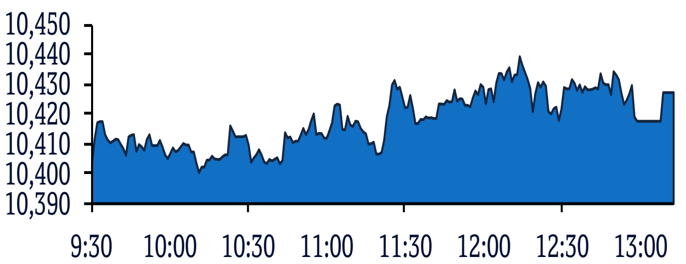
Daily Market Report

Sunday, 20 October 2019

QSE Intra-Day Movement



Qatar Commentary

The QE Index declined 0.1% to close at 10,428.0. Losses were led by the Consumer Goods & Services and Insurance indices, falling 0.9% and 0.1%, respectively. Top losers were Ahli Bank and Zad Holding Company, falling 4.7% and 2.2%, respectively. Among the top gainers, Gulf International Services gained 3.0%, while Qatar Cinema & Film Distribution Company was up 2.7%.

GCC Commentary

Saudi Arabia: The TASI Index gained 1.6% to close at 7,635.8. Gains were led by the Materials and Banks indices, rising 2.2% and 2.0%, respectively. Banque Saudi Fransi rose 6.6%, while Al Sorayai Trading and Industrial Group was up 4.7%.

Dubai: The DFM Index declined 1.6% to close at 2,780.0. The Banks index declined 2.2%, while the Real Estate & Construction index fell 1.8%. Deyaar Development declined 5.6%, while Emirates NBD was down 3.8%.

Abu Dhabi: The ADX General Index gained 0.1% to close at 5,093.3. The Real Estate index rose 1.3%, while the Telecommunication index gained 0.2%. Commercial Bank International rose 8.3%, while Abu Dhabi Ship Building Co. was up 4.5%.

Kuwait: The Kuwait All Share Index gained 0.1% to close at 5,766.7. The Basic Materials index rose 0.8%, while the Consumer Services index gained 0.2%. Ras Al Khaimah White Cement rose 24.0%, while Arabi Holding Group Co. was up 14.5%.

Oman: The MSM 30 Index gained marginally to close at 4,005.4. The Financial index gained 0.2%, while the other indices ended in red. Taageer Finance rose 6.0%, while Oman United Insurance was up 2.2%.

Bahrain: The BHB Index gained 0.1% to close at 1,527.1. The Hotels & Tourism index rose 0.9%, while the Commercial Banks index gained 0.1%. Al Salam Bank - Bahrain rose 3.2%, while Gulf Hotel Group was up 1.3%.

Market Indicators	17 Oct 19	16 Oct 19	%Chg.
Value Traded (QR mn)	276.1	255.4	8.1
Exch. Market Cap. (QR mn)	576,961.2	576,988.4	(0.0)
Volume (mn)	66.5	68.7	(3.1)
Number of Transactions	5,074	4,994	1.6
Companies Traded	46	45	2.2
Market Breadth	25:15	16:22	–

Market Indices	Close	1D%	WTD%	YTD%	TTM P/E
Total Return	19,188.34	(0.1)	2.0	5.7	14.9
All Share Index	3,076.82	(0.0)	1.8	(0.1)	14.9
Banks	4,081.62	(0.0)	2.6	6.5	14.0
Industrials	3,080.94	0.3	0.6	(4.2)	18.2
Transportation	2,637.18	0.5	4.4	28.0	14.4
Real Estate	1,485.30	(0.0)	1.4	(32.1)	10.5
Insurance	2,863.93	(0.1)	0.2	(4.8)	16.2
Telecoms	939.41	0.1	1.7	(4.9)	16.1
Consumer	8,498.12	(0.9)	(0.7)	25.8	18.8
Al Rayan Islamic Index	3,991.71	(0.1)	1.4	2.7	15.6

GCC Top Gainers##	Exchange	Close#	1D%	Vol. '000	YTD%
Banque Saudi Fransi	Saudi Arabia	32.10	6.6	688.6	2.2
Saudi Basic Ind. Corp.	Saudi Arabia	90.50	4.0	2,311.3	(22.1)
Co. for Cooperative Ins.	Saudi Arabia	72.90	3.6	117.4	20.9
Saudi Ind. Inv. Group	Saudi Arabia	22.24	3.4	839.0	(2.8)
Al Rajhi Bank	Saudi Arabia	59.60	3.1	7,779.9	4.8

GCC Top Losers##	Exchange	Close#	1D%	Vol. '000	YTD%
Emirates NBD	Dubai	12.65	(3.8)	3,998.4	42.3
Bupa Arabia for Coop. Ins.	Saudi Arabia	102.60	(2.7)	221.9	26.7
Emaar Properties	Dubai	4.43	(2.4)	4,741.4	7.3
GFH Financial Group	Dubai	0.87	(1.6)	7,037.4	(3.4)
Qatar Fuel	Qatar	22.65	(1.3)	289.5	36.5

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	1.73	3.0	1,929.8	1.8
Qatar Cinema & Film Distribution	2.26	2.7	6.0	18.8
Qatar National Cement Company	6.13	2.2	165.0	3.0
Islamic Holding Group	2.00	1.0	35.6	(8.5)
Doha Insurance Group	1.03	1.0	57.5	(21.3)

QSE Top Volume Trades	Close*	1D%	Vol. '000	YTD%
Masraf Al Rayan	3.80	(0.8)	8,347.2	(8.8)
Ezdan Holding Group	0.63	0.2	6,291.0	(51.2)
Aamal Company	0.71	0.3	6,012.9	(19.2)
Qatar First Bank	0.30	(1.3)	5,957.9	(26.0)
Mesaieed Petrochemical Holding	2.74	0.7	4,721.4	82.3

QSE Top Losers	Close*	1D%	Vol. '000	YTD%
Ahli Bank	3.48	(4.7)	54.9	36.7
Zad Holding Company	13.60	(2.2)	1.0	30.8
Al Khalij Commercial Bank	1.22	(1.6)	2,526.6	5.7
Gulf Warehousing Company	4.92	(1.6)	36.8	27.9
Qatar First Bank	0.30	(1.3)	5,957.9	(26.0)

