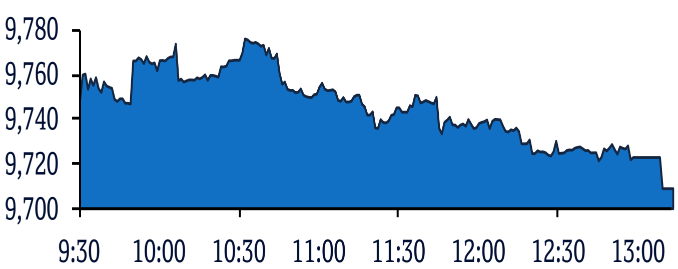
Daily Market Report

Tuesday, 18 February 2020

QSE Intra-Day Movement



Qatar Commentary

The QE Index declined 0.4% to close at 9,709.1. Losses were led by the Telecoms and Industrials indices, falling 1.4% and 1.3%, respectively. Top losers were Salam International Investment Limited and Mesaieed Petrochemical Holding Company, falling 4.7% and 4.6%, respectively. Among the top gainers, Qatar First Bank gained 4.5%, while Medicare Group was up 4.4%.

GCC Commentary

Saudi Arabia: The TASI Index gained 0.5% to close at 7,872.6. Gains were led by the Pharma, Biotech & Life and Energy indices, rising 1.1% and 1.0%, respectively. Alandalus Property rose 7.0%, while Ash-Sharqiyah Development Co. was up 6.1%.

Dubai: The DFM Index gained 0.5% to close at 2,749.3. The Consumer Staples and Discretionary index rose 4.7%, while the Real Estate & Construction index gained 2.2%. Arabtec Holding Company rose 14.9%, while Union Properties was up 14.7%.

Abu Dhabi: The ADX General Index gained 0.4% to close at 5,082.5. The Investment & Financial Services index rose 0.9%, while the Real Estate index gained 0.4%. Abu Dhabi Ship Building Co. rose 3.8%, while Eshraq Investments was up 3.2%.

Kuwait: The Kuwait All Share Index gained 0.3% to close at 6,189.9. The Technology index rose 9.9%, while the Oil & Gas index gained 5.5%. Future Kid Entertainment rose 16.5%, while Metal & Recycling Co was up 10.0%.

Oman: The MSM 30 Index gained 0.1% to close at 4,164.9. Gains were led by the Financial and Services indices, rising 0.3% and 0.2%, respectively. Al Madina Investment rose 14.8%, while Almaha Ceramics was up 2.1%.

Bahrain: The BHB Index gained 0.1% to close at 1,662.8. The Insurance index rose 1.0%, while the Services index gained 0.4%. Khaleeji Commercial Bank rose 8.8%, while Arab Insurance Group was up 6.2%.

Market Indicators	17 Feb 20	16 Feb 20	%Chg.
Value Traded (QR mn)	195.7	148.6	31.7
Exch. Market Cap. (QR mn)	538,097.8	541,196.8	(0.6)
Volume (mn)	86.6	57.3	51.1
Number of Transactions	5,715	3,830	49.2
Companies Traded	45	44	2.3
Market Breadth	22:21	5:34	–

Market Indices	Close	1D%	WTD%	YTD%	TTM P/E
Total Return	17,951.89	(0.4)	(1.4)	(6.4)	14.3
All Share Index	2,911.52	(0.4)	(1.4)	(6.1)	14.9
Banks	4,140.45	(0.2)	(1.0)	(1.9)	14.4
Industrials	2,515.16	(1.3)	(3.6)	(14.2)	19.5
Transportation	2,276.83	0.6	(1.1)	(10.9)	11.9
Real Estate	1,380.83	(1.2)	(2.0)	(11.8)	10.3
Insurance	2,633.31	0.2	(0.1)	(3.7)	16.0
Telecoms	827.27	(1.4)	(1.7)	(7.6)	14.3
Consumer	7,772.26	0.6	(0.3)	(10.1)	17.2
Al Rayan Islamic Index	3,594.64	(0.4)	(1.7)	(9.0)	15.4

GCC Top Gainers##	Exchange	Close#	1D%	Vol. '000	YTD%
DP World	Dubai	14.30	10.0	10.1	9.2
Emaar Malls	Dubai	1.73	2.4	4,805.4	(5.5)
Saudi British Bank	Saudi Arabia	28.80	2.1	1,630.1	(17.0)
Qatar Gas Transport Co.	Qatar	2.14	1.9	2,335.0	(10.4)
Etihad Etisalat Co.	Saudi Arabia	25.25	1.8	671.7	1.0

GCC Top Losers##	Exchange	Close#	1D%	Vol. '000	YTD%
Mesaieed Petro. Holding	Qatar	1.78	(4.6)	2,518.9	(29.2)
Ooredoo	Qatar	6.38	(1.8)	2,099.6	(9.9)
Dar Al Arkan Real Estate	Saudi Arabia	9.53	(1.7)	10,506.3	(13.4)
Emirates NBD	Dubai	12.90	(1.5)	2,674.6	(0.8)
Industries Qatar	Qatar	8.93	(1.4)	548.1	(13.2)

