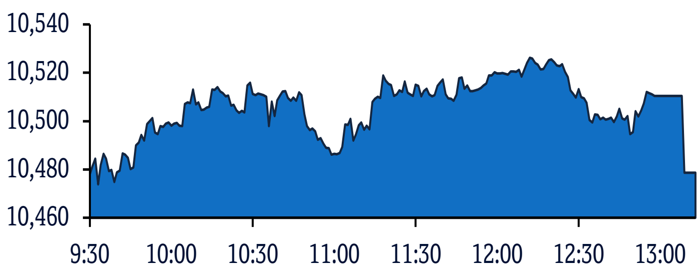
Daily Market Report

Sunday, 20 December 2020

QSE Intra-Day Movement



Qatar Commentary

The QE Index declined marginally to close at 10,478.6. Losses were led by the Insurance and Industrials indices, falling 0.7% and 0.6%, respectively. Top losers were INMA Holding and United Development Company, falling 2.4% and 1.5%, respectively. Among the top gainers, Gulf International Services gained 3.1%, while Qatari German Co for Med. Devices was up 2.6%.

GCC Commentary

Saudi Arabia: The TASI Index fell 0.1% to close at 8,711.6. Losses were led by the Energy and Pharma, Biotech & Life Science indices, falling 1.1% and 1.0%, respectively. Saudi Arabia Refineries Co. declined 5.0%, while Basic Chemical Industries Co. was down 3.0%.

Dubai: The DFM Index gained 0.3% to close at 2,550.3. The Consumer Staples and Discretionary index rose 1.3%, while the Investment & Financial Services index gained 1.1%. Emirates Refreshments gained 14.7%, while Commercial Bank of Dubai was up 2.6%.

Abu Dhabi: The ADX General Index fell 0.4% to close at 5,135.2. The Real Estate index declined 1.1%, while the Banks index fell 0.6%. Emirates Driving Company declined 5.0%, while Abu Dhabi Ship Building Co was down 3.8%.

Kuwait: The Kuwait All Share Index gained 1.0% to close at 5,642.4. The Insurance index rose 4.1%, while the Telecommunications index gained 2.1%. Alrai Media Group Company rose 18.5%, while Hilal Cement Company was up 10.0%.

Oman: The MSM 30 Index gained 0.3% to close at 3,612.8. Gains were led by the Financial and Industrial indices, rising 0.4% and 0.1%, respectively. Takaful Oman rose 9.1%, while National Aluminium Products Co. was up 2.4%.

Bahrain: Market was closed on December 17, 2020.

Market Indicators	16 Dec 20	15 Dec 20	%Chg.
Value Traded (QR mn)	713.1	408.4	74.6
Exch. Market Cap. (QR mn)	603,820.4	605,759.9	(0.3)
Volume (mn)	184.8	141.9	30.2
Number of Transactions	11,306	9,505	18.9
Companies Traded	46	46	0.0
Market Breadth	25:17	15:25	–

Market Indices	Close	1D%	WTD%	YTD%	TTM P/E
Total Return	20,144.77	(0.0)	0.3	5.0	17.8
All Share Index	3,208.32	(0.2)	0.1	3.5	18.3
Banks	4,260.81	(0.1)	0.2	1.0	15.0
Industrials	3,096.91	(0.6)	0.7	5.6	27.7
Transportation	3,329.64	0.8	(0.4)	30.3	15.2
Real Estate	1,945.37	(0.3)	(1.1)	24.3	17.2
Insurance	2,389.98	(0.7)	(4.0)	(12.6)	N/A
Telecoms	984.56	0.2	2.0	10.0	14.7
Consumer	8,250.10	(0.1)	0.4	(4.6)	24.5
Al Rayan Islamic Index	4,283.08	0.2	0.2	8.4	19.6

GCC Top Gainers##	Exchange	Close#	1D%	Vol. '000	YTD%
Advanced Petrochem. Co.	Saudi Arabia	68.90	9.9	2,418.3	39.5
Saudi Arabian Fertilizer	Saudi Arabia	85.90	6.3	2,141.4	10.8
Mobile Telecom. Co.	Kuwait	0.63	2.8	20,892.6	4.5
Jarir Marketing Co.	Saudi Arabia	179.00	2.8	310.4	8.1
National Bank of Kuwait	Kuwait	0.86	2.7	56,408.7	(15.5)

GCC Top Losers##	Exchange	Close#	1D%	Vol. '000	YTD%
Banque Saudi Fransi	Saudi Arabia	30.85	(2.8)	1,775.2	(18.6)
Saudi Arabian Mining Co.	Saudi Arabia	41.45	(2.5)	2,223.5	(6.6)
Arab National Bank	Saudi Arabia	19.72	(2.3)	2,754.5	(28.0)
Nat. Commercial Bank	Saudi Arabia	42.10	(1.9)	2,895.7	(14.5)
Saudi British Bank	Saudi Arabia	24.54	(1.8)	3,710.0	(29.3)

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%
Gulf International Services	1.58	3.1	4,694.4	(8.3)
Qatari German Co for Med. Devices	2.13	2.6	9,496.6	265.3
Qatar Islamic Bank	17.35	2.0	7,135.1	13.2
Qatar Aluminium Manufacturing	0.99	1.7	13,165.0	26.8
Mannai Corporation	3.00	1.7	61.6	(2.6)

QSE Top Losers	Close*	1D%	Vol. '000	YTD%
INMA Holding	5.25	(2.4)	6,521.0	176.3
United Development Company	1.68	(1.5)	3,161.3	10.5
QNB Group	17.95	(1.4)	6,636.5	(12.8)
Industries Qatar	10.87	(1.2)	2,130.4	5.7
Qatar Insurance Company	2.43	(1.1)	1,690.1	(23.2)

QSE Top Volume Trades	Close*	1D%	Vol. '000	YTD%
Investment Holding Group	0.60	0.7	16,919.6	7.1
Qatar Gas Transport Company Ltd.	3.25	0.9	15,362.9	36.0
Qatar Aluminium Manufacturing	0.99	1.7	13,165.0	26.8
Salam International Inv. Ltd.	0.64	(0.6)	12,851.9	23.0
Alijarah Holding	1.25	0.6	11,148.5	77.2

QSE Top Value Trades	Close*	1D%	Val. '000	YTD%
Qatar Islamic Bank	17.35	2.0	122,737.9	13.2
QNB Group	17.95	(1.4)	119,711.1	(12.8)
Ooredoo	7.26	0.1	67,200.2	2.5
Qatar Gas Transport Co. Ltd.	3.25	0.9	49,852.2	36.0
INMA Holding	5.25	(2.4)	35,019.9	176.3

Source: Bloomberg (* in QR)

Regional Indices	Close	1D%	WTD%	MTD%	YTD%	Exch. Val. Traded ($ mn)	Exchange Mkt. Cap. ($ mn)	P/E**	P/B**	Dividend Yield
Qatar*#	10,478.61	(0.0)	0.3	2.1	0.5	192.90	163,212.7	17.8	1.5	3.8
Dubai	2,550.29	0.3	0.1	5.4	(7.8)	59.34	94,448.8	12.2	0.9	3.8
Abu Dhabi	5,135.22	(0.4)	0.5	3.4	1.2	115.73	199,819.8	21.3	1.4	4.8
Saudi Arabia	8,711.58	(0.1)	0.8	(0.4)	3.8	3,622.68	2,437,699.7	35.0	2.1	2.3
Kuwait	5,642.38	1.0	1.5	3.3	(10.2)	354.00	104,873.3	35.4	1.4	3.5
Oman	3,612.83	0.3	0.2	(0.8)	(9.3)	3.07	16,362.2	10.9	0.7	7.0
Bahrain##	1,493.41	(0.1)	0.2	1.1	(7.3)	5.64	22,845.8	14.5	1.0	4.5

