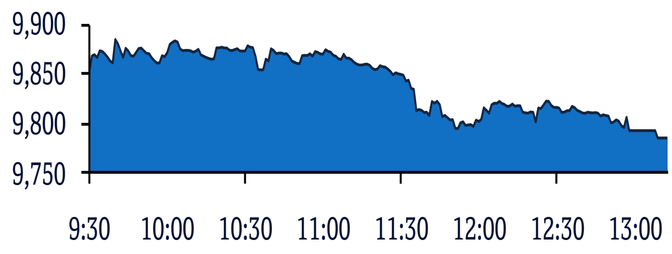
Daily Market Report

Thursday, 24 September 2020

QSE Intra-Day Movement



Qatar Commentary

The QE Index declined 0.5% to close at 9,787.3. Losses were led by the Real Estate and Industrials indices, falling 1.2% and 1.1%, respectively. Top losers were Mazaya Qatar Real Estate Development and Aamal Company, falling 9.4% and 5.9%, respectively. Among the top gainers, Qatar Cinema & Film Distribution Company gained 5.7%, while Ooredoo was up 2.4%.

GCC Commentary

Saudi Arabia: Market was closed on September 23, 2020.

Dubai: The DFM Index gained 0.9% to close at 2,285.5. The Insurance and Banks indices rose 1.5% each. Dubai Islamic Insurance Company rose 12.6%, while Dar Al Takaful was up 5.6%.

Abu Dhabi: The ADX General Index fell 0.2% to close at 4,490.2. The Real Estate index declined 0.9%, while the Industrial index fell 0.4%. National Bank of Umm Al Qaiwain declined 5.0%, while Eshraq Investments was down 4.2%.

Kuwait: The Kuwait All Share Index gained 0.8% to close at 5,624.4. The Technology index rose 2.2%, while the Insurance index gained 1.4%. Munshaat Real Estate Project rose 15.0%, while Al Masaken Intl Real Estate was up 9.9%.

Oman: The MSM 30 Index fell 0.1% to close at 3,621.7. The Financial index declined 0.4%, while the other indices ended in green. Vision Insurance declined 4.3%, while Oman Arab Bank was down 3.8%.

Bahrain: The BHB Index gained 0.6% to close at 1,450.9. The Commercial Banks index rose 0.8%, while the Services index gained 0.4%. Al Salam Bank-Bahrain and Ahli United Bank were up 1.3% each.

Market Indicators	23 Sep 20	22 Sep 20	%Chg.
Value Traded (QR mn)	720.7	543.4	32.6
Exch. Market Cap. (QR mn)	574,651.8	579,797.7	(0.9)
Volume (mn)	359.0	320.6	12.0
Number of Transactions	11,976	11,377	5.3
Companies Traded	46	46	0.0
Market Breadth	6:36	37:6	–

Market Indices	Close	1D%	WTD%	YTD%	TTM P/E
Total Return	18,815.70	(0.5)	(1.6)	(1.9)	15.9
All Share Index	3,016.36	(0.7)	(1.9)	(2.7)	16.6
Banks	4,021.05	(0.8)	(1.9)	(4.7)	13.5
Industrials	2,941.93	(1.1)	(3.8)	0.3	25.6
Transportation	2,777.33	(1.0)	(2.3)	8.7	13.2
Real Estate	2,016.71	(1.2)	2.9	28.9	16.5
Insurance	2,063.07	0.2	0.4	(24.6)	32.8
Telecoms	899.75	1.5	(0.6)	0.5	15.2
Consumer	7,889.35	(0.5)	(1.6)	(8.8)	24.8
Al Rayan Islamic Index	4,116.40	(0.8)	(1.2)	4.2	19.2

GCC Top Gainers##	Exchange	Close#	1D%	Vol. '000	YTD%
Burgan Bank	Kuwait	0.21	2.9	8,638.7	(29.9)
Gulf Bank	Kuwait	0.23	2.7	17,673.0	(23.8)
Ooredoo	Qatar	6.66	2.4	10,918.7	(6.0)
Dubai Islamic Bank	Dubai	4.30	2.4	7,686.1	(22.0)
Emaar Malls	Dubai	1.49	2.1	4,935.2	(18.6)

GCC Top Losers##	Exchange	Close#	1D%	Vol. '000	YTD%
Barwa Real Estate Co.	Qatar	3.34	(2.3)	3,959.5	(5.6)
National Bank of Oman	Oman	0.17	(1.8)	123.0	(10.3)
The Commercial Bank	Qatar	3.93	(1.7)	2,546.5	(16.4)
Qatar Gas Transport Co.	Qatar	2.63	(1.5)	7,693.6	10.0
Qatar Int. Islamic Bank	Qatar	8.22	(1.2)	847.2	(15.1)

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%
Qatar Cinema & Film Distribution	4.11	5.7	4.1	86.8
Ooredoo	6.66	2.4	10,918.7	(6.0)
United Development Company	1.90	1.6	126,723.3	25.0
Qatar Insurance Company	2.03	0.9	490.0	(35.8)
Zad Holding Company	15.40	0.1	268.8	11.4