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

QSE Top Gainers	Close*	1D%	Vol. '000	YTD%
Qatar First Bank	1.05	4.5	5,560.3	28.0
Medicare Group	7.01	4.4	758.4	(17.0)
Zad Holding Company	14.30	2.7	8.9	3.5
Qatar Gas Transport Company Ltd.	2.14	1.9	2,335.0	(10.4)
Qatar Electricity & Water Co.	15.75	1.3	437.4	(2.1)

QSE Top Volume Trades	Close*	1D%	Vol. '000	YTD%
United Development Company	1.18	(2.1)	20,564.8	(22.2)
Ezdan Holding Group	0.58	(1.2)	8,101.7	(5.7)
Qatari German Co for Med. Devices	0.64	1.1	7,041.0	9.6
Doha Bank	2.48	(2.4)	6,428.7	(2.0)
Qatar First Bank	1.05	4.5	5,560.3	28.0

QSE Top Losers	Close*	1D%	Vol. '000	YTD%
Salam International Inv. Ltd.	0.43	(4.7)	3,916.7	(17.0)
Mesaieed Petrochemical Holding	1.78	(4.6)	2,518.9	(29.2)
Qatar Industrial Manufacturing	3.09	(3.1)	5.5	(13.4)
Mazaya Qatar Real Estate Dev.	0.71	(2.8)	707.4	(1.9)
Doha Bank	2.48	(2.4)	6,428.7	(2.0)

QSE Top Value Trades	Close*	1D%	Val. '000	YTD%
QNB Group	19.12	(0.6)	43,780.9	(7.1)
United Development Company	1.18	(2.1)	24,524.5	(22.2)
Doha Bank	2.48	(2.4)	16,022.0	(2.0)
Ooredoo	6.38	(1.8)	13,481.0	(9.9)
Masraf Al Rayan	4.04	0.2	9,551.4	2.0

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*	9,709.10	(0.4)	(1.4)	(7.0)	(6.9)	53.55	146,846.9	14.3	1.4	4.4
Dubai	2,749.28	0.5	0.6	(1.5)	(0.6)	72.19	102,999.0	9.9	1.0	4.3
Abu Dhabi	5,082.46	0.4	0.9	(1.4)	0.1	51.67	144,311.2	15.0	1.4	4.9
Saudi Arabia	7,872.55	0.5	(0.0)	(4.5)	(6.2)	643.25	2,249,679.2	21.6	1.7	3.4
Kuwait	6,189.86	0.3	(0.3)	(2.1)	(1.5)	81.58	115,607.1	15.2	1.4	3.5
Oman	4,164.86	0.1	0.9	2.1	4.6	5.85	17,687.0	8.3	0.8	7.2
Bahrain	1,662.79	0.1	0.0	0.3	3.3	3.89	26,064.2	12.4	1.0	4.3

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

Qatar Market Commentary

- The QE Index declined 0.4% to close at 9,709.1. The Telecoms and Industrials indices led the losses. The index fell on the back of selling pressure from GCC shareholders despite buying support from Qatari and non-Qatari shareholders.
- Salam International Investment Limited and Mesaieed Petrochemical Holding Company were the top losers, falling 4.7% and 4.6%, respectively. Among the top gainers, Qatar First Bank gained 4.5%, while Medicare Group was up 4.4%.
- Volume of shares traded on Monday rose by 51.1% to 86.6mn from 57.3mn on Sunday. Further, as compared to the 30-day moving average of 79.7mn, volume for the day was 8.6% higher. United Development Company and Ezdan Holding Group were the most active stocks, contributing 23.8% and 9.4% to the total volume, respectively.

Overall Activity	Buy %*	Sell %*	Net (QR)
Qatari Individuals	27.73%	43.42%	(30,708,777.53)
Qatari Institutions	49.57%	27.85%	42,517,055.58
Qatari	**77.30%**	**71.27%**	**11,808,278.05**
GCC Individuals	0.99%	0.70%	570,653.19
GCC Institutions	1.04%	9.15%	(15,878,618.94)
GCC	**2.03%**	**9.85%**	**(15,307,965.75)**
Non-Qatari Individuals	8.90%	9.03%	(247,867.25)
Non-Qatari Institutions	11.77%	9.86%	3,747,554.95
Non-Qatari	**20.67%**	**18.89%**	**3,499,687.70**

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

Earnings Releases, Global Economic Data and Earnings Calendar

Earnings Releases

Company	Market	Currency	Revenue (mn) 4Q2019	% Change YoY	Operating Profit (mn) 4Q2019	% Change YoY	Net Profit (mn) 4Q2019	% Change YoY
Gulfa Mineral Water & Processing Industries Co.*	Dubai	AED	14.0	-44.1%	–	–	(4.2)	N/A
INOVEST*	Bahrain	USD	19.9	-16.0%	6.2	-50.7%	7.1	-49.0%
Seef Properties*	Bahrain	BHD	17.0	-2.1%	15.1	1.9%	10.9	0.1%

