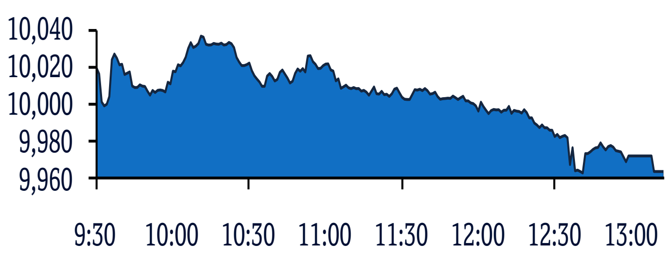
Daily Market Report

Thursday, 22 October 2020

QSE Intra-Day Movement



Qatar Commentary

The QE Index declined 0.5% to close at 9,965.0. Losses were led by the Consumer Goods & Services and Industrials indices, falling 1.4% and 0.9%, respectively. Top losers were Baladna and Qatar Fuel Company, falling 2.7% and 2.0%, respectively. Among the top gainers, Alijarah Holding gained 2.9%, while Doha Insurance Group was up 1.9%.

GCC Commentary

Saudi Arabia: The TASI Index fell 0.4% to close at 8,496.9. Losses were led by the Food & Beverages and Food & Staples Retailing indices, falling 2.4% and 2.2%, respectively. Saudi Marketing declined 4.0%, while Halwani Bros was down 3.8%.

Dubai: The DFM Index fell 0.4% to close at 2,171.2. The Consumer Staples and Discretionary index declined 3.1%, while the Banks index fell 1.4%. DXB Entertainments declined 3.4%, while Emirates NBD was down 3.4%.

Abu Dhabi: The ADX General Index gained marginally to close at 4,543.7. The Consumer Staples index rose 0.8%, while the Services index rose 0.7%. National Marine Dredging Co. rose 11.5%, while Methaq Takaful Insurance was up 5.9%.

Kuwait: The Kuwait All Share Index gained 0.5% to close at 5,657.4. The Telecom. index rose 1.4%, while the Basic Materials index gained 0.7%. Al Mudon Int. Real Estate Company rose 39.6%, while Kuwait Remal Real Estate Co. was up 10.1%.

Oman: The MSM 30 Index fell marginally to close at 3,586.6. The Industrial index declined 0.3%, while the other indices ended in green. United Finance Company declined 8.5%, while Vision Insurance was down 5.4%.

Bahrain: The BHB Index fell 0.1% to close at 1,453.6. The Commercial Banks index declined 0.2%, while the Investment index fell 0.1%. GFH Financial Group declined 0.7%, while BBK was down 0.6%.

Market Indicators	21 Oct 20	20 Oct 20	%Chg.
Value Traded (QR mn)	448.0	501.5	(10.7)
Exch. Market Cap. (QR mn)	593,753.6	596,663.3	(0.5)
Volume (mn)	204.2	198.6	2.8
Number of Transactions	8,406	8,394	0.1
Companies Traded	45	46	(2.2)
Market Breadth	12:31	18:26	–

Market Indices	Close	1D%	WTD%	YTD%	TTM P/E
Total Return	19,157.44	(0.5)	(0.3)	(0.1)	16.3
All Share Index	3,076.91	(0.4)	(0.5)	(0.7)	17.3
Banks	4,123.98	(0.1)	(0.1)	(2.3)	14.2
Industrials	2,903.14	(0.9)	(1.7)	(1.0)	25.2
Transportation	2,876.37	(0.3)	1.8	12.6	13.0
Real Estate	2,086.34	(0.7)	0.5	33.3	16.5
Insurance	2,249.25	(0.3)	(0.2)	(17.7)	32.9
Telecoms	932.27	(0.0)	(0.3)	4.2	15.7
Consumer	7,940.58	(1.4)	(2.1)	(8.2)	27.5
Al Rayan Islamic Index	4,165.40	(0.6)	(0.7)	5.4	18.6

GCC Top Gainers##	Exchange	Close#	1D%	Vol. '000	YTD%
Saudi Kayan Petrochem.	Saudi Arabia	10.96	3.0	24,493.6	(1.3)
HSBC Bank Oman	Oman	0.09	2.3	662.3	(25.6)
Gulf Bank	Kuwait	0.24	2.1	13,234.2	(20.5)
Mobile Telecom. Co.	Kuwait	0.61	1.5	8,987.9	1.8
Ominvest	Oman	0.32	1.3	31.2	(5.3)

GCC Top Losers##	Exchange	Close#	1D%	Vol. '000	YTD%
Emirates NBD	Dubai	9.40	(3.4)	2,216.0	(27.7)
Savola Group	Saudi Arabia	52.00	(3.3)	924.5	51.4
Advanced Petrochem. Co.	Saudi Arabia	58.30	(2.5)	363.5	18.0
Almarai Co.	Saudi Arabia	56.50	(2.2)	1,047.6	14.1
Qatar Fuel Company	Qatar	17.20	(2.0)	1,371.4	(24.9)

Source: Bloomberg (# in Local Currency) (## GCC Top gainers/losers derived from the S&P GCC Composite Large Mid Cap Index)

QSE Top Gainers	Close*	1D%	Vol. '000	YTD%
Alijarah Holding	1.30	2.9	13,538.2	84.4
Doha Insurance Group	1.17	1.9	17.2	(2.5)
Qatar Islamic Insurance Company	6.41	1.6	4.6	(4.0)
Aamal Company	0.95	1.4	640.6	16.9
Qatar First Bank	1.87	0.8	11,670.4	128.6

QSE Top Losers	Close*	1D%	Vol. '000	YTD%
Baladna	2.08	(2.7)	6,683.9	107.8
Qatar Fuel Company	17.20	(2.0)	1,371.4	(24.9)
Dlala Brokerage & Inv. Holding Co	2.28	(1.7)	2,877.9	272.3
Widam Food Company	7.09	(1.6)	30.0	4.8
Ezdan Holding Group	2.30	(1.5)	12,294.4	273.7

QSE Top Volume Trades	Close*	1D%	Vol. '000	YTD%
Investment Holding Group	0.61	(1.1)	39,720.1	7.6
Qatar Aluminium Manufacturing	1.05	0.4	25,580.6	35.0
Mesaieed Petrochemical Holding	2.07	(1.3)	19,766.4	(17.5)
Alijarah Holding	1.30	2.9	13,538.2	84.4
Ezdan Holding Group	2.30	(1.5)	12,294.4	273.7

