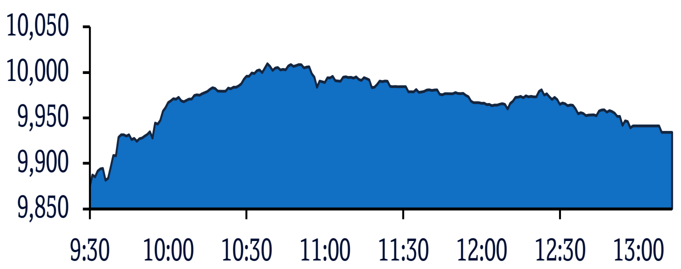
# Daily Market Report

Sunday, 23 February 2020

## QSE Intra-Day Movement




## Qatar Commentary

The QE Index rose 0.6% to close at 9,934.1. Gains were led by the Transportation and Telecoms indices, gaining 1.1% each. Top gainers were Doha Bank and Mazaya Qatar Real Estate Development, rising 9.6% and 4.0%, respectively. Among the top losers, Qatari German Company for Medical Devices fell 7.2%, while Widam Food Company was down 2.1%.

## GCC Commentary

**Saudi Arabia:** The TASI Index gained 0.5% to close at 8,007.4. Gains were led by the Software & Serv. and Health Care indices, rising 3.4% and 2.4%, respectively. National Co. for Learn. and Edu. rose 8.8%, while Ash-Sharqiyah Dev. was up 6.6%.

**Dubai:** The DFM Index gained 0.3% to close at 2,737.5. The Telecommunication index rose 1.8%, while the Consumer Staples and Discretionary index gained 1.0%. Khaleeji Commercial Bank rose 14.8%, while Arabtec Holding was up 3.4%.

**Abu Dhabi:** The ADX General Index fell 0.8% to close at 5,033.2. The Banks index declined 1.1%, while the Investment & Financial Serv. index fell 0.7%. Axa Green Crescent Ins. declined 5.8%, while Umm Al Qaiwain Gen. Inv. was down 5.3%.

**Kuwait:** The Kuwait All Share Index gained 1.2% to close at 6,188.4. The Telecom. index rose 2.3%, while the Consumer Goods index gained 1.5%. Burgan Co. for Well Drilling rose 15.5%, while First Dubai Real Estate Development Co. was up 10.9%.

**Oman:** The MSM 30 Index gained 0.4% to close at 4,191.6. Gains were led by the Services and Industrial indices, rising 0.5% and 0.1%, respectively. Vision Insurance rose 5.0%, while Oman Telecommunications Company was up 3.6%.

**Bahrain:** The BHB Index gained 0.3% to close at 1,668.6. The Commercial Banks index rose 0.4%, while the Services index gained 0.2%. Khaleeji Commercial Bank rose 13.6%, while Ithmaar Holding was up 9.3%.

| Market Indicators | 20 Feb 20 | 19 Feb 20 | %Chg. |
|---|---|---|---|
| Value Traded (QR mn) | 349.4 | 333.1 | 4.9 |
| Exch. Market Cap. (QR mn) | 549,479.6 | 547,575.8 | 0.3 |
| Volume (mn) | 114.3 | 115.0 | (0.6) |
| Number of Transactions | 7,121 | 8,471 | (15.9) |
| Companies Traded | 45 | 46 | (2.2) |
| Market Breadth | 24:19 | 29:12 | – |

| Market Indices | Close | 1D% | WTD% | YTD% | TTM P/E |
|---|---|---|---|---|---|
| Total Return | 18,367.91 | 0.6 | 0.9 | (4.3) | 14.4 |
| All Share Index | 2,975.43 | 0.4 | 0.7 | (4.0) | 15.1 |
| Banks | 4,232.16 | 0.7 | 1.2 | 0.3 | 14.6 |
| Industrials | 2,560.26 | (0.3) | (1.9) | (12.7) | 19.1 |
| Transportation | 2,433.18 | 1.1 | 5.7 | (4.8) | 12.5 |
| Real Estate | 1,416.23 | 0.2 | 0.5 | (9.5) | 10.6 |
| Insurance | 2,622.77 | (0.4) | (0.5) | (4.1) | 15.9 |
| Telecoms | 860.71 | 1.1 | 2.3 | (3.8) | 14.8 |
| Consumer | 7,825.05 | 0.3 | 0.4 | (9.5) | 17.3 |
| Al Rayan Islamic Index | 3,679.85 | 0.1 | 0.6 | (6.9) | 15.8 |

| GCC Top Gainers## | Exchange | Close# | 1D% | Vol. '000 | YTD% |
|---|---|---|---|---|---|
| Jabal Omar Dev. Co. | Saudi Arabia | 28.50 | 5.8 | 5,328.7 | 5.0 |
| Oman Telecom. Co. | Oman | 0.68 | 3.6 | 586.5 | 14.0 |
| Mouwasat Med. Serv. Co. | Saudi Arabia | 87.80 | 3.3 | 275.8 | (0.2) |
| Boubyan Bank | Kuwait | 0.65 | 2.9 | 1,100.0 | 1.2 |
| Saudi Ind. Inv. Group | Saudi Arabia | 23.20 | 2.7 | 472.3 | (3.3) |

| GCC Top Losers## | Exchange | Close# | 1D% | Vol. '000 | YTD% |
|---|---|---|---|---|---|
| Banque Saudi Fransi | Saudi Arabia | 35.15 | (3.2) | 915.8 | (7.3) |
| Saudi Cement Co. | Saudi Arabia | 62.40 | (2.5) | 261.8 | (11.0) |
| Sohar International Bank | Oman | 0.11 | (1.8) | 45.5 | 0.0 |
| Abu Dhabi Comm. Bank | Abu Dhabi | 7.58 | (1.6) | 1,469.0 | (4.3) |
| First Abu Dhabi Bank | Abu Dhabi | 14.62 | (1.2) | 3,891.3 | (3.6) |

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% |
|---|---|---|---|---|
| Doha Bank | 2.30 | 9.6 | 7,749.0 | (9.0) |
| Mazaya Qatar Real Estate Dev. | 0.70 | 4.0 | 3,173.1 | (2.8) |
| Zad Holding Company | 14.42 | 3.0 | 0.2 | 4.3 |
| Al Khalij Commercial Bank | 1.35 | 1.7 | 1,838.4 | 3.3 |
| Mesaieed Petrochemical Holding | 1.90 | 1.6 | 7,201.7 | (24.3) |

| QSE Top Volume Trades | Close* | 1D% | Vol. '000 | YTD% |
|---|---|---|---|---|
| Qatari German Co for Med. Devices | 0.57 | (7.2) | 12,652.0 | (2.4) |
| Masraf Al Rayan | 4.15 | 0.1 | 11,931.6 | 4.9 |
| Ezdan Holding Group | 0.58 | 0.3 | 11,229.6 | (5.7) |
| United Development Company | 1.27 | 0.2 | 10,232.2 | (16.3) |
| Doha Bank | 2.30 | 9.6 | 7,749.0 | (9.0) |

| QSE Top Losers | Close* | 1D% | Vol. '000 | YTD% |
|---|---|---|---|---|
| Qatari German Co for Med. Dev. | 0.57 | (7.2) | 12,652.0 | (2.4) |
| Widam Food Company | 6.36 | (2.1) | 99.8 | (5.9) |
| Qatar First Bank | 1.05 | (1.8) | 2,362.9 | 28.5 |
| Islamic Holding Group | 1.76 | (1.4) | 104.2 | (7.3) |
| Alijarah Holding | 0.80 | (1.4) | 2,950.8 | 12.9 |

| QSE Top Value Trades | Close* | 1D% | Val. '000 | YTD% |
|---|---|---|---|---|
| QNB Group | 19.50 | 0.0 | 73,155.3 | (5.3) |
| Masraf Al Rayan | 4.15 | 0.1 | 49,723.1 | 4.9 |
| Qatar Islamic Bank | 16.70 | 1.0 | 29,527.0 | 8.9 |
| Doha Bank | 2.30 | 9.6 | 17,414.9 | (9.0) |
| Al Meera Consumer Goods Co. | 15.51 | 0.1 | 16,902.2 | 1.4 |

