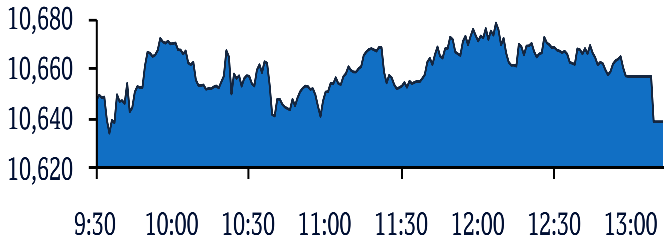
Daily Market Report

Wednesday, 27 January 2021

QSE Intra-Day Movement



Qatar Commentary

The QE Index declined 0.3% to close at 10,639.3. Losses were led by the Real Estate and Transportation indices, falling 1.0% each. Top losers were Ahli Bank and United Development Company, falling by 5.1% and 2.7%, respectively. Among the top gainers, Al Khaleej Takaful Insurance Company gained 10.0%, while Dlala Brokerage & Investment Holding Company was up by 7.0%.

GCC Commentary

Saudi Arabia: The TASI Index fell 0.6% to close at 8,789.9. Losses were led by the Utilities and Consumer Durables indices, falling 1.6% and 1.2%, respectively. Chubb Arabia Coop. Ins. Co. declined 2.6%, while Allied Cooperative Ins. was down 2.5%.

Dubai: The DFM Index fell 0.9% to close at 2,698.0. The Real Estate & Construction index declined 1.6%, while the Services index fell 1.5%. Gulf Navigation Holding declined 5.0%, while National Central Cooling Co. was down 2.8%.

Abu Dhabi: The ADX General Index fell 0.6% to close at 5,582.7. The Banks index declined 1.5%, while the Real Estate index fell 1.3%. Foodco National Foodstuff declined 4.8%, while Ras Al Khaimah Cement Company was down 4.0%.

Kuwait: The Kuwait All Share Index fell 0.1% to close at 5,727.1. The Consumer Services index declined 1.0%, while the Oil & Gas index fell 0.7%. OSOUL Investment declined 5.0%, while National Consumer Holding Co. was down 4.4%.

Oman: The MSM 30 Index fell 0.6% to close at 3,677.8. Losses were led by the Industrial and Financial indices, falling 1.0% and 0.8%, respectively. Muscat Finance declined 9.5%, while Al Kamil Power Company was down 7.9%.

Bahrain: The BHB Index fell 0.1% to close at 1,461.3. The Investment index declined 0.2%, while the Commercial Banks index fell 0.1%. Al Salam Bank - Bahrain declined 1.4%, while GFH Financial Group was down 1.1%.

Market Indicators	26 Jan 21	25 Jan 21	%Chg.
Value Traded (QR mn)	432.9	511.1	(15.3)
Exch. Market Cap. (QR mn)	616,309.2	618,667.1	(0.4)
Volume (mn)	163.6	166.1	(1.5)
Number of Transactions	9,904	11,268	(12.1)
Companies Traded	46	46	0.0
Market Breadth	18:25	18:27	–

Market Indices	Close	1D%	WTD%	YTD%	TTM P/E
Total Return	20,453.78	(0.3)	(0.9)	1.9	18.1
All Share Index	3,256.13	(0.4)	(1.0)	1.8	18.7
Banks	4,238.13	(0.4)	(1.3)	(0.2)	14.8
Industrials	3,253.22	(0.1)	(0.7)	5.0	29.0
Transportation	3,495.77	(1.0)	(2.5)	6.0	16.0
Real Estate	1,921.70	(1.0)	(1.1)	(0.4)	17.0
Insurance	2,511.05	(0.4)	0.4	4.8	N.A.
Telecoms	1,122.32	1.0	(0.1)	11.0	16.7
Consumer	8,184.17	(0.5)	(0.1)	0.5	30.9
Al Rayan Islamic Index	4,327.54	(0.1)	0.0	1.4	19.8

GCC Top Gainers##	Exchange	Close#	1D%	Vol. '000	YTD%
Emirates Telecom. Group	Abu Dhabi	19.92	1.2	2,516.3	17.9
Ooredoo	Qatar	8.36	1.2	524.2	11.2
Ezdan Holding Group	Qatar	1.79	0.6	11,948.6	0.6
Boubyan Bank	Kuwait	0.58	0.5	1,140.7	1.8
Dr Sulaiman Al Habib	Saudi Arabia	115.60	0.5	96.0	6.1

GCC Top Losers##	Exchange	Close#	1D%	Vol. '000	YTD%
Oman Arab Bank	Oman	0.17	(2.3)	30.0	(8.9)
National Comm. Bank	Saudi Arabia	43.80	(2.2)	1,565.3	1.0
Emaar Malls	Dubai	1.83	(2.1)	11,817.8	0.0
Southern Prov. Cement	Saudi Arabia	87.00	(2.1)	93.3	3.2
Yanbu National Petro. Co.	Saudi Arabia	62.50	(2.0)	456.8	(2.2)

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.	2.75	10.0	20,447.9	44.8
Dlala Brokerage & Inv. Holding Co.	2.02	7.0	14,200.7	12.5
INMA Holding	5.59	3.5	5,201.5	9.3
Ooredoo	8.36	1.2	524.2	11.2
Baladna	1.82	1.1	9,078.1	1.7

QSE Top Volume Trades	Close*	1D%	Vol. '000	YTD%
Al Khaleej Takaful Insurance Co.	2.75	10.0	20,447.9	44.8
Investment Holding Group	0.57	(0.9)	19,562.5	(5.3)
Dlala Brokerage & Inv. Holding Co.	2.02	7.0	14,200.7	12.5
Ezdan Holding Group	1.79	0.6	11,948.6	0.6
Al Khalij Commercial Bank	2.07	(2.0)	9,490.0	12.6

QSE Top Losers	Close*	1D%	Vol. '000	YTD%
Ahli Bank	3.60	(5.1)	4.0	4.4
United Development Company	1.63	(2.7)	5,155.4	(1.8)
Al Khalij Commercial Bank	2.07	(2.0)	9,490.0	12.6
Qatar Gas Transport Co. Ltd.	3.33	(1.8)	2,458.5	4.7
Qatari German Co for Med. Dev.	3.20	(1.4)	4,124.9	43.2

