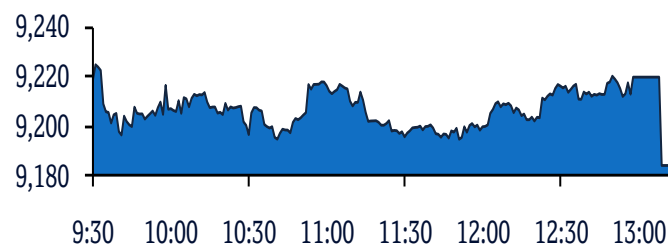


## QSE Intra-Day Movement



## Qatar Commentary

The QE Index declined 0.4% to close at 9,185.0. Losses were led by the Insurance and Industrials indices, falling 0.9% each. Top losers were Qatari Investors Group and Ahli Bank, falling 4.4% and 2.9%, respectively. Among the top gainers, Mannai Corporation gained 9.3%, while Dlala Brokerage & Investment Holding Company was up 3.1%.

## GCC Commentary

**Saudi Arabia:** The TASI Index rose 0.3% to close at 7,232.3. Gains were led by the Pharma, Biotech and Banks indices, rising 2.4% and 1.2%, respectively. Nat. Co. for Learn. and Education rose 9.9%, while Saudi Paper Manufac. Co. was up 4.7%.

**Dubai:** The DFM General Index declined 0.6% to close at 2,086.5. The Consumer Staples and Discretionary declined 4.4%, while the Telecommunication index declined 1.6%. DXB Entertainments declined 4.8%, while Al Salam Sudan fell 4.4%.

**Abu Dhabi:** The ADX General index fell 1.0% to close at 4,285.6. The Investment & Financial Services index declined 3.1%, while the Banks index fell 1.1%. Abu Dhabi Nat. Co. for Building Mat. declined 4.9%, while Int. Holdings Co. was down 4.4%.

**Kuwait:** The Kuwait All Share Index declined 0.2% to close at 5,167.7. The Oil & Gas index fell 1.8%, while the Telecommunications index declined 0.7%. The Energy House Holding Company fell 16.5%, while KGL Logistics Company was down 5.7%.

**Oman:** The MSM 30 Index rose marginally to close at 3,525.8. Gains were led by the Financial index rising 0.1%, while the other indices ended in the red. National Bank of Oman rose 1.8%, while Gulf International Chemicals was up 1.0%.

**Bahrain:** The BHB Index fell 0.1% to close at 1,279.4. The Investment and the Commercial Bank indices declined 0.2% each. GFH Financial Group declined 2.0%, while Ahli United Bank was down 0.5%.

Market Indicators	25 Jun 20	24 Jun 20	%Chg.
Value Traded (QR mn)	314.1	369.9	(15.1)
Exch. Market Cap. (QR mn)	524,930.5	529,124.3	(0.8)
Volume (mn)	189.5	283.5	(33.1)
Number of Transactions	7,458	9,090	(18.0)
Companies Traded	46	44	4.5
Market Breadth	15:27	18:25	-

Market Indices	Close	1D%	WTD%	YTD%	TTMP/E
Total Return	17,657.81	(0.4)	(1.5)	(8.0)	14.5
All Share Index	2,863.61	(0.7)	(0.8)	(7.6)	15.3
Banks	4,010.07	(0.8)	(0.6)	(5.0)	13.2
Industrials	2,584.39	(0.9)	(2.1)	(11.9)	20.6
Transportation	2,699.50	0.5	0.5	5.6	13.1
Real Estate	1,448.09	0.2	(0.1)	(7.5)	14.3
Insurance	1,955.25	(0.9)	(0.1)	(28.5)	33.3
Telecoms	873.83	(0.3)	(1.3)	(2.4)	14.7
Consumer	7,378.38	(0.7)	(0.8)	(14.7)	18.8
Al Rayan Islamic Index	3,679.44	(0.3)	(1.3)	(6.9)	16.9

GCC Top Gainers**	Exchange	Close*	1D%	Vol. '000	YTD%
Samba Financial Group	Saudi Arabia	23.94	4.1	2,999.2	(26.2)
Riyad Bank	Saudi Arabia	17.28	3.4	2,363.3	(28.0)
Arab National Bank	Saudi Arabia	20.00	3.0	843.4	(27.0)
Saudi British Bank	Saudi Arabia	22.32	2.3	1,158.2	(35.7)
National Bank of Oman	Oman	0.17	1.8	1,254.4	(7.6)

GCC Top Losers**	Exchange	Close*	1D%	Vol. '000	YTD%
Savola Group	Saudi Arabia	43.50	(3.1)	563.9	26.6
Ethiad Etisalat Co	Saudi Arabia	26.70	(1.7)	2,031.3	6.8
First Abu Dhabi Bank	Abu Dhabi	11.04	(1.6)	3,392.5	(27.2)
QNB Group	Qatar	18.00	(1.6)	1,549.6	(12.6)
Emaar Malls	Dubai	1.42	(1.4)	15,411.7	(22.4)

Source: Bloomberg (# in Local Currency) (\*\* GCC Top gainers/losers derived from the S&P GCC Composite Large Mid Cap Index)

QSE Top Losers	Close*	1D%	Vol. '000	YTD%
Qatari Investors Group	1.78	(4.4)	5,744.3	(0.6)
Ahli Bank	3.03	(2.9)	38.4	(9.1)
Qatar First Bank	1.03	(2.2)	3,232.5	25.3
Aamal Company	0.74	(2.1)	8,143.6	(9.3)
QNB Group	18.00	(1.6)	1,549.6	(12.6)

QSE Top Value Trades	Close*	1D%	Val. '000	YTD%
Islamic Holding Group	3.30	1.6	31,214.0	73.7
Medicare Group	7.00	0.8	28,807.0	(17.2)
QNB Group	18.00	(1.6)	27,985.7	(12.6)
Mazaya Qatar Real Estate Dev.	0.83	1.2	24,794.5	14.9
Qatari German Co for Medical Dev	1.24	0.2	24,317.5	113.4

Source: Bloomberg (\* in QR)

QSE Top Gainers	Close*	1D%	Vol. '000	YTD%
Mannai Corporation	2.95	9.3	60.1	(4.2)
Dlala Brokerage & Inv. Holding Co.	1.33	3.1	5,622.8	117.7
Vodafone Qatar	1.10	1.7	3,885.5	(5.1)
Islamic Holding Group	3.30	1.6	9,272.7	73.7
Qatar Industrial Manufacturing Co	2.87	1.4	461.8	(19.6)

