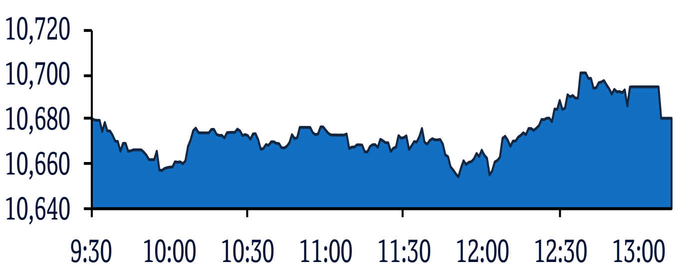
# Daily Market Report

Thursday, 23 January 2020

## QSE Intra-Day Movement




## Qatar Commentary

The QE Index declined 0.1% to close at 10,680.6. Losses were led by the Industrials and Consumer Goods & Services indices, falling 0.7% and 0.5%, respectively. Top losers were Doha Insurance Group and Qatar Industrial Manufacturing Company, falling 3.6% and 2.2%, respectively. Among the top gainers, Mazaya Qatar Real Estate Development gained 2.8%, while Mannai Corporation was up 1.5%.

## GCC Commentary

**Saudi Arabia:** The TASI Index fell 0.2% to close at 8,428.2. Losses were led by the Pharma, Biotech and Retail. indices, falling 0.9% and 0.8%, respectively. Al Sorayai Trading and Ind. declined 3.4%, while Saudi Automotive Serv. was down 3.2%.

**Dubai:** The DFM Index fell 0.2% to close at 2,848.9. The Services index declined 1.7%, while the Telecommunication index fell 1.4%. Mashreqbank declined 8.6%, while Ekttitab Holding Company was down 6.3%.

**Abu Dhabi:** The ADX General Index gained 1.0% to close at 5,234.0. The Consumer Staples Index rose 11.0%, while the Industrial index rose 1.4%. International Holdings Company rose 14.9%, while Abu Dhabi Ship Building Co. was up 14.7%.

**Kuwait:** The Kuwait All Share Index fell 0.2% to close at 6,359.1. The Technology index declined 10.0%, while the Telecommunications index fell 0.8%. Burgan Company for Well Drilling and Kuwaiti Syrian Holding Co. were down 10.0% each.

**Oman:** The MSM 30 Index fell 0.1% to close at 4,056.4. The Services index fell 0.7%, while the Industrial index fell marginally. Oman Oil Marketing Company declined 5.6%, while Oman Fisheries Company was down 2.4%.

**Bahrain:** The BHB Index gained 0.5% to close at 1,651.5. The Commercial Banks index rose 0.6%, while the Services index gained 0.5%. Bahrain Cinema Company rose 8.8%, while National Bank of Bahrain was up 4.2%.

| Market Indicators | 22 Jan 20 | 21 Jan 20 | %Chg. |
|---|---|---|---|
| Value Traded (QR mn) | 241.1 | 272.6 | (11.6) |
| Exch. Market Cap. (QR mn) | 593,758.0 | 594,315.3 | (0.1) |
| Volume (mn) | 86.2 | 140.9 | (38.8) |
| Number of Transactions | 4,221 | 4,869 | (13.3) |
| Companies Traded | 45 | 46 | (2.2) |
| Market Breadth | 15:24 | 20:16 | – |

| Market Indices | Close | 1D% | WTD% | YTD% | TTM P/E |
|---|---|---|---|---|---|
| Total Return | 19,653.28 | (0.1) | (0.2) | 2.4 | 15.5 |
| All Share Index | 3,169.82 | (0.1) | (0.1) | 2.3 | 16.0 |
| Banks | 4,379.38 | 0.2 | 0.3 | 3.8 | 15.3 |
| Industrials | 2,909.63 | (0.7) | (1.3) | (0.8) | 20.0 |
| Transportation | 2,586.06 | 0.1 | 0.7 | 1.2 | 13.5 |
| Real Estate | 1,612.97 | (0.2) | 1.2 | 3.1 | 12.1 |
| Insurance | 2,793.72 | (0.2) | (0.0) | 2.2 | 16.0 |
| Telecoms | 906.15 | 0.1 | 0.2 | 1.2 | 15.4 |
| Consumer | 8,631.79 | (0.5) | (1.1) | (0.2) | 19.1 |
| Al Rayan Islamic Index | 4,009.76 | (0.2) | (0.1) | 1.5 | 16.4 |

| GCC Top Gainers## | Exchange | Close# | 1D% | Vol. '000 | YTD% |
|---|---|---|---|---|---|
| National Bank of Bahrain | Bahrain | 0.75 | 4.2 | 143.3 | 5.4 |
| DP World | Dubai | 14.75 | 3.6 | 573.2 | 12.6 |
| HSBC Bank Oman | Oman | 0.13 | 2.4 | 75.4 | 5.0 |
| First Abu Dhabi Bank | Abu Dhabi | 15.76 | 1.4 | 708.9 | 4.0 |
| Jabal Omar Dev. Co. | Saudi Arabia | 27.10 | 1.3 | 2,809.6 | (0.2) |

| GCC Top Losers## | Exchange | Close# | 1D% | Vol. '000 | YTD% |
|---|---|---|---|---|---|
| Arabian Centres Co. Ltd | Saudi Arabia | 30.55 | (2.9) | 426.7 | 4.8 |
| Bank Muscat | Oman | 0.44 | (2.2) | 1,037.7 | 1.4 |
| Saudi British Bank | Saudi Arabia | 34.10 | (1.7) | 305.6 | (1.7) |
| Samba Financial Group | Saudi Arabia | 30.80 | (1.6) | 1,511.7 | (5.1) |
| Qatar Electricity & Water | Qatar | 16.40 | (1.2) | 159.3 | 1.9 |