QSE Top Value Trades	Close*	1D%	Val. '000	YTD%
Al Khaleej Takaful Insurance Co.	2.75	10.0	54,870.4	44.8
QNB Group	17.82	(1.0)	45,335.0	(0.1)
INMA Holding	5.59	3.5	28,874.1	9.3
Dlala Brokerage & Inv. Holding Co	2.02	7.0	28,285.6	12.5
Ezdan Holding Group	1.79	0.6	21,348.2	0.6

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*	10,639.34	(0.3)	(0.9)	1.9	1.9	118.38	168,498.9	18.1	1.5	3.7
Dubai	2,698.02	(0.9)	(1.4)	8.3	8.3	68.15	98,295.3	12.8	0.9	3.6
Abu Dhabi	5,582.68	(0.6)	(0.5)	10.7	10.7	117.26	215,739.3	22.3	1.6	4.4
Saudi Arabia	8,789.87	(0.6)	(1.0)	1.2	1.2	1,448.90	2,421,499.4	34.9	2.1	2.4
Kuwait	5,727.07	(0.1)	0.7	3.3	3.3	153.46	107,117.9	37.2	1.4	3.4
Oman	3,677.84	(0.6)	(1.9)	0.5	0.5	3.07	16,484.4	13.3	0.7	6.8
Bahrain	1,461.34	(0.1)	0.6	(1.9)	(1.9)	2.94	22,290.6	14.2	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 0.3% to close at 10,639.3. The Real Estate and Transportation indices led the losses. The index fell on the back of selling pressure from Arab, GCC and Foreign shareholders despite buying support from Qatari shareholders.
- Ahli Bank and United Development Company were the top losers, falling 5.1% and 2.7%, respectively. Among the top gainers, Al Khaleej Takaful Insurance Company gained 10.0%, while Dlala Brokerage & Investment Holding Company was up 7.0%.
- Volume of shares traded on Tuesday fell by 1.5% to 163.6mn from 166.1mn on Monday. Further, as compared to the 30-day moving average of 185.8mn, volume for the day was 11.9% lower. Al Khaleej Takaful Insurance Company and Investment Holding Group were the most active stocks, contributing 12.5% and 12.0% to the total volume, respectively.

Overall Activity	Buy %*	Sell %*	Net (QR)
Qatari Individuals	46.51%	45.47%	4,499,052.9
Qatari Institutions	15.62%	13.21%	10,395,165.2
Qatari	**62.13%**	**58.68%**	**14,894,218.2**
GCC Individuals	1.08%	0.52%	2,449,120.3
GCC Institutions	3.83%	5.04%	(5,224,099.6)
GCC	**4.91%**	**5.55%**	**(2,774,979.3)**
Arab Individuals	11.65%	12.29%	(2,768,752.3)
Arab	**11.65%**	**12.29%**	**(2,768,752.3)**
Foreigners Individuals	3.63%	3.90%	(1,178,962.5)
Foreigners Institutions	17.69%	19.57%	(8,171,524.1)
Foreigners	**21.31%**	**23.48%**	**(9,350,486.6)**

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

Earnings Releases, Global Economic Data and Earnings Calendar

Earnings Releases

Company	Market	Currency	Revenue (mn) 4Q2020	% Change YoY	Operating Profit (mn) 4Q2020	% Change YoY	Net Profit (mn) 4Q2020	% Change YoY
Fujairah Building Industries*	Abu Dhabi	AED	190.5	-12.9%	41.6	-14.8%	41.4	-12.5%

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

Global Economic Data

Date	Market	Source	Indicator	Period	Actual	Consensus	Previous
01/26	UK	UK Office for National Statistics	Jobless Claims Change	Dec	7.0k	–	38.1k

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
QNCD	Qatar National Cement Company	27-Jan-21	0	Due
CBQK	The Commercial Bank	27-Jan-21	0	Due
KCBK	Al Khalij Commercial Bank	27-Jan-21	0	Due
QIGD	Qatari Investors Group	1-Feb-21	5	Due
VFQS	Vodafone Qatar	2-Feb-21	6	Due
UDCD	United Development Company	3-Feb-21	7	Due
QAMC	Qatar Aluminum Manufacturing Company	4-Feb-21	8	Due
QGTS	Qatar Gas Transport Company Limited (Nakilat)	7-Feb-21	11	Due
BRES	Barwa Real Estate Company	8-Feb-21	12	Due
QCFS	Qatar Cinema & Film Distribution Company	8-Feb-21	12	Due
IQCD	Industries Qatar	8-Feb-21	12	Due
DHBK	Doha Bank	8-Feb-21	12	Due
QEWS	Qatar Electricity & Water Company	14-Feb-21	18	Due
ORDS	Ooredoo	14-Feb-21	18	Due
QIMD	Qatar Industrial Manufacturing Company	14-Feb-21	18	Due
GISS	Gulf International Services	18-Feb-21	22	Due
MPHC	Mesaieed Petrochemical Holding Company	23-Feb-21	27	Due
MERS	Al Meera Consumer Goods Company	23-Feb-21	27	Due