Source: Company data, DFM, ADX, MSM, TASI, BHB. (*Financial for FY2019)

Global Economic Data

Date	Market	Source	Indicator	Period	Actual	Consensus	Previous
02/17	Japan	Economic and Social Research Institute	GDP SA QoQ	4Q2019	-1.6%	-1.0%	0.4%
02/17	Japan	Economic and Social Research Institute	GDP Annualized SA QoQ	4Q2019	-6.3%	-3.8%	0.5%
02/17	Japan	Economic and Social Research Institute	GDP Nominal SA QoQ	4Q2019	-1.2%	-0.6%	0.5%
02/17	Japan	Economic and Social Research Institute	GDP Deflator YoY	4Q2019	1.3%	1.1%	0.6%
02/17	Japan	Ministry of Economy Trade and Industry	Industrial Production MoM	Dec	1.2%	–	1.3%
02/17	Japan	Ministry of Economy Trade and Industry	Industrial Production YoY	Dec	-3.1%	–	-3.0%
02/17	Japan	Ministry of Economy Trade and Industry	Capacity Utilization MoM	Dec	-0.4%	–	-0.3%

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 4Q2019 results	No. of days remaining	Status
AHCS	Aamal Company	18-Feb-20	0	Due
MERS	Al Meera Consumer Goods Company	19-Feb-20	1	Due
GISS	Gulf International Services	19-Feb-20	1	Due
MPHC	Mesaieed Petrochemical Holding Company	20-Feb-20	2	Due
QNNS	Qatar Navigation (Milaha)	25-Feb-20	7	Due
QGRI	Qatar General Insurance & Reinsurance Company	26-Feb-20	8	Due
QISI	Qatar Islamic Insurance Group	26-Feb-20	8	Due
MCCS	Mannai Corporation	27-Feb-20	9	Due
WDAM	Widam Food Company	1-Mar-20	12	Due
DBIS	Dlala Brokerage & Investment Holding Company	3-Mar-20	14	Due
AKHI	Al Khaleej Takaful Insurance Company	3-Mar-20	14	Due
QOIS	Qatar Oman Investment Company	8-Mar-20	19	Due

