in 2021 as vaccines boost US economic outlook –** If 2020 was the year the Federal Reserve overhauled its game plan for supporting the US economy, 2021 will be the year its new approach gets tested should a coronavirus vaccine deliver the lift that many analysts expect. In its final policy meeting of the year this week, the US Central Bank is expected to keep its key overnight interest rate pinned near zero and to signal it will stay there for years to come; many analysts also expect new guidance on how long the Fed will keep up its massive bond-buying program. The super-easy monetary policy is part of a long-term strategy the Fed adopted in August to help it navigate a world of persistently low interest rates that limits the central bank’s options for fighting downturns and makes it difficult to hit its 2% inflation goal. The idea is to counteract any unhealthy downward drag on prices by letting the economy run hotter than in the past. The Fed now plans to keep rates near zero until the economy reaches full employment and inflation hits 2% and is on track to exceed it. (Reuters)
- **Fed joins global club of peers in climate change fight –** The US Federal Reserve said on Tuesday it has joined an international group of central banks focused on climate change risk, a signal that the Fed could move to incorporate the impacts of global warming into its regulatory writ. The Fed’s membership in the Network of Central Banks and Supervisors for Greening the Financial System (NGFS) comes after a yearlong collaboration, the Fed said. It had been the only major global central bank besides the Reserve Bank of India that was not a member of the NGFS. “As we develop our understanding of how best to assess the impact of climate change on the financial system, we look forward to continuing and deepening our discussions with our NGFS colleagues from around the world,” Fed Chair, Jerome Powell said in a statement announcing the move. (Reuters)
- **Facing year-end cut off, US banks scramble to extend COVID accounting relief –** US banks are scrambling to persuade Washington policymakers to extend the Dec. 31 expiry of an accounting waiver that has allowed lenders to give struggling borrowers more leeway on their loans, several bankers and lobbyists said. If Congress fails to extend the relief as part of a new stimulus package being discussed by lawmakers, many lenders are likely to curtail loan modification programs, they said, making life much tougher for as many as 12mn Americans whose unemployment benefits are due to expire at around the same time. “This provision has given credit unions and banks some assurance that if they work with borrowers that are having financial difficulty as a result of the pandemic, that they can work with those borrowers and not have supervisory scrutiny,” Chief Advocacy Officer, Credit Union National Association, Ryan Donovan said. “That’s going to go away.” To soften COVID-19’s economic blow, Congress in March granted a federal moratorium on mortgage repayments. (Reuters)
- **US import prices inch up in November –** US import prices rebounded less than expected in November as an increase in the cost of petroleum products was offset by cheaper food and motor vehicles, supporting views that inflation could remain moderate amid a resurgence in new COVID-19 infections and rising unemployment. The Labor Department said on Tuesday import prices edged up 0.1% last month after dipping 0.1% in October. Economists polled by Reuters had forecast import prices, which exclude tariffs, advancing 0.3% in November. In the 12 months through November, import prices decreased 1.0% after falling by the same margin in October. Petroleum prices increased 2.1% last month after slipping 0.1% in October. Excluding petroleum, import prices were flat after edging down 0.1% in October. Import prices have remained weak even as the dollar has depreciated about 7.4% versus the currencies of the US’s main trade partners since April. Government data last week showed marginal increases in consumer and producer prices in November. Though the coronavirus pandemic has boosted prices of some goods because of supply and production constraints, it has weighed on services, leading to overall benign inflation. (Reuters)
- **US manufacturing production beats expectations –** US manufacturing output increased more than expected in November, boosted by motor vehicle production, but momentum could slow in the months ahead as a fresh outbreak of COVID-19 infections keep workers at home and temporarily shut down factories. Manufacturing output rose 0.8% last month, the Federal Reserve said on Tuesday. Data for October was revised up to show production at factories increasing 1.1% instead of 1.0% as previously reported. Factory production remains below its pre-pandemic level. Economists polled by Reuters had forecast manufacturing output rising 0.3% in November. (Reuters)
- **UK jobless rate rises again, redundancies hit record high –** Britain’s jobless rate rose again in the three months to October and redundancies reached a record high as companies were hit by new coronavirus restrictions and prepared for the end of government job subsidies that were eventually extended into