QSE Top Volume Trades	Close*	1D%	Vol. '000	YTD%
Mazaya Qatar Real Estate Dev.	0.83	1.2	30,421.1	14.9
Salam International Inv. Ltd.	0.42	(1.4)	20,874.6	(18.4)
Qatari German Co for Medical Dev.	1.24	0.2	19,348.2	113.4
Ezdan Holding Group	0.90	(0.6)	11,441.5	47.0
Qatar Aluminium Manufacturing	0.73	(1.2)	9,665.7	(6.1)

Regional Indices	Close	1D%	WTD%	MTD%	YTD%	Exch. Val. Traded (\$ mn)	Exchange Mkt. Cap. (\$ mn)	P/E**	P/B**	Dividend Yield
Qatar*	9,184.97	(0.4)	(1.5)	3.8	(11.9)	85.58	143,043.6	14.5	1.3	4.4
Dubai	2,086.51	(0.6)	0.4	7.3	(24.5)	59.38	80,255.4	6.3	0.6	4.5
Abu Dhabi	4,285.59	(1.0)	(1.4)	3.5	(15.6)	46.45	132,173.5	13.3	1.1	6.0
Saudi Arabia	7,232.34	0.3	(1.7)	0.3	(13.8)	1,146.60	2,205,756.1	21.7	1.6	3.6
Kuwait	5,167.74	(0.2)	2.9	3.4	5.2	91.59	95,735.9	15.0	1.1	3.8
Oman	3,525.77	0.0	0.3	(0.5)	(11.4)	3.36	15,385.1	9.8	0.7	6.8
Bahrain	1,279.38	(0.1)	0.4	0.8	(20.5)	3.53	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 declined 0.4% to close at 9,185.0. The Insurance and Industrials indices led the losses. The index fell on the back of selling pressure from non-Qatari shareholders despite buying support from Qatari and GCC shareholders.
- Qatari Investors Group and Ahli Bank were the top losers, falling 4.4% and 2.9%, respectively. Among the top gainers, Mannai Corporation gained 9.3%, while Dlala Brokerage & Investment Holding Company was up 3.1%.
- Volume of shares traded on Thursday fell by 33.1% to 189.5mn from 283.5mn on Wednesday. Further, as compared to the 30-day moving average of 221.4mn, volume for the day was 14.4% lower. Mazaya Qatar Real Estate Development and Salam International Investment Limited were the most active stocks, contributing 16.1% and 11.0% to the total volume, respectively.

Overall Activity	Buy %*	Sell %*	Net (QR)
Qatari Individuals	46.69%	47.82%	(3,537,780.27)
Qatari Institutions	20.65%	16.47%	13,152,682.97
<b>Qatari</b>	<b>67.34%</b>	<b>64.29%</b>	<b>9,614,902.70</b>
GCC Individuals	1.47%	1.54%	(221,029.08)
GCC Institutions	2.05%	1.72%	1,036,566.48
<b>GCC</b>	<b>3.52%</b>	<b>3.26%</b>	<b>815,537.41</b>
Non-Qatari Individuals	17.51%	16.82%	2,183,381.46
Non-Qatari Institutions	11.62%	15.64%	(12,613,821.57)
<b>Non-Qatari</b>	<b>29.13%</b>	<b>32.46%</b>	<b>(10,430,440.11)</b>

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

## Ratings, Global Economic Data and Earnings Calendar

### Ratings Updates

Company	Agency	Market	Type*	Old Rating	New Rating	Rating Change	Outlook	Outlook Change
Al Sagr National Insurance Co.	S&P	Dubai	FSR/LT-LIC	-	BB+/BB+	-	Stable	-

Source: News reports, Bloomberg (\*LT – Long Term, FSR- Financial Strength Rating)

### Global Economic Data

Date	Market	Source	Indicator	Period	Actual	Consensus	Previous
06/25	US	Department of Labor	Initial Jobless Claims	20-Jun	1,480k	1,320k	1,540k
06/25	US	Department of Labor	Continuing Claims	13-Jun	19,522k	20,000k	20,289k
06/26	EU	European Central Bank	M3 Money Supply YoY	May	8.9%	8.7%	8.2%
06/25	Germany	GfK AG	GfK Consumer Confidence	Jul	-9.6	-12.0	-18.6
06/26	France	INSEE National Statistics Office	Consumer Confidence	Jun	97	95	93

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
QNBK	QNB Group	12-Jul-20	14	Due
MARK	Masraf Al Rayan	13-Jul-20	15	Due
QGTS	Qatar Gas Transport Company Limited (Nakilat)	15-Jul-20	17	Due
IHGS	Islamic Holding Group	16-Jul-20	18	Due
QEWS	Qatar Electricity & Water Company	19-Jul-20	21	Due
QIGD	Qatari Investors Group	21-Jul-20	23	Due
DHBK	Doha Bank	27-Jul-20	29	Due