Source: QSE

News

Qatar

- **Baladna's CEO resigns –** Baladna's CEO, Kamel Abdallah has resigned from his post. Further, the board of directors appointed Baladna Food Industries' CEO, Malcolm Jordan as the CEO for Baladna and delegated him with all powers required for that post. (QSE)
- **DHBK reports net loss of ~QR65mn in 4Q2019 –** Doha Bank (DHBK) reported net loss of ~QR65mn in 4Q2019 vs. net profit of QR92.5mn in 4Q2018 and net profit of QR299.9mn in 3Q2019; our estimate stood at QR185.01mn net profit in 4Q2019. DHBK's Chairman, Sheikh Fahad bin Mohamed bin Jabor Al Thani said, "The net profit of the bank for FY2019 is QR754mn as compared with QR830mn in 2018 after taking significant loan loss provision." EPS amounted to QR0.17 in FY2019 as compared to QR0.20 in FY2018. Sheikh Fahad also stated that the interest income significantly grew by 7.5% compared to last year to reach QR4.2bn. The net operating income stood at QR2.8bn. Total assets amounted to QR108.2bn as of December 31, 2019. Net loans and advances reached QR65.8bn as of December 31, 2019. The investment portfolio amounted to QR26.6bn, registering an increase of 28.1%. Customer deposits stood at QR58.5bn as of December 31. He also said the total shareholders' equity (by end-2019) reached QR13.3bn and the return on average shareholders' equity was 6% and the return on average assets was 0.74%. Sheikh Fahad noted the audited financial statements, declared net profit, carrying forward the net profit to the following year and issuance of additional capital instruments are subject to the approval of the regulatory authorities concerned and the General Assembly of the shareholders. At a meeting, the board of directors decided to present a recommendation to the General Assembly to carry forward the net profit to the following year to enhance the bank's financial position. In a resolution, the board submitted a recommendation to the Extra Ordinary General Assembly meeting to approve the issuance of Additional Tier 1 (AT1) and/or Tier II Capital Instruments amounting up to $1bn either directly or through a Special Purpose Vehicle (SPV) as per the terms of the issue, which shall include but not limited to the following:– (1) The issuances should qualify as Capital Instruments (AT1 or Tier II) as per Qatar Central Bank (QCB) terms and regulations, (2) Issuance can be through a public issue and or a private placement, in local and/or international markets, (3) To set up of a new EMTN program, which complies with Capital Instrument issuance regulation. The program will be capped at $1bn, (4) The issuances can be in local or major foreign currencies, (5) Tier II issuance will not exceed $500mn (or its equivalent), (6) The maturity of the Additional Tier 1 instrument shall be perpetual and that of Tier II to be limited to 10 years, (7) To authorize the board of directors of Doha Bank and those authorized by the board to determine all terms and conditions and take all necessary actions to execute these issuances after obtaining relevant approvals from the QCB and other competent authorities, (8) Delegation from EGM of shareholders to the board will be valid for three years, (9) To call the Ordinary and Extra Ordinary General Assembly of the shareholders for a meeting on March 16, and in the event the quorum is not met, a second meeting will be held on March 30. (QNB FS Research, QSE, Gulf-Times.com)
- **QGTS' bottom-line rises 17.8% YoY and 8.8% QoQ in 4Q2019 –** Nakilat's net profit attributable to owners of the company rose to QR274.3mn in 4Q2019, above our estimate of QR250.8mn (variation of +9.4%). While exact details are unavailable, the majority of the beat was driven by one-offs in JV income due to acquisition of QGTS' remaining JV interest in its OSG JV in 4Q2019. The company recorded total one-time income of QR287.9mn (QR120.4mn bargain purchase gain and QR167.6mn gain on de-recognition of JVs.). Operating metrics were generally in-line with our forecasts: (1) Revenue from wholly-owned ships of QR878.4mn (15.2% YoY, 13.4% QoQ) was in-line with our estimate of QR879.4mn (difference of -0.1%). The growth in ship revenue was driven by the purchase of QGTS' remaining 49.9% stake in 4 LNG ships held under its OSG joint venture in October. (2) Adjusted revenue of QR1.1bn (28.3% YoY, 25.9% QoQ) was 13.4% above our estimate of QR993.9mn driven by previously mentioned one-offs in JV income. (3) EBITDA of QR650.2mn was in-line with our forecast of QR669.8mn (-2.9% difference). (4) Adjusted EBITDA of QR883.0mn (30.0% YoY, 25.9% QoQ) was 14.6% above our modeled figure of QR770.4mn again driven by JV income one-offs. While JV income of QR232.8mn (125.2% YoY, 118.7% QoQ) was higher than our estimate of QR100.7mn, this was partially offset by lower finance charges of QR314.5mn (9.7% YoY, 12.2% QoQ), which beat our forecast of QR330.0mn by 5.6%. JV income obviously benefited from one-offs but this was offset by losses in the shipyard business. Net-net, these results are in-line with our estimates and we will obtain more color regarding the divergence in JV income from management. DPS of QR0.10 was in-line with our estimates, flat for the 4th year in a row. This translates into a yield of 4.7%. We remain bullish on QGTS and consider it as the best avenue for equity investors to participate in the long-term growth expected in Qatar's LNG sector. Going forward, in terms of catalysts, we continue to believe expansion of Qatar's LNG output from 77 MTPA to 110 MTPA is a significant driver. Currently our model does not assume any fleet expansion and we will incorporate such expansion once more details are revealed. *We foresee significant upward revision to our estimates and price target once we factor in this expansion. For now, we maintain our Accumulate rating and price target of QR2.60*. (QNB FS Research, Company Press Release)
- **QISI postpones its Investor Relation conference call to March 2 –** Qatar Islamic Insurance Group (QISI) has postponed the Investors Relation conference call to March 2, 2020 instead of March 1, 2020 as banks will remain closed on March 1, 2020. (QSE)
- **DBIS board to meet on March 3 to discuss the financial statements –** Dlala Brokerage and Investment Holding Company (DBIS) announced that its board of directors will meet on March 3, 2020 to discuss financial statements for the period ended December 31, 2019. (QSE)
- **AHCS' Investor Relation conference call to be held on February 19 –** Aamal Company (AHCS) announced that the Investors Relation conference call will be held on February 19, 2020 to discuss the company's financial and operational performance. (QSE)

- **SIIS' Investor Relation conference call to be held on February 20 –** Salam International Investment Limited (SIIS) announced that the Investors Relation conference call will be held on February 20, 2020 to discuss the company's financial and operational performance. (QSE)
- **GWCS launches 'Self Storage' solution at Bu Sulba Warehousing Park –** Gulf Warehousing Company (GWCS) has launched a new 'Self Storage' solution, which is currently available at the GWCS Bu Sulba Warehousing Park. Clients seeking storage for personal items such as furniture, sports and camping equipment, caravans, boats, or other personal belongings that no longer fit in their home or need a temporary place to stay in between a move or for any other reason will find in this offering an ideal solution. Accessible through the Sabah Al-Ahmed Road (previously the G-Ring Road), the new solution will offer a variety of storage space sizes and climate-controlled units to keep individuals belongings' in a clean, safe, and secure environment. GWCS Self Storage will feature secure individual units of flexible sizes starting from five square meters based on customers' requirements, while various tenancy terms vary from one month onward. The new service features 24-hour access, state-of-the-art security, and superior customer service. Additionally, individuals may make direct use of the company's transport, packaging, forklift operations, freight, customs clearance and insurance services when moving their personal items into their storage location. (Gulf-Times.com)

