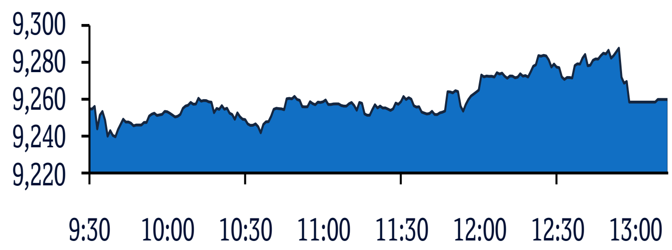
Daily Market Report

Wednesday, 24 June 2020

QSE Intra-Day Movement



Qatar Commentary

The QE Index rose marginally to close at 9,261.3. Gains were led by the Banks & Financial Services and Transportation indices, gaining 0.8% and 0.1%, respectively. Top gainers were Salam International Investment Limited and Islamic Holding Group, rising 9.8% and 8.8%, respectively. Among the top losers, Mannai Corporation fell 7.0%, while Ahli Bank was down 1.6%.

GCC Commentary

Saudi Arabia: The TASI Index rose 0.1% to close at 7,265.1. Gains were led by the Consumer Dur. and Consumer Serv. indices, rising 1.8% and 1.6%, respectively. Al Hassan Ghazi rose 10.0%, while National Co. for Learn. and Education was up 9.9%.

Dubai: The DFM General Index gained 1.4% to close at 2,120.7. The Telecommunication and Real Estate & Const. index gained 2.2%, respectively. Commercial Bank of Dubai rose 8.2%, while Emaar Malls was up 7.4%.

Abu Dhabi: The ADX General index fell 0.6% to close at 4,319.5. The Consumer Staples index declined 2.3%, while the Industrial index fell 1.9%. Gulf Pharmaceutical Industries declined 3.9%, while Agthia Group was down 2.8%.

Kuwait: The Kuwait All Share Index rose 1.2% to close at 5,121.2. The Banks index gained 1.6%, while Industrials index rose 1.2%. Ream Real Estate Company gained 25.5%, while Munshaat Real Estate Projects Co. was up 10.0%.

Oman: The MSM 30 Index rose 0.4% to close at 3,524.6. Gains were led by the Services and Industrial index rising 1.1% and 0.7% respectively. Oman Fisheries rose 5.9%, while Renaissance Services was up 5.6%.

Bahrain: The BHB Index gained 0.1% to close at 1,280.3. The Industrial index rose 0.9%, while the Commercial Bank index gained 0.1%. GFH Financial Group rose 1.3%, while Aluminium Bahrain was up 0.9%.

Market Indicators	23 Jun 20	22 Jun 20	%Chg.
Value Traded (QR mn)	453.7	343.6	32.1
Exch. Market Cap. (QR mn)	530,562.0	528,714.8	0.3
Volume (mn)	322.7	277.3	16.4
Number of Transactions	10,501	8,275	26.9
Companies Traded	45	46	(2.2)
Market Breadth	21:21	24:19	–

Market Indices	Close	1D%	WTD%	YTD%	TTM P/E
Total Return	17,804.52	0.0	(0.6)	(7.2)	14.6
All Share Index	2,889.32	0.4	0.1	(6.8)	15.4
Banks	4,045.82	0.8	0.3	(4.1)	13.3
Industrials	2,619.58	(0.3)	(0.8)	(10.7)	20.8
Transportation	2,681.82	0.1	(0.2)	4.9	13.0
Real Estate	1,466.32	(0.5)	1.1	(6.3)	14.5
Insurance	1,981.62	(0.2)	1.2	(27.5)	33.8
Telecoms	876.15	(0.7)	(1.0)	(2.1)	14.7
Consumer	7,442.25	0.0	0.1	(13.9)	19.0
Al Rayan Islamic Index	3,705.68	(0.1)	(0.6)	(6.2)	17.1

GCC Top Gainers##	Exchange	Close#	1D%	Vol. '000	YTD%
Emaar Malls	Dubai	1.45	7.4	48,487.6	(20.8)
Arabian Centres Co Ltd	Saudi Arabia	22.34	3.9	2,069.0	(23.4)
Sembcorp Salalah Power	Oman	0.11	3.9	6.2	(20.7)
Gulf Bank	Kuwait	0.22	3.8	4,650.0	(27.1)
Savola Group	Saudi Arabia	44.85	2.6	594.0	30.6

GCC Top Losers##	Exchange	Close#	1D%	Vol. '000	YTD%
Kingdom Holding Co	Saudi Arabia	6.78	(3.8)	1,174.1	(10.2)
Co for Coop. Insurance	Saudi Arabia	70.00	(2.1)	427.3	(8.7)
Saudi British Bank	Saudi Arabia	22.18	(1.9)	1,353.4	(36.1)
Industries Qatar	Qatar	8.21	(1.5)	683.6	(20.2)
Saudi Arabian Fertilizer	Saudi Arabia	75.50	(1.4)	218.2	(2.6)

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%
Salam International Inv. Ltd.	0.45	9.8	42,584.8	(13.2)
Islamic Holding Group	3.33	8.8	9,095.8	75.3
Dlala Brokerage & Inv. Holding Co.	1.30	8.3	7,160.7	112.8
Mazaya Qatar Real Estate Dev.	0.81	6.1	51,593.9	13.2
Qatar Oman Investment Company	0.66	5.7	13,294.1	(0.7)

