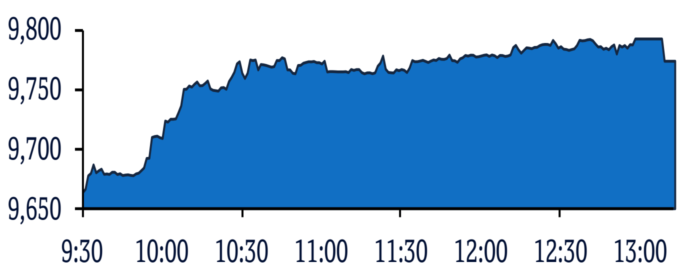
Daily Market Report

Wednesday, 19 February 2020

QSE Intra-Day Movement



Qatar Commentary

The QE Index rose 0.7% to close at 9,775.8. Gains were led by the Transportation and Telecoms indices, gaining 2.3% and 1.3%, respectively. Top gainers were Alijarah Holding and Medicare Group, rising 4.4% and 3.8%, respectively. Among the top losers, Doha Bank fell 10.0%, while Aamal Company was down 2.1%.

GCC Commentary

Saudi Arabia: The TASI Index fell 0.2% to close at 7,858.9. Losses were led by the Media & Ent. and Pharma, Biotech indices, falling 1.9% and 1.1%, respectively. Tihama Advt. and Public declined 5.5%, while Etihad Etisalat was down 3.3%.

Dubai: The DFM Index fell marginally to close at 2,749.2. The Telecommunication index declined 1.1%, while the Investment & Financial Services index fell 0.3%. Al Salam Sudan declined 5.6%, while Arabtec Holding Company was down 5.2%.

Abu Dhabi: The ADX General Index fell 0.5% to close at 5,055.7. The Banks index declined 1.0%, while the Real Estate index fell 0.4%. Gulf Cement Company declined 5.6%, while First Abu Dhabi Bank was down 1.3%.

Kuwait: The Kuwait All Share Index fell 0.8% to close at 6,139.7. The Consumer Goods index declined 3.0%, while the Telecom.index fell 1.7%. Gulf Franchising Holding Co. declined 17.8%, while Dar Al Thuraya Real Estate Co. was down 13.5%.

Oman: The MSM 30 Index fell 0.4% to close at 4,149.1. Losses were led by the Services and Industrial indices, falling 0.7% and 0.3%, respectively. Shell Oman Marketing declined 7.2%, while Al Jazeera Steel Products Co. was down 2.3%.

Bahrain: The BHB Index fell 0.2% to close at 1,660.0. The Investment index declined 0.3%, while the Commercial Banks index fell 0.2%. Ahli United Bank declined 1.5%, while APM Terminals Bahrain was down 1.4%.

Market Indicators	18 Feb 20	17 Feb 20	%Chg.
Value Traded (QR mn)	222.8	195.7	13.8
Exch. Market Cap. (QR mn)	542,927.5	538,097.8	0.9
Volume (mn)	106.6	86.6	23.1
Number of Transactions	6,885	5,715	20.5
Companies Traded	45	45	0.0
Market Breadth	31:13	22:21	–

Market Indices	Close	1D%	WTD%	YTD%	TTM P/E
Total Return	18,075.14	0.7	(0.7)	(5.8)	14.3
All Share Index	2,935.69	0.8	(0.6)	(5.3)	15.0
Banks	4,175.55	0.8	(0.1)	(1.1)	14.4
Industrials	2,532.21	0.7	(3.0)	(13.6)	19.6
Transportation	2,329.85	2.3	1.2	(8.8)	11.9
Real Estate	1,397.07	1.2	(0.8)	(10.7)	10.5
Insurance	2,629.11	(0.2)	(0.2)	(3.9)	15.9
Telecoms	838.15	1.3	(0.4)	(6.3)	14.4
Consumer	7,797.31	0.3	0.0	(9.8)	17.3
Al Rayan Islamic Index	3,623.00	0.8	(0.9)	(8.3)	15.5

GCC Top Gainers##	Exchange	Close#	1D%	Vol. '000	YTD%
DP World	Dubai	15.73	10.0	67.2	20.1
BBK	Bahrain	0.63	4.8	234.5	9.8
Co. for Cooperative Ins.	Saudi Arabia	77.50	3.1	199.2	1.0
Mesaieed Petro. Holding	Qatar	1.83	3.0	6,800.3	(27.1)
Qatar Gas Transport Co.	Qatar	2.19	2.3	7,372.9	(8.4)

GCC Top Losers##	Exchange	Close#	1D%	Vol. '000	YTD%
Etihad Etisalat Co.	Saudi Arabia	24.42	(3.3)	5,892.5	(2.3)
Mobile Telecom. Co.	Kuwait	0.57	(1.7)	3,454.4	(5.7)
Emaar Malls	Dubai	1.70	(1.7)	10,347.6	(7.1)
Arabian Centres Co. Ltd	Saudi Arabia	29.15	(1.5)	1,395.2	0.0
Agility Pub. Warehousing	Kuwait	0.80	(1.5)	1,090.0	(2.2)

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%
Alijarah Holding	0.81	4.4	2,576.6	15.5
Medicare Group	7.28	3.8	367.4	(13.8)
Mesaieed Petrochemical Holding	1.83	3.0	6,800.3	(27.1)
United Development Company	1.22	2.9	34,534.0	(20.0)
Qatar Navigation	5.60	2.8	883.5	(8.2)

QSE Top Losers	Close*	1D%	Vol. '000	YTD%
Doha Bank	2.23	(10.0)	92.8	(11.8)
Aamal Company	0.75	(2.1)	7,058.1	(7.7)
Qatar AluminiumManufact. Co.	0.66	(2.1)	4,398.1	(15.7)
Mazaya Qatar Real Estate Dev.	0.70	(1.4)	3,930.7	(3.3)
Ahli Bank	3.58	(1.4)	36.4	2.3