Source: Bloomberg, Qatar Stock Exchange, Tadawul, Muscat Securities Market and Dubai Financial Market (** TTM; * Value traded ($ mn) do not include special trades, if any, #Data as of December 16, 2020, ##Data as of December 15, 2020)

Qatar Market Commentary

- The QE Index declined marginally to close at 10,478.6. The Insurance and Industrials indices led the losses. The index fell on the back of selling pressure from Qatari and Arab shareholders despite buying support from GCC and Foreign shareholders.
- INMA Holding and United Development Company were the top losers, falling 2.4% and 1.5%, respectively. Among the top gainers, Gulf International Services gained 3.1%, while Qatari German Co for Med. Devices was up 2.6%.
- Volume of shares traded on Wednesday rose by 30.2% to 184.8mn from 141.9mn on Tuesday. However, as compared to the 30-day moving average of 249.5mn, volume for the day was 26.0% lower. Investment Holding Group and Qatar Gas Transport Company Ltd. were the most active stocks, contributing 9.2% and 8.3% to the total volume, respectively.

Overall Activity	Buy %*	Sell %*	Net (QR)
Qatari Individuals	27.72%	35.40%	(54,739,580.9)
Qatari Institutions	19.15%	21.27%	(15,062,231.3)
Qatari	**46.88%**	**56.66%**	**(69,801,812.2)**
GCC Individuals	1.49%	0.67%	5,871,981.0
GCC Institutions	1.41%	1.62%	(1,473,932.1)
GCC	**2.91%**	**2.29%**	**4,398,048.9**
Arab Individuals	5.23%	5.99%	(5,426,506.8)
Arab Institutions	0.01%	0.00%	40,630.0
Arab	**5.23%**	**5.99%**	**(5,385,876.8)**
Foreigners Individuals	1.55%	1.53%	94,160.8
Foreigners Institutions	43.44%	33.53%	70,695,479.3
Foreigners	**44.99%**	**35.06%**	**70,789,640.1**

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

Global Economic Data

Date	Market	Source	Indicator	Period	Actual	Consensus	Previous
12/16	US	Mortgage Bankers Association	MBA Mortgage Applications	11-Dec	1.1%	–	-1.2%
12/16	US	Markit	Markit US Manufacturing PMI	Dec	56.5	55.8	56.7
12/16	US	Markit	Markit US Services PMI	Dec	55.3	55.9	58.4
12/16	US	Markit	Markit US Composite PMI	Dec	55.7	–	58.6
12/17	US	Department of Labor	Initial Jobless Claims	12-Dec	885k	818k	862k
12/17	US	Department of Labor	Continuing Claims	05-Dec	5,508k	5,700k	5,781k
12/16	UK	UK Office for National Statistics	CPI MoM	Nov	-0.1%	0.1%	0.0%
12/16	UK	UK Office for National Statistics	CPI YoY	Nov	0.3%	0.6%	0.7%
12/16	UK	Markit	Markit UK PMI Manufacturing SA	Dec	57.3	56.0	55.6
12/16	UK	Markit	Markit/CIPS UK Services PMI	Dec	49.9	50.7	47.6
12/16	UK	Markit	Markit/CIPS UK Composite PMI	Dec	50.7	51.5	49.0
12/18	UK	GfK NOP (UK)	GfK Consumer Confidence	Dec	-26	-31	-33
12/16	EU	Markit	Markit Eurozone Manufacturing PMI	Dec	55.5	53.0	53.8
12/16	EU	Markit	Markit Eurozone Services PMI	Dec	47.3	42.0	41.7
12/16	EU	Markit	Markit Eurozone Composite PMI	Dec	49.8	45.7	45.3
12/17	EU	Eurostat	CPI MoM	Nov	-0.3%	-0.3%	-0.3%
12/17	EU	Eurostat	CPI YoY	Nov	-0.3%	-0.3%	-0.3%
12/16	Germany	Markit	Markit/BME Germany Manufacturing PMI	Dec	58.6	56.5	57.8
12/16	Germany	Markit	Markit Germany Services PMI	Dec	47.7	44.0	46.0
12/16	Germany	Markit	Markit/BME Germany Composite PMI	Dec	52.5	50.5	51.7
12/18	Germany	German Federal Statistical Office	PPI MoM	Nov	0.2%	0.1%	0.1%
12/18	Germany	German Federal Statistical Office	PPI YoY	Nov	-0.5%	-0.6%	-0.7%
12/16	France	Markit	Markit France Manufacturing PMI	Dec	51.1	50.1	49.6
12/16	France	Markit	Markit France Services PMI	Dec	49.2	40.0	38.8
12/16	France	Markit	Markit France Composite PMI	Dec	49.6	43.0	40.6
12/16	Japan	Markit	Jibun Bank Japan PMI Mfg	Dec	49.7	–	49.0
12/16	Japan	Markit	Jibun Bank Japan PMI Services	Dec	47.2	–	47.8
12/16	Japan	Markit	Jibun Bank Japan PMI Composite	Dec	48	–	48.1
12/18	Japan	Ministry of Internal Affairs and Communications	Natl CPI YoY	Nov	-0.9%	-0.8%	-0.4%

