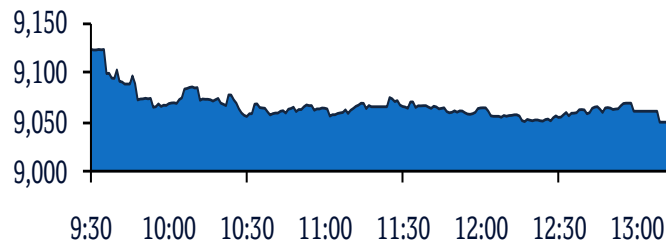


QSE Intra-Day Movement



Qatar Commentary

The QE Index declined 0.8% to close at 9,052.3. Losses were led by the Industrials and Banks & Financial Services indices, falling 1.8% and 1.0%, respectively. Top losers were Qatar Cinema & Film Distribution Company and Industries Qatar, falling 3.5% and 3.0%, respectively. Among the top gainers, Ezdan Holding Group gained 9.9%, while Qatar Aluminium Manufacturing Company was up 1.9%.

GCC Commentary

Saudi Arabia: The TASI Index fell 0.1% to close at 7,287.4. Losses were led by the Food & Beverages and Media & Ent. indices, falling 1.5% each. Nat. Commercial Bank and Filing and Packing Mat. Manufac. were down 4.5% and 3.2% respectively.

Dubai: The DFM General Index declined 0.2% to close at 2,080.7. The Consumer Staples and Discretionary declined 4.2%, while the Insurance index declined 1.1%. Oman Insurance declined 5.0%, while Almadina for Finance and Inv. Co. fell 4.9%.

Abu Dhabi: The ADX General index fell 0.7% to close at 4,275.3. The Real Estate index declined 1.1%, while the Banks index fell 1.0%. Al Qudra Holding declined 4.4%, while Eshraq Investments was down 2.7%.

Kuwait: The Kuwait All Share Index declined 0.5% to close at 5,144.6. The Telecommunications index fell 1.0%, while the Consumer Goods index declined 0.9%. Alargan Int. Real Estate fell 13.7%, while First Takaful Ins. was down 9.0%.

Oman: The MSM 30 Index fell 0.1% to close at 3,520.6. Losses were led by the Financial and Industrial indices, falling 0.2% each. SMN Power Holding declined 6.7%, while National Life & General Insurance was down 5.6%.

Bahrain: The BHB Index gained marginally to close at 1,277.7. The Commercial Bank index rose 0.1%, while the Service index rose marginally. BBK rose 0.6%, while APM Terminals Bahrain was up 0.4%.

Market Indicators	29 Jun 20	28 Jun 20	%Chg.
Value Traded (QR mn)	414.6	248.7	66.7
Exch. Market Cap. (QR mn)	520,193.3	523,050.4	(0.5)
Volume (mn)	287.4	167.1	72.0
Number of Transactions	7,574	5,549	36.5
Companies Traded	46	46	0.0
Market Breadth	16:27	14:29	-

Market Indices	Close	1D%	WTD%	YTD%	TTMP/E
Total Return	17,402.74	(0.8)	(1.4)	(9.3)	14.3
All Share Index	2,822.46	(0.9)	(1.4)	(8.9)	14.2
Banks	3,944.96	(1.0)	(1.6)	(6.5)	13.0
Industrials	2,516.88	(1.8)	(2.6)	(14.2)	20.0
Transportation	2,706.66	0.0	0.3	5.9	13.1
Real Estate	1,459.17	0.8	0.8	(6.8)	14.4
Insurance	1,970.38	(0.2)	0.8	(27.9)	33.2
Telecoms	873.95	0.0	0.0	(2.3)	14.7
Consumer	7,278.23	(0.8)	(1.4)	(15.8)	18.6
Al Rayan Islamic Index	3,630.38	(0.6)	(1.3)	(8.1)	16.7

GCC Top Gainers**	Exchange	Close*	1D%	Vol. '000	YTD%
Samba Financial Group	Saudi Arabia	27.60	4.9	12,753.6	(15.0)
Jabal Omar Dev. Co	Saudi Arabia	22.26	4.5	4,028.6	(18.0)
Saudi Cement Co	Saudi Arabia	54.50	4.4	2,731.8	(22.3)
Dar Al Arkan Real Estate	Saudi Arabia	7.25	3.4	65,526.9	(34.1)
Advanced Petrochem. Co	Saudi Arabia	53.60	2.5	337.6	(8.5)