QSE Top Volume Trades	Close*	1D%	Vol. '000	YTD%
United Development Company	1.90	1.6	126,723.3	25.0
Mazaya Qatar Real Estate Dev.	1.10	(9.4)	40,195.7	53.0
Qatar Aluminium Manufacturing	1.00	(2.6)	23,204.1	28.6
Investment Holding Group	0.62	(2.2)	22,434.1	10.1
Baladna	2.00	(3.8)	18,473.3	100.0

QSE Top Losers	Close*	1D%	Vol. '000	YTD%
Mazaya Qatar Real Estate Dev.	1.10	(9.4)	40,195.7	53.0
Aamal Company	0.92	(5.9)	6,275.8	13.4
Qatar Oman Investment Co.	0.85	(5.3)	10,358.8	27.1
Alijarah Holding	1.10	(5.2)	16,119.8	56.5
INMA Holding	4.13	(5.0)	2,328.9	117.3

QSE Top Value Trades	Close*	1D%	Val. '000	YTD%
United Development Company	1.90	1.6	243,802.1	25.0
Ooredoo	6.66	2.4	72,146.6	(6.0)
Mazaya Qatar Real Estate Dev.	1.10	(9.4)	46,434.4	53.0
QNB Group	17.51	(0.9)	45,130.3	(15.0)
Baladna	2.00	(3.8)	37,272.8	100.0

Source: Bloomberg (* in QR)

Regional Indices	Close	1D%	WTD%	MTD%	YTD%	Exch. Val. Traded ($ mn)	Exchange Mkt. Cap. ($ mn)	P/E**	P/B**	Dividend Yield
Qatar*	9,787.27	(0.5)	(1.6)	(0.6)	(6.1)	195.60	155,960.5	15.9	1.5	4.1
Dubai	2,285.46	0.9	(1.5)	1.8	(17.3)	79.27	86,528.5	8.6	0.8	4.2
Abu Dhabi	4,490.23	(0.2)	(0.5)	(0.6)	(11.5)	90.23	182,123.8	16.4	1.3	5.4
Saudi Arabia#	8,244.82	(0.6)	(1.1)	3.8	(1.7)	2,611.77	2,470,186.3	30.1	2.0	2.5
Kuwait	5,624.39	0.8	3.3	6.2	(10.5)	221.33	105,766.9	30.2	1.4	3.5
Oman	3,621.66	(0.1)	(0.7)	(4.0)	(9.0)	2.81	16,328.9	10.8	0.7	6.8
Bahrain	1,450.91	0.6	1.1	5.1	(9.9)	5.55	22,007.3	13.5	0.9	4.8

Source: Bloomberg, Qatar Stock Exchange, Tadawul, Muscat Securities Market and Dubai Financial Market (** TTM; * Value traded ($ mn) do not include special trades, if any; #Data as of September 22, 2020)

Qatar Market Commentary

- The QE Index declined 0.5% to close at 9,787.3. The Real Estate and Industrials indices led the losses. The index fell on the back of selling pressure from Arab and Foreign shareholders despite buying support from Qatari and GCC shareholders.
- Mazaya Qatar Real Estate Development and Aamal Company were the top losers, falling 9.4% and 5.9%, respectively. Among the top gainers, Qatar Cinema & Film Distribution Company gained 5.7%, while Ooredoo was up 2.4%.
- Volume of shares traded on Wednesday rose by 12.0% to 359.0mn from 320.6mn on Tuesday. Further, as compared to the 30-day moving average of 355.2mn, volume for the day was 1.1% higher. United Development Company and Mazaya Qatar Real Estate Development were the most active stocks, contributing 35.3% and 11.2% to the total volume, respectively.

Overall Activity	Buy %*	Sell %*	Net (QR)
Qatari Individuals	52.14%	49.19%	21,264,138.8
Qatari Institutions	23.46%	24.51%	(7,532,259.8)
Qatari	**75.60%**	**73.70%**	**13,731,879.1**
GCC Individuals	1.04%	0.71%	2,389,462.2
GCC Institutions	1.22%	1.20%	137,302.7
GCC	**2.26%**	**1.91%**	**2,526,764.9**
Arab Individuals	12.30%	14.22%	(13,851,029.3)
Arab	**12.30%**	**14.22%**	**(13,851,029.3)**
Foreigners Individuals	3.88%	3.58%	2,223,154.9
Foreigners Institutions	5.96%	6.60%	(4,630,769.6)
Foreigners	**9.85%**	**10.18%**	**(2,407,614.7)**