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

Qatar

- **Qatar to receive first batch of COVID vaccine on Monday –** The first batch of COVID-19 vaccine will arrive in Qatar Monday, HE the Prime Minister and Minister of Interior, Sheikh Khalid bin Khalifa bin Abdulaziz Al-Thani said in a tweet on Saturday. "Under the directives of His Highness the Amir, the first shipment of COVID-19 vaccine will arrive day after tomorrow, and I have directed the health sector to provide it to everyone according to health protocols. This is an important step on the road to containing the pandemic and gradually returning life to normal, and expressing our pride in the success of our plan to confront the disease, we renew our thanks to our medical teams and all those involved," tweeted HE Sheikh Khalid. (Gulf-Times.com)
- **Qatar inaugurates fourth stadium for 2022 FIFA World Cup –** The Ahmad Bin Ali Stadium in Al Rayyan, Qatar, became the fourth fully operational FIFA World Cup 2022 venue to be inaugurated. Indian construction giant Larsen and Toubro Limited (L&T) has built the stadium in association with Qatari contractor Al Balagh Trading & Contracting. The stadium – which will become the new home of Al Rayyan Sports Club – follows Khalifa International, Al Janoub and Education City in being declared ready to host the first FIFA World Cup in the Middle East. The 40,000-capacity venue will host seven matches up to the round of 16 stage. The stadium was launched by hosting the final of the 48th Amir Cup between Al Sadd and Al Arabi on Qatar National Day on Friday. Al Sadd won the match 2-1 to claim the Amir Cup for the 17th time in front of a socially distanced crowd of 50 per cent of the stadium's capacity. (Bloomberg)
- **SC official: FIFA World Cup Qatar 2022 projects near completion –** Chairman of the Operations Office and Vice Chairman of the Technical Delivery Office, Supreme Committee for Delivery & Legacy (SC), Eng. Yasir Al Jamal said that the infrastructure, projects, and stadiums of the FIFA World Cup Qatar 2022 are almost ready and that the SC has now moved to focus on operational readiness, especially with accommodation, transport, transportation, hospitality services, waste management services, and others. Speaking at a press conference held at the SC's headquarters on Tuesday, Al Jamal said that the SC has so far completed almost 90 percent of the infrastructure, projects, and stadiums for the World Cup, as only three stadiums, remain under construction: Al-Thumama, Lusail, and Ras Abu Aboud, and they will be completed by the end of the third quarter of 2021. He said the stadiums would be used in several tournaments that Doha will host to determine their readiness before the World Cup. (Peninsula Qatar)
- **AM Best affirms ratings of QATI, Qatar Re –** International credit rating agency AM Best has affirmed the financial strength ratings of 'A (Excellent)' and the long-term issuer credit ratings of "a" of Qatar Insurance Company (QATI) and its Bermuda-based subsidiary, Qatar Reinsurance (Qatar Re). The ratings reflect QATI's balance sheet strength, which the agency categorizes as "very strong", as well as its robust operating performance, neutral business profile and appropriate enterprise risk management (ERM). Although QATI's ERM framework has improved in recent years, it believes there is further development required in order for QATI to manage risk holistically at group level, rather than relying on the risk management teams of subsidiaries. The group's balance sheet strength is underpinned by risk-adjusted capitalization at the strongest level, as measured by Best's capital adequacy ratio (BCAR), and benefits from the company's large capital base of QR7.7bn. QATI's financial flexibility has been highlighted by its ability to access capital and debt markets, most recently through the issue of $300mn of subordinated notes in 2020. Higher allocations to cash, deposits and fixed income in the group's investment portfolio in recent years have improved its investment risk profile. At end-2019, these assets accounted for 83% of QATI's investment portfolio, according to AM Best. (Gulf-Times.com)
- **Qatar wins bid to host Asian Games 2030 –** Doha will host the Olympic Council of Asia's 21st Asian Games in 2030 after it won the highest number of votes in a secret ballot of the OCA's 45 National Olympic Committees in Muscat. The voting took place on the sidelines of the 39th OCA General Assembly. The assembly was attended by HE the President of Qatar Olympic Committee (QOC) and Chairman of Doha 2030 Sheikh Joaan bin Hamad Al-Thani, HE CEO of Qatar Foundation Sheikha Hind bint Hamad Al-Thani and HE the Deputy Prime Minister and Minister of Foreign Affairs Sheikh Mohamed bin Abdulrahman Al-Thani. (Gulf-Times.com)
- **Qatar Petroleum sells February Al-Shaheen crude at 5-month high spot premiums –** According to sources, Qatar Petroleum (QP) has sold two cargos of Al-Shaheen crude, loading February 5-6 and February 26-27, at an average spot premium of around $1.24 a barrel to Dubai quotes via a monthly tender, the highest in five months. In pre-tender trades, February-loading Al-Shaheen crude was traded at premiums of around $1.2-$1.3 to Dubai quotes. (Bloomberg, Zawya)
- **LNG surges to a six-year high –** Liquefied natural gas (LNG) has made a dramatic rebound from a pandemic-induced demand collapse, and the rally in the heating and power-plant fuel could extend into next year. The onset of colder weather in key importing nations, outages at major production hubs and congestion along global shipping routes have combined to push spot prices in Asia this week to the highest level since 2014, a more than six fold jump from a record low in April. Most of those factors are seen persisting into the early weeks of 2021, adding to upward pressure for prompt cargoes. That is a potential boost for commodity houses that are shifting more resources to trading the fuel and are typically more exposed to spot prices than oil-linked rates. "It's going to take three to four weeks before the cavalry arrives with enough supply from Qatar, Nigeria, and the US, so if you're a buyer with immediate needs, it's going to be costly," said Head of gas and power analytics at S&P Global Platts, Ira Joseph. (Peninsula Qatar)
- **Qatar's IPI increases 3% in October –** The Industrial Production Index (IPI) for October this year amounted to 103.1 points, an

increase of 3% compared to the previous month and a decrease of 0.9% when compared to the corresponding month in 2019, according to a report issued by the Planning and Statistics Authority (PSA). The Industrial Production Index consists of three main components- 'Mining' with a relative importance of 83.6%, 'Manufacturing' with a relative importance of 15.2%, 'Electricity' with a relative importance of 0.7%, and 'Water' with a relative importance of 0.5%. The index of 'Mining' showed an increase of 3.8% in October compared to the previous month as a result of the increase in the quantities of 'Crude oil petroleum and natural gas' by 3.8%, while 'Other mining and quarrying' showed an increase of 2.3%. When compared to the corresponding month of the previous year, the IPI of 'Mining' increased by 0.7%. The index of 'Manufacturing' showed an increase of 0.3% in October compared to the previous month. The group showed an increase in 'Printing and reproduction of recorded media' by 19.7%, followed by 'Manufacture of Cement and other non-metallic mineral products' by 9.6%, 'Manufacture of rubber and plastics products' by 3.5%, 'Manufacture of food products' by 3.3% and 'Manufacture of chemicals and chemical products' by 1.5%. However, a decrease was recorded in 'Manufacture of beverages' by 7.7%, followed by 'Manufacture of basic metals' by 6.1%, and 'Manufacture of refined petroleum products' by 3.1%. On the other hand, in terms of annual change, compared to October 2019, a decrease of 7.4% was recorded. The decrease was mainly affected by decline in 'Printing and reproduction of recorded media' by 80.6%, followed by 'Manufacture of refined petroleum products' by 30.8%, 'Manufacture of basic metals' by 14.4%, and 'Manufacture of beverages' by 8.8%. However, an increase was recorded in 'Manufacture of rubber and plastics products' by 12.6%, 'Manufacture of Cement and other non-metallic mineral products' by 4.1%, 'Manufacture of food products" by 2.5%, and 'Manufacture of chemicals and chemical products' by 0.1%. A decrease of 19.4% was noticed in the production of 'Electricity' in October 2020 from the previous month, while the annual decrease when comparing with October 2019 was 15.5%. A decrease of 4.9% was noticed in the production of 'Water' in October 2020 from the previous month. Comparing with the corresponding month of last year, an increase of 0.6% was recorded. (Qatar Tribune)