International

- **WTO gives somber goods trade outlook, sees virus threat –** Growth of global trade in goods is likely to remain weak in early 2020, the World Trade Organization (WTO) said on Monday, adding that the below-trend performance could become even worse due to the new coronavirus. The Geneva-based trade body said its goods trade indicator fell to 95.5 from the 96.6 reading reported in November. Readings of less than 100 indicate trade growth below medium-term trends. The WTO said the new figure did not take into account the most recent developments, such as the outbreak of the new coronavirus, which could dampen trade prospects further. Global merchandise trade fell by 0.2% YoY in the third quarter of 2019, the WTO said, with a possible pick-up in the fourth quarter. (Reuters)
- **AmCham: US firms in China report staff shortages, say coronavirus hitting global operations –** Nearly half of the US companies in China say their global operations are already seeing an impact from business shutdowns due to the coronavirus epidemic, according to a poll by Shanghai's American Chamber of Commerce (AmCham). Some 78% of the respondents also said they do not have sufficient staff at their Chinese plants to resume full production, as public health restrictions make it harder to workers to return to their jobs after an extended holiday. The survey polled 109 companies with manufacturing operations in Shanghai, Suzhou, Nanjing and the wider Yangtze River Delta. Forty-eight percent of respondents said plant shutdowns have already impacted their global supply chains, while almost all others expect an impact within the next month, the survey said. Cities across China have been in lockdown since an extended Lunar New Year holiday last month, while travel bans and quarantine orders have been set in place around the country in efforts to curb the virus from spreading. This has disrupted economic activity throughout the world's second largest economy as factories and businesses struggle to reopen, throwing global supply chains into disarray. The AmCham survey also showed that a third of companies polled plan to move their operations out of China if their factories are unable to open, while nearly two-thirds of businesses expect demand for their products to be lower than normal. (Reuters)
- **IHS Markit: UK households' confidence in finances hits record high in February –** A gauge of how Britons feel about their household finances hit its highest level on record this month, the latest sign of a confidence bounce since Prime Minister Boris Johnson's decisive election win in December. The IHS Markit Household Finance Index jumped to 47.6 in February from 44.6 in January, the highest index reading since the survey began 11 years ago. "Our latest Household Finance report signals a number of developments that should keep the Bank of England (BoE) doves at bay and build optimism towards the UK's immediate economic prospects," Joe Hayes, an economist at IHS Markit, said. The BoE last month decided not to cut interest rates as it saw early signs of a recovery in the economy after a slowdown in late 2019. BoE Governor Mark Carney told Reuters last week that there had been a bounce in business confidence and to some extent a firming of consumer confidence. Johnson's election victory ended uncertainty about whether Britain would leave the European Union on January 31 and meant no political shift to the left under the opposition Labor Party. The IHS Markit survey showed households expected a further slowing of inflation and pick-up in house prices while worries about job security eased. However, the proportion of respondents expecting a rate cut by the BoE rose to 27%, its highest since the last time the central bank cut borrowing costs in August 2016. The share expecting a rate hike in the next 12 months fell to 49% from 58% in Rightmove's January report. (Reuters)
- **Japan on brink of recession as economy contracts, virus heightens risk –** Japan's economy shrank at the fastest pace in almost six years in the December quarter as a sales tax hike hit consumer and business spending, raising the risk of a recession as China's coronavirus outbreak chills global activity. Analysts say the widening fallout from the epidemic, which is damaging output and tourism, could have a significant impact on Japan if it's not contained in coming months. "There's a pretty good chance the economy will suffer another contraction in January-March. The virus will mainly hit inbound tourism and exports, but could also weigh on domestic consumption quite a lot," Taro Saito, executive research fellow at NLI Research Institute said. (Reuters)
- **BoJ's Kuroda flags more easing if virus impact worsens –** Bank of Japan (BoJ) Governor Haruhiko Kuroda said the central bank would consider additional rapid easing if the coronavirus outbreak significantly threatened Japan's economy and price trends, the Sankei newspaper reported. "We would need to consider monetary policy steps if (the virus outbreak) significantly affects Japan's economy," Kuroda was quoted as saying in an interview with the daily. Kuroda called the coronavirus outbreak the "biggest uncertainty" for the

domestic economy and flagged "additional easing steps without hesitation" if the economic risks from the virus heightened, Sankei said. Kuroda played down the possibility that global and Japanese economic growth in 2020 would significantly lag last year's and echoed views that China's domestic output would bottom out this quarter and recover from April. Many market players expect the BoJ to stand pat on monetary policy for the foreseeable future, barring big economic shocks and a spike in the yen sharp enough to derail a fragile economy. (Reuters)

