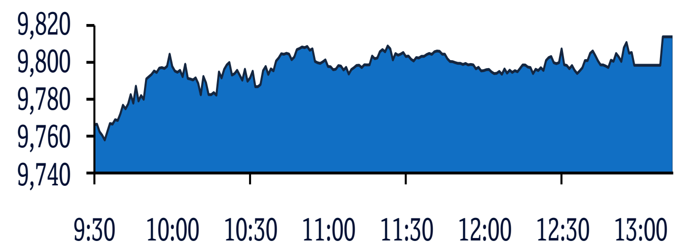
Daily Market Report

Thursday, 20 August 2020

QSE Intra-Day Movement



Qatar Commentary

The QE Index rose 0.4% to close at 9,813.8. Gains were led by the Consumer Goods & Services and Telecoms indices, gaining 1.2% and 0.9%, respectively. Top gainers were Qatar Oman Investment Company and Ezdan Holding Group, rising 3.7% and 3.4%, respectively. Among the top losers, Aamal Company fell 2.3%, while Gulf Warehousing Company was down 1.5%.

GCC Commentary

Saudi Arabia: The TASI Index fell marginally to close at 7,853.1. Losses were led by the Food and Media & Ent. indices, falling 0.9% and 0.8%, respectively. Tihama Adv. & Public Co. declined 6.3%, while AXA Cooperative Insurance was down 5.2%.

Dubai: The DFM Index gained 1.0% to close at 2,246.8. The Banks index rose 1.8%, while the Consumer Staples and Discretionary index gained 1.5%. Emirates NBD rose 2.9%, while Khaleeji Commercial Bank was up 2.4%.

Abu Dhabi: The ADX General Index gained 1.2% to close at 4,500.7. The Consumer Staples index rose 4.8%, while the Real Estate index rose 3.3%. AGTHIA Group rose 5.9%, while Abu Dhabi Islamic Bank was up 4.5%.

Kuwait: The Kuwait All Share Index gained 0.2% to close at 5,213.0. The Oil & Gas index rose 1.7%, while Banks index gained 0.4%. Ream Real Estate Company rose 9.4%, while Arzan Financial Group for Financing and Investment was up 8.0%.

Oman: The MSM 30 Index gained 1.0% to close at 3,607.7. Gains were led by the Financial and Services indices, rising 1.2% and 0.5%, respectively. Oman Education & Training Investment rose 8.8%, while Al Hassan Engineering Co. was up 7.7%.

Bahrain: The BHB Index gained 0.5% to close at 1,355.3. The Industrial index rose 4.3%, while the Insurance index gained 0.9%. Esterad Investment Company rose 9.5%, while Aluminium Bahrain was up 4.5%.

Market Indicators	19 Aug 20	18 Aug 20	%Chg.
Value Traded (QR mn)	540.8	561.2	(3.6)
Exch. Market Cap. (QR mn)	570,067.9	567,345.9	0.5
Volume (mn)	302.8	330.8	(8.5)
Number of Transactions	11,113	12,375	(10.2)
Companies Traded	46	44	4.5
Market Breadth	30:12	25:17	–

Market Indices	Close	1D%	WTD%	YTD%	TTM P/E
Total Return	18,866.67	0.4	2.2	(1.7)	16.0
All Share Index	3,051.67	0.3	2.1	(1.5)	16.8
Banks	4,199.64	0.3	2.2	(0.5)	14.1
Industrials	2,831.08	0.0	1.4	(3.4)	24.6
Transportation	2,911.56	0.1	0.7	13.9	13.8
Real Estate	1,625.73	0.3	1.0	3.9	13.3
Insurance	2,107.00	0.4	3.1	(23.0)	32.9
Telecoms	922.65	0.9	2.2	3.1	15.5
Consumer	8,052.12	1.2	3.9	(6.9)	25.3
Al Rayan Islamic Index	4,001.81	0.4	1.9	1.3	18.7

GCC Top Gainers##	Exchange	Close#	1D%	Vol. '000	YTD%
Aluminium Bahrain	Bahrain	0.35	4.5	1,782.9	(16.3)
Abu Dhabi Islamic Bank	Abu Dhabi	3.98	4.5	13,178.7	(26.2)
Abu Dhabi Comm. Bank	Abu Dhabi	5.40	4.2	8,236.0	(31.8)
Aldar Properties	Abu Dhabi	2.00	3.6	54,687.8	(7.4)
Bank Muscat	Oman	0.38	3.3	381.2	(8.1)

GCC Top Losers##	Exchange	Close#	1D%	Vol. '000	YTD%
Banque Saudi Fransi	Saudi Arabia	33.65	(4.1)	638.1	(11.2)
Co. for Cooperative Ins.	Saudi Arabia	82.30	(2.3)	886.2	7.3
Jabal Omar Dev. Co.	Saudi Arabia	27.15	(1.1)	1,793.4	0.0
National Shipping Co.	Saudi Arabia	36.70	(1.1)	2,988.0	(8.3)
Sohar International Bank	Oman	0.09	(1.1)	102.6	(13.9)