Source: QSE

Qatar

- **QIIK posts 2.0% YoY increase but 43.7% QoQ decline in net profit in 4Q2020, below our estimate –** Qatar International Islamic Bank's (QIIK) net profit rose 2.0% YoY (but declined 43.7% on QoQ basis) to QR153.1mn in 4Q2020, below our estimate of QR184.8mn (variation of -17.1%). Total income from financing & investing activities decreased 4.0% YoY in 4Q2020 to QR559.1mn. However, on QoQ basis Total income from financing & investing activities gained 1.0%. The company's Total Income came in at QR613.7mn in 4Q2020, which represents a decrease of 1.4% YoY (-1.8% QoQ). The bank's total assets stood at QR61.3bn at the end of December 31, 2020, up 7.9% YoY (+3.3% QoQ). Financing Assets were QR40.5bn, registering a rise of 9.5% YoY (+3.5% QoQ) at the end of December 31, 2020. Customers' current accounts rose 24.3% YoY and 4.5% QoQ to reach QR8.0bn at the end of December 31, 2020. In FY2020, QIIK recorded net profit of QR937.7mn as compared to QR927.0mn in FY2019. EPS amounted to QR0.55 in FY2020 as compared to QR0.58 in FY2019. QIIK's board of directors has recommended to the general assembly, the distribution of cash dividends of 32.5% of the nominal share value (i.e. QR0.325 per share), subject to the Qatar Central Bank's approval of 2020 financial results along with the proposed cash dividends. QIIK's CEO, Abdulbasit Ahmed Al-Shaibei said that QIIK's efforts during 2020 to control and regulate the operational cost, which in return improved operational efficiency (cost benefit ratio) to 20.3% compared to 24.1% in 2019. This is considered one of the most efficient indicators, either locally or internationally. QIIK has also worked on increasing the quality of its financing assets, by decreasing non-performing financing percentage as end of 2020 to become 1.6% compared to 1.9% as end of 2019, which proves the effectiveness of credit risk policies and collections at the bank. Al-Shaibei noted, "The total equity right at the end of 2020 reached QR8.3bn, while the capital adequacy under Basel III stood at 16.6%, thus reflecting the strength of QIIK's financial position, bearing in mind the various risks in the market. QIIK's financial results for 2020 confirm the bank's ability to maintain the ascending pattern of its indicators, despite the unprecedented challenges at hand during the past year for all sectors, particularly the banking sector." QIIK's Chairman and Managing Director, Sheikh Dr Khalid bin Thani Al-Thani said, "QIIK implemented a comprehensive plan to deal with and manage the unexpected circumstances and various risks. QIIK's plan has also focused on enhancing the bank's operational performance, taking advantage of the opportunities provided by the Qatari economy and effectively coordinating with various business sectors, to cope with the unforeseen circumstances. This strategy succeeded to a large extent as QIIK's financial indicators kept growing and we were able to maintain stability, and more importantly, to enhance our operational efficiency." He added, "The local market on which we permanently focus, has provided many opportunities and has prevented us from resorting to alternative plans. This strategy reinforces the right vision we have had which is reflected in focusing on various local projects. Those projects, whether large, medium or small, represent the most beneficial opportunities to achieve growth on one hand, and participate in our country's development on the other." (QNB FS Research, QSE, Gulf-Times.com)
- **GWCS posts 3.9% YoY decrease but 5.7% QoQ increase in net profit in 4Q2020, in-line with our estimate –** Gulf Warehousing Company's (GWCS) net profit declined 3.9% YoY (but rose 5.7% on QoQ basis) to QR64.9mn in 4Q2020, in-line with our estimate of QR66.3mn (variation of -2.1%). The company's Revenue came in at QR307.7mn in 4Q2020, which represents an increase of 0.4% YoY. However, on QoQ basis Revenue fell 6.0%. In FY2020, GWCS posted net profit of QR236.0mn as compared to QR249.5mn in FY2019. EPS amounted to QR0.4 in FY2020 as compared to QR0.43 in FY2019. The company's board of directors recommended 10% cash dividend to shareholders, which is subject for discussion and approval during the company's annual general meeting scheduled for February 15. "We are pleased with our performance this year, we will point back in the future to 2020 as a year in which Qatar stood stronger, more diverse and more resilient as a nation, God willing. Thanks to everyone who entrusted GWC to meet this year's challenge and prove that we have the ability to stretch our capacities and deliver under the most difficult circumstances," GWCS' Chairman, Sheikh Abdulla bin Fahad bin Jassem bin Jabor al-Thani stated. In an unprecedented year, the logistics sector shone through as a critical infrastructure ensuring the continuity and safety of the nation and its economy. As the leading logistics provider in Qatar, GWC succeeded in supplying the public and private sectors in Qatar with lean, reliable and global standard logistics solutions that have kept the country moving. Facing incredible challenges common to businesses around the world, not least in the area of import and distribution, GWCS was able to succeed in 2020 by drawing on its experience with crises – particularly the disruption of the 2017 after the Gulf rift. Facing the pandemic challenge head-on, GWCS quickly employed its business continuity plan, which ensured that urgent requirements such as shipping, transporting, storing, distributing, and managing assets including medical equipment, pharmaceuticals and personal protective equipment (PPE), essential food security products and other vital goods were handled in accordance with international standards and regulations. GWS also ensured a quick response to the extraordinary circumstances in the Industrial Area in the early days of the pandemic. GWCS' investment in infrastructure mirrors that of the government, which has developed new ports, new warehouses and new transport modes to meet growing demand in the country. GWCS will expand beyond its over 3mn square meters of logistic footprint and 250,000 pallet locations to meet increasing demand, where most of the supply is shipped through GWC's network, leveraging the company's access to two of the largest worldwide freight, supply chain, and express courier networks in the world. Its fleet of over 1,200 specialised vehicles and 19 strategic locations makes it the number one logistics provider in Qatar. At the close of the year, GWCS inaugurated its regional logistics hub and UPS Customer Center in the Ras Bufontas Free

Zone, becoming the first logistics provider to operate out of the first free zone in Qatar. (QNB FS Research, QSE, Gulf-Times.com)