- **Exponential growth in exports to Qatar from Turkey –** The strengthening relations between Qatar and Turkey have resulted in exponential growth in trade volumes between the two countries. The value of exports to Qatar from Turkey has increased to $1.1bn as of third quarter (3Q) of 2020, from $255mn in 2013, according to data from Turkish Statistical Institute – TurkStat. Exports from Turkey to Qatar have grown substantially over the past few years, mainly driven by the efforts of the Supreme Strategic Committee and due to the blockade. The trade volume between Qatar and Turkey as of third quarter of this year was $1.4bn. It is significantly larger than the trade volume of $643mn between the countries in 2013, according to 'Qatar-Turkey Bilateral Trade & FDI Report', compiled jointly by the Presidency of the Republic of Turkey Investment Office and the Investment Promotion Agency Qatar. Qatar is the second largest investor in Turkey and has shown a continued commitment to investing in Turkey, with the value of Qatari investments in Turkey standing at $22bn in 2020. The formation of the Qatar Turkey Supreme Strategic Committee was a significant event in the bilateral relations between the two countries. It has led to the signing of a number of agreements across a broad range of sectors and industries. (Peninsula Qatar)
- **Robust expansion seen in use of treated wastewater in October –** Qatar, which uses the most modern membrane ultra-filtration system to recycle treated wastewater, has seen a robust YoY expansion in the use of treated wastewater in agriculture and irrigation of green spaces this October, suggests the Planning and Statistics Authority (PSA) data. Qatar's treated wastewater stood at 24.14mn cubic meters out of 24.54mn cubic meters of wastewater received in October this year, the PSA said. The treated wastewater saw a 1.5% decline YoY; while it soared 9.2% MoM in the review period. There has been an overall robust reuse of treated wastewater in agriculture, a sector that has received increased thrust and support from the government as part of the self-sustaining initiatives, especially after June 2017. The treated wastewater reused in agriculture amounted to 7.14mn cubic meters, which accounted for 30% of the total treated wastewater this October (against 33% in September 2020). Reuse in the farm sector witnessed a 9.7% yearly jump; even as it was down 1.5% on a monthly basis in the review period. Qatari agricultural produce reached 92,000 tons and the Ministry of Municipality and Environment aims to locally produce 70% of the market needs by 2023. (Gulf-Times.com)
- **Qatar Airways welcomes inaugural Air Canada flight from Toronto to Doha –** Qatar Airways welcomed Air Canada's inaugural flight from Toronto to Doha yesterday, establishing Hamad International Airport (HIA) as the only airport in the Middle East to be operated with a scheduled service by a North American carrier. The flight was welcomed with a water cannon salute at Hamad International Airport and a ribbon-cutting ceremony attended by Ambassador of Canada to Qatar HE Stefanie McCollum, Qatar Airways Group Chief Executive, HE Akbar Al Baker, and Hamad International Airport Chief Operating Officer Badr Mohammed Al Meer. (Peninsula Qatar)

International

- **US current account deficit rises to more than 12-year high –** The US current account deficit surged to its highest level in more than 12 years in the third quarter as a record rebound in consumer spending pulled in imports, outpacing a recovery in exports. The Commerce Department said on Friday the current account deficit, which measures the flow of goods, services and investments into and out of the country, widened 10.6% to $178.5bn last quarter. That was the highest since the second quarter of 2008. Data for the second quarter was revised to show a $161.4bn shortfall, instead of $170.5bn as previously reported. Economists polled by Reuters had forecast the current account gap increasing to $189.0bn in the July-September quarter. The current account gap represented 3.4% of gross domestic product in the third quarter. That was up from 3.3% in the April-June quarter and the largest since the fourth quarter of 2008. Still, the deficit remains below a peak of 6.3% of GDP in the fourth quarter of 2005 as the US is now a net exporter of crude oil and fuel. Imports of goods increased $94.4bn to $602.7bn, the highest since the fourth quarter of 2019. The broad rise in response to pent-up demand following the easing of business restrictions to slow the spread of COVID-19, was led by imports of passenger cars. Imports of services rose $6.5bn to $107.7bn, mostly reflecting increases in fees for intellectual property, mainly licenses for research and development. There were also increases in sea freight transportation and personal travel. Consumer spending grew at a historic 40.6% annualized rate in the July-September period, driven by more than $3tn in government pandemic relief. Consumer spending contracted at a record 33.2% pace in the second quarter. (Reuters)

- **Trump signs bill that could remove Chinese stocks from US –** President Donald Trump on Friday signed legislation that could kick Chinese companies off of US exchanges unless American regulators can review their financial audits, a move likely to further escalate tensions between the two countries. The measure, which could affect corporate giants like Alibaba Group Holding Ltd. and Baidu Inc., serves as another parting shot at Beijing before Trump leaves office in January. The president has long railed against China for what he calls unfair trading practices, and slapped tariffs on billions of dollars in imports. But his rhetoric sharpened this year as he blamed Beijing for the global coronavirus pandemic – a central issue in his electoral loss to Joe Biden as Trump was widely criticized for his handling of the outbreak. The de-listing law won bipartisan support in the House early this month after easily clearing the US Senate in May. While it applies to any foreign company, the bill's sponsors have said their goal was to target China. Chinese firms for years have used American capital markets and dollar-based finance as a key funding component to grow their businesses. While the measure includes a phase-in period, with penalties kicking in after three straight years of noncompliance, it could impose real damage on Chinese companies that fail to meet the audit standards. (Bloomberg)
- **Trump signs into law stopgap funding bill to avoid government shutdown –** The US President Donald Trump signed into law a two-day stopgap extension of existing federal funds passed by Congress to avoid a midnight government shutdown, as lawmakers negotiate a $900bn pandemic aid bill and as part of $1.4tn government spending package. The House of Representatives and Senate, with little debate and with only hours to go before government funding expired, gave congressional leaders more time to try to craft a bipartisan COVID-19 aid bill that would ride along with the massive spending legislation. Trump signed the bill into law Friday night, the White House said, leaving lawmakers to try to beat a new Sunday midnight deadline, which comes almost exactly two years after an unresolved spending fight triggered a 35-day government shutdown, the longest on record. After months of partisan finger-pointing and inaction, Republicans and Democrats have been negotiating intensely on what is expected to be the biggest package since spring to provide relief to a country struggling with a pandemic killing more than 3,000 people a day. With some support from Trump, who leaves office on January 20, and Democratic President-elect Joe Biden, they have reported progress. (Reuters)
- **Fed keeps countercyclical capital buffer at zero –** The US Federal Reserve Board voted Friday to keep its countercyclical capital buffer at zero percent, saying it would not order banks to hold additional capital to protect against losses in a future economic downturn. The Fed said it made the decision after consulting with other bank regulators. The tool is intended to direct banks to build up capital during times when the economy is strong to bolster resilience in future recessions. The Fed has however never triggered it, even at the tail-end of the record-long expansion that ended in February with the coronavirus pandemic and the current recession. Governor Lael Brainard, who had repeatedly advocated for raising the buffer before the current crisis, did not dissent on Friday's decision. (Reuters)
- **US blacklists dozens of Chinese firms including SMIC, DJI –** The US added dozens of Chinese companies, including the country's top chipmaker SMIC and Chinese drone manufacturer SZ DJI Technology Co Ltd, to a trade blacklist as US President Donald Trump's administration ratchets up tensions with China in his final weeks in office. Reuters first reported the addition of SMIC and other companies earlier on Friday. The move is seen as the latest in Republican Trump's efforts to burnish his tough-on-China image as part of lengthy fight between Washington and Beijing over trade and numerous economic issues. The US Commerce Department said the action against SMIC stems from Beijing's efforts to harness civilian technologies for military purposes and evidence of activities between SMIC and Chinese military industrial companies of concern. The Commerce Department will "not allow advanced US technology to help build the military of an increasingly belligerent adversary," Secretary Wilbur Ross said in a statement. The department also said it was adding the world's biggest drone company DJI to the list along with AGCU Scientech; China National Scientific Instruments and Materials, and Kuang-Chi Group for allegedly enabling "wide-scale human rights abuses." "The US will use all countermeasures available, including actions to prevent (Chinese) companies and institutions from exploiting US goods and technologies for malign purposes," Secretary of State Mike Pompeo added in a separate release. (Reuters)
- **CBI: UK factories see smaller drop in orders during December –** The decline in British factory orders eased off in December as more of the economy reopened following a second nationwide coronavirus lockdown, a survey showed. The Confederation of British Industry's monthly manufacturing order book balance rose to -25 from November's -40, the strongest reading in 10 months. A Reuters poll of economists had pointed to a reading of -34. "The rollout of the COVID vaccine brings hope that conditions for manufacturers will improve in the coming months," CBI deputy chief economist Anna Leach said. "The government must continue to do what it can to support companies through the winter while demand remains disrupted by COVID restrictions," she added. (Reuters)
- **Bank of England ready to tolerate a Brexit inflation spike –** The Bank of England (BoE) said it was ready to tolerate an inflation spike in the event of a no-deal Brexit in two weeks' time, but kept its stimulus unchanged as Britain and the European Union enter the end game of their trade deal talks. The BoE, as expected, did not add to its 895bn-Pound ($1.2tn) bond purchase program, after ramping it up by 150bn Pounds last month, and announced it would continue purchases at their current pace until early February at least. The British central bank also kept its benchmark interest rate at a historic low of 0.1%. London and Brussels are locked in negotiations to avoid the shock of import tariffs on trade from January 1, on top of the damage wrought by