QSE Top Volume Trades	Close*	1D%	Vol. '000	YTD%
Mazaya Qatar Real Estate Dev.	0.81	6.1	51,593.9	13.2
Salam International Inv. Ltd.	0.45	9.8	42,584.8	(13.2)
Investment Holding Group	0.55	1.1	28,742.7	(3.0)
Qatari German Co for Medical Dev.	1.23	(0.8)	25,904.2	111.0
Ezdan Holding Group	0.92	(1.2)	20,078.5	49.4

QSE Top Losers	Close*	1D%	Vol. '000	YTD%
Mannai Corporation	2.70	(7.0)	56.8	(12.3)
Ahli Bank	3.12	(1.6)	247.0	(6.4)
Industries Qatar	8.21	(1.5)	683.6	(20.2)
Ezdan Holding Group	0.92	(1.2)	20,078.5	49.4
Doha Bank	2.11	(1.1)	4,939.7	(16.7)

QSE Top Value Trades	Close*	1D%	Val. '000	YTD%
QNB Group	18.30	1.7	60,490.0	(11.1)
Mazaya Qatar Real Estate Dev.	0.81	6.1	41,249.6	13.2
Qatari German Co for Medical Dev	1.23	(0.8)	32,787.2	111.0
Islamic Holding Group	3.33	8.8	29,492.0	75.3
Salam International Inv. Ltd.	0.45	9.8	18,930.7	(13.2)

Source: Bloomberg (* in QR)

Regional Indices	Close	1D%	WTD%	MTD%	YTD%	Exch. Val. Traded ($ mn)	Exchange Mkt. Cap. ($ mn)	P/E**	P/B**	Dividend Yield
Qatar*	9,261.29	0.0	(0.6)	4.7	(11.2)	123.81	144,578.1	14.6	1.3	4.3
Dubai	2,120.66	1.4	2.0	9.0	(23.3)	90.61	81,248.5	6.4	0.6	4.4
Abu Dhabi	4,319.53	(0.6)	(0.6)	4.3	(14.9)	41.40	132,832.4	13.4	1.1	5.9
Saudi Arabia	7,265.08	0.1	(1.2)	0.7	(13.4)	1,136.54	2,217,611.4	21.8	1.6	3.6
Kuwait	5,121.16	1.2	2.0	2.5	4.3	141.78	94,811.3	14.9	1.1	3.8
Oman	3,524.60	0.4	0.3	(0.6)	(11.5)	3.67	15,375.2	9.8	0.7	6.8
Bahrain	1,280.33	0.1	0.5	0.8	(20.5)	3.64	19,388.3	9.3	0.8	5.5

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

Qatar Market Commentary

- The QE Index rose marginally to close at 9,261.3. The Banks & Financial Services and Transportation indices led the gains. The index rose on the back of buying support from GCC shareholders despite selling pressure from Qatari and non-Qatari shareholders.
- Salam International Investment Limited and Islamic Holding Group were the top gainers, rising 9.8% and 8.8%, respectively. Among the top losers, Mannai Corporation fell 7.0%, while Ahli Bank was down 1.6%.
- Volume of shares traded on Tuesday rose by 16.4% to 322.7mn from 277.3mn on Monday. Further, as compared to the 30-day moving average of 220.1mn, volume for the day was 46.6% higher. Mazaya Qatar Real Estate Development and Salam International Investment Limited were the most active stocks, contributing 16.0% and 13.2% to the total volume, respectively.

Overall Activity	Buy %*	Sell %*	Net (QR)
Qatari Individuals	43.99%	47.75%	(17,095,320.81)
Qatari Institutions	18.12%	16.76%	6,174,793.39
Qatari	**62.11%**	**64.51%**	**(10,920,527.42)**
GCC Individuals	1.69%	1.09%	2,699,413.53
GCC Institutions	4.28%	2.34%	8,813,501.13
GCC	**5.97%**	**3.43%**	**11,512,914.67**
Non-Qatari Individuals	14.65%	15.58%	(4,257,390.44)
Non-Qatari Institutions	17.28%	16.48%	3,665,003.19
Non-Qatari	**31.93%**	**32.06%**	**(592,387.25)**

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

Global Economic Data and Earnings Calendar

Global Economic Data

Date	Market	Source	Indicator	Period	Actual	Consensus	Previous
06/23	US	Markit	Markit US Manufacturing PMI	Jun	49.6	50	39.8
06/23	US	Markit	Markit US Services PMI	Jun	46.7	48	37.5
06/23	US	Markit	Markit US Composite PMI	Jun	46.8	–	37
06/23	US	US Census Bureau	New Home Sales	May	676k	640k	580k
06/23	US	US Census Bureau	New Home Sales MoM	May	16.6%	2.7%	-5.2%
06/23	UK	Markit	Markit UK PMI Manufacturing SA	Jun	50.1	45	40.7
06/23	UK	Markit	Markit/CIPS UK Services PMI	Jun	47	40	29
06/23	UK	Markit	Markit/CIPS UK Composite PMI	Jun	47.6	41.2	30
06/23	EU	Markit	Markit Eurozone Manufacturing PMI	Jun	46.9	45	39.4
06/23	EU	Markit	Markit Eurozone Services PMI	Jun	47.3	41.5	30.5
06/23	EU	Markit	Markit Eurozone Composite PMI	Jun	47.5	43	31.9
06/23	Germany	Markit	Markit/BME Germany Manufacturing PMI	Jun	44.6	42.5	36.6
06/23	Germany	Markit	Markit Germany Services PMI	Jun	45.8	42.3	32.6
06/23	Germany	Markit	Markit/BME Germany Composite PMI	Jun	45.8	44.4	32.3
06/23	France	Markit	Markit France Manufacturing PMI	Jun	52.1	46	40.6
06/23	France	Markit	Markit France Services PMI	Jun	50.3	45.2	31.1
06/23	France	Markit	Markit France Composite PMI	Jun	51.3	46.8	32.1
06/23	Japan	Markit	Jibun Bank Japan PMI Mfg	Jun	37.8	–	38.4
06/23	Japan	Markit	Jibun Bank Japan PMI Services	Jun	42.3	–	26.5
06/23	Japan	Markit	Jibun Bank Japan PMI Composite	Jun	37.9	–	27.8
06/23	Japan	Japan Machine Tool Builders' Association	Machine Tool Orders YoY	May	-52.80%	–	-52.80%

