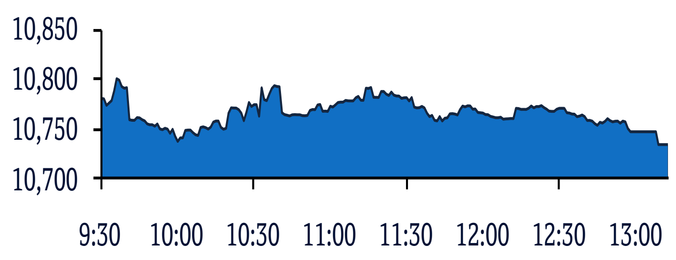
Daily Market Report

Sunday, 24 January 2021

QSE Intra-Day Movement



Qatar Commentary

The QE Index declined 0.6% to close at 10,736.4. Losses were led by the Banks & Financial Services and Telecoms indices, falling 0.8% and 0.6%, respectively. Top losers were Al Khalij Commercial Bank and Ahli Bank, falling 2.8% and 1.4%, respectively. Among the top gainers, Al Khaleej Takaful Insurance Company gained 10.0%, while Dlala Brokerage & Investment Holding Company was up 9.9%.

GCC Commentary

Saudi Arabia: The TASI Index fell marginally to close at 8,876.5. Losses were led by the Commercial & Prof. Svc and Media indices, falling 0.8% and 0.7%, respectively. Allied Cooperative Ins. declined 2.0%, while Alinma Tokio Marine was down 1.9%.

Dubai: The DFM Index fell 2.0% to close at 2,735.6. The Real Estate & Construction index declined 2.8%, while the Banks index fell 2.2%. Emaar Properties declined 3.6%, while Dar Al Takaful was down 3.3%.

Abu Dhabi: The ADX General Index fell 1.1% to close at 5,611.3. The Telecom. index declined 3.2%, while the Real Estate index fell 2.8%. Nat. Bank of Ras Al-Khaimah declined 5.0%, while Abu Dhabi National Co. for Building Materials was down 4.6%.

Kuwait: The Kuwait All Share Index gained 0.1% to close at 5,687.2. The Technology index rose 2.8%, while the Consumer Serv. index gained 1.0%. Sharjah Cement & Ind. Dev. Co. rose 20.4%, while Real Estate Trade Centers was up 17.2%.

Oman: The MSM 30 Index gained 0.9% to close at 3,747.5. Gains were led by the Financial and Services indices, rising 0.5% and 0.3%, respectively. Oman Cement Company rose 8.3%, while Madina Takaful was up 3.8%.

Bahrain: The BHB Index gained 0.4% to close at 1,452.7. The Commercial Banks index rose 0.6%, while the Services index gained 0.5%. BBK rose 3.9%, while Bahrain National Holding Company was up 1.7%.

Market Indicators	21 Jan 21	20 Jan 21	%Chg.
Value Traded (QR mn)	633.4	614.4	3.1
Exch. Market Cap. (QR mn)	622,450.1	626,034.0	(0.6)
Volume (mn)	266.6	221.7	20.2
Number of Transactions	11,815	11,849	(0.3)
Companies Traded	48	45	6.7
Market Breadth	20:26	23:21	–

Market Indices	Close	1D%	WTD%	YTD%	TTM P/E
Total Return	20,640.28	(0.6)	(1.6)	2.9	18.3
All Share Index	3,289.11	(0.6)	(1.6)	2.8	19.0
Banks	4,292.02	(0.8)	(2.4)	1.0	15.1
Industrials	3,274.52	(0.2)	(0.7)	5.7	29.2
Transportation	3,583.83	(0.3)	(0.4)	8.7	16.4
Real Estate	1,942.15	(0.4)	0.8	0.7	17.1
Insurance	2,500.28	0.1	(2.2)	4.4	N.A.
Telecoms	1,123.30	(0.6)	0.1	11.1	16.7
Consumer	8,193.80	(0.2)	(0.7)	0.6	31.1
Al Rayan Islamic Index	4,326.43	(0.5)	(1.6)	1.3	20.0

GCC Top Gainers##	Exchange	Close#	1D%	Vol. '000	YTD%
BBK	Bahrain	0.50	3.9	528.6	(0.6)
Oman Telecom. Co.	Oman	0.75	2.2	303.8	6.1
Saudi Electricity Co.	Saudi Arabia	22.76	1.5	3,882.9	6.9
National Bank of Oman	Oman	0.15	1.4	118.7	(6.9)
Bank Muscat	Oman	0.40	1.0	99.2	9.3

GCC Top Losers##	Exchange	Close#	1D%	Vol. '000	YTD%
Emaar Properties	Dubai	4.02	(3.6)	23,152.0	13.9
Emirates Telecom. Group	Abu Dhabi	19.50	(3.2)	6,114.6	15.4
Emirates NBD	Dubai	11.60	(2.9)	2,060.4	12.6
Aldar Properties	Abu Dhabi	3.50	(2.8)	30,473.9	11.1
Abu Dhabi Islamic Bank	Abu Dhabi	5.01	(2.5)	2,429.8	6.6

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%
Al Khaleej Takaful Insurance Co.	2.19	10.0	17,119.5	15.6
Dlala Brokerage & Inv. Holding Co.	2.02	9.9	23,780.7	12.6
Qatar Cinema & Film Distribution	3.89	9.8	0.4	(2.6)
Qatar Industrial Manufacturing Co	3.14	2.7	156.6	(2.3)
Qatari German Co for Med. Devices	3.22	2.6	40,411.4	44.0

QSE Top Losers	Close*	1D%	Vol. '000	YTD%
Al Khalij Commercial Bank	2.09	(2.8)	5,329.7	13.7
Ahli Bank	3.80	(1.4)	3.2	10.1
Qatar Islamic Insurance Company	7.00	(1.4)	285.8	1.4
Qatar International Islamic Bank	9.03	(1.3)	551.0	(0.2)
Alijarah Holding	1.25	(1.3)	18,212.7	0.3

QSE Top Volume Trades	Close*	1D%	Vol. '000	YTD%
Qatari German Co for Med. Devices	3.22	2.6	40,411.4	44.0
Qatar First Bank	1.84	1.4	33,549.5	6.6
Investment Holding Group	0.57	1.2	27,779.4	(4.7)
Dlala Brokerage & Inv. Holding Co.	2.02	9.9	23,780.7	12.6
Alijarah Holding	1.25	(1.3)	18,212.7	0.3

QSE Top Value Trades	Close*	1D%	Val. '000	YTD%
Qatari German Co for Med. Dev.	3.22	2.6	129,478.8	44.0
Qatar First Bank	1.84	1.4	61,655.5	6.6
Dlala Brokerage & Inv. Holding Co	2.02	9.9	46,309.7	12.6
Al Khaleej Takaful Insurance Co.	2.19	10.0	36,071.6	15.6
Qatar Fuel Company	19.00	(0.5)	32,767.5	1.7

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*	10,736.35	(0.6)	(1.6)	2.9	2.9	173.12	170,177.8	18.3	1.6	3.7
Dubai	2,735.61	(2.0)	1.2	9.8	9.8	118.59	99,134.3	13.0	1.0	3.6
Abu Dhabi	5,611.30	(1.1)	6.5	11.2	11.2	153.70	215,262.7	22.5	1.6	4.4
Saudi Arabia	8,876.49	(0.0)	(0.2)	2.2	2.2	1,538.53	2,433,405.4	34.9	2.1	2.4
Kuwait	5,687.17	0.1	0.5	2.5	2.5	103.35	106,842.5	36.3	1.4	3.5
Oman	3,747.53	0.9	3.0	2.4	2.4	4.42	16,780.8	13.5	0.7	6.7
Bahrain	1,452.72	0.4	(0.5)	(2.5)	(2.5)	5.16	22,156.1	14.1	1.0	4.6

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

Qatar Market Commentary

- The QE Index declined 0.6% to close at 10,736.4. The Banks & Financial Services and Telecoms indices led the losses. The index fell on the back of selling pressure from Qatari and Foreign shareholders despite buying support from GCC and Arab shareholders.
- Al Khalij Commercial Bank and Ahli Bank were the top losers, falling 2.8% and 1.4%, respectively. Among the top gainers, Al Khaleej Takaful Insurance Company gained 10.0%, while Dlala Brokerage & Investment Holding Company was up 9.9%.
- Volume of shares traded on Thursday rose by 20.2% to 266.6mn from 221.7mn on Wednesday. Further, as compared to the 30-day moving average of 182.9mn, volume for the day was 45.7% higher. Qatari German Company for Medical Devices and Qatar First Bank were the most active stocks, contributing 15.2% and 12.6% to the total volume, respectively.