QSE Top Volume Trades	Close*	1D%	Vol. '000	YTD%
United Development Company	1.22	2.9	34,534.0	(20.0)
Ezdan Holding Group	0.58	0.5	7,726.8	(5.2)
Qatar Gas Transport Company Ltd.	2.19	2.3	7,372.9	(8.4)
Aamal Company	0.75	(2.1)	7,058.1	(7.7)
Mesaieed Petrochemical Holding	1.83	3.0	6,800.3	(27.1)

QSE Top Value Trades	Close*	1D%	Val. '000	YTD%
United Development Company	1.22	2.9	41,120.7	(20.0)
QNB Group	19.43	1.6	34,453.9	(5.6)
Ooredoo	6.49	1.8	16,392.3	(8.3)
Qatar Gas Transport Co. Ltd.	2.19	2.3	16,224.5	(8.4)
Industries Qatar	8.94	0.2	14,659.0	(13.0)

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*	9,775.75	0.7	(0.7)	(6.4)	(6.2)	60.93	148,164.9	14.3	1.4	4.4
Dubai	2,749.24	(0.0)	0.6	(1.5)	(0.6)	77.61	102,753.0	9.9	1.0	4.3
Abu Dhabi	5,055.74	(0.5)	0.4	(1.9)	(0.4)	24.69	143,889.6	14.9	1.4	4.9
Saudi Arabia	7,858.93	(0.2)	(0.2)	(4.7)	(6.3)	662.83	2,253,979.4	21.6	1.7	3.4
Kuwait	6,139.69	(0.8)	(1.1)	(2.9)	(2.3)	109.80	114,546.3	15.2	1.4	3.5
Oman	4,149.07	(0.4)	0.5	1.7	4.2	28.92	17,649.8	8.3	0.8	7.2
Bahrain	1,659.98	(0.2)	(0.2)	0.1	3.1	5.40	26,022.2	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 rose 0.7% to close at 9,775.8. The Transportation and Telecoms indices led the gains. The index rose on the back of buying support from non-Qatari shareholders despite selling pressure from Qatari and GCC shareholders.
- Alijarah Holding and Medicare Group were the top gainers, rising 4.4% and 3.8%, respectively. Among the top losers, Doha Bank fell 10.0%, while Aamal Company was down 2.1%.
- Volume of shares traded on Tuesday rose by 23.1% to 106.6mn from 86.6mn on Monday. Further, as compared to the 30-day moving average of 80.5mn, volume for the day was 32.4% higher. United Development Company and Ezdan Holding Group were the most active stocks, contributing 32.4% and 7.2% to the total volume, respectively.

Overall Activity	Buy %*	Sell %*	Net (QR)
Qatari Individuals	18.79%	21.20%	(5,369,901.74)
Qatari Institutions	32.82%	41.34%	(18,980,542.62)
Qatari	**51.61%**	**62.54%**	**(24,350,444.37)**
GCC Individuals	2.02%	3.25%	(2,731,220.82)
GCC Institutions	1.79%	6.78%	(11,114,200.85)
GCC	**3.81%**	**10.03%**	**(13,845,421.67)**
Non-Qatari Individuals	12.44%	11.34%	2,463,819.11
Non-Qatari Institutions	32.13%	16.10%	35,732,046.92
Non-Qatari	**44.57%**	**27.44%**	**38,195,866.04**

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
Thob Al Aseel Co.	Saudi Arabia	SR	106.3	39.6%	14.6	110.8%	10.6	361.7%
Saudi Airlines Catering Co.*	Saudi Arabia	SR	2,156.3	5.9%	539.4	6.7%	463.9	1.0%
Etihad Etisalat Co.*	Saudi Arabia	SR	13,450.0	13.4%	967.0	60.4%	31.0	N/A
Dur Hospitality Co.*	Saudi Arabia	SR	553.8	22.0%	76.3	9.7%	53.0	-7.8%
Al Dhafra Insurance Co.*	Abu Dhabi	AED	323.8	-2.9%	–	–	71.1	29.2%

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

Global Economic Data

Date	Market	Source	Indicator	Period	Actual	Consensus	Previous
02/18	US	Federal Reserve Bank of New Yo	Empire Manufacturing	Feb	12.9	5.0	4.8
02/18	UK	UK Office for National Statistics	Jobless Claims Change	Jan	5.5k	–	2.6k

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 4Q2019results	No. of days remaining	Status
MERS	Al Meera Consumer Goods Company	19-Feb-20	0	Due
GISS	Gulf International Services	19-Feb-20	0	Due
MPHC	Mesaieed Petrochemical Holding Company	20-Feb-20	1	Due
QNNS	Qatar Navigation (Milaha)	25-Feb-20	6	Due
QGRI	Qatar General Insurance & Reinsurance Company	26-Feb-20	7	Due
QISI	Qatar Islamic Insurance Group	26-Feb-20	7	Due
MCCS	Mannai Corporation	27-Feb-20	8	Due
WDAM	Widam Food Company	1-Mar-20	11	Due
DBIS	Dlala Brokerage & Investment Holding Company	3-Mar-20	13	Due
AKHI	Al Khaleej Takaful Insurance Company	3-Mar-20	13	Due
QOIS	Qatar Oman Investment Company	8-Mar-20	18	Due