- **MPHC's board of directors to meet on February 23 –** Mesaieed Petrochemical Holding Company (MPHC) has announced that its board of directors will be holding a meeting on February 23, 2021 to discuss the financial results of the company for the financial year ended December 31, 2020 and other items related to year-end closing activities. (QSE)
- **MPHC to hold its investors relation conference call on February 25 –** Mesaieed Petrochemical Holding Company (MPHC) announced that the conference call with the Investors to discuss the financial results for the annual 2020 will be held on February 25, 2021 at 01:30 pm, Doha Time. (QSE)
- **GISS' board of directors to meet on February 18 –** Gulf International Services (GISS) has announced that its board of directors will be holding a meeting on February 18, 2021 to discuss the financial results of the company for the financial year ended December 31, 2020 and other items related to year-end closing activities. (QSE)
- **GISS to holds its investors relation conference call on February 24 –** Gulf International Services (GISS) announced that the conference call with the Investors to discuss the financial results for the annual 2020 will be held on February 24, 2021 at 01:30 pm, Doha Time. (QSE)
- **ORDS opens nominations for its board membership 2021 –** Ooredoo (ORDS) announced the opening of nominees for the board memberships, years from 2021 to 2023. Applications will be accepted starting from January 28, 2021 till 08:00 am of February 07, 2021. (QSE)
- **Fitch: KCBK's merger with MARK neutral to IDRs –** Fitch Ratings (Fitch) expects the recently announced merger of Al Khalij Commercial Bank (KCBK; A/Stable/bb) with Masraf Al Rayan (MARK) to be neutral to KCBK's Issuer Default Ratings (IDR), which are driven by potential sovereign support. The merger has been approved by the board of directors of both banks and is expected to be completed in 1H2021, subject to central bank and regulatory approvals. Upon the completion of the merger, KCBK will be dissolved and its ratings will be withdrawn. MARK will be the surviving entity, continuing to operate as an Islamic bank. KCBK and MARK will continue to exist independently until the effective day of the merger. KCBK's IDRs reflect Fitch's expectation of an extremely high probability of support from the Qatari authorities for domestic banks in case of need. This reflects the strong ability of Qatar to support its banks, as indicated by its rating (AA-/Stable), although the size of the banking system relative to GDP is high, combined with Fitch's belief of a strong willingness to support the banking sector, including KCBK. KCBK's Support Rating Floor (SRF) is at the Qatari banks' domestic systemically important bank (D-SIB) SRF of 'A' and is not differentiated by franchise or level of government ownership because we believe there is an extremely high probability that all rated Qatari banks would receive support should they require it. This belief also partly reflects the risk of contagion (small number of banks and high concentration of banks in the system) and the importance of the banking system in building the local economy. The ratings of the debt issued by KCBK's special purpose vehicles (SPVs) are also unaffected by the merger. The ratings are in line with KCBK's Long- or Short-Term IDRs because Fitch views the likelihood of default on any senior unsecured obligation issued by the SPVs the same as the likelihood of default of the bank. KCBK's outstanding $50mn and $500mn senior unsecured notes maturing in February 2021 and October 2023, respectively, will remain under the SPVs until maturity. (Fitch Ratings)
- **Kahramaa requests fresh proposals for Facility E IWPP after design revision –** Qatar General Electricity & Water Corporation (Kahramaa) has requested fresh bids for its Facility E Independent Power and Water Producer (IWPP) project in Ras Fontas in the wake of a capacity revision. The power generation capacity for the IWPP scheme has been increased to 2,600 megawatts (MW), a source close to the project told Zawya Projects. "Kahramaa has requested new bids to be submitted by 28 February 2021," he said, adding that bid award and financial closing dates remain unchanged. The scope also includes laying of 220kV cables, 132kV cables, 400kV connected overhead line, a new 400kV substation, upgrading existing substations, construction of GIS bays, installation of transformers, shunt reactors and switch-gears, a second source told Zawya Projects. Facility E is scheduled for completion in December 2024. (Zawya)
- **Qatar Holding reports no voting rights in Gulf Investment Fund –** Qatar Holding now holds no voting rights in Gulf Investment Fund, a closed-end investment company incorporated in the Isle of Man, according to a filing. Previous stake was 10.24%. The regulatory threshold crossed on January 21, completion took place January 26. (Bloomberg)
- **Real estate transactions cross QR592mn in value during January 17-21 –** The total value of real estate transactions in the sales contracts registered with the Real Estate Registration Department of the Ministry of Justice between January 17 and 21 reached QR592.092mn. The types of real estate traded included plots of land, houses, residential buildings, multi-use buildings and multi-use plots of land. Most of the trading took place in the municipalities of Al Dhayen, Al Rayyan, Doha, Umm Salal, Al Wakrah, Al Khor and Al Dhakira, Al Shamal and Al Shahaniyah. The volume of real estate trading between January 10 and 14 reached QR1.187bn. (Qatar Tribune)
- **Cheniere's Walker: Qatar, Russia, US seen succeeding in LNG –** LNG's existing three big suppliers – Qatar, Russia and the US – have emerged as being successful in the current and future market, Andrew Walker, a Vice President for strategy at Cheniere Marketing, said at the European Gas Virtual conference. LNG supply remained resilient over 2020. Prices are no longer following oil, but the LNG market is still far from commoditized. In 2020, and "even recently at the high prices, this is the market working and allocating a price for supply and demand at the very sharpest edge of the marketplace". LNG market is rebalancing more quickly than some forecasts with oversupply less of a worry now, but scarcity of the resource "is not really a good thing". 83 mtpa of LNG capacity was added in 2018-2020, while 39 mtpa will be added in 2021-2023. He further added that "Having some long-term volumes in your portfolio is probably a sensible approach given the volatility the market place is showing us". (Bloomberg)