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

Earnings Calendar

Tickers	Company Name	Date of reporting 2Q2020 results	No. of days remaining	Status
DHBK	Doha Bank	27-Jul-20	33	Due

Source: QSE

News

Qatar

- **QIGD postpones EGM due to lack of quorum –** Qatari Investors Group (QIGD) has announced that the necessary quorum for the second Extraordinary General Assembly Meeting (EGM) held on June 23, 2020, has not been met. Therefore, subject to Article 139 of the Companies Law and Article 58 of the Company statute, an invitation for a third meeting shall be made after thirty days from the date of the second meeting and it will be published after liaising with the concerned Government authorities. (QSE)
- **Hamad Port container terminal 2 to be operational by year-end –** The 403,500 square meters container terminal 2 (CT2) at the Hamad Port is slated to be operationalized by the end of 4Q2020. "On track for start of operations in late Q4 2020," said a tweet from the QTerminals, a terminal operating company jointly established by Mwani Qatar (51%) and Milaha (49%). The works on CT-2 had begun in December last year as part of Qatar's expansion strategy in its maritime sector. The CT2, with berth length of 1,200 meters and 17 meters draft alongside, will have annual capacity of 2mn TEUs (twenty-foot equivalent units). The CT-2 development at Hamad Port is located immediately to the north of the existing Container Terminal – 1. QTerminals provides container, general cargo, RORO, livestock and offshore supply services in Phase 1 of Hamad Port. The Phase I of Hamad Port consists of CT1, the general cargo terminal, the multi-user terminal, which handles Ro-Ro for vehicles, machinery, and live animals, and the offshore supply services terminal. Considering the sustained growth outlook of Qatar, both CT2 and CT1 are expected to give a big push to the domestic economy in the medium to long term, industry insiders said, highlighting that the port's throughput is estimated to be roughly 1.5 times gross domestic product or GDP. (Gulf-Times.com)
- **PSA: Qatar's industrial production index drops 3.2% YoY in April –** Qatar's industrial production index (IPI) amounted to 98.3 points in April 2020, a decrease of 2.5% compared to the previous month (March 2020). It decreased by 3.2% when compared to the corresponding month of 2019, data released by Planning and Statistics Authority (PSA) showed. The IPI consists of three main components: 'Mining' with a relative importance of 83.6%, 'Manufacturing' with a relative importance of 15.2%, 'Electricity' with a relative importance of 0.7%, and finally 'Water' with a relative importance of 0.5%. The Mining index showed a decrease by 2.6% MoM, as a result of the decrease in the quantities of "crude oil and natural gas" by 2.6% and "other mining and quarrying" by 13.2%. The IPI of Mining has decreased by 3.3% YoY. The manufacturing index has decreased by 2% MoM. On the other hand, in terms of annual change, compared to April 2019, a decrease of 3.7% was recorded. An increase of 14.4% MoM was noticed in the production of electricity, while it increased 10.4% YoY. An increase of 6.6% MoM was noticed in the production of water with an increase of 19.9% YoY. (Qatar Tribune)
- **Moody's: Qatar's spending cuts lowest among GCC sovereigns –** Among the GCC sovereigns, Qatar has announced the most modest spending cuts so far as a measure to offset the potential revenue losses against the exposure to a combination of shocks. Qatar's spending cuts so far, amount to around 4-5% of GDP, while other GCC nations' cuts are something 7.5% to 10%, estimates Moody's. Over the past three months, GCC governments have announced various measures to offset at least a part of the large revenue losses that Moody's expects will result this year from the combination of sharply lower oil prices and, in most cases, lower oil production. A vast majority of the measures announced so far have been on the expenditure side, reflecting the simultaneous shock to the nonoil economy from the coronavirus pandemic and governments' desires not to place an additional burden on the productive sectors through new or higher taxes and fees. While GCC sovereigns have provided some targeted support to buffer the economy against the coronavirus shock, most have enacted consolidation measures that significantly exceed the cost of fiscal stimulus with the aim of offsetting expected revenue losses. In Qatar, cuts include a large reduction in non-priority capital expenditures, which the government had announced in early March. It also includes a more recently announced plan to reduce the salaries of expatriates employed in the government sector by 30%, which, according to Moody's, could reduce spending by close to 1% of GDP on an annual basis. Differences in the policy responses announced by the GCC sovereigns to date have been, to a degree, proportionate to the size of the likely revenue loss in 2020. Because prices of liquefied natural gas-Qatar's main export are mostly set in long-term contracts and follow oil price movements with a lag, Qatar has some room to delay consolidation measures into 2021, when Moody's expects the impact of the oil price shock on Qatar's fiscal revenue to peak. Kuwait is an outlier, where the rating agency expects the most significant revenue losses, but where the fiscal adjustment has so far been minimal. The differences in policy response are, to a degree, proportional to the sovereigns' exposure to the shock, but are ultimately a reflection of differences in their institutions and governance strength (fiscal policy effectiveness in particular), which captures their adjustment capacity and indicates how durably lower oil prices are likely to impact their sovereign credit profiles. (Peninsula Qatar)
- **GTA extends deadline to file tax returns by another two months –** The General Tax Authority (GTA) has extended the period for tax returns by another two months. The new deadline to file returns will be August 30. This decision comes in line with the directives of HH The Amir of State of Qatar Sheikh Tamim bin Hamad Al Thani to provide the necessary services to citizens and residents, foremost of which is to provide safety and protection from COVID-19 and to ensure the continuation of their healthy life. (Qatar Tribune)