the COVID-19 pandemic. The BoE said it was ready to accept inflation rising temporarily above its 2% target if a no-deal Brexit caused sterling to fall sharply. "Compared with previous periods during which non-negotiated Brexit outcomes had been possible, the economy was starting from a weaker position with greater spare capacity, increasing the Committee's tolerance for a temporary overshoot in inflation," the BoE said after a meeting of its Monetary Policy Committee. "It would be important to ensure that medium-term inflation expectations remained well-anchored." Britain's budget forecasters say a failure to strike a trade deal would wipe an extra 2% off economic output in the short term, drive up inflation and unemployment and add to public borrowing of 400bn Pounds this year. Even with a deal, the BoE thinks the economy will suffer as companies struggle with paperwork, port delays and other effects of leaving the world's biggest single market. The BoE's bond-buying program is widely seen as its most likely weapon should it need to return to the stimulus pump. (Reuters)

- **EU says hours left for a Brexit deal, UK says 'see sense' –** The European Union (EU) said there were just hours left to strike a Brexit trade deal while Britain called on the bloc to see sense as the two sides race to prevent a turbulent finale to the Brexit crisis at the end of the month. Both London and Brussels are demanding the other compromise amid a flurry of often conflicting messages that, variously, a deal is possible, a deal is in serious trouble or that a deal is imminent. Several hours after EU chief negotiator Michel Barnier told London that there were just hours left to navigate a "very narrow" path towards a deal, Johnson said the British door was open but that the EU should see sense and compromise. "It's the moment of truth," Barnier told the European Parliament in Brussels. "There is a chance of getting an agreement but the path to such an agreement is very narrow." Johnson said Britain would keep talking but that he would not compromise on taking back control of its laws and its fishing waters - which he sees as the fundamental point of leaving the EU. A British source said talks were due to continue on Saturday. (Reuters)
- **German business morale rises unexpectedly in December –** High demand for industrial goods, brighter export expectations and government support for companies hit by lockdowns to slow the spread of the coronavirus contributed to an unexpected rise in German business morale in December, a survey showed. The Ifo institute said its business climate index rose to 92.1 from an upwardly revised reading of 90.9 in November. "Companies were satisfied with their business situation," Ifo President Clemens Fuest said. "They are looking at the first half of the year with less skepticism. But the lockdown is hitting some branches hard. The German economy is on the whole showing its resilience." Germany imposed a hard lockdown on Dec. 16 that forced all non-essential businesses to shut to bring down stubbornly high infection numbers and record-high deaths. Ifo said only 20% of companies it surveyed sent their responses after Germany took the decision last weekend to go into lockdown. The new tightening in coronavirus restrictions means that activity will remain subdued at the start of next year before picking up in the second quarter. Melanie Debono, Europe economist at Capital Economics, said the survey suggested that Germany could avoid a contraction in the fourth quarter. The government has provided a stimulus package worth billions of euros to support companies, families and freelancers during the pandemic, which is expected to plunge Germany into its worst recession since World War Two this year. (Reuters)
- **Japan raises GDP outlook for FY2021 on lift from stimulus package –** Japan raised its economic growth forecast for the next fiscal year thanks to its latest stimulus package aimed at speeding up the recovery following the damage wrought by the coronavirus pandemic. The economy is expected to grow 4.0% in price-adjusted real terms in the next fiscal year starting April 2021, the latest estimate by the Cabinet Office showed. The new estimate compared with its previous forecast of 3.4% growth projected in July. "The economy will recover to its level of before the coronavirus by achieving a 4.0% real growth rate next fiscal year," Prime Minister Yoshihide Suga said at a government meeting to discuss economic and fiscal policy on Friday. The upgraded economic assessment was underpinned by the government's third supplementary budget, which was approved earlier this week, to fund the $708bn stimulus package to help the economy recover from its COVID-induced slump in the second quarter. The forecast 4.0% growth for the next fiscal year would be the fastest annual expansion on record, if released, since comparable data became available in 1995, the Cabinet Office said. The government, which expects the economy will return to pre-COVID-19 levels by January-March 2022 helped by its broad policy support, also cautioned about risks. Policymakers need to keep a close watch "on downside risks to the economy in Japan and overseas from the pandemic and impacts from moves in financial capital markets," an official at the Cabinet Office said. The government will use the forecasts to finalize the state budget for the next fiscal year. (Reuters)
- **BOJ to look at more effective ways to resolve inflation conundrum, extends fund scheme –** The Bank of Japan (BOJ) unveiled a plan to examine more effective ways to achieve its 2% inflation target, following in the footsteps of its US and European peers as a renewed spike in infections threatened to derail a fragile recovery. As widely expected, the central bank kept monetary policy steady and extended by six months a range of measures aimed at easing funding strains of companies hit by COVID-19. In a surprise move, the BOJ said it will look at ways to make its policy "more effective and sustainable," as the blow to growth from the pandemic pushes inflation further away from its target and forces it to maintain its massive stimulus longer. BOJ Governor Haruhiko Kuroda said the review will be more a fine-tuning of its market operations and asset purchases, rather than an overhaul of its yield curve control (YCC) policy. But he said the central bank was open to introducing new tools and reviewing the way it buys exchange-traded funds (ETF) to address the potential side-effects of prolonged easing. "We will examine operations under yield curve control and our asset purchases," Kuroda told a briefing. "It's true this is an extraordinary policy for a central bank," he said of the BOJ's ETF buying. "It's therefore necessary to examine ways to make this step effective and sustainable." The BOJ will announce the findings of the review in March. (Reuters)
- **China says will keep policy support for economic recovery, no abrupt shift –** China will maintain policy support for its economic recovery, avoiding a sudden shift in policy, to help keep economic growth within a reasonable range in 2021, the Xinhua

news agency said on Friday, after a meeting of top leaders ended. The annual Central Economic Work Conference, a gathering of top leaders and policymakers to chart the economy's course in 2021, is being watched by investors amid speculation that Beijing would make policy changes amid accelerating growth, following a virus-induced slump earlier this year. China will maintain its proactive fiscal policy and make monetary policy flexible and targeted, Xinhua said, citing a statement issued after the closed-door meeting, which was held from December 16 to 18. "Next year, we should maintain continuity, stability and sustainability of macro policies. We should continue to implement a proactive fiscal policy and a prudent monetary policy, and maintain the necessary support for the economic recovery," Xinhua said. "Policy operations should be more accurate and effective, and there should be no sudden turn." The central bank has rolled out a raft of measures since February to support the virus-jolted economy, but analysts say it has shifted to a steadier stance as the economy recovers. (Reuters)