QSE Top Value Trades	Close*	1D%	Val. '000	YTD%
Masraf Al Rayan	4.20	0.5	49,746.7	6.1
Mesaieed Petrochemical Holding	2.07	(1.3)	41,496.6	(17.5)
QNB Group	17.70	(0.1)	39,872.5	(14.0)
Ezdan Holding Group	2.30	(1.5)	28,142.1	273.7
Qatar Aluminium Manufacturing	1.05	0.4	26,965.6	35.0

Source: Bloomberg (* in QR)

Regional Indices	Close	1D%	WTD%	MTD%	YTD%	Exch. Val. Traded ($ mn)	Exchange Mkt. Cap. ($ mn)	P/E**	P/B**	Dividend Yield
Qatar*	9,965.03	(0.5)	(0.3)	(0.3)	(4.4)	121.83	160,788.5	16.3	1.5	4.0
Dubai	2,171.18	(0.4)	(1.1)	(4.5)	(21.5)	55.36	83,460.5	9.1	0.8	4.4
Abu Dhabi	4,543.70	0.0	(0.2)	0.6	(10.5)	147.46	185,486.9	16.6	1.3	5.4
Saudi Arabia	8,496.85	(0.4)	(0.7)	2.4	1.3	2,379.42	2,427,255.0	30.6	2.1	2.3
Kuwait	5,657.39	0.5	(1.4)	3.9	(9.9)	214.31	102,598.7	31.1	1.4	3.5
Oman	3,586.55	(0.0)	(0.2)	(0.8)	(9.9)	1.97	16,260.8	10.6	0.7	6.9
Bahrain	1,453.56	(0.1)	(1.6)	1.3	(9.7)	4.39	22,196.4	13.5	0.9	4.6

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 0.5% to close at 9,965.0. The Consumer Goods & Services and Industrials indices led the losses. The index fell on the back of selling pressure from GCC shareholders despite buying support from Qatari, Arab and Foreign shareholders.
- Baladna and Qatar Fuel Company were the top losers, falling 2.7% and 2.0%, respectively. Among the top gainers, Alijarah Holding gained 2.9%, while Doha Insurance Group was up 1.9%.
- Volume of shares traded on Wednesday rose by 2.8% to 204.2mn from 198.6mn on Tuesday. However, as compared to the 30-day moving average of 340.5mn, volume for the day was 40.0% lower. Investment Holding Group and Qatar Aluminium Manufacturing Company were the most active stocks, contributing 19.4% and 12.5% to the total volume, respectively.

Overall Activity	Buy %*	Sell %*	Net (QR)
Qatari Individuals	41.20%	44.39%	(14,308,301.7)
Qatari Institutions	26.41%	22.28%	18,468,187.3
Qatari	**67.61%**	**66.68%**	**4,159,885.6**
GCC Individuals	0.54%	3.92%	(15,143,404.0)
GCC Institutions	1.25%	0.18%	4,818,811.7
GCC	**1.79%**	**4.10%**	**(10,324,592.3)**
Arab Individuals	10.37%	9.39%	4,383,474.0
Arab	**10.37%**	**9.39%**	**4,383,474.0**
Foreigners Individuals	2.61%	3.22%	(2,753,121.9)
Foreigners Institutions	17.62%	16.61%	4,534,354.6
Foreigners	**20.23%**	**19.83%**	**1,781,232.7**

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

Earnings Releases, Global Economic Data and Earnings Calendar

Earnings Releases

Company	Market	Currency	Revenue (mn) 3Q2020	% Change YoY	Operating Profit (mn) 3Q2020	% Change YoY	Net Profit (mn) 3Q2020	% Change YoY
Saudi Telecom Co.	Saudi Arabia	SR	14,881.0	5.4%	3,460.0	4.0%	2,766.0	0.7%
Etihad Etisalat Co.	Saudi Arabia	SR	3,355.0	-1.4%	356.0	35.9%	222.0	335.3%
The National Co. for Glass Industries	Saudi Arabia	SR	16.2	19.1%	(3.6)	N/A	2.6	N/A
United Wire Factories Co.	Saudi Arabia	SR	160.1	-4.9%	21.2	488.9%	17.8	1518.2%
Emirates Telecom Group Co.	Abu Dhabi	AED	13,038.8	0.5%	3,600.8	11.3%	2,412.1	5.5%

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

Global Economic Data

Date	Market	Source	Indicator	Period	Actual	Consensus	Previous
10/21	US	Mortgage Bankers Association	MBA Mortgage Applications	16-Oct	-0.6%	–	-0.7%
10/21	UK	UK Office for National Statistics	CPI MoM	Sep	0.4%	0.5%	-0.4%
10/21	UK	UK Office for National Statistics	CPI YoY	Sep	0.5%	0.6%	0.2%

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 3Q2020 results	No. of days remaining	Status
QAMC	Qatar Aluminum Manufacturing Company	22-Oct-20	0	Due
KCBK	Al Khalij Commercial Bank	22-Oct-20	0	Due
QGMD	Qatari German Company for Medical Devices	22-Oct-20	0	Due
CBQK	The Commercial Bank	25-Oct-20	3	Due
QCFS	Qatar Cinema & Film Distribution Company	25-Oct-20	3	Due
MCCS	Mannai Corporation	26-Oct-20	4	Due
VFQS	Vodafone Qatar	26-Oct-20	4	Due
QIIK	Qatar International Islamic Bank	26-Oct-20	4	Due
DBIS	Dlala Brokerage & Investment Holding Company	26-Oct-20	4	Due
BLDN	Baladna	26-Oct-20	4	Due
QATI	Qatar Insurance Company	27-Oct-20	5	Due
BRES	Barwa Real Estate Company	27-Oct-20	5	Due
QGRI	Qatar General Insurance & Reinsurance Company	27-Oct-20	5	Due
IGRD	Investment Holding Group	27-Oct-20	5	Due
QIMD	Qatar Industrial Manufacturing Company	27-Oct-20	5	Due
IQCD	Industries Qatar	27-Oct-20	5	Due
QISI	Qatar Islamic Insurance Group	27-Oct-20	5	Due
DHBK	Doha Bank	27-Oct-20	5	Due

