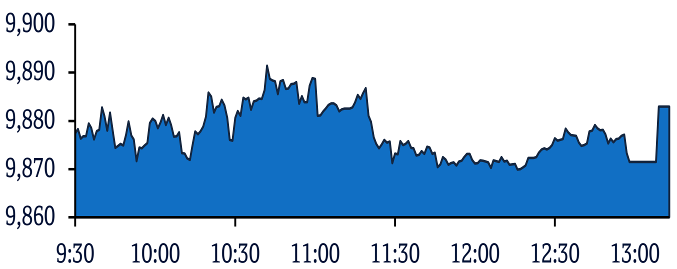
Daily Market Report

Sunday, 30 August 2020

QSE Intra-Day Movement



Qatar Commentary

The QE Index declined 0.2% to close at 9,882.9. Losses were led by the Transportation and Industrials indices, falling 0.8% and 0.6%, respectively. Top losers were Gulf Warehousing Company and Industries Qatar, falling 1.5% each. Among the top gainers, Salam International Investment Ltd. gained 10.0%, while Mazaya Qatar Real Estate Dev. was up 9.9%.

GCC Commentary

Saudi Arabia: The TASI Index fell 0.3% to close at 7,934.4. Losses were led by the Media & Entertainment and Banks indices, falling 1.7% and 0.5%, respectively. Salama Cooperative Insurance declined 3.6%, while Saudi Steel Pipe Company was down 3.5%.

Dubai: The DFM Index fell 0.9% to close at 2,269.3. The Real Estate & Construction index declined 1.5%, while the Banks index fell 0.9%. Arabtec Holding Company declined 5.0%, while Khaleeji Commercial Bank was down 4.8%.

Abu Dhabi: The ADX General Index gained 0.1% to close at 4,535.2. The Energy index rose 0.9%, while the Telecommunication index gained 0.2%. Abu Dhabi Nat. Co. for Building Mat. rose 5.8%, while Abu Dhabi National Energy was up 4.1%.

Kuwait: The Kuwait All Share Index gained 0.4% to close at 5,289.2. The Technology index rose 7.9%, while the Oil & Gas index gained 0.6%. Hilal Cement Co. rose 20.9%, while Burgan Co For Well Drilling & Maintenance was up 9.6%.

Oman: The MSM 30 Index fell 0.3% to close at 3,737.5. However, all indices ended in green. HSBC Bank Oman declined 3.1%, while Bank Muscat was down 2.5%.

Bahrain: The BHB Index gained 0.6% to close at 1,380.9. The Services and Industrial indices rose 0.8% each. BBK rose 2.5%, while Bahrain Telecommunication Company was up 1.4%.

Market Indicators	27 Aug 20	26 Aug 20	%Chg.
Value Traded (QR mn)	646.8	429.8	50.5
Exch. Market Cap. (QR mn)	574,368.2	574,508.8	(0.0)
Volume (mn)	524.0	218.2	140.1
Number of Transactions	12,547	8,811	42.4
Companies Traded	44	46	(4.3)
Market Breadth	28:11	13:30	–

Market Indices	Close	1D%	WTD%	YTD%	TTM P/E
Total Return	18,999.60	(0.2)	1.2	(1.0)	16.1
All Share Index	3,066.91	(0.0)	0.9	(1.0)	16.9
Banks	4,162.46	0.1	(0.2)	(1.4)	13.9
Industrials	2,963.78	(0.6)	5.0	1.1	25.8
Transportation	2,843.41	(0.8)	(2.0)	11.3	13.5
Real Estate	1,669.12	1.1	2.6	6.7	13.7
Insurance	2,114.50	(0.3)	0.1	(22.7)	32.8
Telecoms	919.14	0.0	0.0	2.7	15.5
Consumer	8,199.65	0.4	1.8	(5.2)	25.7
Al Rayan Islamic Index	4,059.26	(0.0)	2.0	2.7	18.9

GCC Top Gainers##	Exchange	Close#	1D%	Vol. '000	YTD%
BBK	Bahrain	0.50	2.5	556.6	(8.4)
Emaar Economic City	Saudi Arabia	8.07	2.2	5,947.1	(15.5)
Sohar International Bank	Oman	0.10	2.0	766.9	(2.6)
Saudi Cement Co	Saudi Arabia	54.80	1.5	523.2	(21.8)
Bahrain Telecom. Co	Bahrain	0.42	1.4	659.6	9.0

GCC Top Losers##	Exchange	Close#	1D%	Vol. '000	YTD%
HSBC Bank Oman	Oman	0.09	(3.1)	87.0	(22.3)
Bank Muscat	Oman	0.39	(2.5)	661.1	(5.2)
Emirates NBD Bank	Dubai	11.10	(2.2)	11,631.4	(14.6)
Yanbu Nat. Petrochem. Co	Saudi Arabia	54.10	(2.2)	514.2	(3.2)
Mouwasat Med. Services	Saudi Arabia	114.60	(1.9)	104.4	30.2

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%
Salam International Inv. Ltd.	0.58	10.0	93,347.1	12.8
Mazaya Qatar Real Estate Dev.	1.19	9.9	38,617.4	65.0
Investment Holding Group	0.57	5.0	155,507.1	0.4
INMA Holding	4.68	4.7	8,993.1	146.3
Alijarah Holding	1.05	4.1	53,758.9	48.9

QSE Top Volume Trades	Close*	1D%	Vol. '000	YTD%
Investment Holding Group	0.57	5.0	155,507.1	0.4
Salam International Inv. Ltd.	0.58	10.0	93,347.1	12.8
Alijarah Holding	1.05	4.1	53,758.9	48.9
Mazaya Qatar Real Estate Dev.	1.19	9.9	38,617.4	65.0
Aamal Company	0.89	0.7	36,478.2	8.9

QSE Top Losers	Close*	1D%	Vol. '000	YTD%
Gulf Warehousing Company	5.12	(1.5)	4,264.8	(6.6)
Industries Qatar	9.85	(1.5)	2,285.2	(4.2)
Qatari German Co for Med. Dev.	2.52	(1.2)	8,843.1	332.5
Qatar Gas Transport Co. Ltd.	2.76	(0.8)	2,680.2	15.4
Qatar Insurance Company	2.10	(0.6)	1,610.9	(33.5)