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* | 9,934.10 | 0.6 | 0.9 | (4.9) | (4.7) | 95.36 | 149,953.0 | 14.6 | 1.4 | 4.3 |
| Dubai | 2,737.51 | 0.3 | 0.1 | (1.9) | (1.0) | 49.25 | 102,794.4 | 9.9 | 1.0 | 4.3 |
| Abu Dhabi | 5,033.15 | (0.8) | (0.1) | (2.4) | (0.8) | 40.23 | 143,616.0 | 14.8 | 1.4 | 5.0 |
| Saudi Arabia | 8,007.39 | 0.5 | 1.7 | (2.9) | (4.6) | 1,019.74 | 2,288,053.4 | 22.0 | 1.8 | 3.4 |
| Kuwait | 6,188.37 | 1.2 | (0.3) | (2.2) | (1.5) | 103.52 | 114,989.0 | 15.7 | 1.4 | 3.5 |
| Oman | 4,191.63 | 0.4 | 1.5 | 2.8 | 5.3 | 11.74 | 17,797.5 | 8.4 | 0.8 | 7.1 |
| Bahrain | 1,668.58 | 0.3 | 0.4 | 0.7 | 3.6 | 6.45 | 26,163.7 | 12.4 | 1.0 | 4.3 |

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

## Qatar Market Commentary

- The QE Index rose 0.6% to close at 9,934.1. The Transportation and Telecoms indices led the gains. The index rose on the back of buying support from Qatari and non-Qatari shareholders despite selling pressure from GCC shareholders.
- Doha Bank and Mazaya Qatar Real Estate Development were the top gainers, rising 9.6% and 4.0%, respectively. Among the top losers, Qatari German Company for Medical Devices fell 7.2%, while Widam Food Company was down 2.1%.
- Volume of shares traded on Thursday fell by 0.6% to 114.3mn from 115.0mn on Wednesday. However, as compared to the 30-day moving average of 82.9mn, volume for the day was 37.8% higher. Qatari German Company for Medical Devices and Masraf Al Rayan were the most active stocks, contributing 11.1% and 10.4% to the total volume, respectively.

| Overall Activity | Buy %* | Sell %* | Net (QR) |
|---|---|---|---|
| Qatari Individuals | 22.62% | 30.91% | (28,934,037.53) |
| Qatari Institutions | 35.11% | 24.62% | 36,653,772.32 |
| **Qatari** | **57.73%** | **55.53%** | **7,719,734.79** |
| GCC Individuals | 1.07% | 1.89% | (2,850,503.37) |
| GCC Institutions | 3.03% | 14.67% | (40,680,771.72) |
| **GCC** | **4.10%** | **16.56%** | **(43,531,275.09)** |
| Non-Qatari Individuals | 8.29% | 8.19% | 362,731.00 |
| Non-Qatari Institutions | 29.87% | 19.73% | 35,448,809.31 |
| **Non-Qatari** | **38.16%** | **27.92%** | **35,811,540.31** |

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 |
|---|---|---|---|---|---|---|---|---|
| Qatar General Insurance and Reinsurance Company | A M Best | Qatar | FSR/LT-ICR | A-/a- | A-/a- | – | – | – |

Source: News reports, Bloomberg (* LT – Long Term, FSR- Financial Strength Rating, ICR – Issuer Credit Rating)

### Earnings Releases

| Company | Market | Currency | Revenue (mn) 4Q2019 | % Change YoY | Operating Profit (mn) 4Q2019 | % Change YoY | Net Profit (mn) 4Q2019 | % Change YoY |
|---|---|---|---|---|---|---|---|---|
| Saudi Steel Pipe Co.* | Saudi Arabia | SR | 671.6 | 3.9% | (35.0) | N/A | (26.8) | N/A |
| Anaam Int. Holding Group* | Saudi Arabia | SR | 8.4 | -79.3% | (19.3) | N/A | (97.8) | N/A |
| Al Ramz Corp. Inv. and Dev.* | Dubai | AED | 34.7 | 20.5% | – | – | 4.1 | 21.7% |
| Bahrain & Kuwait Insurance Co. * | Bahrain | BHD | 81.7 | 0.1% | – | – | 2.7 | -14.4% |
| Bahrain Telecommunication Co. * | Bahrain | BHD | 401.5 | -1.1% | – | – | 62.0 | 3.0% |
| Bahrain Cinema Company* | Bahrain | BHD | – | – | – | – | 4.2 | 0.2% |

Source: Company data, DFM, ADX, MSM, TASI, BHB. (*Financial for FY2019)

### Global Economic Data

| Date | Market | Source | Indicator | Period | Actual | Consensus | Previous |
|---|---|---|---|---|---|---|---|
| 02/20 | US | Department of Labor | Initial Jobless Claims | 15-Feb | 210k | 210k | 206k |
| 02/20 | US | Department of Labor | Continuing Claims | 8-Feb | 1,726k | 1,717k | 1,701k |
| 02/21 | US | Markit | Markit US Manufacturing PMI | Feb | 50.8 | 51.5 | 51.9 |
| 02/21 | US | Markit | Markit US Services PMI | Feb | 49.4 | 53.4 | 53.4 |
| 02/21 | US | Markit | Markit US Composite PMI | Feb | 49.6 | – | 53.3 |
| 02/21 | UK | Markit | Markit UK PMI Manufacturing SA | Feb | 51.9 | 49.7 | 50 |
| 02/21 | UK | Markit | Markit/CIPS UK Services PMI | Feb | 53.3 | 53.4 | 53.9 |
| 02/21 | UK | Markit | Markit/CIPS UK Composite PMI | Feb | 53.3 | 52.8 | 53.3 |
| 02/21 | EU | Markit | Markit Eurozone Manufacturing PMI | Feb | 49.1 | 47.4 | 47.9 |
| 02/21 | EU | Markit | Markit Eurozone Services PMI | Feb | 52.8 | 52.3 | 52.5 |
| 02/21 | EU | Markit | Markit Eurozone Composite PMI | Feb | 51.6 | 51 | 51.3 |
| 02/21 | EU | Eurostat | CPI YoY | Jan | 1.4% | 1.4% | 1.4% |
| 02/21 | EU | Eurostat | CPI MoM | Jan | -1.0% | -1.0% | -1.0% |
| 02/21 | EU | Eurostat | CPI Core YoY | Jan | 1.1% | 1.1% | 1.1% |
| 02/20 | Germany | GfK AG | GfK Consumer Confidence | Mar | 9.8 | 9.8 | 9.9 |
| 02/20 | Germany | German Federal Statistical Office | PPI MoM | Jan | 0.8% | 0.1% | 0.1% |
| 02/20 | Germany | German Federal Statistical Office | PPI YoY | Jan | 0.2% | -0.4% | -0.2% |
| 02/21 | Germany | Markit | Markit/BME Germany Manufacturing PMI | Feb | 47.8 | 44.8 | 45.3 |
| 02/21 | Germany | Markit | Markit Germany Services PMI | Feb | 53.3 | 53.8 | 54.2 |