2021. Official data showed the unemployment rate reached 4.9%, up from 4.8% in the three months to September, its highest in more than four years. However, the increase was smaller than expected by most economists. A Reuters poll had forecast a jump to 5.1%. The number of redundancies reached a record high of 370,000 in the August-to-October period, although it decreased in October alone, the Office for National Statistics said. “Overall we have seen a continuation of recent trends, with a further weakening in the labor market,” ONS Director of economic statistics, Darren Morgan said. For much of the period covered by Tuesday’s data, finance minister Rishi Sunak rejected calls to extend his broad job- retention scheme beyond a scheduled October 31 expiry, raising fears of an acceleration in job losses. But, as a second wave COVID-19 cases hit, Sunak was forced to extend the scheme until the end of March 2021. “The ... extension of furloughing will provide a lifeline for many jobs over the difficult winter months, but the big question is what happens after,” Chief Economist at the Institute of Directors, Tej Parikh said. (Reuters)

- **BOJ loads up $6bn in ammunition to combat potential market turmoil –** The Bank of Japan (BOJ) has decided to tap $6bn in cash from a government account in a rare arrangement to ensure it has enough ammunition to combat any market disruptions caused by a recent resurgence in coronavirus infections. Under the arrangement announced on Wednesday, the central bank will buy dollar cash from the Ministry of Finance any time through to the end of March next year at the prevailing market exchange rate at the time. It will be the first time the BOJ will buy dollars outright from the MOF, underscoring the central bank’s caution over the risk of renewed dollar-funding strains heading into the end of the year. The move is “in preparation for smoother execution of the Bank of Japan’s operations, such as international financial cooperation and foreign currency supply to financial institutions,” the central bank said in the statement. The decision will likely give the BOJ flexibility to address any dollar shortages that domestic financial institutions could face ahead of the year-end and the March closure of Japan’s fiscal year. Japanese financial institutions have repeatedly faced dollar funding strains in times of market stress, though the BOJ’s dollar-funding operations have drawn little demand in recent months as market conditions remained stable. (Reuters)
- **Japanese stimulus to give GDP boost, fiscal reform in need –** Japan’s latest economic stimulus package to cushion the blow from the coronavirus pandemic is likely to boost the economy most strongly next fiscal year, while it underscored the need to achieve economic revival and fiscal reform, key ministers said. The ministers made the remarks as Prime Minister, Yoshihide Suga’s cabinet approved on Tuesday a third supplementary budget to fund the $708bn stimulus package, to help the economy recover from its COVID-induced slump in the second quarter. The COVID-19 crisis has forced Japan’s government to put off fiscal reforms, even though it holds the industrial world’s heaviest public debt burden, more than twice the size of its economy. “It’s true that underlying fiscal conditions will worsen due to the third extra budget,” Finance Minister, Tarao Aso told reporters after the cabinet approved the budget. “We must proceed to achieve both economic revival and fiscal reform so as not to cause loss of trust in finances and overcome the coronavirus crisis.” The stimulus package is expected to boost gross domestic product by around 0.5% in the current fiscal year through March, 2.5% in fiscal 2021, and 0.6% from fiscal 2022 onwards, Economy Minister, Yasutoshi Nishimura said on Tuesday. In its latest long-term growth projections, released in July, the government expected real GDP to shrink by 4.5% in the current fiscal year, followed by a 3.4% rebound in the next fiscal year through March 2022. (Reuters)
- **Japan posts record run of export declines on soft US, China demand –** Japan’s exports fell in November, dashing expectations for an end to the two-year run of declines, largely due to weaker US- and China-bound shipments and suggesting a slower pace of recovery for the world’s third-largest economy. The trade data is likely to be of some concern for policymakers counting on solid external demand to boost factory output and broader corporate activity to revive the economy. Ministry of Finance (MOF) data out on Wednesday showed exports fell 4.2% in November from a year earlier, defying the economists’ median estimate of a 0.5% increase in a Reuters poll. It was the 24th straight month of decline, the longest stretch on record, and follows a 0.2% drop in the previous month. “Overall exports won’t return to pre-virus levels until the middle of next year,” said Tom Learmouth, Japan economist at Capital Economics. By destination, shipments to the United States contracted for the first time in three months, losing 2.5%, as weak demand for aircraft equipment helped offset higher car exports. Exports to China, Japan’s largest trading partner, rose at the slowest pace in five months, growing 3.8%, driven by communication devices. (Reuters)
- **Japan's factory activity moves closer to stabilization in December –** Japan’s factory activity came within striking distance of stabilization in December, a private-sector survey showed on Wednesday, even as a resurgence in coronavirus cases is taking a toll on economies globally, particularly in Europe. The slower decline in manufacturing will likely boost policymakers’ confidence that Japan’s export-oriented economy is able to pull through the crisis even as the services sector takes a heavy hit from a worsening flare-up in COVID-19 infections. The au Jibun Bank Flash Japan Manufacturing Purchasing Managers’ Index (PMI) rose to a seasonally adjusted 49.7 from a final 49.0 in November, shrinking at the slowest pace in 19 months. The headline index came within reach of the 50.0 threshold that separates contraction from expansion, largely thanks to reduced contractions in output and new orders as well as a modest improvement of employment conditions. (Reuters)
- **China, Japan cut US Treasury holdings in October -data –** China and Japan, the two largest non-US holders of Treasuries, reduced their holdings in October, data from the US Treasury department showed on Tuesday, continuing a trend of the last few months. China’s holdings of Treasuries fell to $1.054tn, the lowest since January 2017, cutting its load of US government debt for five straight months. Japan, the world’s largest holder of Treasuries at $1.269tn, also pared back its holdings for a third straight month. The decline in Japan’s and China’s stockpile of Treasuries was offset by a surge in holdings from Belgium and the UK, two countries used as financial centers for some of the biggest sovereign debt holders. (Reuters)