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% |
|---|---|---|---|---|
| Mazaya Qatar Real Estate Dev. | 0.77 | 2.8 | 6,067.3 | 7.1 |
| Mannai Corporation | 3.29 | 1.5 | 911.3 | 6.8 |
| Qatar General Ins. & Reins. Co. | 2.79 | 1.5 | 8.8 | 13.4 |
| Qatar First Bank | 0.91 | 1.1 | 6,957.8 | 11.2 |
| Vodafone Qatar | 1.26 | 0.8 | 3,487.5 | 8.6 |

| QSE Top Volume Trades | Close* | 1D% | Vol. '000 | YTD% |
|---|---|---|---|---|
| Ezdan Holding Group | 0.65 | (0.9) | 12,256.9 | 5.2 |
| Qatar First Bank | 0.91 | 1.1 | 6,957.8 | 11.2 |
| Masraf Al Rayan | 4.17 | 0.5 | 6,375.7 | 5.3 |
| Mazaya Qatar Real Estate Dev. | 0.77 | 2.8 | 6,067.3 | 7.1 |
| Gulf International Services | 1.64 | (0.6) | 5,688.8 | (4.7) |

| QSE Top Losers | Close* | 1D% | Vol. '000 | YTD% |
|---|---|---|---|---|
| Doha Insurance Group | 1.08 | (3.6) | 433.2 | (10.0) |
| Qatar Industrial Manufacturing | 3.57 | (2.2) | 50.4 | 0.0 |
| Widam Food Company | 6.70 | (1.9) | 0.8 | (0.9) |
| Qatari Investors Group | 1.90 | (1.6) | 85.5 | 6.1 |
| Ahli Bank | 3.65 | (1.4) | 661.1 | 4.3 |

| QSE Top Value Trades | Close* | 1D% | Val. '000 | YTD% |
|---|---|---|---|---|
| QNB Group | 20.96 | 0.3 | 62,817.7 | 1.8 |
| Masraf Al Rayan | 4.17 | 0.5 | 26,604.3 | 5.3 |
| Qatar Islamic Bank | 16.59 | 0.2 | 18,446.3 | 8.2 |
| The Commercial Bank | 4.98 | (0.2) | 17,940.6 | 6.0 |
| Gulf International Services | 1.64 | (0.6) | 9,295.7 | (4.7) |

Source: Bloomberg (* in QR)

| Regional Indices | Close | 1D% | WTD% | MTD% | YTD% | Exch. Val. Traded ($ mn) | Exchange Mkt. Cap. ($ mn) | P/E** | P/B** | Dividend Yield |
|---|---|---|---|---|---|---|---|---|---|---|
| Qatar* | 10,680.64 | (0.1) | (0.2) | 2.4 | 2.4 | 65.84 | 162,095.9 | 15.5 | 1.6 | 4.0 |
| Dubai | 2,848.94 | (0.2) | 0.7 | 3.0 | 3.0 | 50.22 | 104,395.4 | 11.3 | 1.0 | 4.1 |
| Abu Dhabi | 5,234.02 | 1.0 | 1.1 | 3.1 | 3.1 | 40.39 | 147,184.2 | 16.0 | 1.5 | 4.8 |
| Saudi Arabia | 8,428.21 | (0.2) | (0.4) | 0.5 | 0.5 | 971.88 | 2,363,394.5 | 22.8 | 1.9 | 3.2 |
| Kuwait | 6,359.08 | (0.2) | 0.1 | 1.2 | 1.2 | 114.19 | 118,997.5 | 15.6 | 1.5 | 3.4 |
| Oman | 4,056.42 | (0.1) | (0.1) | 1.9 | 1.9 | 4.52 | 17,359.1 | 7.2 | 0.7 | 7.4 |
| Bahrain | 1,651.48 | 0.5 | 0.7 | 2.6 | 2.6 | 4.18 | 25,900.0 | 13.1 | 1.0 | 4.7 |

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

## Qatar Market Commentary

- The QE Index declined 0.1% to close at 10,680.6. The Industrials and Consumer Goods & Services indices led the losses. The index fell on the back of selling pressure from Qatari and GCC shareholders despite buying support from non-Qatari shareholders.
- Doha Insurance Group and Qatar Industrial Manufacturing Company were the top losers, falling 3.6% and 2.2%, respectively. Among the top gainers, Mazaya Qatar Real Estate Development gained 2.8%, while Mannai Corporation was up 1.5%.
- Volume of shares traded on Wednesday fell by 38.8% to 86.2mn from 140.9mn on Tuesday. However, as compared to the 30-day moving average of 77.5mn, volume for the day was 11.2% higher. Ezdan Holding Group and Qatar First Bank were the most active stocks, contributing 14.2% and 8.1% to the total volume, respectively.