International

- **IMF lifts global growth forecast for 2021, still sees 'exceptional uncertainty' –** The International Monetary Fund (IMF) raised its forecast for global economic growth in 2021 and said the coronavirus-triggered downturn last year - the biggest peacetime contraction since the Great Depression - would be nearly a full percentage point less severe than expected. The global lender said multiple vaccine approvals and the start of vaccinations in some countries had boosted hopes of an eventual end to the pandemic that has now infected nearly 100mn people and claimed the lives of more than 2.1mn globally. But it warned that the world economy continued to face "exceptional uncertainty" and new waves of COVID-19 infections and variants posed risks, and global activity would remain well below pre-COVID-19 projections made one year ago. IMF chief economist Gita Gopinath said US President Joe Biden's pledge to fund the World Health Organization's COVAX vaccine initiative marked "a very big step" to containing the pandemic and ensuring more equitable distribution of vaccines. "Much more will be needed, because as we can see, given the mutating virus, that this is not a problem that's going away anytime soon," Gopinath told a news conference. "There is still a tremendous amount of uncertainty," she told Reuters in a separate interview. "We know that the health crisis is not over until it's over everywhere." Gopinath said the global economy could gain $9tn between 2020 and 2025 if faster progress could be made in ending the health crisis, and it was clearly in the interest of advanced economies to help poorer countries recover. The IMF estimates that close to 90mn people are likely to fall below the extreme poverty threshold during 2020-2021, with the pandemic wiping some out $22tn in projected output through 2025 and reversing progress made in reducing poverty over the past two decades. Gopinath said advanced economies were recovering more quickly, and urged countries with means to continue to offer poorer nations aid, low-interest loans and debt relief. (Reuters)
- **IMF: Biden stimulus plan could boost US output by 5% over three years –** US President Joe Biden's proposed $1.9tn economic stimulus package could boost US economic output by 5% over the next three years, the chief economist of the International Monetary Fund said on Tuesday, citing preliminary estimates. Gita Gopinath told Reuters the measures in the proposed package could add as much as 1.25% to US growth in 2021, when the IMF projects the US economy will expand by 5.1% after a 3.4% contraction in 2020. It predicts growth of 2.5% in 2022. Gopinath said the IMF had not calculated the impact of the proposed stimulus package on the global economy, and would wait to see what the US Congress approved. "One of our first estimates on what the impact will be if the $1.9tn is passed … is a cumulative 5% increase over three years for the US," she said in an interview after the release of the IMF's updated forecasts. "We are still in an emergency situation in terms of the health crisis," she said. "There are absolute needs to accelerate a lot of vaccinations, the amount of testing that gets done in the US … and we also believe that there should be targeted support provided to struggling households and businesses." Gopinath urged caution on a central part of Biden's plan - an increase in the federal minimum wage to $15 an hour from the current rate of $7.25, which was set in 2009 - a plan that has also drawn criticism from congressional Republicans and industry. She said increasing the US federal minimum wage could help reduce poverty and persistent inequality, but the target of $15 per hour was outside the range of increases seen elsewhere, which made its impact difficult to assess. (Reuters)
- **US consumer confidence increases slightly in January –** US consumer confidence rose moderately in January amid lingering concerns about the COVID-19 pandemic. The Conference Board said on Tuesday its consumer confidence index increased to a reading of 89.3 this month from 87.1 in December. Economists polled by Reuters had forecast the index little changed at 89 in January. The index was at 132.6 last February. (Reuters)
- **CBI: UK retail sales gauge plunges to lowest since May –** British retail sales have suffered their most widespread annual drop since May this month, according to a survey published on Tuesday which suggests that the latest lockdown is taking a heavy toll on many shops. The Confederation of British Industry's retail sales balance, which asks retailers to compare sales with a year earlier, slumped to -50 in January from -3 in December, below all forecasts in a Reuters poll of economists. "With the lockdown likely to remain in place in the near-term, retailers expect this weakness to continue," CBI economist Ben Jones said. The outlook for retail sales in February was -47, its lowest since July. While the fall in sales was reported by a high proportion of retailers, the CBI said it expected the actual decline to be much less severe than in the first lockdown in 2020. Retail sales were a relative bright spot for Britain's economy, shrinking much less than the wider economy as shoppers spent more on groceries and things to their improve their living space during lockdown. Online sales have boomed, but many high-street retailers have struggled, especially clothing stores. The CBI said it wanted finance minister Rishi Sunak to extend a property tax exemption for non-essential retailers that had been required to shut as part of the latest lockdown, which began on January 5. (Reuters)
- **Merkel's chief of staff triggers fierce debt-brake debate –** Chancellor Angela Merkel's Chief of staff opened the door for continued deficit spending with a proposal to soften Germany's debt issuance law, because Berlin would not be able to stick to the strict limits on borrowing for several more years. Parliament used an emergency clause to suspend the law, enshrined in the constitution and normally restricting new federal borrowing to 0.35% of economic output, for 2020 and 2021 because of the COVID-19 pandemic. Helge Braun's comments, in an op-ed piece for business newspaper Handelsblatt, hinted strongly at moves within the government to carry on spending more freely once the coronavirus crisis - during which it has propped up the economy with unprecedented support packages - is over. Braun suggested lawmakers should change the law to allow more debt to be issued for several more years, but there should be a "clear date" for the rule to be reinstated. A government spokesman said Braun's comment was his personal opinion that contributed to the wider debate, while several senior members of Merkel's centre-right Christian Democratic Union (CDU) disapproved of it. Armin Laschet, the new CDU leader and a front-runner in the race to become Germany's next leader, distanced himself from the idea in a closed meeting of his party's legislators, according to participants. (Reuters)

- **China's industrial profits extend growth in December amid brisk factory recovery –** Profits at China's industrial firms grew for the eighth straight month in December, suggesting a sustained recovery as the manufacturing sector rapidly emerged from its COVID-19 slump. Profits surged 20.1% YoY in December to 707.11bn Yuan ($109.40bn), after rising 15.5% in November, the National Bureau of Statistics (NBS) data showed on Wednesday. China is the only major economy in the world to avoid a contraction in 2020, with gross domestic product up 2.3% for the full year, while many countries remain crippled by the pandemic. Economists polled by Reuters expect China's GDP to rise 8.4% in 2021, the fastest pace in a decade. However, some analysts cautioned that a slower recovery in consumption and a potential rapid slowdown in credit growth could be risks for the Asian powerhouse. China's factory gate prices fell last month at their slowest pace since February, pointing to improving corporate profitability. For the full year of 2020, annual profits for China's industrial firms grew 4.1% YoY to 6.45tn Yuan, recovering from a 3.3% YoY decline seen in 2019. It was also quicker than a 2.4% gain seen in January-November. The profit gains last year were notably driven by the manufacturing sector, which saw margins increase by 7.6%, said Zhu Hong, a senior statistician at the statistics bureau, in a statement published alongside the data. China's exports were surprisingly strong last year as factories raced to fill overseas orders amid a raging pandemic. Liabilities at industrial firms rose 6.1% YoY at end-December, versus 6.8% growth as of end-November and a 5.4% uptick as of end-2019. (Reuters)