QSE Top Value Trades	Close*	1D%	Val. '000	YTD%
Investment Holding Group	0.57	5.0	86,922.4	0.4
Alijarah Holding	1.05	4.1	56,471.3	48.9
Salam International Inv. Ltd.	0.58	10.0	52,601.5	12.8
Mazaya Qatar Real Estate Dev.	1.19	9.9	45,125.6	65.0
INMA Holding	4.68	4.7	41,449.3	146.3

Source: Bloomberg (* in QR)

Regional Indices	Close	1D%	WTD%	MTD%	YTD%	Exch. Val. Traded ($ mn)	Exchange Mkt. Cap. ($ mn)	P/E**	P/B**	Dividend Yield
Qatar*	9,882.93	(0.2)	1.2	5.5	(5.2)	176.09	156,343.0	16.1	1.5	4.0
Dubai	2,269.27	(0.9)	1.5	10.7	(17.9)	92.23	86,169.6	8.6	0.8	4.3
Abu Dhabi	4,535.15	0.1	(0.2)	5.4	(10.7)	94.17	185,823.0	16.6	1.3	5.4
Saudi Arabia	7,934.43	(0.3)	1.2	6.4	(5.4)	2,476.23	2,364,470.3	28.4	1.9	3.3
Kuwait	5,289.16	0.4	1.5	6.5	(15.8)	95.78	99,935.6	27.6	1.3	3.7
Oman	3,737.47	(0.3)	3.0	4.7	(6.1)	2.29	16,828.6	11.1	0.8	6.6
Bahrain	1,380.89	0.6	1.9	7.0	(14.2)	7.15	21,006.1	12.9	0.9	5.2

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 0.2% to close at 9,882.9. The Transportation and Industrials indices led the losses. The index fell on the back of selling pressure from Arab and Foreign shareholders despite buying support from Qatari and GCC shareholders.
- Gulf Warehousing Company and Industries Qatar were the top losers, falling 1.5% each. Among the top gainers, Salam International Investment Ltd. gained 10.0%, while Mazaya Qatar Real Estate Development was up 9.9%.
- Volume of shares traded on Thursday rose by 140.1% to 524.0mn from 218.2mn on Wednesday. Further, as compared to the 30-day moving average of 300.8mn, volume for the day was 74.2% higher. Investment Holding Group and Salam International Inv. Ltd. were the most active stocks, contributing 29.7% and 17.8% to the total volume, respectively.

Overall Activity	Buy %*	Sell %*	Net (QR)
Qatari Individuals	55.13%	55.64%	(3,299,073.9)
Qatari Institutions	18.33%	14.58%	24,250,805.5
Qatari	**73.46%**	**70.22%**	**20,951,731.5**
GCC Individuals	1.38%	1.53%	(920,696.5)
GCC Institutions	1.80%	0.66%	7,339,240.4
GCC	**3.18%**	**2.19%**	**6,418,544.0**
Arab Individuals	13.76%	14.62%	(5,533,485.7)
Arab Institutions	–	0.01%	(84,403.3)
Arab	**13.76%**	**14.63%**	**(5,617,889.0)**
Foreigners Individuals	3.04%	3.41%	(2,385,297.0)
Foreigners Institutions	6.56%	9.56%	(19,367,089.5)
Foreigners	**9.60%**	**12.97%**	**(21,752,386.5)**

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

Global Economic Data

Date	Market	Source	Indicator	Period	Actual	Consensus	Previous
08/27	US	Department of Labor	Initial Jobless Claims	22-Aug	1,006k	1,000k	1,104k
08/27	US	Department of Labor	Continuing Claims	15-Aug	14,535k	14,400k	14,758k
08/27	EU	European Central Bank	M3 Money Supply YoY	Jul	10.2%	9.2%	9.2%
08/28	EU	European Commission	Consumer Confidence	Aug	-14.7	–	-14.7
08/28	Germany	GfK AG	GfK Consumer Confidence	Sep	-1.8	1.0	-0.2
08/28	France	INSEE National Statistics Office	CPI MoM	Aug	-0.1%	-0.2%	0.4%
08/28	France	INSEE National Statistics Office	CPI YoY	Aug	0.2%	0.1%	0.8%
08/28	France	INSEE National Statistics Office	PPI MoM	Jul	0.4%	–	0.7%
08/28	France	INSEE National Statistics Office	PPI YoY	Jul	-2.6%	–	-2.7%
08/28	France	INSEE National Statistics Office	GDP QoQ	2Q2020	-13.8%	-13.8%	-13.8%
08/28	France	INSEE National Statistics Office	GDP YoY	2Q2020	-18.9%	-19.0%	-19.0%

