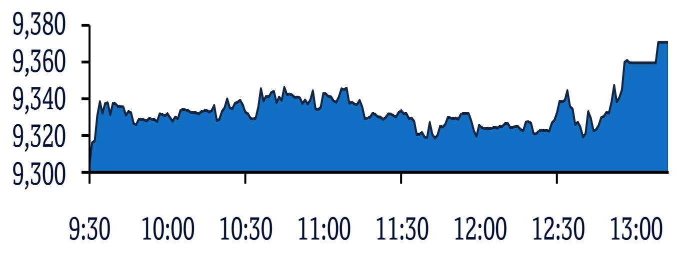
Daily Market Report

Tuesday, 21 July 2020

QSE Intra-Day Movement



Qatar Commentary

The QE Index rose 0.6% to close at 9,371.7. Gains were led by the Consumer Goods & Services and Transportation indices, gaining 1.2% and 1.1%, respectively. Top gainers were Qatari German Company for Medical Devices and Gulf International Services, rising 10.0% and 6.5%, respectively. Among the top losers, Islamic Holding Group fell 4.5%, while Qatar Aluminium Manufacturing Company was down 4.2%.

GCC Commentary

Saudi Arabia: The TASI Index fell 0.6% to close at 7,377.4. Losses were led by the Media and Pharma indices, falling 3.2% and 3.1%, respectively. Ash-Sharqiyah Development declined 5.6%, while Naseej International Trading was down 4.6%.

Dubai: The DFM Index gained 0.2% to close at 2,065.0. The Real Estate & Construction index rose 2.1%, while the Services index gained 1.7%. Gulf Navigation Holding rose 7.0%, while Arabtec Holding Company was up 6.9%.

Abu Dhabi: The ADX General Index fell 0.4% to close at 4,238.5. The Banks index declined 1.2%, while the Industrial index fell 0.3%. Sharjah Insurance Company declined 4.9%, while First Abu Dhabi Bank was down 2.2%.

Kuwait: The Kuwait All Share Index fell 0.1% to close at 4,990.5. The Real Estate and Telecommunications indices declined 0.4% each. Tijara & Real Estate Investment Co. declined 13.5%, while Wethaq Takaful Insurance was down 12.6%.

Oman: The MSM 30 Index gained 0.2% to close at 3,459.2. Gains were led by the Financial and Services indices, rising 0.5% and 0.1%, respectively. Oman United Insurance Company rose 5.4%, while National Bank of Oman was up 3.0%.

Bahrain: The BHB Index gained 0.2% to close at 1,293.4. The Commercial Banks and Investment indices rose 0.2% each. GFH Financial Group rose 1.4%, while Ahli United Bank was up 0.8%.

Market Indicators	20 Jul 20	19 Jul 20	%Chg.
Value Traded (QR mn)	480.7	301.3	59.5
Exch. Market Cap. (QR mn)	546,871.6	544,289.9	0.5
Volume (mn)	234.7	208.7	12.4
Number of Transactions	9,329	6,432	45.0
Companies Traded	45	45	0.0
Market Breadth	26:18	21:23	–

Market Indices	Close	1D%	WTD%	YTD%	TTM P/E
Total Return	18,016.85	0.6	0.7	(6.1)	15.0
All Share Index	2,924.98	0.6	0.5	(5.6)	16.0
Banks	4,048.73	0.4	0.5	(4.1)	13.8
Industrials	2,623.08	0.6	0.4	(10.5)	20.7
Transportation	2,874.06	1.1	0.1	12.5	13.7
Real Estate	1,612.39	0.8	1.9	3.0	15.9
Insurance	2,105.37	0.0	0.8	(23.0)	32.7
Telecoms	920.44	0.5	(0.0)	2.8	15.5
Consumer	7,404.82	1.2	0.6	(14.4)	21.4
Al Rayan Islamic Index	3,764.14	0.1	(0.1)	(4.7)	17.5

GCC Top Gainers##	Exchange	Close#	1D%	Vol. '000	YTD%
National Bank of Oman	Oman	0.17	3.0	2,607.3	(7.6)
Jabal Omar Dev. Co.	Saudi Arabia	27.10	2.8	5,406.2	(0.2)
Emaar Properties	Dubai	2.69	2.7	10,362.1	(33.1)
Abu Dhabi Comm. Bank	Abu Dhabi	5.09	2.2	1,624.3	(35.7)
Emaar Malls	Dubai	1.43	2.1	6,939.1	(21.9)

GCC Top Losers##	Exchange	Close#	1D%	Vol. '000	YTD%
Rabigh Refining & Petro.	Saudi Arabia	13.10	(3.2)	4,312.5	(39.5)
Bank Al Bilad	Saudi Arabia	22.90	(2.6)	1,398.4	(14.9)
National Industrialization	Saudi Arabia	10.26	(2.5)	4,594.8	(25.0)
First Abu Dhabi Bank	Abu Dhabi	10.48	(2.2)	3,541.2	(30.9)
Arabian Centres Co Ltd	Saudi Arabia	23.00	(2.2)	1,685.8	(21.1)

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%
Qatari German Co for Med. Devices	2.04	10.0	28,092.7	250.9
Gulf International Services	1.74	6.5	14,504.7	1.4
Qatar Cinema & Film Distribution	3.51	6.1	0.2	59.6
Qatari Investors Group	2.11	3.0	1,982.1	17.9
Dlala Brokerage & Inv. Holding Co.	1.39	2.1	3,594.1	127.3

QSE Top Volume Trades	Close*	1D%	Vol. '000	YTD%
Investment Holding Group	0.50	(1.9)	29,075.1	(10.8)
Qatari German Co for Med. Devices	2.04	10.0	28,092.7	250.9
Qatar Aluminium Manufacturing	0.85	(4.2)	20,819.9	9.2
United Development Company	1.17	0.1	15,199.8	(23.0)
Gulf International Services	1.74	6.5	14,504.7	1.4

QSE Top Losers	Close*	1D%	Vol. '000	YTD%
INMA Holding	3.82	(4.5)	7,253.6	101.1
Qatar Aluminium Manufacturing	0.85	(4.2)	20,819.9	9.2
Alijarah Holding	0.86	(3.8)	7,666.2	22.0
Baladna	1.60	(2.4)	8,637.5	59.7
Salam International Inv. Ltd.	0.43	(2.1)	10,750.1	(16.8)