Regional

- **Reuters poll: Gulf's 2021 rebound likely to be slower than previously forecast –** Forecasts for economic recoveries in the six-member GCC in 2021 have been trimmed while expectations for GDP declines last year were mixed in a quarterly Reuters survey of analysts released on Tuesday. Economists in the January 11-25 poll maintained their views that the hydrocarbon-dependent region's economic fortunes would turn around this year after it was hammered by the pandemic and an historic slide in the price of the GCC's main commodity. But growth forecasts for 2021 were cut for all six countries - to varying degrees - with the UAE, Kuwait and Oman's GDP growth projections scaled back the most. Expected growth in Saudi Arabia and Qatar remained the GCC's highest. Saudi Arabia, the region's largest economy, is expected to see GDP growth of 2.8% this year, down from 3.1% expected three months ago. The median forecast for its GDP contraction in 2020 improved to 4.4% from 5.1%. The economy is expected to grow 3.2% next year and 3.1% in 2023. "The recovery in Saudi Arabia's economy will continue over the course of this year. But with oil output being ramped up only gradually and fiscal policy to remain tight, the recovery is likely to be slower than in the other Gulf states," Capital Economics said in a research note. The economy of the UAE, which in the last month has seen its seven-day average COVID-19 daily cases nearly triple, is expected to grow 2.2% this year - cut from 2.7% growth expected three months ago. GDP in the UAE, the region's tourism and commerce hub, was seen shrinking 6.6% last year versus an October expectation of a 6.0% decline. It is expected to grow 3.5% in 2022. Hotel occupancy and revenue per available room (RevPAR) in the UAE rose significantly last month, ending a difficult year for the sector on a brighter note - though they remained lower than pre-pandemic levels. "With the holiday season over and travel restrictions since tightened in many countries due to surging coronavirus cases, these high figures for hotel occupancy and RevPAR are unlikely to be sustained in Q1 2021," Emirates NBD, Dubai's biggest lender, said in a research note. (Reuters)
- **FAB's net profit falls 15.7% YoY to AED10,555.2mn in FY2020 –** First Abu Dhabi Bank (FAB) recorded net profit of AED10,555.2mn in FY2020, registering decrease of 15.7% YoY. Net interest income fell 4.1% YoY to AED12,256.5mn in FY2020. Operating income fell 8.3% YoY to AED18,573.9mn in FY2020. Total assets stood at AED919.1bn at the end of December 31, 2020 as compared to AED822.0bn at the end of December 31, 2019. Loans and advances stood at AED386.6bn (-5.2% YoY), while customer accounts and other deposits stood at AED540.9bn (+4.2% YoY) at the end of December 31, 2020. Basic EPS came in at AED0.93 in FY2020 as compared to AED1.10 in FY2019. (ADX)
- **NBK reports FY2020 net profit of KD246.3mn –** National Bank of Kuwait (NBK) posted a net profit of KD246.3mn for the year ended December 31, 2020, compared to KD401.3mn for the same period last year; dropping by 38.6% YoY. The operating revenue came in at KD842.5mn, a decrease of 5.9% YoY. The operating profit came in at KD530.9mn, a decrease of 10% YoY. As of end of December 2020, NBK's total assets grew by 1.5% on annual basis, to reach KD29.7bn, while customer loans and advances grew by 5.7% compared to the same period last year, to reach KD17.5bn while customers' deposits grew by 7.4% to reach KD17.1bn. NBK's Board of Directors has proposed the distribution of a cash dividend of 20 fils per share, representing 55.6% of net profit, in addition to 5% bonus shares (5 shares for every 100 shares). The cash dividend and bonus shares, if approved by the shareholders' general assembly, shall be payable to the shareholders after obtaining the necessary regulatory approvals. Earnings per share (EPS) stood at 32 fils, as compared to 57 fils in 2019, while shareholders' equity stood at KD3.2bn. "Besides the growth in Islamic banking through our subsidiary, Boubyan Bank, remaining an important driver for earnings diversification, our international operations proved to play a vital role in mitigating risks and further diversifying our income streams." (Zawya, Bloomberg)
- **Boubyan Bank recorded a net profit of KD34.4mn in FY2020 –** Boubyan Bank recorded a net profit of KD34.4mn in FY2020. It has announced operating profits of KD93mn for the year 2020 with an earnings per share of 9.66 fils. Additionally, the Bank is recommending distributing 5% in bonus shares despite the exceptional situation the world and Kuwait are going through due to the unprecedented repercussions of the Covid-19 pandemic that swept the globe, leading to the halt of almost all aspects of our daily lives. The bank continued its prudent approach by allocating KD59mn in provisions, thereby ending the year with a net profit of KD34.4mn. The bank's Chairman, Abdulaziz Abdullah Al-Shaya commented: "Of course, we had to allocate additional precautionary provisions to support the bank's financial position, and to bolster our ability to face any future repercussions of the ongoing Covid-19 crisis, which is normal as a result of this unprecedented crisis; a first in modern times.", he added. He referred to the growth of the total

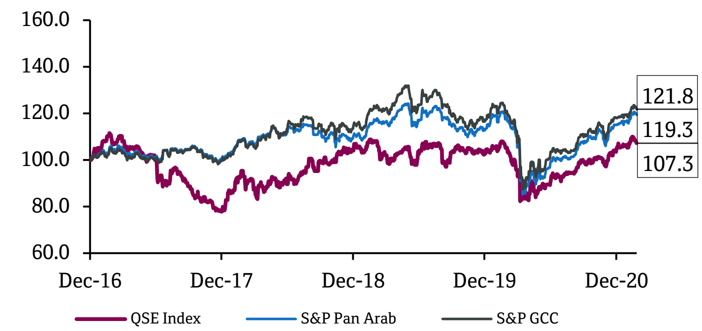
consolidated assets of Boubyan Bank Group by 21% in the 2020 year to reach KD6.4bn. This was achieved through Boubyan Bank's acquisition of Bank of London and The Middle East "BLME" during 1Q2020 of this year in addition to the growth in the consumer and corporate finance portfolios in Kuwait by 14% and 11% respectively. Moreover, the total of customer deposits grew by 17% to reach KD5.1bn, while the financing portfolio grew by 26% to reach KD4.8bn, and operating income grew by 15% to reach KD167mn. Speaking of the bank's market shares, the bank's share of local financing increased to exceed 10%, while Boubyan Bank's share of retail finance grew to approximately 14%, thereby positioning Boubyan Bank in the third place among local banks in terms of the market share of the domestic financing portfolio. He said that "Despite the robustness of the bank's financial position, the adequacy of its capital, the growth of its business volumes and operating profits, the bank has decided not to distribute cash dividends for this year in order to strengthen the bank's balance sheet, taking into consideration the exceptional circumstances the international and local economy are going through due to the Covid-19 pandemic which we have not fully overcome yet." (Zawya)