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

News

Qatar

- **QNB announces new strategic partnership with Booking.com –** QNB Group, the largest financial institution in the Middle East and Africa, recently announced a strategic partnership with the leading digital travel platform provider Booking.com. As part of the new partnership, QNB customers will receive a limited-time fixed 10% upfront discount, available until December 31 2020. QNB customers will be able to choose from more than 29 million accommodation listings on Booking.com, including hotels, homes, apartments and other unique places to stay, and only need to book through the special QNB co-branded version of Booking.com (www.booking.com/qnbdeal) with their QNB payment card to take the advantage of the offer. (Press Release)
- **QCB: Qatar's banking sector remains 'heavily targeted' sector for cyberattacks –** Qatar's banking sector remains a "heavily targeted" sector for cyberattacks, Qatar Central Bank said and noted phishing attempts and user targeted social engineering attacks represented more than 50% of the overall attacks in 2019. "This year (2019) has seen a surge in the cyber-attacks targeting the users of these organizations. Therefore, through its key risk indicators (KRIs) reporting system, the QCB's dedicated information security department (ISD) has been able to understand the patterns and anticipate on some of the cyber threats," the banking regulator said in its latest Financial Stability Report. The QCB has designed a new information and cyber security organization with a dedicated independent information security department (ISD) that not only looks after QCB itself but also the entire financial sector cyber security practice and posture. In order to achieve this, the QCB ISD has defined a governance framework, a set of security measures via technical, policy and regulatory requirements as well as reporting mechanisms at various levels. The new organization structure covers both the security governance and assurance aspects of the work. The engagement with the financial sector has been formalized with a dedicated security forum, namely the BSG (Banking Security Group) and its terms of reference, which serves as a platform to exchange information and collaborate with the banking sector primarily but also with the remaining sectors entities. Statistics showed that in 2019, the "banking sector remained a heavily targeted sector" with all the layers being seen as opportunity to steal valuable information assets, QCB noted. (Gulf-Times.com)
- **Credit to trading and services sectors rise double-digit in July –** Trading and services sectors saw strong backing from Qatar's commercial banks, with them reporting a double-digit growth in credit received in July, as the country mitigates the risks to the private sector from the COVID-19 pandemic, the central bank figures suggest. The credit to these sectors outpaced the total domestic credit, according to the Qatar Central Bank (QCB) data. Total domestic credit stood at QR1.01tn at the end of July 31, 2020. The services sector saw a 34.46% yearly growth in credit to QR327.54bn, which constituted 32% of the total domestic loans this July. The credit to the general services witnessed a 32.58% YoY increase to QR291.3bn, which was 89% of the total credit to the services sector. Within the general services, credit to air transport was QR91.61bn, realty QR74.94bn, hotels QR27.61bn, non-specified QR22.24bn, land transport QR20.24bn, engineering QR19.19bn and petroleum QR9.79bn at the end of July 2020. In the case of financial services, it registered an impressive 51.7% growth to QR36.24bn at the end of July this year with large chunk directed towards investment companies (QR23.62bn), investment funds (QR6.56bn) and insurance (QR1.39bn). The banks' credit to the trading sector witnessed a 22.31% YoY surge to QR160.07bn or 16% of the total domestic loans in July 2020. (Gulf-Times.com)
- **Around 15,000 more rooms for World Cup fans secured –** Around 15,000 additional rooms to accommodate visitors during the FIFA World Cup 2022 have been secured after a joint committee approved a number of residential properties for use during the tournament. In a coordinated effort by government entities in Qatar, the Housing and Governmental Buildings Department of the Ministry of Administrative Development, Labour and Social Affairs (MADLSA) and the Supreme Committee for Delivery & Legacy (SC) signed a Memorandum of Understanding (MoU) in March 2020 to lease residential properties that would be used to provide accommodation for visitors during the FIFA World Cup 2022. As part of the MoU, a joint team from both organizations reviewed a number of requests to be part of the accommodation plan. More than 150 complete, undivided properties have been approved in the first batch. These include buildings, towers and residential complexes, all of which are fully furnished, providing approximately 15,000 additional rooms for use during the tournament. As part of this initiative, work is also underway to sign five-year renewable contracts with homeowners for use during the tournament and beyond. After the FIFA World Cup 2022, the houses will be used to meet Qatar's long-term government housing needs and will form the basis of a robust government housing program that is in line with the Qatar National Vision 2030. (Gulf-Times.com)
- **Qatar's industrial sector PPI rises by 6% in July –** The Planning and Statistics Authority (PSA) has released the monthly Producer Price Index (PPI) of Qatar's industrial sector for July 2020, with the base year 2013. The PPI for July 2020 is estimated at 39.0 points, showing an increase of 6.0%, when compared to the previous month's June 2020. PPI of July 2020 showed a decrease of 37.1% when compared to the PPI of July 2019. Producer price index covers goods relating to "Mining" (weight: 72.7%), "Manufacturing" (weight: 26.8%), and "Electricity and Water" (weight: 0.5%). The PPI of July 2020 for mining sector showed an increase by 9.1% when compared with PPI of June 2020, primarily due to the price increase of "Crude Petroleum and Natural Gas" by 9.1%. However, "Stone, Sand and Clay" decreased by 2.7%. PPI of July 2020, when compared with the same period in the previous year (July 2019), declined 43.7%. An increase of 1.1% has been recorded in July 2020 in the manufacturing sector, when compared with the previous month's index (June 2020). The price increase is seen in: "Refined Petroleum Products" and "Rubber and Plastics products" by 3.3% each, followed by "Juices" by 1.2%, "Basic Chemicals" by 0.9%, and "Beverages" by 0.5%. However, the decreasing prices are noticed in "Basic Metals" by 6.9%, "Dairy products" by 2.3%, "Cement and Other non-metallic products" by 2.0%, and "Grain mill and Other products" by 0.3%. No

changes noticed in "Paper and Paper Products" and "Other Chemical Products and Fibers". Comparing with the index of counterpart in the previous year (July 2019), "Manufacturing" PPI of July 2020 showed a decrease of 24.5%. The major groups which explain this price fall are: "Refined Petroleum Products" by 29.8%, followed by "Basic Chemicals" by 20.5%, "Basic Metals" by 12.8%, "Rubber and Plastics products" by 10.6%, "Other Chemical Products and fibers" by 2.5%, "Dairy Products" by 0.8%, and "Cement and Other Non-metallic Products" by 0.2%. However, prices increased in "Juices" by 6.4%, followed by "Paper and Paper Products" by 5.7%, "Grain Mill and Other Products" by 0.5%, and "Beverages" by 0.4%. The PPI of electricity and water showed a decrease of 0.8% compared to June 2020, resulting from a decline in electricity by 1.5%, and water by 0.3%. When compared the PPI of July, 2020, to the PPI of July, 2019, it showed a decrease of 0.8%, affected by price fall in electricity by 1.1%, and water by 0.5%. (Gulf-Times.com)