GCC Top Losers**	Exchange	Close*	1D%	Vol. '000	YTD%
Nat. Commercial Bank	Saudi Arabia	37.35	(4.5)	6,180.7	(24.2)
Industries Qatar	Qatar	7.69	(3.0)	2,439.0	(25.2)
Saudi British Bank	Saudi Arabia	22.66	(2.8)	1,590.9	(34.7)
Arab National Bank	Saudi Arabia	19.38	(2.6)	418.0	(29.3)
Riyadh Bank	Saudi Arabia	16.90	(2.5)	3,031.1	(29.6)

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%
Qatar Cinema & Film Distribution	2.70	(3.5)	5.6	22.7
Industries Qatar	7.69	(3.0)	2,439.0	(25.2)
Al Khaleej Takaful Insurance Co.	1.86	(2.4)	613.7	(7.2)
Gulf International Services	1.48	(2.3)	972.6	(14.0)
Salam International Investment	0.42	(2.3)	10,020.4	(18.0)

QSE Top Value Trades	Close*	1D%	Val. '000	YTD%
Ezdan Holding Group	1.03	9.9	140,782.0	67.6
QNB Group	17.61	(1.6)	32,705.6	(14.5)
Qatari Investors Group	1.92	0.4	23,234.6	7.4
Mazaya Qatar Real Estate Dev.	0.84	1.4	21,491.1	17.1
Qatar Gas Transport Company	2.60	0.0	19,802.1	8.8

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*	9,052.29	(0.8)	(1.4)	2.3	(13.2)	112.80	141,648.6	14.3	1.3	4.4
Dubai	2,080.66	(0.2)	(0.3)	7.0	(24.7)	51.82	80,144.9	6.3	0.6	4.5
Abu Dhabi	4,275.33	(0.7)	(0.2)	3.2	(15.8)	24.44	131,823.2	13.7	1.1	6.0
Saudi Arabia	7,287.41	(0.1)	0.8	1.0	(13.1)	1,632.97	2,206,870.5	22.0	1.6	3.5
Kuwait	5,144.57	(0.5)	(0.4)	3.0	4.8	48.92	95,210.6	15.0	1.1	3.8
Oman	3,520.57	(0.1)	(0.1)	(0.7)	(11.6)	6.21	15,329.0	10.1	0.7	6.8
Bahrain	1,277.71	0.0	(0.1)	0.6	(20.6)	2.00	19,361.1	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 0.8% to close at 9,052.3. The Industrials and Banks & Financial Services 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.
- Qatar Cinema & Film Distribution Company and Industries Qatar were the top losers, falling 3.5% and 3.0%, respectively. Among the top gainers, Ezdan Holding Group gained 9.9%, while Qatar Aluminium Manufacturing Company was up 1.9%.
- Volume of shares traded on Monday rose by 72.0% to 287.4mn from 167.1mn on Sunday. Further, as compared to the 30-day moving average of 221.9mn, volume for the day was 29.5% higher. Ezdan Holding Group and Mazaya Qatar Real Estate Development were the most active stocks, contributing 50.0% and 8.8% to the total volume, respectively.

Overall Activity	Buy %*	Sell %*	Net (QR)
Qatari Individuals	51.81%	46.40%	22,431,651.55
Qatari Institutions	20.30%	18.76%	6,409,881.65
Qatari	72.11%	65.16%	28,841,533.20
GCC Individuals	1.14%	2.01%	(3,582,598.08)
GCC Institutions	3.57%	1.89%	6,954,214.98
GCC	4.71%	3.90%	3,371,616.90
Non-Qatari Individuals	14.55%	12.01%	10,512,055.12
Non-Qatari Institutions	8.63%	18.93%	(42,725,205.21)
Non-Qatari	23.18%	30.94%	(32,213,150.10)