QSE Top Value Trades	Close*	1D%	Val. '000	YTD%
QNB Group	18.10	0.4	68,889.9	(12.1)
Qatari German Co for Med. Dev.	2.04	10.0	55,680.7	250.9
Masraf Al Rayan	3.90	0.6	31,222.1	(1.6)
Barwa Real Estate Company	3.36	1.5	29,409.2	(5.1)
INMA Holding	3.82	(4.5)	28,454.5	101.1

Source: Bloomberg (* in QR)

Regional Indices	Close	1D%	WTD%	MTD%	YTD%	Exch. Val. Traded ($ mn)	Exchange Mkt. Cap. ($ mn)	P/E**	P/B**	Dividend Yield
Qatar*	9,371.73	0.6	0.7	4.1	(10.1)	131.39	149,405.3	15.0	1.4	4.3
Dubai	2,064.96	0.2	0.6	(0.0)	(25.3)	53.64	79,825.1	6.8	0.7	4.7
Abu Dhabi	4,238.51	(0.4)	(0.8)	(1.1)	(16.5)	42.99	162,178.7	14.0	1.3	6.0
Saudi Arabia	7,377.36	(0.6)	(0.7)	2.1	(12.1)	2,229.44	2,233,347.8	22.2	1.8	3.5
Kuwait	4,990.52	(0.1)	(1.1)	(2.7)	(20.6)	52.07	92,505.4	14.6	1.1	4.0
Oman	3,459.20	0.2	0.3	(1.6)	(13.1)	5.05	15,851.6	9.9	0.8	6.9
Bahrain	1,293.42	0.2	(0.7)	1.2	(19.7)	1.67	19,602.4	9.7	0.8	5.4

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

Qatar Market Commentary

- The QE Index rose 0.6% to close at 9,371.7. The Consumer Goods & Services and Transportation indices led the gains. The index rose on the back of buying support from non-Qatari shareholders despite selling pressure from Qatari and GCC shareholders.
- Qatari German Company for Medical Devices and Gulf International Services were the top gainers, rising 10.0% and 6.5%, respectively. Among the top losers, Islamic Holding Group fell 4.5%, while Qatar Aluminium Manufacturing Company was down 4.2%.
- Volume of shares traded on Monday rose by 12.4% to 234.7mn from 208.7mn on Sunday. However, as compared to the 30-day moving average of 290.7mn, volume for the day was 19.3% lower. Investment Holding Group and Qatari German Company for Medical Devices were the most active stocks, contributing 12.4% and 12.0% to the total volume, respectively.

Overall Activity	Buy %*	Sell %*	Net (QR)
Qatari Individuals	45.80%	45.75%	220,042.9
Qatari Institutions	22.99%	28.54%	(26,653,961.6)
Qatari	**68.79%**	**74.29%**	**(26,433,918.7)**
GCC Individuals	0.97%	1.02%	(243,010.4)
GCC Institutions	0.86%	3.00%	(10,293,992.1)
GCC	**1.83%**	**4.02%**	**(10,537,002.6)**
Arab Individuals	9.59%	8.91%	3,286,083.8
Arab	**9.59%**	**8.91%**	**3,286,083.8**
Foreigners Individuals	2.20%	2.54%	(1,677,526.6)
Foreigners Institutions	17.59%	10.23%	35,362,364.1
Foreigners	**19.78%**	**12.78%**	**33,684,837.4**

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

Ratings, Earnings Releases, Global Economic Data and Earnings Calendar

Ratings Updates

Company	Agency	Market	Type*	Old Rating	New Rating	Rating Change	Outlook	Outlook Change
Saudi Basic Industries Corp	Moody's	Saudi Arabia	LTR	A1	A1	–	Negative	–

Source: News reports, Bloomberg (* LTR – Long Term Rating)

Earnings Releases

Company	Market	Currency	Revenue (mn) 2Q2020	% Change YoY	Operating Profit (mn) 2Q2020	% Change YoY	Net Profit (mn) 2Q2020	% Change YoY
Etihad Etisalat Co.	Saudi Arabia	SR	3,559.0	6.8%	334.0	28.0%	185.0	389.8%
Nat. Shipping Co. of Saudi Arabia	Saudi Arabia	SR	3,532.4	145.3%	915.2	348.0%	760.6	1569.1%
Saudi Kayan Petrochemical Co.	Saudi Arabia	SR	1,536.9	-36.7%	(215.4)	N/A	(398.2)	N/A
United Electronics Co.	Saudi Arabia	SR	1,550.9	33.5%	112.7	55.6%	90.5	24.9%
Thob Al Aseel Co.	Saudi Arabia	SR	193.8	1.9%	57.4	9.9%	52.3	8.2%

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

Global Economic Data

Date	Market	Source	Indicator	Period	Actual	Consensus	Previous
07/20	Germany	German Federal Statistical Office	PPI MoM	Jun	0.00%	0.20%	-0.40%
07/20	Germany	German Federal Statistical Office	PPI YoY	Jun	-1.80%	-1.70%	-2.20%

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 2Q2020 results	No. of days remaining	Status
GWCS	Gulf Warehousing Company	21-Jul-20	0	Due
QIGD	Qatari Investors Group	21-Jul-20	0	Due
QNCD	Qatar National Cement Company	22-Jul-20	1	Due
QIIK	Qatar International Islamic Bank	22-Jul-20	1	Due
KCBK	Al Khalij Commercial Bank	23-Jul-20	2	Due
CBQK	The Commercial Bank	23-Jul-20	2	Due
QAMC	Qatar Aluminum Manufacturing Company	23-Jul-20	2	Due
WDAM	Widam Food Company	23-Jul-20	2	Due
NLCS	Alijarah Holding	23-Jul-20	2	Due
QATI	Qatar Insurance Company	26-Jul-20	5	Due
QFBQ	Qatar First Bank	27-Jul-20	6	Due
BRES	Barwa Real Estate Company	27-Jul-20	6	Due
QIMD	Qatar Industrial Manufacturing Company	27-Jul-20	6	Due