Overall Activity	Buy %*	Sell %*	Net (QR)
Qatari Individuals	52.55%	53.76%	(7,653,334.6)
Qatari Institutions	18.73%	18.03%	4,387,371.2
Qatari	**71.28%**	**71.79%**	**(3,265,963.4)**
GCC Individuals	0.92%	1.00%	(550,811.9)
GCC Institutions	2.98%	1.75%	7,829,261.5
GCC	**3.90%**	**2.75%**	**7,278,449.6**
Arab Individuals	12.97%	12.58%	2,449,659.0
Arab Institutions	0.00%	0.00%	25.9
Arab	**12.97%**	**12.58%**	**2,449,684.9**
Foreigners Individuals	3.42%	3.60%	(1,163,133.8)
Foreigners Institutions	8.44%	9.27%	(5,299,037.3)
Foreigners	**11.86%**	**12.88%**	**(6,462,171.1)**

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
Walaa Cooperative Insurance Co	S&P	Saudi Arabia	N-LT-IC/FSR/LT-LIC	gcAA+/BBB+/BBB+	gcAAA/A-/A-	↑	Stable	–
The Co. for Cooperative Insurance	S&P	Saudi Arabia	N-LT-IC	–	gcAA+	–	Positive	–

Source: News reports, Bloomberg (* LT – Long Term, N-National, FSR- Financial Strength Rating, FCR – Foreign Currency Rating, LIC – Local Issuer Credit, IC – Issuer Credit)

Earnings Releases

Company	Market	Currency	Revenue (mn) 4Q2020	% Change YoY	Operating Profit (mn) 4Q2020	% Change YoY	Net Profit (mn) 4Q2020	% Change YoY
SABIC Agri-Nutrients Co.	Saudi Arabia	SR	768.3	-9.1%	281.7	-18.1%	233.6	-32.1%
Saudi Kayan Petrochemical Co.	Saudi Arabia	SR	2,477.0	9.6%	294.0	640.7%	158.4	N/A
Herfy Food Services Co.*	Saudi Arabia	SR	1,074.6	-16.6%	91.4	-61.7%	53.6	-72.7%
Saudi Telecom Co.	Saudi Arabia	SR	15,213.0	14.7%	3,290.0	37.1%	2,683.0	15.6%
Saudia Dairy & Foodstuffs Co.	Saudi Arabia	SR	482.0	-1.3%	68.2	-6.0%	64.2	-5.7%

Source: Company data, DFM, ADX, MSM, TASI, BHB. (*Financial for FY2020)

Global Economic Data

Date	Market	Source	Indicator	Period	Actual	Consensus	Previous
01/21	US	Department of Labor	Initial Jobless Claims	16-Jan	900k	935k	926k
01/21	US	Department of Labor	Continuing Claims	09-Jan	5,054k	5,300k	5,181k
01/22	US	Markit	Markit US Manufacturing PMI	Jan	59.1	56.5	57.1
01/22	US	Markit	Markit US Composite PMI	Jan	58	–	55.3
01/22	US	Markit	Markit US Services PMI	Jan	57.5	53.4	54.8
01/22	UK	GfK NOP (UK)	GfK Consumer Confidence	Jan	-28	-30	-26
01/22	UK	Markit	Markit UK PMI Manufacturing SA	Jan	52.9	53.6	57.5
01/22	UK	Markit	Markit/CIPS UK Services PMI	Jan	38.8	45.0	49.4
01/22	UK	Markit	Markit/CIPS UK Composite PMI	Jan	40.6	45.5	50.4
01/21	EU	European Commission	Consumer Confidence	Jan	-15.5	-15.0	-13.8
01/22	EU	Markit	Markit Eurozone Manufacturing PMI	Jan	54.7	54.4	55.2
01/22	EU	Markit	Markit Eurozone Services PMI	Jan	45.0	44.5	46.4
01/22	EU	Markit	Markit Eurozone Composite PMI	Jan	47.5	47.6	49.1

01/22	Germany	Markit	Markit/BME Germany Manufacturing PMI	Jan	57.0	57.2	58.3
Date	Market	Source	Indicator	Period	Actual	Consensus	Previous
01/22	Germany	Markit	Markit Germany Services PMI	Jan	46.8	45.0	47.0
01/22	Germany	Markit	Markit/BME Germany Composite PMI	Jan	50.8	50.0	52.0
01/22	France	Markit	Markit France Manufacturing PMI	Jan	51.5	50.5	51.1
01/22	France	Markit	Markit France Services PMI	Jan	46.5	48.4	49.1
01/22	France	Markit	Markit France Composite PMI	Jan	47.0	49.0	49.5
01/22	Japan	Ministry of Internal Affairs and Communications	Natl CPI YoY	Dec	-1.2%	-1.3%	-0.9%
01/22	Japan	Markit	Jibun Bank Japan PMI Mfg	Jan	49.7	–	50.0
01/22	Japan	Markit	Jibun Bank Japan PMI Services	Jan	45.7	–	47.7
01/22	Japan	Markit	Jibun Bank Japan PMI Composite	Jan	46.7	–	48.5

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 4Q2020 results	No. of days remaining	Status
IHGS	INMA Holding Group	25-Jan-21	1	Due
GWCS	Gulf Warehousing Company	26-Jan-21	2	Due
QIIK	Qatar International Islamic Bank	26-Jan-21	2	Due
QNCD	Qatar National Cement Company	27-Jan-21	3	Due
CBQK	The Commercial Bank	27-Jan-21	3	Due
KCBK	Al Khalij Commercial Bank	27-Jan-21	3	Due
QIGD	Qatari Investors Group	1-Feb-21	8	Due
VFQS	Vodafone Qatar	2-Feb-21	9	Due
UDCD	United Development Company	3-Feb-21	10	Due
QAMC	Qatar Aluminum Manufacturing Company	4-Feb-21	11	Due
QGTS	Qatar Gas Transport Company Limited (Nakilat)	7-Feb-21	14	Due
QCFS	Qatar Cinema & Film Distribution Company	8-Feb-21	15	Due
IQCD	Industries Qatar	8-Feb-21	15	Due
DHBK	Doha Bank	8-Feb-21	15	Due
QEWS	Qatar Electricity & Water Company	14-Feb-21	21	Due
ORDS	Ooredoo	14-Feb-21	21	Due
QIMD	Qatar Industrial Manufacturing Company	14-Feb-21	21	Due