QSE Top Value Trades	Close*	1D%	Val. '000	YTD%
Qatar Islamic Bank	15.40	(0.6)	71,726.9	1.3
QNB Group	19.57	0.4	42,054.7	0.4
Qatar International Islamic Bank	9.72	0.3	33,942.7	47.0
Masraf Al Rayan	3.80	(0.8)	31,834.9	(8.8)
Industries Qatar	10.99	0.0	17,354.9	(17.7)

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*	10,427.96	(0.1)	2.0	0.6	1.3	75.40	158,491.3	14.9	1.6	4.1
Dubai	2,780.01	(1.6)	(1.1)	(0.0)	9.9	68.84	100,403.7	11.6	1.0	4.4
Abu Dhabi	5,093.29	0.1	0.4	0.7	3.6	42.21	141,302.6	15.3	1.5	4.9
Saudi Arabia	7,635.82	1.6	(0.8)	(5.6)	(2.4)	693.79	480,445.0	18.8	1.7	3.9
Kuwait	5,766.73	0.1	1.1	1.6	13.5	54.09	107,976.3	14.3	1.4	3.7
Oman	4,005.35	0.0	(0.2)	(0.3)	(7.4)	1.50	17,419.3	8.0	0.8	6.8
Bahrain	1,527.12	0.1	0.3	0.7	14.2	3.95	23,849.0	11.4	1.0	5.1

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

Qatar Market Commentary

- The QE Index declined 0.1% to close at 10,428.0. The Consumer Goods & Services and Insurance indices led the losses. The index fell on the back of selling pressure from GCC and non-Qatari shareholders despite buying support from Qatari shareholders.
- Ahli Bank and Zad Holding Company were the top losers, falling 4.7% and 2.2%, respectively. Among the top gainers, Gulf International Services gained 3.0%, while Qatar Cinema & Film Distribution Company was up 2.7%.
- Volume of shares traded on Thursday fell by 3.1% to 66.5mn from 68.7mn on Wednesday. Further, as compared to the 30-day moving average of 98.7mn, volume for the day was 32.6% lower. Masraf Al Rayan and Ezdan Holding Group were the most active stocks, contributing 12.5% and 9.5% to the total volume, respectively.

Overall Activity	Buy %*	Sell %*	Net (QR)
Qatari Individuals	17.74%	29.99%	(33,808,509.09)
Qatari Institutions	36.50%	17.64%	52,085,795.41
Qatari	**54.24%**	**47.63%**	**18,277,286.32**
GCC Individuals	0.70%	0.91%	(581,385.49)
GCC Institutions	1.32%	1.11%	580,077.19
GCC	**2.02%**	**2.02%**	**(1,308.30)**
Non-Qatari Individuals	4.83%	6.38%	(4,268,906.87)
Non-Qatari Institutions	38.90%	43.97%	(14,007,071.15)
Non-Qatari	**43.73%**	**50.35%**	**(18,275,978.02)**

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

Earnings Releases, Global Economic Data and Earnings Calendar

Earnings Releases

Company	Market	Currency	Revenue (mn) 3Q2019	% Change YoY	Operating Profit (mn) 3Q2019	% Change YoY	Net Profit (mn) 3Q2019	% Change YoY
Alujain Corp.	Saudi Arabia	SR	6.6	-7.0%	(70.9)	N/A	(71.0)	N/A
United Wire Factories Co.	Saudi Arabia	SR	168.3	57.7%	3.6	71.4%	1.1	120.0%
Deyaar Development	Dubai	AED	145.7	-4.1%	–	–	16.3	-54.2%

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

Global Economic Data

Date	Market	Source	Indicator	Period	Actual	Consensus	Previous
10/17	US	Department of Labor	Initial Jobless Claims	12-October	214k	215k	210k
10/17	US	Department of Labor	Continuing Claims	5-October	1,679k	1,675k	1,689k
10/17	US	Federal Reserve	Industrial Production MoM	September	-0.4%	-0.2%	0.8%
10/17	US	Federal Reserve	Manufacturing (SIC) Production	September	-0.5%	-0.3%	0.6%
10/18	China	National Bureau of Statistics	Industrial Production YoY	September	5.8%	4.9%	4.4%
10/18	China	National Bureau of Statistics	Industrial Production YTD YoY	September	5.6%	5.5%	5.6%
10/18	China	National Bureau of Statistics	GDP YTD YoY	3Q2019	6.2%	6.2%	6.3%
10/18	China	National Bureau of Statistics	GDP YoY	3Q2019	6.0%	6.1%	6.2%

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

Earnings Calendar

Tickers	Company Name	Date of reporting 3Q2019 results	No. of days remaining	Status
QGTS	Qatar Gas Transport Company Limited (Nakilat)	20-Oct-19	0	Due
QNCD	Qatar National Cement Company	21-Oct-19	1	Due
CBQK	The Commercial Bank	22-Oct-19	2	Due
QEWS	Qatar Electricity & Water Company	23-Oct-19	3	Due
MRDS	Mazaya Qatar Real Estate Development	23-Oct-19	3	Due
QAMC	Qatar Aluminum Manufacturing Company	23-Oct-19	3	Due
UDCD	United Development Company	23-Oct-19	3	Due
DHBK	Doha Bank	23-Oct-19	3	Due
IHGS	Islamic Holding Group	24-Oct-19	4	Due
IQCD	Industries Qatar	24-Oct-19	4	Due
NLCS	Alijarah Holding	24-Oct-19	4	Due
QGRI	Qatar General Insurance & Reinsurance Company	24-Oct-19	4	Due
QIIK	Qatar International Islamic Bank	24-Oct-19	4	Due
SIIS	Salam International Investment Limited	24-Oct-19	4	Due
QGMD	Qatari German Company for Medical Devices	27-Oct-19	7	Due
DBIS	Dlala Brokerage & Investment Holding Company	27-Oct-19	7	Due