Earnings Calendar

Tickers	Company Name	Date of reporting 2Q2020 results	No. of days remaining	Status
IQCD	Industries Qatar	27-Jul-20	6	Due
DHBK	Doha Bank	27-Jul-20	6	Due
QGRI	Qatar General Insurance & Reinsurance Company	28-Jul-20	7	Due
VFQS	Vodafone Qatar	28-Jul-20	7	Due
MCGS	Medicare Group	28-Jul-20	7	Due
QISI	Qatar Islamic Insurance Group	28-Jul-20	7	Due
ORDS	Ooredoo	28-Jul-20	7	Due
AHCS	Aamal Company	29-Jul-20	8	Due
UDCD	United Development Company	29-Jul-20	8	Due
BLDN	Baladna	05-Aug-20	15	Due
AKHI	Al Khaleej Takaful Insurance Company	05-Aug-20	15	Due
QGMD	Qatari German Company for Medical Devices	09-Aug-20	19	Due
IGRD	Investment Holding Group	10-Aug-20	20	Due
SIIS	Salam International Investment Limited	10-Aug-20	20	Due
MCCS	Mannai Corporation	11-Aug-20	21	Due
QCFS	Qatar Cinema & Film Distribution Company	12-Aug-20	22	Due
MERS	Al Meera Consumer Goods Company	12-Aug-20	22	Due
GISS	Gulf International Services	12-Aug-20	22	Due
MPHC	Mesaieed Petrochemical Holding Company	13-Aug-20	23	Due

Source: QSE

News

Qatar

- **QGMD to disclose 2Q2020 financials on August 09 –** Qatari German Company for Medical Devices (QGMD) will disclose the financial reports for the period ending June 30, 2020 on August 09, 2020. The company will hold its conference call with the Investors to discuss the financial results for 2Q2020 on August 13, 2020 at 12:00pm Doha Time. (QSE)
- **MCCS to disclose 2Q2020 financials on August 11 –** Mannai Corporation (MCCS) will disclose the financial reports for the period ending June 30, 2020 on August 11, 2020. (QSE)
- **Othman: UDCD projects on schedule despite COVID-19 –** Construction business of United Development Company (UDCD) continued unabated despite the coronavirus (COVID-19) pandemic, the company's top executive has said. Addressing a live webcast on the topic 'Qatar: navigating the new normal', UDCD's President, CEO and Board Member Ibrahim Jassim Al Othman said, "We were equipped with liquidity from financial institutions to get us through the first three months of the pandemic. We did not stop our construction business throughout the lockdown." UDCD has also begun construction works at Gewan Island. "All construction works related to The Pearl-Qatar and Gewan Island are going as per schedule as banks in Qatar have enough liquidity to support us with required financing," he said. Othman said that Qatar's experience of the 2008 financial crisis and the 2017 blockade had prepared it for the sudden shock of the pandemic and lockdown. The rapid and effective action by the Qatari government, in particular the Qatar Central Bank (QCB) and the Ministry of Finance was vital in supporting businesses deal with the financial impact of the pandemic. "Cooperation between the corporate and the financial sector and clear communication played a vital role in managing the challenges of the pandemic," Othman said. (Qatar Tribune)
- **CBQK CEO: COVID-19 presents ways to accelerate client experience in digital banking –** While the novel coronavirus (COVID-19) pandemic posed a myriad of challenges to economies worldwide, it has also opened an opportunity for The Commercial Bank (CBQK) to ramp up its digital capabilities to meet the needs of its clients, a top official has said. Speaking at the "Euromoney LiveStream" event held recently, The Commercial Bank Group's CEO, Joseph Abraham said, "As a leading Qatari bank we believe the future is digital and we have experienced a fundamental change in customer behavior, with many more clients using digital banking channels for the first time. COVID-19 has, therefore, presented a window of opportunity for us to accelerate our client experience of digital banking and our digital agenda, both in terms of how we interact with our customers at the front-end but also embedding digital throughout our organization." (Gulf-Times.com)
- **S&P: Qatar has lowest '2020 central government deficit-to-GDP ratio' in GCC –** Qatar has the lowest '2020 central government deficit-to-GDP ratio' in the GCC at 10%, S&P Global (S&P) said and noted fiscal deficits will shrink in the region from 2021, assuming oil prices improve and oil production cuts taper in line with the 'April 2020 OPEC+' agreement. As a percentage of GDP, Kuwait has the highest '2020 central government deficit-to-GDP ratio' of 39% although another country's deficit makes up the majority of the GCC fiscal deficit in nominal terms. In its forecasts, S&P assumes an average Brent oil price of $30 per barrel for the rest of 2020, $50 in 2021, and $55 from 2022, relative to $64 in 2019. It estimates that GCC sovereigns' central government deficits will reach about $490bn cumulatively between 2020 and 2023. Government funding needs in the GCC have increased significantly in 2020, as low oil prices and the economic repercussions of the COVID-19 pandemic have significantly widened governments' fiscal

deficits. "We expect total GCC government debt to increase by a record-high of about $100bn in 2020 alone, with an additional $80bn run-down in government assets to finance an aggregate GCC central government deficit of about $180bn. Based on our macroeconomic assumptions, we expect to see GCC government balance sheets continue to deteriorate up until 2023. Most GCC sovereigns have demonstrated ready access to the international capital markets this year, and are in the enviable position of having substantial pools of external liquid assets to fund their fiscal deficits should market access become constrained," S&P said. (Gulf-Times.com)

- **CWQ: Residential rents in Doha expected to fall in 2H2020 on COVID-19 impact and office space market expected to face downward pressure –** Residential rents in Doha are expected to fall in the second half of this year and in 2021 as COVID-19 is likely to have its impact in the short term, according to Cushman and Wakefield Qatar (CWQ). "The COVID-19 is likely to impact on overall demand in the short term due to lower job growth and the second quarter redundancy measures," CWQ's Director, head of Consulting and Research, Johnny Archer said yesterday at a webinar titled 'Qatar Real Estate Market Overview Q2 2020'. The rental levels remained relatively stable although further downward pressure are expected in 2H2020 and 2021, he said. While temporary rent reliefs have been available in some developments, headline rents have remained relatively stable in recent months, despite the turbulent market conditions, the report stated. Qatar's commercial office market is yet to feel the full impact of the pandemic; but the segment is expected to face downward pressure in rent as more office space comes to the market, CWQ added. Although internationally, many companies are reporting that working from home has generally proved to be much more successful than anticipated and expect the trend of working from home and other non-office-based locations to be accelerated; CWQ, however, said these trends are less likely to be maintained in Qatar. "There has been limited evidence to date of COVID-19's impact on rental rates, due to a lack of transactional evidence. In part, this is due to the uncertainty generated by COVID-19, leading to occupiers adopting a wait-and-see approach before making financial commitments to new space," CWQ said in its report. As more office space comes to the market, it expects further downward pressure on rents, which may manifest in generous rent-free incentives or fit-out allowances. (Gulf-Times.com)
- **PwC: Ultra-fast 5G set to transform Qatar's communication landscape –** The 5G networks in Qatar, when fully established, should enable peak speeds of up to 1,000 Mbps, more than 10 times the current average, PwC said in its 'Qatar economy watch'. As a small, densely populated and wealthy country, Qatar has had a strong communications infrastructure for the last decade. It was the first country to begin rolling out 5G mobile broadband and ranks second globally (after South Korea) for the fastest mobile broadband speeds. In fact, mobile broadband in Qatar is faster than most fixed broadband globally, PwC said. Aside from speed, 5G technology is capable of enabling fourth industrial revolution technologies such as the 'Internet of Things' and the mass deployment of internet-connected sensors that can transform our everyday lives. The Ministry of Transport and Communications (MoTC) has been catalyzing applications through Qatar Smart Nation (TASMU), a QR6bn initiative launched in 2017 to turn Doha into one of the world's most connected cities through financing clusters of digital technologies. (Gulf-Times.com)