Tickers	Company Name	Date of reporting 3Q2020 results	No. of days remaining	Status
MRDS	Mazaya Qatar Real Estate Development	28-Oct-20	6	Due
QOIS	Qatar Oman Investment Company	28-Oct-20	6	Due
MPHC	Mesaieed Petrochemical Holding Company	28-Oct-20	6	Due
SIIS	Salam International Investment Limited	28-Oct-20	6	Due
DOHI	Doha Insurance Group	28-Oct-20	6	Due
QFBQ	Qatar First Bank	28-Oct-20	6	Due
MERS	Al Meera Consumer Goods Company	28-Oct-20	6	Due
ORDS	Ooredoo	28-Oct-20	6	Due
UDCD	United Development Company	28-Oct-20	6	Due
AHCS	Aamal Company	28-Oct-20	6	Due
GISS	Gulf International Services	29-Oct-20	7	Due
NLCS	Alijarah Holding	29-Oct-20	7	Due
ZHCD	Zad Holding Company	29-Oct-20	7	Due
AKHI	Al Khaleej Takaful Insurance Company	29-Oct-20	7	Due

Source: QSE

News

Qatar

- **QNNS posts 18.5% YoY decrease but 400.3% QoQ increase in net profit in 3Q2020, above our estimate –** Qatar Navigation's (QNNS) net profit declined 18.5% YoY (but surged 400.3% on QoQ basis) to QR83.7mn in 3Q2020, above our estimate of QR75.1mn (variation of +11.5%). The company's Operating Revenue came in at QR487.1mn in 3Q2020, which represents a decrease of 15.1% YoY (-8.9% QoQ). In 9M2020, QNNS posted net profit of QR383.7mn as compared to QR418.9mn in 9M2019. Operating revenues of the Group stood at QR1.71bn for the nine months period, compared to QR1.83bn for the same period in 2019. However, the operating profit of Milaha has marginally increased to QR286mn, compared to QR280mn for the same period in 2019. Milaha Maritime & Logistics' operating revenue decreased by QR62mn and net profit by QR27mn compared with the same period in 2019. The segment was negatively impacted by COVID-19-related increases in health and safety expenses and disruptions in supply chains which caused volume and work reductions. Milaha Gas & Petrochem's operating revenue increased by QR29mn, with net profit increasing by QR135mn against the same period last year. The increases were driven by higher market shipping rates and strong performance from our joint venture and associate companies. Milaha Offshore's operating revenue increased by QR13mn, with the bottom line decreasing by QR14mn versus the same period in 2019. Despite a strong 3-point increase in operating margin from 11% in 2019 to 14% in 2020, the segment's results were dragged down by vessel impairments. Milaha Capital's revenue decreased by QR65mn and net profit by QR128mn compared to the same period in 2019. Gains on sale of properties were more than offset by lower rental income and a one-time impairment on an investment property. Milaha Trading's revenue decreased by QR74mn and bottom line decreased by QR1mn, with declines in heavy equipment sales being the main contributing factor. (QNB FS Research, QSE, Gulf-Times.com, Peninsula Qatar)
- **WDAM posts 1.1% YoY increase but 38.0% QoQ decline in net profit in 3Q2020, above our estimate –** Widam Food Company's (WDAM) net profit rose 1.1% YoY (but declined 38.0% on QoQ basis) to QR14.3mn in 3Q2020, above our estimate of QR12.6mn (variation of +13.1%). In 9M2020, WDAM recorded net profit of QR63.9mn as compared to QR63.4mn in 9M2019. EPS remained flat YoY at QR0.35 in 9M2020. (QNB FS Research, QSE)
- **MRDS announces of non-completion of a business transaction –** Mazaya Real Estate Development (MRDS) announced selling of Gloria Doha Hotel, and informed that the transaction has not been completed because the buyer does not fulfill the obligations of the contract. Accordingly, the hotel remains one of the properties of MRDS. (QSE)
- **QATI to disclose 3Q2020 financial statements on October 27 –** Qatar Insurance Company (QATI) intends to disclose the 3Q2020 financial statements for the period ending September 30, 2020, on October 27, 2020. (QSE)
- **QTerminals signs pact to acquire port in Turkey –** Qatar's QTerminals has signed sale and purchase agreement with Global Ports Holding, the world's largest independent cruise port operator, for the acquisition of Port Akdeniz in Turkey for an enterprise value of $140mn. "Global Ports Holding Plc is pleased to announce that following a period of exclusive negotiations it has entered into a conditional sale and purchase agreement to sell Ortadoğu Antalya Liman Işletmeleri (Port Akdeniz) to QTerminals WLL, a Qatari commercial port operating company, for an enterprise value of $140mn," said Global Ports Holding in a regulatory filing to the London Stock Exchange. QTerminals is a terminal operating company jointly established by Qatar Ports Management Company (Mwani) and Qatar Navigation (Milaha) to provide port services to Hamad Port. Port Akdeniz, Global Ports Holding's largest commercial port concession, operates Port AkdenizAntalya in Turkey, under a concession agreement which runs until August 2028. Port Akdeniz-Antalya is a leading commercial cargo export port in Turkey, currently specializing in handling cargo containers and general and bulk cargo destined for global markets including those in Asia and the Middle East. The deal is subject to clearance from Turkish government authorities and is expected to conclude by the fourth quarter of this year. "The sale remains conditional, inter alia, upon obtaining certain regulatory clearances and approvals from various Turkish governmental authorities. The timing of the closing process is uncertain but could be concluded as early as 4Q2020; however there can be no certainty as to the final outcome. A further

announcement will be made when it is appropriate to do so," said the company in the filing. (Peninsula Qatar)