Source: QSE

## Qatar

- **QNBK to disclose 2Q2020 financials on July 12** – QNB Group (QNBK) will disclose the financial reports for the period ending June 30, 2020 on July 12, 2020. (QSE)
- **QGTS to disclose 2Q2020 financials on July 15** – Qatar Gas Transport Company (QGTS) will disclose the financial reports for the period ending June 30, 2020 on July 15, 2020. (QSE)
- **IHGS to disclose 2Q2020 financials on July 16** – Inma Holding (IHGS), former Islamic Holding Group, will disclose the financial reports for the period ending June 30, 2020 on July 16, 2020. (QSE)
- **Qatari banks' assets jump more than 9% in May on domestic credit expansion** – A healthy double-digit expansion in the domestic credit helped Doha's commercial banks witness a more than 9% jump in total assets at the end of May this year, according to the Qatar Central Bank (QCB). Total assets of commercial banks stood at QR1.56tn with domestic assets constituting QR1.35tn or 87% of the total and overseas assets at QR0.21bn or 13% of the total. The domestic assets witnessed more than 12% YoY expansion at the end of March 31, 2020, on a robust growth trajectory especially in the case of credit, securities portfolio, cash and precious metals, and claims on central bank. Total credit of the commercial banks grew about 11% YoY to QR1.06tn at the end of the review period. They constituted about 68% of the total assets of the banks. The commercial banks' domestic credit expanded more than 15% YoY to QR988.57bn; whereas overseas credit shrank about 12% to QR71.28bn in the review period. Total private sector credit registered a more than 13% YoY expansion to QR718.42bn, or 68%, of the total credit this May and public sector credit expanded by more than 6% to QR327.26bn, while non-banking finance credit declined more than 4% to QR14.17bn in the review period. The commercial banks' total securities portfolio amounted to QR197.66bn, which saw about 11% year increase in May this year. Domestic portfolio was seen growing more than 12% to QR179.59bn; while overseas portfolio shrank more than 1% to QR18.08bn. Of the total QR197.66bn total securities portfolio; debt (conventional) was to the extent of QR117.68bn, which rose about 13% YoY; and Sukuk QR75.16bn (7%). The domestic debt was QR105.06bn or 89% of the total debt in May 2020. The government debt grew about 19% YoY to QR96.13bn; whereas that of the banks declined 17% to QR5.35bn and others by 15% to QR3.58bn at the end of May 2020. Of the QR72.17bn domestic Sukuk, the government's issuance amounted to QR68.19bn and those from the banks stood at QR3.25bn during the review period. The commercial banks' total investment in subsidiaries and associates amounted to QR44.34bn in May 2020, which, however, saw more than 3% fall YoY. The commercial banks' other assets shot up about 29% YoY to QR36.18bn and net fixed assets by about 6% to QR7.31bn at the end of May this year. (Gulf-Times.com)
- **Qatar's merchandise trade balance records surplus of 22.5% MoM in May** – The State of Qatar's merchandise trade balance, which represents the difference between total exports and

imports, recorded a surplus of 22.5% during May compared to the previous month (April 2020), but decreased by 60.4% YoY (compared to May 2019). The Planning and Statistics Authority said in a statement, on foreign trade, that the country's merchandise trade balance had achieved QR5.3bn, registering an increase of approximately QR1.0bn compared to April 2020, but decreased by QR8.1bn compared to May 2019. The data indicate that the value of Qatari exports (which includes exports of local origin and re-export) amounted to approximately QR 13.3bn, a decrease of 41.4% YoY, and an increase of 12.1% MoM, while the value of merchandise imports decreased to reach about QR 7.9bn, an annual decline of 13.7%, and an increase of 6.0% MoM. The value of exports of "oil gases and other gaseous hydrocarbons" decreased annually (compared between May 2019 and May 2020), by 39.7%, to reach about QR8.2bn, while the value of "oils and oils for continental mineral raw materials" recorded approximately QR1.3bn, an annual decline of 67.5%. The value of exports of "oils and oils obtained from non-continental mineral materials" decreased by 68.8%, to register about QR0.5bn. The jet turbines group came at the top of the list of commodity imports of the state at a value of QR1.0bn, an increase of 55.8%, followed by the "regular aircraft parts and helicopters" group with about QR0.3bn, down 15.7%, then "cars and other vehicles designed mainly to transport persons" group which amounted to approximately QR0.2bn, a decrease of 52.1% compared to May 2019. (Gulf-Times.com)

- **EIU: Qatar's banking system supported by strong regulatory framework, solid capital and liquidity** – Qatar's commercial banks have been increasing liquidity from abroad in the form of a number of debt issues, and cash injections from the Qatar Investment Authority have bolstered banks' liquidity, the Economist Intelligence Unit (EIU) has said in an update. The ratio of non-performing loans as a proportion of total loans disbursed by the local banks has historically been low, but it is "likely to rise" in the short term, EIU noted in a risk assessment. "Banking sector risk is BB-rated. It is supported by a strong regulatory framework and solid capital and liquidity indicators," the EIU said. Despite the current account moving into deficit in 2020-21, the currency regime should be able to weather the short-term shocks posed by the coronavirus pandemic, according to the update. "Exports are expected to decline in 2020, but the Riyal's peg to the US Dollar is backed by ample foreign reserves and the assets of the Qatar Investment Authority (the sovereign wealth fund), the EIU said and noted the currency risk is BB-rated. The economic shock from the coronavirus pandemic is expected to lead to a recession, a drop in goods export earnings and a shift to a significant fiscal deficit. This will lead to a surge in fiscal financing needs. However, the EIU emphasized Qatar's ability to fully service its debt obligations remains strong. Qatar's overdependence on hydrocarbons exports leaves it exposed to international price movements, it said. Efforts to promote economic diversification will be hampered by the oil price slump and the ongoing blockade of Qatar (by a quartet of Arab nations). "The country's large stock of public debt weighs



on the outlook, but a sound financial system is supportive,” the EIU said. (Gulf-Times.com)

- **Ashghal to hand over five health centers to MoPH by next year** – The Public Works Authority (Ashghal) will hand over the buildings of five new health centers in Al Sadd, South Al Wakra, Al Meshaf, Ain Khaled and Al Khor to the Ministry of Public Health (MoPH) by next year, it is reported. The works are continuing on schedule and the health centers will become operational by next year, local Arabic daily Arrayah has reported, quoting an official source at Ashghal. While four of these will be handed over to the health ministry next year, one is scheduled for handover this year. (Gulf-Times.com)
- **Qatar and FIFA to stage pan-Arab tournament in 2021** – Qatar Football Association (QFA) and FIFA have announced plans to deliver a pan-Arab tournament that will be played in the Gulf state in late 2021, with the competition acting as a crucial preparatory event for the FIFA World Cup 2022 that kicks off on November 21, 2022. The competition proposal was presented to FIFA Council members via video conference by Secretary General of the Supreme Committee for Delivery & Legacy (SC) and Chairman of the FIFA World Cup Qatar 2022 LLC (Q22), Hassan Al Thawadi. The FIFA Council subsequently approved the formation of the competition. The 22-team invitational tournament for men’s national teams will be contested by Arab nations from Africa and Asia. (Peninsula Qatar)