International

- **IHS Markit: UK consumer gloom eases but job worries widespread –** British households' view of their financial situation improved modestly in July to just above its long-run average, after hitting an eight-and-a-half year low in April due to the coronavirus, a survey showed on Monday. IHS Markit said its monthly Household Finance Index rose to 41.5 in July from 40.7 in June, though it is below its level in March before the economy went into lockdown to slow the spread of COVID-19, which has killed over 45,000 people in Britain. "The phased reopening across parts of the UK economy appears to have been a factor supporting household finances in July," IHS Markit said, after households reported a slight improvement in their incomes and amount of work. Non-essential shops in England reopened on June 15, and pubs and restaurants started serving again on July 4. However, unemployment is forecast to increase dramatically later this year when a temporary government scheme that has support more than 9 million jobs ends in October. Britain's Office for Budget Responsibility said last week that under its central scenario, the jobless rate would reach 11.9% in the final quarter of this year, matching a post-World War Two high set in 1984. (Reuters)
- **BoE's Haldane: UK economy has recovered half its COVID-19 hit –** Britain's economy has recovered about half the output it lost in March and April when the COVID-19 lockdown was tightest, Bank of England chief economist Andy Haldane said on Monday, in a bullish assessment of the economy's recovery so far. Haldane's view contrasts with that of Governor Andrew Bailey - who was more guarded about the strength of the recovery in comments on Friday - and fellow policymaker Silvana Tenreyro who said she expected social distancing to be a lasting issue for pubs and restaurants. "Roughly half of the roughly 25% fall in activity during March and April has been clawed back over the period since," Haldane told members of Britain's parliament. "We have seen a bounce back. So far, it has been a 'V'. That of course doesn't tell us about where we might go next," he added. Haldane, the only member of the nine-strong Monetary Policy Committee to oppose expanding the BoE's asset purchase program last month, said he believed the economy was now growing by around 1% a week, based on business surveys and other less conventional figures such as traffic and mobility data. Tenreyro told the same panel of lawmakers she was less convinced by these relatively untested indicators, and that after an initial rebound, residual public concerns about COVID-19 were likely to leave the recovery incomplete. Even with a robust recovery, unemployment is rising rapidly and probably now stands at around 6%, compared with 3.9% in the most recent official data, and risks rising to its highest since the mid-1980s by the end of the year, Haldane said. However, this did not mean inflation worries could be ignored, he said. (Reuters)
- **Deloitte: Big UK businesses see 'long haul' to recovery –** Nearly half of Britain's biggest companies think it will take until the second half of 2021 before business recovers from the

coronavirus pandemic, according to a survey on Monday that cast doubt on hopes for a speedier rebound. Accountants Deloitte said 49% of chief financial officers from large and mostly listed companies forecast a return to pre-pandemic levels of business only in the latter half of next year. Another 33% predicted a recovery in the first half of 2021 and 10% said business had already bounced back. The survey chimed with other gauges of business sentiment, such as the Bank of England's Decision Makers' Panel, which show companies expect a lasting hit from the virus outbreak that has killed more than 45,000 people in the UK. Deloitte said companies were resolutely downbeat about the outlook for jobs, investment and adding risk to their balance sheet, although less so than in its previous quarterly survey. "Major corporates are expecting a long haul back to pre-COVID levels of revenue," said Ian Stewart, Deloitte's chief economist. (Reuters)