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
09/23	US	Mortgage Bankers Association	MBA Mortgage Applications	18-Sep	6.8%	–	-2.5%
09/23	US	Markit	Markit US Manufacturing PMI	Sep	53.5	53.5	53.1
09/23	US	Markit	Markit US Services PMI	Sep	54.6	54.7	55.0
09/23	US	Markit	Markit US Composite PMI	Sep	54.4	–	54.6
09/23	UK	Markit	Markit UK PMI Manufacturing SA	Sep	54.3	54.0	55.2
09/23	UK	Markit	Markit/CIPS UK Services PMI	Sep	55.1	55.9	58.8
09/23	UK	Markit	Markit/CIPS UK Composite PMI	Sep	55.7	56.1	59.1
09/23	EU	Markit	Markit Eurozone Manufacturing PMI	Sep	53.7	51.9	51.7
09/23	EU	Markit	Markit Eurozone Services PMI	Sep	47.6	50.6	50.5
09/23	EU	Markit	Markit Eurozone Composite PMI	Sep	50.1	51.9	51.9
09/23	Germany	GfK AG	GfK Consumer Confidence	Oct	-1.6	-0.8	-1.7
09/23	Germany	Markit	Markit/BME Germany Manufacturing PMI	Sep	56.6	52.5	52.2
09/23	Germany	Markit	Markit Germany Services PMI	Sep	49.1	53.0	52.5
09/23	Germany	Markit	Markit/BME Germany Composite PMI	Sep	53.7	54.0	54.4
09/23	France	Markit	Markit France Manufacturing PMI	Sep	50.9	50.6	49.8
09/23	France	Markit	Markit France Services PMI	Sep	47.5	51.5	51.5
09/23	France	Markit	Markit France Composite PMI	Sep	48.5	51.9	51.6
09/23	Japan	Markit	Jibun Bank Japan PMI Mfg	Sep	47.3	–	47.2
09/23	Japan	Markit	Jibun Bank Japan PMI Services	Sep	45.6	–	45.0
09/23	Japan	Markit	Jibun Bank Japan PMI Composite	Sep	45.5	–	45.2

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

Earnings Calendar

Tickers	Company Name	Date of reporting 3Q2020 results	No. of days remaining	Status
MARK	Masraf Al Rayan	11-Oct-20	17	Due
QIGD	Qatari Investors Group	19-Oct-20	25	Due
DHBK	Doha Bank	27-Oct-20	33	Due
UDCD	United Development Company	28-Oct-20	34	Due

Source: QSE

Qatar

- **Region's largest solar-powered charging station planned in Lusail –** The region's largest solar-powered charging station for electric vehicles will be established in Lusail City, the Ministry of Transport and Communications (MoTC) has said. Informing this Wednesday, the MoTC said in a statement that 25% of the public transit bus fleet in Qatar would become electric by 2022. "Public buses, government school buses and Doha Metro feeder buses will gradually shift to electrification, thus hitting the rollout percentage that is required to reduce harmful carbon emissions from buses by 2030, in addition to honoring the concerted efforts that aim to maintain environmental sustainability," the ministry stressed. This comes as the MoTC is executing the electric vehicle strategy it has developed in collaboration with the bodies concerned, and which is part of its strategy to provide an integrated, world-class, multi-modal transportation system that offers safe, reliable and eco-friendly services in line with the pillars of Qatar National Vision 2030 for social, economic and environmental development. The electrified buses will be used during the FIFA World Cup Qatar 2022, making it the first championship where electric mass transit buses will be deployed. This is a move that clearly demonstrates Qatar's commitment to clean energy solutions for transportation in the world and supporting the determination to host an exceptional, eco-friendly, carbon-neutral event, the statement notes. (Gulf-Times.com)
- **Real Estate trading volume exceeds QR995mn during September 13-17 –** The volume of real estate trading in sales contracts registered at the Department of Real Estate Registration at the Ministry of Justice during the period from September 13 to September 17 reached QR995,860,160. The weekly bulletin issued by the Department showed that the list of real estate properties traded for sale included vacant lands, houses, residential buildings and towers and multi-purpose vacant land. The sales were concentrated at the municipalities of Al Rayyan, Doha, Al Wakrah, Al Daayen, Umm Salal, Al Khor, Al Dhakhira and Al Shamal. The volume of real estate trading from September 6 to September 10 reached QR617,175,935. (Bloomberg)
- **Ashghal completes main works of upgrading Wadi Al Ghadeeriyat Street –** As part of its plan to improve the efficiency of the existing road network in Doha City, the Public Works Authority 'Ashghal' announced the completion of the main works of upgrading Wadi Al Ghadeeriyat Street at a total length of 1 kilometer, in addition to the improvement of infrastructure utilities and construction of a 2.4-kilometers-long service road for the Central Market Street to facilitate local access and regulate traffic flow around the Central Market in Bu Hamour Area. This comes as part of the Road Improvement Works for Junctions and Roundabouts in Various Areas of Greater Doha, Phase 5. (Peninsula Qatar)
- **MADLSA plans to develop foreign workers' recruitment mechanisms –** In a presentation on its strategic plan before the Cabinet yesterday, the Ministry of Administrative Development, Labor and Social Affairs (MADLSA) has revealed many projects including the one for localization of jobs in the private sector. The Minister of Administrative Development, Labor and Social Affairs, HE Yousef bin Mohammed Al Othman Fakhro, revealed the projects of the Ministry to localize jobs in the private sector, describe and classify foreign workers according to the skill level, develop mechanisms for recruiting foreign workers and implement minimum wages and strengthen wages protection system. HE Minister of Administrative Development, Labor and Social Affairs gave a presentation on the strategic plan for the Ministry of Administrative Development, Labor and Social Affairs. (Peninsula Qatar)
- **Minister calls for speeding up building permit procedures –** Organized by the Ministry of Municipality and Environment via video conference, the first annual planning forum's activities continued yesterday with the participation of a number of assistant undersecretaries and directors of municipalities and departments. During the sessions, HE the Minister of Municipality and Environment Abdullah bin Abdulaziz bin Turki Al-Subaie called for developing and speeding up the building permit procedures, educating consultants and owners, and coordinating with the concerned service agencies in the State, with the aim of reducing the period of issuing the license and working to overcome any obstacles related to the permit or the building completion certificate and solving related issues. He noted the importance of having a clear indicator of issuing the license for all categories of projects. HE Al-Subaie affirmed the importance and role of the Center for Geographic Information Systems (CGIS), as it has a huge infrastructure as well as programmed that the sectors of the ministry can benefit from in many fields, whether public hygiene, waste recycling, urban planning, environmental matters or others. (Peninsula Qatar)
- **SMEs' commitment to the climate initiative enhances their competitiveness –** A coalition of major organizations has announced the launch of a groundbreaking one-stop-shop climate action platform for small and medium-sized enterprises (SMEs) to curb carbon emissions, build business resilience, and gain competitive advantage. The SME Climate Hub, co-hosted by the International Chamber of Commerce (ICC), the Exponential Roadmap Initiative, the We Mean Business coalition, and the UN Race to Zero campaign, was launched at the 2020-edition of New York Climate Week. The SME Climate Hub is made possible by the We Mean Business coalition's partnership with Amazon. Announced in June, a key part of the partnership is focused on mobilizing supply chains, including SMEs, to take and scale-up measurable and direct action on climate change. The SME Climate Hub will encourage small and medium-sized companies to commit to halving greenhouse gas emissions before 2030 and reaching net-zero emissions before 2050. SMEs making this commitment, which will be globally recognized by the UN Race to Zero campaign, will be able to take advantage of accessible tools and resources to help them reduce emissions and build business resilience. The platform will couple these tailored resources with opportunities for businesses to unlock direct commercial incentives. "SME Climate Hub is a