Tickers	Company Name	Date of reporting 3Q2019 results	No. of days remaining	Status
QCFS	Qatar Cinema & Film Distribution Company	27-Oct-19	7	Due
MERS	Al Meera Consumer Goods Company	27-Oct-19	7	Due
AKHI	Al Khaleej Takaful Insurance Company	27-Oct-19	7	Due
MARK	Masraf Al Rayan	27-Oct-19	7	Due
QIGD	Qatari Investors Group	27-Oct-19	7	Due
QATI	Qatar Insurance Company	28-Oct-19	8	Due
BRES	Barwa Real Estate Company	28-Oct-19	8	Due
IGRD	Investment Holding Group	28-Oct-19	8	Due
VFQS	Vodafone Qatar	28-Oct-19	8	Due
QNNS	Qatar Navigation (Milaha)	28-Oct-19	8	Due
MPHC	Mesaieed Petrochemical Holding Company	28-Oct-19	8	Due
MCCS	Mannai Corporation	28-Oct-19	8	Due
ZHCD	Zad Holding Company	29-Oct-19	9	Due
GISS	Gulf International Services	29-Oct-19	9	Due
QISI	Qatar Islamic Insurance Group	29-Oct-19	9	Due
DOHI	Doha Insurance Group	29-Oct-19	9	Due
ORDS	Ooredoo	29-Oct-19	9	Due
AHCS	Aamal Company	30-Oct-19	10	Due
QOIS	Qatar Oman Investment Company	30-Oct-19	10	Due
QIMD	Qatar Industrial Manufacturing Company	30-Oct-19	10	Due

Source: QSE

News

Qatar

- **Baladna seeks to raise QR1.4bn through IPO –** Baladna made official its plans to float 75% of Qatar's largest dairy and beverages company on the Qatar Stock Exchange, seeking to raise as much as QR1.4bn through the Initial Public Offering (IPO). The IPO of the Baladna Food Industries (BFI) will open for subscription on October 27 and will close on November 7, an official statement stated, noting that the offering is open only to citizens and Qatari firms. The company is expected to be incorporated on November 26, 2019, with its shares likely to be listed on December 11. The stocks are being offered at QR1.01 per share (the offer price), representing the nominal value of QR1 per share and QR0.01 for the offering and listing expenses. Of the 75% up for grabs, 52% are available to eligible individual and corporate investors. New strategic investors have already committed to the remaining 23%. They comprise General Retirement and Social Insurance Authority (GRSIA) with 10%, Hassad Food with 5%, Al Meera with 4% and Qatar Ports Management Company (Mwani Qatar) and Widam Food Company with 2% each. According to Baladna, the founding shareholders will transfer 100% of BFI's issued share capital to Baladna upon its final incorporation. In return, the founders will receive, as consideration for the transfer of the BFI shares, 25% of the company's share capital, the statement stated. (Qatar Tribune)
- **ERES posts 115.0% YoY increase but 40.3% QoQ decline in net profit in 3Q2019 –** Ezdan Holding Group's (ERES) net profit rose 115.0% YoY (but declined 40.3% on QoQ basis) to QR88.5mn in 3Q2019.The company's rental income came in at QR313.3mn in 3Q2019, which represents an increase of 0.8% YoY (+1.2% QoQ). ERES has reported a net profit of QR509.2mn for the first nine months of this year ended September 30, 2019, registering an increase of 9.9% compared with QR463.5mn for the corresponding period last year. EPS amounted to QR0.019 in 9M2019 as compared to QR0.017 in 9M2018. The Group generated revenues of QR1.32bn during the first nine months of the year, compared to QR1.51bn in a year earlier same period (QSE, Peninsula Qatar)
- **QIBK receives the preliminary QFMA approval to perform financial services –** Qatar Islamic Bank (QIBK) has received the preliminary approval from Qatar Financial Markets Authority (QFMA) to perform financial services activities. Preliminary approval has been granted after the bank has received a non-objection from Qatar Central Bank. The bank will conduct these activities through a new wholly owned subsidiary, which is under establishment. All regulatory and operational requirements are being finalized in order to obtain final approvals and licenses. (QSE)
- **ORDS to hold Investors Relation Conference Call on October 30 –** Ooredoo (ORDS) announced that Investors Relation Conference Call will be held on October 30, 2019 to discuss financial results for 3Q2019. (QSE)
- **Ooredoo launches secure cloud infrastructure packages to boost business digital transformation –** Ooredoo launched new secure and scalable cloud infrastructure packages for SMEs, enabling Qatar's organizations to accelerate their digital transformation and to optimize their IT costs. With Ooredoo's new Infrastructure as a Service (IaaS) packages, business customers can find state-of-the-art virtualized servers, operating systems, and cyber-security. As a result, Qatar's organizations can optimize cost by running their business applications on the Cloud, which can scale up as business grows, and provide strict security, due to the Qatar Data Centre. Ooredoo's Chief Operating Officer, Yousuf Abdulla Al-Kubaisi said, "As Qatar's organizations expand, they need highly-available, secure, and scalable cloud infrastructure. Our Infrastructure as a service portfolio and our highly-skilled personnel can enable our business customers to accelerate their digital transformation.

By offloading IT hardware to our secure cloud, Qatar's organizations can optimize their costs, time, and resources, and focus on business innovation." (Gulf-Times.com)