Source: QSE

News

Qatar

- **QFLS discloses board of directors meeting results –** Qatar Fuel Company (QFLS) announced the results of its board of directors' meeting held on January 20, 2021 and approved. The financial results of the company and proposed cash dividends of QR0.46 per share, amounting to a total of QR457.4mn for the year ended December 31, 2020. The proposed dividend will be submitted for approval at the Annual General Assembly meeting. (QSE)
- **NLCS announces the closure of nominations for board membership –** National Leasing Holding (NLCS) announced the closure of the period for nomination for the membership of its board of directors for 2021 - 2023 on January 21, 2021 at 02:00 pm. (QSE)
- **ORDS announces date to pay interest to bondholders –** Ooredoo (ORDS) announced that Ooredoo International Finance Limited (OIFL), its wholly-owned subsidiary, pursuant to the Terms and Conditions of the Notes and the Final Terms, will pay its Global Medium Term Note (GMTN) holders' interest payment on February 01, 2021. Ooredoo said in a statement published on the Qatar Stock Exchange website that OIFL, a wholly owned subsidiary of Ooredoo, will pay the noteholders $11,250,000.00 on the Interest Payment Date falling due on February 1 of 2021. The company will also pay the 3.875 percent in interest payment to noteholders of its $500,00,000 notes due in 2028. (QSE)
- **ORDS provides managed services for Microsoft Azure –** Ooredoo Qatar (ORDS), a Microsoft Gold-certified partner, has signed a strategic partnership agreement with Wipro Limited, a leading global information technology, consulting, and business process services company, as part of becoming a trusted Microsoft Azure managed services provider. Ooredoo said the new alliance will help business customers to embrace and accelerate their transition to the public cloud. Qatar-based organizations can now benefit from advisory and professional services, cloud solution design, delivery, and daily operational support for their Microsoft Azure services, backed by Ooredoo, a trusted partner with a deep level of cloud expertise and experience. Microsoft Azure is an ever-expanding set of cloud services that provides computing, analytics, storage and networking services with the freedom to build, manage and deploy applications on a massive and global network. (Gulf-Times.com)
- **PSA: Qatar's 3Q real GDP up 5.6% QoQ –** Qatar's GDP at constant prices rose 5.6% QoQ in 3Q2020 as economic activities in wholesale and retail trade, and accommodation and food services posted double-digit growth. According to the Planning

and Statistics Authority, the third-quarter GDP at constant prices is estimated at QR164.02bn. This, however, represents a decline of 4.5% when compared with that of the same period last year. The quarterly GDP at current prices in 3Q is estimated at QR127.84bn. This represents a decrease of 19.9% against 3Q2019 but a jump of 9.6% when compared with that of the previous quarter. Economic activities (at constant prices) in wholesale and retail trade, and repair of motor vehicles and motorcycles is estimated to have generated QR12.8bn in 3Q2020, 65.3% more than what was estimated for the second quarter. Accommodation and food services activities (at constant prices) is estimated to have generated QR1.29bn in the third quarter period, 49.8% more than that in the second. The nominal Gross Value Added (GVA) estimate of mining and quarrying activities is estimated at QR33.7bn in 3Q2020, which shows a decrease of 40.5% over the estimate of 3Q2019 placed at QR56.65bn. Compared to the previous quarter 2Q2020, revised estimate (QR28.36bn), an increase of 18.8% in the GVA of this sector is recorded. The real GVA of these activities is estimated at QR63.01bn in 3Q2020, which shows a decrease of 3.6% compared to the estimate of 3Q2019 (QR65.38bn). Compared to 2Q2020 revised estimate (QR62.60bn), an increase of 0.7% in the real GVA of this sector is also recorded. The nominal GVA estimate of non-mining and quarrying activities is estimated at QR94.15bn in 3Q2020, which shows a decrease of 8.5% over the estimate of 3Q2019 (QR102.90bn). Compared to the previous quarter revised estimate of 2Q2020 (QR88.33bn), an increase of 6.6% is recorded. (Qatar Tribune)

- **QCB: Qatar commercial banks assets jump to QR1.68tn in December 2020 –** A robust double-digit growth in domestic assets largely covered a sizeable dip in overseas assets as the country's commercial banks' total assets saw a healthy 8.56% growth to QR1.68tn in December 2020, according to the central bank data. The latest report from the Qatar Central Bank suggests that the domestic assets constituted QR1.46tn, or 87%, of the total; and overseas assets at QR0.22tn, or 13%, of the total in the review period. Total domestic assets were seen expanding 10.74%; while foreign assets shrank 3.84% YoY in December 2020. The YoY expansion in total assets of the commercial lenders in the review period has been on impressive growth especially in credit, securities portfolio (notably in debt), cash and precious metals, other non-specified assets and required reserve. The commercial banks' total credit soared 8.62% YoY to QR1.13bn with domestic credit growing 9.24% to QR1.05bn and overseas credit by 0.71% to QR75.42bn in December last year. The commercial banks' total credit to public sector witnessed 11% yearly growth to QR371.64bn and that to the private sector by 8% to QR742.88bn; whereas those to non-banking financial institutions fell 1% to QR14.19bn in the review period. The total securities portfolio, which is the second largest component of the commercial banks' assets side, witnessed a 10.37% year-on-year increase to QR218.26bn in December 2020. The domestic securities portfolio was seen surging about 12% to QR199.24bn; whereas overseas securities portfolio shrank more than 3% to QR19.02bn in the review period. Of the total QR218.26bn total securities portfolio, debt (conventional) was to the extent of QR139.9bn, which grew more than 18% YoY; and Sukuk of QR73.76bn, which was down more than 1% YoY in the review period. The domestic debt shot up about 22% on a yearly basis to QR126.99bn, while overseas debt by fell more than 10% to QR12.9bn in December 2020. The government's total debt fell more than 4% year-on-year to QR98.76bn with domestic debt declining 4% to QR90.62bn and foreign debt by more than 7% to QR8.14bn in the review period. The banks' total debt was down more than 25% YoY to QR7.65bn in December 2020. The domestic debt witnessed about 31% growth to QR4.32bn and overseas debt by about 17% to QR3.33bn. However, debt issued by neither government, not banks grew more than six-fold to QR33.49bn, mainly from the domestic side, in the review period. (Gulf-Times.com)
- **EY: Qatar seen pushing forward VAT implementation –** Qatar is soon expected to push forward the implementation of value added tax (VAT) in view of the recent agreement among the GCC countries, according to Ernst & Young (EY) seminar. Qatar has already ratified the VAT framework agreement of the GCC, and continues to set the stage to implement VAT, EY experts said at a recent virtual seminar on tax for Qatari businesses. Due to the recent agreement among the GCC countries, plans for VAT implementation in Qatar are expected to push forward soon, and it was strongly advised that businesses in Qatar ensure proper VAT setup and compliance at the earliest – given that most companies typically need at least six months to be ready, they said. A recent joint report of the Association of Chartered Certified Accountants and law firm Al Tamimi and Company had said Qatar's General Tax Authority (GTA) has already put the necessary systems and processes into place to enable the introduction of VAT, but further government approval is required to proceed with VAT implementation. It is not clear, at this stage, whether this approval will be provided during 2021. Qatar's recent implementation of an excise tax based on the underlying principles of the GCC excise tax framework appears to suggest that Qatar may still be committed to implementing VAT in the future. "The COVID-19 pandemic forced regional governments to concentrate on stimulating business, supporting individuals, as well as using tax and expenditure to support companies," said EY Business Tax Advisory partner Ahmed Edessouky. (Gulf-Times.com)
- **Minister: Qatar has not seen second wave of COVID-19 –** Qatar has witnessed a stabilization of the Covid-19 outbreak for several weeks and there has been no second wave of the virus, HE the Minister of Public Health Dr Hanan Mohamed Al-Kuwari has stressed. HE the Minister also noted that there are a few cases of virus outbreaks that are mostly related to family, social gatherings or shared places of residence, and this is controlled through effective monitoring and case tracking, while also warning this does not mean that "we are completely safe from the threat of the second wave," Qatar News Agency reported on Saturday. (Gulf-Times.com)
- **Saudi FM: Embassy in Qatar to reopen in days –** Saudi Arabia's Foreign Minister HH Prince Faisal bin Farhan has said that Saudi Arabia's embassy in Qatar will reopen in days, Al Arabiya TV channel said. (Peninsula Qatar)
- **UAE and Qatar to resume flights, shoring up Gulf reconciliation –** Major airlines in the UAE and Qatar will restart cross-border flights next week for the first time in more than three years, as the UAE warmed to an agreement ending a diplomatic and trade rift that divided the energy-rich Gulf region. Flydubai will

operate twice-daily service to Doha from January 26, while Etihad Airways plans to restart flights on February 15. Qatar Airways plans twice-daily service to Dubai beginning on January 27 and a daily flight to Abu Dhabi from the following day. Sharjah-based Air Arabia earlier this month became the first UAE airline to resume flights to Doha. (Bloomberg)