Regional

- **OPEC production rose in November after Libya surge, IEA says –** The OPEC pumped 25mn bpd in November, up 730k bpd from October, as Libyan production soared, the International Energy Agency (IEA) said in a monthly report. At 1.04mn bpd, Libyan supply was up 590k bpd from a month earlier. The other nations exempt from OPEC+ cuts -- Venezuela and Iran -- also boosted output to 450k bpd and 1.96mn bpd, respectively. Of those members with supply caps, the UAE posted the largest MoM increase, though its 2.5mn bpd of production remained below its quota. Iraqi output just exceeded its target at 3.81mn bpd. Saudi production edged up to 8.99mn bpd, just below its quota. Kuwaiti supply held steady at 2.3mn bpd. Production from African countries taking part in the cuts was relatively stable MoM. (Bloomberg)
- **OPEC's President says oil cartel cannot rush output increases –** The president of OPEC reiterated that the oil producers' cartel should not rush to increase output early next year and said energy demand was still fragile with the coronavirus raging across parts of the world. Algeria's Energy Minister, Abdelmajid Attar, who holds OPEC's rotating presidency, said there was no guarantee the group and its allies would raise crude production by 2mn bpd by April, even after an agreement earlier this month to reach that level in steps. "Despite the positive signs and a significant improvement in oil prices, I think we should be very cautious," Attar said in an interview. "In the best-case scenario, we will be able to reach 2mn barrels daily as early as April. But this is not a goal in itself. What is important is to ensure that the global oil inventory surplus continues to erode, and that we are on the path to lasting market stabilization." (Bloomberg)
- **Saudi November inflation at 5.8% YoY on higher food prices –** Saudi Arabia's consumer price index increased by 5.8% in November compared with the same month last year, official data showed on Tuesday, while remaining the same as October's rate. The world's largest oil exporter is facing a steep economic contraction this year amid low oil prices, while coronavirus-induced restrictions curbed global crude demand and hurt domestic activity. "Granted that the increase in the Value Added Tax (VAT) from 5% to 15% in July 2020 had an overall influence on consumer prices throughout the Kingdom, the rise of the CPI originated mainly from the increase in prices of Food and Beverages (+13.0%) and Transport (+8.0%)," the General Authority for Statistics said. The consumer price index decreased by 0.2% YoY in November 2019. Higher food prices were the main driver of the increase, the authority said. "In particular, the increase of prices of Meat (+14.8%) and Vegetables (+22.2) was remarkable," it said. The VAT hike contributed to an increase in non-oil revenue in the third quarter, but economists have said it will likely dampen economic recovery. (Reuters)
- **Saudi 2021 budget cuts spending after deficit spike on oil, COVID-19 –** Saudi Arabia announced a SR990bn budget for 2021 on Tuesday, around 7% less than estimated spending for this year, as the world's biggest oil exporter seeks to tame a huge deficit caused by lower petroleum revenues and the coronavirus crisis. The Kingdom expects to post a deficit of SR298bn this year, or 12% of GDP, as crude revenues are slated to drop by over 30%, and SR141bn or 4.9% of GDP next year, according to a budget statement. It plans to nearly balance its budget by 2023. The finance ministry said the budget reflected "the ability to adopt appropriate policies to balance between growth, economic stability and fiscal sustainability in the medium and long term." Saudi Arabia expects the economy to shrink by 3.7% this year but to swing back to a 3.2% growth next year. Saudi Finance Minister, Mohammed al-Jadaan said in a press conference that most