- **In wake of Delta deal, Qatar Airways says could consider raising LATAM stake –** Qatar Airways' CEO, Akbar Al-Baker said his airline would consider lifting its 10% stake in LATAM Airlines Group SA (LATAM) if the opportunity came up - comments which come after Delta Air Lines Inc agreed last month to buy 20% of the Chilean carrier. However Al-Baker also noted that LATAM's free float was limited. Currently around 48%, according to Refinitiv data, it could fall to as low as 28% depending on the take up of Delta's tender offer for shares. Delta's $1.9bn deal with LATAM ended the Chilean airline's long-time ties with American Airlines. It came after the Chilean Supreme Court denied a proposed venture between LATAM and American on competition grounds. (Reuters)
- **Fitch: Qatari Islamic banks looking at overseas expansion –** Qatari Islamic banks are looking at overseas expansion (including in Morocco and in the UK) as part of strategy to achieve faster growth, improved funding costs and funding diversification, according to Fitch, an international credit rating agency. However, expansion abroad could bring additional risks for the Islamic banks, whose asset quality metrics remains stronger than their conventional peers, the rating agency stated in a report. Qatar's Shari'ah-compliant lenders also have less foreign funding and typically higher retail deposits and are, therefore, less at risk of deposit flight, Fitch stated, adding profitability (in the Islamic banks) improved slightly in 1H2019. The average impaired financing ratio was significantly lower for Islamic banks compared with their conventional peers at end of 1H2019. This is largely attributable to the two largest Islamic banks having ratios of around 1%, and two conventional banks having much higher ratios. However, these ratios for all banks do not include an increasing volume of restructured financing, according to the report. Islamic banks' profitability metrics remained healthy in the first half of this year but the average operating profit/risk-weighted assets ratio is higher at conventional banks, it stated, adding cost efficiency remains strong. Islamic banks have less foreign and wholesale funding and higher portions of retail deposits than conventional peers and, therefore, less funding pressures. The Qatar Central Bank (QCB) auctioned QR8.8bn of government Sukuk in 2018 with various tenures; this provides a structural improvement in liquidity management for Islamic banks. Qatari Islamic banks' capital ratios were slightly better than conventional peers' at the end of 1H2019, although the difference has narrowed, Fitch stated, adding the Islamic banks' ratios benefit from slower financing growth and reasonable internal capital generation, and are adequate for the banks' risk profiles. (Gulf-Times.com)
- **Qatar's IPI increases 1.1% YoY in August –** Qatar's Industrial Production Index (IPI) reached 109.6 points in August, an increase of 0.6% from the previous month (July 2019), and an annual rise (compared to August 2018) by 1.1%, according to data published by Planning and Statistics Authority (PSA). The index, which reflects the growth of various industrial sectors, consists of three main sectors: mining, manufacturing, electricity & water, with a relative weightage of 83.6%, 15.2% and 0.7% & 0.5%, respectively. The PSA data showed the mining sector did not change significantly in August compared to the previous month, due to the stability of the quantities produced in the crude oil and natural gas group, while other mining and quarrying activities fell by 1.4%. In terms of annual change, the mining sector increased by 0.3%. The manufacturing sector rose by 2.9% in August compared to the previous month (July 2019), driven by an increase in production in four groups including the chemical and chemical products industry by 4.4%, followed by base metals (base metals) by 1.5%, refined petroleum industry by 0.8%, and the beverage industry by 0.1%. (Qatar Tribune)
- **Qatari banks host joint reception in Washington DC –** Qatari banks hosted their annual joint reception, on the sidelines of their participation in the Annual Meeting of the board of directors the World Bank Group (WBG) and the International Monetary Fund (IMF), held this year in Washington DC. (Gulf-Times.com)
- **Bloomberg: Fintech startups gaining ground in Qatar, says report –** A growing number of fintech startups are offering products ranging from insurance and banking apps to cutting-edge biometric security systems and financial education in Qatar, Bloomberg has stated in its latest report. Qatar Development Bank (QDB) is helping to support these companies and develop a new business ecosystem. "Financial technology services represent exciting new opportunities," the news agency has quoted QDB Executive Director of Investment Ibrahim Hassan as saying. "In our Vision 2030, we set out to build a knowledge-based ecosystem, and the next challenge is to set Qatar as a knowledge center. We are building a regional hub that is able to support local companies as they scale up and attract international companies to work in the region," he said. (Qatar Tribune)
- **SC targets to sell three million tickets for 2022 FIFA games –** The Supreme Committee for Delivery and Legacy (SC), which is overseeing the organization of the upcoming FIFA World Cup 2022, is aiming to sell three million tickets to achieve its target of having full stadiums for every match during the world's biggest sporting event, which expects to receive more than 1.5mn football fans from across the world. (Peninsula Qatar)
- **Qatar approves minimum wage law, scraps worker exit permits –** Qatar's government stated on Thursday it adopted a new minimum wage law and will scrap mandatory exit visas for all workers, part of a broad labor reform program ahead of its hosting of the 2022 World Cup. The Gulf state, which relies on about two million migrant workers for the bulk of its labor force, is also planning to ease curbs on changing employers, Qatar's administrative development, labor and social affairs ministry stated. The statement stated the cabinet had adopted new legislation related to the draft law on a minimum wage, though it did not disclose what level the wage could be. It added it passed another draft law which will lead to the scrapping of exit permits for all workers, adding work was also underway to enable employees to change employers more easily. Qatar last year eliminated exit visas for some foreign migrant workers, but rights groups considered the reform incomplete as it did not apply to domestic workers and allowed companies to keep the visa requirement for up to 5% of staff. (Zawya)

- **Qatar-Italy trade jumps 16% to €2.8bn in 2018 –** Total trade exchange between Qatar and Italy increased by 16% to €2.8bn in 2018 over €2.4bn in the previous year, according to Qatar Chamber's Chairman, Sheikh Khalifa bin Jassim Al Thani. Sheikh Khalifa announced the figures in relation to the Arab-Italian Business Forum held in Milan under strategic partnership with Qatar Chamber. He said the forum provided a brilliant opportunity for developing trade and investment between Arab and Italian companies and businessmen. The Qatar Chamber's Chairman said, "Qatar and Italy enjoy strong relations covering most aspects of cooperation Arab countries and Italy enjoy strong, friendly relations that contribute to the enhancement of trade and investment ties. Italy is a distinguished destination for Qatari investments, which are distributed in many economic sectors. Foremost of these investments is the Adriatic LNG terminal, a partnership between Qatar Petroleum, ExxonMobil, and Snam. It provides Italy with 8bn cubic meters per year, meeting about 10% of Italy's total natural gas demand." (Gulf-Times.com)