- **Refinitiv: GCC reconciliation reopens Qatar's access to major Sukuk investor base –** Recent GCC reconciliation has reopened Qatar's access to its major Sukuk investor base – GCC-based Islamic financial institutions, according to global financial market data provider Refinitiv. According to the Islamic Finance Research Division at Refinitiv, the recent reconciliation and ending of the blockade on Qatar have reopened the country's access to its major Sukuk investor base – GCC-based Islamic financial institutions – prompting Sukuk issuances from Qatar-based entities. Issuance from Qatar nearly halved to $2.4bn in 2020 from $5.1bn in 2019. Total Sukuk issuances worldwide set a new record during 2020, reaching a total of $172.1bn, compared to $169.1bn issued in 2019, according to Refinitiv. Sukuk issuances saw strong momentum during the first nine months of 2020 as COVID-19 lockdown measures and a crash in oil prices prompted a ramp-up in sovereign issuance in key Sukuk markets. This was to finance sweeping stimulus packages aimed at alleviating the economic impact of the pandemic. However, issuance slowed significantly during the fourth quarter as GCC governments, and particularly Saudi Arabia, reduced their borrowing, Refinitiv said. (Gulf-Times.com)
- **Sentyurin: Qatar's LNG export strategy chartering 'successful course' through challenges posed by 2020 –** Qatar's LNG export strategy has been chartering a "successful course" through the challenges posed by 2020 and the country strengthened its position in the global LNG market, according to Gas Exporting Countries Forum secretary general Yury Sentyurin. In spite of the current market challenges, Sentyurin pointed out that Qatar "has maintained its position as the world's largest LNG exporter and even managed to increase its LNG exports in 2020, a remarkable achievement, which reflects its strength and adaptability in managing its resources and providing a reliable LNG supply to its buyers." Qatar continues to take advantage of its unique economic model in which it benefits from very low production costs, huge financial reserves, and a strategic location for its main consuming markets, Asia and Europe, Sentyurin said in an interview with Gulf Times. He noted Qatar's LNG exports, like any other GECF member country, have not been heavily impacted by the low gas and LNG spot prices as most of its long-term contracts are oil-indexed. Further, Qatar has a "negligible exposure" to the spot market in its LNG portfolio. "It is worth mentioning that in these challenging times of eroded demand and unprecedented low prices, the GECF member countries have demonstrated a great flexibility in diversifying their destination portfolios and pricing mechanisms, whilst preserving the sanctity of long-term oil-indexed contracts." For Qatar, Sentyurin said, this "flexibility is apparent in the recent deals" with Singapore's Pavilion Energy and China's Sinopec Corp, as well as the launch of the new trading arm, QP Trading, to diversify its LNG portfolio and manage price-risk through physical and derivatives trading. Furthermore, Qatar continues to push the envelope with major investments across all segments of the gas value-chain. On the liquefaction side, Qatar plans to increase its capacity from 77million tons per year (mtpy) to 110 mtpy by 2025, and up to 126 mtpy by 2027. In terms of regasification capacity, Qatar has booked 7.2 mtpy of regasification capacity at the UK's Isle of Grain terminal for 25 years from mid-2025 to 2050. With regard to shipping, Qatar has inked agreements with three major South Korean shipbuilders, Hyundai Heavy Industries (HHI), Daewoo Shipbuilding and Marine Engineering (DSME), and Samsung Heavy Industries (SHI), to reserve slots for the expansion of its LNG fleet. These agreements are valued at over $19bn. As far as Qatar's strategy is concerned, GECF believes that Qatar, as one of its member countries, is supporting long-term contracts for its future agreements. (Gulf-Times.com)
- **Real estate registration online platform to add more services –** To facilitate real estate related transactions by people, the Real Estate Registration Department at the Ministry of Justice is set to add more online services to its digital platform. Those services which are more in demand are likely to be added. "We have digitalized a number of major transactions that are attracting more people, and soon we will digitalize a number of more transactions that more people are asking for," said Khamis Jassim Al Marikhi, Head of Real Estate Registration Department at the Ministry of Justice. He also pointed out that the new procedures to be announced would achieve a leap in electronic services. Speaking to Qatar Radio, Al Marikhi said that Qatar is first in the world in the ease of procedures for registering the property documents, and the Department will maintain this position. (Peninsula Qatar)
- **Doha ready to host FIFA Club World Cup Qatar 2020 –** The organizing committee of the FIFA Club World Cup Qatar 2020 affirmed full readiness to host the matches of the 17th edition of the Championship, which will be held at Ahmed Bin Ali and Education City stadiums from February 4-11, with the participation of six clubs. At a press conference held today, the organizing committee revealed the health protocol that will be applied during the World Cup period. Director of Communication Department at the Supreme Committee for Delivery and Legacy Fatima Al Nuaimi said that this year's FIFA Club World Cup, which Qatar is hosting for the second time in a row, will differ greatly from last year's edition due to the precautionary and health measures. In a speech at the press conference, Al Nuaimi said that the organizing committee, in cooperation with the Ministry of Health, will implement a comprehensive health protocol during the tournament, pointing out that there are precautionary measures applied in the process of selling and buying tickets and the attendance of the fans in the stadium. Tickets will be offered starting from Sunday (January 24), on the FIFA's website, she pointed out. (Gulf-Times.com)
- **Stadium capacity to be kept at 30% for FIFA Club World Cup –** Education City and Ahmad bin Ali stadium's capacity will be limited to 30% for the FIFA Club World Cup, which will be held from February 4 to 11 in Qatar, organizers said on Saturday. The two venues both have a seating capacity of 40,000 each, but with the Club World Cup being staged with strict measures to combat the spread of Covid-19, the organizers, in accordance with guidance from Qatar's Ministry of Public Health (MoPH), decided to cap the spectator numbers at 30%. The tournament – which Qatar is hosting for the second time, will feature six teams. Al

Duhail are the host nation's representatives and are joined in the tournament by various continental champions – Al Ahly, Bayern Munich, Ulsan Hyundai and Tigres UANL. The field will be completed by the winners of the Copa Libertadores, which will take place on January 30. New Zealand side Auckland City will not compete as initially planned due to quarantine restrictions related to COVID-19. The first round match will no longer take place and Al Duhail will begin the competition in the second round. The competition format remains otherwise unchanged. The tournament was due to be played in December but was postponed due to COVID-19. Players and officials will be part of a strict medical bubble system designed to protect their health and wellbeing, Dr Abdulwahab Al-Musleh, Senior Consultant to the MoPH, said at a press conference held at the Qatar National Convention Centre (QNCC) on Saturday. (Gulf-Times.com)