Source: QSE

News

Qatar

- **AHCS' net profit declines ~41% YoY and ~15% QoQ in 4Q2019 –** Aamal Company's (AHCS) net profit declined ~41% YoY (-~15% QoQ) to ~QR65mn in 4Q2019.The company's revenue came in at ~QR349mn in 4Q2019, which represents an increase of ~5% YoY (+~13% QoQ). In FY2019, AHCS total revenue up 0.6% YoY to QR1,294.1mn (FY2018: QR1,286.6mn), primarily due to a strong performance in the Trading and Distribution segment. Gross profit down 7.1% YoY to QR434.0mn in FY2019 and net profit before share of net profits of associates and joint ventures, accounted for using the equity method and fair value gains on investment properties (net underlying profit) also down 25.2% YoY to QR259.9mn. Net underlying profit margins decreased by 6.9 percentage points to 20.1%. Share of net profits from associates and joint ventures accounted for using the equity method decreased 37.8% to QR62.3mn. There were no fair value gains or losses on investment properties in FY2019 or FY2018. Total company net profit down 28.0% to QR322.1mn (FY2018: QR447.6mn), with net profit attributable to AHCS equity holders down 27.6% to QR322.3mn (FY2018: QR445.3mn). EPS amounted to QR0.05 in FY2019 as compared to QR0.07 in FY2018. Net capital expenditure down 83.4% to QR48.2mn, owing to a number of property acquisitions made by Aamal Real Estate in the prior year period and not repeated in 2019. AHCS board of directors has recommended to the General Assembly the distribution of cash dividend of 4% of the nominal share value i.e., QR0.04 per share. Revenue in the Trading and Distribution segment increased significantly, up 14.8% YoY to QR800mn, while net profit declined 21.1% YoY to QR99mn partly due to strong price competition in the market. Year 2020 presents many opportunities for Aamal Medical, supported by a strong pipeline of promising projects. Aamal Medical will continue to explore the introduction to Qatar of the latest healthcare technologies such as Artificial Intelligence ('AI'), stem cell therapy, mobile health and telemedicine. Revenue in the Property segment was broadly flat YoY at QR290mn in FY2019, while net profit was down 7.1% to QR224mn. This reflects the tougher retail environment stemming from the blockade, increased maintenance, utility and insurance costs, and the absence of lease termination penalties which AHCS benefitted from in 2018. In 2020, City Center Doha expects to see new shop openings which will drive footfall through the mall and enhance the visitor experience. Furthermore, an agreement has been signed with Ashgal Public Works Authority to build a pedestrian bridge which will directly connect to the mall's first floor with construction scheduled to start in mid-2020, with a second bridge planned to connect the mall to the DECC metro station. In the Industrial Manufacturing segment, revenue was down 26.6% YoY to QR169mn and net profit declined by 48.2% YoY to QR53mn. These numbers reflect the combined effect of a slowdown in the Qatari construction sector and increased competition which impacted all companies in the segment, the largest impact being felt at Senyar Industries with a 42.5% YoY decrease in net profit at Senyar Industries owing to slower demand. However, the outlook for the construction sector in 2020 is positive based on a significant increase in enquiries related to infrastructure development and completions ahead of the FIFA 2022 World Cup. AHCS' Chairman, Sheikh Faisal bin Qassim Al Thani said, "A Year 2020 will see the benefits of several strategic initiatives come to fruition including the conclusion of the renovation works at City Center Doha. Furthermore, we are currently evaluating a number of exciting, strategic midstream industrial projects and look forward to announcing in due course those we decide to progress. For AHCS, the outlook for 2020 is positive. The long-term economic outlook is encouraging and we expect to continue to benefit from the opportunities generated by both the economy and the Qatar National Vision 2030. We remain committed to financial and operational enhancements, as reflected in AHCS' strong track record of sustainable growth over the past decade, both organically and through new business partnerships. Our corporate strategy remains clear and consistent as we continue to focus on generating shareholder value through profitable growth and diversification." (QSE, Company Press Release)
- **Commercial Bank Financial Services launches 'margin trading' product –** Commercial Bank Financial Services (CBFS), a wholly owned subsidiary of The Commercial Bank, has launched its margin trading product, becoming the first bank brokerage subsidiary in Qatar to launch such an innovative product. The margin trading facility will allow clients greater flexibility, and required liquidity to trade on the Qatar Stock Exchange (QSE), and take advantage of market opportunities. The Commercial Bank group's CEO, Joseph Abraham said, "As always, we never cease to invest in innovative products. CBFS's launch of margin trading facility marks a new achievement for the bank and its brokerage subsidiary, and further enriches our wealth management product offering. Margin trading is the first of the many new exciting products we have in the pipeline in CBFS for this year, which will continue to engage and enable our clients to build trading volumes and market participation rates." (Gulf-Times.com)
- **QFBQ to hold its board meeting on March 4 to discuss the financial statements –** Qatar First Bank (QFBQ) announced that its board of directors will meet on March 4, 2020 to discuss financial statements for the period ended December 31, 2019. (QSE)
- **Milaha CEO: Maritime sector has huge absorptive capacity –** The maritime sector, which accounts for vast majority of the global trade, has huge absorptive capacity to enable technology companies to compete greatly with traditional firms in the shipping sector, according to Qatar Navigation (Milaha). Highlighting that almost 90% of global trade is maritime trade, Milaha's Chief Executive, Abdulrahman Al-Mannai said it is necessary to pay attention to this aspect because of its great importance for economic performance. He said great effort has been made in Qatar's maritime infrastructure field, especially with regard to shipyards, ports, roads and large installations, and in the support system as well, including cooperation between the government and the private sector and investment in technology. "Given the huge absorptive capacity in this sector, technology companies are able to compete greatly with traditional companies in the shipping sector and we must consider this idea to make decisions in our sector, in addition to focusing on customers and placing them first, especially in light

of the great competition, for their satisfaction," he said. Qatar has witnessed very big changes in all stages of supply and supply chains, making it the only country in the Middle East with sufficient local capabilities in the import and export supply chain today, which is evidence of its great strength, especially in the past three years, according to the CEO. (Gulf-Times.com)