economic sectors had started to recover from the pandemic's impact in the second half of this year. "I think that the economic recovery of economic activities in the third and fourth quarters bodes well for economic growth in the coming years," he said. Chief Economist at Abu Dhabi Commercial Bank, Monica Malik said the deficit target for next year looked ambitious, "but this year we have seen vital support to the budget through strong Aramco dividend and investment returns, and these are likely to be key factors in 2021." Saudi Arabia expects public debt to increase to SR937bn next year from SR854bn this year. Government reserves at the Saudi central bank are expected to drop to SR280bn next year from an estimated 346 billion this year, the finance ministry said. Saudi Arabia expects reserves at SR346bn in 2020, SR280bn in 2021. Saudi Arabia tripled a value-added tax in July to 15% to boost state coffers and offset the drop in oil revenues. The world's biggest oil exporter has cut oil output this year as part of a deal with OPEC and other producers to stabilize the oil market, which hit a 21-year low below $16 per barrel in April. "In view of the uncertainty surrounding the pace of the global economic recovery and the potential persistence of the crisis, predicting the state of the oil market becomes increasingly challenging," the ministry of finance said in the budget statement. This year revenues are estimated at SR770bn and SR849bn next year, the budget statement said. For 2020, Saudi Arabia estimated oil revenues at SR412bn after budgeting SR513bn and estimated non-oil revenues at SR358bn after budgeting SR320bn. Saudi Arabia does not disclose the oil price assumption on which it bases its budget, but Managing Director at MENA Advisors, Rory Fyfe said it was likely based on a Saudi export price of about $48 per barrel. "This is roughly in line with market expectations," he said. Head of Research at Al Rajhi Capital, Mazen al-Sudairi said it was difficult to forecast oil revenues for the government "because it includes the additional variable of what dividends Aramco will pay to the government." State-owned Saudi oil giant Aramco has said it would pay an overall dividend of $75bn this year, the large majority of which would go to the government. (Reuters)
- **Saudi Arabia to get sovereign wealth fund dividend, has no tax hike plan –** Saudi Arabia expects to receive up to SR25bn in dividends this year from its sovereign wealth fund, the Public Investment Fund (PIF), in a one-off measure aimed at boosting coffers battered by low oil prices. "We called for part of the dividends, so we are possibly going to receive around SR15bn to SR25bn in dividends from PIF," Finance Minister, Mohammed al-Jadaan told Reuters, after the announcement of Saudi Arabia's 2021 budget. He said receiving dividends from PIF's profits was an exceptional decision and that the government generally does not plan to call for dividends from the fund in the future. PIF is Saudi Arabia's Crown Prince Mohammed bin Salman's vehicle of choice for his ambitious plan to transform the economy and wean it off oil revenues. Due to a collapse in oil prices and output cuts after the coronavirus pandemic curbed global demand for

crude, Saudi Arabia's oil revenues are expected to drop by over 30% this year. To partly offset that, the kingdom tripled a value-added tax in July to 15%. Jadaan said there were no immediate plans to raise taxes and, when asked, said introducing an income tax was not on the cards. Jadaan said this year's $40bn transfer from the Saudi central bank to the PIF to back its investments was "a very exceptional transfer in a very exceptional year," adding there were no plans currently to make further such transfers. PIF invested most of those funds abroad and made a profit of more than 19% in a seven-to-eight-month period, Jadaan said. (Reuters)