| Overall Activity | Buy %* | Sell %* | Net (QR) |
|---|---|---|---|
| Qatari Individuals | 24.07% | 36.20% | (29,252,382.17) |
| Qatari Institutions | 26.28% | 21.22% | 12,200,150.65 |
| **Qatari** | **50.35%** | **57.42%** | **(17,052,231.52)** |
| GCC Individuals | 0.51% | 3.76% | (7,829,571.72) |
| GCC Institutions | 0.81% | 2.54% | (4,160,810.33) |
| **GCC** | **1.32%** | **6.30%** | **(11,990,382.05)** |
| Non-Qatari Individuals | 8.02% | 8.90% | (2,119,729.08) |
| Non-Qatari Institutions | 40.29% | 27.37% | 31,162,342.66 |
| **Non-Qatari** | **48.31%** | **36.27%** | **29,042,613.57** |

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

## Earnings Releases, Global Economic Data and Earnings Calendar

### Earnings Releases

| Company | Market | Currency | Revenue (mn) 4Q2019 | % Change YoY | Operating Profit (mn) 4Q2019 | % Change YoY | Net Profit (mn) 4Q2019 | % Change YoY |
|---|---|---|---|---|---|---|---|---|
| Saudi Telecom Co. | Saudi Arabia | SR | 13,273.0 | 0.4% | 2,403.0 | -30.9% | 2,411.0 | -22.4% |

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

### Global Economic Data

| Date | Market | Source | Indicator | Period | Actual | Consensus | Previous |
|---|---|---|---|---|---|---|---|
| 01/22 | US | Mortgage Bankers Association | MBA Mortgage Applications | 17-Jan | -1.20% | – | 30.20% |

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

### Earnings Calendar

| Tickers | Company Name | Date of reporting 4Q2019 results | No. of days remaining | Status |
|---|---|---|---|---|
| DHBK | Doha Bank | 26-Jan-20 | 3 | Due |
| QIIK | Qatar International Islamic Bank | 28-Jan-20 | 5 | Due |
| QFLS | Qatar Fuel Company | 29-Jan-20 | 6 | Due |
| CBQK | The Commercial Bank | 29-Jan-20 | 6 | Due |
| IHGS | Islamic Holding Group | 29-Jan-20 | 6 | Due |
| NLCS | Alijarah Holding | 30-Jan-20 | 7 | Due |
| QIGD | Qatari Investors Group | 2-Feb-20 | 10 | Due |
| QATI | Qatar Insurance Company | 2-Feb-20 | 10 | Due |
| VFQS | Vodafone Qatar | 3-Feb-20 | 11 | Due |
| MCGS | Medicare Group | 4-Feb-20 | 12 | Due |
| UDCD | United Development Company | 5-Feb-20 | 13 | Due |
| IQCD | Industries Qatar | 5-Feb-20 | 13 | Due |
| QIMD | Qatar Industrial Manufacturing Company | 5-Feb-20 | 13 | Due |
| DOHI | Doha Insurance Group | 12-Feb-20 | 20 | Due |
| ORDS | Ooredoo | 13-Feb-20 | 21 | Due |