International

- **WTO says record trade plunge could have been worse –** Global merchandise trade fell by a record amount in the first months of the year due to the COVID-19 pandemic, but stopped short of a worst-case scenario, the World Trade Organization (WTO) said on Tuesday. The Geneva-based body forecast in April that global trade in goods would fall by between 13% and 32% in 2020, numbers that the WTO chief described as "ugly", before rebounding by 21-24% in 2021. The WTO did not set new figures on Tuesday, but said rapid responses by governments meant its pessimistic scenario for this year was unlikely. The volume of merchandise trade in fact shrank by 3% in the first quarter, the WTO said, and initial estimates pointed to a YoY decline of 18.5% for the second quarter. “The fall in trade we are now seeing is historically large – in fact, it would be the steepest on record. But there is an important silver lining here: it could have been much worse,” said WTO director-general Roberto Azevedo. The WTO said governments had reacted quicker than in the 2008-2009 crisis and income support had encouraged consumers to keep spending. Some sectors such as automobiles had fallen sharply, but others such as electronics had held up well. If trade were to grow by 2.5% per quarter for the rest of the year, the more optimistic projection of minus 13% could be met, though that would still be worse than at the height of the financial crisis in 2009, when trade dropped by 12.5%. However, the WTO said weaker-than-expected growth, wider trade restrictions and a possible second wave of infections could see a 2021 rebound falling short. Trade could then recover only by about 5%, leaving it well short of the pre-pandemic trend. Monetary, fiscal and trade choices will play a significant role, the WTO said. (Reuters)

- **US economy improving; rising COVID-19 cases a threat –** Sales of new US single-family homes increased more than expected in May and business activity contracted moderately this month, suggesting the economy was on the cusp of recovering from the recession caused by the COVID-19 crisis. But a resurgence in confirmed coronavirus cases across the country threatens the nascent signs of improvement evident in Tuesday’s economic data. Many states have reported record daily increases in COVID-19 infections, which health experts have blamed on local governments reopening their economies too soon. The economy has stabilized as businesses reopened after closing in mid-March to control the spread of the respiratory illness. New home sales jumped 16.6% to a seasonally adjusted annual rate of 676,000 units last month, the Commerce Department said. New home sales are counted at the signing of a contract, making them a leading housing market indicator. Last month’s increase left sales just shy of their pre-COVID-19 level. Sales dropped 5.2% in April to a pace of 580,000 units. Economists polled by Reuters had forecast new home sales, which account for about 14.7% of housing market sales, rising 2.9% to a pace of 640,000 in May. New home sales are drawn from building permits. Sales surged 12.7% from a year ago in May. The report followed on the heels of data last week showing home purchase applications at an 11-year high in mid-June and permits rebounding strongly in May. The broader economy slipped into recession in February, leaving nearly 20 million people unemployed as of May. In a separate report on Tuesday, data firm IHS Markit said its flash US Composite Output Index, which tracks the manufacturing and services sectors, rose to a reading of 46.8 in June from 37 in May. A reading below 50 indicates contraction in private sector output. The improvement was led by an ebb in the manufacturing sector downturn, with the flash Purchasing Managers Index climbing to 49.6 from 39.8 in May. The survey’s services sector flash PMI rose to 46.7 from 37.5 in May. (Reuters)
- **US business sector contraction eases in June –** US business activity contracted for a fifth straight month in June, but the pace of decline eased, supporting views that the recession caused by the COVID-19 crisis was drawing to an end. Data firm IHS Markit said on Tuesday its flash US Composite Output Index, which tracks the manufacturing and services sectors, rose to a reading of 46.8 last month from 37 in May. A reading below 50 indicates contraction in private sector output. The economy slipped into recession in February. The improvement this month came as businesses reopened after shuttering in mid-March to control the spread of the respiratory illness. Still, layoffs continued this month and businesses put a freeze on hiring to deal with weak demand and to cut costs. The IHS Markit survey’s flash Purchasing Managers Index for the services sector rose to 46.7 in June from 37.5 in the prior month. Economists polled by Reuters had forecast a reading of 46.0 in June for the services sector, which accounts for roughly two-thirds of the US economy. (Reuters)
- **US new home sales rebound strongly in May –** Sales of new US single-family homes increased more than expected in May, suggesting the housing market was on the cusp of recovery after being hammered, together with the broader economy, by the COVID-19 pandemic. The Commerce Department said on Tuesday new home sales jumped 16.6% to a seasonally adjusted annual rate of 676,000 units last month. New home sales are counted at the signing of a contract, making them a leading housing market indicator. April’s sales pace was revised down to 580,000 units from the previously reported 623,000 units. Economists polled by Reuters had forecast new home sales, which account for about 10% of housing market sales, rising 2.9% to a pace of 640,000 in May. (Reuters)
- **Britain bolsters regulatory powers to scrap Libor –** Britain said on Tuesday it will give regulators more powers to ensure that the Libor interest rate benchmark is scrapped in an orderly way and on time by the end of 2021. The London Interbank Offered Rate (LIBOR) is used to price contracts worth around $400 trillion globally but regulators want to end its use after banks were fined billions of dollars for trying to manipulate the rate. Derivatives and some loans have already begun switching from Libor to being based on an overnight Sonia rate set by the Bank of England for sterling denominated contracts. It will not be possible to amend every contract by the end of 2021 and the legislation will give the Financial Conduct Authority (FCA) extra powers to protect users still holding contracts using Libor after the deadline. “The government recognises … that legislative steps could help deal with this narrow pool of ‘tough legacy’ contracts that cannot transition from Libor,” Britain’s finance minister Rishi Sunak said in a statement. The FCA and Bank of England have dismissed talk that market disruption caused by the COVID-19 pandemic will mean a pushback to the end-2021 deadline, though some milestones have been delayed. Banking industry body UK Finance said the new powers will also help ensure a smoother, quicker and more efficient transition for contracts that can be changed. The Bank of England and the FCA said the legislation should not be seen as an excuse by market participants to slow efforts to ditch Libor. (Reuters)
- **Nielsen: Convenience grocery stores outperform as Britons shop local –** Grocery sales at British convenience stores were up 17% YoY in the four weeks to June 13, ahead of the 14% growth