- **UK public-sector workers on COVID-19 frontline to get pay rises –** Almost one million public-sector workers in Britain are to be given above-inflation pay rises, the government said on Tuesday, to reflect their work during the COVID-19 pandemic. Britain has been the European country worst hit by the virus, with an official death toll of more 45,000. The crisis has shown that many of the people critical to the country's functioning are among the lowest paid. Teachers will receive the largest overall increase at 3.1%, while doctors and dentists will be given rises of 2.8%. The police will get a 2.5% increase and members of the armed forces will receive 2%, the government said. More than a million nurses and hospital staff have previously agreed a separate pay settlement, which works out at 4.4% this year. Wage growth in Britain was slowing before COVID-19, falling to an annual rate of 2.8% in the three months to end-February, before the crisis caused average total pay to drop -0.3% in March-June, the first negative figure since 2014. Inflation fell to a four-year low of 0.5% in May, before rising slightly to 0.6% in June. (Reuters)
- **Eurozone current account surplus narrows further in May –** The current account surplus of the 19 countries sharing the Euro narrowed to 7.95bn Euros in May from 14.27bn Euros in April on a big outflow of secondary income, which includes transfers between residents and non-residents, ECB data showed on Monday. In the 12 months to May, the bloc's current account surplus fell to 2.2% of GDP from 2.7% in the preceding year, mostly on a big drop in the surplus on the trade of goods and services. (Reuters)
- **EU scales back digital budget by 18% amid virus recovery fund wrangle –** The European Union (EU) is scaling back its digital budget by 17.5% to help it catch up with the US and China in key technologies, according to a proposal to EU leaders haggling over an economic recovery package to combat a COVID-19-induced recession. The European Commission had earlier this year proposed an 8.2bn-Euro budget for its Digital Europe program to boost the bloc's competitiveness in supercomputing, artificial intelligence and cybersecurity. The EU executive is looking to digital technologies and ambitious environmental goals to underpin sustainable economic growth and reduce its reliance on other countries and foreign companies. "The financial envelope for the implementation of the Digital Europe program for the period 2021-2027 will be 6,761mn Euros," according to the document seen by Reuters. An ambitious 100bn Euro research and innovation program called Horizon Europe is being trimmed to 75.9bn Euros. The paper is meant as a basis for a compromise agreement after four days of acrimonious talks on the package. (Reuters)
- **EU parliament to block recovery deal if it falls short of demands –** The European parliament will withhold support for any deal struck by European Union (EU) governments on the bloc's huge coronavirus stimulus package if it fails to meet certain conditions, its leader said on Monday. An EU summit spilled into its fourth day on Monday, as member countries wrangled over a proposed 1.8tn Euro ($2tn) package for the European Union's next long-term budget and a coronavirus economic recovery fund. EU lawmakers want the package to include measures to defend the rule of law, which could freeze funding to countries flouting democratic principles. Hungary, backed by Poland, has threatened to veto the package if its disbursement was made dependent on such conditions. David Sassoli told EU leaders that even if they strike a deal, the package will still need to win approval from the European parliament. "The European parliament has set out its priorities and it expects them to be met," he said in a statement. "If these conditions are not sufficiently met, the European parliament will not give its consent." (Reuters)
- **EU leaders take "last steps" for recovery deal after days of squabbling –** European Union (EU) leaders appeared to be nearing agreement on a massive stimulus plan for their coronavirus-blighted economies on Monday after the chairman of their fractious four-day summit presented a new proposal to bridge gaps between them. EU Council President Charles Michel said he was confident the compromises he had offered the 27 leaders could be the basis for a deal on the 750bn Euro recovery fund that many say is critical to dispel doubts about the bloc's very future. "I know that the last steps are always the most difficult but ... I am convinced that an agreement is possible," he told reporters before heading back to the leaders. Slow to coordinate their initial response to the COVID-19 pandemic and already weakened by Britain's departure from the bloc, a deal on the economic aid would demonstrate to euro sceptics that it can step up to a crisis and remain united. "It has been a long summit and a challenging summit but the prize is worth negotiating for," Irish Prime Minister Micheal Martin said as the Brussels summit dragged into its fourth day - approaching the record length set at a 2000 meeting in the French city of Nice. European nations have done a better job of containing the coronavirus than the US after a devastating early few months that hit Italy and Spain particularly hard, collaborating on medical, travel and economic fronts. The European Central Bank has pumped unparalleled money into economies to keep them going while the EU capitals hammer out their recovery fund. (Reuters)
- **EU eyes cuts to green transition fund in late bid to strike recovery deal –** Cuts to climate funding were on the menu as European Union leaders sat down to negotiate over dinner, aiming to clinch a deal after four days of summit wrangling over a huge stimulus plan to help rebuild their coronavirus-hit economies. EU Council President Charles Michel presented a new proposal to the 27 leaders on Monday evening before talks

resumed, tabling cuts to climate change schemes as part of a bid to rework the overall package into something all countries could agree to. The proposal earmarked 30% of both the EU budget and a new 750bn Euro coronavirus recovery fund for climate protection, and said all spending must comply with a principle to "do no harm" to EU green goals. However, it slashed the size of the EU's Just Transition Fund, its flagship pot of money to help wean countries off fossil fuels. The Just Transition Fund will now receive a combined 17.5bn Euros from the EU recovery fund and budget - down from the 37.5bn Euros set aside in a previous proposal. (Reuters)

- **EU recovery package proposal sees 390bn Euro grants, 360bn loans –** Under a proposal submitted to European Union leaders on Monday afternoon, the EU's economic recovery package to lift the bloc out of a COVID-19-induced recession includes 390bn Euros of grants and 360bn Euros of loans, a document showed. This is a change from the 500bn Euros in grants and 250bn Euros in loans, originally proposed by the European Commission. The document, seen by Reuters, is meant as a basis for a compromise agreement after four days of acrimonious talks on the package. It also envisages that national plans to spend the money would have to get the approval of a qualified majority of EU governments. The disbursement would also be linked to governments observing the rule of law, a fact that would be established also by a qualified majority of governments. (Reuters)
- **EU Council head Michel says agreement on recovery fund is possible –** EU Council President Charles Michel said on Monday he was convinced EU leaders, meeting for the fourth day, would reach an agreement on an economic recovery package to deal with the COVID-19 pandemic. "We have worked very hard and this proposal is the fruits of lots of collective work with all the leaders and with their teams," Michel told reporters. "I know that the last steps are always the most difficult but I am confident I think that even if it is difficult, it will be important to continue to work, I think, and I am convinced that an agreement is possible." (Reuters)
- **Japan's sinking exports raise risks of prolonged economic downturn at home and overseas –** Japan's exports plunged at a double-digit pace for the fourth month in a row in June, backing signs the coronavirus crisis has knocked the economy into its worst postwar recession and raising the specter of a longer and more painful global downturn. US-bound Japanese shipments nearly halved again due to plummeting demand for cars and auto parts, while exports to China remained weak, pointing to the absence of a strong growth engine for the world economy. Ministry of Finance (MOF) data showed on Monday that Japan's exports dived 26.2% in June from a year earlier, bigger than a 24.9% decline seen by economists in a Reuters poll. The contraction slowed slightly from the prior month's 28.3% fall - the worst downturn since September 2009. Global demand for cars and other durable goods has sunk since March as the pandemic prompted many countries to lockdown. Though more countries have now started re-opening their economies, analysts say the trade data could diminish hopes for a quick rebound in global demand and Japan's export-led economy, especially given the resurgence of coronavirus cases in major economies like the US, Brazil and India. The International Monetary Fund last month forecast global output will shrink by 4.9% this year, versus a 3.0% contraction predicted in April. It also predicted a slower recovery in 2021, with growth of 5.4% for the year compared with a 5.8% rise seen in April. (Reuters)
- **Japan's core consumer prices flat, deflation risks remain –** Japan's core consumer prices snapped two straight months of declines in June but risks remain for a prolonged economic slump from the coronavirus crisis, which has depressed consumption and raised concerns about a return to deflation. The core consumer price index (CPI) was flat, with slower falls in energy prices in June helping the gauge out of negative territory. The reading dashed expectations for a third straight month of decline and followed central bank comments last week that the economy would likely shake off the hit from the pandemic. Japan lifted nationwide state of emergency measures in late May but has seen a renewed spike in infections in its capital Tokyo, stoking fears of a second wave of infections that could curtail spending in an already weakened economy. The core CPI, which includes oil products but excludes volatile fresh food prices, was flat in June from a year earlier, government data showed on Tuesday. That compared with the median market forecast of a 0.1% decline and falls of 0.2% reported in both April and May. The so-called core-core price index, which excludes food and energy prices and is closely tracked by the central bank as a narrower gauge of inflation, grew 0.4% in June after the same rate of gain in May. The Bank of Japan's (BOJ) latest quarterly forecasts showed consumer prices projected to fall 0.5% this fiscal year to next March and stay well below its 2% target through early 2023. The economy likely contracted more than 20% in April-June as the coronavirus hit global growth and the government shut down the economy from April to late May. (Reuters)
- **Japan keeps fiscal tap wide open on budget spending requests to fight pandemic –** Japan's budget for next fiscal year won't set a spending cap on requests aimed at fighting the COVID-19 pandemic, the finance minister said, suggesting the heavily indebted government would ramp up efforts to revive the coronavirus-battered economy. The government would ask ministries to keep requests for other spending in line with the current fiscal year's initial budget totaling a record high of 102.7tn Yen, Finance Minister Taro Aso said at a cabinet meeting. It would then set aside an unspecified amount of budget requests to respond to "urgently needed expenses" to battle the fallout from the coronavirus. Japan's fiscal year runs through April to next March. The budget ceiling is usually set around mid-year by the Ministry of Finance (MOF) to keep a tab on spending requests from ministries for next year's budget to be compiled in December. "Response to the novel coronavirus remains as urgent task," Aso was quoted as telling a cabinet meeting. "On the other hand, there's a limit to foresee how to respond with budget spending." The pandemic has taken a heavy toll on the world's third-largest economy, which is in the grip of its worst postwar recession. Prime Minister Shinzo Abe's government has rolled out a combined stimulus spending worth $2.2tn, which has boosted the size of annual budget spending to 160tn Yen with new debt issuance totaling 90tn Yen. (Reuters)
- **India seeks new preferential treatment from US on drugs, other goods –** India is seeking concessions for generic drugs it exports