#### **International**

- **IMF's Georgieva says virus crisis could ultimately test \$1tn war chest** – International Monetary Fund (IMF) Managing Director Kristalina Georgieva said that the global economic crisis spurred by the coronavirus could ultimately test the Fund’s \$1tn in total resources, “but we’re not there yet.” Georgieva told a Reuters Newsmaker webcast event that it was now clear that an economic recovery would have to get underway without a medical breakthrough and the virus’ presence still widespread throughout the world. IMF member countries were standing by to provide more support to the Fund if necessary, she said. The IMF on Tuesday forecast a deeper global recession than initially anticipated, as business closures, travel restrictions and social distancing measures persist in most countries. It now anticipates a global GDP contraction of 4.9% this year and a total output loss of \$12tn through the end of 2021. Regarding the possibility of additional resources, she said: “Our members are telling us, ‘Everything is on the table. You come to us if you need to do more of something, we are there for you.’” The IMF has been rapidly deploying some \$100bn in emergency financing and has now provided loans and grants to 72 countries in just over seven weeks, Georgieva said. The Fund later on Friday approved a new, \$5.2bn 12-month loan program aimed at helping Egypt to cope with the coronavirus and plug budget and balance of payment gaps. The IMF is providing technical assistance to Argentina in the country’s debt negotiations with private creditors. (Reuters)
- **US consumer spending rebounds; falling income, surging COVID-19 cases loom** – US consumer spending rebounded by the most on record in May, but the gains are not likely to be sustainable, with income dropping and expected to decline further as millions lose their unemployment checks starting next month. The surge in spending reported by the Commerce

Department on Friday is also under threat from a jump in coronavirus cases in many parts of the country, including densely populated California, Texas and Florida. The rising COVID-19 infections chipped at consumer sentiment in the second half of June. Confidence in government economic policies dropped in June to the lowest level since President Donald Trump entered the White House. The economy has been showing signs of turning around after tough measures to slow the spread of the respiratory illness pushed it into recession in February. Hiring, homebuilding permits, industrial output and orders for manufactured goods rebounded in May, recouping some of their historic losses. The Commerce Department said consumer spending, which accounts for more than two-thirds of US economic activity, jumped 8.2% last month. That was largest increase since the government started tracking the series in 1959. Consumer spending tumbled by a historic 12.6% in April. Economists polled by Reuters had forecast spending rising 9.0% in May. Spending was boosted by the reopening of many businesses after being shuttered in mid-March. (Reuters)

- **US lenders, businesses brace for disclosure on small business pandemic aid** – Americans will soon get a first full look at which businesses received \$515bn of taxpayer funds when the government, after initial resistance by President Donald Trump’s administration, releases borrower data for one of its highest-profile pandemic aid efforts. The colossal data set for the Paycheck Protection Program, to be released by the Treasury Department and Small Business Administration in the coming days, will provide transparency for a first-come-first-served program that from the outset was plagued by technology, paperwork and fairness issues. That could make life uncomfortable for borrowers that broke the spirit or letter of the rules, and for banks that shoveled the money out the door. The aim of the \$660bn program was to help cash-strapped companies keep workers employed and make rent. The Treasury and SBA said they will release a swath of information, including the names, addresses, loan amount ranges and jobs supported for businesses that received \$150,000 or more. That should account for roughly 75% of the dollars granted, but only 15% of the 4.7mn loans. The agencies have not said when they will release the data. Treasury Secretary Steven Mnuchin initially refused to release the data, saying it included proprietary business information. But under pressure from lawmakers, he agreed to shine a light on large borrowers. (Reuters)
- **UK car output slumps in May after coronavirus hit** – British car production plummeted by an annual 95% in May with just 5,314 vehicles built as the coronavirus outbreak kept some factories shut and others operating at reduced levels, an industry body said on Friday. Output slightly recovered from just 197 cars made in April, the lowest level for any month since February 1946, according to data from the Society of Motor Manufacturers and Traders (SMMT). Volumes in the first five months of the year are more than 40% down at 324,763 cars, with the sector expected to slump to its worst full-year performance in decades. (Reuters)
- **UK's Sunak sets 'extraordinarily high' bar for company bailouts** – British finance minister Rishi Sunak said he would set an “extraordinarily high” bar for bailing out individual companies that are struggling as a result of the coronavirus crisis, Bloomberg Television reported on Friday. Britain’s government has

underwritten around 40bn Pounds (\$50bn) in loans to businesses, and given 11bn Pounds in support for wages, but Sunak said he would be very reluctant to offer more. “The bar for companies accessing taxpayers’ support in a bespoke and significant way is extraordinarily high and should be extremely rare,” he said, adding that any such support would come with “significant strings attached”. “If we are in a situation like that, we would obviously expect financial investors and creditors to significantly share in the burden,” Sunak added in the television interview. Britain is steadily lifting coronavirus restrictions after a lockdown at the end of March that led to a 20% collapse in economic output. Non-essential shops reopened on June 15, and pubs and restaurants will resume business on July 4. Prime Minister Boris Johnson is expected to give a speech on the economy next week. (Reuters)

- **Lagarde: We're past the worst, but recovery will be uneven** – The Eurozone is “probably past” the worst of the economic crisis caused by the coronavirus pandemic, but the recovery will be uneven, European Central Bank (ECB) President Christine Lagarde said on Friday. Speaking as fears of a second wave shook investors and the general public across the world, Lagarde struck a constructive tone but urged authorities to use the truce currently offered by the virus to prepare. “We probably are past the lowest point and I say that with some trepidation, because of course there could be a severe second wave,” Lagarde told an online event. She cautioned that the rebound would be “uneven”, “incomplete” and “transformational”, meaning some companies in industries such as air travel and entertainment would never recover while others would come out stronger. The ECB is on course to buy 1.3tn Euros (\$1.46tn) worth of bonds and lend a similar amount to banks at negative rates to cushion the Eurozone economy and avoid a credit squeeze. The measures, combined with government guarantees on some loans, apparently are bearing fruit, with lending to Eurozone companies growing in May at its fastest pace since early 2009, data showed on Friday. In a nod to a German court challenge to the ECB’s stimulus tool, Lagarde said the central bank’s response was “proportional” to the challenge it faced. She was echoed by the Finnish central bank governor, Olli Rehn, who added it was better for the ECB to be safe than sorry when it decides whether to withdraw those measures. (Reuters)
- **Merkel calls for extraordinary German solidarity with EU peers** – The coronavirus pandemic means Germany needs to ready for “an extraordinary act of solidarity” with other European Union (EU) countries, Chancellor Angela Merkel said as Berlin prepares to take on the rotating EU presidency from July 1. In an interview with the Sueddeutsche Zeitung and five other European newspapers, Merkel called the pandemic a “challenge of unprecedented dimensions” and urged EU members to maintain their internal market “and to present a united front in the world”. “I am counting on the member states to have a strong interest in common ground in such an extraordinary situation,” she said. Merkel said a proposed recovery fund, which would see the EU raise debt and transfer cash to the countries hardest hit by the economic fallout of the coronavirus crisis, was a “special response for a special situation”. Germany supported Spain’s economy minister, Nadia Calvino, to head the Eurogroup of Eurozone finance ministers, Merkel said, but added that the final decision rested with the Eurogroup itself. On US President