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| 02/21 | Germany | Markit | Markit/BME Germany Composite PMI | Feb | 51.1 | 50.7 | 51.2 |

## Global Economic Data

| Date | Market | Source | Indicator | Period | Actual | Consensus | Previous |
|---|---|---|---|---|---|---|---|
| 02/20 | France | INSEE National Statistics Office | CPI MoM | Jan | -0.4% | -0.4% | -0.4% |
| 02/20 | France | INSEE National Statistics Office | CPI YoY | Jan | 1.5% | 1.5% | 1.5% |
| 02/21 | Japan | Ministry of Internal Affairs and Communications | Natl CPI YoY | Jan | 0.7% | 0.7% | 0.8% |
| 02/21 | Japan | Markit | Jibun Bank Japan PMI Mfg | Feb | 47.6 | – | 48.8 |
| 02/21 | Japan | Markit | Jibun Bank Japan PMI Services | Feb | 46.7 | – | 51 |
| 02/21 | Japan | Markit | Jibun Bank Japan PMI Composite | Feb | 47 | – | 50.1 |
| 02/20 | China | The People's Bank of China | Money Supply M2 YoY | Jan | 8.4% | 8.6% | 8.7% |
| 02/20 | China | The People's Bank of China | Money Supply M1 YoY | Jan | 0.0% | 4.5% | 4.4% |
| 02/20 | China | The People's Bank of China | Money Supply M0 YoY | Jan | 6.6% | – | 5.4% |

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 4Q2019 results | No. of days remaining | Status |
|---|---|---|---|---|
| QNNS | Qatar Navigation (Milaha) | 25-Feb-20 | 2 | Due |
| QGRI | Qatar General Insurance & Reinsurance Company | 26-Feb-20 | 3 | Due |
| QISI | Qatar Islamic Insurance Group | 26-Feb-20 | 3 | Due |
| MCCS | Mannai Corporation | 27-Feb-20 | 4 | Due |
| WDAM | Widam Food Company | 1-Mar-20 | 7 | Due |
| DBIS | Dlala Brokerage & Investment Holding Company | 3-Mar-20 | 9 | Due |
| AKHI | Al Khaleej Takaful Insurance Company | 3-Mar-20 | 9 | Due |
| QFBQ | Qatar First Bank | 4-Mar-20 | 10 | Due |
| QOIS | Qatar Oman Investment Company | 8-Mar-20 | 14 | Due |
| QGMD | Qatari German Company for Medical Devices | 11-Mar-20 | 17 | Due |

Source: QSE

# News

### Qatar

- **MPHC's bottom line rises 90.6% YoY and 269.8% QoQ in 4Q2019** – Mesaieed Petrochemical Holding Company's (MPHC) net profit rose 90.6% YoY (+269.8% QoQ) to QR698.1mn in 4Q2019. The company's 'Share of results from joint ventures' came in at QR315.5mn in 4Q2019, which represents an increase of 12.4% YoY (+76.6% QoQ). The increase in net profit was mainly due to the adjustment for income tax exemption, which was effective retrospectively from January 1, 2019 for the full year. However, selling prices, group revenue and profits all reflected the downward trend against the backdrop of challenging macroeconomic conditions. In FY2019, MPHC announced a net profit of QR1.2bn, which was down by 15% compared to the previous year, amid declining selling prices and declining sales volumes. EPS amounted to QR0.095 in FY2019 as compared to QR0.111 in FY2018. Global economic uncertainty, slowing GDP growth and trade conflicts all weighed on demand for MPHC products, with a rising surplus capacity, which created an imbalance in supply-demand dynamics and pressured the group's product prices. After reviewing the year's financial performance in light of current macroeconomic conditions, the group's liquidity position and future investing and financing needs, the board of directors proposed a total annual dividend distribution for the year ended December 31, 2019 of QR0.9bn, equivalent to a payout of QR0.07 per share and representing a payout ratio of 74%. During the year, selling prices declined by 15% and sales volumes fell by 5% as compared to the previous year, both translated into a decrease in revenue of 19%. The production drop of 3% resulted from maintenance shutdowns. These shutdowns are part of the group's commitment to HSE, ensuring plant life, quality and reliability standards, which ultimately improve and maintains group operational efficiency. Liquidity remained robust throughout the year and the group's balance sheet strengthened. Cash held by MHPC (including proportionate share of joint ventures) at the end of December 31, 2019 reached QR1.8bn and total assets stood at QR15.5bn, compared to QR15.3bn at the end of 2018, after accounting for dividend pay-outs for the financial year 2018. MPHC's business performance in 2019 reflected the challenging conditions affecting the region and global markets. The company responded by leveraging its inherent strengths: its competitive advantage of having uninterrupted, long-term access to competitively priced feedstock, and its partnership with Muntajat, a leader in chemical product marketing and distribution, which aided maintaining the sales volumes at 1.1mn MT per annum, and improved group's access to global markets. In addition, MPHC launched a series of major new cost optimization initiatives across its businesses that will generate efficiencies for years to come, while maintaining its exemplary HSE record, the company stated in a statement. "Entering 2020, we remain focused on our five-year business strategy to strengthen MPHC's market position, while driving cost optimization and generating improved shareholder value," Al-Sulaiti added. Looking to the future, Q-Chem shareholders approved an expansion of the venture's ethylene production. Upon completion in 2022, the sixth furnace project will provide a sustained about 7% jump in ethylene production, better utilizing its existing derivatives production capacity. With an estimated investment of QR391mn, the expansion is expected to generate positive capital returns and increased operational flexibility. (QSE, Peninsula Qatar, Gulf-Times.com)