- **Oxford Economics: Private sector credit boost to help Qatar non-oil sector stage recovery this year –** Qatar's non-oil sector should stage a recovery this year on the back of the private sector credit accelerating, growing by more than 20% YoY since August 2019, Oxford Economics has stated in a report. Oxford Economics' non-oil momentum indicator (NOMI) for Qatar suggests a turnaround for the non-oil sector. "It may not be on the cusp of expansion just yet, but the data points to diminishing contraction in Q4, marking the first sign of improvement since late-2017. The improvement has been most prominent in credit indicators and construction permits, offset to some extent by weaker real estate prices and unsupportive gas price dynamics," Oxford Economics noted. "However, with the January non-oil PMI sliding deeper into negative territory again, we will cut our forecast for non-oil GDP growth to under 3% from 3.5% currently, though this will still represent a significant improvement on the estimated 0.1% in 2019," the researcher said. The GCC non-oil momentum indicators – details of which Oxford Economics provided earlier – had shed light on non-oil performance ahead of actual GDP data releases. "The importance of our NOMI is significant," the researcher said and noted it is still awaiting third quarter 2019 figures for Qatar. Oxford Economics had said Qatar economy would see further improvement in the medium term and noted the country's GDP growth is seen averaging 2.9% in 2021-22. (Gulf-Times.com)
- **Qatar to issue guide to protect marine e-assets from cyber risks –** Qatar will soon issue a guide, the first of its kind in the region, to protect the marine e-assets and all information about ships and goods from cyber risks. "The country has taken advanced steps to issue a guide to secure marine assets in the applications of operating ports and ships, which will be the first of its kind in the region, to enhance the use of the latest protection methods for marine electronic assets and all information," Minister of Transport and Communications HE Jassim bin Saif Al-Sulaiti told the Qatar Maritime and Logistics Summit. This would pave the way for greater cooperation between the national navigation companies and the Q-cert (National Information Security Center) to ensure the safety of marine work from cyber threats. On cyber threats, which is one of the topics discussed in the summit, the Minister said that the region and the world at large are entering a new era that is different and full of challenges, perhaps the most important of which are cyber threats, pointing out that the maritime transport sector has become closely dependent on new technologies linked to the Internet and modern applications in managing its assets, so it has become necessary to prepare to face these threats. Qatar has worked to develop laws and legislations in the field of transport, and has invested widely to develop infrastructure projects for the transport sector and its support services to keep pace with the changes and developments that are progressing, thus achieving the goals of Qatar National Vision 2030. (Gulf-Times.com)
- **Qatari Diar: Lusail City infrastructure 95% complete –** The city of Lusail is nearing completion, as about 95% of the city's infrastructure has been completed, it was announced on Tuesday. Parts of the city have opened already and witnessed a population presence in areas like Jabal Thuaileb, the official Qatar News Agency (QNA), quoting a senior Qatari Diar Real Estate Investment and Development Company (Qatari Diar) official, said. Lusail City is considered the largest project of Qatari Diar. It is more than just a real estate project, it is a comprehensively planned city, and it reflects the progress made by Qatar. The city is spread over 38,000,000 square meters. Qatari Diar's CEO, Abdullah bin Hamad Al-Attiyah stated in press statements on the sidelines of a Tarsheed festival at Kahramaa Awareness Park that work is currently underway to complete the remaining preparations for hosting the 2022 World Cup, the most prominent of which is the opening of the commercial street and the areas of tourist attractions and vital sites, in addition to the final aesthetic touches. The city will host the Lusail Stadium, which is scheduled to host the opening and final matches of the FIFA World Cup. (Gulf-Times.com)
- **Qatar-Japan strong bilateral relations highlighted –** The Japanese embassy in Doha aims to further strengthen not only the economic and commercial ties between Qatar and Japan but also in several areas of cooperation, Ambassador Kazuo Sunaga has said. "In December 2019, Japan was the top destination for Qatar's exports, accounting for 21.1% of the total, followed by China with 14.7%," the envoy told a recent press briefing. According to the embassy, Japan's oil imports and share from Qatar is about 8% and liquefied natural gas (LNG) is about 12% (both rank third in the world) while the amount of exports from Japan to Qatar is QR387mn last year. Trade volume between the two countries reached $16bn in 2018, an increase of 23% compared to 2017 figure ($13.1bn). "In terms of Qatar's exports, Japan is by far the number one partner that means our economic relations with Qatar is always excellent," Sunaga said. (Gulf-Times.com)

International

- **January new home purchase mortgage applications in US increases 35.3% –** The Mortgage Bankers Association (MBA) Builder Application Survey (BAS) data for January 2020 showed mortgage applications for new home purchases increased 35.3% compared from a year ago. Compared to December 2019, applications increased by 40%. This change does not include any adjustment for typical seasonal patterns. MBA estimates new single-family home sales were running at a seasonally adjusted annual rate of 865,000 units in January 2020, based on data from the BAS. The new home sales estimate is derived using mortgage application information from the BAS, as well as assumptions regarding market coverage and other factors. The seasonally adjusted estimate for January is an increase of 25.5% from the December pace of 689,000 units. On an unadjusted basis, MBA estimates that there were 66,000 new home sales in January 2020, an increase of 37.5% from 48,000 new home sales in December. By product type, conventional loans composed 69.5% of loan applications, FHA loans composed 17.8%, loans composed 0.8% and VA loans composed 12%. The average loan size of new homes increased from $338,625 in December to $346,140 in January. (MBA)