Source: QSE

## News

### Qatar

- **MRDS posts net profit of QR32.50mn and EPS of QR0.03 per share in FY2019 –** Mazaya Qatar Real Estate Development's (MRDS) posted net profit of QR32.50mn in FY2019 compared to net profit amounting to QR16.59mn for the same period of the previous year. During the year, the company had implemented International Financial Reporting Standard 16 (IFRS 16) which resulted in a restated net profit of QR374,173,823 for the same period of the previous year (net profit after implementing IFRS 16 – FY2019: QR32.50mn and FY2018: QR374,173,823). The EPS amounted to QR0.03 for the year ended December 31, 2019 to earning per share amounted to QR0.0143 and restated earnings per share amounted to QR0.32 for the same period of the previous year (EPS after implementing IFRS 16 – FY2019: QR0.03 and FY2018: QR0.32). (QSE)
- **Supplementary disclosure about studying the strategic partnership between the MRDS and Al Bandari Real Estate –** With reference to the previous announcement in which Mazaya Qatar Real Estate Development (MRDS) announced its intention to start studying the possibility of merging with Al Bandari Real Estate, MRDS would like to inform its shareholders in particular and public investors in general that it has received an offer from Al Bandari Real Estate related to the merger on January 22, 2020. This offer has been referred to the board of directors for their review and to take necessary action, after consulting both the financial and legal advisors of the company. Accordingly, the board will disclose its recommendation as soon as it is ready, taking into consideration the requirements of the regulatory authorities, including the Qatar Financial Markets Authority and the Qatar Stock Exchange. The company has previously appointed Al Rayan Investment as a financial advisor, as well as Sharq Law Firm as a legal advisor and other specialized consultants to provide technical support to take appropriate decisions. (QSE)
- **ABQK's investor relation conference call to be held on January 23 –** Ahli Bank (ABQK) announced that the investors relation conference call will be held on January 23, 2020 to discuss the financial statements ended December 31, 2019. (QSE)
- **GWCS discloses the establishment of its subsidiary –** Gulf Warehousing Company (GWCS) disclosed the establishment of its subsidiary in Qatar, GWC Investment, which was established on December 28, 2019. GWC Investments is 100% owned by Al-Khaleej Chemicals Warehousing. (QSE)
- **Weekly real estate trading volume crosses QR2bn –** The volume of real estate trading in sales contracts registered with the Real Estate Registration Department at the Ministry of Justice during the period from January 12 to January 16 reached QR2.01bn. The weekly real estate analysis data showed that the list of real estate traded in the sale included land space, housing, residential buildings and multi-use land space and a multi-use building and a residential compound. Sales were concentrated in the municipalities of Al Rayyan, Doha, Al Daayen, Al Khor, Al Dhakhira, Al Wakrah, Umm Salal, and Al Shamal. The volume of real estate trading during the period from January 5 to January 9 was QR231.61mn. (Qatar Tribune)
- **CEO: QIA plans to shift into greener assets –** According to Qatar Investment Authority's (QIA) CEO, Mansoor bin Ebrahim Al Mahmoud, Qatar's sovereign wealth fund, plans to shift into greener assets in response to investor demand. (Bloomberg)
- **QFC sheds light on Qatar's FDI opportunities at Davos –** Qatar Financial Centre (QFC) participated in the special briefing entitled "The Year Ahead: Spotlight on FDI", held on the sidelines of the World Economic Forum's Annual Meeting in Davos, Switzerland. The event, organized by Bloomberg and sponsored by QFC, focused on the considerable FDI flows around the world, which exceed $1tn annually, and shed light on the vigorous competition among countries to attract and increase their shares of foreign direct investments. The summit discussion delved into the ongoing quest of trade and governmental entities to offer bundles of incentives and benefits to increase their competitiveness over peers, while addressing the investments trends. QFC's CEO, Yousuf Mohamed Al Jaida praised Qatar's ground-breaking amendments and reforms to create a competitive business environment and referred to few examples, including easing of visa process as well as the business registration process from a two months' process to an overnight one, in addition to the transformation from a protected foreign ownership regime to a 100% foreign ownership in certain sectors. (Peninsula Qatar)
- **Al Baker: QA looking to expand its network in China –** Qatar Airways (QA) is looking to grow its business further in China by expanding the network in the country. Talking to Qatar Tribune on the sidelines of a Shop Qatar event to mark the Chinese New Year celebrations at Hamad International Airport, QA Group Chief Executive and QNTC Secretary-General Akbar al Baker said, "We decided to combine the opening of our new exclusive Lancome Pop-Up at HIA with Shop Qatar's Chinese New Year celebrations to demonstrate our commitment to welcoming even more passengers from China to Qatar this year. There is a substantial growth in the number of Chinese tourists visiting Qatar. We expect this trend to continue. Expanding Qatar Airways' network in the Chinese market is aimed at supporting the growth of tourism in Qatar. It will also help establish Qatar as one of the major tourism hubs in the region." He added that the expansion plans related to increasing the number of flights to China will be announced at a later stage. Baker said that QA is doing a lot better than budgeted for the current fiscal year. (Qatar Tribune)
- **Qatar invests in plant-based foods –** Los Angeles-based Company investing in plant-based foods has confirmed its latest funding was led by Qatar Investment Authority (QIA). QIA's growing portfolio of long-term strategic investments has historically focused on banks, hotels, airlines, airports, and corporate firms – but now, for the first time in our country's history, Qatar has invested in a vegan food product, demonstrating Qatar's desire to be a part of, and enrich the continued, fast growth of plant based food products as the number of vegan food consumers worldwide grow. Qatar's investment in a new company set to introduce another plant-based product on to the market endorses four major issues facing the world today: climate change, constraints on natural resources, health problems associated with eating meat and dairy and animal welfare. (Gulf-Times.com)

- **QICCA official underscores role of efficiency in arbitration –** Creating arbitration platforms by using technology should serve as an available option to achieve efficiency and security of information, especially sensitive data. This was discussed in a keynote speech by the Qatar International Centre for Conciliation and Arbitration's (QICCA) General Counsel Minas Khatchadourian during the 'Middle East Arbitration Symposium' hosted recently in Doha by international law firm, Pinsent Masons. During the event, Pinsent Masons also unveiled key findings from their International Arbitration Survey 2019 on the topic of "Driving Efficiency in International Construction Disputes", undertaken in partnership with the School of International Arbitration at Queen Mary University of London. In his keynote speech, Khatchadourian stressed that efficiency "is a real concern" for all parties involved in arbitration. He said arbitration institutions have opened the door to improving efficiency in arbitration procedures, following different surveys, which took place in the last few years and where stakeholders exchanged views and experienced arbitration procedures. (Gulf-Times.com)