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 Oman Investment Company	0.88	3.7	17,093.1	31.1
Ezdan Holding Group	1.41	3.4	7,949.0	128.6
Qatar Islamic Insurance Company	6.53	3.1	382.5	(2.3)
Vodafone Qatar	1.32	1.8	4,633.2	13.5
Alijarah Holding	0.98	1.8	38,831.0	38.3

QSE Top Losers	Close*	1D%	Vol. '000	YTD%
Aamal Company	0.85	(2.3)	22,112.2	4.6
Gulf Warehousing Company	5.42	(1.5)	328.3	(1.1)
Qatari German Co for Med. Dev.	2.46	(1.4)	1,933.6	321.8
Qatar General Ins. & Reins. Co.	2.20	(1.3)	16.4	(10.6)
United Development Company	1.18	(1.2)	11,516.9	(22.4)

QSE Top Volume Trades	Close*	1D%	Vol. '000	YTD%
Salam International Inv. Ltd.	0.53	1.7	57,848.3	1.5
Alijarah Holding	0.98	1.8	38,831.0	38.3
Qatar Aluminium Manufacturing	0.94	(0.7)	26,506.7	20.9
Investment Holding Group	0.52	(1.0)	24,058.8	(7.8)
Aamal Company	0.85	(2.3)	22,112.2	4.6

QSE Top Value Trades	Close*	1D%	Val. '000	YTD%
Masraf Al Rayan	4.21	0.2	68,744.0	6.2
QNB Group	18.55	0.2	47,694.7	(9.9)
Alijarah Holding	0.98	1.8	37,819.0	38.3
Salam International Inv. Ltd.	0.53	1.7	30,541.8	1.5
The Commercial Bank	4.20	0.6	29,312.6	(10.6)

Source: Bloomberg (* in QR)

Regional Indices	Close	1D%	WTD%	MTD%	YTD%	Exch. Val. Traded ($ mn)	Exchange Mkt. Cap. ($ mn)	P/E**	P/B**	Dividend Yield
Qatar*	9,813.78	0.4	2.2	4.8	(5.9)	147.45	155,343.5	16.0	1.5	4.1
Dubai	2,246.78	1.0	4.2	9.6	(18.7)	93.86	85,192.5	8.5	0.8	4.3
Abu Dhabi	4,500.66	1.2	2.6	4.6	(11.3)	135.73	184,474.2	16.4	1.3	5.4
Saudi Arabia	7,853.05	(0.0)	1.9	5.3	(6.4)	2,306.29	2,316,339.5	25.5	1.9	3.4
Kuwait	5,213.00	0.2	1.7	4.9	(17.0)	109.53	98,469.5	20.5	1.3	3.8
Oman	3,607.68	1.0	1.2	1.1	(9.4)	4.07	16,395.2	5.2	0.4	13.7
Bahrain	1,355.31	0.5	3.4	5.0	(15.8)	5.56	20,492.4	12.6	0.8	5.3

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 0.4% to close at 9,813.8. The Consumer Goods & Services and Telecoms indices led the gains. The index rose on the back of buying support from GCC and Foreign shareholders despite selling pressure from Qatari and Arab shareholders.
- Qatar Oman Investment Company and Ezdan Holding Group were the top gainers, rising 3.7% and 3.4%, respectively. Among the top losers, Aamal Company fell 2.3%, while Gulf Warehousing Company was down 1.5%.
- Volume of shares traded on Wednesday fell by 8.5% to 302.8mn from 330.8mn on Tuesday. However, as compared to the 30-day moving average of 296.9mn, volume for the day was 2.0% higher. Salam International Investment Limited and Alijarah Holding were the most active stocks, contributing 19.1% and 12.8% to the total volume, respectively.

Overall Activity	Buy %*	Sell %*	Net (QR)
Qatari Individuals	38.13%	42.35%	(22,818,286.2)
Qatari Institutions	28.40%	29.84%	(7,781,552.7)
Qatari	**66.53%**	**72.19%**	**(30,599,838.9)**
GCC Individuals	1.17%	1.03%	755,645.0
GCC Institutions	1.50%	1.16%	1,870,624.6
GCC	**2.67%**	**2.19%**	**2,626,269.6**
Arab Individuals	8.98%	9.15%	(925,429.6)
Arab Institutions	–	0.36%	(1,964,350.0)
Arab	**8.98%**	**9.51%**	**(2,889,779.6)**
Foreigners Individuals	2.25%	3.65%	(7,566,616.4)
Foreigners Institutions	19.57%	12.47%	38,429,965.3
Foreigners	**21.82%**	**16.11%**	**30,863,348.9**