International

- **IMF, World Bank see Brexit deal boosting global growth outlook –** World Bank's President, David Malpass said that clarity over Britain's exit from the European Union would strengthen the outlook for global growth, aiding both rich nations and the developing world. "If there were clarity in that outlook it would help the growth environment quite a bit," Malpass told reporters during the IMF and World Bank fall meetings after the EU and Britain, the world's fifth-largest economy, announced a tentative deal. After several days of negotiations, Prime Minister Boris Johnson said that Britain and the EU had agreed a great new Brexit deal, but it must still be approved by the British parliament. European Commission President Jean-Claude Juncker said he would recommend the EU's speedy approval of the agreement. (Reuters)
- **US homebuilding retreats, manufacturing still struggling –** The US homebuilding tumbled from more than a 12-year high in September, but single-family home construction rose for a fourth straight month, suggesting the housing market remains supported by lower mortgage rates even as the economy is slowing. Housing starts declined 9.4% to a seasonally adjusted annual rate of 1.256mn units last month as construction in the volatile multi-family housing segment dropped, the Commerce Department stated. Data for August was revised higher to show homebuilding accelerating to a pace of 1.386mn units, which was the highest level since June 2007, instead of marching to a rate of 1.364mn units as previously reported. Economists polled by Reuters had forecasted housing starts decreasing to a pace of 1.320mn units in September. Housing starts rose 1.6% on a YoY basis in September. In a separate report, the Fed stated manufacturing production fell 0.5% last month as a strike by about 48,000 workers at General Motors hammered motor vehicle output. Production at factories increased 0.6% in August. Excluding motor vehicles, manufacturing output dropped 0.2% after surging 0.7% in August. Manufacturing production rebounded at a 1.1% rate in the third quarter after declining for two straight quarters. While the increase in the so-called hard data could offer hope that the manufacturing downturn could be close to an end, factory surveys, which are considered leading indicators, remain weak. (Reuters)
- **Weak US retail sales cast shadow over slowing economy –** The US retail sales fell for the first time in seven months in September, suggesting that manufacturing-led weakness could be spreading to the broader economy, keeping the door open for the Federal Reserve to cut interest rates again later this month. Retail sales dropped 0.3% last month as households cut back spending on motor vehicles, building materials, hobbies and online purchases. That was the first drop since February. Data for August was revised up to show retail sales rising 0.6% instead of 0.4% as previously reported. Economists polled by Reuters had forecasted retail sales would climb 0.3% in September. Compared to September last year, retail sales increased 4.1%. (Reuters)
- **QNB Group: US-China trade deal is just political smoke and mirrors –** The US President Donald Trump announced last week a "substantial phase one" trade deal with China. He highlighted that it was "by far, the greatest and biggest deal ever made for our Great Patriot Farmers". However, agriculture is just one of a number of areas of tension between the US and China relating to trade. QNB Group outlines some of the details of the so-called "deal" in the context of the memorandums of understanding between the countries developed by trade experts in March: Agriculture, currency, forced technology transfer and cybertheft, intellectual-property rights, and non-tariff barriers to trade. The report also concludes QNB Group's view about what it means for the global economy with reference to the International Monetary Fund's (IMF) October update of its World Economic Outlook (WEO). The US and China appear to have agreed on the outlines of a partial trade agreement. Trump hopes the final deal can be signed by himself and Chinese President Xi Jinping at the Asia-Pacific Economic Co-operation meetings in Santiago, Chile in late November. The key step forward appears to be a commitment from China to significantly increase purchases of US agricultural commodities. (Gulf-Times.com)
- **UK retail sales growth softens as department stores disappoint –** British shoppers grew more cautious about their spending in the three months to September despite rising wages, official figures showed, raising concerns about the health of the economy in the run-up to Brexit. Consumer spending has been the biggest driver of British economic growth since June 2016's referendum to leave the European Union, but there have been increasing signs that this is starting to soften. Looking at the third quarter as a whole, which strips out monthly volatility, quarterly sales growth held steady at 0.6% while the annual pace of expansion dropped to 3.1% from 3.6% in the second quarter, the weakest since the late 2018. Monthly retail sales volumes were flat in September and annual sales growth picked up to 3.1% from a weak 2.6% in August, the Office for National Statistics stated - slightly less of a recovery than economists had forecasted in a Reuters poll. (Reuters)
- **EU leaders split over $1.2tn post-Brexit budget –** European Union leaders discussed a new budget plan that could allow the EU to spend up to 1.1tn Euros in the 2021-2027 period, but deep divisions among governments may block a deal for months. Under a proposal prepared by Finland, which holds the EU's

rotating presidency, the next long-term budget should have a financial capacity between 1.03% and 1.08% of the EU gross national income (GNI), a measure of output. That would allow the EU to spend 1tn to 1.1tn Euros for seven years in its first budget after the departure of Britain, one of the top contributors to EU coffers. After the meeting, some EU leaders and officials described the talks as difficult. The Finnish document, seen by Reuters, is less ambitious than proposals put forward by the European Commission, the EU executive, which is seeking a budget worth 1.1% of GNI. The EU parliament called for an even bigger budget, 1.3% of GNI. But the Finnish proposal moves beyond a 1% cap set by Germany, the largest EU economy. And it has displeased most of the 27 EU states, EU officials said, suggesting long negotiations before a compromise can be reached. (Reuters)