Donald Trump’s plans to withdraw troops from Germany, she said: “In Germany, we know that we need to spend more on defense, and we have achieved significant increases in this respect in recent years and will continue to do so for our military capabilities.” “American troops in Germany serve both the protection of Germany and the European part of NATO and the interests of the US,” she added. (Reuters)

- **ECB: Eurozone bank lending continues to surge amid crisis** – Lending to Eurozone companies continued to surge in May as firms relied heavily on bank credit to stay afloat amid the continent’s coronavirus-related lockdown, data from the European Central Bank (ECB) showed. With millions of people in stuck at home and much of the bloc’s economy mothballed, activity came to a standstill in March and only started to remerge in May, forcing firms to find emergency cash to survive. Lending growth to non-financial corporations accelerated to 7.3% in May from 6.6% a month earlier, its best rate since early 2009. Household lending growth meanwhile held steady at 3.0%. Although banks initially appeared to tighten access to credit, a raft of government and central bank measures, from public guarantees to easier collateral rules, has supported lending. Indeed, the ECB loaned 1.3tn Euros to banks last week for at a rate as low as minus 1% provided banks at least maintain their stock of lending to the real economy. The annual growth rate of the M3 measure of money supply accelerated to 8.9% from 8.2%, beating expectations for 8.6% in a Reuters poll. (Reuters)
- **BOJ’s Kuroda warns second-round effect of COVID-19 may dent economic growth** – Bank of Japan (BOJ) Governor Haruhiko Kuroda said second-round effects of the coronavirus pandemic could hurt the Japanese economy “considerably”, signaling the bank’s readiness to ramp up stimulus measures again to cushion any blow from the crisis. But in an online seminar on Friday Kuroda said the central bank saw no immediate need to cut interest rates, and instead will focus on easing corporate funding strains and stabilizing markets with its lending facility and asset purchases. “Japan’s economy has been in an extremely severe situation ... In the second quarter, we’ll likely see considerable negative growth,” Kuroda said. At this moment, we didn’t see the need to further lower the entire yield curve. Of course, if necessary we will do that. But now, we don’t think it’s necessary,” he said. The BOJ eased policy in March and April, mainly by boosting asset buying and creating lending schemes to channel funds to companies hit by the pandemic. It has kept its interest-rate targets unchanged. Kuroda said he was “cautiously optimistic” that Japan’s economy will gradually recover from the second half of this year, allowing the BOJ to scale back its crisis-response steps. (Reuters)
- **China industrial firms' May profits post first monthly rise in 6 months** – Profits at China’s industrial firms rose for the first time in sixth months in May, suggesting the country’s economic recovery is gaining traction and brightening the outlook for manufacturing investment and jobs. China’s national bureau of statistics said profits at China’s industrial firms in May rose 6% YoY to 582.3bn Yuan (\$82.28bn), according to a statement on Sunday. The rebound followed a 4.3% fall in April, and is its sharpest monthly gain since March 2019. Economic activity in China is clearly improving after the lifting of tough virus containment measures that led to weeks of near paralysis. But

the recovery has been uneven and demand at home and abroad remains sluggish amid concerns of a second wave of infections and a global recession. Despite May's earnings growth, "market demand remains relatively weak amid the epidemic, and sustainability of the profit recovery deserves further observation," Zhu Hong, senior statistician at the statistics bureau said in the statement. Earnings for Chinese factories were hit by the sharpest factory-gate price drop in more than four years recorded in May, while exports slipped again, erasing a transient gain in April. (Reuters)

- **Brazil personal loan defaults rise to highest in three years** – Personal loan defaults in Brazil rose to a three-year high in May as the economy continued to suffer from the coronavirus-fueled shock, official figures showed on Friday, even as lending spreads shrank to the narrowest in 5-1/2 years. The data suggest that the central bank's emergency measures to increase the availability of credit are working, but at the same time pressure on household finances from the economic downturn and deteriorating labor market is intensifying. According to the central bank, the 90-day default ratio for personal credit rose to 3.9% in May from 3.8% the month before, the highest since May 2017, just as Brazil was emerging from a brutal recession in 2015-16. That ratio has risen for three months in a row, and is approaching the 4% threshold above which defaults registered every month throughout 2016. Total household loan defaults, including borrowing such as auto loans and overdrafts, held steady at 5.5%. But a more detailed look at the figures show that it inched up to 5.53% from 5.47%, which would also put it at its highest since 2017. This came despite a narrowing in household lending spreads to 37.2 percentage points from 38.8 percentage points, the narrowest since December 2014, central bank data showed. Overall lending spreads in Brazil, including lending to businesses, narrowed to 24.6 percentage points in May, also the lowest since December, 2014, the central bank said. The broadest 90-day default ratio, also including corporations, held steady at 4.0% in May, while lending to businesses helped raise the amount of outstanding credit in Brazil to 3.6tn Reals (\$557bn), the central bank said. (Reuters)