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

Earnings Releases and Global Economic Data

Earnings Releases

Company	Market	Currency	Revenue (mn) 2Q2020	% Change YoY	Operating Profit (mn) 2Q2020	% Change YoY	Net Profit (mn) 2Q2020	% Change YoY
Al-Etihad Cooperative Insurance Co.	Saudi Arabia	SR	155.0	-17.5%	–	–	3.7	-35.6%
SABB Takaful Co.	Saudi Arabia	SR	45.2	33.4%	–	–	1.7	-27.7%
Nat. Metal Manufac. and Casting Co.	Saudi Arabia	SR	37.8	-42.5%	(5.8)	N/A	(7.7)	N/A
Middle East Paper Co.	Saudi Arabia	SR	193.6	10.0%	16.8	380.7%	11.4	N/A
Allied Cooperative Insurance Group	Saudi Arabia	SR	134.2	2.8%	–	–	0.7	-34.5%
Astra Industrial Group	Saudi Arabia	SR	441.5	-10.5%	43.3	-19.5%	24.2	53.5%
Wataniya Insurance Co.	Saudi Arabia	SR	179.7	-13.6%	–	–	1.0	-8.0%
Arabia Insurance Cooperative Co.	Saudi Arabia	SR	91.3	23.8%	–	–	1.3	N/A
AXA Cooperative Insurance Co.	Saudi Arabia	SR	267.5	6.9%	–	–	3.9	-33.2%
Saudi Vitrified Clay Pipes Co.	Saudi Arabia	SR	28.0	19.1%	3.6	166.9%	2.9	368.9%
Bupa Arabia For Coop. Insurance Co.	Saudi Arabia	SR	2,243.2	-8.0%	–	–	21.3	-24.0%

Source: Company data, DFM, ADX, MSM, TASI, BHB.

Global Economic Data

Date	Market	Source	Indicator	Period	Actual	Consensus	Previous
08/19	US	Mortgage Bankers Association	MBA Mortgage Applications	14-Aug	-3.3%	–	6.8%
08/19	UK	UK Office for National Statistics	CPI MoM	Jul	0.4%	-0.1%	0.1%
08/19	UK	UK Office for National Statistics	CPI YoY	Jul	1.0%	0.6%	0.6%
08/19	EU	Eurostat	CPI YoY	Jul	0.4%	0.4%	0.4%
08/19	EU	Eurostat	CPI MoM	Jul	-0.4%	-0.3%	-0.3%

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

Qatar

- **Fitch rates CBQK's EMTN program at 'A' –** Fitch Ratings (Fitch) has assigned The Commercial Bank's (CBQK) USD5bn Euro medium-term note (EMTN) program a long-term rating of 'A'. The rating is in line with CBQK's Long-Term Issuer Default Rating (IDR) of 'A' and applies only to senior unsecured notes issued under the program. All other notes that can be issued under the program, such as subordinated notes, will be rated on a case-by-case basis. There is no assurance that all notes issued under the program will be rated or that all rated notes will be aligned with the program rating. Notes under the program can be issued directly by CBQK or by CBQK's wholly-owned special purpose vehicle, CBQ Finance Limited (CBQ Finance). CBQK unconditionally and irrevocably guarantees any notes issued by CBQ Finance under the program. The program's rating is aligned with CBQK's Long-Term IDR, as the notes represent senior, unconditional and unsecured obligations of the bank. It also reflects Fitch's expectation of average recovery prospects. CBQK's IDRs are driven by an extremely high probability of support from the Qatari authorities for domestic banks in case of need. This reflects the strong ability of Qatar to support its banks, as indicated by its rating (AA-/Stable), combined with Fitch's belief of a strong willingness to support the banking sector, including CBQK. Senior notes issued by CBQK or CBQ Finance under the program constitute direct, unconditional, unsubordinated and unsecured obligations of the relevant issuer, and will rank pari passu among themselves and equally with all other unsecured and unsubordinated obligations of the relevant issuer. In addition, CBQK unconditionally and irrevocably guarantees the due and punctual payment of all sums payable by CBQ Finance in respect of notes issued under the program and this guarantee constitutes a direct, general and unconditional obligation of CBQK, which will rank at least pari passu with its other unsecured obligations. The program documentation includes a negative pledge provision and a cross-default acceleration clause. The notes and any non-contractual obligations arising out of or in connection with the notes are governed by, and shall be construed in accordance with, English law. (Bloomberg)
- **Manufacturing sector growth helps Qatar's industrial production expand in June –** A robust growth in the manufacturing sector - especially cement, refined petroleum goods, chemicals, rubber and plastics and beverages - helped Qatar's industrial production expand MoM in June 2020. The country's Industrial Production Index (IPI) was up 0.7% on a monthly basis but declined 0.6% YoY in June 2020, according to the Planning and Statistics Authority (PSA). The mining and quarrying index, which has a relative weight of 83.6%, saw a 1.2% shrinkage and MoM on account of 1.2% dip in the extraction of crude petroleum and natural gas but witnessed 7.6% growth in other mining and quarrying sectors. On a yearly basis, the index showed a 1.2% fall owing to a 1.2% decline in the extraction of crude petroleum and natural gas and 13.7% in other mining and quarrying sectors. The manufacturing index, with a relative weight of 15.2%, saw a stupendous 9.8% surge MoM in June this year. On a yearly basis, the manufacturing index shot up 2.1%. Electricity, which has 0.7% weight in the IPI basket, saw its index surge 18.7% on yearly basis but weakened 3.9% on monthly basis in June 2020. In the case of water, which has a 0.5% weight, there was a 4.7% and 8.3% growth MoM and YoY respectively this June. (Gulf-Times.com)
- **Ooredoo appoints new CEO for Ooredoo Kuwait –** Ooredoo announced the appointment of Abdulaziz Yacoub Al-Babtain as CEO of Ooredoo Kuwait, as of August 19, 2020. Abdulaziz has over 20 years of professional experience in telecommunications, technology and sales. He is currently Chief Business Officer of Ooredoo Kuwait and has achieved substantial growth over the years, as well as successfully led the restructure of the company's B2B department. Prior to joining Ooredoo, Abdulaziz was Chief Operating Officer at FASTtelco. (QSE)
- **Vodafone Qatar expands its range of smart home devices –** Vodafone Qatar has expanded its range of smart home devices to include smart locks for keyless smart living. The latest addition of the Danalock V3 wireless Bluetooth and Z-Wave smart lock lets users easily control access to their home with their smartphone. With its simple Danish design and advanced encryption algorithm, the Danalock V3 offers a secure and elegant door locking experience. Users can create an unlimited number of digital keys for their family members and friends and program each user's access level by choosing permanent or temporary access. Compatible with any standard door with its country specific adapters, the Danalock V3 is globally compatible and can work in conjunction with Vodafone Qatar's other smart home products such as smart door sensors. (Gulf-Times.com)
- **BRES completes Dara (A) project in Lusail –** Barwa Real Estate Group (BRES) recently celebrated the handing over of the first apartment in Dara (A) project to its owner. Through its subsidiary "Waseef", BRES has begun handing over the keys to all the apartments that have been sold so far within Dara (A) project. It has also completed the procedures for handing over ownership contracts and usufruct of units to owners and beneficiaries of Qatari citizens or non-Qatari investors. A number of owners have already started occupying their housing units, while some other units are still being furnished. Dara (A) is the first phase of the Dara project, located in Lusail City. The project covers a land area of 16,415 square meters, and the total construction area of the project is 54,630 square meters. (Peninsula Qatar)
- **Taweel: Qatar on course to achieve diversification goal –** Qatar is ideally placed to achieve its greater economic diversification vision to help boost productivity and reduce the fiscal and external risks associated with the heavy reliance on oil revenues, Qatar Financial Centre's Chief Legal Officer, Nasser Al Taweel said on Wednesday. Speaking during a webinar entitled 'To diversify, or not to diversify, that is the question' organized by Qatar Stock Exchange (QSE), Taweel said, "GCC countries, especially Qatar, have grown strongly and seen huge improvements in their development indicators, but they remain