to the United States in return for opening its dairy markets and slashing tariffs on farm goods as the two sides seek to shore up a new trade deal, three sources said. India accounts for 40% of US generic drug imports, including the anti-malarial hydroxychloroquine, touted by US President Donald Trump in the fight against the coronavirus. To win preferential treatment on pharmaceutical exports, the government of Prime Minister Narendra Modi is dangling the carrot of opening its dairy and farm markets to the Trump administration, months ahead of the US presidential election. “Americans recognize the political compulsion that brings its own benefits,” one of the sources with knowledge of the plans said. India, one of the world’s largest consumers of dairy products, has offered an opening to US dairy imports through a quota-based system, two of the sources said. These products would need a certificate they are not derived from animals that have consumed feeds that include internal organs, blood meal or tissues of ruminants because of religious sensibilities in India. (Reuters)

- **'Brics' bank lends Brazil $1bn to soften COVID-19 economic blow –** The New Development Bank of the “BRICS” group of leading emerging economies will lend Brazil $1bn to help combat the economic damage from the COVID-19 crisis, the institution said on Monday. The funds will be allocated to the federal government’s emergency aid payment program, which the NDB estimates could benefit 5mn informal workers, low-income families and unemployed people. “NDB financing is an important tool for the Brazilian government to ensure a robust fiscal response to fight the pandemic and allow priority investments to be made, thus supporting the economic recovery,” the NDB said in a statement. According to the bank, set up by Brazil, Russia, India, China and South Africa, this will be on top of financing from other multilateral banks and international development agencies such as The World Bank and Inter-American Development Bank, bringing total loans to Brazil to $4bn. (Reuters)

Regional

- **S&P: GCC government debt to surge by record-high $100bn this year –** S&P said on Monday it expected Gulf countries’ government debt to increase by a record high of about $100bn this year, as funding needs spike due to the coronavirus crisis and low oil prices. The ratings agency estimates GCC countries will register an aggregate central government deficit of about $180bn, to be financed with $100bn of debt and an $80bn draw-down in government assets. “Based on our macroeconomic assumptions, we expect to see GCC government balance sheets continue to deteriorate up until 2023,” it said in a statement. It based its forecasts on an average Brent oil price of $30 per barrel for the rest of 2020, $50 in 2021 and $55 from 2022. Gulf countries have been hit hard by the pandemic and lower oil prices have exacerbated that, with most countries expected to post double-digit fiscal deficits this year. Saudi Arabia, Qatar, Bahrain and the Emirates of Abu Dhabi and Sharjah have already borrowed tens of billions of dollars this year to bolster state coffers. S&P estimates GCC central government deficits to reach about $490bn cumulatively between 2020 and 2023, with 55% of that amount related to Saudi Arabia, the Gulf’s largest economy. Since the oil price crash in 2014-2015, Gulf states have relied heavily on debt financing, raising over $90bn in local and international debt in 2016 and 2017. After a new record high of about $100bn this year, S&P expects total debt issuance to decline to around $70bn by 2023. Oman, one of the financially weakest countries in the Gulf, has not raised international debt yet this year but S&P expects it to do so in the coming months. Kuwait is planning to raise up to $16bn by the end of its current fiscal year, ending in March 2021, but its ability to borrow depends on parliament approving a long-debated new debt law. (Reuters)
- **Moody's affirms SABIC's A1 ratings and withdraws BCA; negative outlook –** Moody's Investors Service, has affirmed Saudi Basic Industries Corporation's (SABIC) A1 long-term issuer rating and A1 senior unsecured bond ratings following the completion of Saudi Arabian Oil Company's (Saudi Aramco, A1 negative) acquisition of a 70% stake in SABIC. The outlook on the ratings remains negative. Concurrently, Moody's has withdrawn SABIC's a1 baseline credit assessment (BCA) because it no longer classifies SABIC as a Government-Related Issuer (GRI). On June 17, 2020, SABIC announced that Saudi Aramco has completed the acquisition of a 70% stake in SABIC from the Public Investment Fund (PIF). In light of this transaction, Moody's no longer considers appropriate to rate SABIC under the Government-Related Issuers Methodology as Moody's does not normally designate subsidiaries of a GRI as also being GRIs. The removal of the GRI status has no rating implications as there was no uplift provided to SABIC's rating under the GRI methodology. Following the acquisition, SABIC has become a strategic subsidiary of Saudi Aramco and represents a significant portion of Saudi Aramco's petrochemical business. Moody's will continue to consider any benefits from indirect government ownership as well as support from Saudi Aramco as a strategic shareholder on a qualitative basis. (Bloomberg)
- **Saudi Arabia liberalizes wheat imports for flour mills –** Saudi Arabia’s state grain buyer SAGO said on Monday that companies that buy its flour mills will be able to import wheat directly from global markets in a further liberalization of the country’s grains sector. Saudi Arabia is selling its entire flour milling business, a long-awaited privatization that marks one of the first sales of the country’s state-owned assets, part of broader plans to overhaul the economy. SAGO, one of the world’s largest grain buyers, has until now controlled all the country’s wheat purchases. But after the privatization of the flour mills they will be able to buy wheat from global markets directly as well as from SAGO, it said. “The wheat purchase price is a very big factor in the profit margins of flour mills,” a German trader said. “This freedom would be important in making the mills attractive to purchasers.” The first part of Saudi Arabia’s milling sector privatization was completed earlier this month with the sale of two milling firms to Saudi and Gulf investors, while the sale of the two remaining milling companies is underway. “SAGO’s original plan was to keep the wheat importation with them … their concern being having any shortages in the flour and bread markets,” a Cairo-based regional grains Consultant, Hesham Hassanein said. (Reuters)
- **Saudi Arabia and Iraq agree investments in energy and sports –** Saudi Arabia and Iraq signed investment agreements on energy and sports, the Kingdom’s state TV reported. An Iraqi