- **IMF: Saudi economy forecast to grow 2.6% this year –** Saudi Arabia's economy will grow 2.6% this year, the International Monetary Fund (IMF) said on Tuesday, after the economy of the world's top oil exporter shrank last year due to low oil prices and the coronavirus crisis. Saudi Arabia itself has estimated its economy could swing back to growth of 3.2% this year after a 3.7% contraction in 2020. The IMF in October had forecast 3.1% growth in 2021 for the country, following a 5.4% contraction last year. The IMF is now predicting 2.6% expansion this year, from a 3.9% contraction last year, it said in its latest World Economic Outlook. It expects the Saudi economy to expand by 4% next year. The IMF said that multiple vaccine approvals and the launch of vaccinations in some countries in December had boosted hopes of an eventual end to the pandemic but warned that the world economy continued to face "exceptional uncertainty". (Reuters)
- **Saudi Arabia raises $5.5bn via dual-tranche bonds –** Saudi Arabia launched $5.5bn in a dual-tranche bond sale on Tuesday with tenors of 12 and 40 years, a document showed, as it seeks to plug a large fiscal deficit. The world's top oil exporter has taken a severe blow from the pandemic, which, along with an oil price war between Saudi Arabia and Russia last year, sent oil prices tumbling. It drew more than $13bn in orders for the 12-year bonds and over $9bn in orders for the 40-year paper. The Kingdom gave initial price guidance of around 165 basis points over 10-year US treasuries for the 12-year tranche and around 3.75% for the 40-year bonds, the document from one of the banks on the deal showed. The government expects to post a fiscal deficit of SR141bn, or 4.9% of GDP, this year after an expected deficit of SR298bn, or 12% of GDP, in 2020. Saudi Arabia expects public debt to increase to SR937bn this year from SR854bn last year. "The Government expects to finance the budgeted deficit for the fiscal year 2021 primarily through a combination of raising domestic and external indebtedness, to the extent necessary," according to a bond prospectus seen by Reuters. Its fiscal balance program foresees the ratio of public debt to nominal GDP reaching up to 30% by 2023, the prospectus said. Saudi Arabia hired Goldman Sachs International, HSBC and JPMorgan as global coordinators for the debt sale, which is expected to close later on Tuesday. BNP Paribas, Citi, NCB Capital and Standard Chartered join them as book runners and are also passive joint lead managers. (Reuters)
- **S&P: Financial performance of Saudi banks will remain under pressure –** The financial performance of rated Saudi banks will remain under pressure in 2021, on the back of lower interest rates and higher cost of risk, S&P said in a new report. As regulatory forbearance measures are gradually phased out and the economy adjusts to the new normal, the cost of risk will remain elevated in 2021, increasing to 140 bps (from 80 bps in 2019), before starting to gradually normalize in 2022, the ratings agency said in the report "Banks In Emerging Markets: 15 Countries, Three Main Risks" "Compared with other emerging markets, in our view Saudi banks have showed some resilience thanks to support from the Central Bank and minimal reliance on external funding. We see the banks as vulnerable to a spike in geopolitical risk." S&P Analysts expect that banking systems in emerging markets (Argentina, Brazil, Chile, China, Colombia, India, Indonesia, Malaysia, Mexico, the Philippines, Russia, Saudi Arabia, South Africa, Thailand, and Turkey) will face three common risks in 2021: The expected deterioration in asset quality indicators as regulatory forbearance measures are lifted; a volatile geopolitical environment or domestic policy uncertainty; and vulnerability to abrupt movements in capital flows for a few. However, given the exceptionally low interest rates in several developed markets, analysts expect Saudi banks with sound credit fundamentals to retain good access to international capital markets. (Zawya)
- **Saudi PIF upbeat on deals for local manufacturing –** Saudi Arabia aims to agree on deals this year or next to expand local manufacturing, the Head of the Kingdom's wealth fund, Public Investment Fund (PIF), Yasir Al-Rumayyan, told a briefing in Riyadh. "Now we're in the process of looking at electric appliances," he said Tuesday. "In relation to cars, there is more than one project that we're now looking at, and they will be executed this year or next year at the latest." (Bloomberg)
- **Saudi PIF considering other IPOs of companies it owns –** Saudi Arabia's wealth fund, Public Investment Fund (PIF) is considering initial public offerings (IPO) of some of the companies it owns, its Governor told a briefing in Riyadh. "We are always thinking about some of the companies we have, how we can enter them in IPOs," PIF Head, Yasir Al-Rumayyan said on Tuesday. (Bloomberg)
- **Saudi Aramco may sell more shares if market is right –** Saudi Aramco may consider selling more shares if market conditions are right, the head of Saudi Arabia's sovereign wealth fund, Pubic Investment Fund (PIF) told a news briefing on Tuesday. The Saudi government sold more than 1.7% of Aramco in a 2019 initial public offering that raised a record $29.4bn, triggering more IPOs in the Kingdom, which is also seeking to deepen its capital markets to reduce its reliance on oil. Governor of Saudi Arabia's Public Investment Fund (PIF), Yasir Al-Rumayyan made the comments during a media briefing to give details on the PIF's five-year plan. The PIF, whose holdings include a stake in Uber, plans to double its assets to SR4tn by 2025, Prince, Mohammed bin Salman said on Sunday, making it one of the world's biggest sovereign wealth funds. Initially the

government had wanted to list Aramco on the Saudi bourse and an international stock exchange, but an overseas listing plan was shelved. (Reuters)