susceptible to fluctuations in oil markets and, hence, need greater economic diversification." For Qatar, he said, diversification is not an option but a necessity. "Among the GCC countries, Qatar has one of the best investment stories and diversification is being taken as a goal," he said. While there are many areas where the government should focus to achieve this objective, Taweel said, priority should be given to agro-industry to diversify Qatar's economy away from the hydrocarbon sector. (Qatar Tribune)

- **Ezdan: Buildings control 51.5% of total property sale activity in one week –** Buildings' control over most of the property sale transactions was noted in the weekly bulletin of the previous week, accounting for 61 deals which have been concluded to sell buildings worth nearly QR373mn, or 51.5% of the total value of all properties sold, while vacant land lots registered 82 sales deals worth about QR351.4mn, according to Ezdan Real Estate (Ezdan) report. The property sale bulletin issued by the Real Estate Registration Department from August 9-13, 2020, reflected a volume of 143 total property sale deals, totaling approximately QR724.3mn. The operations were distributed among eight municipalities including Umm Salal, Al Khor, Al Thakhira, Doha, Al Rayyan, Al Shamal, Shehaniya, Al Daayen and Al Wakra. They included vacant land lots, residences, multiuse buildings, mixed-use space land and residential buildings. Al Daayen Municipality ranked first in terms of highest sale deal at QR1,216 per square foot, exceeding a total of QR74.5mn. (Peninsula Qatar)