- **Salzgitter wins 160,000 ton steel pipeline order from Qatar –** Steel pipes to be constructed at Europipe GmbH, a joint venture of Salzgitter and Dillinger AG, Salzgitter says Thursday, without adding further information on the order made by Qatar. (Bloomberg)

International

- **IHS Markit: US factory activity races to more than 13-1/2-year high in early January –** US manufacturing activity surged to its highest level in more than 13-1/2-years in early January amid strong growth in new orders, but bottlenecks in the supply chain caused by the COVID-19 pandemic are driving up prices and signaling a rise in inflation in the months ahead. Data firm IHS Markit said on Friday its flash US manufacturing PMI accelerated to a reading of 59.1 in the first half of this month, the highest since May 2007, from 57.1 in December. Economists had forecast the index slipping to 56.5 in early January. A reading above 50 indicates growth in manufacturing, which accounts for 11.9% of the US economy. Manufacturing is being supported by businesses rebuilding inventories and a shift in demand towards goods from services because of the coronavirus crisis. Factories and the housing market are anchoring the economy as it battles a resurgence in the virus. The IHS Markit survey's measure of new orders received by factories raced to its highest level since September 2014. The surge in demand reflected both existing and new customers, "with some clients reportedly committing to orders previously placed on hold." But the pandemic is gumming up the supply chain, leading to higher prices for materials. Manufacturers are also raising prices for their products. The survey's gauge of prices received by factories vaulted to its highest level since July 2008. This mirrored other manufacturing surveys, suggesting inflation could pick up and remain elevated beyond the anticipated boost from the drop of weak readings in March and April from the calculation. With orders soaring, manufacturers hired more workers early this month. The survey's factory employment index increased to 54.8 from 52.2 in December. (Reuters)
- **US existing home sales increase; inventory tumbles to record low –** US home sales unexpectedly rose in December, but surging house prices amid record-low inventory could slow the housing market momentum in the coming months. The National Association of Realtors said on Friday that existing home sales increased 0.7% to a seasonally adjusted annual rate of 6.76mn units last month. Economists polled by Reuters had forecast sales decreasing 2.0% to a rate of 6.55 mn units in December. Home resales, which account for the bulk of US home sales, surged 22.2% YoY. They totaled 5.64mn in 2020, the most since 2006. Last month, sales increased in the Northeast and South. They were unchanged in the Midwest and declined in the West. The housing market is being supported by cheaper mortgages and an exodus from city centers to suburbs and other low-density areas as companies allow employees to work from home and schools shift to online classes because of the pandemic. About 23.7% of the labor force is working from home. Lower-wage earners in the services sector have borne the brunt of the COVID-19 crisis. But supply remains a challenge. While the government reported on Thursday that homebuilding and building permits surged in December to levels last seen in 2006, builders are complaining about higher lumber prices and persistent shortages of labor and land, and they said "delayed delivery times had put upward pressure on home prices." In December, there were a record low 1.07mn previously owned homes on the market, down 23% from a year ago. The median existing house price surged 12.9% from a year ago to $309,800 in December. House prices increased 9% in 2020. (Reuters)
- **PMI: Renewed lockdown sends UK economy tumbling again –** Britain's relapse into a third national COVID-19 lockdown has sparked the sharpest drop in business activity since May, with services companies hit hardest, a survey showed on Friday. A preliminary "flash" IHS Markit/CIPS UK Composite Purchasing Managers' Index (PMI) fell to 40.6 in January, down from 50.4 in December. The drop below the 50 threshold for growth was bigger than any economist forecast in a Reuters poll, which had pointed to a reading of 45.5. In addition to the latest lockdown, data company IHS Markit said Britain's post-Brexit shift to a more bureaucratic trading arrangement with the European Union had contributed to the decline. "Services have once again been especially hard hit, but manufacturing has seen growth almost stall, blamed on a cocktail of COVID-19 and Brexit, which has led to increasingly widespread supply delays, rising costs and falling exports," Chris Williamson, chief business economist at IHS Markit, said. The pace of job losses accelerated, after easing in December. Economists polled by Reuters last week forecast a 1.4% fall in output for the first quarter. (Reuters)
- **UK retail sales make weak recovery in December –** British retail sales bounced back weakly in December as shops in England emerged from November's four-week lockdown to slow the spread of COVID-19, while public borrowing this financial year hit a fresh record high. Retail sales volumes rose 0.3% in December versus economist expectations in a Reuters poll for a 1.2% increase, leaving them 2.9% higher than a year earlier, official figures showed on Friday. Public sector borrowing for December came in at 34.1bn Pounds ($46.65bn), slightly above economists' forecasts of 32.1bn pounds, taking borrowing since the start of the financial year in April to 270.8bn Pounds. (Reuters)
- **Muted recovery for UK retailers in December ends worst year on record –** British retailers struggled to recover in December from a partial coronavirus lockdown the previous month, marking a weak end to their worst year on record, while public debt has climbed to its highest since 1962, official data showed on Friday. The figures suggest Britain's economy had little momentum

going into 2021. The government tightened COVID-19 lockdown rules on Jan. 5 to tackle a surge in cases that has kept Britain's death toll the highest in Europe. A closely watched business survey released on Monday showed the measures contributed to the sharpest fall in economic activity since May, in addition to headwinds from new paperwork for exports to the European Union. Finance minister Rishi Sunak faces pressure from some in his Conservative Party to show spending is under control when he presents a new budget on March 3, after what is on track to be the heaviest annual borrowing since World War Two. Sunak has again promised to put the public finances on "a more sustainable footing" once the economy begins to recover, after Friday's data showed public borrowing since the start of the financial year in April reached a record 271bn Pounds ($370bn). Britain's Office for National Statistics said retail sales volumes rose 0.3% in December, far less than economists' forecasts in a Reuters poll for a 1.2% increase, leaving them just 2.9% higher than a year earlier. (Reuters)