- **India has enough capacity to produce COVID-19 vaccines for itself and others –** India's has enough capacity to produce COVID-19 vaccines for its needs and also export it to other countries that need its help, Finance Minister Nirmala Sitharaman said. Sitharaman also said India has to invest a lot more in health infrastructure and get more private partners into the sector, while adding the country would be a major contributor to the revival of the global economy after the pandemic. (Reuters)
- **Russia's economy declines 3.7% YoY in November after revised 4.5% drop in October –** Russia's GDP fell 3.7% YoY in November, after a revised 4.5% decline in October, the economy ministry said on Friday. It also put the January-November GDP contraction at 3.5%. The ministry revised October's GDP contraction figure from the 4.7% reported a month ago. The Russian economy took a hit from a global drop in prices for oil, its key export, and the COVID-19 pandemic, while also feeling the burden of Russia-specific geopolitical risks and fears of more sanctions against Moscow. (Reuters)

Regional

- **Natixis sees more deals coming from Gulf states monetizing oil assets –** Natixis expects oil-rich Gulf states to accelerate privatizations, including by extracting revenue from oil assets, with Saudi Arabia and possibly Oman as likely candidates for similar deals next year, the French bank's regional head said. Lower oil prices as well as output cuts after the coronavirus crisis curbed demand for crude have weighed on Middle East oil exporters this year, leading them to explore new financing sources to cover wider funding needs. Abu Dhabi's oil giant, Abu Dhabi National Oil Company (ADNOC) raised $10bn this year by selling a stake in its gas pipeline assets to a consortium of investors under a long-term lease agreement. Those investors raised debt through a bridge loan and bonds to back the acquisition. "Finally clients are moving away from long-term project financing and moving to hard mini-perm loans with a take-out from project bonds which is proving extremely successful because it attracts a wider pool of liquidity," Regional Head for the Middle East corporate and investment banking business, Barbara Riccardi said. (Reuters)
- **Oxford Economics: Gulf economies are seen taking two years to recover from virus impact –** The hit to the GCC economies from the pandemic may have been less severe than in other regions, but the recovery will probably take another two years, longer than elsewhere, according to Oxford Economics. Moreover, the direct impact of a Joe Biden US presidency will probably be small for the GCC, but a more conciliatory approach to trade and foreign policy could reduce tail risks and lift sentiment and investment, Oxford Economics said in its latest research brief. "The expected economic scarring from the dual shock of Covid-19 and low oil prices reflects high dependence on oil, limited scope for fiscal support, challenges of expat-dominated workforces, the key role of travel and tourism in the economy, and geopolitical risks," the brief said. The oil sector will make a positive contribution to growth, but not until the second half (H2) of 2021, it said, adding in the near term, the drag from oil production cutbacks and fiscal strain from low oil prices will continue. (Gulf-Times.com)
- **Sovereign assets of Abu Dhabi, Kuwait, Qatar help weather COVID-19, oil shock –** The sovereign wealth funds (SWFs) of Abu Dhabi, Kuwait and Qatar have underpinned the resilience of their sovereign ratings despite lower oil prices and the coronavirus shock, Fitch Ratings said. The SWF assets of these countries could even increase in 2020 due to supportive market returns, despite governments using SWFs' foreign assets and other deposits to cover government funding needs in 2020. The uplift to ratings from SWF assets has been stable or increasing despite materially larger fiscal and external deficits in 2020. According to the global ratings agency, SWF assets in Abu Dhabi, the UAE, Kuwait and Qatar provide two to six notches of uplift to sovereign ratings by boosting sovereign net external asset positions, fiscal balances, and overall financing flexibility. Estimated gross sovereign external assets of these countries are sufficient to cover five to eight years of total government spending and six to eight years of non-oil deficits. "We estimate that SWF assets in Kuwait, Abu Dhabi and Qatar would remain sizeable in the medium term even under adverse oil market scenarios. All three countries stand to substantially deplete their SWF assets in the long term without some combination of recovery in oil prices, growth in production, fiscal adjustment and supportive financial market returns," Fitch said. "Exceptionally strong balance sheets are necessary to support their ratings at current levels, given structural constraints, in particular, a lack of economic diversification. Erosion of fiscal and external balance sheets, for example, due to an inability to adjust to lower-for-longer oil prices, is a negative rating sensitivity for all GCC sovereigns," the ratings agency said. (Zawya)
- **Saudi pushing for Gulf dispute breakthrough at summit –** An annual Gulf Arab summit has been put off to January while parties locked in a rancorous row that led to a boycott of Qatar work towards announcing a tangible deal, though a final resolution is likely to take longer, informed sources said. The dispute, in which Saudi Arabia and its allies severed diplomatic, trade and travel ties with Qatar in mid-2017, has seen movement with Riyadh earlier this month saying a final solution was within reach. The other nations involved were more circumspect when welcoming progress in mediation efforts by Kuwait and the US, which wants Gulf Arabs to be united against Iran. Four sources

familiar with the matter said they expected an announcement to coincide with the summit, which is normally held in December and has not grouped Qatar's Amir together with leaders of the boycotting states since 2017. (Reuters)