- **QGMD board to meet on March 11 to discuss the financial statements; Investors Conference call will be held on March 15 –** Qatari German Medical Devices Company (QGMD) announced that the board of directors will meet on March 11, 2020 to discuss the financial statements of the company for the year 2019. The Investors Conference call will be held on March 15, 2020. (QSE)
- **Ooredoo Group launched an investigation into the allegations surrounding the expulsion of Ooredoo Algeria's CEO** – Ooredoo Group (ORDS) announced that it is closely following the situation in Algeria. The Group's board of directors has launched an investigation into the allegations surrounding the expulsion order issued by the Algerian authorities against Ooredoo Algeria's CEO. The Group continues to be committed to excellence in serving all customers and complies with the highest standards of corporate governance as well as following the applicable laws and regulations in every country which it operates in. (QSE)
- **MARK to hold its AGM on March 18** – Masraf Al Rayan (MARK) announced that the Annual General Assembly meeting of the bank will be held on March 18, 2020. In case the required quorum is not reached in the first meeting, a second meeting will be held on March 30, 2020. (QSE)
- **Qatar Petroleum affiliate books 3mn tons per year throughput capacity in France's Montoir-de-Bretagne LNG Terminal up to 2035 –** Under the agreement, Qatar Terminal Limited (QTL) – a subsidiary of Qatar Petroleum – will subscribe to the equivalent of almost 3mn tons per year (tpy) of the terminal's throughput capacity for the next 15 years. An affiliate of Qatar Petroleum and the French LNG terminal operator Elengy, a subsidiary of ENGIE Group, have entered into a long-term agreement for LNG receiving, storage and regasification services at the Montoir-de-Bretagne LNG Terminal in France. Under the agreement, Qatar Terminal Limited (QTL) – a subsidiary of Qatar Petroleum – will subscribe to the equivalent of almost 3mn tons per year of the terminal's throughput capacity for a term up to 2035. Montoir-de-Bretagne LNG will thereby become a new LNG import terminal position for Qatar Petroleum in Europe, facilitating the supply of Qatari and internationally sourced LNG to French and European customers. The agreement is the result of a formal "Open Subscription Period" process that was concluded during the second half of 2019 pursuant to the rules of the French Energy Regulatory Commission. (Gulf-Times.com)
- **AM Best affirms QGRI's excellent strength rating –** AM Best, an international insurance rating agency, has affirmed Qatar General Insurance and Reinsurance Company's (QGRI) financial strength rating at 'A- (Excellent)' and the long-term issuer credit rating at 'a-'. The credit ratings reflect QGRI's balance sheet strength, which the rating agency categorizes as very strong, as well as its strong operating performance, limited business profile and appropriate enterprise risk management. Although QGRI's earnings have demonstrated its vulnerability to Qatari real estate markets, with notable volatility driven by adverse fair value movements, it found that the group has implemented initiatives to improve its operating performance; however, a level of execution risk still exists and is encumbered further by the group's strategic expansion into selected global reinsurance markets. QGRI's balance sheet strength is underpinned by risk-adjusted capitalization, which, as measured by Best's capital adequacy ratio (BCAR), is consistent with the strongest assessment despite declining in recent years. The balance sheet strength assessment benefits from high levels of liquidity to sustain its insurance operations and low premium leverage. QGRI's balance sheet strength is offset by its concentrated investment portfolio, with significant exposure to real estate assets, accounting for approximately 72% of total investments at year-end 2018. (Gulf-Times.com)
- **Coface: Qatar fiscal balances on track with solid financial buffers –** Qatar's budget is estimated to produce a large surplus in 2020 and the country's external position will continue to remain solid thanks to the large sums in its foreign reserves and sovereign wealth fund, leading credit insurer Coface has stated in a report. The country's fiscal balances are on track with solid financial buffers, Coface stated in its latest economic update. Despite the blockade on the country by a quartet of Arab nations, the country's business environment has improved thanks to the construction of new transportation infrastructure ahead of the World Cup, the report noted. The government continues with its efforts to boost private sector through economic diversification which creates new business opportunities. The issuance of a long awaited public-private partnership (PPP) law, which was already approved by the Cabinet in April 2019, would support the development of the private sector, Coface stated. Growth is expected to pick up slightly in 2020, although it would remain below its average of 12.6% between 2005/2014, despite slowing activity in the mining and quarrying sector, which accounts nearly for half of GDP. Construction sector will also continue to show weakness as long-term infrastructure projects have now neared completion. The budget allocation for major projects in leading sectors such as healthcare, education, transportation and others related to the hosting of the World Cup 2022, underlines the importance of government spending to sustain growth, the report stated. (Gulf-Times.com)
- **QCB: Qatari banks' assets rise by 12.1% YoY in January –** The volume of commercial banks assets (and liabilities) increased to QR1,560.8bn by the end of January 2020, up QR5.8bn from December 2019 and 12.1% increase on YoY, according to Qatar Central Bank (QCB) latest data. A detailed reading of the QCB data by Al Byraq Center, Economic Consultant and Director, Bashir Al Kahlout, for Economic and Financial Studies noted the total cash and balances with QCB increased by QR2.29bn at the end of January 2020 compared to QR62.47bn recorded in the previous month, down 2.4% from January 2019 and up 37% in January 2018. The credit granted by banks outside Qatar, has witnessed a significant decrease in the past two years, as it decreased from QR91.2bn in January 2018 to QR82.5bn in January 2019 and further falling to QR74.8bn in January 2020. Balances with banks abroad decreased by about QR1.14bn in January 2020 compared to QR93.28bn recorded in the previous

month. However, it was in the range of QR77.7bn a year ago. Investments abroad have remained stable during the past two years, with limited changes, reaching QR58.7bn in January 2020. Balances with banks in Qatar were low in the month of the blockade in June 2017 at the level of QR30.7bn, but they rose to the level of QR65.4bn in December 2019, before declining to QR55.5bn in January 2020. Local credit now constitutes 63.2% of the total assets. It rose in January to QR986.1bn, compared to QR964.2bn in the previous month, QR867.2bn a year ago, and QR829.8bn recorded two years ago. Domestic investments, decreased to QR182.4bn in January from about QR185.1bn in December 2019, but it is higher than QR163.9bn a year ago. And in exchange for the assets of the banks, in return they have liabilities equal to the total, and those liabilities increased in January 2020 to the level of QR1560.8bn. The balances for external banks decreased in January 2020 to QR263.1bn from QR273.5bn last December, but it was higher than QR224.9bn a year ago and QR196.6bn two years ago. (Peninsula Qatar)

- **GTA's meeting highlights provisions of income tax law –** The General Tax Authority (GTA) has held an introductory meeting on the income tax law and its executive regulations, attended by the owners and representatives of the accounting, auditing and financial consulting firms operating in Qatar. The head of the GTA's Legal Research and Studies Department, Talal Al-Emadi, highlighted the most recent developments on the income tax law promulgated by Law No 24 of 2018 and its executive regulations issued pursuant to Cabinet Decision No 39 of 2019. He clarified many of the provisions included in the law and its executive regulations, stressing that all the provisions of the law aim to support the country's economy and interest, which guarantees the State sustainable development that benefits all parties. Focusing on what is included in the income tax law, Al-Emadi stressed that the current law includes several amendments to the previous law, those amendments focused on reforming administrative and procedural systems; supporting tax compliance by taxpayers; and giving more flexibility with regard to granting tax exemptions for the activities of institutions in the main economic sectors and economic zones in a manner that supports growth and economic diversification, which contributes to encouraging and attracting foreign investments. (Gulf-Times.com)
- **KPMG: Qatar listed banks post average 5.5% increase in profit, 9.3% jump in assets in FY2019 –** Higher margins, continued cost control, and a clear focus on risk have enabled Qatar listed banks to report, on average, a 5.5% profit increase YoY in 2019, a KPMG analysis has showed. During the year, Qatar listed banks saw a 9.3% growth in assets as well, it stated. On the findings, Qatar-based partner and head (Financial Services for KPMG in the Middle East and South Asia) Omar Mahmood said, "The stable increase in profits of banks in Qatar is a testament to their efforts to grow their balance sheets, with a clear focus on high quality assets, and lower risk yet profitable business." Margins improved as interest/profit income was up by 6.5% compared to an increase of cost of funds of 5.9%, as the Qatar Central Bank reduced the headline deposit rates during the year by 50 basis points (0.5%). Furthermore, the cost to income ratio of all banks also continued to decline as they saw a collective decrease in their staff and other administrative expenses. "Qatar's banking, therefore, continues to maintain one of the lowest cost-to-income ratios in the region," KPMG noted. The total assets of the listed banks also continued to show grow steady growth. (Gulf-Times.com)
- **Ezdan: Cabinet resolution to set up interim panel will boost Qatar's real estate sector –** The cabinet's draft resolution to form an interim committee to help develop strategies will enhance Qatar's real estate sector, according to Ezdan (Ezdan) Real Estate Company. The interim committee to help develop strategies for the enhancement of the real estate sector in Qatar shall serve under the umbrella of the Minister of Municipality and Environment. The interim committee will be specialized in devising growth strategy for Qatar's real estate market, policies and plans necessary to implement enhancement projects. "The panel will promote governance for the real estate sector, and introduce tactics to bolster the sector and the necessary controls for investment. All these have prospects to serve as a hefty stimulus for realizing a sustainable growth amid ill-defined economic challenges facing the region," Ezdan noted. The report noted that the move stems from the state's continued support to different economic sectors, especially real estate, which is one of the vital economic segments. Ezdan quoted the Real Estate Registration Department and said the period from February 9 to 13 has seen some 90 property deals valued at QR262.6mn. The deals were executed across seven municipalities in the country – Umm Salal, Al Khor, Al Thakhira, Doha, Al Rayyan, Al Shamal, Al Daayen and Al Wakrah, and included vacant land lots, residences, multi-use buildings, multi-use space, and residential buildings. (Gulf-Times.com)