International

- **WTO goods trade indicator hits record low –** The World Trade Organization said on Wednesday its goods trade barometer hit a record low of 84.5 points, suggesting global merchandise trade registered a historic fall in the second quarter of 2020. "Additional indicators point to partial upticks in world trade and output in the third quarter, but the strength of any such recovery remains highly uncertain: an L-shaped, rather than V-shaped, trajectory cannot be ruled out," the WTO said here on its website. (Reuters)
- **UK inflation jumps in July as clothes shops shun summer sales –** British inflation jumped unexpectedly last month to its highest since March, as clothes shops did not hold their usual summer sales when they reopened after the coronavirus lockdown, but most economists expect it to fall again soon. Annual consumer price inflation rose to 1.0% in July from 0.6% in June, the Office for National Statistics said, above all forecasts in a Reuters poll of economists. Most economists expect the rise to prove temporary — especially as the impact of the government's "Eat Out to Help Out" restaurant discount kicks in during August. The consensus of economists polled by Reuters shows inflation remaining below the Bank of England's 2% target at least until the end of next year. Nonetheless two-year inflation-linked bonds priced in a higher rate of inflation at 2.675% on Wednesday, up from Tuesday's four-week low of 2.629%. These bonds use the RPI measure of inflation, which rose to 1.6% in July from 1.1%, and this figure will also be used to calculate next year's annual increase in rail fares. Clothing and footwear prices were the biggest contributor to the rise in inflation in July, the ONS said. In most years retailers slash clothes prices between June and July to clear out their summer ranges in preparation for autumn. This year, the drop in clothing and footwear prices was unusually small, perhaps reflecting discounting early in lockdown. Higher petrol prices - and greater costs for haircuts, dentistry and physiotherapy - also contributed to higher inflation, the ONS said. (Reuters)
- **More UK companies see turnover rise, but outlook tough, BCC warns –** More British companies have reported an increase in turnover as the economy reopens following lockdown, but many remain strapped for cash, a business survey showed on Wednesday. The British Chambers of Commerce (BCC) said 38% of businesses reported a rise in revenue in its latest weekly survey, up from 34%. Another 38% said turnover had fallen. "While some firms are seeing improvements in trading conditions, we are still very much in the eye of the storm, with further turbulence ahead," BCC Director General Adam Marshall said. The survey showed 39% of companies have three months or less of cash in reserve. With so many businesses on a precarious footing, Marshall said the government would need to take more action to support them. "Steps to reduce the burden of employers' National Insurance contributions, big new incentives for business investment, and targeted support to help businesses placed under local lockdowns all need to be put in place now," he said. "Ministers must not wait until the economic storm is once again at fever pitch before they act." (Reuters)
- **XpertHR: UK employers give lowest pay rises in a decade –** British private-sector employers have slashed their annual pay awards to staff, offering the lowest increase in 10 years as they grapple with the hit from the coronavirus pandemic, a survey showed on Thursday. Human resources data provider XpertHR said pay deals in the three months to July offered a median annual pay rise of 0.5%, down from 2.2% in the previous three readings. Pay freezes accounted for more than four in 10 settlements. The latest three-month period covered a typically quiet time of the year for pay deals. Looking at 2020 so far, and including the public sector, the median basic pay settlement was worth 2.2%, down from 2.5% over the year to December 2019. "The drop in the value of pay awards comes as no surprise, as the number of pay freezes made by organizations begins to creep up," XpertHR pay and benefits editor Sheila Attwood said. We also expect many of the pay reviews currently on hold to ultimately result in a pay freeze for staff, making 2020 the worst year for pay awards since 2009." Around 750,000 jobs in Britain have been lost since the start of the coronavirus pandemic and the Bank of England expects the unemployment rate to nearly double to 7.5% by the end of the year. (Reuters)
- **Eurozone July inflation uptick confirmed despite COVID-19 crisis –** Eurozone YoY inflation slightly rose in July and core indicators surged despite deflationary pressures amid the economic crisis caused by the COVID-19 pandemic, final data from the European Union statistics office showed on Wednesday. Eurostat confirmed its earlier estimate of a 0.4% rise of annual inflation in July, after a 0.3% increase in June. The agency also left unchanged its flash estimates, released on July 31, on the inflation's core indicators, which exclude the most volatile prices. Stripping away food and energy prices, a key measure watched by the European Central Bank, inflation rose in July by 1.3% from 1.1% in June, Eurostat said. An even narrower gauge, which also excludes alcohol and tobacco,

jumped to 1.2% from 0.8% in June. The increases surprised economists who had expected a slowdown of the inflation, as Germany temporarily cut its sales tax rate in July while the bloc's economy remained weakened by lower activity amid the pandemic. Economists interpreted the higher-than-expected figure as "almost certainly more noise than signal," Bert Colijn at ING bank said. J.P. Morgan said the increase was mostly due to the delayed summer sales period in France and Italy and was not expected to continue in the following months, when core indicators are forecast to slow down. Despite the small uptick, the July reading remains far from the ECB target of a "below, but close to 2%" rate in the medium term. Eurostat on Wednesday slightly reviewed downward the month-on-month reading of consumer prices, which dropped by 0.4% in July, instead of the 0.3% fall it had earlier estimated. (Reuters)