- **UK jobs boom roared in late 2019, despite election jitters –** The number of people in work in Britain jumped again at the end of last year, according to data which underscores how the labor market has defied a broader economic slowdown in the run-up to December's election. The number of people in work jumped by 180,000 in the October-December period to 32.934mn, at the top end of forecasts in a Reuters poll of economists. Full-time employment accounted for most of the growth, while self-employment also rose strongly, the Office for National Statistics (ONS) data showed. The number of people out of work dropped by 16,000 to 1.290mn, the ONS data showed. The unemployment rate of 3.8% remained at its joint lowest level since early 1975. In another sign of confidence among employers about their hiring intentions, vacancies in the three months to January rose to 810,000, their highest since the three months to September. Total earnings growth including bonuses rose by an annual 2.9%, the weakest gain since the three months to August 2018. Excluding bonuses, pay growth also slowed to 3.2%, its slowest increase since the third quarter of 2018. Economists had expected total pay to grow by 3.0% and regular pay to grow by 3.3%. (Reuters)
- **ZEW: German investor morale worsens on corona-virus fears –** The mood among German investors deteriorated far more than expected in February on worries that China's corona-virus outbreak would dampen world trade and deepen a manufacturing recession in Germany, a survey showed on Tuesday. The ZEW research institute said its monthly survey showed economic sentiment among investors fell to 8.7 from 26.7 in January. Economists had expected a drop to 21.5. The survey adds to expectations that Europe's biggest economy will continue to lose momentum in the first half of 2020 as its manufacturers linger in a recession prompted by a reduction in exports. A separate gauge measuring investors' assessment of the economy's current conditions decreased to -15.7 from -9.5. Analysts had forecast a reading of -10.3. The German economy stagnated in the fourth quarter due to weaker private consumption and state spending, renewing fears of a recession. (Reuters)
- **Japan's exports, machinery orders fall as virus risks grow –** Japan's exports fell in January for a 14 straight month while a key gauge of capital spending tumbled, as the world's third-largest economy grapples with the impact of the corona-virus outbreak and a recent sales tax hike. Ministry of Finance (MOF) data out showed Japan's exports fell 2.6% YoY in January, smaller than a 6.9% decrease expected by economists and dragged by US-bound shipments of cars and construction and mining machinery. It followed a 6.3% fall in December. Separate data on Wednesday showed core machinery orders, a highly volatile data series regarded as an indicator of capital spending in the coming six to nine months, fell 12.5% MoM in December. The MoM fall in core orders, a highly volatile data series regarded as an indicator of capital spending in the coming six to nine months, compared with the median estimate of a 9.0% decline in a Reuters poll of economists. Manufacturers surveyed by the Cabinet Office forecast that core orders will fall 5.2% in January-March, after declining 2.1% in the previous quarter. Compared with a year earlier, core orders, which exclude those of ships and electricity, slipped 3.5% in December, versus a 1.3% drop seen by economists. The data underscores the challenge Japan faces in overcoming external and domestic pressures, with little room left for policy maneuvering and the economy teetering on the edge of a recession. Data out Monday showed the economy shrank the most since 2014 in the last quarter as domestic demand took a hit from an October tax hike and the corona-virus clouded the outlook. (Reuters)
- **Recession risk forces BoJ to row back on inflation goal –** The widening economic fallout from the corona-virus outbreak and soft consumption are forcing the Bank of Japan (BoJ) to message more strongly that it is no longer inclined to chase its elusive 2% inflation target, sources familiar with its thinking said. After years of trying to vanquish deflation by setting an ambitious price goal, Japan's waning recovery prospects and a dwindling policy tool-kit have made the BoJ more open to conceding that the best it can do is to keep the economy afloat, the sources said. The need to protect the world's third-largest economy from a sharp downturn has became a more urgent task for the BoJ, particularly as external risks such the Sino-US trade war and a corona-virus outbreak in China weaken its ability to create a virtuous growth cycle. (Reuters)
- **China to grant tariff exemptions on 696 US goods to support purchases –** China will grant exemptions on retaliatory duties imposed against 696 US goods, the most substantial tariff relief to be offered so far, as Beijing seeks to fulfill commitments made in its interim trade deal with the US. Tuesday's announcement comes after the Phase 1 trade deal between the two countries took effect on Febraury 14 and is the third round of tariff exemptions China has offered on US goods. China has committed to boosting its purchases of goods and services from the US by $200bn over two years as part of the agreement, and has already rolled back some additional tariffs on US imports after the deal was signed. The US goods eligible for tariff exemptions include key agricultural and energy products such as pork, beef, soybeans, liquefied natural gas and crude oil, which were subject to extra tariffs imposed during the escalation of the bilateral trade dispute. (Reuters)

Regional

- **S&P: More hope for Global Sukuk market growth –** Global Sukuk issuances witnessed a 25.6% hike last year from 2018 numbers, with foreign currency issuances leaping 20.8%. This was driven by high levels of liquidity in Indonesia, good performance in Malaysia, Turkey's efforts to tap all available financing sources and the return of some GCC issuers to the market. Total Sukuk issuance for 2020 is expected to reach $160bn-$170bn this year, including $40bn-$45bn of foreign currency issuance, according to S&P. This represents an approximately 5% growth on the $162bn seen in 2019. The research and ratings agency added that ample global liquidity and negative yields on more than $10tn of debt mean that issuers with a good credit story will find relatively easy entry to the Sukuk market this year. Notable players last year were the usual suspects – Malaysia and Indonesia. Nevertheless, the GCC also pulled it weight with higher issuances of local currency denominated government Sukuk from Saudi Arabia and a few private sector issuers. In Kuwait, the central bank continued to offer Sukuk as liquidity management instrument for Kuwaiti banks. Bahrain's issuance volumes increased only slightly as the government had less need to tap capital markets having disbursed funds from the $10bn GCC support package. On the other hand, the UAE witnessed a marginal drop as corporate front-load their issuance programs in 2018 to prepare for less supportive market conditions. (Zawya)