- **Qatar supplies UK with 50% of its annual gas needs –** Qatari natural gas exports have recently grown in the global market, as the country has become one of the UK's major gas exporters. In a report, Scientect website revealed that Qatar is among the leading exporters of natural gas to the UK, which is considered to be the world's eighth-largest gas importer. Qatar supplied the UK with nearly 50% of its annual needs last year, according to the website. In 2019, the UK received 65 Qatari shipments, delivering 6.7mn tons of liquified natural gas (LGN) to the UK, which had a total need of approximately 14mn tons. The report pointed out that last year, Qatar provided a value twice the amount required by the UK, compared with previous years, estimated at 6.1mn tons of natural gas. It explained that Doha was able to reach this high level of production to the UK via the South Hook LGN terminal, which is the main gateway for Qatari gas to the UK. (Bloomberg)
- **Ezdan weekly report: Hefty deals in Doha boost real estate price index to record levels –** The real estate activity during the third week of August (from 16-20) 2020, has seen the registration of exceptional property sale deals triggering a robust increase in Real Estate Price Index, where Doha formed the chunk of sale value by clinching three major deals, each exceeded the threshold of QR100mn, notably in the Pearl, Mansoura, and Fareej Bin Mahmoud areas, according to Ezdan Real Estate weekly report. The breakdown of sale deals as reflected in the weekly bulletin released by the Real Estate Registration Department of the Ministry of Justice showed that the number of registered deals accounted for 161 property sales with a total value of more than QR1.26bn. The deals were distributed over 8 municipalities: Umm Salal, Al-Khor, AlDhakhira, Doha, Al-Rayyan, AlShamal, Al-Daayen, Al-Wakra and Al-Sheehaniya, and included vacant land lots, residences, multi-use buildings, multiple-use land lots and residential buildings. Doha ranked first in terms of the highest deal value through selling a multi-use land lot in Al Mansoura spanning over 13,175 square meters, sold at QR1,269 per square foot, totaling QR180mn. The second major deal was also clinched in Doha by selling a residential tower in the Pearl spreading over 7,239 square meters at a price of QR2,200 per square foot, totaling QR171.4mn. Al Rayyan municipality has seen the lowest sale deal for a 174 square meter- house in Muaither, sold at QR327 per square foot, accounting for an aggregate value of QR612.5 thousand. (Peninsula Qatar)
- **Al-Baker: Australia a very important market for Qatar Airways –** Qatar Airways Group Chief Executive HE Akbar Al-Baker has emphasized the importance of the Australian market and said the national carrier has carried 180,000 passengers and over 15,000 tons of cargo to Australia since March 1. In a Twitter message on Saturday, HE Al-Baker said, "Australia is a very important market for Qatar Airways. Since March 1, when the pandemic really started spreading around the globe, we have carried 180,000 passengers and over 15,000 tons of cargo to Australia." "Unfortunately, due to the restrictions and the second spike of the pandemic in Australia, the government has restricted us from carrying additional passengers. We have very limited capacity that we can take into Australia and we have also a huge stress, covering the cost of this very expensive flight," HE Al-Baker said on the challenges caused by restrictions on passenger numbers. He continued, "However, we are committed to continuing operating to Australia and increasing frequencies. I am very proud to say that today we have more than 35% of the Australian international market. "And we are completely committed to continually serving you the people in Australia and to getting people home and reuniting loved ones." The five Australian gateways are Adelaide, Perth, Melbourne, Sydney and Brisbane. (Gulf-Times.com)
- **Tourism to get further boost from easing of restrictions –** Exciting offers and initiatives by hotels, restaurants, museums and other retail outlets have not only given a chance to residents to explore the country this summer, but have also reinvigorated Qatar's tourism sector. The recovery in country's tourism sector is expected to gain further momentum in coming days with the beginning of fourth phase easing of restrictions. The first phase the fourth phase of easing of COVID-19 restrictions is set to begin from Tuesday. With further lifting of restrictions, the tourism sector will be bustling with activities, as more people will be allowed to visit tourist places and outdoor excursions. From September 1, museums will be allowed to operate with full capacity; the souqs will be allowed to operate with 75% capacity while local exhibitions can be held with a capacity of 30%. Additionally, Doha Metro and buses will also be operating with 30% capacity, which would help more people to reach their destinations easily and safely. "We have seen a significant increase in the enquiries about our staycation offers this month. The number of citizens and expatriates availing our staycation offers has increased and we expect further increase in guest arrivals in coming days," a senior official of a hotel told The Peninsula. (Peninsula Qatar)
- **Restaurants with 'Qatar Clean' certificate can operate with full capacity –** The Ministry of Commerce and Industry (MoCI) has issued guidelines for restaurants as part of the fourth phase of the gradual lifting of COVID-19 restrictions. This decision which will come into effect as of Tuesday (September 1) came in complementing previous decisions taken by the State of Qatar to preserve the safety and health of citizens and residents and limit the spread of COVID-19. As per the MoCI decision, all restaurants (that do not have a Qatar Clean certificate) will be allowed to resume their activities (receiving customers) with

only 30% capacity, while adhering to the requirements of the Ministry of Public Health and the Ministry of Municipality and Environment. Restaurants with a 'Qatar Clean' certificate will be allowed to carry out their activities (receiving customers) with 100% capacity, instead of 50%, while adhering to the requirements of the Ministry of Public Health and the Ministry of Municipality and Environment. The conditions for obtaining approval to work with a capacity of 100% includes registration for the Qatar Clean certificate on the website www.qatarclean.com. (Peninsula Qatar)