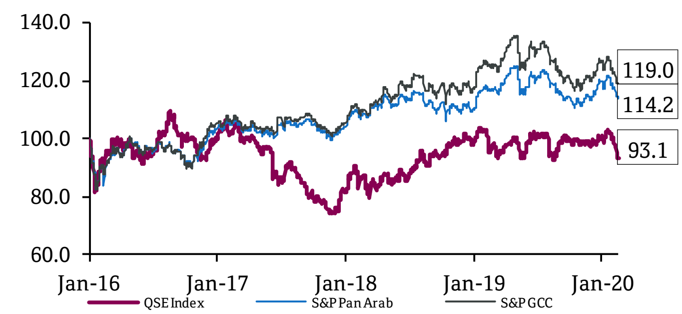
Regional

- **S&P: Investment effectiveness of Gulf economies has fallen –** The Gulf economies, which have seen increased investments for one percentage of real output growth, could save 354mn barrels of oil equivalent in fossil fuel consumption, reduce emissions by 136mn tons of carbon dioxide and create 22,000 new jobs if they can achieve various renewable deployment targets by 2030, according to S&P's, a global credit rating agency. In its recent report, the rating agency noted that the cost of creating and maintaining this new economic activity is becoming more expensive for the Gulf governments. "When estimating how much investment it takes to generate one percentage point of economic growth (the incremental capital output ratio, or ICOR), it seems that the productivity of investment is declining," S&P said. Using a five-year rolling average ICOR to smooth out fluctuations, investment effectiveness appears to have fallen — in the five years to 2013 it took 6% of GDP in investment spending to generate one percentage point of real output growth. Over the five years to 2018, this had climbed to 11%. For Qatar, it went up from less than 4% (2009-13) to about 12% (2014-18). Attracting foreign investment and reducing the cost burden of non-oil growth is, therefore, a stated target of regional diversification plans. Without such investment, governments could incur higher expenditures and greater fiscal strain to diversify, it said. (Gulf-Times.com)
- **S&P cautions regional banks –** The rating agency S&P has cautioned the GCC banks on potential risks to their exposures to certain sectors. The banks' exposure to sectors directly affected by this risk, include oil and gas, mining and quarrying, manufacturing, and some power generation and public-sector lending, the global rating agency noted yesterday. "For GCC banks, our findings show direct exposure to sectors exposed to energy transition accounted for about 12% of their lending (14% of rated GCC banks) at December 31, 2018," S&P Global Ratings Sector Lead, Financial Institutions for Middle East/Africa, Mohamed Damak said. However, indirect exposure is substantially higher, as other sectors tend to correlate with its performance either directly through the supply chain or indirectly through government spending or consumer sentiment and spending. The rating agency noted the energy transition away from fossil fuels toward renewables could put downward pressure on hydrocarbon exporting economies and issuers in the Middle East if they are not able to diversity sufficiently quickly. (Peninsula Qatar)
- **S&P: Saudi Arabia' fiscal deficit could be 7.4% in 2020, 8.1% in 2021 –** Saudi Arabia could have a fiscal deficit of 7.4% this year and a deficit of 8.1% in 2021, S&P analysts said. The fiscal deficits of Gulf Arab states, which includes Saudi Arabia, will rise next year because of expected higher spending and lower oil prices, S&P analyst, Zahabia Gupta said. This year, the assumption for oil prices is $60 a barrel and next year is $55 a barrel, the analyst said. (Reuters)
- **Zain KSA to restructure capital through a rights issue –** In light of Zain KSA's achieving profitability during the last three years in its revenue growth and net profits where the company achieved SR485mn net profit in 2019, a growth of 46% compared to 2018, it was able to reduce its accumulated losses significantly from 38% to 28%. In this regard, the company's board of directors has revised its previous recommendation for a capital restructuring where the new recommendation involves a reduction in capital by around 28%, which is a reduction from SR5,837mn to SR4,229mn as a means to offset accumulated losses of SR1,608mn. The change in the percentage is due to the improvement in the financial results and the continuous profits that led to 28% in accumulated losses. In the 2020 recommendation, the capital post-reduction remains higher than that of the 2017 recommendation, or SR4,229mn for 2020 from SR3,616mn in 2017. (Zawya)
- **UAE issues operating license for Arab world's first nuclear plant –** The UAE has issued an operating license for the Arab world's first nuclear power plant, a senior official at the nuclear regulator said, paving the way for it to start production later this year. The multi-billion-Dollar Barakah nuclear power plant in Abu Dhabi, which is being built by Korea Electric Power Corporation (KEPCO), was originally due to open in 2017, but the start-up of its first reactor has been delayed several times. The UAE, a key OPEC oil producer, wants to diversify its energy mix, adding nuclear power to meet rising demand for electricity and to help free up more crude for export. The country wants nuclear energy to provide 6% of its total energy needs by 2050. The license granted to the plant's operator Nawah Energy Company will be for 60 years, Hamad al-Kaabi, deputy chairman of Federal Authority for Nuclear Regulation (FANR) told a news conference. Nawah can now start preparing for commercial operations as trials will last for a few months, Kaabi said. (Reuters)
- **Agthia Group produces Middle East's first plant-based bottles –** Agthia Group is producing the region's first bottles made entirely from fermented plant sugars. Agthia Group, which markets the Al Ain brand of drinking water, plans to distribute its first shipment of water in the biodegradable containers within a few months, Chief Executive Officer, Tariq Ahmed Al Wahedi said. The Abu Dhabi-based company is in talks with potential buyers across the UAE including hotels, restaurants and government agencies, he said. Agthia makes the new bottles from corn sugars, which it processes into a resin and molds like plastic. It fashions the bottle caps from fermented sugar cane. The plant-based materials can decompose in as little as 80 days, Al Wahedi said in Dubai, the second-biggest emirate in the UAE after Abu Dhabi. The company is experimenting with these alternatives to plastic even as the UAE and other oil and gas producers expand into manufacturing petrochemicals -- the building blocks for plastics. Governments in the region see producing petrochemicals as a way of squeezing more profit from crude

and gas while limiting their exposure to the price volatility of fossil fuels. (Bloomberg)