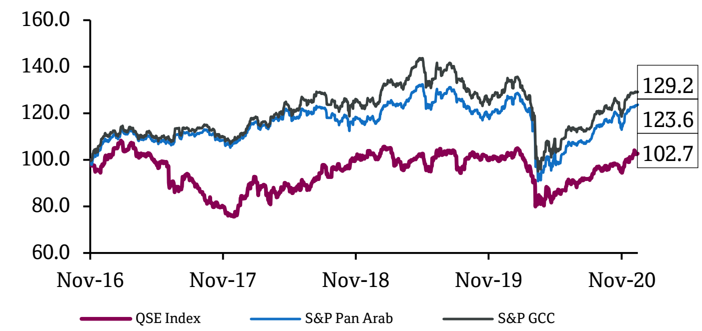
- **Saudi Arabia and OPEC+ working for oil market stability –** Saudi Arabia is working with OPEC+ producers for the stability of oil markets, state-run Saudi Press Agency reported on Tuesday, citing Saudi Crown Prince Mohammed Bin Salman. "As part of its policy to maintain the stability of global energy markets, Saudi Arabia, in cooperation with OPEC+ countries, is working toward the stability of oil markets." (Bloomberg)
- **Sipchem signs deal with Linde for Saudi industrial gas projects –** Sahara International Petrochemical Company (Sipchem) has signed contract with Linde to set up a joint venture for developing industrial gas projects and networks in Saudi Arabia's Jubail Industrial City. The main focus will be on building production facilities to supply carbon monoxide, hydrogen, syngas ammonia and associated gases. The joint venture is expected to attract about $500mn in investments over five years. The contract is for 20 years. (Bloomberg)
- **US pushes for energy unions between UAE, Bahrain and Israel –** The US is seeking to build on the historic diplomatic recognition of Israel by the UAE and Bahrain, holding joint talks on energy cooperation between the three Middle Eastern Countries. American Energy Secretary, Dan Brouillette led the discussions from Abu Dhabi, with the aim of facilitating flows of natural gas and power across the region, he told reporters Tuesday on a call. Brouillette met his counterparts from the UAE and Bahrain in person, while Israel's Energy Minister, Yuval Steinitz, joined the discussion virtually. Despite the Middle East being an energy-rich region, the UAE and Bahrain did not have formal, diplomatic relations with Israel until this year, when the countries signed US-brokered accords recognizing one another. (Bloomberg)
- **UAE, Bahrain to get a boost from COVID-19 vaccine rollout –** Middle East economies are slowly recovering from the COVID-19 crisis, but it will take about two years before it can go back to pre-crisis levels, according to a report from Oxford Economics. The GDP for the region will hit -6.8% this year and 2.9% in 2021, compared to an average pace of 2.6 percent between 2010 and 2019, the report commissioned by chartered accountancy body, ICAEW, said. Within the GCC, the GDP will fall by 5.3% this year and recover by 2.4% in 2021. The rollout of the COVID-19 vaccine, however, will be positive for certain markets, particularly in the UAE and Bahrain, where economies have higher dependence on tourism. Economies around the world have contracted due to the coronavirus pandemic. Countries in the Gulf are facing a double whammy because of low oil prices, following an OPEC+ deal in April that called for a cut in oil production. (Zawya)