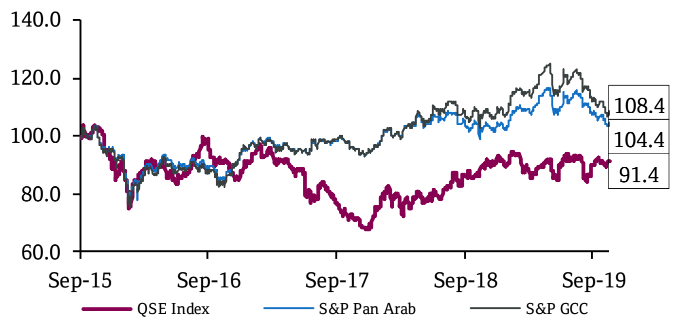
- **IMF says deepening negative interest rates an option for Bank of Japan –** Deepening negative interest rates remains an option if the Bank of Japan (BoJ) were to ramp up stimulus, though any such move must be accompanied by fiscal and structural steps to be effective, a senior International Monetary Fund official stated. Odd Per Brekk, Deputy Director of the IMF's Asia and Pacific department, also said the BoJ had room to enhance communication by linking its commitment to keep rates low more clearly to its 2% inflation target. "We think that lowering the negative interest rate remains an option. Of course, given stubbornly anchored inflation expectations, a whole package (of steps) is needed, especially structural reforms," Brekk, who is the IMF's mission Chief of Japan, told Reuters on the sidelines of the IMF and World Bank fall meetings. The BoJ deployed an aggressive monetary easing program in 2013 as part of the three arrows of Prime Minister Shinzo Abe's 'Abenomics' stimulus policies, which were aimed at pulling the country out of deflation. While the monetary easing and fiscal spending helped stimulate growth, critics say Abe failed to deliver on the structural reforms needed to boost Japan's growth potential, such as labor market reforms. (Reuters)
- **Japan's inflation hits two-and-a-half year low, raises stimulus chance this month –** Japan's core consumer inflation slowed to near two-and-a-half year lows in September, dragged down by sliding energy prices and raising the chance the central bank will top up its already massive monetary stimulus at its review this month. The BoJ, under its current forecasts issued in July, expects core consumer inflation to hit 1.0% in the current fiscal year ending in March 2020 and fall short of its 2% target for the following two years. But the BOJ estimates appear rosier than private-sector economists. Capital Economics expects underlying inflation to fall towards zero next year. The nationwide core consumer price index (CPI), which includes oil products but excludes fresh food prices, rose 0.3% in September from a year earlier, government data showed, matching a median market forecast and slowing from a 0.5% gain in August. It marked the slowest consumer inflation since April 2017, when the index rose 0.3%, the data showed. Prices of 297 items rose but 168 items fell, while 58 others were unchanged. (Reuters)
- **Reuters poll: Japan's September exports to fall for 10th month on global slowdown –** Japan's exports probably shrank for a 10th straight month in September, a Reuters poll found on Friday, in a sign that slumping global demand and the US-China trade war was continuing to weigh on the nation's shipments. Exports in September are expected to have declined 4.0% from a year earlier, the poll of economists showed, though the pace of decline slowed from an 8.2% drop in August. Imports are forecast to have fallen 2.8% from a year earlier, which will see the trade balance swing back to a surplus of 54bn Yen from a revised deficit of 143.5bn Yen in August. China's third-quarter economic growth slowed to the weakest pace in almost three decades, data showed on Friday, hit by soft factory production amid a bruising Sino-US trade war and lackluster demand at home. (Reuters)
- **Japanese government downgrades economy view as global slowdown weighs –** Making its economic assessment for October, Japan's government described the economy as recovering at a moderate pace, but said exports were showing prolonged weakness, which was a slightly bleaker view than last month. The assessment still implied domestic demand remained firm enough to offset risks to Japan's export-driven economy from a global growth slowdown. But the downbeat estimation could lead to calls on the government to swiftly open its purse strings and add pressure to the Bank of Japan to ease monetary policy this month. It was the third time this year the government downgraded its view on the economy, having also marked it down in March and May. The last time the government downgraded its assessment by at least three times in a single year was back in 2012, when it became progressively pessimistic for four months in a row. The Cabinet Office, which helps coordinate government policy, downgraded its assessment of factory output in October for the first time in five months, saying it had a weak tone. (Reuters)
- **Japan estimates US trade deal will boost GDP by 0.8% over 10-20 years –** The trade deal reached between Japan and the US is expected to boost Japan's economy by about 0.8% over 10-20 years when the benefits fully kick in, the Japanese government stated. The deal is estimated to contribute about $36.81bn to Japan's GDP based on its fiscal 2018 GDP, and the pact will create about 280,000 jobs in Japan, it stated. The US and Japan signed a limited trade deal that cuts tariffs on US farm goods, Japanese machine tools and other products while further staving off the threat of higher US car duties. The estimate is still provisional and is based on the premise that the US would eliminate its tariffs on Japanese autos and auto parts, the government stated. Japan has stated US tariffs on Japanese cars and car parts will be eliminated through further talks but no time frame has been set. (Reuters)
- **China's GDP growth grinds to near 30-year low as tariffs hit production –** China's third-quarter economic growth slowed more than expected and to its weakest pace in almost three decades as the bruising US trade war hit factory production, boosting the case for Beijing to roll out fresh support. GDP rose just 6.0% YoY, marking a further loss of momentum for the economy from the second quarter's 6.2% growth. China's trading partners and investors are closely watching the health of the world's second-largest economy as the trade war with the US fuels fears about a global recession. (Reuters)