- **Saudi economy shrinks 4.6% in third quarter as oil sector takes a hit –** Saudi Arabia's economy shrank more slowly in the third quarter as the government eased some coronavirus restrictions but the pandemic-hit oil sector continued to weigh on the broader economy, official data showed on Thursday. The economy shrank 4.6% in the third quarter, rebounding slightly from the 7% slump in the previous quarter but marked by declines in both the oil and non-oil sectors, the data showed. (Reuters)
- **Saudi sovereign fund PIF says total staff count crossed 1,000 in December –** Public Investment Fund (PIF), Saudi Arabia's sovereign wealth fund, said on Thursday its total employee count surpassed 1,000 as of December, marking an addition of about 300 employees since the start of the year despite the COVID-19 pandemic. The sovereign fund, which had around 40 employees in 2016, told Reuters in an email that 80 new recruits have been drawn from this year's cohort of its Graduate Development Program. The new hires also include Fadi al-Said, the former Head of Lazard Asset Management Middle East and North Africa (MENA), who joined as a Senior Director in PIF's local equity funds department in September, the fund said. Earlier this year, the fund also hired Maziar Alamouti, a former Head of trading at advisory and wealth management firm Quilter Investors, to build PIF's trading capabilities. The hiring spree comes as other financial institutions have been under pressure to cut costs in the Gulf region, while the PIF continues to grow into an aggressive global investor. About 84% of PIF's employees are Saudi citizens and 26% of its total employees are women, including the fund's general counsel and Secretary General to the board, Shihana AlAzzaz told Reuters. (Reuters)
- **Saudi Aramco may have to sell assets, borrow more to maintain Saudi dividend –** Saudi Aramco, whose dividend remains vital to helping Saudi Arabia contain a huge deficit, may have to sell assets and borrow more to fulfil its fiscal role amid uncertainty in oil prices, market specialists said. While Saudi Arabia has increased non-oil revenues this year, Aramco still accounted for more than half its total income and will be key to containing a budget shortfall this year forecast at $79.4bn, or 12% of GDP. Saudi Aramco, the world's largest oil producer, listed in 2019 in a record $29.4bn share sale, but the government still owns 98.2% of the group. Though its profits plummeted this year as oil prices tumbled during the COVID-19 pandemic, the company is sticking to a promised $75bn annual dividend that will go almost entirely to the government. While it is not obliged to maintain such a high payout, economists expect the firm to continue to offer the same support to state coffers next year. (Reuters)
- **Saudi crude exports rise to 6.16mn bpd in October –** Saudi Arabia's crude oil exports rose for the fourth straight month to 6.16mn bpd in October from 6.07 million bpd in September, official data showed on Thursday. The world's largest oil exporter's total crude and oil products exports rose again month-on-month by 281,000 bpd to 7.38mn bpd, the data showed. Saudi domestic crude refinery throughput rose by 2% to 2.4mn bpd in October, while direct crude burn dropped by 224,000 bpd to 391,000 bpd. The country's crude output dipped for a second straight month to 8.97mn bpd in October, the official figures showed. (Reuters)
- **Saudi Arabia and Kuwait to add capacity at shared offshore oil fields –** Saudi Arabia and Kuwait are set to boost capacity at oil fields shared between the two countries after they complete environmental upgrade works at their offshore production facilities, according to people involved in the project. Total capacity at fields in Neutral Zone between the two Persian Gulf producers set to be about 550k bpd after work is completed, according to people who asked not to be identified discussing operational matters. Neutral Zone, which includes offshore Khafji deposits and onshore area called Wafra, can pump 500k bpd currently. Khafji field producing about 110k bpd; work to reduce environmental impact of pumping crude from undersea deposits to be completed by end of year; work will also improve efficiency and boost capacity. (Bloomberg)
- **Saudi stop disclosing oil revenue following Aramco's listing –** Saudi Arabia has stopped disclosing projected revenue from oil following the listing of Aramco, as doing so could give clues about the state energy giant's dividend plans. The Kingdom is relying on payouts from Aramco, the world's biggest oil company, to help plug its budget deficit and bolster an economy that's been hammered this year by coronavirus lockdowns and the crash in crude prices. The Dhahran-based firm sold shares for the first time in December 2019, though the government still owns around 98% of them. "The reason we don't disclose the oil and non-oil breakdown is because of the presence of Aramco as a listed company," Finance Minister, Mohammed Al-Jadaan said in a press conference following the Kingdom's budget announcement for next year. "The government deals with Aramco as a supplier for tax. We have revenue that comes from Aramco, tax that comes from Aramco and also dividends since the government is the largest shareholder." (Bloomberg)
- **Saudi wealth fund targets 80% of investment in local economy –** The Public Investment Fund (PIF) is aiming for about 80% of its investments to be in the Saudi economy, with the remainder invested internationally, Governor, Yasir Al-Rumayyan said. Al-Rumayyan sees Saudi wealth fund's assets at between SR7tn to SR10tn by 2030. The fund will invest SR150bn in the local economy annually in 2021 and 2022, and that may increase to SR200bn in subsequent years. "The Crown Prince always talked about how we missed an opportunity in 2008 to invest in international markets," Al Rumayyan says. "When the coronavirus emerged, we didn't only observe the US markets, we observed all international markets." (Bloomberg)
- **Saudi Energy Minister: OPEC+ capable of maintaining unity –** The OPEC+ group of oil producers has shown it is capable of maintaining unity even during "the hardship of this pandemic," Saudi Energy Ministry, Prince Abdulaziz Bin Salman said at a briefing in Riyadh. Periods of low oil prices are "incubators for higher prices in the future" because they discourage investment in energy supplies. Saudi Arabia was forced into this year's oil-price war during March and April. The Kingdom aims to export electricity to Iraq, Jordan and Egypt, and hopes to export power to Europe and other countries in the future. (Bloomberg)
- **Israeli-UAE consortium buys payments firm Finablr –** Payments company Finablr is selling its entire business and operations to

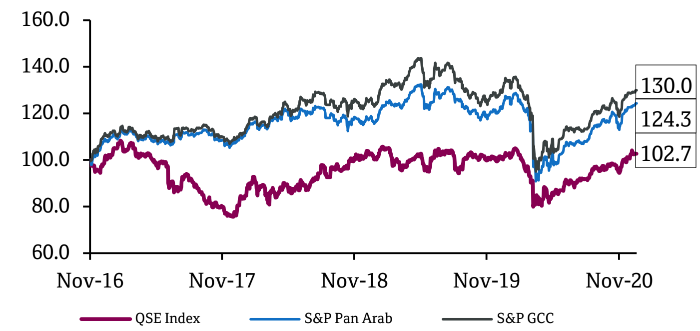
an Israeli-UAE consortium for a nominal $1 after running into financial difficulties, the company said on Thursday. Global Fintech Investments Holding (GFIH), an affiliate of Prism Group, has partnered with Abu Dhabi's Royal Strategic Partners to buy the business, Finablr said in a statement. GFIH will provide working capital to support Finablr so it can continue to operate and support various stakeholders, including its employees and creditors, the statement said. Finablr, which listed shares in London in 2019, warned of potential insolvency in March and it brought in law firm Skadden to investigate any historic potential misconduct and misappropriation of its assets. (Reuters)