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

Global Economic Data and Earnings Calendar

Global Economic Data

Date	Market	Source	Indicator	Period	Actual	Consensus	Previous
06/29	UK	Bank of England	Net Consumer Credit	May	-4.6bn	-3.0bn	-7.4bn
06/29	UK	ERROR	Consumer Credit YoY	May	-3.00%	-	-0.40%
06/29	UK	Bank of England	Mortgage Approvals	May	9.3k	25.0k	15.9k
06/29	UK	Bank of England	Money Supply M4 MoM	May	2.00%	-	1.50%
06/29	UK	Bank of England	M4 Money Supply YoY	May	11.90%	-	9.50%
06/29	EU	European Commission	Economic Confidence	Jun	75.7	80	67.5
06/29	EU	European Commission	Industrial Confidence	Jun	-21.7	-19.7	-27.5
06/29	EU	European Commission	Services Confidence	Jun	-35.6	-25.4	-43.6
06/29	EU	European Commission	Consumer Confidence	Jun	-14.7	-	-14.7
06/29	Germany	German Federal Statistical Office	CPI MoM	Jun	0.60%	0.30%	-0.10%
06/29	Germany	German Federal Statistical Office	CPI YoY	Jun	0.90%	0.60%	0.60%
06/29	Japan	METI	Retail Sales MoM	May	2.10%	3.00%	-9.60%
06/29	Japan	METI	Retail Sales YoY	May	-12.30%	-11.60%	-13.70%

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	12	Due
MARK	Masraf Al Rayan	13-Jul-20	13	Due
QFLS	Qatar Fuel Company	15-Jul-20	15	Due
QIBK	Qatar Islamic Bank	15-Jul-20	15	Due
QGTS	Qatar Gas Transport Company Limited (Nakilat)	15-Jul-20	15	Due
IHGS	Islamic Holding Group	16-Jul-20	16	Due
QEWS	Qatar Electricity & Water Company	19-Jul-20	19	Due
ABQK	Ahli Bank	20-Jul-20	20	Due
QIGD	Qatari Investors Group	21-Jul-20	21	Due
DHBK	Doha Bank	27-Jul-20	27	Due
ORDS	Ooredoo	28-Jul-20	28	Due