**International**

- **US home sales surge to near two-year high –** The US home sales jumped to their highest level in nearly two years in December, the latest indication that lower mortgage rates are helping the housing market to regain its footing after hitting a soft patch in 2018, though record low inventory could be an obstacle to continued strong gains. The report from the National Association of Realtors on Wednesday followed on the heels of government data last week showing homebuilding raced to a 13-year high in December. Existing home sales increased 3.6% to a seasonally adjusted annual rate of 5.54mn units last month, the highest level since February 2018, boosted by a surge in sales of multi-family housing units and gains in single-family home dwellings. November's sales pace was unrevised at 5.35mn units. Economists polled by Reuters had forecasted existing home sales would increase 1.3% to a rate of 5.43mn units in December. Last month, existing home sales rose in the Northeast, West and the populous South. But sales fell in the Midwest. Existing home sales, which make up about 90% of US home sales, surged 10.0% on a YoY basis in December. For all of 2019, sales were unchanged at 5.34mn units. (Reuters)
- **US mortgage applications decrease in latest MBA weekly survey –** Mortgage applications decreased 1.2% from one week earlier, according to data from the Mortgage Bankers Association's (MBA) Weekly Mortgage Applications Survey for the week ending January 17, 2020. The Market Composite Index, a measure of mortgage loan application volume, decreased 1.2% on a seasonally adjusted basis from one week earlier. On an unadjusted basis, the Index increased 0.4% compared with the previous week. The Refinance Index decreased 2% from the previous week and was 116% higher than the same week one year ago. The seasonally adjusted Purchase Index decreased 2% from one week earlier. The unadjusted Purchase Index increased 4% compared with the previous week and was 8% higher than the same week one year ago. MBA's Associate Vice President of Economic and Industry Forecasting, Joel Kan said, "Mortgage applications dipped slightly last week after two weeks of healthy increases, but even with a slight decline, the total pace of applications remains at an elevated level. The purchase market has started 2020 on a strong note, running 8% higher than the same week a year ago. Refinance applications remained near the highest level since October 2019, as the 30-year fixed rate was unchanged at 3.87%, while the 15-year fixed rate decreased to its lowest level since November 2016." (MBA)
- **Reuters poll: US economy to coast, no big boost expected from trade deal –** The initial trade deal between Washington and Beijing is unlikely to provide a significant boost to the US economy and will only reduce the downside risk or at best help activity moderately, a Reuters poll showed. While financial markets were optimistic in the run-up to and after the trade agreement - with US stocks hitting all-time highs last week - the growth and inflation outlook in the latest poll was little changed from the previous few months. The January 16-22 Reuters poll of over 100 economists - taken as business leaders gathered at the World Economic Forum in Davos to be greeted by the IMF cutting its global growth forecasts again - showed a significant pickup in the US economy was not on the cards. That was also clear from predictions for the Federal Reserve to remain on the sidelines this year and on expectations the next likely move would be a cut rather than a hike. Reuters polls over the past couple of years have repeatedly pointed to the US-China trade war as the prominent downside risk for the American economy and warned it would bring the next recession closer. Now, despite a signed trade agreement, albeit a partial one, the chances of a US recession were similar to predictions in recent months - around 20-25% in the next 12 months and about 30-35% in the next two years. (Reuters)
- **Trump threatens big tariffs on car imports from EU –** US President Donald Trump threatened to impose high tariffs on imports of cars from the European Union (EU) if the bloc does not agree to a trade deal. Trump has previously made threats to place duties on European automobile imports, with the intent of receiving better terms in the US-Europe trade relationship. Trump has delayed imposing the tariffs a number of times. The EU is as strong economically as the US, and will respond to any additional US tariffs "in the same dimension," Germany's ambassador to the US, Emily Haber, said. French Ambassador Philippe Etienne told the same event that the EU hoped to negotiate a settlement with Washington, warning that tit-for-tat tariffs would hurt both economies. The US has also threatened duties of up to 100% on French goods, from champagne to handbags, because of a digital services tax that Washington says harms US tech companies. Trump said the tariffs on EU cars could amount to 25%. (Reuters)
- **CBI: UK factories' optimism highest since 2014 but activity weak –** Optimism in British factories hit its highest in almost six years in the three months to January, according to a survey that added to signs of a post-election boost, prompting investors to trim bets that the Bank of England (BoE) will cut interest rates next week. The Confederation of British Industry's (CBI) quarterly gauge of manufacturing optimism rose to +23 in January from -44 in October, its highest level since April 2014. Still, gauges of output improved only slightly, adding to questions about whether a jump in optimism since Prime Minister Boris Johnson's landslide election win last month will

translate into stronger economic activity. That is the dilemma that faces BoE policymakers who next week will decide whether to cut interest rates. (Reuters)