### Regional

- **Russia's key crude exports to plunge in July on OPEC+ pledge** – Russia's exports of its flagship Urals crude oil grade are set to plunge next month, underscoring the nation's commitment to helping OPEC and allied producers to avert a global glut. Exports of the grade from its three main western ports Primorsk and UstLuga in the Baltic Sea and Novorossiysk in the Black Sea – will fall 40% MoM to about 785,000 bpd in July, according to loading plans seen by Bloomberg. The country only began shipping from Ust-Luga in 2012 and flows from the three facilities have never been lower on a combined basis since then. Russia is working with OPEC and other producing countries to eliminate a surplus. Its output cuts have driven up premiums that Urals command to the highest in years, and tightened the wider physical oil market, albeit at the cost of selling smaller volumes. (Gulf-Times.com)
- **Middle East inks \$25bn of deals defying virus gloom** – In a matter of days, about \$25bn in deals have been struck in the oil-rich region, including the year's biggest infrastructure and banking transactions even as the coronavirus pandemic cripples overall

deal making. The blitz is quite rare for a region often known for political unrest and its influence on energy markets. It is also welcome relief for investment bankers looking to salvage what could be a difficult year for mergers and acquisitions. M&A activity in the Middle East is reviving as governments take measures to diversify their economies away from oil. They are also seeking to create more efficiencies through consolidation or by bringing in overseas investors. Sovereign wealth funds including Saudi Arabia's Public Investment Fund are deploying billions of dollars to buy stakes in companies ranging from Facebook Inc. to Citigroup Inc. to take advantage of a downturn in prices. The value of M&A deals in the Gulf states, including proposed deals, is up tenfold so far in June compared with the same period last year, according to data compiled by Bloomberg. That volume stands up well against the 44% drop globally this month, the data showed. (Bloomberg)

- **China's Saudi oil imports surge in May to all-time high** – China's crude oil imports from Saudi Arabia nearly doubled in May from a year earlier to all-time high as refineries snapped up cheap fuel, while the Kingdom retained its position as the top supplier to the world's biggest oil buyer. Arrivals from Saudi last month reached 9.165mn tons, or 2.16mn bpd, up about 95% from 1.11mn bpd in May 2019 and up 71% from 1.26mn bpd in April, data from the General Administration of Customs showed. Chinese refineries have cranked up throughput to meet a recovery in fuel demand but have also been increasing crude storage to take advantage of cheap prices after the coronavirus pandemic roiled global demand. Energy consultancy Kpler estimated China's crude storage has reached an all-time high of 782mn barrels, with the country's total capacity 61% full. China's overall crude oil imports jumped 19.2% in May from a year earlier to the highest monthly level on record, data released earlier this month showed, as demand for fuel recovered strongly after the easing of coronavirus curbs. (Reuters)
- **Saudi oil exports down by \$12bn YoY in April** – The value of Saudi Arabia's oil exports dropped by 65.4% in April when compared to the same month a year earlier, or a fall of about \$12bn, official data showed on Thursday. Compared to March, total exports - including non-oil exports of goods such as chemicals and plastics - decreased by 23.5%, or about \$3bn, the General Authority for Statistics said. Amid a drop in demand and oil prices, in the first quarter the value of Saudi Arabia's oil exports plunged by 21.9% YoY to \$40bn, corresponding to a decline of about \$11bn, official data showed earlier this month. The world's largest oil exporter could see its economy shrink by 6.8% this year, the International Monetary Fund said this week. (Reuters)
- **Saudi Arabia's biggest lender NCB in merger talks with Samba** – National Commercial Bank, Saudi Arabia's biggest lender, said on Thursday it had signed an initial agreement with smaller lender Samba Financial Group to create a combined entity with almost \$214bn in assets. NCB's offer would value each Samba share at SR27.42 to SR29.32, giving it a maximum market value of \$15.63bn, 27.5% above its market value of nearly \$12.3bn based on Wednesday's closing price. Low oil prices and weak economic growth are pushing bank consolidation across the Gulf and if completed the merger would create one of the region's largest lenders by assets, ranking third after QNB Group and



UAE's First Abu Dhabi Bank. In a bourse filing, NCB said it had signed a framework agreement for a potential merger with Samba, confirming an earlier Reuters story on the merger talks. NCB has a market value of nearly \$30bn, more than double that of Samba, which according to Refinitiv data is the Kingdom's fourth largest lender by assets. The two banks intend to conclude a reciprocal due diligence process and sign definitive agreements in relation to the proposed transaction within four months. The merger would also create an entity with a lending portfolio worth SR432bn, sources said. Saudi Arabia's sovereign wealth fund, the Public Investment Fund (PIF) is a major investor in both banks, with a stake of 44.29% in NCB and 22.91% in Samba. The Public Pension Agency and the General Organisation for Social Insurance are also substantial shareholders in both banks. JPMorgan is advising NCB, while two sources told Reuters Morgan Stanley is advising Samba. (Reuters)

- **Saudi's Samba CEO Sees U-shaped recovery after 'triple jeopardy'** – Samba Financial Group expects the Kingdom's economy to have a slow U-shaped recovery after being hit by the triple jeopardy of low oil prices, reduced interest rates and the coronavirus pandemic. Recovery from the coronavirus shutdown is already underway, and "we see a full recovery toward the end of 2021," Chief Executive Officer, Rania Nashar said. CEO of Samba Financial Group, Rania Nashar, talks about the state of the Kingdom's banks and the economy. In response to the crisis, Samba booked higher provisions in the first quarter to "build our reserves so we're ready for any surprises" later in the year, she said. The bank is also reviewing SMEs to see if more stimulus measures are needed from the Saudi regulator. (Bloomberg)
- **Aramco Trading sells prompt Murban, Agbami oil from Malaysia** – Aramco Trading sold Abu Dhabi's Murban and Nigerian Agbami crude for 1H2020 July loading from Malaysia's Sungai Linggi, according to traders. ATC sold about 6mn bbls of Murban grade and at least 1m bbls of Agbami. Murban was sold at ~\$1-\$2/bbl premium to Dubai benchmark price. Cargoes were originally meant for Malaysia's Refinery and Petrochemical Integrated Development, a strategic alliance between Aramco and Petronas, also called Pengerang Refining and Petrochemical (PRefChem). In a separate tender, ATC also offered 1m bbls of Azeri Light crude for July loading, also from Sungai Linggi. The tender is valid until Thursday. (Bloomberg)
- **Emirates will have to review strategy after coronavirus pandemic** – Gulf airline Emirates needs to redefine its strategy after the coronavirus pandemic brought global aviation to a near halt, its Chief Operating Officer, Adel Ahmad Al Redha said, flagging an increased focus on bringing more visitors to Dubai. The group is one of the world's biggest long-haul carriers and has over the past 35 years transformed Dubai into a major gateway for international travelers, most of whom connect onto flights to elsewhere. "We will need to redefine some of the operating model because surely what used to work for us in the past is not going to work for us going forward," he told Reuters. He said Emirates would focus on getting more passengers to visit Dubai while continuing to "connect the world" through the hub-and-spoke model it relied on for over three decades. Emirates only operates international flights. The airline is also planning to

reexamine its network and to look at greater cooperation with fellow state carrier flydubai, he said. The two state airlines already sell tickets on some of each other's flights and coordinate on network planning. (Reuters)