Source: QSE

Qatar

- **ABQK to disclose 2Q2020 financials on July 20** – Ahli Bank (ABQK) will disclose the financial reports for the period ending June 30, 2020 on July 20, 2020. (QSE)
- **QGMD to hold its EGM on July 15** – Qatari German Company for Medical Devices (QGMD) will hold its Electronic Extraordinary General Assembly Meeting (EGM) on July 15, 2020 at 4:30 pm. The agenda includes to discuss the following Items. (1) Consider the recommendation of the board of directors to continue the operations of the company despite company's accumulated losses reaches more than half of its capital, (2) Amend the Articles of Association of QGMD, (3) Authorizing the Chairman of the board of directors or his representative to make amendments to the Article of Association and sign the amended Article of Association and completing the procedures and obtaining the legal approvals with official authorities and ratifying it. (QSE)
- **QSE to commence new design of the trading reports and bulletins on its website from July 9** – Qatar Stock Exchange (QSE) will commence the new design of the trading reports and bulletins on its website from July 9, 2020. (QSE)
- **CBQK launches 'CB PAY' for merchants in Qatar's first such digital product** – The Commercial Bank (CBQK) has launched the first-ever digital product of its kind in the Qatari market, "CB PAY for Merchants", which gives the ability for retailers to trade, and receive payments using only a mobile phone. "CB PAY for Merchants" enables customers to pay for goods and services without leaving their home using just their mobile. It is a dedicated mobile application that brings business owners, retailers and merchants closer to their customers and makes settling payments an easy, worry-free process. Merchants can initiate, receive, and track payments using the mobile app through two different options. (Gulf-Times.com)
- **Qatar Petroleum to start ICV evaluation in energy sector tenders from July** – Qatar Petroleum (QP) has commenced the 'In-Country Value' (ICV) evaluation in the energy sector tenders from July through 'Tawteen', the localization program for services and industries in Qatar's energy sector. The ICV program will alter the way in which the procurement process is conducted in the energy sector, where suppliers and contractors who are contributing most to the local economy will gain a commercial advantage in the competitive bidding process. The launch follows a six-month grace period that started from January 2020, and which gave suppliers the chance to acquire their ICV Scorecard Certification. On the occasion, HE the Minister of State for Energy Affairs Saad bin Sherida Al-Kaabi, also the President and CEO of QP said, "The In-Country Value policy is an integral component of the Tawteen program. It will drive the localization agenda in Qatar's energy sector, and will help build the foundations for a highly resilient and competitive supply chain. The implementation of this policy will also go a long way in developing the capabilities of local suppliers as well as in promoting investments for the benefit of the whole energy sector." Tawteen has organized seven ICV awareness sessions attended by representatives of various suppliers and contractors providing a wide range of products and services to Qatar's energy sector. The sessions gave participants the opportunity to meet and interact with 12 independent accounting firms appointed by Tawteen as ICV Certifiers to validate and certify ICV scores. Led and initiated by QP, Tawteen primarily aims to foster the development of the energy sector's local supply chain and to expand the small and medium enterprises' base in Qatar. (Gulf-Times.com)
- **Qatar Petroleum hires former Shell Executive to lead trading arm** – Qatar Petroleum (QP) hired Arnaud Dubois-Denis as global head of LNG trading. Dubois-Denis joined Qatar Petroleum in Doha in March after previously working as General Manager for Shell Energy Australia, according to Bloomberg. The executive has started in his role to build trading operations for Qatar Petroleum, sources said. Qatar Petroleum's CEO and Energy Minister, Saad Al-Kaabi earlier said, "We are developing a trading arm for Qatar Petroleum. We are going to announce the first trade as our introduction to the world that we have started trading. And that is going to be quite soon." (Bloomberg)
- **Qatar's PPI drops 46.2% in May on earnings contraction** – Severe earnings contraction, especially in crude and natural gas, refined petroleum products and basic chemicals, led Qatar witness a 46.2% YoY plunge in producers' price index (PPI) this May, according to the official statistics. Qatar's PPI, a measure of the average selling prices received by the domestic producers for their output, saw a 4.7% MoM fall, the figures released by the Planning and Statistics Authority (PSA), suggested. The mining PPI, which carries the maximum weight of 72.7%, plummeted 53.5% on a yearly basis as price of crude petroleum and natural gas plunged 53.6% and that of stone, sand and clay by 4.5% in the review period. The PPI for mining registered a 7.1% MoM shrinkage in May this year on the back of a 6.8% slump in the price of crude petroleum and natural gas and 0.5% in stone, sand and clay. The manufacturing sector, which has a weight of 26.8% in the PPI basket, witnessed a 32% yearly plunge in May 2020. The manufacturing sector PPI had seen a monthly 1.5% shrinkage in May 2020. The utilities group, which has a mere 0.5% weightage in the PPI basket, saw its index shrink 8.6% on yearly basis in May this year as water and electricity prices had fallen 10% and 6.9% respectively. The index had seen a 0.7% MoM dip this May with electricity index dropping 6.7%; even as that of water expanded 7.7%. (Gulf-Times.com)
- **Qatar's foreign trade surplus reaches QR5.3bn in May** – Ministry of Development Planning and Statistics in Doha has published foreign merchandise trade data for May on website. Trade surplus reached QR5.3bn in May 2020 versus surplus QR4.35bn in previous month, declining 60.4% YoY. Domestic exports reached QR11.8bn versus QR11.1bn in previous month, declining 46.2% YoY. Imports reached QR7.93bn versus QR7.48bn in previous month, declining 13.7% YoY. According to data from Qatar Central Bank, income from foreign visitors to Qatar fell 14% YoY to QR4.48bn (\$1.22bn) in 1Q2020. This is the lowest number since December 31, 2015. Revenue from tourism accounted for 24% of services exports, down from 29% a year

earlier, and 8.5% of the country's total export of goods and services. In the same time, residents from Qatar spent QR7.73bn (\$2.11bn) abroad, down 12% from last year. (Bloomberg)