- **UK government borrows less than expected in December, but corporate tax take weakens –** Britain's government borrowed less than expected in December but there were signs the economy's weakness was hurting corporate tax receipts, while a pay rise for health workers pushed up spending. Borrowing excluding public sector-owned banks in December alone fell slightly compared with a year earlier to 4.765bn Pounds, the Office for National Statistics (ONS) said on Wednesday. A Reuters poll of economists had pointed to borrowing of 5.3bn Pounds. Despite the better-than-expected figure for December, borrowing in the first nine months of the financial year stood at 54.6bn Pounds, 7.9% higher than it was for April-December 2018. The data showed corporate tax receipts for the financial year to date, April to December, were 3.4% lower than at the same point a year ago, the sharpest annual drop since the same period of the 2012-13 financial year. On the expenditure side, other current spending was up 5.0% in the financial year to date compared with the same period in 2018-19, a record increase that reflects a pay rise for health workers authorized by former prime minister Theresa May. (Reuters)
- **European Union will respond in kind to new US tariffs, says German ambassador to US –** The European Union (EU) is as strong economically as the US, and will respond to any additional US tariffs with duties of its own on US products, Germany's ambassador to the US, Emily Haber, said on Wednesday. In Davos, Switzerland, US President, Donald Trump on Wednesday renewed his threat to impose tariffs of up to 25% on imports of cars from the EU if the bloc does not agree to a trade deal. French Ambassador Philippe Etienne told the same event that the EU was pushing for negotiated settlements of disputes with Washington over aircraft subsidies and digital taxes, warning that escalating tit-for-tat tariffs would hurt both economies. Separately, Washington has already imposed a 25% tariff on a raft of European wines and other goods, and a 10% tariff on aircraft, in a long-running pair of cases before the World Trade Organization over aircraft subsidies. It warned in December that it would raise those tariffs and expand the list of affected products. (Reuters)
- **MOF: Japan's December exports fall 6.3% YoY –** Japan's exports fell 6.3% in December from a year earlier, Ministry of Finance (MOF) data showed, in a sign weak external demand is keeping a lid on the export-reliant economy. That compared with a 4.2% decrease expected by economists in a Reuters poll and followed a 7.9% YoY decline in the previous month. Imports fell 4.9% in the year to December, versus the median estimate for a 3.4% decrease. They fell 15.7% in the previous month. As a result, the trade balance came to a deficit of 152.5bn Yen, versus the median estimate for a 150bn Yen shortfall. (Reuters)
- **China central bank to lower funding costs, prevent debt and inflation risks, says adviser –** China's central bank will continue to lower financing costs for the economy, but it must prevent leverage ratios from rising and should also consider inflation pressure, a central bank adviser said. Ma Jun, a member of the central bank's monetary committee, told the official Financial News that it would take some time for a recent cut in banks' reserve requirement ratios to affect the loan prime rate (LPR), the benchmark lending rate. Despite recent signs of improvement in the economy, the People's Bank of China (PBOC) is widely expected to roll out more support measures this year after growth cooled to a near 30-year low in 2019. (Reuters)

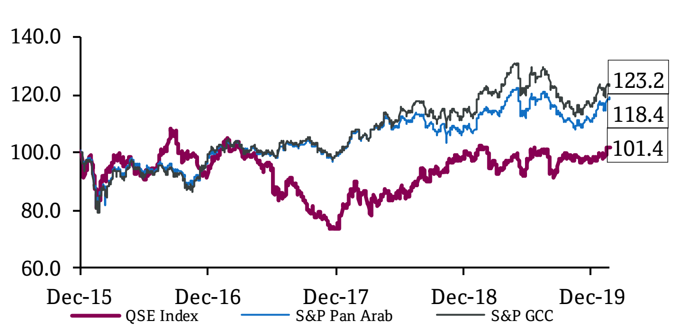
**Regional**

- **Gulf economies to pick up this year following spending spree –** Economic growth in the Gulf will pick up this year and next, helped by Saudi Arabia's investment program and Expo 2020 in Dubai, although the region will continue to feel the impact of oil output cuts, a Reuters poll showed. OPEC and non-OPEC allies agreed in December to deepen output cuts, coming in addition to previously agreed curbs of 1.2mn bpd, and will represent about 1.7% of global oil output. Saudi Arabia's economy grew 0.3% in 2019, and is expected to grow 2.0% in 2020 and 2.2% in 2021, the poll of 26 economists, conducted January 7-21, projected. A similar poll three months ago, gave the same forecasts for 2020 and 2021 but estimated 0.7% growth in 2019. "Saudi Arabia's third quarter GDP data, showing a fall of 0.5% YoY, was broadly as expected, with OPEC+ cuts constraining the contribution of the oil sector to economic growth," Oxford Economics wrote in a research note. However, diversification efforts "show signs of feedthrough", it said. Chief Economist at Abu Dhabi Commercial Bank, Monica Malik said a stronger non-oil sector would help Saudi Arabia. (Reuters)
- **IPOs in Arab region could see 'healthy' activity this year, says Kamco report –** IPOs in the Arab region could see healthy activity this year as more corporates and state firms are set to make their debut on the respective markets, according to Kamco. "The (region's) IPO markets in 2020 could see healthy activity, given that corporates who were waiting for state-owned enterprises to provide leadership in primary equity markets, could enter the market," it said in its latest report. However, the secondary equity markets would continue to be a key for valuation, along with stable geopolitics in the backdrop of the impending US elections and a resolution to BREXIT. The region's IPO market witnessed a landmark year in 2019, despite a lower number of primary market issuances YoY from 2018. Total number of corporate IPOs in the region declined to nine issuances in 2019 from 17 issuances and 28 issuances witnessed in 2018 and 2017, respectively. (Gulf-Times.com)
- **GCC equity market outlook neutral for 2020 –** The outlook for GCC equity market for 2020 is neutral amidst expectation of oil prices remaining around 2019 levels, in the range of $61-65 per barrel and moderate improvement in corporate earnings and non-oil sector supported by government spending, according to Markaz. The outlook is based on evaluation of the countries across four key parameters-economic factors, valuation attraction, corporate earnings growth potential and market liquidity. The economic conditions in the Gulf region are expected to moderately improve in 2020. As muted oil price outlook indicates lower oil GDP growth, GCC government's expansionary spending is expected to aid non-oil economic growth while global economic conditions also seem conducive. Government finances are expected to be strained given the lower oil price outlook and proposed government spending