International

- **US consumer spending rises strongly; outlook uncertain as fiscal stimulus fades –** US consumer spending increased more than expected in July, boosting expectations for a sharp rebound in economic growth in the third quarter, though momentum is likely to ebb as the COVID-19 pandemic lingers and money from the government runs out. The report from the Commerce Department on Friday also showed a rise in personal income after two straight monthly declines, but a chunk of the increase was from unemployment benefits, which were bolstered by a weekly $600 supplement from the government that expired on July 31. Both consumer spending and income remain well below their pre-pandemic levels. Consumer spending, which accounts for more than two-thirds of US economic activity, rose 1.9% last month, after jumping 6.2% in June. Economists polled by Reuters had forecast consumer spending would gain 1.5% in July. July's increase left consumer spending about 4.6% percent below its February level. Consumers boosted purchases of goods like new motor vehicles. They also lifted spending on healthcare, dining out and hotel and motel accommodation. While spending on goods has rebounded above its pre-pandemic level, outlays on services are about 9.7% from recovery as consumers remain wary of exposure to the coronavirus. That is a bad omen for the services-based economy, which fell into recession in February. Though new COVID-19 infections have subsided after a broad resurgence through the summer, many hot spots remain, especially at college campuses that have reopened for in-person learning. The economy suffered its deepest contraction in at least 73 years in the second quarter, with consumer spending at the forefront of the decline in gross domestic product. While economists are anticipating a sharp rebound in GDP in the third quarter, led by consumer spending, they are cutting estimates for the fourth quarter. (Reuters)
- **US economic recovery hampered by wobbly performance in powerhouse states –** Of the many tragedies in the US coronavirus epidemic, among the largest was that the nation's four economic powerhouses - California, Florida, New York and Texas - bolted to opposite corners early in an often politicized response to the crisis. Democratic-governed California and New York tackled the spread of the virus aggressively with lockdowns and other steps that exacted a heavy toll on their economies. Republican-led Texas and Florida, in contrast, took a more hands-off approach. Neither tandem, so far, has managed to pull off the tricky balancing act of getting and keeping infections under control while fostering a speedy and sharp economic rebound. The result: A US recovery hampered by underperformance in four states that account for about 35% of the country's economic output. New York has scored the one singular victory in suppressing the virus. But its economy remains on its heels with a jobless rate that sits at 15.9%, more than five percentage points above the US average. The other three continue to battle on both fronts. (Reuters)
- **Lloyds: UK business confidence rises from lows, job cuts on the way –** British business confidence has ticked up but remains far below usual levels as the economy struggles to cope with social distancing and employers are preparing to cut jobs, a survey showed on Friday. Lloyds Bank's business barometer rose eight points to -14, the biggest monthly increase in three years and optimism about the economy and trading prospects showed similar increases. Hann-Ju Ho, a Lloyds Bank economist, said the low levels of confidence, combined with the biggest contraction of the economy on record between April and June when it shrank by 20%, meant the shape of any recovered remains highly uncertain. Surveys of purchasing managers published last week showed the recovery was gathering pace. But economists say the bounce-back could prove short-lived with unemployment expected to rise as Britain's state-funded job subsidy scheme is wound down before its expiry on October 31. Lloyds said only 18% of businesses with staff still on furlough expected to be able to retain all of them. Finance minister Rishi Sunak has ruled out extending the Coronavirus Job Retention Scheme. (Reuters)
- **Eurozone sentiment recovers for fourth straight month in August –** Eurozone's economic sentiment grew in August for the fourth consecutive month after a record slump caused by COVID-19 lockdowns in March and April, a survey released on Friday by the European Commission showed. While remaining well below pre-crisis levels and the long-term average, the monthly indicator which gauges confidence in the economy soared to 87.7 points from 82.4 in July, above the 85.0 point average forecast of economists polled by Reuters. The new pick-up, confirming the gradual rebound from May, was driven mostly by higher optimism in the service sector, the largest in the 19-country currency bloc. It remains in negative territory, but rose to -17.2 in August from -26.2 in July. Confidence also rose in the industry and retail trade sectors, although factory managers' production expectations edged down after three consecutive monthly increases that pulled them to above pre-crisis levels. Consumer confidence posted a slight recovery to -14.7 points from -15.0, confirming preliminary estimates released by the Commission earlier in August. Consumer price expectations edged down, with a slightly higher appetite for major purchases in the coming twelve months, and a slight reduction in such major spending for now, the survey showed. (Reuters)
- **Eurozone corporate lending hovers near 11-year high –** Eurozone companies continued to tap bank credit in July, although lending growth slowed since the height of the coronavirus crisis, data from the European Central Bank showed on Thursday. With much of the euro zone economy going into lockdown over the spring, companies rushed to make use of emergency credit, and public measures from state guarantees to super-cheap central bank funding allowed banks to keep providing cash. Lending growth to non-financial corporations in the 19-country Eurozone expanded by 7.0% in

July compared with a year earlier, down from the 7.1% recorded in June but still not far from an 11-year-high as the bloc emerged from the worst recession in living memory. Household lending growth, meanwhile, held steady at 3% for the fourth straight month, suggesting little disruption as various job-guarantee schemes kept a lid on unemployment and limited income losses for households. The annual growth rate of the M3 measure of money supply accelerated to 10.2% in July from 9.2% in June, beating expectations for 9.2%. Although M3 growth has tended in the past to foreshadow changes in business activity, much of its recent surge reflects ECB money printing, which hit record highs this year. (Reuters)