in total grocery sales, as consumers in coronavirus lockdown prioritized shopping locally, industry data showed on Tuesday. Market researcher Nielsen said online shopping in lockdown also continued to be popular, with sales soaring 115% compared to the same period last year, and maintaining the 13% share of sales recorded in the previous four-week period. Nielsen said the average spend per shopping visit across all formats was 20.32 Pounds ($25.30), a decrease of 1.30 Pounds compared to the previous four weeks. Over the 12 weeks to June 13, Iceland outperformed all other major UK grocery retailers with a 23.2% rise in sales YoY, thanks to a surge in demand for frozen food products during lockdown. Sales at the Co-Operative rose 15.9%, outperforming Britain's big four major supermarket groups and reflecting the fact that it operates a network of local convenience stores. (Reuters)

- **Eurozone downturn eased in June, V-shaped recovery in doubt –** The historic Eurozone economic downturn eased again this month as swathes of businesses reopened after closures to stem the spread of the coronavirus, but a V-shaped recovery may be unlikely, a set of closely-watched surveys showed on Tuesday. Over 9mn people globally have been infected by the coronavirus and around 500,000 have died. Although new cases are still being reported, governments across Europe are gradually easing tough restrictions on citizens and businesses. Surveys measuring the rate of change compared with the previous month showed activity was still contracting across much of Europe, however, with France a stand-out as lockdown loosening there led to a modest return to growth. IHS Markit's Eurozone Flash Composite Purchasing Managers' Index (PMI), seen as a good gauge of economic health, recovered to 47.5 from May's 31.9, moving closer to the 50 mark separating growth from contraction. It hit a record-low 13.6 in April. A Reuters poll had predicted a more modest rise to 42.4. (Reuters)
- **German economy to shrink by 6.5% this year due to coronavirus –** The German economy will shrink by 6.5% this year due to the coronavirus pandemic, the government's council of economic advisers said on Tuesday, adding that the slump will be prolonged if the number of new infections jumps again. "The coronavirus pandemic is expected to cause the largest slump of the German economy since the founding of the Federal Republic. But we expect the recovery to start in the summer," council head Lars Feld said. Adjusted for calendar effects, the German economy is seen shrinking by 6.9% this year. The council said it expects a slow recovery in the second half of the year, with gross domestic product (GDP) forecast to grow by 4.9% next year. "This means GDP probably won't get back to its pre-pandemic level until 2022 at the earliest," the council said in a statement, adding that the government's stimulus measures were likely to support the recovery. The economic advisors cautioned, however, that the forecast was subject to "considerable uncertainty" as a second wave of new coronavirus infections would prolong the slump. (Reuters)
- **German real wages saw weakest rise in around six years in 1Q2020 –** Real wages in Germany rose by 0.4% in the first quarter but that was their weakest increase in around six years and came before the coronavirus pandemic took its full toll on Europe's largest economy, data from the Statistics Office showed on Tuesday. The Statistics Office said nominal wages climbed by around 2.1% from the same period the previous year, while consumer prices rose by around 1.6% from the previous year, leaving consumers with more cash in their pockets. But the rise in real wages was the slowest since the fourth quarter of 2013. Germany went into lockdown in March to slow the spread of the coronavirus, with many firms halting production and shops closing. Some companies have resorted to using short-time work - a form of state aid that allows employers to switch employees to shorter working hours during an economic downturn to keep them on the payroll. The Statistics Office pointed out that short-time work largely started from the second half of March but said a drop in nominal wages on the year was already visible in the January-March period in the catering and lodging sectors, largely due to the decline in working hours. Data published by the Federal Labor Office has shown unemployment rising in May and the unemployment rate jumping to 6.3% from 5.8% in April. (Reuters)
- **Japan sticks to budget surplus goal despite massive virus spending –** Japan will stick to its target of getting its budget back to surplus by 2025, its finance minister said on Tuesday, even as the heavily indebted government ramps up spending to offset the impact of the coronavirus outbreak. When asked about S&P Global Ratings' recent cut to the outlook on Japan's sovereign credit rating, Finance Minister Taro Aso said the country could avert a ratings downgrade if pledged stimulus revived the economy and restored revenue. "We have no immediate plan to review the primary budget goal," Aso told reporters after a cabinet meeting on Tuesday. The fiscal goal will be included in the government's key mid-year policy platform, to be issued by Prime Minister Shinzo Abe's top economic advisory council next month. Having rolled out a combined $2.2tn in two stimulus packages to avert a deeper recession, Abe's government remains under pressure to prioritize growth over fiscal reform in the short term. The prospects of falling tax revenue and snowballing social security spending to support the fast-ageing population have already made it difficult to reach a primary budget surplus by the end of the March 2026 fiscal year. Still, the budget target, which excludes new bond sales and debt-servicing costs, is seen as the government's commitment to fix the industrial world's heaviest public debt, which is more than twice the size of its $5tn economy. (Reuters)
- **China proposes 'fast track' arrangements for people and goods with India, Russia –** The Chinese government's top diplomat Wang Yi on Tuesday proposed a "fast track" arrangement for the movement of people and goods with India and Russia. Ministers from China, Russia and India should together discuss trade, energy, transport, education and health, Wang said in a statement on the foreign ministry's website. (Reuters)
- **India moves to curb sales of Chinese products to government agencies –** Amid calls for a boycott of Chinese goods after a border clash in which 20 Indian soldiers were killed, India's government instructed sellers to declare the country of origin for goods and services purchased via a state-run online portal. The government announced the change in requirements for users of its Government e-Marketplace (GeM) portal in a statement on Tuesday. It did not single out China but an official