flagship initiative aimed at helping small and medium-sized enterprises reduce carbon emissions and increase their competitiveness through adopting innovative green solutions. "SMEs commitment to this initiative will mainly contribute to curbing climate change and at the same time will benefit these companies by reducing costs, increasing their competitiveness, and developing their businesses," said Sheikh Khalifa bin Jassim Al-Thani, who is Chairman of Qatar Chamber and ICC Qatar. (Gulf-Times.com)

International

- **IMF official warns coronavirus will weigh on some economies for years** – The coronavirus crisis is lasting longer than expected and it will take some countries years to return to growth, the No. 2 official at the International Monetary Fund (IMF) said on Wednesday. The Fund has provided some $90bn in total financing to 79 countries, including 20 in Latin America, since the start of the health crisis, an IMF spokeswoman said. It is continuing to work with member countries on how to contain the pandemic and mitigate its economic impact, First Deputy Managing Director Geoffrey Okamoto told an online event hosted by the Center for Strategic and International Studies. "We're trying to preserve our financial firepower," Okamoto said. "We're talking about a ... return to growth that's going to take a few years, and many countries along the way that are probably going to need assistance." Latin American and Caribbean economies are the hardest hit in the world by the pandemic, reporting around 8.4mn coronavirus cases, and more than 314,000 deaths, both figures being the highest of any region. (Reuters)
- **US markets regulator approves raising shareholder proposal thresholds –** The US Securities and Exchange Commission voted 3-2 on Wednesday to make it tougher for shareholders to push companies on issues such as climate change, social justice and diversity, with Democratic commissioners dissenting against the move. The rule, first proposed last November, raises the bar on how long investors have to hold $2,000 worth of stock before they can submit a shareholder proposal to be included on the company's annual ballot and how much support they must receive before resubmitting it. The guidelines on how much support proposals must receive to be resubmitted have not changed since 1954. "Shareholder proposals impose costs on companies and non-proponent shareholders. These costs are significant," said SEC Chairman Jay Clayton. "There is a risk ... that shareholder-proponents would use the proposal process in a way that does not benefit the company or its other shareholders." Caroline Crenshaw, a Democrat and the newest SEC commissioner, said many proposals related to the COVID-19 pandemic and climate risk will now no longer make corporate ballots. The SEC, which received blowback from many investors and shareholder advocates on the rule, moved away from a contentious change that would have allowed companies to exclude proposals that received falling levels of support, a development Reuters reported first. The SEC felt that change was "not necessary," an official said on background. Corporate lobbying groups, including the US Chamber of Commerce, have pushed to rein in shareholder proposals and have argued that the bar for resubmitting them should be higher to stop niche issues with diminishing levels of support from clogging up company ballots. The chamber commended the SEC for the change, saying the old rule "allowed special interest activists to push narrow agendas unrelated to the success of public companies and investor return." (Reuters)
- **US business activity slows, house price inflation accelerates –** US business activity cooled in September, with gains at factories offset by a retreat at services industries, suggesting a loss of momentum in the economy as the third quarter draws to a close and COVID-19 lingers. The economy's recovery from the pandemic recession is losing speed as government financial help to businesses and the unemployed dries up. Federal Reserve Chair Jerome Powell told lawmakers on Wednesday that Congress and the US central bank needed to remain focused on supporting the recovery. "We need to stay with it ... the recovery will go faster if there is support coming both from Congress and the Fed," Powell said. Data firm IHS Markit said its flash US Composite PMI Output Index, which tracks the manufacturing and services sectors, slipped to a reading of 54.4 this month from 54.6 in August. A reading above 50 indicates growth in private sector output. Though the private sector continues to expand, this month's dip in the index was in line with views that the economy's momentum was ebbing. GDP is expected to rebound at as much as a record 32% annualized rate in the third quarter after tumbling at a 31.7% rate in the April-June period, the worst performance since the government started keeping records in 1947. The coronavirus crisis wiped out more than five years of growth, and economists are calling for another aid package from the government to help the fragile recovery. The economy slipped into recession in February. (Reuters)
- **Fed's Evans says he expects 2% inflation by 2023, but no rate hikes –** Chicago Federal Reserve President Charles Evans said Wednesday he does not expect the US central bank to increase interest rates through at least 2023, though he does expect inflation to reach the Fed's 2% goal by then. For inflation, he told reporters on a video call, "it's just a slow slog beyond that - I've got an overshoot in the out years, but that's premised on continued accommodation and better fiscal policy as well." The most important factors for the recovery over the next six to 18 months, he said, are greater fiscal support and better control over the COVID-19 pandemic. (Reuters)
- **UK's post-lockdown recovery loses steam as household demand weakens –** Britain's recovery from the coronavirus lockdown lost some momentum this month, a business survey showed, as consumer-facing sectors suffered from the end of a government subsidy to support restaurants and more general COVID-related worries. The IHS Markit/CIPS flash composite Purchasing Managers' Index (PMI) dropped to a three-month low of 55.7 in September after hitting a six-year high of 59.1 in August, a slightly larger drop than economists had forecast in a Reuters poll. The preliminary survey, published on Wednesday, still showed strong growth in Britain's services and manufacturing sectors, but reflected a slowdown in new orders and the weakest confidence about future output since May. British gross domestic product fell more than 20% during the second quarter, the biggest drop of any G7 economy, and the Bank of England expects third-quarter output to be around 7% below its level before the crisis. British businesses performed better than those in the Eurozone, where PMI data on Wednesday showed growth