- **Mubadala delivers bid for Petrobras' refinery in Bahia** – Abu Dhabi's Mubadala Investment Company placed a binding offer for Petroleo Brasileiro refinery in the northeastern Brazilian state of Bahia on Thursday, sources said. The 330,000 bpd refinery, known as RLAM, is the first of a group of eight such units the state-controlled oil producer plans to sell to cut debt and open one of the world's largest fuel markets to private investors. It is still unclear whether other players, such as China's Sinopec and Indian conglomerate Essar Group, also made offers. (Reuters)
- **Abu Dhabi KBBO set to hire PwC, Trussbridge to restructure debt** – Abu Dhabi-based KBBO Group, once one of NMC Health biggest shareholders, is set to hire PwC and Trussbridge Advisory Ltd. to advise on its debt restructuring, people familiar with the matter said. KBBO, a privately-held investment firm with assets in healthcare and finance sectors, also plans to appoint a chief restructuring officer in the next few weeks to help coordinate the process, sources said. (Bloomberg)
- **Kuwait Stock Exchange will resume some of its suspended operations starting June 28** – Boursa Kuwait announced on Friday it obtained an approval from the Capital Market Authority to resume some operations that had been suspended due to outbreak of the novel coronavirus (COVID-19). The bourse said resumption of these operations would kick off with transfer of private properties of the official market effective Sunday, whereby the service would be available online. Stakeholders should request the bourse approval for the property transfer. System of unlisted securities (OTC) will be reactivated as of July 9 (Thursday), with no changes as to work hours. Moreover, property transfer of the unlisted securities will resume online. (Zawya)
- **Moody's downgrades the long-term ratings of seven Omani banks, changes outlook to 'Negative' from ratings under review** – Moody's Investors Service (Moody's) has downgraded the long-term local and foreign currency deposit ratings of seven Omani banks: Bank Muscat SAOG (Bank Muscat), HSBC Bank Oman SAOG (HBON), Bank Dhofar SAOG (Bank Dhofar), National Bank of Oman SAOG (NBO), Sohar International Bank SAOG (Sohar International), Oman Arab Bank (SAOC) (OAB) and Bank Nizwa SAOG (Bank Nizwa). Moody's has changed the outlook to 'Negative' from ratings under review on the long-term deposit ratings of all seven banks. At the same time, Moody's has downgraded the Baseline Credit Assessment (BCA) and Adjusted BCA of two Omani banks: Bank Muscat and HBON. In addition, Moody's has confirmed the BCAs and Adjusted BCAs of five banks: NBO, OAB, Bank Dhofar, Sohar International and Bank Nizwa. The primary driver for the rating actions is the Omani government's weakening capacity to support the local banks, as indicated by the downgrade of the Government of Oman issuer rating to 'Ba3' with a 'Negative' outlook from 'Ba2' with ratings under review. A secondary driver of today's rating actions for Bank Muscat and HBON is the interlinkages between the sovereign's creditworthiness and the two banks' balance sheets, as the banks' strong standalone BCAs continue to be

constrained at the level of the sovereign rating. The change in outlook to 'Negative' from ratings under review on the Omani banks' long-term deposit ratings reflects the negative outlook on the sovereign rating, which signals potential weakening in the Omani government's credit strength as well as in its capacity to support the country's banks in case of need. The 'Negative' outlook on the sovereign rating captures material government liquidity and external vulnerability risks related to the government's large financing requirements and diminishing external buffers, which Moody's expects in the next few years. Slow and narrow implementation of fiscal adjustment, a possibility in light of the government's limited track record in this area, could raise liquidity and/or external vulnerability risks further. The downgrade in Oman's sovereign rating reflects Moody's conclusion that in a lower oil price environment, which the rating agency 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. Nonetheless, Moody's expects that the government's willingness to provide support to banks in case of need will remain 'high' or 'very high' (depending on the bank), reflecting the dominance of local banks in the domestic financial system and the significant government shareholdings and deposits in several banks. (Moody's)

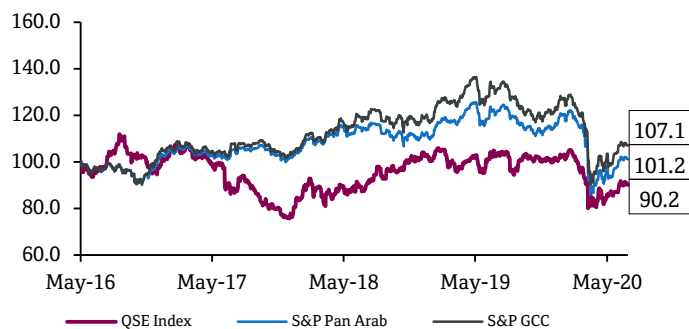
- Moody's downgrades eight Omani GRIs to 'Ba3' following sovereign downgrade; 'Negative' outlook** – Moody's Investors Service, (Moody's) has downgraded the ratings of eight government-related issuers (GRIs) domiciled in Oman. The rating action is a direct consequence of the downgrade of the Government of Oman, on June 23, 2020, to 'Ba3' from 'Ba2' with a 'Negative' outlook. Moody's downgraded the ratings of the following eight GRIs to 'Ba3' from 'Ba2' and assigned 'Negative' outlooks because of their concentration of cash flows and operations in Oman. This concludes the review for downgrade Moody's had initiated on these GRIs on April 1, 2020: Dhofar Power Company SAOC (DPC), Majan Electricity Company SAOC (MJEC), Mazoon Electricity Company SAOC (MZEC), Muscat Electricity Distribution Company SAOC (MEDC), Oman Electricity Transmission Company SAOC (OETC), Oman Power and Water Procurement Company SAOC (OPWP), Rural Areas Electricity Company SAOC (Tanweer), Oman Telecommunications Company S.A.O.G. (Omantel). The ratings of DPC, MJEC, MZEC, MEDC, OETC, OPWP and Tanweer are constrained by the sovereign rating because of their significant exposure to the Omani government in the form of subsidies and whose credit standing has been weakening (OETC and OPWP being indirectly exposed). In particular, recurring delays in the payment of subsidies to DPC, MJEC, MZEC, MEDC and Tanweer have negatively affected these companies' liquidity as demonstrated by their increased reliance on short-term working capital facilities. MJEC, MZEC and MEDC are subject to additional liquidity pressure because of increased reliance on short-term funding in the anticipation of their privatization. DPC, MJEC, MZEC, OETC and Tanweer also continue to face high capital spending until at least 2021 with associated funding requirements and increases in leverage. The ratings of DPC, MJEC, MZEC, MEDC, OETC, OPWP and Tanweer remain supported by (1) the stable and transparent regulatory