**International**

- **Markit: US services, manufacturing sectors hit wall in February –** US business activity in both the manufacturing and services sectors stalled in February as companies have grown increasingly concerned about the coronavirus, a survey of purchasing managers showed. The IHS Markit flash services sector Purchasing Managers' Index (PMI) dropped to 49.4 this month, the lowest since October 2013 and signaling that a sector accounting for roughly two-thirds of the US economy was in contraction for the first time since 2016. Economists polled by Reuters had forecast a reading of 53, down slightly from January's final reading of 53.4. A reading below 50 indicates contraction. The services sector new business index dropped to 49.7, the lowest since October 2009, from 52.5 last month. "The deterioration in was in part linked to the coronavirus outbreak, manifesting itself in weakened demand across sectors such as travel and tourism, as well as via falling exports and supply chain disruptions," IHS Markit Chief Business Economist, Chris Williamson said in the report. Williamson also noted that companies were cautious about spending because of worries about a broader economic slowdown and uncertainty ahead of US Presidential elections in November. The manufacturing sector barely escaped a slip into contraction, with the flash reading there at 50.8, the lowest since August and down from 51.9 in January. Economists had forecast a reading of 51.5, according to the Reuters poll. The new orders and output indexes for manufacturing both slipped from January. The factory sector has been in a rut since last summer as uncertainty fostered by the Trump administration's trade war with China took a toll on business investment. The signing last month of a pact with

China had fueled some optimism for a rebound this year, but the coronavirus outbreak has dealt a setback to those hopes as the world's No. 2 economy continues to struggle with business shutdowns and travel restrictions. (Reuters)

- **US Treasury's Mnuchin: Tax certainty needed on global basis –** US Treasury Secretary Steven Mnuchin said it was very important to have tax certainty on a global basis and that the OECD was very close to consensus on a framework for minimum corporate tax. "You cannot have in a global economy different national tax systems that conflict with each other," Mnuchin told an economic conference in Saudi Arabia, which is hosting finance leaders of the world's 20 largest economies. "The good news is we are very close to a consensus on pillar 2," he said, referring to OECD tax reform talks on an international framework for minimum corporate tax. The Organisation for Economic Cooperation and Development (OECD) is in the middle of the biggest rewrite of decades-old international tax rules that proposes giving governments more power to tax big multinationals doing business in their countries. (Reuters)
- **UK posts smaller than expected January surplus as new finance minister readies budget –** Britain posted a smaller-than-expected budget surplus in January, a reminder of the constraints facing new finance minister Rishi Sunak as he prepares to deliver his first budget next month. The surplus excluding public sector-owned banks stood at 9.813bn Pounds last month, down 18% from January 2019, the Office for National Statistics (ONS) said. A Reuters poll of economists had pointed to a surplus of 11.3bn Pounds. January is typically a surplus month for Britain's public coffers because of seasonal flows of income tax. (Reuters)
- **Recovering factories keep UK economy on track in February –** British businesses kept up a solid rate of growth in February as factories posted the fastest rise in output for 10 months, despite ripples from China's coronavirus outbreak affecting supply chains, a business survey showed on Friday. The 'flash' early readings of the IHS Markit/CIPS UK Purchasing Managers' Index (PMI) showed the expansion of Britain's vast services sector slowed slightly this month, but this was cancelled out by an unexpected upturn in manufacturing. Britain's performance bettered the euro zone's for the second month running, as the PMI suggested the world's fifth-largest economy looked on track to grow around 0.2% in quarterly terms after it slowed to a crawl late last year. The composite PMI, which combines manufacturing and services indexes, held steady at 53.3 in February, jointly the highest reading since September 2018 and beating the consensus forecast of 52.8 in a Reuters poll of economists. The survey chimed with other gauges which show the economy has picked up since Prime Minister Boris Johnson's election victory in December, even though the level of the PMI remains below its long-run average. (Reuters)
- **British shoppers and factories enjoy post-election bounce –** British shoppers started spending again early this year after a sluggish end to 2019 and industrial orders hit a six-month high, further signs that improved sentiment since December's election is translating into stronger economic activity. Retail sales beat forecasts to rise by 0.9% in January after a 0.5% monthly decline in volumes in December, Britain's Office for National Statistics stated. The recovery was more marked if fuel sales are excluded, which can give a better picture of underlying demand. Sales on that basis rose 1.6% on the month, the most since May 2018 and above all forecasts in the Reuters poll. Factories reported stronger order books for February as well, with a monthly survey by the Confederation of British Industry pointing to the biggest rise in six months, though they remained below their long-run average. Consumer and business demand faltered in the latter part of 2019 as parliament deadlocked over Brexit, preventing Britain's economy from growing at all in the last quarter of 2019. Following a snap election in December, Prime Minister, Boris Johnson returned to office with a comfortable majority. Business and consumer sentiment has improved since then, as Britain left the European Union on January 31 with an 11-month transition deal. The data supports the Bank of England's decision to leave interest rates unchanged last month, on expectations the economy will recover early this year. Sterling erased some earlier losses after the figures came out. "The British consumer is a hardy beast and having weathered the pre-election uncertainty, we have charged back into the shops," Chief Economist at payments company Equals Group, Jeremy Thomson-Cook said. However, some economists were less sure the pick-up would last, with unusually wet weather and concerns about coronavirus expected to dent consumer demand this month. (Reuters)
- **Germany's Scholz urges agreement on global minimum tax now –** World financial leaders should agree on a global minimum tax for companies now and politicians should not postpone an agreement for electoral reasons, Germany's Finance Minister, Olaf Scholz said at an international tax conference in the Saudi capital. "We're now in the year where we have to take decisions. There is enough work that had been done in the past, we have proposals from the OECD in January and we will have a meeting in Berlin of the OECD on the question in July. So there is enough preparation for coming to the end," the minister, Olaf Scholz, added. "So I think minimum taxation (of companies) should be done now ... and nearly every country understands why there is a need for this," Scholz said. (Reuters)
- **Japan's January factory output seen slowing, retail sales to fall –** Japan's factory output likely slowed in January and retail sales fell for a fourth straight month, a Reuters poll showed, a worrying sign as the new coronavirus outbreak adds to threats to the economic outlook. Recent data, including exports and machinery orders, have highlighted Japan's fragile economy and the nation now faces risks from the virus outbreak, which has disrupted trade, supply chains and the tourism industry. Industrial output is projected to have risen 0.2% in January from the previous month, the poll of 16 analysts found, well below a revised 1.2% gain in December. "We expect adverse impacts from the coronavirus will appear at a full-scale in February and after," Senior Economist at SMBC Nikko Securities, Koya Miyamae said. "There is a chance factory output will contract for a third straight quarter in January-March." The poll also showed retail sales fell 1.1% in January from a year ago, following a 2.6% drop in December. "Impacts from a sales tax hike continued and sales of autos and home electric appliances remained sluggish," Senior Economist at Shinkin Central Bank Research Institute, Takumi Tsunoda said. Tokyo's core consumer price (CPI) index, which includes oil products but excludes fresh food prices, likely rose 0.6% in February from a year earlier, slowing down from a 0.7% gain in January, partly due to falls in oil prices. The poll also