ground to a halt in September due to a resurgence in COVID-19 cases. Prime Minister Boris Johnson told Britons on Tuesday to work from home where possible and ordered restaurants and bars to close early to tackle a fast-spreading second wave of COVID-19, with new restrictions lasting probably six months. (Reuters)

- **Sunak to offer lifeline to furloughed workers –** British finance minister Rishi Sunak will announce new plans to support jobs on Thursday, as fears mount of a surge in unemployment when an existing 52bn Pound ($66bn) support program comes to an end in just over a month. Sunak has ruled out a wholesale extension of the Coronavirus Job Retention Scheme, which supported 8.9mn private-sector jobs at its peak in May, but a growing second wave of COVID-19 cases has piled pressure on him to announce a replacement. “As our response to coronavirus adapts, tomorrow afternoon I will update the House of Commons on our plans to continue protecting jobs through the winter,” Sunak said in an unexpected statement on Wednesday. A finance ministry source said Sunak would not be holding a full budget before the end of the year, as previously planned, due to the economic uncertainty created by rising COVID cases, which this week showed their biggest daily increase since May. On Tuesday, the government dealt a blow to the hospitality sector by ordering bars and restaurants to shut by 10 p.m., halving the maximum number of people allowed at weddings and backtracking on calls for employees to return to offices, rather than working from home. Curbs on socializing were likely to last another six months, Prime Minister Boris Johnson warned in a national address. The BBC reported that Sunak would announce more financial help for people and businesses where jobs were at risk, probably through the form of wage subsidies for staff who return part-time, but would not target help at specific sectors. Sunak has previously said he would be “creative” in finding a way to support jobs, and foreign minister Dominic Raab told Sky News earlier in the day that the government was looking at a range of measures but would not extend the existing scheme. (Reuters)
- **Eurozone economic recovery in danger as services slide –** Eurozone business growth ground to a halt this month, throwing the economic recovery into question, as fresh restrictions to quell a resurgence in coronavirus infections slammed the services industry into reverse, a survey showed on Wednesday. The renewed downturn in the dominant services sector, which is likely to be hit harder by new constraints on activity imposed across the 19-country Eurozone, more than offset the strongest manufacturing growth in two years. “Alarm bells should be going off about the pace of the recovery at the moment as the number of new COVID-19 cases has been flaring up,” said Bert Colijn at ING. “For governments and the European Central Bank, this will be a wake-up call, if they needed one.” IHS Markit’s flash Purchasing Managers’ Index sank to 50.1 in September from August’s 51.9, only just above the 50-mark separating growth from contraction and well below the median forecast in a Reuters poll for a modest dip to 51.7. Tough lockdown measures to halt the spread of the virus brought economic activity to a virtual standstill at the height of the pandemic’s first wave in the spring. Most measures were relaxed as infection rates fell sharply and recent data have suggested the continent weathered the COVID-induced recession better than many feared. But Wednesday’s gloomy survey of private sector businesses suggested “the recovery is grinding to a halt, at least outside the German manufacturing sector”, said Jessica Hinds at Capital Economics. (Reuters)
- **German cabinet approves second-highest net new debt since World War Two in 2021 budget –** The German cabinet on Wednesday approved Finance Minister Olaf Scholz’s draft budget for next year which envisages net new debt of 96.2bn Euros ($112.43bn) to finance further measures to tackle the coronavirus crisis, an official said. The additional borrowing marks the second-highest amount of net new debt in Europe’s largest economy since the end of World War Two and comes after the government already took on record high borrowing of some 218bn Euros this year. The budget underlines Scholz’s determination to move Germany further away from its former image as Europe’s austerity champion and secure Berlin’s new role as the biggest spender in the euro zone’s struggle to recover from the coronavirus shock. The fiscal plans require Germany to suspend its constitutionally enshrined debt limits in 2021 after parliament already abandoned them this year. From 2022 onwards, Germany plans to stick to its debt brake rules again, limiting borrowing to a tiny fraction of gross domestic product. The government’s mid-term fiscal plans envisage net new debt of 10.5bn Euros in 2022, 6.7bn Euros in 2023 and 5.2bn Euros in 2024. This means Germany is not planning to return to its ultra-prudent fiscal policy of keeping a balanced budget. (Reuters)