framework for the electricity sector and the independence of the regulator; (2) the cost-recovery mechanisms of the regulatory framework; (3) the low business risk profile of the electricity transmission, distribution and supply activities and (4) their respective monopoly positions in Oman. Their 'Negative' outlooks are in line with that of the sovereign rating. The rating of Omantel is constrained by the rating of the Omani government because the company generates most of its cash flows in Oman. The rating of Omantel remains supported by the company's (1) dominant market position in the Omani telecommunications market; (2) industry leading, albeit slightly declining, Moody's adjusted EBITDA margins around 50% (excluding royalty charges); and (3) adequate liquidity. Omantel's 'Negative' outlook is in line with that of the sovereign rating. Moody's expects Omantel's leverage and cash flow metrics to weaken in the fiscal year ending December 2020, albeit while remaining commensurate with the Ba3 CFR. This is driven by (1) the coronavirus-related lockdown which will hamper revenue from the prepaid segment during 2020 and (2) the sharp decrease in oil prices which will weigh on consumers' spending power and could result in a decrease in the number of subscribers, especially if there is an exodus of expats. This situation would be in line with what the company experienced in 2017, as a consequence of the sharp decrease in oil prices in 2015 and 2016. However, the rating agency expects those metrics to recover starting 2021 as the Omani economy starts recovering. Moody's expects Moody's adjusted debt to EBITDA and Moody's adjusted RCF to debt to weaken to 3.4x and 12.4% in 2020 from 3.0x and 15.9% in 2019 and to partially recover to 3.3x and 12.8% in 2021. (Moody's)

- McLaren, National Bank of Bahrain in talks for financing** – McLaren Group Ltd. is in talks with National Bank of Bahrain (NBB) for new funding as the British supercar maker seeks to raise money by next month to stay afloat. "These discussions are at an advanced stage and no agreement reached so far," the bank said. The facility is dependent on regulatory approvals and other conditions, it said, without providing further details. Sky News reported on Wednesday that McLaren Group is in talks to borrow more than \$186mn from NBB. McLaren's largest shareholder, the Bahraini fund Mumtakalat, is also the largest investor in NBB. The Formula One racing team and carmaker had originally planned to raise emergency funds by mortgaging its headquarters and a historic car collection, but the plan has faced opposition by a group of noteholders. Existing creditors argue that the assets are already pledged as collateral on \$700mn of bonds sold in 2017, and the case is now being heard in court in London. The company said it may run out of money by mid-July and the court's decision is due next month. (Bloomberg)

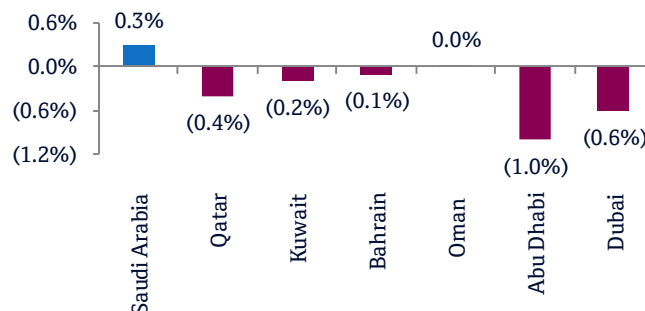


## Rebased Performance



Source: Bloomberg

## Daily Index Performance



Source: Bloomberg

Asset/Currency Performance	Close (\$)	1D%	WTD%	YTD%
Gold/Ounce	1,771.29	0.4	1.6	16.7
Silver/Ounce	17.81	0.0	1.0	(0.3)
Crude Oil (Brent)/Barrel (FM Future)	41.02	(0.1)	(2.8)	(50.1)
Crude Oil (WTI)/Barrel (FM Future)	38.49	(0.6)	(3.2)	(45.2)
Natural Gas (Henry Hub)/MMBtu	1.40	(6.7)	(4.1)	(33.0)
LPG Propane (Arab Gulf)/Ton	47.50	(2.1)	(7.6)	15.2
LPG Butane (Arab Gulf)/Ton	43.25	(1.1)	(14.2)	(34.8)
Euro	1.12	0.0	0.4	0.1
Yen	107.22	0.0	0.3	(1.3)
GBP	1.23	(0.7)	(0.1)	(6.9)
CHF	1.05	0.0	0.4	2.1
AUD	0.69	(0.3)	0.4	(2.2)
USD Index	97.43	0.0	(0.2)	1.1
RUB	69.78	1.1	0.5	12.6
BRL	0.18	(1.9)	(2.9)	(26.5)

Source: Bloomberg

Global Indices Performance	Close	1D%*	WTD%*	YTD%*
MSCI World Index	2,157.19	(1.7)	(2.3)	(8.5)
DJ Industrial	25,015.55	(2.8)	(3.3)	(12.3)
S&P 500	3,009.05	(2.4)	(2.9)	(6.9)
NASDAQ 100	9,757.22	(2.6)	(1.9)	8.7
STOXX 600	358.32	(0.4)	(2.0)	(13.8)
DAX	12,089.39	(0.7)	(2.0)	(8.8)
FTSE 100	6,147.14	(0.2)	(2.3)	(18.5)
CAC 40	4,909.64	(0.2)	(1.4)	(17.9)
Nikkei	22,512.08	1.1	0.1	(4.8)
MSCI EM	998.90	(0.6)	(0.2)	(10.4)
SHANGHAI SE Composite#	2,979.55	0.0	0.4	(2.3)
HANG SENG	24,549.99	(0.9)	(0.4)	(12.9)
BSE SENSEX	35,171.27	0.9	1.3	(14.7)
Bovespa	93,834.50	(2.2)	(2.8)	(18.9)
RTS	1,246.74	(0.8)	(0.2)	(19.5)

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

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