Regional

- **IEA: OPEC faces serious 2020 challenge defending oil prices –** OPEC faces a serious challenge if it wants to defend oil prices next year, as fuel-demand growth could slow further and rival supplies continue to grow, according to the International Energy Agency (IEA). The IEA – which advises major economies – could lower its forecasts for demand growth again as the economic backdrop continues to weaken, Head of the agency's oil industry and markets division, Neil Atkinson said. The agency lowered its projections in its monthly report last week. At the same time, there is "a wave of new supply growth" from the US, Brazil and the North Sea, he said. As a result, it will be tough for the OPEC and its allies – who have cut production this year to prevent a surplus – to buoy prices in 2020, he said. "There is a lot of supply coming into the market, and that suggests that the OPEC countries and Russia, who is working with them to manage the oil market, will face a serious challenge as we head into 2020 to keep prices at the level with which they feel comfortable," he added. The IEA, which is based in Paris, trimmed its 2020 estimate for global oil-demand growth by 100,000 bpd to 1.2mn a day last week. (Gulf-Times.com)
- **JODI data: Saudi Arabia's crude exports remain steady at 6.88mn bpd in August –** Saudi Arabia's crude oil exports in August remained unchanged at 6.88mn bpd MoM, official data showed. The country's crude output also rose 209,000 bpd to 9.789mn bpd in August, a month after falling to its lowest since March 2014. In August, Saudi Arabia's demand for oil products rose 257,000 bpd to 2.792mn bpd, while direct crude burn rose 38,000 bpd to 562,000 bpd. Domestic refinery crude throughput rose 137,000 bpd to 2.574mn bpd in August, the data showed. Saudi Arabia and other members of the OPEC provide monthly export figures to the Joint Organizations Data Initiative (JODI), which publishes them on its website. (Reuters)
- **Saudi Arabia plans bumper Saudi Aramco IPO, relying on easy loans and rich locals –** Saudi Arabia is setting the stage for a blockbuster listing of state oil giant Saudi Aramco in Riyadh, relying on easy credit for retail investors and pushing rich locals to invest with cash held abroad to achieve a $2tn valuation target. The world's largest oil firm could announce plans next week to float a 1%-2% stake on the Kingdom's Tadawul market before a possible international listing, launching an initiative that is central to Crown Prince, Mohammed bin Salman's economic diversification drive. If the state raises more than $25bn, it would be the world's biggest initial public offering (IPO), topping Alibaba's 2014 debut. To capitalize on local interest, Saudi Aramco can take advantage of new market rules that allow issuers the flexibility to sell more shares to retail investors, likely exceeding the usual 10% seen in recent IPOs, two banking and one legal source said. A government committee has met in the past few months with dozens of wealthy Saudi Arabian individuals to secure pre-sale agreements, two bankers and a potential investor said. One source said those discussions included encouraging investors to repatriate cash held overseas to avoid draining too much liquidity from the Saudi banking system. "The national interest requires bringing money from overseas," he said. (Reuters)
- **Saudi Aramco delays planned IPO until after earnings update –** Saudi Aramco has delayed the planned launch of its initial public offering (IPO) in hopes that pending third-quarter results will bolster investor confidence in the world's largest oil firm, sources said. Saudi Aramco had been expected to announce plans next week to float a 1% to 2% stake on the Kingdom's Tadawul market, in what would have been one of the largest ever public offerings, worth upwards of $20bn. However, after a September 14 attack on its Abqaiq and Khurais plants temporarily knocked out half its crude output, the world's top exporter wants to reassure investors by first presenting results covering the period, sources said, speaking on condition of anonymity as the information is not public. "They want to do all that they can to hit the valuation target. Solid results after the attack will put them in a stronger position," sources said. The second source confirmed the offering had been postponed, and there was currently no new date set for the listing. Neither source knew when third quarter results were likely to come out. In a statement to Reuters on Friday, Saudi Aramco stated that "the company continues to engage with the shareholders on IPO readiness activities. The company is ready and timing will depend on market conditions and be at a time of the shareholders' choosing." The news comes after Reuters, citing sources familiar with the IPO, reported on September 24 that the offering was unlikely to happen this year in light of the attacks. The Financial Times, which initially reported the IPO delay on Thursday, cited a source as saying the listing was delayed by "weeks". (Reuters)
- **Saudi Aramco and ACWA Power to invest $3bn to build LNG plant and terminal in Bangladesh –** Saudi Aramco and ACWA Power signed a deal with Bangladesh to develop a 3,600-megawatt LNG-based power plant and terminal in the country. As part of the deal, the Saudi Arabian companies will invest around $3bn, the Bangladesh government stated. The Bangladesh Prime Minister's investment advisor, Salman Fazlur Rahman, said the agreement "represented one of the largest deals in Bangladesh's lucrative power sector" and reflected confidence in the country's "investment-friendly environment." ACWA Chairman, Mohammad Abdullah Abunayyan said his company would make the direct investment by next year. He described the project as a landmark that would be the company's largest gas-to-power development and its first association with Saudi Aramco in such a project. The plant and terminal are set to be built in either the Moheshkhali area of Cox's Bazar or the port of Payra. (Zawya)
- **Saudi Arabia limits products purchase from BRF's unit in Abu Dhabi–** Purchases of chicken-based processed foods from BRF's unit in Abu Dhabi, UAE, were barred after government audit, Valor stated. Saudi Arabian government has this prerogative because the plant was built with fiscal incentives from the GCC. In a note sent to Bloomberg, BRF stated that the Abu Dhabi plant is being audited to attest the added value in local production, according to GCC rules. The company stated that it is supplying the Saudi Arabian market with sufficient stocks in the region and directing its production from the Abu Dhabi plant to other Gulf markets until trade flow is fully restored. Sales of BRF processed foods produced in Abu Dhabi totaled 40,000 tons in 2Q2019, representing 13% of company's total sales to halal market, which totaled 298 thousand tons in the period. Saudi Arabia absorbs about 25% of Abu Dhabi plant sales. (Bloomberg)