- **KPMG: Qatar banking sector challenges to be cushioned by system's resilience and strength** – The financial year 2019-2020 has been a challenging one for banks operating in Qatar, KPMG said and noted the “overall impact is expected to be cushioned by the resilience and strength” of the banking system. As of March 31, the net profit attributable to shareholders registered a nominal decrease of 0.1% when compared with previous year's net profit as a result of increased provisions, KPMG said in its ‘Qatar banking perspectives 2020’. Total assets registered a growth of 1.8% to QR1,654bn when compared with results as of previous year, it said. The global pandemic situation has signaled banks to accelerate their digital transformation agenda and embrace new Fintech strategies, thus enabling them to develop products and services that meet existing and ever-changing customer and regulatory requirements, overcome current market challenges, while building resilient systems and enhancing operational efficiencies, it said. On strategic implications of COVID-19, the report noted, “Banks have introduced several measures such as cost reduction initiatives, process rationalization, enablement of digital channels and increased their focus on core banking activities, which are proving quite effective when it comes to containing the impact of COVID-19 on their books.” With regard to technology and innovation, KPMG said, “If there was one clear post-COVID-19 winner to be designated, it would certainly be the ‘Digital Transformation’ agenda, as it has thrived in the midst of the crisis and will seize the opportunity to disrupt the banking sector in the coming years.” On regulations, tax and transfer pricing related regulations will have a significant impact on the Banking and Financial Services sector, given the high volume of day-to-day related party transactions, inter-dependencies between entities for various product offerings and integrated functions for corporate finance services, all coming under scrutiny. (Gulf-Times.com)
- **MoCI: Mall outlets allowed to reopen from tomorrow** – All retail outlets in malls and commercial centers will be allowed to resume their activities from tomorrow, July 1, 2020, the Ministry of Commerce and Industry (MoCI) has said. However, gaming centers, amusement parks, skating arenas, prayer rooms and cinemas will remain closed. Restaurants operating inside malls and commercial centers are allowed to deliver to home addresses, or hand over orders at the restaurant only, the ministry has said. Also, any artistic, cultural or recreational activities at malls and commercial centers are prohibited. It has also been decided that all commercial outlets will be allowed to resume their operations at the following street markets from tomorrow: the Gold Souq, Souq Al Ali, Souq Waqif - Doha, Old Souq Al Wakra, Al Gharafa Market, Al Saliya Central Market and the Thursday & Friday Market, according to the MoCI. The ministry yesterday announced the details of the second stage of the gradual lifting of restrictions on malls, shopping centers and street markets in the country. (Gulf-Times.com)

International

- **US home contracts post record jump, factory activity improves in Texas** – Contracts to buy US previously owned homes

rebounded by the most on record in May, suggesting the housing market was starting to turn around after being hammered by the COVID-19 pandemic along with the rest of the economy. Other data on Monday showed an improvement in manufacturing activity in Texas in June after three months of record or near-record declines in output. But surging infections of the respiratory illness in many regions, including the densely populated Texas, Florida and California, pose a risk to the nascent recovery. The economy fell into recession in February. The National Association of Realtors said its Pending Home Sales Index, based on contracts signed last month, surged 44.3%, the largest gain since the series started in 2001. Still, contracts remain 10.6% below their level in February before businesses were shuttered in a bid to slow the spread of coronavirus, almost grounding the economy to a halt. Economists polled by Reuters had forecast pending home contracts, which become sales after a month or two, rebounding 18.9% in May. Pending home sales fell 5.1% from a year ago. (Reuters)

- **BoE: UK mortgage approvals slump to new record low** – British mortgage approvals slumped to the lowest on record in May, data from the Bank of England (BoE) showed on Monday, underscoring the scale of the hit to the housing market from the coronavirus lockdown. The number of mortgage approvals fell to 9,273 - the lowest since comparable records began in October 1997 - from 15,851 in April which was already sharply lower than in previous months. Economists polled by Reuters had expected approvals to rise to 25,000 in May. Before the coronavirus pandemic and the government's closure of the housing market - which was only lifted in mid-May in England - they were running at more than 70,000 a month. The data also showed a further net repayment of consumer credit of 4.6bn Pounds (\$5.7bn) in May as people remained largely stuck at home and spent less, although the pace of the repayment slowed from April. The BoE reported a further big rise in the amount of money households and companies hold in their bank accounts which increased by 52.0bn, compared with increases of about 67bn and 38bn Pounds in March and April. That compared with an average monthly increase of 9.3bn Pounds in the six months to February, before the coronavirus crisis escalated. (Reuters)
- **Recovery of Eurozone economic sentiment gathers pace in June** – The recovery of economic sentiment in the Eurozone intensified in June after a modest pick-up in May, with improvements across all sectors and a much more buoyant sense of future business, European Commission data showed on Monday. Overall sentiment rose to 75.7 points in June from 67.5 in May, still short of market expectations of 80.0 and well below the average of 100 since 2000. The index crashed in April to its lowest level since measurements started in 1985 as lockdowns closed large sectors of the economy. May's pick-up was due to rises in sentiment in industry and among consumers. June's further increase was across all sectors, the sharpest rebounds being for retail trade and services. The latter generates about two-thirds of Eurozone GDP. Expectations about production, future demand or plans to make purchases were key parts of the improvement. All sectors also viewed employment plans more favorably, the indicator recovering between 40 and 60% of the March and April losses. The largest Euro area economies - France, Germany, Italy, the Netherlands and Spain - also all registered increased confidence. Selling price expectations

picked up markedly in industry, services and retail. By contrast, consumer price expectations plummeted to an extent last seen in the financial crisis. (Reuters)