- **Germany set to revise up its 2020 GDP forecast –** The German government is set to revise upward its economic growth forecast for this year to a decline of less than 6% from a previous estimate of -6.3%, a coalition source told Reuters on Friday. Economy Minister Peter Altmaier is scheduled to present the revised outlook early next week, the source added. An Economy Minister spokeswoman said the new forecasts were still being finalized and that Altmaier will unveil them on Tuesday. She declined to give further details. However, recent economic data has fanned hopes that Europe's largest economy is set for a strong recovery. Business morale improved more than expected in August as both manufacturing and services picked up steam. Export demand, especially from China, rebounded for a second month running in June, and a recent Ifo institute survey showed that manufacturers expect expansion over the coming three months. The outlook for Germany's economy this year is also brighter than for most other G7 countries except the US. An upward revision to Germany's economic forecast will have an impact on its tax revenues estimate, due on September 10, and its budget, which is to be presented by the end of September. Sources had told Reuters in June that German Finance Minister Olaf Scholz will ask parliament to increase new borrowing by a further 62.5bn Euros ($74.33bn) to a record 218.5bn this year for measures to boost recovery from the coronavirus pandemic. The plan underlines Germany's shift from Europe's austerity champion to one of the biggest spenders in the euro zone's efforts to rebound from the pandemic. The German economy contracted by a record 9.7% in the second quarter as consumer spending, company investments and exports all collapsed at the height of the COVID-19 pandemic. (Reuters)
- **German yields rise to highest since June, focus turns to Eurozone inflation –** German bond yields briefly rose to their highest since early June on Friday, after the US Federal Reserve's decision to target average inflation pushed yields to multi-month highs on both sides of the Atlantic. Fed Chairman Jerome Powell said on Thursday the central bank would now try to keep inflation at an average 2% over time, offsetting below 2% periods with higher inflation "for some time", and to ensure employment does not fall short of its maximum level. Attention now turns to inflation readings in the Eurozone after the Fed's decision. French inflation data released on Friday was in line with expectations in a Reuters poll, rising 0.2% in August, down from 0.9% in July. German and euro zone inflation readings will follow next week. Readings are expected to show euro zone inflation at just 0.2% in August, far below the European Central Bank's target of close to but below 2%, leading some analysts to see the rise in market inflation expectations as unsustainable. Long-term expectations are now near their highest since early February, before the coronavirus shook European markets, at over 1.25%. (Reuters)
- **Abenomics fails to deliver as Japan braces for post-Abe era –** Japanese Prime Minister Shinzo Abe's signature shock-and-awe 'Abenomics' stimulus strategy was already faltering even before his decision on Friday to step down due to health reasons. That blunt assessment by many Japan observers underlined the daunting political challenge Abe has faced in his efforts to pull the economy out of decades of economic stagnation. And the coronavirus crisis may have just put the final nail in the coffin to his 'three arrows' reform program as the economy sinks deeper into recession, analysts say. After sweeping to power in late 2012, Abe deployed his three arrows of Abenomics - large-scale monetary easing, fiscal spending and structural reforms - to reignite the world's third biggest economy after years of subpar growth and falling prices. There were some quick-hit successes. The Bank of Japan's "bazooka" stimulus program lifted business sentiment and helped weaken the yen, giving exporters windfall profits that trickled down to wages and new jobs. Corporate governance reforms drew in huge amounts of overseas money, pushing up foreign ownership of Japan's listed stocks to a record 31.7% in 2014 from 28% in 2012. It stood at 29.6% in 2019. (Reuters)
- **Japan automakers post 12% slide in July global vehicle sales –** Global sales at Japanese automakers slipped 12.2% in July from last year, the fifth straight month of losses, as demand for cars remains sluggish after factories and dealerships reopened following coronavirus-related lockdowns earlier this year. The country's seven major automakers, including Toyota Motor Corp and Nissan Motor Co, sold a combined 2.01mn vehicles last month, according to Reuters calculations based on sales data released by the companies on Friday. The decline in monthly sales has slowed significantly since a 50% drop posted in April and compared with a 21.3% fall in June. Sales in China increased on the year for most automakers, while Toyota, the country's biggest automaker, also saw growth in Europe. Total global production at Japan's seven major automakers fell 14.4% YoY to 1.99mn units last month, improving from a 26.1% tumble in June. Global demand for cars has been weak since March due to virus-related stay-at-home orders in many countries, which led to a drop in visits to car dealerships and potential customers also reconsidered big purchases. Many countries have been easing the lockdown restrictions, but industry experts anticipate that it could take up to five years for demand to recover to 2019 levels. (Reuters)
- **Defying trade tensions, Chinese buyers snap up Indian steel –** India's steel exports more than doubled between April and July to hit their highest level in at least six years, boosted by a surge of Chinese buying in defiance of tensions between Beijing and New Delhi. Traders said reduced prices had driven the purchases as Indian sellers sought to get rid of a surplus generated by the impact of COVID-19 on domestic demand and generate much-needed income. It was unclear whether the sales broke any trade rules, but the China Iron and Steel Association said in a statement it was monitoring them. Leading Indian steel companies Tata Steel Ltd and JSW Steel

Ltd were among Indian companies that sold a total of 4.64mn tons of finished and semi-finished steel products on the world market between April and July. That compared with 1.93mn tons shipped in the same period a year earlier, government data analyzed by Reuters showed. Of the 4.64mn tons, Vietnam and China bought 1.37 and 1.3mn tons of steel respectively. The Chinese purchases are by far the largest since data was first collated in the current form beginning with the fiscal year April 2015-March 2016. (Reuters)

- **Treasury: Brazil's govt posts primary budget deficit of 87.8bn Reais in July –** Brazil's central government reported a primary budget deficit of 87.8bn Reais ($16.1bn) in July, the Treasury said on Friday, as the COVID-19 crisis continued to depress tax revenues and fuel heavy emergency spending. It was less than the 96.8bn Reais deficit economists in a Reuters poll had predicted, and took the shortfall excluding interest payments in the first seven months of the year to 505.2bn Reais, Treasury said, compared with a 35.2bn Reais deficit a year ago. (Reuters)