- **Spain's second-quarter GDP falls less than expected, still worst decline on record –** The Spanish economy shrank less than previously reported in the second quarter, but the contraction was still the worst on record as the coronavirus pandemic brought the country to a halt, the national statistics office said on Wednesday. The economy contracted by 17.8% quarter-on-quarter and 21.5% YoY, compared with readings of 18.5% and 22.1% in an initial estimate released in late July. Spanish authorities imposed one of Europe’s strictest lockdowns to curb the pandemic from mid-March to late June, triggering one of the deepest recessions in the region. A 20.4% quarterly drop in household spending dragged the economy down, alongside a 22.1% drop in investment and a 33.4% decline in exports of goods and services. Retail and hospitality collapsed with a 39.6% drop, as travel restrictions and COVID fears kept tourists away. Recent indicators have shown that the economy has partly recovered during the third quarter and should grow more than 10%, Economy Minister Nadia Calvino said last week. Restrictions on travel have hampered the recovery of the tourism-dependent Spanish economy. August hotel-occupancy data showed tourism was still suffering, with bookings by Britons, the largest tourist group by nationality in Spain, dropping 91%. One of the rare sectors that contributed to the economy was agriculture, growing 3.6%. Public spending grew by 0.3%. Spain has the highest number of COVID-19 cases in Western Europe, with over 682,000 infections and nearly 31,000 deaths as of Tuesday. (Reuters)
- **BOJ Kuroda says may extend deadline for aid to pandemic-hit firms –** Bank of Japan Governor Haruhiko Kuroda said the central bank was ready to extend its programs aimed at easing corporate funding strains that expire early next year, as the coronavirus pandemic keeps the economic outlook highly uncertain. He also reiterated the BOJ’s resolve to work closely with the government

in battling headwinds to Japan's recovery such as the fallout from US-China tensions and protectionism. "There's a good possibility we will extend the deadline for the programs if needed, depending on the impact of COVID-19," Kuroda told a news conference after his online meeting with business leaders in Osaka, western Japan, on Wednesday. "We'll make the decision at an appropriate timing and won't wait until the last minute," he added. The BOJ ramped up purchases of corporate debt and created a lending facility to pump money to firms hit by COVID-19, as part of efforts to cushion the economic blow from the pandemic. Both programs end in March next year, unless the BOJ's board votes to extend the deadline. "It's true corporate funding remains tight. We'll of course monitor developments carefully and take additional easing steps without hesitation if necessary," Kuroda told the Osaka business leaders. "We'd like to continue supporting corporate funding, working closely with the government," he said. Kuroda made the remarks after meeting Prime Minister Yoshihide Suga earlier in the day. It was their first meeting since Suga was elected as Japan's new leader this month. With the immediate hit from the pandemic easing, the BOJ kept monetary policy steady last week and upgraded its view on the economy to say it was starting to pick up. (Reuters)

- **Brazil's steep rate curve should pose no threat to government funding –** Despite a spike in Brazil's long-term interest rates serving as a "warning" to remedy public finances, the central bank's record low official interest rate means there is little risk - if any - to the government's ability to service its ballooning debt. The steepening of the Brazilian rate curve reflects investors demanding higher premiums to lend longer term to the government due to growing worries over its ability to reduce record pandemic-fueled borrowing. Treasury Secretary Bruno Funchal told Reuters this week the spike in market-based rates was a "warning" and said policymakers have "no room for error" to return to fiscal discipline. That, at least, is the orthodox narrative. But as the Treasury admits, the slide in the central bank's key Selic interest rate since last year to 2.00% has brought the average cost of funding the federal public debt to its lowest on record. As the minutes of the central bank's last policy meeting showed on Tuesday, the Selic is unlikely to be raised for a very long time, and could even be reduced further. As long as the Selic stays 'lower for longer', the Treasury's shift in strategy to increase short-term debt issuance could also help put a cap on borrowing costs. (Reuters)