- **Dubai's November consumer prices fall 3.7% YoY and 0.5% MoM –** Dubai Statistics Center has published Emirate of Dubai's consumer price consumer prices fell 3.7% YoY and 0.5% MoM. (Bloomberg)
- **Investment Corp. of Dubai posts AED11.4bn loss as virus weighs –** Investment Corp. of Dubai, the main state-controlled holding firm of the Emirate, reported a loss in the first half as the coronavirus pandemic weighed on earnings at its portfolio companies. The firm posted a loss of AED11.4bn after a profit of AED6.86bn a year earlier, according to a statement. Investment Corp. of Dubai owns Emirates airline, which has seen bookings slump as demand for travel cratered. It also has holdings in banks, including Emirates NBD and Dubai Islamic Bank, as well as Emaar Properties. In the first-half revenue came in at AED73.7bn compared to AED106.3bn, net impairment losses on financial assets stood at AED4.55bn compared to AED1.39bn. (Bloomberg)
- **Dubai developer Meydan Business under review amid glut –** State-owned Dubai developer Meydan is reviewing its operations and parts of its business may be outsourced to Nakheel, famous for building man-made islands in the shape of palm trees. "We have embarked on a review of Meydan's business strategy," Meydan City Corp. Chairman, Mohammed Al Shaibani said in an emailed reply to questions. "Our aim is to improve efficiencies in operations." Facing a property glut, Dubai has moved to combine several of its state developers that have churned out an increasingly unsustainable supply of homes, offices and shopping centers. Already a drag on property values, some projects have run into financial trouble after the coronavirus pandemic wrought havoc across Dubai's economy. (Bloomberg)
- **Abu Dhabi Investment Office expands ag-tech incentives to other sectors –** The Abu Dhabi Investment Office (ADIO) is expanding its agricultural technology incentive program to companies in other high-growth areas, and has increased funds available to $545mn, it said on Thursday. The program is now available to innovation-focused firms in financial services, information and communications technology (ICT), health services and biopharma, and tourism, ADIO said. ADIO partnered with seven agricultural firms this year under the scheme. (Reuters)
- **Abu Dhabi's ADX signs MOU with Tel Aviv Stock Exchange –** Abu Dhabi's ADX securities market has signed a memorandum of understanding (MoU) with Israel's Tel Aviv Stock Exchange (TASE) to foster co-operation between the two exchanges, the Abu Dhabi government media office said Wednesday on Twitter. The US-brokered formalization of ties between the UAE and Israel on September 15 has paved the way to commercial deals in various fields. Wednesday's MOU "lay(s) out a road map towards developing bilateral relations through the stimulation of economic growth and the promotion of technological innovation," the TASE said in a statement. It predicted a cross-listing of securities, mutual trading and introduction of investors by each exchange's respective members and data-sharing. (Reuters)
- **Fitch affirms Abu Dhabi National Oil Company at 'AA'; stable outlook –** Fitch Ratings has affirmed Abu Dhabi National Oil Company's (ADNOC) Long-Term Issuer Default Rating (IDR) at 'AA' with a Stable Outlook. The rating of ADNOC is constrained by that of its 100% shareholder Abu Dhabi (AA/Stable), given strong links between the company and the sovereign, in line with Fitch's Government-Related Entities (GRE) Rating Criteria and Parent and Subsidiary Linkage (PSL) Rating Criteria. ADNOC is the national oil company of the Emirate of Abu Dhabi and is one of the largest oil producers globally. Fitch assess ADNOC's standalone credit profile (SCP) at 'aa+', which reflects (i) the company's high upstream production and vast oil reserves (ii) very low cost of production (iii) integration into downstream operations (iv) very conservative financial policies, high financial flexibility and low leverage, and (v) strong unit profitability comparable to that of global oil majors. The upstream operations of ADNOC are focused on a single country and its production infrastructure is somewhat concentrated, which is mitigated by its available spare capacity and access to storage facilities. Response to Coronavirus Crisis: The UAE have agreed with other OPEC+ countries to make significant production cuts in 2020-2022 to re-balance the market. Fitch estimates UAE's oil production to fall around 10% YoY in 2020 before rebounding gradually in 2021-2022 but ADNOC will benefit from stabilized oil prices. ADNOC has revised down its 2020 capex by 35% from its original plan, though it will remain broadly at the 2019 level, unlike that of most other oil and gas producers globally. (Bloomberg)
- **Abu Dhabi oil giant mulls stake in Egypt's first army firm offer –** Abu Dhabi National Oil Co. (ADNOC) is among suitors interested in a majority stake in one of the first Egyptian army-held companies being offered to investors, according to people familiar with the matter. Under the proposal, ADNOC would partner with Egypt's sovereign wealth fund, giving the two full ownership of Wataniya Petroleum, a fuel distribution firm currently affiliated to Egypt's military, the people said. Taqa Arabia Co., a private Egyptian energy distribution company, has also expressed interest in the majority stake and partnering with the fund, according to the sources. (Bloomberg)
- **Abu Dhabi's IHC to list three of its units starting next week –** The fourth biggest company by market capitalization in the UAE will list three of its units on the stock exchange in its home market. International Holdings Company, which has a value of about $20bn, will list Palms Sports, Zee Stores and Ease Lease on the second market of the Abu Dhabi Securities Exchange next week, according to a statement Thursday. IHC expanded its portfolio rapidly in the past few years through a flurry of mergers and acquisitions, currently holding majority stakes in companies ranging from real estate to utilities and health care to food

services. Its shares have soared more than 550% in 2020. (Bloomberg)

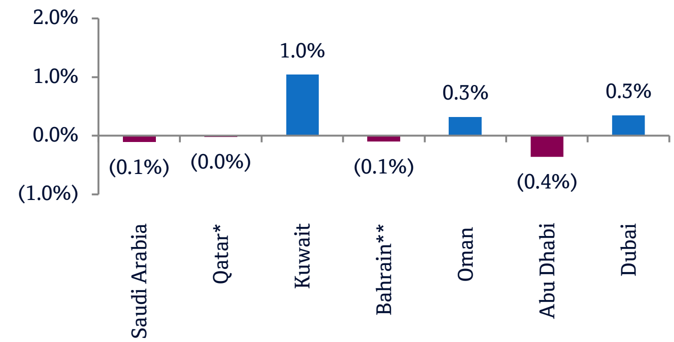
- **Kuwait signs deal with Greece's DESFA for liquefied gas import terminal –** Kuwait has signed a six-year, $106mn contract with Greek gas grid operator DESFA for the group to operate a liquefied natural gas import terminal in the Gulf emirate, the state-run news agency KUNA reported on Thursday. The LNG terminal, in the al-Zour area, will go into operation next year, the agency said, citing an official from state-owned Kuwait Integrated Petroleum Industries Company, which signed the deal. (Reuters)

Rebased Performance



Source: Bloomberg

Daily Index Performance



Source: Bloomberg (*Data as of December 16, 2020, **Data as of December 15, 2020)

Asset/Currency Performance	Close ($)	1D%	WTD%	YTD%
Gold/Ounce	1,881.35	(0.2)	2.3	24.0
Silver/Ounce	25.81	(1.0)	7.8	44.6
Crude Oil (Brent)/Barrel (FM Future)	52.26	1.5	4.6	(20.8)
Crude Oil (WTI)/Barrel (FM Future)	49.10	1.5	5.4	(19.6)
Natural Gas (Henry Hub)/MMBtu	2.70	0.0	6.3	29.2
LPG Propane (Arab Gulf)/Ton	71.50	5.5	21.4	73.3
LPG Butane (Arab Gulf)/Ton	66.00	2.5	10.0	(0.6)
Euro	1.23	(0.1)	1.2	9.3
Yen	103.30	0.2	(0.7)	(4.9)
GBP	1.35	(0.5)	2.3	2.0
CHF	1.13	0.1	0.8	9.6
AUD	0.76	0.0	1.2	8.6
USD Index	90.02	0.2	(1.1)	(6.6)
RUB	73.34	0.6	0.5	18.3
BRL	0.20	(0.9)	(0.7)	(21.2)

Source: Bloomberg

Global Indices Performance	Close	1D%*	WTD%*	YTD%*
MSCI World Index	2,666.31	(0.3)	1.7	13.1
DJ Industrial	30,179.05	(0.4)	0.4	5.7
S&P 500	3,709.41	(0.4)	1.3	14.8
NASDAQ 100	12,755.64	(0.1)	3.1	42.2
STOXX 600	395.90	(0.5)	2.5	3.8
DAX	13,630.51	(0.5)	5.0	12.3
FTSE 100	6,529.18	(1.1)	1.9	(11.8)
CAC 40	5,527.84	(0.6)	1.4	0.8
Nikkei	26,763.39	(0.4)	1.0	19.2
MSCI EM	1,268.36	(0.4)	0.9	13.8
SHANGHAI SE Composite	3,394.90	(0.4)	1.5	18.5
HANG SENG	26,498.60	(0.7)	(0.0)	(5.5)
BSE SENSEX	46,960.69	0.1	2.2	10.3
Bovespa	118,023.70	(1.0)	1.8	(19.6)
RTS	1,402.50	(1.2)	(0.7)	(9.5)

Source: Bloomberg (*$ adjusted returns)

Contacts

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