found the jobless rate was steady at 2.2% in January and the jobs-to-applicants ratio was also seen unchanged at 1.57. (Reuters)

- **G20 sees need to coordinate coronavirus response as IMF trims growth forecasts –** The world's top economies called for a coordinated response to the coronavirus outbreak, which the IMF predicted would lower China's growth this year to 5.6% and shave 0.1 percentage points from global growth. IMF Managing Director, Kristalina Georgieva presented the outlook to central bankers and finance ministers from the Group of 20 countries, however, said the IMF continued to look at more dire scenarios. The China outlook is 0.4 percentage points lower than it was last month. China reported a sharp fall in new deaths and cases on Saturday, but the World Health Organization (WHO) warned it was too early to make predictions about the outbreak and said it was concerned about the number of new infections in other countries with no clear link to China such as travel history or contact with a confirmed case. "In our current baseline scenario, announced policies are implemented and China's economy would return to normal in the second quarter. As a result, the impact on the world economy would be relatively minor and short-lived," she said. "But we are also looking at more dire scenarios where the spread of the virus continues for longer and more globally, and the growth consequences are more protracted." China, which was represented at the G20 meeting by its ambassador to Saudi Arabia as senior officials stayed away due to the growing crisis over the virus, has said it could still meet its economic growth target for 2020 despite the epidemic. (Reuters)
- **China cuts benchmark lending rate as economy struggles to shake off virus shock –** China cut the benchmark lending rate, as widely expected, as the authorities move to lower financing costs for businesses and support an economy jolted by a severe coronavirus outbreak. The epidemic has upended global supply chains and caused widespread disruption to businesses and factory activity in China, prompting authorities to deliver a steady stream of policy measures over recent weeks to cushion the blow to growth. The one-year loan prime rate (LPR), the new benchmark lending gauge introduced in August, was lowered by 10 basis points to 4.05% from 4.15% at the previous monthly fixing. The five-year LPR was lowered by 5 basis points to 4.75% from 4.80%. All 51 respondents in a Reuters snap survey had expected a reduction in the LPR, with 38 respondents, or about 75% of participants, tipping a 10 basis points cut to both tenors. The LPR cut followed a similar move in the central bank's medium-term lending rate. Investors are betting the authorities will roll out more monetary easing and fiscal stimulus in the near term to help smaller businesses that are struggling to tide over the crisis. Macro Strategist at Standard Chartered Bank in Singapore, Mayank Mishra said the LPR cut may not be enough to overcome the economic impact of the virus. "The Chinese authorities are sending a message that easing will happen, but it will happen at a measured pace. They do not want fuel expectations that they will be easing aggressively," he said. "We expect more monetary easing in the form of 100 basis points in the reserve requirement ratio (RRR) and 10 basis points in the medium-term lending facility (MLF) in addition to what we've already seen." China's Yuan weakened to a more than two-month low against the dollar after the LPR cut, mainly pressured by further easing expectations. Senior China economist at BNP Paribas in Beijing, Jacqueline Rong said she had expected a deeper cut to one-year LPR especially as interbank market rates have already posted sharp declines in the past month. Banks are already setting lending rates well below the benchmark and if government subsidies are taken into account, some borrowers may not pay any interest at all, sources told Reuters. (Reuters)

**Regional**

- **SAMA: Saudi Arabian economy set to grow this year, driven by non-oil sector –** Saudi Arabia's economy is expected to grow this year, supported by the non-oil sector, despite a challenging global economic backdrop, the Saudi Arabian Monetary Authority's (SAMA) Governor, Ahmed Al-Kholifey said. He said it was too early to see the full picture of the economic damage caused by the new coronavirus, which has emerged in China and spread globally. "GDP growth in Saudi Arabia is projected to see an upturn in 2020. Monetary, fiscal and structural policies in my country are all geared towards an expansion of the private non-oil sector GDP over the medium term," he said. "We have a positive view on the Saudi economy, the forecasts are positive and growth is expected to be higher than last year, especially from the private sector," Kholifey said. After a bad year for the global economy last year, with the weakest global GDP growth since the financial crisis, he said that Saudi Arabia was looking for "good news" this weekend. (Reuters)
- **Saudi Arabia's cost of living goes up in January –** The cost of living in Saudi Arabia went up in January as declines in housing rents as well as utilities costs have started to ease. The Kingdom's consumer price index (CPI) for January 2020 recorded a 0.4% increase compared to the same period last year, data from the General Authority for Statistics showed. The Kingdom also witnessed the second consecutive month of positive inflation after being in negative territory for most of 2019. The biggest increases were noted in the restaurants and hotels category, food and drinks, healthcare and education. "The main driver of the rise in the headline rate was an easing of deflation in the housing and utilities category, which accounts for around 25% of the CPI basket," Senior Emerging Markets Economist at Capital Economics, Jason Turvey said. He said this appears to reflect the recent bottoming out in the Saudi Arabia's property market, which is feeding through into rents declining at a slower pace. He also noted that this was the second consecutive month that inflation in Saudi Arabia has been positive, adding that further increases are expected this year. "While we expect a fresh slowdown in the non-oil sector to keep a lid on underlying price pressures, further hikes to local fuel prices are likely to push up the headline inflation rate over the course of this year," he added. (Zawya)
- **Saudi Aramco plans $110bn investment in Jafurah unconventional gas field –** Saudi Aramco plans to invest $110bn to develop unconventional gas reserves in Saudi Arabia's Jafurah field, the state news agency SPA reported. It reported that the development plans were reviewed by the Saudi High Commission for Hydrocarbons in a meeting chaired by Crown Prince, Mohammed bin Salman. The Jafurah deposits are estimated to hold 200tn cubic feet of wet gas and the phased development of the field is expected to gradually increase production to 2.2tn cubic feet by 2036 if fully completed, SPA