- **Dubai will be a strong partner for investors and developers post-pandemic –** Dubai is a strong partner for real estate investors, developers and corporate occupiers thanks to its tight governance arrangements, said JLL. The real estate consultant said the city of Dubai offers strong coordination and clarity around responsibilities, which makes way for a predictable investment system as well as leadership to drive long-term agendas. Dubai is one of a number of cities identified in the JLL report The Business of Cities as quick, capable and productive in responding to opportunities. CEO of JLL MEA, Thierry Delvaux said: "As the report highlights, cities like Dubai are far better equipped to enter into sustained partnerships with investors and developers, given their governance models. "What 2020 has proven is that while macro fundamentals are important, qualitative characteristics such as good governance, management, health and safety will have a large impact on where people choose to live, work and play. (Zawya)
- **Mubadala to take significant stake in Asper's $572mn investment vehicle –** Abu Dhabi state investor Mubadala said on Tuesday it will take a significant stake in Asper Investment Management's Dorothea investment vehicle that plans to build a network of district heating services across the Netherlands. Dorothea is targeting to deploy more than $571.77mn in the project, the statement said. Other investors in Dorothea include APG and the European Investment Bank. (Reuters)
- **ADNOC's ICV plans will drive over $43.6bn into economy, create jobs, support SMEs –** Abu Dhabi National Oil Company (ADNOC) is doubling down on its In-Country Value (ICV) commitments. Addressing ADNOC's Private Sector and ICV Forum, Group CEO, Sultan Al Jaber said that in the next five years, ADNOC will direct approximately an additional $43.6bn into UAE's economy through the ICV program. "This represents a substantial financial spill over impact that will create more opportunities for the private sector and support post COVID-19 economic growth," Al Jaber said. The program aims to nurture new local and international partnerships and business opportunities for the private sector, fostering socio-economic growth and creating job opportunities for Emiratis. "ICV ensures that more economic value remains within the UAE from the contracts ADNOC awards. We want to make sure what we spend here stays here and helps stimulate the growth of the private sector and local economy," he added. Since launching the ICV program in 2018, ADNOC has driven AED76bn back into the UAE's economy and created more than 2,000 private sector jobs for Emiratis. "In 2020 alone we have supported over 400 Emirati-owned SMEs with contracts valued at AED5bn," Al Jaber said. (Zawya)
- **Abu Dhabi signs off on another merger in energy services sector –** General Holding Corporation (Senaat) and other minority shareholders of National Petroleum Construction Company (NPCC), announced that Shareholders of National Marine Dredging Company (NMDC), on Tuesday voted to approve their offer to combine NPCC with NMDC. Following completion of the transaction, Senaat, which is part of ADQ, and other minority shareholders of NPCC would transfer NPCC to NMDC. Chief Investment Officer at ADQ and Chairman of Senaat, Khalifa Sultan Al Suwaidi said, "We are pleased to see that the shareholders of NMDC have approved our recommended offer to combine NPCC with NMDC. The transaction will create one of the largest and most diversified engineering, procurement and construction players in the region, and the complementary