- **IMF: FIFA World Cup expected to lead to improvements in Qatar –** International Monetary Fund (IMF) expects that the FIFA World Cup Qatar 2022 will lead to improvements gradually to the country's economy. "We expect Qatar economy to recover next year with positive growth," said Jihad Azour, Director, Middle East and Central Asia Department, at IMF. At a recent online media event to present the regional economic outlook, Azour said, "The situation in Qatar to a great extent is similar to what we see in other countries. Qatar has done directly, has worked directly in order to face the pandemic with a number of protective measures and health measures as well. In addition, it has taken certain measures to support the situation of the citizens and to safeguard a number of programs that would contribute mitigating the repercussions of this pandemic on the economy of Qatar." Azour added, the decline of oil prices and gas has had its impact on the economy, especially the investments made by Qatar currently in order to prepare for the World Cup 2022. So, overall, it is expected that the economy of Qatar will decline in terms of growth, which will be positive 4% to 5% this year and it will be expected to recover next year with positive growth." He said countries in the region responded swiftly and resolutely when Covid-19 hit. And many of the emergency measures from those, boosting health sectors to policies aimed at assisting households and businesses, help countries cope with the crisis's immediate impact. However, given the uncertainty surrounding the pandemic's trajectory and the scale of the challenges it has created, countries in the region continue to face a difficult economic environment. (Gulf-Times.com)
- **BNEF: Qatar Petroleum's LNG growth strategy hinges on Europe –** According to Bloomberg NEF (BNEF), newly booked liquefied natural gas regasification capacity at the Isle of Grain terminal in the UK is the latest piece of the puzzle for Qatar Petroleum's Golden Pass LNG marketing strategy. Its European capacity now fully covers its upcoming US Gulf Coast equity supply. The Grain deal adds 23% to Qatar Petroleum's already sizable European capacity access, which now spans five different terminals. Capacity booked in the last two years is now enough to cover all its 70% equity supply from the Golden Pass project in Texas, slated to begin in 2024. There is even sufficient capacity to accommodate a proposed expansion, which is under regulatory review. Barring the US expansion, the excess European booked capacity is able to absorb just 18% of the planned volumes from the Phase 1 North Field Expansion back in Qatar. Qatar Petroleum needs to find other markets to take that projected growth, coming in 2025. Germany could be the next piece of the puzzle. Qatar Petroleum is reportedly in concrete negotiations with Uniper SE, operator of the planned Wilhelmshaven terminal. Qatar Petroleum Booked European Regasification Capacity (Note: Non-equity European regasification capacity does not include South Hook (UK) and Rovigo (Italy) capacity as Qatar Petroleum has a stake in those. The terminals currently receive mostly Qatari LNG supply. (Bloomberg)
- **Baker Hughes more optimistic on natural gas as forward prices improve, LNG orders climb –** Lifted by a major natural gas order from longtime partner Qatar Petroleum, Baker Hughes Co. saw its revenue climb and equipment orders increase during the third quarter by 4% sequentially. Baker Hughes' CEO, Lorenzo Simonelli said, "He sees positives for natural gas, pointing to the major liquefied natural gas (LNG) order in Qatar. However, like his fellow oilfield services executives at Schlumberger Ltd. and Halliburton Co., energy demand has begun to flatten as COVID-19 snakes its way across the globe." (Bloomberg)
- **Qatar Cool ties up with GCC, breaks ground on fifth cooling plant in Qatar –** Qatar District Cooling Company (Qatar Cool) on Wednesday announced that it has signed a contract with Gulf Contracting Company (GCC) for the construction of its fifth cooling plant in Qatar. The new cooling plant will be constructed on the Pearl Qatar and will provide sustainable cooling solutions to the emerging Gewan Island. Once complete the cooling plant will provide 18,000 Tons of Refrigeration (TR) to the 400,000 square meter island serving 659 residential units, 73 varied villas, 11,000 square meter of retail space, and 15 multi-use buildings. (Qatar Tribune)
- **Fuji Oil Seeks Murban, Qatar Land Crude for December –** Japanese refiner is seeking to buy 500k-1mn barrels of Murban, Qatar Land crude for December 1-31 loading, according to a tender document. Discharge port will be Chiba. Offers due 1:30pm Singapore time on October 22, 2020. (Bloomberg)
- **GECF: Natural gas will be fastest growing fuel in energy mix –** The Secretary-General of the Doha headquartered Gas Exporting Countries Forum (GECF), Yury Sentyurin, has reaffirmed that the natural gas will be the fastest growing fuel in the global energy mix, increasing its share from currently 23% to 28% by 2050. Yury, speaking at a virtual event recently, said, "It (natural gas) will overtake the so-called 'dirty coal' in 2025 and become the largest global primary energy source by 2047, with oil plateauing around 2040 and then beginning its irreversible decline." In his welcome address to the Director-General of the International Renewable Energy Agency (IRENA), Francesco La Camera, on Tuesday, at the GECF's Monthly Gas Lecture Series titled 'The Energy Transformation: the Way Forward', Yury noted GECF projections show that during this time, renewables will quintiple to 10% in the global energy mix. "Together, natural gas and renewables will provide almost 60% of 2050's electricity supply," said the Secretary-General of GECF, an international governmental organization which provides the framework for exchanging experience and information among Member Countries of the Forum. The GECF's founding Members include leading gas producers and exporters such as Qatar, Russia and Iran among others which have 72% of the world's proven gas reserves, 46% of its marketed production, 55% of pipeline, and 61% of LNG exports across the globe. According to the GECF Global Gas Outlook 2050, which was launched early this year, natural gas is projected to rise by 1.3% per annum from 3,924 bcm (billion cubic meters) in 2018 to 5,966 bcm by 2050 driven by environmental concerns, air quality issues, coal-to-gas switching as well as economic and population growth. (Peninsula Qatar)

International

- **UN report: World trade rebounding slowly, outlook uncertain –** The value of global trade is set to fall by 7% to 9% in 2020 from the previous year, despite signs of a fragile rebound led by China in the third quarter, a United Nations report said. No region was spared by an estimated 19% YoY plunge in world trade in the second quarter, as the COVID-19 pandemic disrupted economies, the UN Conference on Trade and Development (UNCTAD) said. Global trade recovered somewhat in the third quarter, when it was estimated at about 4.5% less than in the same period a year ago, the agency said in its latest update. Growth in the textiles sector was also strong. Its preliminary forecast put YoY growth for 4Q2020 at 3% less, but the report said that uncertainties persisted due to how the pandemic would evolve. If the pandemic resurges in coming months, that could lead to a deteriorating environment for policy-makers and sudden increase in trade restrictive policies, it said. China's exports rebounded strongly in the third quarter after falling in the early months of the pandemic, and have posted YoY growth rates of nearly 10%, UNCTAD said. Chinese demand for imported products recovered following a decline in 2Q2020, contrary to other major economies, it said. Earlier this month the World Trade Organization (WTO) upgraded its forecast for trade in goods due to improvements from June and predicted a drop of 9.2% for 2020. But it saw a more muted rebound in 2021, with further lockdowns from a second wave of COVID-19 infections posing clear risks. (Reuters)