- **German tax revenues stabilize in July, industry seen recovering further –** German tax receipts stabilized in July with the expected plunge in fiscal revenues caused by lockdown measures to contain the COVID-19 pandemic proving less steep than originally feared, the finance ministry said on Thursday. Tax receipts of the federal government and the 16 regional state governments edged down by 0.3% year-on-year after tumbling in the previous months, the ministry said in its monthly report. The German economy, Europe's largest, contracted at its steepest rate on record in the second quarter as consumer spending, company investment and trade collapsed during the peak of the coronavirus pandemic. From January to July, tax revenues fell 8%, less than an estimated drop of nearly 10% for the whole year, the finance ministry said. The ministry pointed to recent increases in industrial output and exports, adding that business and consumer sentiment surveys also pointed to a further improvement. "For the coming months, industrial production is expected to recover further," the ministry said. The government said in April it expected the economy to shrink by 6.3% this year and rebound in 2021 with an expansion of 5.2%. This means that the economy is unlikely to reach its pre-crisis level before 2022. The government is expected to update its growth forecasts and tax revenue estimates in September. (Reuters)
- **Japan's exports tumble as US demand collapses, order books shrink –** Japan's exports extended their double-digit slump into a fifth month in July as the coronavirus pandemic took a heavy toll on auto shipments to the US, dashing hopes for a trade-led recovery from the deep recession. Meanwhile, core machinery orders, a leading indicator of business spending, unexpectedly fell to a seven-year low in June, dashing hopes domestic demand would make up for some of the slack from sluggish global growth. The grim data suggests the depressed conditions seen in the world's third-largest economy in the second quarter showed no signs of rapid improvement in the current quarter, compounding challenges for policymakers as they look to prop up activity. Total exports fell 19.2% in July from a year earlier, roughly in line with market expectations for a 21.0% decrease, government data showed on Wednesday. It was, however, smaller than a 26.2% drop in June, which some analysts saw as a sign external demand may have bottomed out. (Reuters)
- **India faces protracted slowdown as virus clouds rural revival –** India is staring at a protracted slowdown as coronavirus cases reach its countryside, with signs of recovery in the rural economy hailed by Prime Minister Narendra Modi "at best a mitigating factor", government officials and analysts said. The world's No.5 economy reports first-quarter GDP data on August 31 and, according to a Reuters poll, it is likely to have contracted 20% over April-June. It is forecast to shrink 5.1% in the year to March 2021, the weakest since 1979. Nearly half of India's 1.38bn population rely on agriculture to survive, with the sector accounting for 15% of its economic output. Modi has been citing higher fertilizer demand and sowing of monsoon crops, both key signs of rural activity, to show there are "green shoots" in the economy. However, four government officials said the uptick in activity may not be as large as believed given a spike in virus cases in rural areas that were initially isolated from the pandemic. "The economic situation has in fact worsened since April and May, and we are likely moving towards a longer economic slowdown than earlier expected," a finance ministry official said. The official pointed to sluggish consumer demand and a slowdown in rural lending as causes for concern. (Reuters)

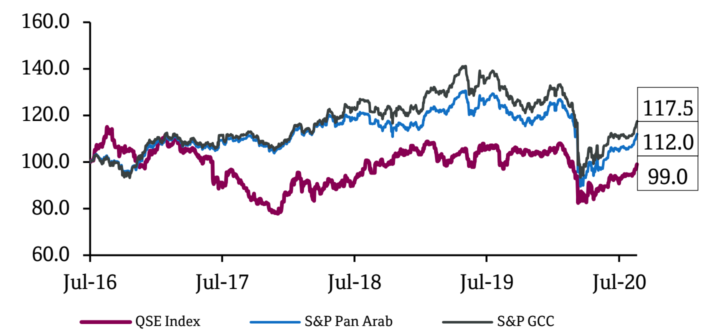
Regional

- **OPEC+ meets to review compliance with oil cuts –** OPEC oil producers and allies such as Russia, a grouping dubbed OPEC+, meets on Wednesday to review compliance with oil cuts meant to support oil prices amid the coronavirus pandemic. OPEC+ is unlikely to change its output policy, which currently calls for reducing output by 7.7mn bpd versus a record high 9.7mn bpd up until this month, OPEC+ sources said. "The meeting will be mostly a focus on conformity and compensation," an OPEC source said, rather than any major tweaks to the OPEC+ supply cut deal. Other sources said they would look in particular at compliance by countries such as Iraq, Nigeria and Kazakhstan. They have made a smaller share of their reduction than members such as Saudi Arabia. Another OPEC source was upbeat, saying the producers could deal with challenges like rising US or Libyan production. "Everything will go well within OPEC+ because everyone needs stability and visibility in the market," the source said. Overall compliance reached 95% to 97% in July, according to OPEC+ sources and a draft report seen by Reuters. (Reuters)
- **Covid-19 impact on Middle East 'worsening' –** New data paints a bleak picture on Covid-19's impact on the Middle East aviation industry, and on economies caused by the shutdown of air traffic due to the Covid-19 pandemic has deepened over recent weeks. Job losses in aviation and related industries could grow to 1.5mn. That is more than half of the region's 2.4mn aviation-related employment and 300,000 more than the previous estimate. Full-year 2020 traffic is expected to plummet by 56% compared to 2019. Previous estimate was a fall of 51%. GDP supported by aviation in the region could fall by up to $85bn. Previous estimate was $66bn. Middle East economies have been brought to their knees by Covid-19. And without air connectivity being re-established, the socio-economic impact is getting worse. Businesses which contribute substantially to the region's GDP and provide thousands of jobs are at risk without these vital connections. For the region's economic recovery, it is imperative that the industry restart safely as soon as possible," IATA's Regional Vice President for Africa and the Middle East, Muhammad Al Bakri said. (Gulf-Times.com)