- **Heavy drop in business activity and weak retail knock sterling –** Sterling fell on Friday as Britain's third national lockdown sparked the sharpest drop in business activity since May, while data showed retail sales remained weak in December after store closures the previous month. With services companies hit hardest, the preliminary "flash" IHS Markit/CIPS UK Composite Purchasing Managers' Index fell more than expected to 40.6 in January, well below the 50 threshold that indicates growth and down from 50.4 in December. The weak PMI numbers followed data showing British retailers struggled to recover in December after shops in England emerged from a four-week November lockdown. "The PMI reading itself wasn't a shock," said Simon Harvey, senior FX market analyst at Monex Europe. "It highlights what the retail sales data eluded to earlier, that January's data will be a bitter pill for markets to swallow," he said. Sterling was 0.5% lower against the dollar at $1.3660 by 1550 GMT, but still on track for a second week of gains against the greenback. Versus the euro, sterling also dropped 0.5% to 89.07 pence, after hitting a 8-month high of 88.30 pence in the previous session. As England is now in its third national lockdown and officials have not confirmed when it will end, the narrative for a quicker economic recovery thanks to the vaccine rollout is fading, knocking down the British currency. (Reuters)
- **Eurozone business activity shrinks in January as lockdowns hit services –** Economic activity in the Eurozone shrank markedly in January as stringent lockdowns to contain the coronavirus pandemic hit the bloc's dominant service industry hard. With hospitality and entertainment venues forced to remain closed across much of the continent, surveys on Friday highlighted sharp contractions in the services industry but also showed manufacturing remained strong as factories largely kept working. IHS Markit's flash composite purchasing managers' index (PMI) for the Eurozone, seen as a good guide to economic health, fell further below the 50 mark separating growth from contraction to 47.5 in January from December's 49.1. A Reuters poll had predicted a fall to 47.6. "High infection rates are again forcing governments to extend and tighten containment measures," said Tomas Dvorak at Oxford Economics. "The flash PMIs point to a looming contraction in euro zone GDP in Q1. We don't expect any meaningful economic recovery before the pandemic is brought under control." Still, a Reuters poll earlier this week showed the bloc's economy was expected to grow 0.6% this quarter and would return to its pre-COVID-19 level within two years on hopes the rollout of vaccines will allow a return to some form of normality. (Reuters)
- **PMI: Lockdown dampens German private sector activity in January –** Activity in Germany's services sector shrank for the fourth month in a row in January, as a hard lockdown shuttered most non-essential businesses as well as schools in Europe's biggest economy, a survey showed on Friday. IHS Markit's flash Purchasing Managers' Index (PMI) of activity in the services sector fell to 46.8 from 47.0 in December's final reading. Activity in the manufacturing sector slowed to four-month low of 57.0 from 58.3 in December, remaining however in expansion territory as exports kept factories humming, the survey showed. As a result, the flash composite PMI, which tracks the manufacturing and services sectors that together account for more than two-thirds of the German economy, fell to a seven-month low of 50.8 from 52.0 the previous month. Germany went into lockdown in November and restrictions were hardened in the middle of December to stem the coronavirus. The measures were this week extended until mid-February. "All in all, the German economy has made a slow start to the year, and the extension of the current containment measures until at least mid-February means this looks like being the picture for several more weeks to come," said Phil Smith, Associate Director at IHS Markit. "Manufacturing remains a relative bright spot, aided by a sustained upturn in goods exports," he said. "Manufacturers are brimming with confidence about the outlook, with output expectations in the sector now at a record high." He added: "They are seemingly undeterred by the growing troubles on the supply side, as reports of delays on the delivery of inputs reached an unprecedented level in January." (Reuters)
- **Spiegel: German government sees 2021 GDP growth of 3% –** The German government expects Europe's largest economy to grow by 3% this year, news magazine Der Spiegel reported on Friday, which is a downward revision from last autumn's estimate of 4.4% due to the second shutdown to fight the spread of the coronavirus pandemic. German Economy Minister Peter Altmaier is due to present the government's official forecast next week. A source earlier on Friday told Reuters the government sees slower GDP growth than it originally anticipated. Spiegel did not provide sources for the growth forecast revision. (Reuters)
- **Japan slashes spending view for 2nd straight month in January report –** Japan's government cut its view on consumption for the second consecutive month in January, as services spending suffered from the impact of anti-coronavirus emergency measures rolled out earlier this month. Authorities in January stuck to their overall assessment of the world's third-largest economy from the prior month, saying that it remained in a severe situation due to COVID-19, but was still showing signs of picking up. The government slashed its assessment of private consumption again after doing the same in December, saying its recovery appeared to be at a standstill, mainly due to weakening service-related spending such as on eating out and travel. Prime Minister Yoshihide Suga this month announced a second state of emergency to overcome the health crisis, which now covers Tokyo and Osaka as well as other areas, accounting for 55% of

the nation's population. The government's lower view on private spending comes a day after the Bank of Japan warned on Thursday of the threat the emergency measures pose to consumption, which accounts for more than half of the country's gross domestic product. In its economic report, the government also downgraded its view on business conditions, saying "cautiousness" could be seen mainly among service-sector firms. Among other key economic elements, authorities upgraded their view on housing construction as well as capital spending, saying machinery investments helped it stop falling. (Reuters)

- **Japan's energy imports fall to multi-year lows in pandemic year –** Japan's oil imports fell to the lowest in more than 50 years last year as the pandemic hit economic activity and speeded a long-term decline, while other energy purchases fell to decade lows, Reuters calculations based on data released on Thursday showed. Liquefied natural gas (LNG) imports also declined, dropping to the smallest amount since before the Fukushima nuclear disaster which sent purchases by the world's biggest buyer of the fuel soaring as reactors were shut down, the preliminary data released by the finance ministry showed. Imports of thermal coal also dropped in 2020, falling for a third year as more renewables projects were completed and some nuclear remained online, despite the shutdown of some operable units for regulatory upgrades. Crude imports into the world's fourth-biggest importer of oil dropped 16% to 2.5mn barrels a day (146mn kilo liters for the year), the lowest since at least the late 1960s, according to the country's trade ministry. Japan's imports of LNG came to 74.4mn tons in 2020, the lowest since 2010, the year before the March 2011 nuclear disaster drove purchases to records amounts. Japan may lose its title as the biggest LNG importer this year as China's purchases are fast catching up with the world's biggest energy importer taking in a record 67.4mn tons in 2020. Coal imports to Japan also fell in 2020, declining to the lowest since 2011 but remaining over 100mn tons for the 11th year as the country continues rolling out new power stations burning the world's dirtiest fossil fuel. (Reuters)
- **Nudging lower: Emerging market central banks extend easing cycle in December –** Emerging market central banks revisited interest rate cuts in December, extending an easing cycle that started in 2019 and had exceeded the cuts during the 2008 financial crisis and the 2010 euro crisis. Central banks across a group of 37 developing economies delivered one net interest rate cut in December after two net interest rate cuts in November and no change in October. A net four cuts in September had marked the 20th straight month of interest rate cuts, Reuters calculations showed. At the peak of the last easing cycle in March, 27 of the 37 central banks cut interest rates, trying to protect their economies as the fallout from the coronavirus pandemic rippled through markets around the world. (Reuters)

Regional

- **Sukuk issuances beat 2019 record, fueled by COVID-19 crisis –** Total Sukuk issuances worldwide set a new record during 2020, reaching a total of $172.1bn, compared to $169.1bn issued in 2019, according to global data provider Refinitiv. Sukuk issuances saw strong momentum during the first nine months of 2020 as COVID-19 lockdown measures and a crash in oil prices prompted a ramp-up in sovereign issuance in key Sukuk markets. This was to finance sweeping stimulus packages aimed at alleviating the economic impact of the pandemic. However, issuance slowed significantly during 4Q2020 as GCC governments, and particularly Saudi Arabia, reduced their borrowing, the Islamic Finance Research Division at Refinitiv said. Excess borrowing in previous quarters and fiscal measures taken to narrow deficits reduced the need of GCC sovereigns to tap capital markets during the last quarter of 2020, it said. The economic ramifications of COVID-19 resulted in wider fiscal deficit and, in turn, higher combined financing requirements of $180bn in 2020. GCC governments had collectively issued $105.7bn in debt, of which $41.2bn came from sovereign Sukuk – a new record for GCC sovereign Sukuk issuance. (Zawya)
- **Unemployment rate in Saudi Arabia down to 14.9% in 3Q2020 –** The unemployment rate among Saudis dropped to 14.9% in the third quarter of the last year from 15.4% in the second quarter while it rose compared to 11.8% in the first quarter of 2020, the Saudi General Authority for Statistics announced on Friday. The unemployment rate among males and females stood at 7.9% and 30.2%, respectively in the same period. Meanwhile, the unemployment rate among all residents (15 years and above) dropped from 9% to 8.5% by the end of 3Q2020. The statistics suggest that the Saudi labor market and economy continue to reel from the impact of the coronavirus pandemic. The total number of employed persons across the Kingdom stood at 13.46mn in 3Q2020. Males accounted for 82%, or 10.97mn of the total labor force, while females represented 18%, or 2.49mn. Meanwhile, employed expatriates accounted for nearly 10.20mn, representing 75.8% of the total employees, while nationals accounted for 24.1%, or 3.25mn. A total of 8.50mn workers, or 63.2% of the total labor force, are subject to the regulations of the General Organization for Social Insurance (GOSI), while 9.4% are subject to the rules of the Civil Service. Meanwhile, 27.3% of the total labor force represents domestic workers. (Zawya)
- **Saudi Aramco to boost disclosure of carbon emissions this year –** Saudi Aramco will begin to disclose scope 1 and 2 greenhouse gas emissions for "all global operationally controlled assets" later this year, the company said in a statement to Bloomberg. The disclosures will cover 2020 emissions, the company said. Aramco currently discloses scope 1 and 2 emissions for "in kingdom wholly owned" assets. "We have a clear and deliberate path to increase the scope and details" of emissions disclosures, the company said. (Bloomberg)
- **Bahri's unit secures SR1.23bn Murabaha facility from Samba –** The National Shipping Company of Saudi Arabia (Bahri) said its 80%-owned subsidiary, National Chemical Carriers Co., has secured a Murabaha facility worth SR1.23bn. The financing, provided by Samba Financial Group, carries a maturity period of 12 years, according to a stock exchange statement on Thursday. Bahri's subsidiary will use the loan in covering 80% of the cost of building 10 chemical tankers with a capacity of 49,999 DWT each. The loan is guaranteed by a lien on the tankers being financed. (Zawya)
- **S&P revises Tawuniya Insurance outlook to positive; 'BBB+' affirm –** S&P revised to positive from stable its outlook on Saudi Arabia-based The Company for Cooperative Insurance (Tawuniya), and affirmed its 'BBB+' long-term issuer credit and