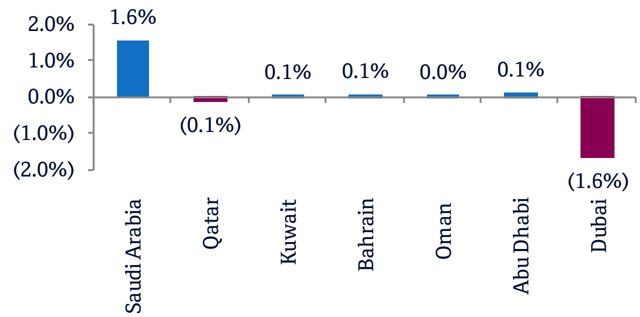
- **Emirates NBD launches AED6.45bn rights issue –** Emirates NBD announced that it is proposing to increase its issued share capital by an amount up to AED758.8mn from AED5.6bn to an amount not exceeding Dh6.3bn by creating up to 758.8mn new shares in its share capital in order to raise up to AED6.45bn - which includes a share premium of AED7.50 per new share - by way of a rights issue. Furthermore, it has published an invitation to its shareholders to subscribe for new shares. Vice-Chairman and Managing Director of Emirates NBD, Hesham Abdulla Al Qassim said: "This milestone announcement is testament to our long-term commitment to our shareholders and the UAE investor community. We are pleased to offer our valued and loyal shareholders an exceptional opportunity to participate in our continued growth and success as we remain key partners to the growth agenda and vision of our nation's esteemed leadership." The new shares will be issued at an issue price of AED8.50 per new share, reflecting the nominal value of AED1 per new share and a share premium of AED7.50 per new share. This represents a discount of 35.36% to the price of each of Emirates NBD shares on the Dubai Financial Market (DFM) at the close of business on October 16. The new shares will rank pari passu - on equal footing - with Emirates NBD's existing shares including the right to receive all future dividends and other distributions declared, made or paid after October 31, 2019, including any dividends to be approved and paid in respect of Emirates NBD's financial year ending December 31, 2019. The terms and launch of the rights issue were approved by the bank's board of directors on October 15, following the approval of the rights issue at Emirates NBD's general assembly meeting held on February 20 this year. The rights issue has also been approved by the UAE Security and Commodities Authority (SCA) and the Central Bank of the UAE (CBUAE). Emirates NBD intends to use the net proceeds raised from the rights issue to strengthen its capital base and to support future growth of the business of Emirates NBD. (Zawya)
- **Abu Dhabi's Mubadala eyes debt market, weighs SoftBank's Vision Fund 2 –** Abu Dhabi state investor Mubadala Investment Co is weighing debt issuance amid attractive market conditions and could invest in oil giant Saudi Aramco’s planned share offering, its Group Chief Executive, Khaldoon Khalifa Al Mubarak said. He added that the state investor exited its investment in US chipmaker Advanced Micro Devices in September after 12 years, having made $4.25bn on its initial investment of $770mn. “I do see opportunities given the pricing, debt is very attractive, we will certainly be looking at the debt market in the next few months, or weeks,” he said. Mubadala would take an investment decision on Saudi Aramco’s planned initial public offering (IPO) “when it comes our way,” he added. Mubarak also said that Mubadala, which has assets under management of $229bn, is considering participating in Japanese group SoftBank’s Vision Fund 2, however, has not made a decision. He said that the Softbank’s Vision Fund 1, in which Mubadala contributed $15bn, has performed well from an investor perspective with “very strong returns.” “We have managed our risk very carefully (in Vision Fund 1) with preferred securities with 7% yield with a portfolio of 80 companies. We will decide on (Vision Fund 2) when it is the right time for us.” (Reuters)
- **Abu Dhabi fund sells stake in Burger King for $1.2bn –** Mubadala Investment Co. sold its stake in the firm that owns Burger King for $1.2bn after obtaining the shares during the restructuring of former billionaire Eike Batista’s EBX Group Co. The Abu Dhabi-based wealth fund sold its holding in Oakville, Ontario-based Restaurant Brands International Inc. on the open market over the summer, it stated. Mubadala received the shares during the first phase of EBX’s multi-billion-dollar revamp in 2013 when they were worth about $300mn. (Bloomberg)
- **EWEC and ACWA secure AED3.19bn for Abu Dhabi desalination plant –** Emirates Water and Electricity Company (EWEC) and Saudi Arabia’s ACWA Power stated that they had secured financing of AED3.19bn for Abu Dhabi’s Taweelah water desalination plant. The project would be the world’s largest reverse osmosis desalination plant, the two companies stated. Abu Dhabi is building the Taweelah water desalination plant independent of a power generation plant for the first time. It has traditionally built water and power plants side by side. The plant will supply 909,200 cubic meters per day (m3/day) of water, 44% more than the world’s current largest reverse osmosis plant of 624,000 (m3/day), meeting the water demand of 350,000 households, the statement said. The financing was a combination of AED2.71bn in loans, with the remainder from shareholders and operating cash flow from pre-operations, it added. Local and international banks including Emirates NBD, Natixis Mizuho Bank Siemens Bank, Bank Boubyan and the Norinchukin Bank have provided the loans. Abu Dhabi Power Corporation and Mubadala Investment Company hold a 60% equity interest in the Taweelah project while ACWA Power holds the remaining 40%. EWEC is a subsidiary of Abu Dhabi Power Corporation. The plant is due to start full commercial operations in the fourth quarter of 2022. (Reuters)
- **Oman affirmed at ‘BB’ by S&P –** Oman's long-term foreign currency debt rating was affirmed by S&P at ‘BB’, two levels below investment grade. The outlook remains ‘Negative’. (Bloomberg)

Rebased Performance



Source: Bloomberg

Daily Index Performance



Source: Bloomberg

Asset/Currency Performance	Close ($)	1D%	WTD%	YTD%
Gold/Ounce	1,489.85	(0.1)	0.1	16.2
Silver/Ounce	17.55	0.0	(0.0)	13.3
Crude Oil (Brent)/Barrel (FM Future)	59.42	(0.8)	(1.8)	10.4
Crude Oil (WTI)/Barrel (FM Future)	53.78	(0.3)	(1.7)	18.4
Natural Gas (Henry Hub)/MMBtu	2.16	(5.7)	1.9	(32.2)
LPG Propane (Arab Gulf)/Ton	46.25	(1.1)	(1.1)	(27.2)
LPG Butane (Arab Gulf)/Ton	62.63	0.6	1.2	(10.5)
Euro	1.12	0.4	1.1	(2.6)
Yen	108.45	(0.2)	0.1	(1.1)
GBP	1.30	0.7	2.5	1.8
CHF	1.02	0.3	1.3	(0.3)
AUD	0.69	0.5	0.9	(2.7)
USD Index	97.28	(0.3)	(1.0)	1.2
RUB	63.76	(0.6)	(0.7)	(8.5)
BRL	0.24	1.2	(0.1)	(5.6)

Source: Bloomberg

Global Indices Performance	Close	1D%*	WTD%*	YTD%*
MSCI World Index	2,195.28	(0.3)	0.7	16.5
DJ Industrial	26,770.20	(0.9)	(0.2)	14.8
S&P 500	2,986.20	(0.4)	0.5	19.1
NASDAQ 100	8,089.54	(0.8)	0.4	21.9
STOXX 600	391.84	(0.0)	1.0	13.1
DAX	12,633.60	0.1	2.0	16.7
FTSE 100	7,150.57	0.2	0.7	7.8
CAC 40	5,636.25	(0.4)	0.4	16.1
Nikkei	22,492.68	0.3	3.2	14.4
MSCI EM	1,024.02	(0.4)	1.2	6.0
SHANGHAI SE Composite	2,938.14	(1.4)	(1.1)	14.4
HANG SENG	26,719.58	(0.5)	1.6	3.2
BSE SENSEX	39,298.38	0.7	2.8	6.8
Bovespa	104,728.90	0.6	(0.1)	11.7
RTS	1,355.27	0.1	1.9	26.8

Source: Bloomberg (*$ adjusted returns)

Contacts

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

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

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

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

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