- **Saudi sovereign fund sets up real estate unit to meet housing demand –** Saudi Arabia’s sovereign wealth fund, the Public Investment Fund (PIF), said on Wednesday it had set up a new real estate subsidiary dubbed Roshn to help meet increasing local demand for housing. Saudi has already spent billions of Riyals in recent years to provide housing, but a slump in oil prices has curbed government finances and pushed it to seek private sector partnerships to help diversify its economy. PIF gave no details on how much it envisaged spending on the new initiative or how many houses would be built. It said Roshn aimed to increase strategic partnerships with real estate investors and support the development of the contracting sector through the adoption of modern and innovative technologies. “We are proud to launch Roshn, a national company specialized in developing modern residential compounds, as part of PIF strategy to develop (Saudi’s) real estate market,” it said. The Saudi government wants to increase activity in the real estate market and increase home ownership to 70% by 2030, from a figure which official statistics put at 62% at the end of 2019. (Reuters)
- **Total assets of 18 listed national banks in UAE rise to AED3tn by end of June –** Total assets of the 18 listed national banks rose to around AED3tn in 1H2020, up 8.2%, compared to the comparable period of 2019, reflecting the strong financial profile boasted by the Emirati banks, according to data released on their websites. The sector’s activity is highlighted by the profitability of the banks, as deposits increased around 13% to around AED1.942tn during the first half of the year, from around AED1.72tn in the same period last year. Loans also witnessed growth, climbing 8 percent from AED1.509bn to AED1.629bn during the reference period. In more detail, the total assets of 11 ADX-listed national banks amounted to AED1.643tn against AED1.575tn. In DFM, seven listed banks saw their total assets increasing from AED1.069tn to AED1.347tn. (Zawya)
- **DP World India unit buys feeder, regional trade operators –** DP World’s India unit Unifeeder acquires Transworld Feeders FZCO, Avana Logistek, its unit Avana Global, and Transworld Feeders Pvt, DP World said. No deal value has been given, and it is subject to regulatory approvals. (Bloomberg)
- **Dubai Utility aims to be debt-free after paying off final bond –** Dubai’s power utility aims to be debt-free this year after paying off a final bond in October and expects electricity and water demand to return to normal levels after dropping due to the coronavirus, Chief Executive Officer, Saeed Al Tayer said. Government-owned Dubai Electricity and Water Authority is due to pay off a $1.5bn bond. Other borrowings linked to the utility comprise unused credit lines, according to data compiled by Bloomberg. Joint-venture companies building DEWA power plants in the Persian Gulf emirate have taken on some project-level loans. The pandemic crushed economic activity worldwide as businesses shuttered and workers stayed home. That is cut energy demand, including for utilities such as DEWA. (Bloomberg)
- **Abu Dhabi in talks with banks for new international bond deal –** The government of Abu Dhabi is in talks with banks for a new international bond issue, sources said, having already raised $10bn via debt issues this year to prop up its finances amid low oil prices and the coronavirus crisis. Hydrocarbon-dependent Gulf states have raised billions of Dollars to refill state coffers this year and more deals are expected in coming months, with ratings agency S&P predicting a record $100bn jump in debt this year. Oil-rich Abu Dhabi - rated AA by Fitch and S&P and Aa2 by Moody's, making it overall the highest-rated sovereign issuer in the Gulf - raised $10bn through an initial $7bn bond in April which was re-opened the following month. It is now discussing a new transaction and has picked a group of banks to arrange it, sources said. (Zawya)
- **Abu Dhabi wealth fund joins growing pool for treasury repo deals –** Abu Dhabi Investment Authority (ADIA) has become at least the second sovereign-wealth fund to join a growing corner of the market for borrowing and lending out US Treasuries. ADIA signed up for a clearinghouse that hedge funds, state pensions and other investors are using to enter into repurchase contracts backed by Treasuries. The only other sovereign-wealth fund listed as a user of the facility, run by Fixed Income Clearing Corp., is Singapore’s GIC. The move by ADIA shows a shift in the repo business, a source of financing for fixed-income investors and a safe place for money funds to invest their cash. By encouraging clients to use the central clearinghouse, banks can underwrite more securities loans than they otherwise could under restrictions imposed after the 2008 financial crisis. (Bloomberg)
- **ESHRAQ Investments bought back 5mn shares on Wednesday at 0.431 fils per share –** ESHRAQ Investments bought back 5mn shares on Wednesday at 0.431 fils per share. The shares of ESHRAQ Investments are listed on Abu Dhabi Securities Exchange. The number of unpurchased Shares as per SCA approval is 203,042,295 shares. (Bloomberg)
- **Kuwait parliament approves new wealth fund law, delays debt reform –** Kuwait’s parliament on Wednesday approved a law to make transfers of state revenue to one of its sovereign wealth funds conditional on budget surpluses, a move which will provide more than $12bn in much needed liquidity to the treasury. Parliament, however, returned a public debt law that would allow the government to borrow $65.4bn over 30 years to a parliamentary committee for two weeks of further study, it said on its website. Government and parliament have long been at odds over debt reform, which would allow Kuwait to tap international markets. But the issue has become more urgent in recent months as the oil-exporting nation has been hit by low crude prices and the COVID-19 pandemic. (Reuters)
- **Kuwaiti lessor Alafco delays Airbus orders –** Kuwaiti aircraft leasing company Alafco said on Wednesday it had reached an agreement with Airbus to delay the delivery of aircraft ordered from the plane maker. Aviation has been one of the industries worst hit during the COVID-19 pandemic and airlines around the world expect it will take years before travel returns to pre-crisis levels. The lessor did not say how many aircraft were affected by the agreement, although according to Airbus’ website it currently has 43 A320neo and 10 A321neo jets on order to be delivered. Under the agreement, advance payments to be made between now and three years’ time will instead be due from 2024 onwards, Alafco said. Earlier this month, Alafco said it had halved its order for 40 Boeing 737 jets after ending its legal claim over a cancelled order for the planes. Alafco’s owners include Kuwait Finance House, Gulf Investment Corporation and state airline Kuwait Airways, according to its website. (Reuters)