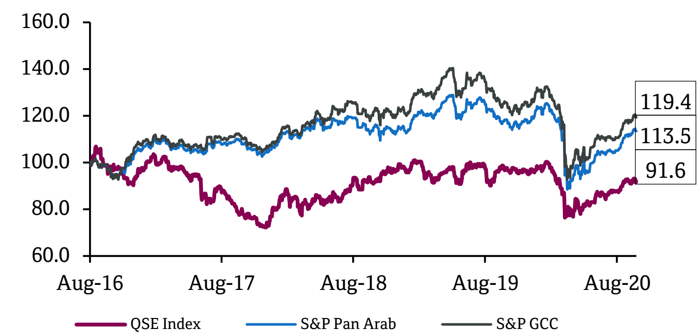
Regional

- **Saudi Arabia 'assessing all options' to stimulate economy –** Saudi Arabia is "assessing all the options" to boost its economy after taking painful measures to offset a sharp decline in oil revenue and deep economic contraction caused by restrictions to halt the spread of the coronavirus, the Kingdom's Commerce Minister, Majid Al-Qasabi said. "The impact of oil prices has affected Saudi Arabia's revenue and like any other country we have to adjust," he said. "The government is in continuous review of what is best for the people and the nation and its interests." An almost 40% drop in Brent crude prices over the past year, combined with production cuts to drain a supply glut, helped push Saudi Arabia's oil revenue down by 45% in the second quarter from a year earlier. In response, the government embarked on a range of austerity measures, cutting investment spending while also increasing taxes and slashing payouts to poorer families. However, the impact on citizens income has irked many. A recent broadcast of an interview with Finance Minister, Mohammed Al-Jadaan was bombarded with questions about the possibility of lowering VAT, which was introduced for the first time in 2018 and tripled to 15% this year, even though it was pre-recorded. (Bloomberg)
- **CBUAE: UAE's GDP growth for 2020 to contract by 5.2% –** The UAE economy is expected to face further contraction, with a decline in GDP of 5.2% in 2020 compared to an earlier forecast of a 3.5% decline, mainly due to business setbacks triggered by the coronavirus pandemic. In the UAE, many activities shut down in March, and the situation further deteriorated in the second quarter, resulting in negative real GDP growth in 2Q2020 dropping an estimated 7.8% YoY, the Central Bank of UAE (CBUAE) said in its quarterly review. "During the second quarter, there was a significant decline in economic activity in the UAE due to lockdowns which started in March and continued up to May. As a regional trade, tourism and transportation hub, the UAE economy was hit by the general ban on travel, while manufacturing production shrunk due to supply chain disruptions, limited export opportunities and subdued domestic demand," CBUAE said in its quarterly review. (Zawya)
- **UAE, Israel discuss energy, infrastructure cooperation –** The UAE and Israeli energy ministers have discussed possible cooperation and investment opportunities in oil, gas and green energy, UAE state news agency WAM reported on Wednesday. (Reuters)
- **Container giant Maersk to ship cargo between UAE and Israel –** Danish shipping giant Maersk said it will now transport ocean cargo between the United Arab Emirates and Israel, a further sign of business opening up after the two countries established full ties. Earlier this month Israel and the UAE signed an historic agreement to normalize relations, marking a big development in economic collaboration and ending a ban on trade between the Gulf Arab state and Israel. "We have opened up cargo acceptance between UAE and Israel following the lifting of the boycott," a Maersk spokesman said. (Reuters)
- **Israel's Mobileye, Dubai's Habtoor partner on self-driving cars –** Israel's Mobileye and UAE's Al Habtoor Group launched a partnership on Wednesday to create a fleet of self-driving "robotaxis" that could take to the streets of Dubai by the end of 2022. The deal is the latest collaboration to emerge after last week's historic accord between Israel and the UAE to normalize relations, though the companies began talking several months ago before news of a diplomatic breakthrough was made public. Jerusalem-based Mobileye, Intel Corp's autonomous car division, already has agreements to deploy its technology in cities in Japan, South Korea, France and Israel, and says Dubai was a natural choice. "Dubai is one of the most advanced cities in world," Mobileye CEO, Amnon Shashua told Reuters. "It is classic territory to launch technologies for smart cities and very natural to have Dubai for deploying autonomous cars." (Reuters)
- **Aramex reports fire in Morocoo warehouse; Loss Unknown –** Aramex has notified the market that on Tuesday, September 22, 2020, a portion of its warehouse facility in Casablanca, Morocco has unfortunately been damaged as a result of a fire outbreak. There were no injuries or fatalities as a result of the unfortunate

incident. The total financial loss as a result of the damage is still undetermined, and the company is currently, in cooperation with the relevant authorities, assessing the damages resulting from this accident. Any financial impact will be reflected in the company's 3Q2020 financial reports. Aramex confirms that it will continue to provide its services to customers as usual. The company will also keep the markets duly updated with further information once it becomes available. (DFM)