insurer financial strength ratings on the company. At the same time, S&P assigned its GCC regional scale issuer credit and financial strength ratings at 'gcAA+'. S&P's outlook revision reflects positive operating performance and an improving capital base achieved by Tawuniya during 2019 and 2020. Tawuniya consistently improved its underwriting performance over 2020, despite weaker economic conditions and market volatility after the coronavirus outbreak. Tawuniya's underwriting performance has shown a remarkable improvement since 2018: Its net combined (loss and expense) ratio has improved to 97% in 2019 and is expected to be in the range of 92%-94% for 2020, compared with 107% in 2018. This improving trend was primarily due to the corrective action taken by management regarding its medical book, which incurred significant losses in 2017-2018. Further, S&P understands that government hospitals are covering the cost of treating COVID-19 patients. This, combined with fewer people visiting doctors and hospitals during the lockdown, has positively affected combined ratios for 2020. S&P believes with recovering economic activity in 2021 and in the absence of any further lockdowns, the net combined ratio might increase marginally, but we expect it will remain at about 95% in 2021-2022. The pandemic also affected global financial markets in 2020, including those in the GCC countries. That said, volatility related to COVID-19 had a limited impact on Tawuniya's operating performance and capital adequacy since only about 14% of the company's investments are in equities. (Bloomberg)

- **S&P revises Wataniya Insurance outlook to stable from positive –** S&P revised its outlook on Saudi based Wataniya to stable from positive. At the same time, S&P affirmed the 'BBB' long-term insurer financial strength and issuer credit ratings on the company. The stable outlook reflects S&P's expectation that Wataniya will maintain its competitive position and robust capital adequacy, while it continues to expand and diversify its operations over the next two years. S&P could consider a positive rating action on Wataniya over the next two years if, the company returns to historical underwriting profitability levels and continues to deliver a consistent operating performance, without a significant deterioration in capital adequacy; Single counterparty concentration in its investment portfolio declines materially on a sustainable basis. Although unlikely, S&P could lower ratings on Wataniya over the next two years if Wataniya's operating performance significantly deteriorates beyond our base-case expectations, which could also lead an eroded capital base. In 2019, we revised our outlook on Wataniya to positive on strong operation performance and profitability for three consecutive years (2016-2018). The company continued to post profits in 2019 by reporting net income (before zakat and income tax) of SR23.8mn. However, for the first nine months of 2020, Wataniya recorded a much smaller net profit (before zakat and income tax) of SR1.6mn, due to lower underwriting results and investment income. S&P expects the company to report losses in 2021 due to higher net combined ratios primarily from a higher expense ratio as it plans to incur one-off expense for upgrading its IT platforms and other strategic upgrades. S&P expects Wataniya should return to reporting at least break-even results in 2022. Given our lower earnings expectation, S&P does not expect to raise ratings on the company in the next 12-24 months. S&P's ratings on Wataniya continue to reflect the company's 'AAA' capital adequacy (as per our internal capital model), which it considers a key rating strength. Wataniya is a midsize insurer in Saudi Arabia, with the majority of its premiums stemming from motor and other commercial insurance products. The company does not have a license to write medical insurance, a major line of business in the country. Although not having a medical license does not put Wataniya at a major disadvantage, it would provide product diversification and access to cross sales currently unavailable to the company. (Bloomberg)
- **S&P upgrades Walaa Cooperative Insurance to 'A-'; outlook stable –** S&P raised to 'A-' from 'BBB+' its long-term insurer financial strength rating on Saudi Arabia based Walaa Cooperative Insurance Co. The outlook is stable. At the same time, S&P raised GCC regional scale financial strength rating on Walaa to 'gcAAA' from 'gcAA+'. The stable outlook reflects its expectation that Walaa will maintain its robust capital adequacy while strengthening its competitive position and diversifying its operations over the next two years. It also reflects the stable outlook on our sovereign credit rating on Saudi Arabia. S&P sees limited likelihood of an upgrade during the outlook period. However, S&P could consider a positive rating action over the next two years if Walaa expands significantly in terms of premium income, which would lead us to reassess its business risk profile as strong, while maintaining its excellent capital adequacy and low risk tolerance in its investment portfolio. A positive rating action would be possible only if we took similar action on our sovereign ratings on Saudi Arabia, or if it believes Walaa could pass our hypothetical sovereign default stress test, allowing S&P to rate it above the sovereign. S&P could consider a negative rating action over the next two years if Walaa's: Operating performance deteriorates rapidly and steadily due to underwriting or investment losses; Capital and earnings weaken as a result of its growth or acquisition strategy; or S&P took a negative rating action on Saudi Arabia, while Walaa fails to pass our sovereign default stress test. The upgrade reflects a change in its assessment of Walaa's risk profile. S&P concerns about potential capital and earnings volatility due to Walaa's growth and acquisition strategy have reduced, since Walaa completed its merger with Metlife AIG ANB in 2020 without experiencing any significant volatility. Walaa has also demonstrated that it can expand profitably by following strict underwriting guidelines. It also maintains a very low tolerance for volatility in its investment portfolio by keeping a large proportion of its investments in bank deposits and fixed-income instruments. Walaa's capital adequacy (according to our model) has sufficient buffers above the 'AAA' confidence level. Walaa plans to further strengthen its capital via a rights issue of Saudi Arabian riyal SR775mn in 2021 to support its ambitious growth plan. S&P believes this demonstrates proactive management that would enable the company to have sufficient capital resources for its growth strategy and to absorb any unexpected volatility. This additional capital would significantly enhance the already sufficient capital adequacy buffers Walaa carries. (Bloomberg)
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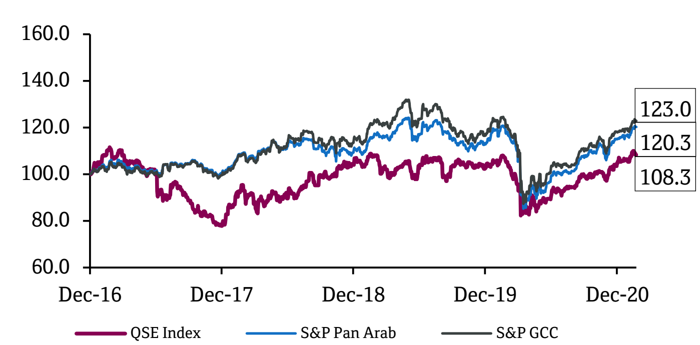
- **Credit Facilities rose by AED19.7bn from January to November 2020 –** Credit facilities provided by UAE national banks to non-resident clients rose by AED19.7bn from January to November