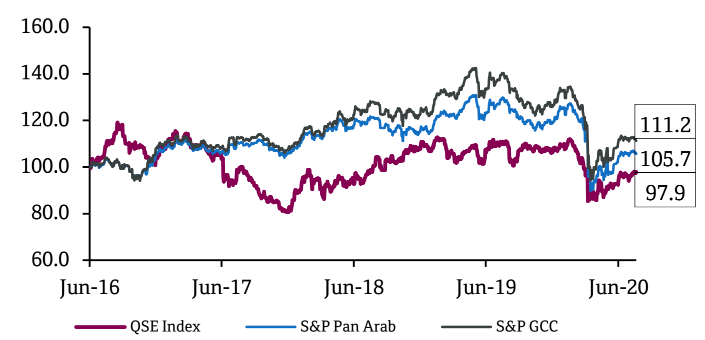
delegation, led by Finance Minister Ali Allawi, arrived in Saudi on Sunday for an official visit. (Reuters)

- **UAE energy trader to restructure finances following oil's crash –** A UAE-based energy trader is seeking to restructure its finances after the coronavirus pandemic sent oil prices tumbling and lenders withheld credit lines. GP Global Group started the restructuring effort as the virus swept through economies around the world, a company spokesperson said. The move reflects months of turmoil in crude markets as a 35% slump in prices this year plunged producers and traders into crisis. GP Global, which changed its name from Gulf Petrochem Group in 2018, has been "targeted by vested interests" spreading rumors about its financial standing, the spokesperson said. "A few financial institutions" have declined to provide credit for some trades, forcing it to look for alternative funds. The company, which has offices in Dubai, operates a tank farm at regional trading hub Fujairah, with 412,000 cubic meters of capacity to store and blend fuels. It also has a 200,000-cubic-meter storage terminal and a 9,000-bpd refinery at the port of Hamriyah in the UAE Emirate of Sharjah. Both storage terminals at Fujairah and Hamriyah continue to operate normally, the spokesperson said. (Bloomberg)
- **Dubai's external food trade hits AED32bn in 1H2020 –** Dubai's external food trade in the first half of the year totaled 9mn tons, representing a value of AED32bn, Dubai Customs announced today. According to the latest trade statistics, Dubai's food imports touched AED22bn (6.23mn tons), while exports reached AED5.5bn (2.1mn tons) and re-exports amounted to AED4.5bn (733,000 tons) in 1H2020. Chairman of Dubai's Supreme Committee of Crisis and Disaster Management, HH Sheikh Mansour bin Mohammed bin Rashid Al Maktoum said the high value of Dubai's external food trade in the first half of the year reflects Dubai's role as a major gateway for global trade. (Zawya)
- **EMIRATES's net profit falls 57.6% YoY to AED2,008.8mn in 2Q2020 –** Emirates NBD Bank (EMIRATES) recorded net profit of AED2,008.8mn in 2Q2020, registering decrease of 57.6% YoY. Net interest income rose 31% YoY to AED4,022.2mn in 2Q2020. Total operating income rose 19.4% YoY to AED5,743.6mn in 2Q2020. Total assets stood at AED694.3bn at the end of June 30, 2020 as compared to AED683.3bn at the end of June 30, 2019. Loans and receivables stood at AED388.1bn (+0.8% YTD), while customers' deposits stood at AED376.0bn (-2.5% YTD) at the end of June 30, 2020. EPS came in at AED0.29 in 2Q2020 as compared to AED0.45 in 2Q2019. Chief Financial Officer, Patrick Sullivan said while the group was acting to manage costs to reflect softer economic activity, cost cuts would not entirely offset lower income. Sources told Reuters in June that the bank had started a new round of job cuts, laying off hundreds of employees. One said the pandemic had accelerated a pre-planned process. (DFM, Reuters)
- **EMIRATES NBD gets approvals to raise foreign ownership limits to 40% from 20% –** Emirates NBD Bank received all necessary regulatory and internal approvals to increase Foreign Ownership Limit (FOL) from 20% to 40%. The Bank has contacted Dubai Central Securities Depository to start the necessary procedures to activate the above mentioned increase in the Foreign Ownership Limit. Accordingly, a disclosure about activating the decision will be published upon applying it on the Market regulations and website. (DFM)
- **EIB's reports net loss of AED143.1mn in 2Q2020 –** Emirates Islamic Bank (EIB) recorded net loss of AED143.1mn in 2Q2020. Net income from financing and investment products fell 10.5% YoY to AED418.5mn in 2Q2020. Total operating income fell 25.7% YoY to AED498.9mn in 2Q2020. Total assets stood at AED64.2bn at the end of June 30, 2020 as compared to AED64.8bn at the end of June 30, 2019. Financing receivables stood at AED40.4bn (+7.6% YTD), while customers' deposits stood at AED45.0bn (-0.6% YTD) at the end of June 30, 2020. Loss per share came in at AED0.026 in 2Q2020 as compared to EPS per share of AED0.048 in 2Q2019. (DFM)
- **Moody's: Dubai builders worse off than Abu Dhabi peers –** Abu Dhabi real estate companies will face less severe headwinds from the double whammy of the coronavirus pandemic and lower oil prices than those in neighboring Dubai, Moody's Investors Service said. Residential oversupply is not as pronounced in Abu Dhabi, which supports the credit quality of Aldar Investment Properties and Emirates Strategic Investment Co., Moody's Analyst, Lahlou Meksaoui wrote in a report on Monday. In Dubai, job losses, salary cuts and travel restrictions are slashing demand for new property. "The economic contraction and its fiscal implications will be most acute in Dubai, where the economy is very reliant on tourism and transportation," Meksaoui said. Still, there will be credit-quality erosion of real estate companies in the richest of the seven Sheikdoms in the UAE, he said. As the coronavirus wreaks havoc on the global economy, it is also aggravating Dubai's property slump where oversupply has pushed prices lower for the past six years. Now, with companies like Emirates airline laying off staff and some estimating Dubai's population could shrink by 10%, the downturn is likely to further reduce rents and the value of homes. (Bloomberg)
- **SirajPower gets $50mn from APICORP for solar projects –** The Arab Petroleum Investments Corp. (APICORP) provided a $50mn credit facility to SirajPower, a solar energy provider based in the UAE. SirajPower will use the funding to expand its projects across the Middle East, according to a statement. APICORP, said it has committed about $450mn of capital toward renewable projects in the past four years. (Bloomberg)
- **Debt-starved Kuwait meets lawmaker resistance on borrowing bill –** A draft law allowing Kuwait's government to tap local and international debt markets is unlikely to be supported by lawmakers unless it makes a convincing case for how any borrowed money will be spent, according to a key member of parliament. The Finance Ministry is trying to hammer out a compromise with lawmakers to help ease the passage of the highly contentious draft bill, which would allow it to issue debt of as much as KD20bn. If passed by the house, deadlocked for years over the government's efforts to borrow, the legislation would help Kuwait reduce the budget deficit and provide a much-needed liquidity boost. However, the Head of parliament's Finance and Economic panel, Safa Al-Hashem on Monday questioned if the government has a plan for managing the new public debt or a road map for spending the amount it requested. Meetings are scheduled for next week to discuss the bill, she said. Should it win committee approval, the legislation