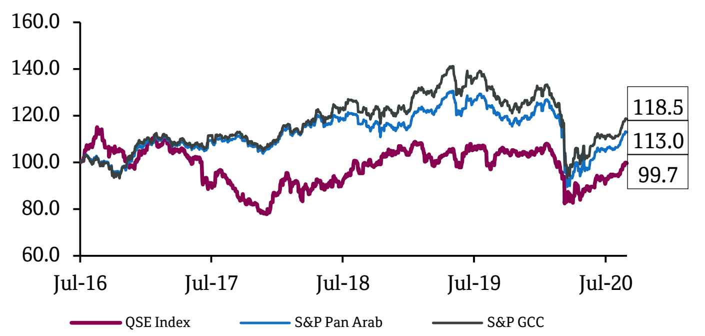
Regional

- **ACIG shareholders approve 29.5% capital reduction –** The extraordinary general meeting (EGM) of Allied Cooperative Insurance Group (ACIG) approved the board's recommendation to cut the company's capital by 29.5% to SR141mn from SR200mn. The number of shares will be reduced to 14.1mn shares from 20mn shares, according to a stock exchange filing. The capital reduction aims to offset the insurer's accumulated losses worth SR59mn. Moreover, it will not have any material effect on the company's financial obligations. The decision will be enforceable on all shareholders registered at the Securities Depository Center Company (Edaa) at the end of the second trading day following the EGM meeting date. Last May, the Saudi Capital Market Authority (CMA) approved the aforementioned capital cut. (Zawya)
- **Saudi SAMA renews Al Ahlia Insurance license –** Al Ahlia Insurance Company said it has received the Saudi Arabian Monetary Authority's (SAMA) approval to renew its license. The license has been renewed in the fields of general insurance and health insurance for three years, according to a bourse statement. In the second quarter 2Q2020, Al Ahlia turned profitable, achieving SR616mn in net earnings, compared to SR5.7mn in net losses over the same quarter a year earlier. (Zawya)
- **Liquidity in Saudi economy reaches historic level, exceeding SR2.04tn –** Liquidity in the Saudi economy recorded its highest levels ever at the end of last week, August 20, reaching SR2.04tn compared to SR2.021tn at the end of the previous week August 13. The Saudi Arabian Monetary Authority (SAMA) data showed that the money supply increased by 0.93% during the past week, compared to the previous week, and 2.74% since the end of last year when it was SR1.985tn, according to Al-Eqtisadiah Arabic daily. Since the week ending on May 7, 16 weeks, the money supply remained higher than SR2tn, reaching a record level at the end of last week, while the record level before it was SR2.035tn, achieved by the end of the week ending on July 30. Increasing the money supply and lowering interest rates contributes to an "expansionary monetary policy", to boost overall demand, which supports GDP and employment, and is a useful policy to curb unemployment and the economic downturn, which is expected to prolong in most parts of the world with the corona pandemic. In early June, SAMA announced the injection of SR50bn to support liquidity in the banking sector and enable it to continue financing the private sector. SAMA said that this liquidity will enhance the role of banks in adjusting or restructuring their finances without any additional fees, and support plans to maintain employment levels in the private sector, in addition to exempting a number of fees for electronic banking services. (Zawya)
- **Saudi Electricity Company secures $2.4bn syndicated loan –** The Saudi Electricity Company has agreed on a $2.4bn syndicated Islamic loan with local banks, the company said in a stock exchange filing on Thursday. The seven-year, unsecured facility has a Murabaha structure, a cost-plus-profit arrangement that complies with Islamic finance standards, and will be used for general corporate purposes, including capital expenditure. The financing was provided by National Commercial Bank, Bank Albilad, Al Rajhi Bank, Riyad Bank, Samba Financial Group, Banque Saudi Fransi and Saudi British Bank. The firm - the main electricity producer in Saudi Arabia with 81.2% indirect government ownership - is a frequent borrower in the domestic and international debt capital markets. It posted a second-quarter net loss after Zakat and tax of SR869mn from a profit of SR789mn the year prior. It said the loss was mainly due to "non-recurring items" including fuel dues differences to Saudi Aramco of SR597mn relating to the supply of light fuel oil rather than heavy fuel oil to one of the company's power plants, as well as a SR477mn increase in government fee costs. (Bloomberg, Zawya)
- **FTSE Russell launches local currency Saudi government bond index –** Global index provider FTSE Russell said on Thursday it had launched a bond index for Saudi Arabia to measure the performance of fixed-rate, local currency government bonds, a move which could lead to new inflows to the Saudi market. The FTSE Saudi Arabian Government Bond Index will cover sukuk and non-Sukuk government bonds with at least one year to maturity and a minimum amount outstanding of $266.65mn. Sukuk are Islamic bonds. Riyadh's government bond market will be reviewed by FTSE Russell in its Fixed Income Country Classification review next month, which could lead to an inclusion of Saudi domestic bonds in the FTSE Emerging Markets Government Bond Index (EMGBI). As of July 31, 2020, 45 Saudi securities with a total market value of $72.9bn were eligible for inclusion in the index, according to the FTSE statement. Saudi Arabia opened its stock market to foreign investors in 2015. It has since introduced a raft of reforms to make its capital markets attractive to foreign investors and issuers and to expand its institutional investor base, as part of an ambitious plan to diversify the economy away from hydrocarbons. Riyadh began offering local currency bonds in monthly auctions in 2015 to help cover a huge budget deficit and it launched monthly sukuk issues in mid-2017. In 2018, the Saudi stock exchange began listing domestic government bonds to facilitate riyal issuance by encouraging secondary market trade. Since 2016, Saudi Arabia has also become a regular debt issuer in the international markets, borrowing tens of billions of dollars to boost state coffers. The Saudi market joined the FTSE Emerging All Cap Index and the MSCI Emerging Markets Index

last year, triggering more foreign fund inflows. (Bloomberg, Zawya)