source told Reuters the main objective was to identify items coming from China. Separately, the portal will provide a "Make in India" filter so that the government or its agencies could choose to buy only those products that meet the minimum 50% local content criteria, the statement said. Welcoming the decision, the industry chambers, pressure groups close to Prime Minister Narendra Modi's party asked the government to extend new rules to private online platforms. (Reuters)

- **Brazil federal tax revenue slumps to a 15-year low in May –** Brazil's federal tax revenue slumped by almost a third in May to a 15-year low, the federal tax service said on Tuesday, reflecting the shock to economic activity from the quarantine and social isolation measures used to combat the COVID-19 pandemic. The tax take of 77.4bn Reais ($15bn) in May marked a decline of 32.9% in real terms from the same month last year, although it was more than the 69.9 billion reais forecast in a Reuters poll of economists. It was the lowest monthly take since May 2005, highlighting the strain on public finances resulting from the crisis that will see government deficits and debts soar to record levels this year. The government is forecasting a primary deficit this year excluding interest payments of around 700bn Reais, or just under 10% of GDP, and a jump in overall debt to 93.5% of GDP. Treasury Secretary Mansueto Almeida has said these forecasts may be too optimistic, given the severity of the economic crisis that is choking government revenues and prompting a surge in emergency spending. The tax revenue service said the total tax take in the first five months of this year stood at 579.7bn Reais, down 11.9% in real terms from the same period last year. (Reuters)
- **Brazil Central bank unveils credit program for small firms that could total 55.8bn Reais –** Brazil's central bank will cut reserve requirements for banks extending loans to small and micro-sized firms, a program that could free up to 55.8bn Reais ($11bn) of credit, it said in a statement on its website on Tuesday. The latest measure to make more liquidity available to small firms struggling in the economic downturn will be targeted at those with an annual revenue of up to 50mn Reais, and will have a period of three years. (Reuters)