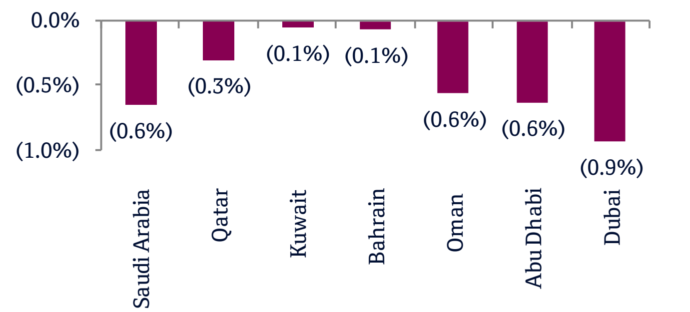
- **Saudi Telecom Company considers IPO for internet-services unit –** Saudi Telecom Company (STC) is considering IPO for Solutions by STC. STC is conducting feasibility studies, evaluating the extent to which the offering would support company's strategy. (Bloomberg)
- **S&P: UAE's banking sector profitability to remain low for longer –** S&P expects UAE's GDP growth to recover this year from the sharp recession of 2020 triggered by the COVID-19 pandemic and low oil prices. However, the shock will continue to rock the economy and banking sector and real GDP will only return to the 2019 level by 2023, despite the expected boost to growth from the Dubai Expo this year and a recovering oil sector, the ratings agency said in a report. "The country's target to vaccinate 50% of the population by end 1Q2021 is positive, but further virus waves and mutations pose significant downside risks." Relatively higher exposure to sectors affected by the pandemic -- including real estate, construction, hospitality, and retail -- will result in weaker asset quality and higher credit losses for UAE banks. "We expect banks' asset quality to deteriorate and cost of risk to increase further as they start recognizing the impact of the 2020 shock and as the Central Bank of the UAE (CBUAE) lifts its forbearance measures progressively in 2H2021. Lending growth is set to remain muted and corporate borrowing will likely improve only slightly "because some of the deferred capital expenditures in 2020 may be executed this year along with refinancing existing debt." (Zawya)
- **Dubai property market showed signs of recovery in 2H2020 –** The Dubai property market has shown signs of recovery in the second half of the 2020, despite the mobility restrictions and economic downturn caused by the coronavirus pandemic. "Despite early forecasts during the height of mobility restrictions that prices would fall by much higher margins, the market has quickly recovered with price reductions largely being in line with the trends seen across the previous two years," Bayut & Dubizzle 2020 Annual Property Market Report showed. Based on the data gathered from the two property portals, the sales and rental markets in the emirate have shown a high level of tenacity, with price reductions staying in line with the patterns observed in 2018 and 2019. The record-breaking traffic of over 7mn sessions generated on Bayut & Dubizzle in a single month during December 2020, points to appetite returning to the market in the second half of 2020, the report said. According to their combined annual sales and rental market reports for 2020, the most popular neighborhoods have reported price declines largely between 2%-10% for properties for sale, while rental properties have seen reductions between 9%-17%. Rental yields were the highest in Dubai's International City in 2020 with average rental yields at 8.5% as investors went for affordable apartments with high return on investment (ROI). In the luxury apartments category, Dubai Marina yielded an ROI of 6.2%, According to data released by the Dubai Land Department (DLD), transactions worth over AED60bn took place in 2020 of which 20,716 were residential sales transactions worth AED27.2bn. (Zawya)
- **Investcorp buys garden apartments in $330mn suburbs bet –** Investcorp is buying five garden-style apartment properties for $330mn, as multifamily assets attract investor interest during a pandemic that has made residential real estate more appealing than offices, hotels and malls. The properties include more than 1,800 units across the suburbs of Atlanta, Baltimore and Jacksonville, Florida, and are focused on middle-income renters, according to sources. Investcorp, which oversees $33bn, narrowed its real estate strategy in 2014 to focus on multifamily and industrial properties. That shift has worked out well in a pandemic that has had a disproportionate impact on retail and lodging real estate. While affluent exiles from New York and Silicon Valley have grabbed headlines in recent months, investors are focusing bets on demand in the Sunbelt from middle-class workers who cannot afford a down payment on a home. Apartment owners had collected 88.6% of this month's rent as of January 20, down 2.5 percentage points from the previous year, according to the National Multifamily Housing Council. Suburban markets have fared better, pushing institutional capital to seek opportunities in single-family rentals and garden apartments. Investcorp has been a seller as well as a buyer. In November, the firm announced it had sold eight apartment portfolios, spread across Arizona, California, Florida and New York, for more than $900mn. (Bloomberg)
- **Bahrain sells BHD70mn 91-day bills; bid-cover at 2.62x –** Bahrain sold BHD70mn of 91-day bills due on April 28 on January 25, 2021. Investors offered to buy 2.62 times the amount of securities sold. The bills were sold at a price of 99.468, have a yield of 2.12% and will settle on January 27, 2021. (Bloomberg)

Rebased Performance



Source: Bloomberg

Daily Index Performance



Source: Bloomberg

Asset/Currency Performance	Close ($)	1D%	WTD%	YTD%
Gold/Ounce	1,850.92	(0.3)	(0.3)	(2.5)
Silver/Ounce	25.47	0.5	(0.1)	(3.5)
Crude Oil (Brent)/Barrel (FM Future)	55.91	0.1	0.9	7.9
Crude Oil (WTI)/Barrel (FM Future)	52.61	(0.3)	0.7	8.4
Natural Gas (Henry Hub)/MMBtu	2.57	0.0	6.5	8.1
LPG Propane (Arab Gulf)/Ton	88.25	0.0	1.7	17.3
LPG Butane (Arab Gulf)/Ton	89.50	(0.3)	5.0	19.3
Euro	1.22	0.2	(0.1)	(0.5)
Yen	103.62	(0.1)	(0.2)	0.4
GBP	1.37	0.4	0.4	0.5
CHF	1.13	0.2	(0.2)	(0.2)
AUD	0.77	0.4	0.4	0.7
USD Index	90.17	(0.2)	(0.1)	0.3
RUB	75.10	(0.3)	(0.3)	0.9
BRL	0.19	2.1	2.1	(3.0)

Source: Bloomberg

Global Indices Performance	Close	1D%*	WTD%*	YTD%*
MSCI World Index	2,754.12	(0.1)	(0.1)	2.4
DJ Industrial	30,937.04	(0.1)	(0.2)	1.1
S&P 500	3,849.62	(0.1)	0.2	2.5
NASDAQ 100	13,626.06	(0.1)	0.6	5.7
STOXX 600	407.70	0.7	(0.3)	1.6
DAX	13,870.99	1.8	(0.1)	0.0
FTSE 100	6,654.01	0.7	(0.2)	3.6
CAC 40	5,523.52	1.0	(0.7)	(1.1)
Nikkei	28,546.18	(0.9)	(0.2)	3.6
MSCI EM	1,388.76	(1.5)	(0.3)	7.6
SHANGHAI SE Composite	3,569.43	(1.3)	(0.8)	3.8
HANG SENG	29,391.26	(2.6)	(0.2)	8.0
BSE SENSEX#	48,347.59	0.0	(1.1)	1.3
Bovespa	116,464.10	1.5	1.5	(5.4)
RTS	1,422.95	0.8	0.3	2.6

Source: Bloomberg (*$ adjusted returns, #Market was closed on January 26, 2020)

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