plans, the analysts said in the 'GCC Market Outlook 2020.' (Peninsula Qatar)

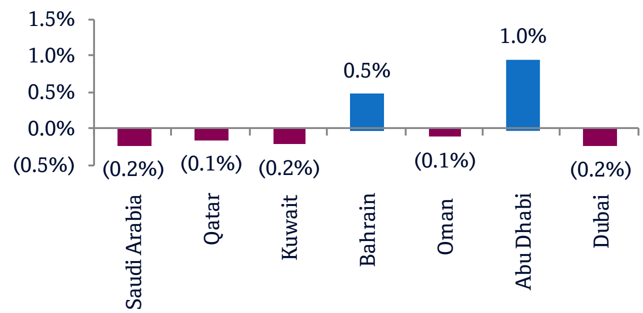
- **Saudi Arabia raises $5bn as bond investors brush off Gulf jitters –** Saudi Arabia has raised $5bn in bonds after receiving around $20bn in orders, a sign that an escalation in geopolitical tensions in the Gulf has not deterred investors looking for high returns amid low global rates. The Kingdom has issued bonds with maturities of seven, 12 and 35 years, a document by one of the banks leading the deal showed, as part of plans to raise $32bn worth of debt this year as it seeks new financing channels in an era of lower oil prices. (Reuters)
- **Saudi Arabia may borrow $4bn more in 2020 –** Saudi Arabia may borrow another $4bn on international markets this year after issuing a $5bn Eurobond, and is considering debt in Euros and Riyals as well Sukuk, Finance Minister, Mohammed Al Jadaan said. "We are satisfied. I think Saudi Arabia made it very clear that we are going through a very well-articulated strategy in terms of tapping the debt market, whether international or local. Yesterday showed very clearly that demand for Saudi credit is very high and very healthy. We are very pleased not only with the level of demand but also the pricing. We reduced pricing significantly compared to the last issuances, so we are very pleased," he said. He added that he is very confident that the Saudi Arabian economy is picking up. (Bloomberg)
- **Kuwait to resume oil output by March in area shared with Saudi Arabia –** Kuwait plans to restart oil production by March at the Wafra field that it shares with Saudi Arabia, more than four years after the neighbors halted output. Wafra has been shut since May 2015, due to a dispute over Saudi Arabia's renewal of Chevron Corp.'s concession there. The field will resume pumping by March, Kuwaiti Oil Minister, Khaled Al-Fadhel said. Kuwait's parliament voted earlier in the day to ratify the agreement the country reached with Saudi Arabia in December to resume production at their shared oil deposits. Fields in the so-called neutral zone can produce as much as 500,000 bpd, more than each of OPEC's three smallest members pumped last month. Kuwaitis and Saudi Arabia alike have said resumption would be unlikely to add significant amounts of oil to the market within the current duration of the OPEC's production cuts deal, which runs until the end of March. (Bloomberg)
- **Saudi Arabian lender Samba to raise $500mn in bonds –** Saudi lender Samba Financial Group plans to raise $500mn in seven-year bonds, a document seen by Reuters showed. The bank, which ranks behind National Commercial Bank and Al Rajhi Bank, among the biggest Saudi Arabian lenders by total assets, has hired Citigroup and Standard Chartered to arrange the debt sale. The notes were marketed with an initial price guidance of 160 basis points over mid-swap, according to the document issued by one of the banks leading the deal. The issue follows Saudi Arabia's $5bn bond issuance, which saw hefty demand despite a recent rise in political tensions in the Gulf. (Reuters)
- **DAMAC sees Dubai property prices at 'rock bottom' as curbs work –** Now is the time to buy property in Dubai, the Chairman of DAMAC properties said, months after warning the Middle East business hub faces a disaster on oversupply. "Prices are rock bottom," DAMAC Properties' Hussain Sajwani said. "Today in Dubai what you're buying is almost at the cost of the developer or below cost. The supply has been curbed in the last couple of months. Most of the big developers are not bringing new projects. Still, our biggest challenge going forward is the supply, we need to curb the supply further," he said. (Bloomberg)
- **First Abu Dhabi Bank in talks to buy Egyptian unit of Lebanon's Bank Audi –** UAE's largest lender First Abu Dhabi Bank (FAB) is in talks to potentially acquire the Egyptian subsidiary of Lebanon's Bank Audi, sources told Reuters. Discussions are at an early stage, the sources said. Bank Audi Egypt has grown from a three-branch operation acquired by Bank Audi in 2005 to 50 branches with total assets of $4.4bn at the end of September, Bank Audi's Chief Financial Officer, Tamer Ghazaleh said, when he told Reuters the bank was considering selling the unit. Bank Audi's Chief Executive, Samir Hanna earlier this month had meetings with FAB's group Chief Executive, Abdulhamid Saeed to discuss the sale, and a non disclosure agreement (NDA) has been signed, the sources said. Bank Audi's Ghazaleh said the Egyptian bank was a "very profitable operation" and had received interest from lenders. (Reuters)
- **Agility plans Middle East and Africa growth on back of e-commerce boom –** Agility Public Warehousing Co., the Kuwait-based logistics firm operating in more than 100 countries, is planning to spend about $400mn this year as it focuses on emerging markets, Chief Executive Officer, Tarek Sultan said. Infrastructure such as warehousing projects in the Middle East and Africa, where "there's a big requirement for e-commerce and e-commerce infrastructure," will receive most of the company's attention, Sultan said. He also said that the construction works on project in Kuwait's Sabah Al-Ahmed should start this year. The company expects to deliver four of the 10 warehousing industrial villages it is buildings in Africa by the second quarter of 2020; they will be in Mozambique, Ghana, Ivory Coast and Nigeria. Agility no longer has any interest in buying any of the funds of Abraaj Group, the once-mighty Middle Eastern private equity firm. The company's outlook for 2020 is bullish, and first phase of trade agreement between the US and China is positive. (Bloomberg)