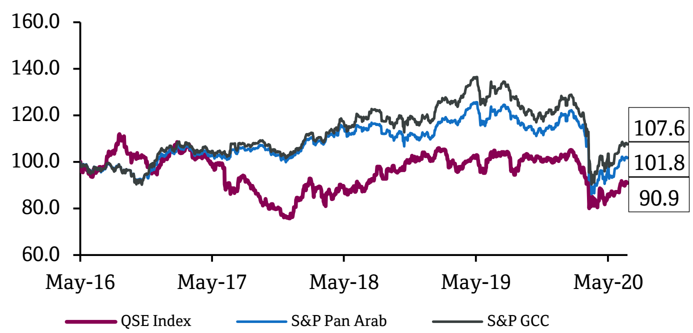
Regional

- **GECF and OPEC renew commitment to work closer –** The Gas Exporting Countries Forum (GECF) Secretariat leadership team, led by Secretary General, Yury Sentyurin, held discussions with OPEC Secretary-General, Mohammad Sanusi Barkindo and the OPEC delegation for the first Technical Meeting of the OPEC-GECF Energy Dialogue on June 22 via a webinar. The meeting reflected on the impact of the COVID-19 pandemic on the global economy, oil and gas markets, medium and long-term energy market assumptions and perspectives, as well as technical collaboration on data and statistics. The two organizations also renewed their commitment to laying the groundwork of closer collaboration even under the unprecedented circumstances being faced by the global economy. The meeting also reached a consensus on the importance of energy security and maintaining stability in the energy markets as well as supporting and promoting the unique importance of multilateralism. (Peninsula Qatar)
- **OPEC+ laggards fall in line with push for compensatory oil cuts –** OPEC+ nations that had been pumping more oil than their quotas allow for are starting to fall in line and provide details to other members of the cartel on how they'll make extra reductions to compensate. Nigeria, Angola, Gabon and Brunei have submitted plans to the OPEC secretariat in Vienna this week showing that output will be throttled back, according to delegates who asked not to be identified. Iraq and Kazakhstan delivered their schedules at an OPEC+ meeting last week. The OPEC and its partners committed to cutting supply by 9.7mn bpd -- about 10% of global production until at least the end of July to offset the collapse in demand caused by the coronavirus crisis. Implementation of the accord has been patchy. At a monitoring meeting last week, countries that had not fulfilled their curbs promised to make up the shortfall with additional reductions over the coming months. That amounts to 1.26mn bpd, spread out between now and September. Iraq, a habitual laggard, will account for just under half of the total. Having implemented only 46% of its promise to reduce supply by 1.06mn bpd in May, it will now cut an additional 573,000 a day over the next three months. It is obligated to lower production by an extra 57,000 in July, and then 258,000 in August and September. Nigeria, the next-biggest transgressor within the OPEC cartel, has pledged to make up for its 180,000 barrel-a-day overproduction in May by cutting an extra 45,000 a day each month between June and September. (Bloomberg)
- **APICORP starts marketing 5-year dollar bonds –** The Arab Petroleum Investments Corporation (APICORP), a Saudi-headquartered multilateral development bank, began marketing benchmark five-year US dollar-denominated bonds on Tuesday, a document showed. APICORP gave initial price guidance of around 130 basis points (bps) over mid swaps for the notes, the document from one of the banks arranging the sale showed. APICORP is taking indications of interest and the deal is expected to close on Wednesday. In April, APICORP hired Citi, Goldman Sachs and Standard Chartered to arrange investor calls for a potential bond sale. Those banks are acting as global coordinators and are joined by Emirates NBD Capital as joint lead managers and joint bookrunners. Sources said APICORP was waiting for a better window to issue as it disagreed with investors on pricing, but the debt markets have improved significantly since. Two sources familiar with the matter said investors wanted a spread of more than 200 bps and APICORP wanted a spread of 100 bps. (Reuters)
- **Emirates NBD begins new round of job cuts –** Emirates NBD, Dubai's largest bank, began cutting hundreds of jobs this week after the impact of the coronavirus crisis accelerated planned lay-offs, sources said. Although the full scale of the redundancies was not immediately clear, one source estimated Emirates NBD is cutting some 10% of its staff, equivalent to around 800 people. The majority were made in the UAE, the Arab world's second-biggest economy, they told Reuters. Emirates NBD said in a statement sent to Reuters that recent developments have had a significant impact on the economy, the financial services sector and the bank. "This has meant letting go of some of our colleagues as we right size to meet our anticipated future business needs, especially in the light of the economic forecasts that point towards challenging times ahead," it said. "We remain optimistic that, as the UAE

economy opens up, Emirates NBD will have the right structure to continue to support customers and help businesses grow and prosper." A second source said the cuts will likely include employees from the private banking arm and other parts of Emirates NBD. "It was already in the plan for 2020, especially with the digitalization of the bank, but the impact of coronavirus accelerated it," one of the sources said. Emirates NBD planned to invest AED1bn in digital technology over four years ending 2020. (Reuters)