- **UK borrowing exceeds forecasts, debt highest since 1960 –** Britain's government borrowing in the first half of the financial year was more than six times higher than before the COVID pandemic, official figures showed on Wednesday, taking public debt to its highest since 1960. Public borrowing in September alone totaled 36.101bn Pounds ($46.90bn), above all forecasts in a Reuters poll of economists, although August's figure was revised down by more than 5bn Pounds to 30.113bn Pounds. The increased borrowing took total public debt further above the 2tn Pound mark to 2.060tn Pounds or 103.5% of GDP, its highest on this measure since 1960, the Office for National Statistics said. Driven by a surge in coronavirus-related spending and a fall in tax revenue after the biggest economic hit since at least the 1920s, borrowing from April to September totaled 208.5bn Pounds, over six times more than for the same time in 2019. Britain's Office for Budget Responsibility predicted in August that borrowing would reach a record 372bn Pounds by the end of this financial year, equivalent to 18.9% of GDP, the most since World War Two. (Reuters)
- **EU, Britain agree to resume trade talks after week-long hiatus –** Britain will resume talks with the European Union (EU) on Thursday, marking a new push by the two sides to protect billions of dollars' worth of trade from the beginning of next year. Prime Minister Boris Johnson walked away from the negotiations late last week after British officials criticized conclusions from an EU summit which they said suggested only London should compromise to try to secure a new trade deal. With just 10 weeks until a status quo Brexit transition period is due to end, both sides have traded blame and called on each other to offer more concessions in the talks, which have been all but deadlocked since the summer. But while markets welcomed the resumption, it is unclear whether the two sides can bridge gaps on fair competition guarantees – especially state aid rules – and fisheries, a sector laden with symbolism for Brexit supporters in Britain. A spokeswoman for Johnson's Downing Street office said Britain's chief negotiator David Frost had spoken to EU counterpart Michel Barnier and welcomed his comments from earlier in the day. (Reuters)
- **EU countries back binding green farming schemes –** European Union agriculture ministers agreed on Wednesday to set aside part of the bloc's massive farming policy budget for programs that protect the environment. The EU is nearing the end of a two-year struggle to overhaul its agriculture policy, to attempt to align it with the bloc's climate change commitments, while supporting farmers' livelihoods. The common agricultural policy (CAP) as a whole will suck up roughly a third of the EU's 1.1tn Euro ($1.30tn) budget for 2021-2027, to be split between direct payments to farmers and other support for rural development. Ministers agreed that 20% of the payments to farmers will be earmarked for green schemes such as organic farming or agroforestry. Farmers will not be able to access the cash for other purposes. The policy kicks in from 2023 and ministers agreed a two-year pilot phase for the green schemes, meaning they would become binding from 2025. Some countries had raised concerns that tying cash to environmental aims would mean the money was left unspent. With agricultural sites comprising 40% of all EU land, farming has a large influence over the health of Europe's natural habitats. Agriculture is the most frequently reported threat to nature in Europe, amid intensive farming techniques including pesticides and irrigation, the EU environment agency said on Monday. Campaigners said the 20% share for green schemes was too low. (Reuters)
- **IMF cuts Asia's growth forecast, warns of pandemic-driven risks –** The International Monetary Fund (IMF) slashed this year's economic forecast for Asia, reflecting a sharper-than-expected contraction in countries like India, a sign the coronavirus pandemic continues to take a heavy toll on the region. While the IMF upgraded next year's growth forecast, it warned the recovery will be sluggish and patchy with countries dependent on tourism seen taking a particularly hard hit. "Fear of infection and social distancing measures are dimming consumer confidence and will keep economic activity below capacity until a vaccine is developed," the IMF said in a report on the Asia-Pacific region released on Wednesday. "Although China's recovery can boost regional trade, weak global growth, closed borders, and festering tensions around trade, technology, and security have worsened the prospects for a trade-led recovery in the region." The IMF said it expects Asia's economy to contract 2.2% this year. That decline is 0.6 of a percentage point larger than its forecast in June, due to sharp slumps in countries like India, the Philippines and Malaysia. India's economy is likely to shrink 10.3% this year in stark contrast to China, which is set to expand 1.9%, the IMF said. Asia's economy is likely to grow 6.9% in 2021 thanks to the boost from expected stronger recoveries in China, the US and the Euro area, it said. But the IMF said there were "considerable" risks such as the chance of a second wave of infections, escalating US tensions and a potential return to tighter financial conditions. (Reuters)
- **IMF endorses Japan PM Suga's reform agenda, urges BOJ to review inflation goal –** The International Monetary Fund (IMF) gave a thumbs-up on Wednesday to plans by new Japanese

Prime Minister Yoshihide Suga to maintain the thrust of his predecessor's "Abenomics" stimulus programs, while pushing through reforms to revitalize the economy. Odd Per Brekk, Deputy Director of the IMF's Asia and Pacific department, also urged the Bank of Japan (BOJ) to consider reviewing its 2% inflation target to make it more flexible – repeating a recommendation made earlier this year. In succeeding Shinzo Abe as prime minister last month, Suga pledged to maintain the first two "arrows" of Abenomics - huge fiscal and monetary stimulus measures to prop up growth. He also vowed to pursue a re-modeled version of structural reforms, such as steps to boost smaller firms' productivity, promote digitalization and consolidate regional banks. Labor market reforms, such as opening up more career opportunities for women and encouraging more telework, must also remain a priority, Brekk said. Japan's economy suffered its biggest postwar slump in the second quarter as the coronavirus pandemic slammed domestic and global demand, and analysts expect any rebound to be modest as uncertainty over the outlook weighs on consumption and capital spending. (Reuters)