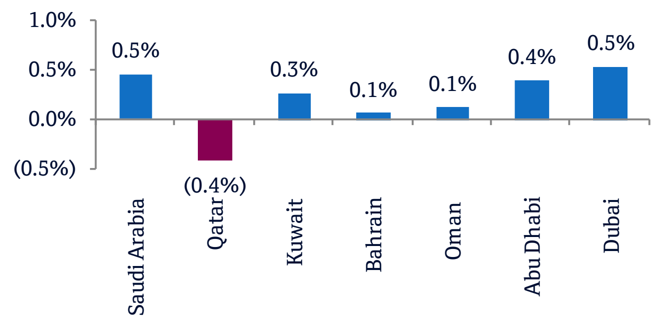
- **S&P warns coronavirus travel restrictions could hurt Dubai's hospitality industry –** Dubai's hospitality industry is most at risk in the Gulf Arab states region from being negatively impacted by travel restrictions associated with the new coronavirus outbreak, ratings agency S&P said in a research note. S&P said the travel restrictions could weigh on Saudi Arabia, the UAE, Bahrain, Qatar, Oman and Kuwait. It said the UAE's Dubai, which saw almost 1mn Chinese visitors last year, could see the biggest impact. (Reuters)
- **DP World returns to full state ownership, takes on $8.1bn debt –** Dubai is to take full control of port operator DP World in a deal with a $13.9bn valuation that will help the company at the center of the emirate's 2009 debt crisis to repay some of its borrowings. DP World, which operates ports around the world from Hong Kong to Buenos Aires, will take on $8.1bn in debt to finance the deal in which Port and Free Zone World, part of state investment vehicle Dubai World, will acquire the 19.55% of Nasdaq Dubai listed shares for $2.7bn. Port and Free Zone World already owns 80.55% of DP World ordinary share capital. It will also pay Dubai World $5.15bn, helping it to meet outstanding obligations to lenders so that DP World can implement its strategy without restrictions. Dubai World subsidiaries face certain restrictions due to agreements with creditors but DP World had been exempt from those restrictions as long as it was listed. Dubai World agreed a $25bn debt restructuring in 2011. Port and Free Zone World will finance the transaction with new facilities arranged by Citibank and Deutsche Bank, which also advised it on the deal, a filing said. DP World will be the borrower and guarantor of some $8.1bn after the buy-back and the $5.15bn payment, the filing said. Following the deal, Port and Free Zone World and DP World will try to deleverage and maintain a target of 4.0 times net debt to adjusted EBITDA, the filing said. DP World will also look into raising debt in global debt markets to refinance part of the deal's debt with longer maturities, it said. (Reuters)
- **Moody's places DP World's 'Baa1' ratings on review for downgrade –** Moody's places on review for downgrade 'Baa1' long term issuer and senior unsecured ratings of DP World and 'Baa1' senior unsecured rating assigned to DP World Crescent Ltd. MTN program, Moody's said. Minority buyout and dividend payment to Dubai World "will increase DP World's leverage well beyond Moody's guidance for a 'Baa1' rating": Moody's Vice President, Dion Bate said the deal will lead to "a material deviation from the group's self-imposed financial policy. The transaction will weaken the overall credit profile of DP World." (Bloomberg)
- **Abu Dhabi sees 6.1% higher non-oil trade in 11 months –** Abu Dhabi's non-oil merchandise trade declined by 6.1% YoY to around AED194.43bn during the first 11 months of 2019 from around AED207bn in the same period of 2018. The non-oil exports from Abu Dhabi registered an 11.4% slide to AED52.51bn in the January-November period of 2019, against AED59.26bn in the same nine months of 2018, according to recent statistics by Statistics Centre Abu Dhabi (SCAD). Meanwhile, Abu Dhabi reported a 9.8% decline in imports to around AED93.99bn during the nine months of 2019 from AED104.25bn during the year-ago period. The re-exported goods hiked by 10.2% to AED47.92bn in 2019 from AED43.5bn in 2018. As for the top trade partners with the emirate, Saudi Arabia headed the list of exports, imports, and re-exports at AED23.56bn, AED15.87bn, and around AED11.11bn, respectively, in the nine months of 2019, when compared to 2018. It is noteworthy to mention that during the first 10 months of 2019, the non-oil trade reached around AED176.13bn from around AED189.59bn in the same period of 2018. (Zawya)
- **KFH applies to competition protection agency for examination of AUB acquisition –** In reference to the application, and in line with Kuwait Finance House 'KFH orientation in adhering to CMA Executive Bylaws Book 10 (Disclosure and Transparency), KFH reported the following: Further to the previous disclosures pertaining to KFH's potential acquisition of 'Ahli United Bank - B.S.C.' (AUBBahrain): Committed to the Law no.10 / 2007 and its executive bylaws concerning the protection of competition, KFH has applied to the 'Competition Protection Agency' for the examination of the potential acquisition of 100% of the capital shares of Ahli United Bank. KFH will announce in a timely manner any new or material development(s) related to the above subject. (Boursa Kuwait)
- **S&P: Oman's economic risk higher in 2020 because of oil demand, China exposure –** Oman's economic downside risks are higher this year because of weaker oil demand and its exposure to China, S&P analyst said. Oman is the most exposed to China among the Gulf Arab region states. Oman exports 45.1% of its good to China, mostly oil, according to S&P. (Reuters)
- **Oman's January consumer prices rise 0.43% YoY and 0.16% MoM –** National Centre for Statistics & Information in Muscat published Oman's consumer price indices which showed that consumer prices rose 0.43% YoY and 0.16% MoM. The food and non alcoholic beverages prices rose 1.93% YoY in January. (Bloomberg)
- **BBK posts 12.4% YoY rise in net profit to BHD75.4mn in FY2019 –** BBK recorded net profit of BHD75.4mn in FY2019, an increase of 12.4% YoY. Net interest and similar income fell 2.4% YoY to BHD107.3mn in FY2018. Total operating income fell 3.5% YoY to BHD151.5mn in FY2018. Total assets stood at BHD3.9bn at the end of December 31, 2019 as compared to BHD3.6bn at the end of December 31, 2018. Loans and advances to customers stood at BHD1.7bn (-5.7% YoY), while customers' current, savings and other deposits stood at BHD2.2bn (-8.6% YoY) at the end of December 31, 2019. Diluted EPS came in at BHD0.059 in FY2019 as compared to BHD0.052 in FY2018. (Bahrain Bourse)
- **Bahrain sells BHD152.035mn 91-day Sukuk; bid-cover at 3.54x –** Bahrain sold BHD152.035mn of 91 day Sukuk due on May 20, 2020. Investors offered to buy 3.54 times the amount of securities sold. The Sukuk have a yield of 2.52% and will settle on February 19, 2020. (Bloomberg)