## Rebased Performance




Source: Bloomberg

## Daily Index Performance




Source: Bloomberg

| Asset/Currency Performance | Close ($) | 1D% | WTD% | YTD% |
|---|---|---|---|---|
| Gold/Ounce | 1,558.78 | 0.0 | 0.1 | 2.7 |
| Silver/Ounce | 17.84 | 0.3 | (1.1) | (0.1) |
| Crude Oil (Brent)/Barrel (FM Future) | 63.21 | (2.1) | (2.5) | (4.2) |
| Crude Oil (WTI)/Barrel (FM Future) | 56.74 | (2.7) | (3.1) | (7.1) |
| Natural Gas (Henry Hub)/MMBtu | 1.90 | (4.0) | (7.8) | (9.1) |
| LPG Propane (Arab Gulf)/Ton | 40.38 | (4.4) | (4.4) | (2.1) |
| LPG Butane (Arab Gulf)/Ton# | 71.50 | 0.0 | 3.6 | 9.2 |
| Euro | 1.11 | 0.1 | 0.0 | (1.1) |
| Yen | 109.84 | (0.0) | (0.3) | 1.1 |
| GBP | 1.31 | 0.7 | 1.0 | (0.9) |
| CHF | 1.03 | 0.1 | (0.0) | (0.0) |
| AUD | 0.68 | (0.0) | (0.5) | (2.5) |
| USD Index | 97.53 | (0.0) | (0.1) | 1.2 |
| RUB | 61.85 | (0.1) | 0.4 | (0.2) |
| BRL | 0.24 | 0.7 | (0.5) | (3.9) |

Source: Bloomberg (Market was closed on January 22, 2020)

| Global Indices Performance | Close | 1D%* | WTD%* | YTD%* |
|---|---|---|---|---|
| MSCI World Index | 2,410.23 | 0.0 | (0.2) | 2.2 |
| DJ Industrial | 29,186.27 | (0.0) | (0.6) | 2.3 |
| S&P 500 | 3,321.75 | 0.0 | (0.2) | 2.8 |
| NASDAQ 100 | 9,383.77 | 0.1 | (0.1) | 4.6 |
| STOXX 600 | 423.04 | (0.1) | (0.4) | 0.4 |
| DAX | 13,515.75 | (0.3) | (0.1) | 0.9 |
| FTSE 100 | 7,571.92 | 0.1 | (0.5) | (0.6) |
| CAC 40 | 6,010.98 | (0.6) | (1.5) | (0.7) |
| Nikkei | 24,031.35 | 0.7 | 0.2 | 0.7 |
| MSCI EM | 1,133.40 | 0.6 | (1.2) | 1.7 |
| SHANGHAI SE Composite | 3,060.75 | 0.3 | (0.8) | 1.4 |
| HANG SENG | 28,341.04 | 1.2 | (2.5) | 0.8 |
| BSE SENSEX | 41,115.38 | (0.4) | (2.0) | (0.1) |
| Bovespa | 118,391.40 | 1.4 | (0.3) | (1.8) |
| RTS | 1,612.87 | (1.3) | (1.5) | 4.1 |

Source: Bloomberg (*$ adjusted returns)

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