would be referred to the house for debate and a vote. (Bloomberg)

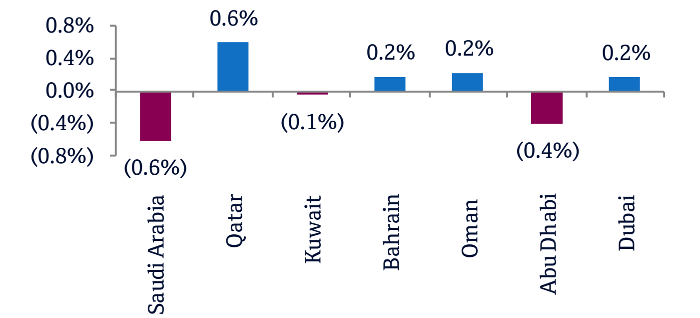
- **Oman sells OMR55mn 91-day bills at yield 0.746%; bid-cover of 1.09x –** Oman sold OMR55mn of 91-day bills due on October 21, 2020. Investors offered to buy 1.09 times the amount of securities sold. The bills were sold at a price of 99.814, having a yield of 0.746% and will settle on July 22, 2020. (Bloomberg)
- **BISB's net profit falls 55.3% YoY to BHD1.5mn in 1H2020 –** Bahrain Islamic Bank (BISB) recorded net profit of BHD1.5mn in 1H2020, registering decrease of 55.3% YoY. EPS came in at BHD1.41 in 1H2020 as compared to BHD3.15 in 1H2019. (Bahrain Bourse)
- **Bahrain sells BHD70mn 91-day bills; bid-cover at 1.55x –** Bahrain sold BHD70mn of 91-day bills due on October 21, 2020. Investors offered to buy 1.55 times the amount of securities sold. The bills were sold at a price of 99.429, having a yield of 2.27% and will settle on July 22, 2020. (Bloomberg)

Rebased Performance



Source: Bloomberg

Daily Index Performance



Source: Bloomberg

Asset/Currency Performance	Close ($)	1D%	WTD%	YTD%
Gold/Ounce	1,817.77	0.4	0.4	19.8
Silver/Ounce	19.91	3.0	3.0	11.5
Crude Oil (Brent)/Barrel (FM Future)	43.28	0.3	0.3	(34.4)
Crude Oil (WTI)/Barrel (FM Future)	40.81	0.5	0.5	(33.2)
Natural Gas (Henry Hub)/MMBtu	1.67	(4.0)	(4.0)	(20.1)
LPG Propane (Arab Gulf)/Ton	49.00	1.6	1.6	18.8
LPG Butane (Arab Gulf)/Ton	50.00	1.5	1.5	(23.7)
Euro	1.14	0.2	0.2	2.1
Yen	107.27	0.2	0.2	(1.2)
GBP	1.27	0.7	0.7	(4.5)
CHF	1.07	(0.0)	(0.0)	3.1
AUD	0.70	0.3	0.3	(0.1)
USD Index	95.83	(0.1)	(0.1)	(0.6)
RUB	71.35	(0.8)	(0.8)	15.1
BRL	0.19	1.0	1.0	(24.6)

Source: Bloomberg

Global Indices Performance	Close	1D%*	WTD%*	YTD%*
MSCI World Index	2,312.95	0.8	0.8	(1.9)
DJ Industrial	26,680.87	0.0	0.0	(6.5)
S&P 500	3,251.84	0.8	0.8	0.7
NASDAQ 100	10,767.09	2.5	2.5	20.0
STOXX 600	375.51	0.8	0.8	(8.0)
DAX	13,046.92	1.0	1.0	0.5
FTSE 100	6,261.52	0.3	0.3	(20.8)
CAC 40	5,093.18	0.5	0.5	(13.2)
Nikkei	22,717.48	(0.1)	(0.1)	(2.5)
MSCI EM	1,064.50	0.9	0.9	(4.5)
SHANGHAI SE Composite	3,314.15	3.2	3.2	8.3
HANG SENG	25,057.99	(0.1)	(0.1)	(10.7)
BSE SENSEX	37,418.99	1.3	1.3	(13.6)
Bovespa	104,426.40	1.9	1.9	(32.1)
RTS	1,235.85	1.6	1.6	(20.2)

Source: Bloomberg (*$ adjusted returns)

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