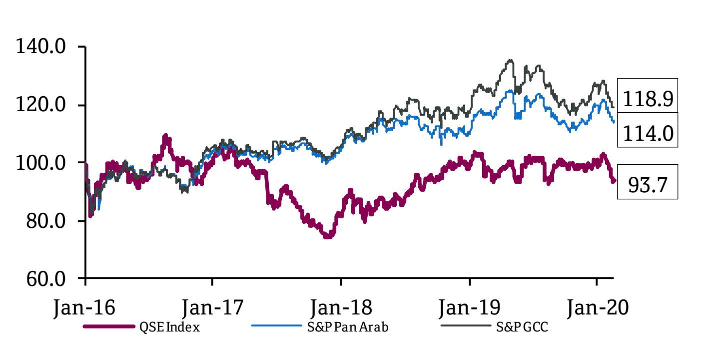
- **FAB: GCC sovereigns could borrow more if oil prices stay low –** If oil remains in its current price range of $55-$85 per barrel, the GCC governments will have to spend more to boost their economies, ultimately forcing GCC sovereigns to borrow more, an investment outlook by First Abu Dhabi Bank (FAB) noted. Low interest rates in Dollars will add to the incentives of corporate and sovereign treasurers to issue bonds, according to 'Global Investment Outlook 2020'. In 2019, GCC countries issued a record $99.6bn (until beginning of December) of bonds and Sukuk (Shari'ah-compliant bonds), the report stated. "Whether or not a similar amount will be printed in 2020 will depend on the price of oil and how much oil OPEC countries agree to pump," it stated. Five years after oil prices plunged from $100 per barrel, fiscal consolidation and diversification among GCC countries is moving slower than anticipated. While sovereign borrowers have introduced new revenue sources, such as value added taxes, the region is still highly dependent on the oil sector. Bond issuances will also be supported by the generally high ratings of issuers in the region and the appetite for positive-yielding debt. Also, GCC credits offer higher returns than other debt in the same category. In addition, many passive investors are now also buying bonds in the region, after some of the GCC countries were included in the JPMorgan Emerging Markets Bond Index. This helped Saudi Arabia and Abu Dhabi to sell record amounts of 30-year bonds last year. "Full curves, index inclusion and a larger amount of bonds outstanding all contribute to higher liquidity for bonds in the region, which, again, make them more attractive. This means that if issuance comes near or even surpasses the record set in 2019, it is still likely to find plenty of buyers," the report stated. (Zawya)
- **PwC: Four IPOs raise $26bn in GCC in 4Q2019 –** GCC equity capital markets attracted significant global attention in the fourth quarter of 2019 with four initial public offerings (IPOs) raising $26bn, professional services firm PwC stated in a new report. The energy industry led the equity market during the quarter with the Saudi Aramco's $25.6bn listing on Tadawul and the $23mn listing of Musandam Power Company on Muscat Securities Market. In contrast to the subdued IPO markets in the first three quarters of the year when only four IPOs took place, GCC countries witnessed as many IPOs in 4Q2019 alone representing 96% of the annual GCC IPO proceeds for 2019. Tadawul continued to be the front runner amongst the GCC stock markets in terms of both number of listings and proceeds raised. While the 2019 experienced record-breaking IPO proceeds, the number of listings significantly reduced to 8 IPOs, compared to 17 in 2018. (Zawya)
- **Saudi Arabia's inflation up in January for second consecutive month –** Saudi Arabia's consumer price index rose 0.4% in January from a year earlier, official data showed, the second consecutive month of positive inflation after it was in negative territory for most of last year. Hikes in prices at restaurants and hotels, education, and healthcare, boosted the index, data from the General Authority for Statistics showed. Prices for food and beverages, which account for nearly 20% of the index basket, rose 2.2%, while prices for housing and utilities, which account for around 25% of the basket, decreased 3.3% – a lower deflationary pace than in previous months. "This appears to reflect the recent bottoming out in the property market, which is feeding through into rents declining at a slower pace," Senior Emerging Markets Economist at Capital Economics, Jason Tuvey said. Prices receded in Saudi Arabia last year after rising in 2018 on the back of the introduction of a value added tax. However, higher government spending and an easing of austerity measures have given a boost to economic activity, which has recently started to translate into positive inflation, economists have said. (Reuters)
- **JODI: Saudi Arabia's crude oil stockpiles fall in December –** Saudi Arabia's crude stockpiles fell by 11.8mn barrels in December, despite steady shipments by the world's biggest oil exporter, official data showed. The Kingdom's oil inventories declined to 155.199mn barrels in December, from 167.013mn barrels in November, according to Joint Organisations Data Initiative (JODI). Crude exports in December were unchanged at 7.373mn bpd, from the previous month, despite a drop in production. The top OPEC exporter pumped 9.594mn bpd in December, down from 9.890mn bpd in November. Saudi Arabia has been drawing from its huge oil inventories after attacks on its oil facilities in September temporarily knocked out more than half of its output. (Reuters)
- **Islamic Development Bank starts marketing Dollar Sukuk –** Saudi Arabia's Islamic Development Bank (IsDB) began marketing five-year Dollar Sukuk, or Islamic bonds, at high-40s basis points (bps) over mid-swaps, an investment note showed. The bank, rated triple-A by Moody's, S&P and Fitch, has hired Citi, Dubai Islamic Bank, HSBC, Islamic Corporation for the Development of the Private Sector, LBBW, Natixis and Standard Chartered Bank to arrange the potential debt sale, which is expected to close today, the note stated. The issuance, which is expected to be of benchmark size, is under Islamic Development Bank's $25bn trust certificate issuance program. The benchmark size generally means upwards of $500mn. (Zawya)
- **Riyad Bank sells $1.5bn 10-year Islamic bonds –** Saudi Arabia based Riyad Bank has sold $1.5bn in 10-year Dollar Sukuk, callable after five years, at 180 basis points (bps) over five-year mid-swaps, a document showed. The bank garnered more than $7.8bn in orders for the Sukuk, or Islamic bonds, the document stated. It tightened the spreads after it had initially started marketing the bonds at around 225 bps over mid-swaps earlier on Tuesday. Riyad Bank hired JPMorgan, Riyad Capital and Standard Chartered to lead the deal. First Abu Dhabi Bank and HSBC are also involved in arranging the debt sale. The Tier 2 subordinated Sukuk sale is part of a $3bn issuance program. (Reuters)
- **Saudi Arabia's ATC signs first annual deal with KPC to buy Kuwaiti crude –** Aramco Trading Company (ATC) has signed its first deal with state-run Kuwait Petroleum Corporation (KPC) to buy Kuwaiti crude in 2020 for its refineries, sources said. The trading arm of Saudi Aramco, the world's largest oil exporter, will lift Kuwaiti Export Crude (KEC) this year, a medium-sour grade that can be processed at Saudi Aramco-owned refineries