nature of the businesses provides a strong platform to capture growth opportunities." Senaat and other minority shareholders of NPCC will transfer the entire issued share capital of NPCC to NMDC. In consideration for the transfer of NPCC, NMDC would issue to Senaat and other minority shareholders of NPCC a convertible instrument, convertible into 575,000,000 ordinary shares in NMDC upon closing of the transaction. The price at which the convertible instrument will convert into shares in NMDC is AED4.40 per share. The transaction is subject to regulatory and other approvals including approval by the KSA General Authority for Competition and the UAE Securities and Commodities Authority. (Zawya)

- **ADIB UK provides $58.8mn structured financing for B&Q let retail warehouses –** Abu Dhabi Islamic Bank (ADIB)-UK, has provided structured financing of $58.8mn across three (B&Q) let retail warehouse assets. The first transaction was with Bank of London and the Middle East (BLME) in respect of their retail warehouse investment in Castleford, West Yorkshire. The second transaction was with Kamco Invest in respect of their clients' retail warehouse investments in Bury and Grimsby. The three assets are all predominantly let to B&Q Limited, the UK's largest DIY and home improvement retailer, on full repairing and insuring leases with approximately nine years remaining, no tenant break options, and upwards only rent reviews, according to a statement from ADIB. B&Q is owned by Kingfisher Plc, Europe's largest home improvement retail group and the third largest in the world. The DIY sector has proven one of the most resilient sectors during the COVID-19 pandemic and the company has benefited from a surge in home DIY projects as people have spent more time in garden and undertaking home renovations during the lockdowns. (Zawya)
- **Fitch affirms Bank of Sharjah's IDR at 'BBB+'; downgrades VR to 'b-' –** Fitch Ratings has affirmed UAE-based Bank of Sharjah's (BOS) Long-Term Issuer Default Rating (IDR) at 'BBB+' with a Stable outlook. Fitch has also downgraded the bank's Viability Rating (VR) to 'b-' from 'b+' and maintained it on Rating Watch Negative (RWN). The downgrade of the VR reflects the bank's asset quality deterioration and weaker profitability, which is putting further pressure on already weak capital ratios. The maintained RWN on BOS's VR reflects potential pressures from the bank's UAE operations in the context of a weaker operating environment. Fitch believes the bank's financial profile may deteriorate further in the near term, in particular, BOS's asset quality which is undermined by an already very high stage 3 loans ratio (although stage 3 loans are partially provisioned and collateralized), a stage 2 loans ratio that is significantly higher than peers, and a very high level of foreclosed assets on its balance sheet. Further asset quality deterioration is expected to put pressure on already weak capitalization, with only thin buffer over the minimum total capital adequacy requirement at end-3Q2020. BOS entered the crisis in a relatively weak financial position, which heightens its sensitivity to the current depressed economic environment. The RWN also reflects Fitch's view that further pressures will arise on the bank's asset quality and capital from its exposure to Lebanon through its wholly owned subsidiary Emirates Lebanon Bank (ELB). These include ELB's foreign-currency assets (current accounts, long-term placements, mandatory reserves and certificates of deposits) trapped at the Banque du Liban (BdL; central bank of Lebanon) and the loan portfolio, which is largely US dollar-denominated. Fitch believes there are uncertainties around BdL's freeze of Lebanese banks' foreign-currency assets, including mandatory reserves, as an alternative source for subsidizing the imports of the main commodities (such as oil, medicines and flour) amid the large depletion of its foreign currency reserves. Fitch will aim to resolve the RWN within the next six months, once it has fully assessed the impact of the economic shock on the bank and its credit profile. Fitch will in particular monitor BOS's ability to decisively address its problem assets and capital shortfalls. BOS's IDRs, SR and SRF reflect a high probability of support being available to the bank from the UAE authorities, if needed. Fitch's view of support factors in the sovereign's strong ability to support the banking system, sustained by sovereign wealth funds and recurring revenue mostly from hydrocarbon production, notwithstanding lower oil prices. Fitch also expects a high propensity of the UAE authorities to support the banking sector, which has been demonstrated by its strong, timely and predictable record of supporting its domestic banks. This view also reflects close ties with and partial government ownership of some banks, including BOS (17% owned by Sharjah Asset Management). BOS's SRF is two notches below the UAE Domestic Systemically Important Banks' (D-SIB) SRF of 'A' due to Fitch's view that BOS is of moderate systemic importance based on its approximate 1% market share of total assets in the UAE banking system and the bank's niche corporate focus. Fitch assigns Short-Term IDRs according to the mapping correspondence described in our rating criteria. A 'BBB+' Long-Term IDR can correspond to a Short-Term IDR of either 'F2' or 'F1'. In the case of BOS, we opted for 'F2', the lower of the two Short-Term IDR options. This is because a significant proportion of UAE banking sector funding is related to the government and a stress scenario for banks is likely to come at a time when the sovereign itself is experiencing some form of stress. Fitch judges this "wrong-way" risk to be high in the UAE, and this is reflected in the choice of Short-Term IDR. (Bloomberg)
- **Kuwait Emir tells parliament: reform needed, stop disputes –** Kuwait's ruler told the new parliament, in which opposition candidates made gains, that comprehensive reform was needed to help the Gulf Arab state exit its worst economic crisis in decades and that there was no time for "fabricating conflicts". Emir Sheikh Nawaf al-Ahmad al-Sabah took the reins in September following the death of his brother at a time the wealthy OPEC member state is facing a severe liquidity crunch due to low oil prices and the coronavirus crisis. "Our country's path faces serious problems and big challenges which call for putting in place a comprehensive reform program," Sheikh Nawaf said in Tuesday's address at the new assembly's first session. "There is no room for wasting more efforts, time and capabilities on fabricated conflicts, disputes and settling accounts which have become a source of frustration and discontent for citizens and an obstacle to any achievement." This month's parliamentary polls saw two thirds of lawmakers lose their seats as opposition candidates made gains in results that analysts say could hamper government efforts to enact fiscal reform in the cradle-to-grave welfare state and end legislative gridlock over a debt law that would help boost state coffers. (Reuters)