- **PBOC: China to balance stable growth and risk prevention –** China will strike a balance between stabilizing economic growth and preventing risks, even as debt was allowed to temporarily rise this year to support the coronavirus-hit economy, the head of the central bank Yi Gang said. Yi, the governor of the People's Bank of China (PBOC), told a financial forum in Beijing that he expected China's macro leverage ratio to stabilize next year as the economy expands, after the debt gauge rose in 2020. Bank lending in the first nine months totaled 16.26tn Yuan ($2.44tn) as policymakers looked to reboot economic activity, beating a previous peak of 13.63tn Yuan in the same period last year. In July, Ruan Jianhong, head of the PBOC's statistics department, said that the country's macro leverage ratio jumped 14.5 percentage points in the first quarter and climbed further in the second quarter. The macro leverage ratio is a measurement of the debt held by Chinese governments, households and companies divided by total gross domestic product (GDP). The central bank has not given further details on the figure. The Institute for International Finance (IIF) said in July that China's debt-to-GDP ratio was on track to hit 335%, from nearly 318% in the first quarter. (Reuters)
- **China's fiscal revenues rise 4.7% in third-quarter as economy gains steam –** China's fiscal revenues grew 4.7% in the third quarter from a year earlier, reversing a 7.4% drop in the previous quarter, the finance ministry said on Wednesday, as the country's economic recovery picked up pace. China's economy in the July to September quarter expanded by 4.9% from a year earlier, weaker than analyst expectations but faster than the second quarter's 3.2% growth. For the first nine months of the year, fiscal revenues fell 6.4% from a year earlier to 14.10tn Yuan ($2.12tn), while fiscal expenditures dropped 1.9% to 17.519tn Yuan, the ministry said. Liu Jinyun, a finance ministry official, told a briefing that tax receipts could get a boost from China's continued economic rebound in the fourth quarter. The government is on track to cut taxes and fees by more than 2.5tn Yuan in 2020, including 1.88tn Yuan in the first eight months, the ministry said. China has allocated 200bn Yuan in local government special bonds to help resolve risks at small banks, Wang Kebing, a second finance ministry official, told the briefing. In July, China's cabinet said it would allow local governments to use part of the money they raise from special bonds this year to recapitalize some small banks. China's local governments will be allowed to issue 3.75tn Yuan in special bonds this year, up from 2.15tn Yuan in 2019. (Reuters)
- **Brazil's September federal tax revenue up 2% to 119.8bn Reais –** Brazil's federal tax revenue rose to 119.8bn Reais ($21.4bn) in September, the federal tax service said on Wednesday, up 2% in real terms on the same month last year. It was slightly more than the 118.5bn Reais forecast in a Reuters poll of economists, and brought the total tax take in the first nine months of the year to 1.03tn Reais, down 11.7% from a year earlier, the revenue service said. (Reuters)

Regional

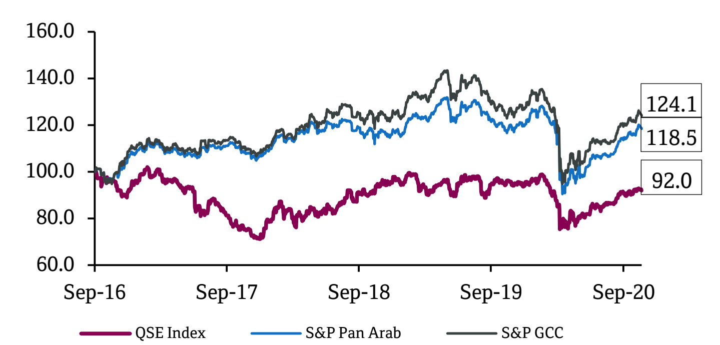
- **More GCC banks likely to consolidate amid tight economy, flat oil prices –** More banks in the GCC region are likely to consolidate amid challenging economic conditions and low oil prices, a top UAE bank official hinted on Wednesday. The mergers and acquisition space in the region have seen increased levels of activity in recent years, with lenders scaling down to remain competitive in a tight business environment. Prior to the coronavirus pandemic, growth in economies like the UAE – which has been suffering a real estate downturn - was already quite sluggish and certain markets were overbanked. "The ongoing consolidation of the banking sector in the GCC region is expected to continue with constrained growth opportunities and lower oil prices," Chairman of Dubai Islamic Bank (DIB), Mohammed Ibrahim Al Shaibani said. The UAE-based lender acquired its competitor Noor Bank in a transaction structured through a share swap in January this year, shortly before the global coronavirus lockdown. The acquisition involves integrating Noor's operations into DIB's. In a statement to the Dubai Financial Market (DFM) on Wednesday, Al Shaibani said the "strategic acquisition remains on target for completion by year end". "The anticipated synergies have already started to materialize which will pave the way for robust growth and greater returns for shareholders in the years to come." Late last year, Kuwait Finance House announced plans to acquire Bahrain's Ahli United Bank, also through a share swap transaction. The acquisition process, however, has been moved to December this year due to the disruptions caused by the COVID-19 pandemic. "The banks now face larger cost adjustments as low oil prices and the coronavirus fallout constrain growth opportunities and severely dent their profitability," Analyst at Moody's. Badis Shubailat said in a report. "This is prompting a new wave of mergers as banks seek ways to combat revenue pressure," he added. (Zawya)
- **Fitch Ratings: Sukuk volumes in 2020 resilient to coronavirus stress –** The volumes of Sukuk issuance in the full-year 2020 are expected to be similar to 2019 levels, despite the unprecedented stress from the coronavirus pandemic, Fitch Ratings said. As market conditions further recover, Sukuk supply is expected to increase with increased funding needs. Sovereigns are expected to remain the major contributors to overall Sukuk volumes as they face widening fiscal deficits and high borrowing needs, caused by coronavirus-related economic disruptions and lower oil prices. Issuance from financial institutions and corporates is

also set to increase as they face challenging business conditions and take advantage of lower funding costs. Sukuk issuance with a maturity of more than 18 months from the GCC region, Malaysia, Indonesia, Turkey and Pakistan reached $10.5bn in 3Q2020, 14.2% lower than the previous three months. The volume of outstanding Fitch-rated Sukuk reached $116.2bn at end-3Q2020. The volume of outstanding Fitch-rated Green & Sustainability sukuk reached $7.2bn at end-3Q2020. Despite the modest growth, the Green & Sustainable Sukuk market is still in its infancy and not likely to become a sizeable part of the sukuk market in the short term. The discontinuance of LIBOR could adversely affect the value of floating rate Sukuk referencing LIBOR or any other such benchmark. Sukuk also face the complexity of ensuring sharia compliance throughout the transition process. However, the bulk of the sukuk market is fixed rate and so unaffected by the IBOR transition. Standardization efforts in the industry continue. The International Islamic Financial Market launched the new Sukuk Al-Ijarah documentation in October. In 3Q2020, the Central Bank of Kuwait formed the Higher Committee of Shari'ah supervision. (Bloomberg)