in Asia, the sources said. The volume of crude to be lifted under the contract was not immediately known. Sources said that ATC will nominate a volume each month. (Reuters)

- **SABIC to suspend Spain ultem output sees SR700mn non-cash impact in 1Q2020–** Saudi Basic Industries Corp. (SABIC) sees SR700mn non-cash impact from suspension of ultem polymers output in Cartagena, Spain plant in 1Q2020, according to a statement. Part of the global operation optimization is committed to maintain ability to meet product needs of existing and future ultem customers from other assets. There is no direct impact on other operations at Cartagena facility. (Bloomberg)
- **SoftBank spends $2.5bn to get second Vision Fund off the ground –** SoftBank Group Corp has pumped $2.5bn of its own cash into new investments since October, sources said, hoping to restore its money-making credentials as it courts investors for a successor to its Vision Fund. The Japanese technology conglomerate is also considering investing another $2.5bn of its own money, sources said. SoftBank Chief Executive, Masayoshi Son said last week the company may spend up to two years investing its own money in a bridge fund, to build a portfolio that will give investors enough confidence to participate in a second Vision Fund. To that end, he said SoftBank has already invested billions of US Dollars, however, he did not provide an exact figure. SoftBank was targeting a $108bn fundraise for the second Vision Fund, and had committed $38bn of its own money toward that goal. However, Son said last week its launch had been delayed due to investor concerns about the performance of the first $100bn Vision Fund. (Reuters)
- **Reliance and Saudi Aramco to accelerate refinery stake sale talks –** Reliance Industries Limited's talks to sell a minority stake in its oil-to-chemical division to Saudi Aramco have been gathering pace in recent weeks, according to sources. Saudi Aramco officials and bankers on the deal have been working at Reliance's offices in Mumbai for due diligence this month, according to sources. Both parties are trying to overcome differences over the deal's structure, which had stalled the process last year, Bloomberg News previously reported. Indian billionaire Mukesh Ambani's Reliance is keen to sign a binding agreement before the next annual shareholders meeting, which is due to take place before the end of September, sources added. Mukesh Ambani in August told shareholders that Reliance and Saudi Aramco had agreed to a non-binding deal for a 20% stake in the oil-to-chemical operations. However, in December, the Indian government requested a court to stop the proposed sale to help ensure the Mumbai-based company has enough assets to pay arbitration claims in an unrelated case. A month later, Reliance's joint Chief Financial Officer, V. Srikanth told reporters that the transaction is not expected to be completed by March. (Bloomberg)
- **Emirates NBD markets 10-year kangaroo bonds –** Dubai based Emirates NBD is selling kangaroo bonds with a 10-year maturity, a document showed. Kangaroo bonds are issued by non-Australian issuers in the Australian market and are denominated in Australian Dollars. The bank has set the indicative yield for the bonds at 3.115% and has received over A$860mn in orders for the potential debt sale, which is expected to close on Wednesday, the document stated. The bank hired ANZ, Emirates NBD Capital, Mizuho and Nomura to arrange the deal, which is part of Emirates NBD's A$4bn debt issuance program. (Zawya)
- **Nasdaq Dubai dealt a blow as biggest company opts to delist –** Nasdaq Dubai is about to lose its most valuable stock after DP World Ltd. announced plans to go private. The departure of the ports operator, which has a market capitalization of $11bn, will increase the gap in trading turnover between Nasdaq Dubai and the two larger UAE exchanges. The value of equities changing hands in January on the platform was close to $117mn, compared with about $1.1bn at the Dubai Financial Market (DFM) and $757mn at the Abu Dhabi Securities Exchange (ADX). The delisting of DP World, the UAE's seventh-largest company by market value, according to data compiled by Bloomberg, means the loss of a stock that international investors follow very closely, however, which has suffered from a lack of liquidity, according to an equities Analyst at EFG-Hermes in Cairo, Ahmed Hazem Maher. (Bloomberg)
- **Petrofac secures contracts worth $1.65bn from ADNOC –** Oilfield services provider Petrofac stated that it has secured two contracts worth about $1.65bn from state-owned Abu Dhabi National Oil Company (ADNOC) for one of the biggest gas projects in the UAE. The company's Emirati unit, Petrofac Emirates, will provide engineering and construction works for the Dalma gas development project, a part of the Ghasha ultra-sour gas concession, the company stated. The move comes as the UAE, a key member of the OPEC, looks to achieve gas self-sufficiency and become a net gas exporter. The Ghasha project consists of three major gas and condensate development projects - Hail, Ghasha and Dalma - and could produce more than 120,000 barrels of oil per day once completed. The first package of the contract, valued at $1.07bn, is for gas processing facilities at Arzanah Island, Petrofac stated. The second tranche is valued at $591mn. (Reuters)
- **Emirate of Sharjah downgraded to 'Baa2' by Moody's, with a 'Stable' outlook –** The Emirate of Sharjah's long-term rating was downgraded by Moody's to 'Baa2', the second-lowest investment grade score, from 'A3'. The outlook has been upgraded to 'Stable' from 'Negative'. (Bloomberg)
- **NBK: Kuwait's local credit grows at 4.3% in 2019 –** Kuwait's credit growth was stable at 4.3% YoY in 2019 as compared to 4.2%, according to a recent report by the National Bank of Kuwait (NBK). Business lending growth weakened to 4.3% last year from 5.1% in 2018, while household credit growth slowed to 5% when compared to 6%, as compared to an increase of 9% in credit to non-bank financial institutions last year. In the meantime, growth in business lending recorded 4.3%, backed by a rise of 9.3% in real estate sector credit, which accounted for 89% of the total business lending growth in 2019. On the contrary, credit to the construction sector registered the weakest growth of 4.1%. Moreover, despite accounting for 10% of credit to individuals, personal consumption loans represented 58% of the total increase in household credit in 2019. It is noteworthy that NBK expects slower growth for personal consumption loans when compared to the rise recorded in 2019. (Zawya)
- **Bahrain's GFH acquires majority stake in fintech firm Marshal –** Bahrain's GFH Financial Group has acquired a 70% stake in fintech firm, Marshal, through its investment banking arm,