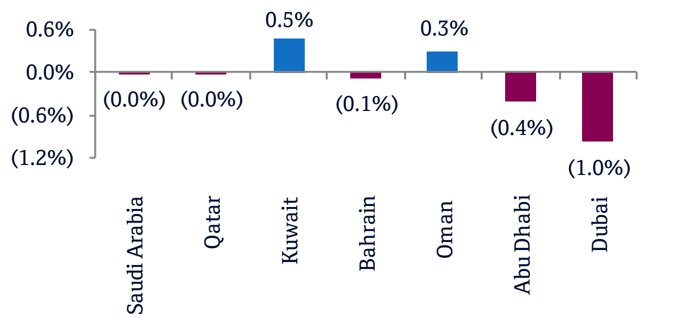
- **Kuwait sells KD290mn 91-day bills; bid-cover at 9.82x –** Kuwait sold KD290mn of 91-day bills due on March 16, 2021 on December 15. Investors offered to buy 9.82 times the amount of securities sold. The bills have a yield of 1.125% and will settle on December 15, 2020. (Bloomberg)
- **Oman issues license to import Pfizer BioNTech Covid vaccine –** Oman's health ministry has issued a license to import the vaccine developed by Pfizer and BioNTech against the novel coronavirus, the Sultanate's state-run TV channel said on Tuesday. (Reuters)

Rebased Performance



Source: Bloomberg

Daily Index Performance



Source: Bloomberg

Asset/Currency Performance	Close ($)	1D%	WTD%	YTD%
Gold/Ounce	1,853.64	1.4	0.7	22.2
Silver/Ounce	24.49	2.8	2.3	37.2
Crude Oil (Brent)/Barrel (FM Future)	50.76	0.9	1.6	(23.1)
Crude Oil (WTI)/Barrel (FM Future)	47.62	1.3	2.3	(22.0)
Natural Gas (Henry Hub)/MMBtu	2.63	3.5	7.3	25.8
LPG Propane (Arab Gulf)/Ton	61.25	2.9	3.8	48.5
LPG Butane (Arab Gulf)/Ton	62.50	(1.6)	2.0	(4.6)
Euro	1.22	0.1	0.3	8.4
Yen	103.67	(0.4)	(0.4)	(4.5)
GBP	1.35	1.0	1.8	1.5
CHF	1.13	0.2	0.5	9.3
AUD	0.76	0.3	0.3	7.7
USD Index	90.47	(0.3)	(0.6)	(6.1)
RUB	73.38	(0.7)	0.6	18.4
BRL	0.20	0.7	(0.4)	(20.9)

Source: Bloomberg

Global Indices Performance	Close	1D%*	WTD%*	YTD%*
MSCI World Index	2,643.74	0.9	0.8	12.1
DJ Industrial	30,199.31	1.1	0.5	5.8
S&P 500	3,694.62	1.3	0.9	14.4
NASDAQ 100	12,595.06	1.2	1.8	40.4
STOXX 600	392.84	0.3	1.1	2.3
DAX	13,362.87	1.1	2.3	9.4
FTSE 100	6,513.32	0.4	1.0	(12.6)
CAC 40	5,530.31	0.1	0.8	0.2
Nikkei	26,687.84	0.1	0.3	18.4
MSCI EM	1,250.21	(0.0)	(0.6)	12.2
SHANGHAI SE Composite	3,367.23	0.1	0.7	17.6
HANG SENG	26,207.29	(0.7)	(1.1)	(6.6)
BSE SENSEX	46,263.17	0.2	0.7	8.6
Bovespa	116,148.60	1.8	0.3	(20.8)
RTS	1,390.46	(0.5)	(1.6)	(10.2)

Source: Bloomberg (*$ adjusted returns)

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