- **Gulf bond flurry sets $102bn record before US election –** A burst of debt deals in the Gulf has pushed issuance to a record in the region as borrowers rush to shore up their oil-dependent budgets before the US Presidential vote. GCC sovereigns and corporates have sold $102bn in debt so far this year, already exceeding the highest full-year figure. Junk-rated Oman was in the market on Wednesday with a sale of seven-year and 12-year dollar notes, alongside offerings by Qatar Islamic Bank and the Investment Corporation of Dubai. For Saudi Arabia and the UAE, a Biden White House could see a cooling in relations, with greater scrutiny of human rights and a restoration of the diplomatic norms bypassed by Trump. The twin shock of the coronavirus and low oil prices this year have hit Gulf economies hard, sparking a wave of sales to capitalize on stimulus unleashed by central banks globally. Oman is one of the weaker members of the six-nation GCC and its budget deficit could reach 18% of GDP this year, according to S&P estimates. The Sultanate said it is also in aid talks with Gulf neighbors, according to its bond prospectus. (Bloomberg)
- **IATA expects lower Middle East air travel demand in 2020 –** The International Air Transport Association (IATA) on Wednesday lowered its 2020 passenger traffic forecast for the Middle East to reflect a "weaker-than-expected" recovery. Passenger numbers in the region are expected to reach only 30% of 2019 levels, down from the 45% that was predicted in July. The Middle East is expected to see 60mn travelers in 2020, compared to 203mn last year, the industry body said during a webinar. In 2021, demand in the region will strengthen to 45% of 2019 levels to reach 90mn travelers. "Restoring air connectivity is vital to restart Africa and the Middle East economies, and we really need to push, everybody to work together to make sure that we restart the industry," Regional Vice-President at IATA, Muhammad Ali Albakri said. The forecasts depend on the situation of the virus spread, government restrictions, and the ability of airline operators to go back to "normal" in absolute numbers, he said. (Gulf-Times.com)
- **Middle East share of India's September oil imports falls to four-month low –** Middle East producers' share of India's market fell to a four-month low in September while that of Africa rose to one year high, according to data obtained from industry sources. Last month, India's oil imports from its top oil supplier Iraq declined by about 18% from August, the data showed, as OPEC's second biggest producer deepened output cuts to compensate for overproduction. Lower purchases from Iraq and other regional producers squeezed Middle East producers' share of India's September market to about 61%, according to the data. The OPEC and its allies including Russia, a group known as OPEC+ are cutting output by about 7.7mn bpd until end-2020 to support global prices. The group had asked Iraq to make additional compensation cuts until December. "Middle Eastern exports were reduced in September due to OPEC+ cuts," Analyst with Refinitiv, Ehsan Ul Haq said. "Iraq was under pressure to reduce supplies further due to higher exports in the past." India's overall imports in September totaled 3.48mn bpd, a decline of about 9% from a year earlier and 12% from August, the data showed. (Reuters)
- **APICORP raises $250mn from existing bonds –** Saudi Arabia-based Arab Petroleum Investments Corporation (APICORP) has raised $250mn by retapping a $750mn bond issuance to the RegS markets. Regulation S, often referred to as Reg S, are bonds or stocks that may not be offered, sold or delivered within the US. The bonds were sold at 90 basis points over mid-swaps, the lowest ever for an APICORP bond issuance, the company said in a press release. The dollar denominated bonds, first issued in June 2020, are part of APICORP's $3bn Global Medium-Term Note (GMTN) program. APICORP said 40% of investors had come from outside the MENA region and 56% were from central banks, other sovereigns, supranational and agencies (SSAs). (Zawya)
- **Saudi Aramco studying possible large-scale blue hydrogen supply –** Saudi Aramco is studying the business case for large-scale supply of blue hydrogen; the company's Chief Technology Officer, Ahmad Al Khowaiter said. The biggest challenge would be to overcome transportation costs. (Bloomberg)
- **Saudis launch national artificial intelligence strategy –** Saudi Arabia on Wednesday launched a national artificial intelligence strategy aimed at making it a global leader in the field as it seeks to diversify its oil-based economy. The National Strategy for Data and Artificial Intelligence (NSDAI) will seek to attract $20bn in foreign and local investments by 2030, a NSDAI statement said. Speaking at the opening of the Kingdom's Global AI Summit, the Head of the Saudi Data and Artificial Intelligence Authority (SDAIA) - which will spearhead the NSDAI strategy, Abdullah bin Sharaf Alghamdi said Riyadh would announce several AI partnerships. "Saudi Arabia will implement a multi-phase, multi-faceted plan that includes skills, policy and regulation, investment, research and innovation, and ecosystem development," the statement said. Saudi Arabia is pushing to diversify its economy away from oil, boost the private sector and create more jobs for Saudis under its "Vision 2030" plan. The Kingdom aims to train 2,000 Saudi data and AI specialists over the next 10 years, he told Reuters. (Reuters)