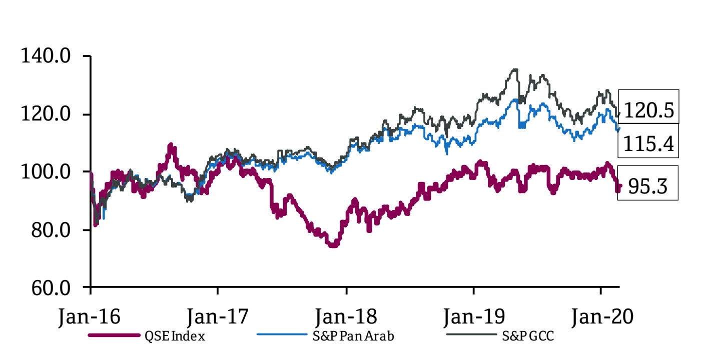
said. It said the field was expected to produce 130,000 bpd of ethane and 500,000 bpd of gas liquids and condensates. Prince Mohammed said development of the field would over 22 years provide the government with an annual net income of $8.6bn and contribute $20bn to the Kingdom's GDP per year, according to the agency. Jafurah is southeast of Ghawar, the world's largest conventional oilfield. Saudi Aramco has identified huge gas resources in the country, the world's top oil exporter, and is working to develop unconventional reserves in South Ghawar and Jafurah deposits in eastern Saudi Arabia, a Saudi official said previously. Unconventional gas refers to reserves requiring advanced extraction methods, such as those used in the shale gas industry. Saudi Arabia aims to become gas exporter by 2030. SPA said Prince Mohammed had ordered gas produced from Jafurah to be prioritized for domestic industries, including mining, to support the Kingdom's Vision 2030 development plan. (Reuters)

- **Saudi Aramco to win unconditional EU clearance for $69bn SABIC deal –** Saudi Aramco is set to gain unconditional EU antitrust approval for its $69bn buy of a 70% stake in petrochemicals group Saudi Basic Industries Corp (SABIC), sources said. Saudi Aramco announced the deal to acquire the controlling stake from sovereign investor Public Investment Fund (PIF) in March last year, a move key to its diversification into refining and petrochemicals. Riyadh-headquartered SABIC, the world's fourth largest petrochemicals group, has operations in over 50 countries. Competition watchdogs in India and a number of other countries have already given the green light without demanding concessions. Saudi Aramco's downstream expansion strategy tracks rivals such as Exxon Mobil, BP, Total and Shell, which have over the years transformed themselves from merely oil companies to energy companies with extensive upstream and downstream operations. (Zawya)
- **Saudi Arabian health-care provider Dr. Sulaiman Al Habib Medical Group prices IPO at top of range –** Saudi Arabia's Dr. Sulaiman Al Habib Medical Group is set to raise about SR2.63bn after pricing its initial public offering (IPO) at the top of a marketed range. The company is selling shares at SR50 each, according to a statement from the financial advisors on the deal, Jadwa Investment and Riyad Capital. The company had planned to sell 52.5mn shares, though the size of the final order book was not disclosed. (Bloomberg)
- **CBUAE says monitoring job cuts in financial industry –** Central Bank of the UAE (CBUAE) stated it is closely following recent job cuts in the financial sector, after banks in the country shed hundreds of jobs in the last few months. "We are closely following the recent occurrences of downsizing amongst financial institutions in the country to ensure that downsizing is not adversely affecting regulatory compliance and market conduct," it stated. The statement came as banks accelerate job cuts due to mergers, a sluggish economic environment and a reduction in branches as banks encourage more online banking. Dubai Islamic Bank (DIB) is planning to axe more than 500 jobs at newly acquired Noor Bank as part of cost cuts across both lenders, Reuters reported on February 2, citing sources. Last year Emirates NBD, HSBC and Abu Dhabi Commercial Bank - this led a merger with two other banks - cut hundreds of jobs. CBUAE also stated that it is encouraging "Emiratization" in the banking sector - hiring of UAE citizens - obliging banks to have 40% Emirati citizens in the workforce within 3 years. (Reuters)
- **Total assets of UAE telecom operators Etisalat, du up to AED145.12bn in 2019 –** The total assets of Emirates Telecommunications Corporation (Etisalat) and the Emirates Integrated Telecommunications Company (du), increased to AED145.12bn in 2019, a YoY growth of around 2.8% from AED141.74bn. The financial statements announced by the two listed companies show their total combined revenues hit AED64.8bn in 2019, while the royalty fee they paid to the government stood at circa AED7.85bn. The net profit secured by Etisalat and du in 2019 grew to around AED10.43bn from AED10.36bn in 2018, according to the two companies' official figures. In more detail, the profits of Etislat edged up to AED8.7bn in 2019 from AED8.61bn in 2018. Etisalat's assets amounted to AED128.266bn in 2019, compared to AED125.243bn in 2018, with the revenue hitting AED52.2bn by the end of 2019. On the other hand, du's 2019 net profit slightly declined to AED1.736bn from AED1.752bn in 2018. The total revenue of du reached almost AED12.6bn last year, with the company's total assets having increased from AED16.5bn 2018 to AED16.85bn in 2019. (Zawya)
- **Dubai Islamic Bank hires banks to arrange Dollar Sukuk issuance –** Dubai Islamic Bank has hired regional and international banks to arrange a potential long five-year or seven-year Dollar Sukuk issuance, a document showed. The bank hired Bank ABC, Dubai Islamic Bank, Emirates NBD Capital, First Abu Dhabi Bank, HSBC, ICBC, KFH Capital, Sharjah Islamic Bank and Standard Chartered Bank to lead the potential Islamic bonds sale. (Zawya)
- **CBRE: Abu Dhabi government's initiatives will stimulate real estate market –** Government measures and reforms are expected to support Abu Dhabi's property market, a new report from global real estate consultancy firm, CBRE stated. Changes in the freehold law that have enabled expatriates to own freehold property in over 15 designated investment zones and the launch of the Golden Card system in the UAE are expected to have a positive impact on the residential market, the report noted. The report shows that 28,000 residential units will enter the market between 2020 and 2023, adding to an existing 258,000 units as of second half of 2019. Growth in hotel occupancy could be attributed to a number of government measures in 2019, like the reduction in tourism, municipal and municipality hotel room fees and the Department of Culture and Tourism in Abu Dhabi's launch of AED600mn fund to enhance the city's portfolio of entertainment and business events. The report shows that the number of hotel guests reached 3.8mn in 3Q2019, a 2.9% increase compared to 3Q2018. CBRE expects the capital's hospitality sector to add an extra 9,300 keys within the next three years, apart from the existing 33,000 keys accounted for in second half of 2019. Allowing 100% foreign ownership in certain sectors and the launch of "Hub 71", incubator fund for tech start-ups and venture capitals, are initiatives that will help stimulate office demand according to CBRE. "Ghadan 21", a three-year economic stimulus package of $13.6bn will also be in place to create additional jobs, advancing the market performance of the office sector. (Zawya)
- **Petrofac wins $40mn development contract from Sharjah National Oil Corp –** British oilfield services provider Petrofac has

won a $40mn contract from the Sharjah National Oil Corporation to develop a project in the UAE, it stated. (Zawya)