2020, statistics by the Central Bank of the UAE (CBUAE) have shown. The growth brings to AED149bn the cumulative balance of bank loans to non-residents, which accounts for 8.3% of the total loans provided by UAE banks in the reference period-estimated at AED1.795tn, according to the apex bank's figures. UAE's loan growth and liquidity picking up pace is reflective of the country's robust financial profile despite the global economic slowdown triggered by the COVID-19 pandemic. (Zawya)

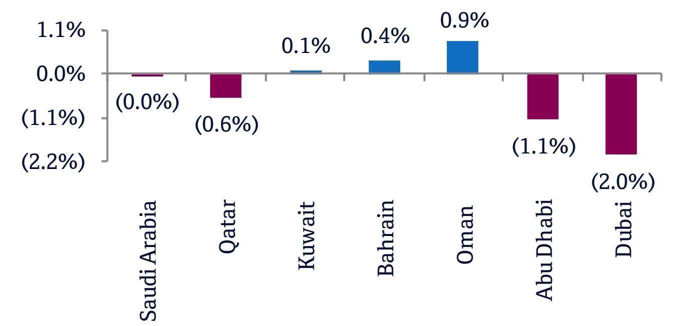
- **Dubai puts curbs on hotels and hospitals as virus cases soar –** Dubai ordered hotels and restaurants to halt entertainment activities and asked hospitals to cancel elective surgeries following a record daily surge in coronavirus cases in the UAE. The entertainment restrictions would begin January 21 and remain in place until further notice after inspections showed an increase in "violations" of regulations in place to limit the spread of the pandemic, Dubai's Department of Tourism and Commerce Marketing said in a circular. It did not specify what activities would be affected but the rules have been widely interpreted to mean live shows or music. The city's health authority also asked government and private hospitals to suspend "all elective therapeutic surgeries that require deep sedation or general anesthesia," according to a circular published on January 20. The order, which aims to ensure medical facilities have the capacity to deal with a possible surge in hospitalization, comes into effect from midnight on Thursday until February 19 and could be extended. (Bloomberg)
- **Dubai Crude for April to be priced at $0.10/bbl below Oman –** Dubai has set its official differential to Oman futures for April at a discount of $0.10 per barrel, the Dubai Department of Petroleum Affairs said on Thursday. The differential will be applied to the average of daily settlements for the front month April Oman contract at the end of February to set Dubai's official selling price (OSP) for April-loading crude. (Reuters)
- **Abu Dhabi Fund for Development completes $31.94mn energy projects in partner countries –** Abu Dhabi Fund for Development, one of the UAE's leading financial entities, said it completed five renewable energy projects worth $31.94mn in five partner countries, including Cuba, Somaliland, the Bahamas, Barbados, and Saint Vincent and the Grenadines. The projects enabled the countries to reduce their carbon footprint by adding a total of 14.38MW into the energy mix, but they also brought about a host of economic benefits, the fund said in a statement on Thursday. In January of last year, the Fund announced an allocation of approximately AED384mn to eight renewable-energy initiatives under the seventh cycle of its partnership with the International Renewable Energy Agency (IRENA). (Zawya)
- **Mubadala Petroleum signs deal to explore oil, gas in Red Sea –** Abu Dhabi's state-owned Mubadala Petroleum has signed with Egypt a concession agreement to explore oil and gas in the Red Sea. The deal, signed with Egyptian Minister of Petroleum and Mineral Resources Tariq Al-Mulla, covers an estimated 3,084 square kilometers in the Red Sea Block 4 (Block 4), owned by the South Valley Egyptian Petroleum Holding Company (Ganope). Under the agreement, Mubadala Petroleum will hold 27 percent participating interest in Block 4. The area is operated by Shell with a 63% participating interest and Tharwa, with a 10% participating interest. Mubadala and Shell were among the global companies who won in Egypt's first ever international bid for offshore concessions in the Red Sea in 2019. Block 4 is located in the Northern Sea in an area adjacent to the Gulf of Suez basin. The concession is said to have a potential to unlock substantial new prospects. "The addition of Red Sea Block 4 marks a further extension of our Egypt portfolio with a new high-impact growth opportunity alongside a world-class partner in Shell," Mubadala Petroleum's Chief Executive Officer, Bakheet Al Katheeri said. (Zawya)
- **Mubadala buys control of Brazil's Rota das Bandeiras –** Abu Dhabi fund bought the stake held by Farallon in Rota das Bandeiras highway for about 2bn Reais, reports Valor Economico, without saying how it got the information. With the acquisition, Mubadala became the sole controller of the company, which operates almost 300 kilometers of road concession in Sao Paulo state. Farallon had been negotiating to sell the stake to Mubadala for at least six months, Valor Economico said citing a source familiar with the matter. Mubadala confirmed the acquisition, but declined to be interviewed, according to Valor Economico. (Bloomberg)
- **Agility seeks credit lines of up to $1.4bn; refinances facility –** Agility is working to refinance facilities, increase available credit lines to between $1.2bn and $1.4bn. Refinances existing facility with regional and international banks, raises it to $800mn from $725mn. (Bloomberg)

Rebased Performance



Source: Bloomberg

Daily Index Performance



Source: Bloomberg

Asset/Currency Performance	Close ($)	1D%	WTD%	YTD%
Gold/Ounce	1,855.61	(0.8)	1.5	(2.3)
Silver/Ounce	25.49	(1.7)	2.9	(3.4)
Crude Oil (Brent)/Barrel (FM Future)	55.41	(1.2)	0.6	7.0
Crude Oil (WTI)/Barrel (FM Future)	52.27	(1.6)	(0.2)	7.7
Natural Gas (Henry Hub)/MMBtu	2.41	(3.6)	(13.8)	0.8
LPG Propane (Arab Gulf)/Ton	86.75	1.8	(8.7)	15.3
LPG Butane (Arab Gulf)/Ton	86.50	(0.6)	(8.2)	24.5
Euro	1.22	0.1	0.7	(0.4)
Yen	103.78	0.3	(0.1)	0.5
GBP	1.37	(0.3)	0.7	0.1
CHF	1.13	0.0	0.7	(0.0)
AUD	0.77	(0.6)	0.2	0.3
USD Index	90.24	0.1	(0.6)	0.3
RUB	75.30	2.0	2.3	1.2
BRL	0.18	(2.1)	(3.2)	(5.0)

Source: Bloomberg

Global Indices Performance	Close	1D%*	WTD%*	YTD%*
MSCI World Index	2,755.66	(0.4)	1.5	2.4
DJ Industrial	30,996.98	(0.6)	0.6	1.3
S&P 500	3,841.47	(0.3)	1.9	2.3
NASDAQ 100	13,543.06	0.1	4.2	5.1
STOXX 600	408.54	(0.4)	0.8	1.9
DAX	13,873.97	(0.1)	1.2	0.1
FTSE 100	6,695.07	(0.5)	(0.1)	3.8
CAC 40	5,559.57	(0.4)	(0.3)	(0.3)
Nikkei	28,631.45	(0.7)	0.4	3.8
MSCI EM	1,392.85	(0.9)	2.6	7.9
SHANGHAI SE Composite	3,606.75	(0.7)	1.1	4.6
HANG SENG	29,447.85	(1.6)	3.1	8.2
BSE SENSEX	48,878.54	(1.5)	(0.1)	2.4
Bovespa	117,380.50	(2.6)	(6.3)	(6.8)
RTS	1,418.29	(3.1)	(3.8)	2.2

Source: Bloomberg (*$ adjusted returns)

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