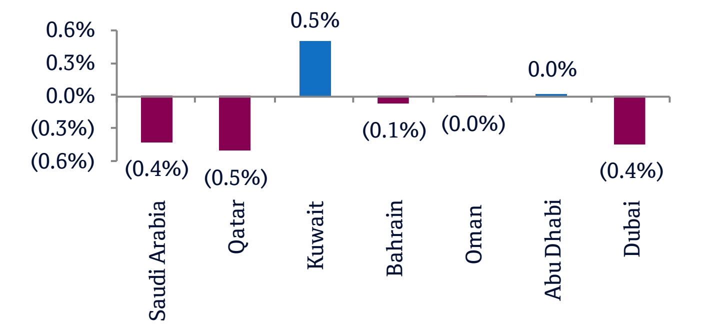
- **Arab National Bank markets dollar Sukuk –** Saudi Arabian lender Arab National Bank began marketing 10-year US dollar-denominated Sukuk, or Islamic bonds, that are non-callable for five years, a document showed on Wednesday. It gave initial price guidance of around 325 basis points over mid-swaps for the Tier 2 Sukuk, according to the document from one of the banks arranging the deal. (Reuters)
- **UAE, US, Israel announce establishment of Abraham Fund –** The UAE, the US, and Israel, have announced the establishment of the Abraham Fund, which fulfils a commitment made in the Abraham Accords. Through this fund, the UAE, the US International Development Finance Corporation, and Israel will mobilize more than $3bn in private sector-led investment and development initiatives to promote regional economic cooperation and prosperity in the Middle East and beyond. The partners welcome participation from other countries to advance these objectives. This initiative is an integral part of the historic peace accord signed by the UAE and Israel with the US' support and demonstrates the benefits of peace by improving the lives of the region's peoples. It is a manifestation of the new spirit of friendship and cooperation between the three countries, as well their common will to advance the region. The countries will trilaterally open a development office based in Israel to identify and initiate strategic projects with a high developmental impact, including those that catalyze economic growth, improve standards of living, and create high-value, quality jobs. (Zawya)
- **Dubai wealth fund expected to sell $500mn in long 5-year bonds –** Investment Corporation of Dubai (ICD), the Dubai government's main investment arm, is expected to sell $500mn in long five-year bonds at 275 basis points over mid-swaps, a document showed on Wednesday. ICD began marketing the bonds at around 300 basis points over mid-swaps earlier on Wednesday and received around $1.3bn in orders, according to the document issued by one of the banks leading the deal, which is due to launch later in the day. Issuers from the Gulf are lining up to take advantage of low interest rates to plug finances hit by cheap oil and the coronavirus crisis, with Oman also selling bonds on Wednesday in its first issuance since July last year. The government of Dubai sold $2bn in bonds last month in its first public debt issuance since 2014 amid a sharp economic downturn that has revived concern over its finances and memories of its 2009 debt crisis. Citi, Emirates NBD Capital, First Abu Dhabi Bank, HSBC, JPMorgan and Standard Chartered have been hired to arrange ICD's deal. (Reuters)
- **Oman sells bond of $2bn with two different maturities –** Oman waded back into the international debt market for the first time in more than a year with a $2bn bond sale after raising the possibility of assistance from its Gulf neighbors. The Sultanate sold $1.25bn in seven-year securities on Wednesday, as well as $750mn in notes maturing in 2032, according to sources. It is in talks to win support from some states in the region, according to its bond prospectus. Oman has lagged most peers in implementing fiscal reforms despite dwindling reserves and a budget deficit S&P estimates could reach 18% of GDP this year. The government was facing increasing pressure to tap global debt markets as a widening fiscal shortfall leaves the sovereign underfunded by about OMR1.3bn to OMR1.4bn, according to Morgan Stanley. Oman's government sold the notes maturing in 2027 at a yield of 6.75%, down from its initial guidance in the 7% area. The 12-year securities, meantime, priced at 7.375%, down from initial guidance of about 7.625%, the sources said. Oman's bonds are the worst performers in the region this year, and, until now, the country had stayed out of the market after raising $3bn last year. "This will significantly reduce the pressure to raise domestic debt or draw down their reserves," Chief Economist at Abu Dhabi Commercial Bank, Monica Malik said. "The funding requirement will remain high going forward, so continued access to the international debt market is important." (Bloomberg)
- **Investcorp successfully lists BinDawood Holding on Tadawul –** Investcorp announced the successful listing of its portfolio company BinDawood Holding, on the Saudi Stock Exchange (Tadawul). This marks the third investment that Investcorp has exited through a public share sale over the last four years in the Kingdom of Saudi Arabia, following the public offerings of L'azurde Company for Jewelry in 2016 and Leejam Sports Company (Fitness Time) in 2018. BinDawood Holding is one of the leading grocery retail operators of hypermarkets and supermarkets in the Kingdom of Saudi Arabia. It has a total of 73 stores of which 51 are hypermarkets and 22 are supermarkets, operating under the BinDawood and Danube brands located nationwide across Saudi Arabia. Investcorp acquired a minority stake in BinDawood in 2016. Head of Private Equity MENA and South East Asia, Walid Majdalani said that "Since our acquisition of BinDawood Holding, we worked closely with the management team to help them deliver on their strategic growth plans, enhance the company's value, optimize their operational leverage and implement a best-in-class framework to scale their operations. This is the third family owned business that Investcorp takes public in Saudi Arabia while creating significant growth and value creation for such companies as well as our clients and other stakeholders." (Bahrain Bourse)
- **Bahrain sells BHD100mn 364-day bills; bid-cover at 1.55x –** Bahrain sold BHD100mn of 364-day bills due on October 21, 2021 on October 20, 2020. Investors offered to buy 1.55 times the amount of securities sold. The bills were sold at a price of 97.237, have a yield of 2.81% and will settle on October 22, 2020. (Bloomberg)

Rebased Performance



Source: Bloomberg

Daily Index Performance



Source: Bloomberg

Asset/Currency Performance	Close ($)	1D%	WTD%	YTD%
Gold/Ounce	1,924.33	0.9	1.3	26.8
Silver/Ounce	25.05	1.6	3.7	40.3
Crude Oil (Brent)/Barrel (FM Future)	41.73	(3.3)	(2.8)	(36.8)
Crude Oil (WTI)/Barrel (FM Future)	40.03	(3.4)	(2.1)	(34.4)
Natural Gas (Henry Hub)/MMBtu	2.57	0.0	19.0	23.0
LPG Propane (Arab Gulf)/Ton	53.00	(1.2)	(0.5)	28.5
LPG Butane (Arab Gulf)/Ton	61.50	(2.4)	(1.6)	(6.1)
Euro	1.19	0.3	1.2	5.8
Yen	104.59	(0.9)	(0.8)	(3.7)
GBP	1.31	1.6	1.8	(0.8)
CHF	1.10	0.2	1.1	6.9
AUD	0.71	1.0	0.5	1.4
USD Index	92.61	(0.5)	(1.1)	(3.9)
RUB	76.72	(0.8)	(1.5)	23.8
BRL	0.18	0.0	0.7	(28.3)

Source: Bloomberg

Global Indices Performance	Close	1D%*	WTD%*	YTD%*
MSCI World Index	2,417.83	(0.2)	(0.9)	2.5
DJ Industrial	28,210.82	(0.3)	(1.4)	(1.1)
S&P 500	3,435.56	(0.2)	(1.4)	6.3
NASDAQ 100	11,484.69	(0.3)	(1.6)	28.0
STOXX 600	360.79	(0.9)	(0.5)	(8.3)
DAX	12,557.64	(1.0)	(1.4)	0.4
FTSE 100	5,776.50	(0.3)	(0.7)	(24.0)
CAC 40	4,853.95	(1.1)	(0.4)	(14.1)
Nikkei	23,639.46	1.3	1.8	4.1
MSCI EM	1,137.91	0.4	1.2	2.1
SHANGHAI SE Composite	3,325.03	0.3	0.4	14.1
HANG SENG	24,754.42	0.8	1.5	(11.7)
BSE SENSEX	40,707.31	0.2	1.6	(4.5)
Bovespa	100,552.40	(0.6)	2.8	(37.7)
RTS	1,143.42	0.2	0.9	(26.2)

Source: Bloomberg (*$ adjusted returns)

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