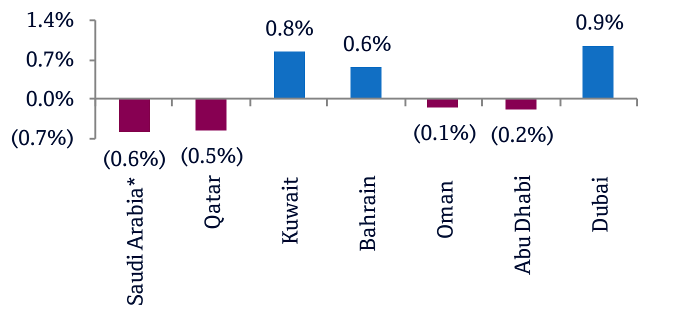
- **Oman's looming downgrades put upcoming auction in spotlight –** Oman will likely need to offer investors a generous yield premium for its first planned Eurobond sale in more than a year -- as its sovereign ratings threaten to slide deeper into Junk. Its dollar bonds have underperformed all Gulf Arab peers this month as risk-off sentiment has ruled. The three major credit assessors have a negative outlook on Oman's ratings which were downgraded by Moody's and Fitch a whopping two times each so far in 2020. According to Morgan Stanley, a cut to single-B category would rule the Sultanate out from many conservative emerging-market mandates, which used to be investment-grade only -- but have recently included BB exposure in the hunt for yield. Bahrain's bond sale earlier this month may serve as a preview of what to expect (the island Kingdom and Oman are the weakest links in the region). Bahrain initially offered indicative yields that were ~60bps higher than its existing yield curve. While the government eventually halved that extra premium when it priced its two-part deal, investors may still demand more from Oman. Bahrain's inability to pull off a 30-year tranche does not bode well for Oman either. Unlike Bahrain, the monarchy does not have a backstop credit line from its regional allies. Oman's bond yields are trading higher than Bahrain's, even though the sultanate's debt is rated one level higher by Fitch and S&P. (Bloomberg)
- **Bahrain sells BHD35mn 182-day bills at yield of 2.6% –** Bahrain sold BHD35mn of 182-day bills due on March 28, 2021. The bills were sold at a price of 98.703, have a yield of 2.6% and will settle on September 27, 2020. (Bloomberg)

Rebased Performance



Source: Bloomberg

Daily Index Performance



Source: Bloomberg (*Data as of September 22, 2020)

Asset/Currency Performance	Close ($)	1D%	WTD%	YTD%
Gold/Ounce	1,863.34	(1.9)	(4.5)	22.8
Silver/Ounce	22.78	(6.6)	(15.0)	27.6
Crude Oil (Brent)/Barrel (FM Future)	41.77	0.1	(3.2)	(36.7)
Crude Oil (WTI)/Barrel (FM Future)	39.93	0.8	(2.9)	(34.6)
Natural Gas (Henry Hub)/MMBtu	1.74	16.8	11.5	(16.7)
LPG Propane (Arab Gulf)/Ton	49.63	(0.3)	(2.7)	20.3
LPG Butane (Arab Gulf)/Ton	55.50	4.7	(3.1)	(15.3)
Euro	1.17	(0.4)	(1.5)	4.0
Yen	105.39	0.4	0.8	(3.0)
GBP	1.27	(0.1)	(1.5)	(4.0)
CHF	1.08	(0.4)	(1.3)	4.8
AUD	0.71	(1.4)	(3.0)	0.7
USD Index	94.39	0.4	1.6	(2.1)
RUB	77.07	1.3	1.8	24.3
BRL	0.18	(2.2)	(3.7)	(28.2)

Source: Bloomberg

Global Indices Performance	Close	1D%*	WTD%*	YTD%*
MSCI World Index	2,305.57	(1.6)	(2.6)	(2.2)
DJ Industrial	26,763.13	(1.9)	(3.2)	(6.2)
S&P 500	3,236.92	(2.4)	(2.5)	0.2
NASDAQ 100	10,632.99	(3.0)	(1.5)	18.5
STOXX 600	359.53	0.4	(4.0)	(10.1)
DAX	12,642.97	0.2	(5.1)	(0.6)
FTSE 100	5,899.26	1.5	(3.3)	(24.8)
CAC 40	4,802.26	0.4	(5.0)	(16.4)
Nikkei	23,346.49	(1.0)	(1.0)	1.9
MSCI EM	1,077.70	(0.5)	(2.8)	(3.3)
SHANGHAI SE Composite	3,279.71	(0.3)	(2.3)	10.0
HANG SENG	23,742.51	0.1	(2.9)	(15.4)
BSE SENSEX	37,668.42	(0.2)	(3.1)	(11.6)
Bovespa	95,734.80	(2.6)	(6.4)	(40.1)
RTS	1,195.77	0.2	(2.7)	(22.8)

Source: Bloomberg (*$ adjusted returns)

Contacts

Saugata Sarkar, CFA, CAIA
Head of Research
Tel: (+974) 4476 6534
saugata.sarkar@qnbfs.com.qa

Shahan Keushgerian
Senior Research Analyst
Tel: (+974) 4476 6509
shahan.keushgerian@qnbfs.com.qa

Zaid al-Nafoosi, CMT, CFTe
Senior Research Analyst
Tel: (+974) 4476 6535
zaid.alnafoosi@qnbfs.com.qa

Mehmet Aksoy, PhD
Senior Research Analyst
Tel: (+974) 4476 6589
mehmet.aksoy@qnbfs.com.qa

QNB Financial Services Co. W.L.L.
Contact Center: (+974) 4476 6666
PO Box 24025
Doha, Qatar