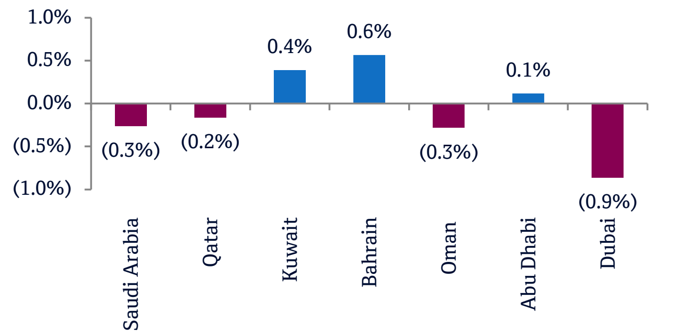
- **Zain Saudi to issue priority rights shares worth SR4.5bn –** Zain Saudi plans to increase its capital to SR9bn through rights issue with a total value of SR4.5bn, according to a statement. The rights issue will be offered to those shareholders holding shares on the date of the extraordinary general assembly meeting capital will first be reduced by about 23% via canceling 135mn shares, followed by rights issue. (Bloomberg)
- **MUFG: Saudi inflation to hover between 4% and 6% YoY in coming 12 months –** Saudi headline annual inflation rose from 0.5% YoY in June to 6.1% YoY in July, the highest since 2011, due to the tripling of VAT from 5% to 15% since July 1. Investment bank MUFG expects inflation to hover between 4% and 6% YoY in the coming 12 months and to then turn negative by July 2021. Saudi Arabia had announced in May that it would triple VAT as it moved to shore up finances impacted by the low oil prices and the coronavirus pandemic. Director, Head of MENA Research and Strategy at MUFG, Ehsan Khoman said: "With the economy facing challenges stemming from the oil-virus shocks, and labor market policies weighing on the expatriate workforce, price pressures are likely to remain subdued in the next year." "Offsetting these deflationary dynamics, a weaker US dollar, given the Saudi Riyal (SAR) peg, and a firming in commodity prices (oil and food), will counterbalance some of the inflation weakness from weaker private consumption," he added. In July 2021, MUFG expects headline inflation to swing into negative territory primarily due to base effects. "The inflation trajectory in the coming 18 months is reminiscent of the inflation path during the initial introduction of VAT in January 2018 wherein base effects caused a sharp fall in annualized inflation one year later in January 2019," Khoman said in a note. (Zawya)
- **Strong capital base gives Saudi SABB buffer against pandemic shock –** The Saudi British Bank (SABB) recorded an accounting loss for the first half of 2020 following impairment in goodwill totaling SR7.41bn. This impairment is a one-time, noncash accounting charge which has not resulted from the bank's operations. It does not affect SABB's capital, liquidity, or funding, nor the strategic strengths and competitive advantages of the bank. It is primarily a result of accounting for the merger of SABB and Alawwal Bank. The bank's ability to lend to and support its customers and its products and services all remain entirely unaffected by this accounting charge. The booking of goodwill impairment is driven by two factors: One, the temporary inflation of the bank's share price at the time of the merger caused by Saudi Arabia's inclusion into the MSCI Emerging Markets Index; and two, the unprecedented and unexpected emergence of the COVID-19 pandemic and its impact on the economy. Setting aside the one-off impact of the goodwill impairment, the net income before Zakat and income tax was higher by SR177mn. The bank ended the quarter strongly capitalized, with a core equity Tier 1 ratio in excess of 18% and abundant liquidity that can be deployed for lending. The bank is focused on three core priorities: Supporting its customers, integrating the two banks and positioning the bank for future growth. (Zawya)
- **Senaat completes refinancing of $267mn revolving credit facility –** Senaat, an Abu Dhabi-based industrial investment holding company which is part of ADQ, announced on Thursday the refinancing of a revolving three-year loan facility amounting to $267mn. The facility replaces a loan which matured in December 2019 and will be used to support Senaat's general corporate requirements, the company said in a statement on Thursday. The competitively priced facility was increased after its initial call for $200mn was heavily oversubscribed. The resulting facility is to be allocated among 12 local, regional and international lenders in proportion to their proposed subscriptions. "We are pleased to see such a resounding vote of confidence from the regional and global financial community as indicated by the response received for Senaat's debt refinancing. Senaat's operating companies are strong and competitive industrial businesses that are the cornerstone of Abu Dhabi's industrial sector and are contributing to the diversification of Abu Dhabi's economy," Chairman of Senaat and Chief Investment Officer at ADQ, Khalifa Sultan Al Suwaidi said. (Bloomberg, Zawya)
- **KUNA: Kuwait Finance Minister restructures Kuwait Airways Board –** Kuwait Finance Minister has restructured Kuwait Airways Board. It will be presided by Ali Al Dukhan, state-run Kuwait News Agency said in a statement. It will be for a period of 3 years. (Bloomberg)
- **Bahrain-origin exports slide to BHD202mn in July –** The value of Bahrain's exports of national origin decreased by 12% to BHD202mn during July, compared to BHD230mn for the same month of the previous year, a report said. The top 10 countries in terms of the value of exports of national origin purchased from Bahrain accounted for 74% of the total value, with the remaining countries accounting for 26%, said the Information &eGovernment Authority (iGA) in its foreign trade report of July 2020, which encompasses data on the balance of trade, imports, exports (national origin), and re-exports. Saudi Arabia ranked first among countries receiving Bahraini exports of national origin, importing BHD40mn from Bahrain. Meanwhile, Oman was second with BHD24mn and Malaysia third with BHD19mn. Unwrought aluminum (not alloyed) emerged as the top products exported during July 2020 with BHD41mn. Unwrought aluminum alloys was second with a value of BHD32mn and Agglomerated iron ores and concentrates third with BHD19mn. The total value of re-exports decreased by 46% to reach BHD41mn during July 2020, compared to BHD76mn for the same month of the previous year. The top 10 countries accounted for 87% of the re-exported value, while the remaining countries accounted for the 13%. Saudi Arabia ranked first with BHD13mn, UAE second with BHD7mn, and the US third with BHD6mn. Parts for aero planes was the top product re-exported from Bahrain with BHD3.1mn, four-wheel drive cars came in second place with BHD3mn, and cigarettes containing tobacco came third with BHD2.6mn. The trade balance, difference between exports and imports, the value of the deficit of the trade balance reached BHD135mn during July compared to BHD188mn for the same month of the previous year with a decrease of 28%. (Zawya)

Rebased Performance



Source: Bloomberg

Daily Index Performance



Source: Bloomberg

Asset/Currency Performance	Close ($)	1D%	WTD%	YTD%
Gold/Ounce	1,964.83	1.8	1.3	29.5
Silver/Ounce	27.50	1.8	2.7	54.1
Crude Oil (Brent)/Barrel (FM Future)	45.05	(0.1)	1.6	(31.7)
Crude Oil (WTI)/Barrel (FM Future)	42.97	(0.2)	1.5	(29.6)
Natural Gas (Henry Hub)/MMBtu	2.46	(2.4)	6.0	17.7
LPG Propane (Arab Gulf)/Ton	51.38	1.7	1.7	24.6
LPG Butane (Arab Gulf)/Ton	54.75	3.8	9.0	(17.5)
Euro	1.19	0.7	0.9	6.2
Yen	105.37	(1.1)	(0.4)	(3.0)
GBP	1.34	1.2	2.0	0.7
CHF	1.11	0.5	0.8	7.0
AUD	0.74	1.5	2.8	4.9
USD Index	92.37	(0.7)	(0.9)	(4.2)
RUB	74.02	(1.3)	(1.0)	19.4
BRL	0.19	3.3	4.3	(25.4)

Source: Bloomberg

Global Indices Performance	Close	1D%*	WTD%*	YTD%*
MSCI World Index	2,456.86	0.6	2.7	4.2
DJ Industrial	28,653.87	0.6	2.6	0.4
S&P 500	3,508.01	0.7	3.3	8.6
NASDAQ 100	11,695.63	0.6	3.4	30.3
STOXX 600	368.80	0.3	2.0	(6.1)
DAX	13,033.20	0.3	3.1	4.3
FTSE 100	5,963.57	0.5	1.3	(20.6)
CAC 40	5,002.94	0.5	3.2	(11.4)
Nikkei	22,882.65	(0.2)	0.3	(0.1)
MSCI EM	1,121.60	0.4	2.7	0.6
SHANGHAI SE Composite	3,403.81	2.0	1.5	13.2
HANG SENG	25,422.06	0.6	1.2	(9.4)
BSE SENSEX	39,467.31	1.8	5.2	(6.9)
Bovespa	102,142.90	4.5	3.8	(34.8)
RTS	1,265.62	0.1	0.3	(18.3)

Source: Bloomberg (*$ adjusted returns)

Contacts

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

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

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

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

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