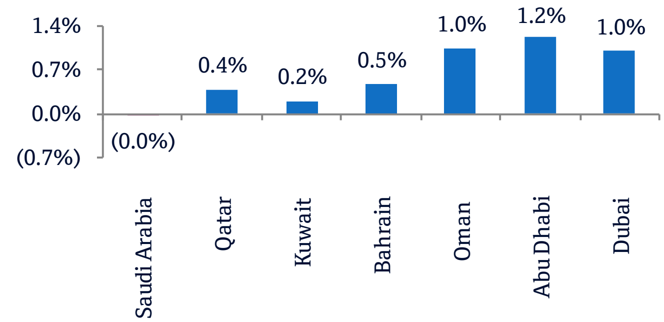
- **Bahrain-like rescue may not be the turning point for Oman –** Potential assistance for Oman from wealthier neighbors in the Gulf may not be quite the turning point it was for Bahrain two years ago. Oman's bondholders are hoping it obtains a similar lifeline, and credit assessors from Fitch Ratings to S&P see that as a possibility. The Sultanate discussed the option with other Gulf states, sources said. But the size of any aid package will likely "be calibrated to facilitate, but not meaningfully replace, debt market funding," Fitch Analysts including Hong Kong-based Krisjanis Krustins said this week as they lowered Oman's sovereign rating deeper into junk. The Sultanate's dollar-denominated bonds have lost 1.6% this year, the worst performer in the region. That raises the stakes for Oman, which has lagged behind most peers in implementing fiscal reforms despite dwindling reserves and a budget deficit Fitch estimates could reach 20% of GDP this year. (Bloomberg)

Rebased Performance



Source: Bloomberg

Daily Index Performance



Source: Bloomberg

Asset/Currency Performance	Close ($)	1D%	WTD%	YTD%
Gold/Ounce	1,928.98	(3.7)	(0.8)	27.1
Silver/Ounce	26.70	(3.5)	1.0	49.6
Crude Oil (Brent)/Barrel (FM Future)	45.37	(0.2)	1.3	(31.3)
Crude Oil (WTI)/Barrel (FM Future)	42.93	0.1	2.2	(29.7)
Natural Gas (Henry Hub)/MMBtu	2.32	0.0	6.2	11.0
LPG Propane (Arab Gulf)/Ton	50.88	1.2	2.3	23.3
LPG Butane (Arab Gulf)/Ton	50.13	1.5	1.3	(23.5)
Euro	1.18	(0.8)	(0.0)	5.6
Yen	106.12	0.7	(0.5)	(2.3)
GBP	1.31	(1.1)	0.1	(1.2)
CHF	1.09	(1.2)	(0.7)	5.8
AUD	0.72	(0.8)	0.2	2.3
USD Index	92.89	0.7	(0.2)	(3.6)
RUB	73.30	0.2	0.6	18.2
BRL	0.18	(1.6)	(2.4)	(27.7)

Source: Bloomberg

Global Indices Performance	Close	1D%*	WTD%*	YTD%*
MSCI World Index	2,394.47	(0.2)	0.4	1.5
DJ Industrial	27,692.88	(0.3)	(0.9)	(3.0)
S&P 500	3,374.85	(0.4)	0.1	4.5
NASDAQ 100	11,146.46	(0.6)	1.2	24.2
STOXX 600	369.58	0.2	0.7	(6.0)
DAX	12,977.33	0.3	0.9	3.8
FTSE 100	6,111.98	0.0	0.9	(19.6)
CAC 40	4,977.23	0.3	0.6	(11.9)
Nikkei	23,110.61	(0.1)	(0.1)	0.6
MSCI EM	1,099.41	(0.5)	0.6	(1.4)
SHANGHAI SE Composite	3,408.13	(1.2)	1.9	12.4
HANG SENG	25,178.91	(0.7)	(0.0)	(10.2)
BSE SENSEX	38,614.79	(0.1)	1.9	(10.9)
Bovespa	100,853.70	(1.3)	(2.3)	(36.4)
RTS	1,316.32	0.4	(0.6)	(15.0)

Source: Bloomberg (*$ adjusted returns)

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