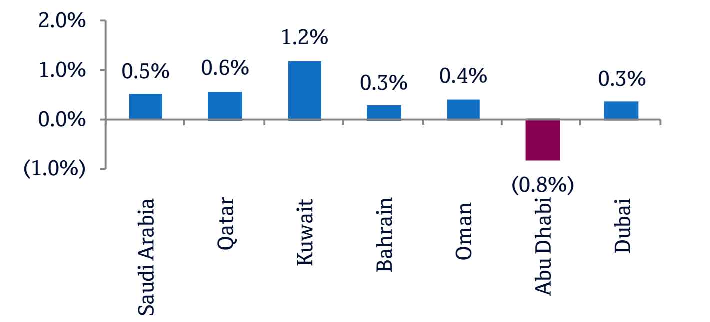
- **S&P: Kuwait's banks to show resilience in 2020 –** The overall credit profiles of rated banks in Kuwait should remain stable in 2020, barring any unexpected increase in geopolitical risk or a major fall in oil prices, S&P stated in the 'Kuwait Banking Sector 2020 Outlook: Resilience Despite Subdued Growth And Real Estate Concentrations,' report published on RatingsDirect. "Cost of risk (CoR) should further decrease to below 90 basis points for 2020 on the back of steady accumulation of provisions (exceeding 200%) thanks to conservative Central Bank of Kuwait (CBK) regulations. Margin compression should partly rollover into 2020, post the CBK's decision to cut the interest rate in 2019," S&P's Credit Analyst, Zeina Nasreddine said. Concentration in the commercial real estate (CRE) segment remains a key credit risk for banks. Nevertheless, S&P expects the current real estate price correction period to end in the next 12-24 months, with a limited effect on the banking system. Furthermore, S&P expects International Financial Reporting Standards 9 implementation to be delayed. This is because S&P believes the central bank does not want banks to release general provisions, but prefers to keep them as a buffer against potential future risks. "Nonetheless, we expect lower CoR to come mainly from lower judgmental provision charges," she concluded. (Bloomberg)
- **Kuwait's inflation up 1.68% in January –** Kuwait's inflation rate grew by 1.68% YoY to 115.3 points in January from 113.4 points, according to data released by the Central Statistical Bureau (CSB). The telecommunications sector was the key contributor to the consumer price index (CPI) growth by 4.40%, while prices of the housing services sector advanced by 0.86%. On a MoM basis, Kuwait's CPI edged up by 0.09% last month due to an increase in prices of four subgroups, topped by the basket of various goods and services which went up by 0.55%. (Zawya)
- **Kuwait Investment Company partially exits KD3.82mn asset in Germany –** Kuwait Investment Company has partially existed from an asset in the German city of Düsseldorf at KD3.82mn approximately. The remaining equity in the special purpose company will be reclassified to financial assets at fair value through the income statement, according to a filing. It is noteworthy that in 2019, the company's net profits leaped by 77.6% on an annual basis to KD17.50mn from KD9.85mn. (Zawya)
- **Napesco wins KD7.74mn tender by KGOC, Saudi Arabian Chevron –** National Petroleum Services (Napesco) was awarded a KD7.74mn tender by Kuwait Gulf Oil Company (KGOC) and the Kuwait-based Saudi Arabian Chevron Inc. Under the five-year tender, Napesco will provide environmental services for sludge treatment, according to a statement. The deal is set to be signed by the two parties in the first half of March 2020. Moreover, Napesco predicted a profit margin of 7% for the said contract subject to the project's execution conditions and workflow. (Zawya)
- **Oman signs new exploration and production sharing pact –** The Ministry of Oil and Gas signed a new Exploration and Production Sharing Agreement (EPSA) with a joint-venturing consortium of Total E&P and PTTEP for having the rights to explore and develop the non-associated gas resources within Block 12. The agreement was signed by Minister of Oil and Gas, Mohammed bin Hamad Al Rumhi on behalf of Oman's Government, and E&P Middle East & North Africa, Vice President, Stephane Michel representing Total E&P and President and Chief Executive Officer, Phongsthorn Thavisin representing PTTEP. Block 12 occupies an approximate area of 9,546 square kilometers and it is located in central Oman. Pursuant the EPSA, Total E&P is the operator of the block and with 80% participating interest whereas PTTEP holds the remaining 20% of the participating interest. The commitment of the consortium under this agreement starts with seismic activities. Then, the operator will conduct geological and geophysical studies and drill a number of exploration wells during the exploration period. (Zawya)

## Rebased Performance




Source: Bloomberg

## Daily Index Performance




Source: Bloomberg

| Asset/Currency Performance | Close ($) | 1D% | WTD% | YTD% |
|---|---|---|---|---|
| Gold/Ounce | 1,643.41 | 1.5 | 3.7 | 8.3 |
| Silver/Ounce | 18.49 | 0.7 | 4.2 | 3.6 |
| Crude Oil (Brent)/Barrel (FM Future) | 58.50 | (1.4) | 2.1 | (11.4) |
| Crude Oil (WTI)/Barrel (FM Future) | 53.38 | (0.7) | 2.6 | (12.6) |
| Natural Gas (Henry Hub)/MMBtu | 1.96 | (2.5) | 1.6 | (6.2) |
| LPG Propane (Arab Gulf)/Ton | 43.38 | (0.8) | 9.8 | 5.2 |
| LPG Butane (Arab Gulf)/Ton | 65.50 | 1.2 | 19.4 | (1.3) |
| Euro | 1.08 | 0.6 | 0.1 | (3.3) |
| Yen | 111.61 | (0.4) | 1.7 | 2.8 |
| GBP | 1.30 | 0.6 | (0.6) | (2.2) |
| CHF | 1.02 | 0.6 | 0.4 | (1.1) |
| AUD | 0.66 | 0.2 | (1.3) | (5.6) |
| USD Index | 99.26 | (0.6) | 0.1 | 3.0 |
| RUB | 64.06 | (0.2) | 0.8 | 3.3 |
| BRL | 0.23 | 0.1 | (2.1) | (8.4) |

Source: Bloomberg

| Global Indices Performance | Close | 1D%* | WTD%* | YTD%* |
|---|---|---|---|---|
| MSCI World Index | 2,402.80 | (0.7) | (1.2) | 1.9 |
| DJ Industrial | 28,992.41 | (0.8) | (1.4) | 1.6 |
| S&P 500 | 3,337.75 | (1.1) | (1.3) | 3.3 |
| NASDAQ 100 | 9,576.59 | (1.8) | (1.6) | 6.7 |
| STOXX 600 | 428.07 | 0.1 | (0.4) | (0.5) |
| DAX | 13,579.33 | (0.0) | (1.1) | (0.7) |
| FTSE 100 | 7,403.92 | 0.3 | (0.6) | (4.0) |
| CAC 40 | 6,029.72 | 0.1 | (0.5) | (2.5) |
| Nikkei | 23,386.74 | (0.1) | (3.0) | (3.6) |
| MSCI EM | 1,084.22 | (1.0) | (2.0) | (2.7) |
| SHANGHAI SE Composite | 3,039.67 | 0.3 | 3.6 | (1.2) |
| HANG SENG | 27,308.81 | (1.2) | (2.1) | (3.1) |
| BSE SENSEX# | 41,170.12 | 0.0 | (0.8) | (1.2) |
| Bovespa | 113,681.40 | (0.6) | (2.3) | (9.9) |
| RTS | 1,524.71 | (0.7) | (0.7) | (1.6) |

Source: Bloomberg (*$ adjusted returns, #Market was closed on February 21, 2020)

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