Rebased Performance



Source: Bloomberg

Daily Index Performance



Source: Bloomberg

Asset/Currency Performance	Close ($)	1D%	WTD%	YTD%
Gold/Ounce	1,581.13	(0.2)	(0.2)	4.2
Silver/Ounce	17.75	0.0	0.0	(0.6)
Crude Oil (Brent)/Barrel (FM Future)	57.67	0.6	0.6	(12.6)
Crude Oil (WTI)/Barrel (FM Future)#	52.05	0.0	0.0	(14.8)
Natural Gas (Henry Hub)/MMBtu #	1.93	0.0	0.0	(7.7)
LPG Propane (Arab Gulf)/Ton#	39.50	0.0	0.0	(4.2)
LPG Butane (Arab Gulf)/Ton#	54.88	0.0	0.0	(17.3)
Euro	1.08	0.0	0.0	(3.4)
Yen	109.88	0.1	0.1	1.2
GBP	1.30	(0.3)	(0.3)	(1.9)
CHF	1.02	0.1	0.1	(1.3)
AUD	0.67	0.0	0.0	(4.4)
USD Index	99.00	(0.1)	(0.1)	2.7
RUB	63.46	(0.1)	(0.1)	2.4
BRL	0.23	(0.7)	(0.7)	(7.1)

Source: Bloomberg (#Market was closed on February 17, 2020)

Global Indices Performance	Close	1D%*	WTD%*	YTD%*
MSCI World Index	2,430.69	(0.0)	(0.0)	3.1
DJ Industrial#	29,398.08	0.0	0.0	3.0
S&P 500#	3,380.16	0.0	0.0	4.6
NASDAQ 100#	9,731.18	0.0	0.0	8.5
STOXX 600	431.98	0.2	0.2	0.2
DAX	13,783.89	0.2	0.2	0.5
FTSE 100	7,433.25	0.1	0.1	(3.3)
CAC 40	6,085.95	0.2	0.2	(1.8)
Nikkei	23,523.24	(0.9)	(0.9)	(1.5)
MSCI EM	1,107.99	0.2	0.2	(0.6)
SHANGHAI SE Composite	2,983.62	2.4	2.4	(2.4)
HANG SENG	27,959.60	0.5	0.5	(0.5)
BSE SENSEX	41,055.69	(0.2)	(0.2)	(0.6)
Bovespa	115,309.10	0.4	0.4	(7.5)
RTS	1,543.25	0.5	0.5	(0.4)

Source: Bloomberg (*$ adjusted returns, #Market was closed on February 17, 2020)

Contacts

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

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

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

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

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