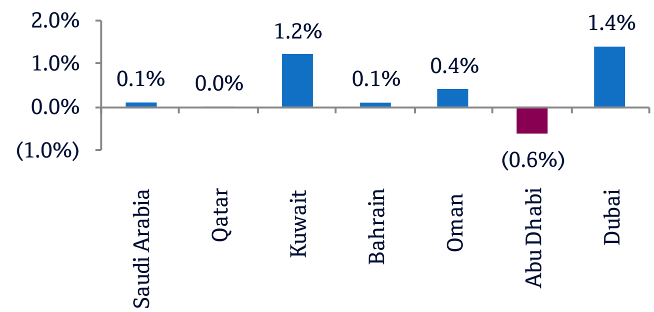
- **Dubai Islamic Bank sells $300mn in 2026 Sukuk reopening, document shows –** Dubai Islamic Bank (DIB), the largest Islamic lender in the UAE, sold $300mn in a reopening of its existing Sukuk issuance maturing in 2026, a document showed on Tuesday. The bank set the spread at 240 basis points (bps) over mid swaps for the so-called "tap" of the Islamic bonds, tightening from an initial price guidance of about 250 bps over mid swaps, the document from a bank arranging the deal showed. Under a bond tap, an existing transaction is reopened for subscription, using the same documentation as before. DIB received about $600mn in orders for the tap. Earlier this month, the bank sold $1bn in Sukuk due in January 2026. The issuance is due to be settled on June 30. DIB, Emirates NBD Capital, First Abu Dhabi Bank, HSBC, the Islamic Corporation for the Development of the Private Sector and Standard Chartered arranged the sukuk reopening. (Reuters)
- **ADNOC infrastructure deal backed by $8bn bridge financing –** A consortium of international investors obtained an $8bn bridge loan provided by 17 banks for a gas infrastructure deal Abu Dhabi National Oil Company (ADNOC) announced on Tuesday, sources said. ADNOC said earlier it had signed a $10bn deal with investors including Global Infrastructure Partners, Brookfield Asset Management, Singapore's sovereign wealth fund GIC, Ontario Teachers' Pension Plan Board, NH Investment & Securities and Italy's Snam. The investors will acquire a 49% stake in ADNOC Gas Pipeline Assets, a newly formed subsidiary of ADNOC with lease rights to 38 pipelines, with ADNOC holding the remaining 51% majority stake, the company said. The pipeline assets were valued at $20.7bn. The acquisition was backed by an $8bn bridge loan provided by 17 banks, said three sources familiar with the matter. The bank group includes Abu Dhabi Commercial Bank, BNP Paribas, Credit Agricole, Emirates NBD, First Abu Dhabi Bank, HSBC, Japan's MUFG, Societe Generale, and Standard Chartered. The financing, which received commitments of almost $14bn, has a duration of two years and two six-month extension options. The group of investors plans to replace the loan with a bond issuance at or before its maturity, the sources said. ADNOC will keep a tight lid on its cost amid low oil prices and a gradual recovery in global energy demand, the company's Chief Executive told Reuters. Sultan al-Jaber also said that ADNOC will continue to work with strategic investors to attract foreign capital and focus on maximizing value from its resources. (Reuters)
- **Kuwait sells KD200mn 91-day bills; bid-cover at 13.36x –** Kuwait sold KD200mn of 91-day bills due on September 22, 2020. Investors offered to buy 13.36 times the amount of securities sold. The bills have a yield of 1.25% and settled on June 23, 2020. (Bloomberg)
- **Moody's downgrades Oman for a second time in 2020 as oil dips –** Oman's sovereign rating was cut for a second time this year by Moody's Investors Service as a lower crude price environment will likely slash the Gulf nation's oil revenue. The rating company downgraded the sovereign a notch lower to Ba3 -- three levels into its non-investment grade scale, and changed its outlook to negative, according to a statement. In March, Moody's put Oman on review for the downgrade, saying the country's low fiscal strength will likely place pressure on its finances. Its assessment is now on par with S&P and one level below that of Fitch Ratings. "The downgrade reflects the conclusion that in a lower oil price environment, which Moody's now assumes will persist into the medium term, the government will unlikely be able to significantly offset the oil revenue loss and avoid a large and durable deterioration in its debt and debt affordability metrics or erosion of its fiscal and foreign currency buffers," according to the statement. (Bloomberg)
- **Oman switches to fiscal surplus after spending cuts –** Oman switched to a fiscal surplus in the first four months of the year after it cut public spending amid low oil prices and the coronavirus crisis, official figures showed. While other Gulf states resorted to debt to fill state coffers, Oman - which has over $20bn in outstanding bonds rated junk by major rating agencies - has avoided international markets after a spike in borrowing costs in recent months. But severe cuts in public expenditure have led to a surplus of OMR134.2mn in January-April from a deficit of OMR133.2mn a year earlier, the figures released by the national statistics agency showed. "Fiscal consolidation through expenditure rationalization and sharper non-oil revenue generation is showing up in the statistics," Head of MENA research and strategy at MUFG, Ehsan Khoman said. Between March and April Oman's finance ministry directed government agencies to implement several cuts to their operational and development budgets. It reduced spending for defence and security from January to April by over 17% YoY to OMR838.8mn and development expenditure for civil ministries during the same period by nearly 48% to OMR171.2mn, the figures showed. (Reuters)
- **Oman launches loan program for businesses affected by coronavirus outbreak –** Oman's ruler Haitham bin Tariq Al-Said on Tuesday announced an emergency interest-free loan program for businesses most affected by the coronavirus pandemic, especially small and medium sized firms, state television reported. (Reuters)
- **Bahrain sells BHD100mn 364-day bills; bid-cover at 1.04x –** Bahrain sold BHD100mn of 364-day bills due on June 24, 2021. Investors offered to buy 1.04 times the amount of securities sold. The bills were sold at a price of 97.253, having a yield of 2.79% and will settle on June 25, 2020. (Bloomberg)

Rebased Performance



Source: Bloomberg

Daily Index Performance



Source: Bloomberg

Asset/Currency Performance	Close ($)	1D%	WTD%	YTD%
Gold/Ounce	1,768.41	0.8	1.4	16.6
Silver/Ounce	17.94	1.3	1.8	0.5
Crude Oil (Brent)/Barrel (FM Future)	42.63	(1.0)	1.0	(48.1)
Crude Oil (WTI)/Barrel (FM Future)	40.37	(0.9)	1.6	(42.5)
Natural Gas (Henry Hub)/MMBtu	1.59	(0.6)	8.9	(23.9)
LPG Propane (Arab Gulf)/Ton	51.50	(0.7)	0.2	24.8
LPG Butane (Arab Gulf)/Ton	49.75	(1.2)	(1.3)	(25.1)
Euro	1.13	0.4	1.2	0.8
Yen	106.52	(0.4)	(0.3)	(1.9)
GBP	1.25	0.4	1.4	(5.6)
CHF	1.06	0.3	0.8	2.4
AUD	0.69	0.3	1.4	(1.3)
USD Index	96.65	(0.4)	(1.0)	0.3
RUB	68.85	(0.3)	(0.9)	11.1
BRL	0.19	1.9	3.1	(22.0)

Source: Bloomberg

Global Indices Performance	Close	1D%*	WTD%*	YTD%*
MSCI World Index	2,236.04	0.8	1.2	(5.2)
DJ Industrial	26,156.10	0.5	1.1	(8.3)
S&P 500	3,131.29	0.4	1.1	(3.1)
NASDAQ 100	10,131.37	0.7	1.9	12.9
STOXX 600	367.4	1.3	0.5	(11.6)
DAX	12,523.76	2.1	1.6	(5.5)
FTSE 100	6,320.12	1.2	0.4	(16.2)
CAC 40	5,017.68	1.4	0.8	(16.1)
Nikkei	22,549.05	0.5	0.3	(4.7)
MSCI EM	1,014.62	1.4	1.3	(9.0)
SHANGHAI SE Composite	2,970.62	0.2	0.1	(2.6)
HANG SENG	24,907.34	1.6	1.1	(11.6)
BSE SENSEX	35,430.43	1.5	2.0	(14.1)
Bovespa	95,975.20	0.7	(0.6)	(17.0)
RTS	1,281.18	1.9	2.5	(17.3)

Source: Bloomberg (*$ adjusted returns)

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