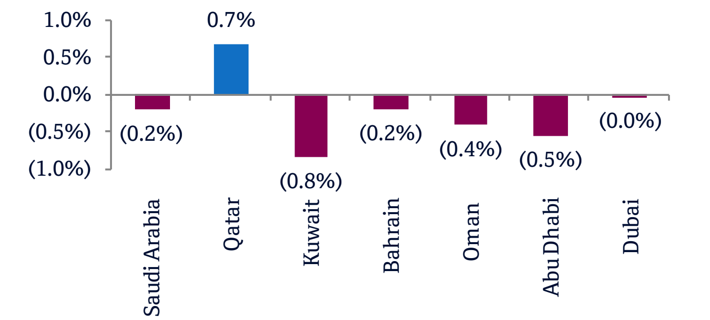
GFH Capital. Dubai-headquartered Marshal is an enabler of payment technology in the Middle East, serving clients in 16 countries. The company's market share in the UAE exceeds 85%. Marshal's clients include Network International, National Bank of Abu Dhabi, Mashreq Bank, CrediMax and National Bank of Bahrain (NBB). "Our focus together (with GFH) will be on the unlocking of new opportunities, expansion in our existing territories and the ongoing and vigorous pursuit of even greater innovation to continue propelling us and our customers forward in terms of efficiency and the ability to more effectively capture and meet the vast market and consumer demand for state-of-the-art fintech products and payment solutions," Founder and Chairman of Marshal, Anil Dhar said. While de Novo Corporate Advisors acted as the sole M&A financial advisor, Freshfields Bruckhaus Deringer acted as legal advisor to GFH and BonelliErede acted as legal advisor to Marshal, a statement by GFH said. Gaurav Dhar will continue to serve as CEO of the company, the statement stated. (Zawya)

Rebased Performance



Source: Bloomberg

Daily Index Performance



Source: Bloomberg

Asset/Currency Performance	Close ($)	1D%	WTD%	YTD%
Gold/Ounce	1,601.61	1.3	1.1	5.6
Silver/Ounce	18.17	2.7	2.4	1.8
Crude Oil (Brent)/Barrel (FM Future)	57.75	0.1	0.8	(12.5)
Crude Oil (WTI)/Barrel (FM Future)	52.05	0.0	0.0	(14.8)
Natural Gas (Henry Hub)/MMBtu	1.99	3.1	3.1	(4.8)
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	(0.4)	(0.4)	(3.8)
Yen	109.87	(0.0)	0.1	1.2
GBP	1.30	(0.1)	(0.4)	(2.0)
CHF	1.02	(0.2)	(0.1)	(1.6)
AUD	0.67	(0.4)	(0.4)	(4.8)
USD Index	99.44	0.4	0.3	3.2
RUB	63.83	0.6	0.4	3.0
BRL	0.23	(0.6)	(1.3)	(7.7)

Source: Bloomberg

Global Indices Performance	Close	1D%*	WTD%*	YTD%*
MSCI World Index	2,421.47	(0.4)	(0.4)	2.7
DJ Industrial	29,232.19	(0.6)	(0.6)	2.4
S&P 500	3,370.29	(0.3)	(0.3)	4.3
NASDAQ 100	9,732.74	0.0	0.0	8.5
STOXX 600	430.33	(0.6)	(0.4)	(0.4)
DAX	13,681.19	(1.0)	(0.8)	(0.5)
FTSE 100	7,382.01	(0.8)	(0.6)	(4.0)
CAC 40	6,056.82	(0.7)	(0.6)	(2.5)
Nikkei	23,193.80	(1.4)	(2.2)	(2.8)
MSCI EM	1,095.66	(1.1)	(1.0)	(1.7)
SHANGHAI SE Composite	2,984.97	(0.2)	2.2	(2.6)
HANG SENG	27,530.20	(1.5)	(1.0)	(2.1)
BSE SENSEX	40,894.38	(0.7)	(0.9)	(1.4)
Bovespa	114,977.30	(0.9)	(0.5)	(8.3)
RTS	1,515.54	(1.8)	(1.3)	(2.2)

Source: Bloomberg(*$ adjusted returns)

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