- **German Finance Minister: ECB stimulus plan meets court requirements** – The European Central Bank (ECB) has met the principle of proportionality with its flagship stimulus program, Germany’s finance minister and lawmakers said, ending a legal conflict that threatened to undermine central bank policy. The response to a shock ruling by Germany’s top court last month lifted uncertainty about stimulus measures introduced by the ECB in 2015 as well as about the bank’s independence and the euro’s future. The Constitutional Court last month gave the ECB three months to justify bond purchases under the stimulus plan — the Public Sector Purchase Program (PSPP) — or lose the German central bank as a participant. As the Bundesbank is the biggest of the 19 national Eurozone central banks and the ECB’s top shareholder this would have raised questions about Germany’s future in the euro and the very survival of the common currency. In a June 26 letter, a copy of which was obtained by Reuters on Monday, Finance Minister Olaf Scholz told the head of the lower house of Germany’s parliament, the Bundestag, that the ECB had shown “plausible proportionality with regard to the PSPP” and “fully complied” with the court’s requirements. The ministry had reviewed ECB documents on the stimulus plan, passed on by the Bundesbank, and held numerous talks with the ECB and the Bundesbank in recent weeks, Scholz wrote. (Reuters)
- **German inflation picks up in June** – German annual inflation accelerated at low levels in June, preliminary data showed on Monday, but remained well below the European Central Bank’s target, providing further justification for stimulus. German consumer prices, harmonized to make them comparable with inflation data from other European Union countries, rose by 0.8% YoY, compared with 0.5% in the previous month, the Federal Statistics Office said. The reading compared with a Reuters forecast for 0.6%. On the month, EU-harmonized prices rose 0.7% in June. A Reuters poll had predicted a rise of 0.4%. The ECB has a target of keeping inflation close to but below 2% for the currency bloc. (Reuters)
- **France to isolate COVID-linked debt in special structure** – The French government aims to hive off from the state balance sheet extra debt linked to the COVID-19 pandemic, lodging it in a special structure to pay it down gradually, Finance Minister Bruno Le Maire said on Monday. The government expects the public debt burden to surge to a record 121% of GDP this year due to the crisis, up from just shy of 100% before the outbreak. “We have to repay this COVID debt. We will repay it through growth, not through taxes. We will repay it by segregating it and separating it from the initial 100 percentage points,” Le Maire told lawmakers as he presented a 2020 budget revision. France has since 1996 used a similar strategy for social security debt that was transferred to a special structure, the CADES, paying it down gradually until 2033 using a dedicated 0.5% tax on most forms of income. A finance ministry official said the decision on whether the debt would be housed in the CADES or in another structure would be made later this year and that this debt repayment would in any case be spread beyond 2033. (Reuters)
- **Japan's retail sales extend slump as coronavirus curbs keep shoppers away** – Retail sales in Japan tumbled at a double-digit pace for the second straight month in May as the coronavirus pandemic and lockdown measures delivered a heavy blow to consumer confidence and economic recovery prospects. The sustained downturn in demand raises risks that the world’s third-largest economy could remain mired in recession longer than expected and a revival may be more sluggish. Retail sales fell 12.3% in May from a year earlier, pulled down by a slump in spending on big ticket items such as cars as well as clothing and general merchandise, trade ministry data showed on Monday. The decline followed a 13.9% drop in April, which was the biggest fall since March 1998, and was worse than a 11.6% fall forecast by economists in a Reuters poll. Policymakers are hoping a rebound in private spending, which accounts for more than half of the economy, will help support growth as uncertainty over the global demand outlook threatens to delay a recovery. Compared to a month earlier, retail sales in May saw their first rise in three months, increasing a seasonally adjusted 2.1% following a 9.9% drop in April. (Reuters)
- **Japan factory output slumps as economy sinks deeper in recession** – Japan’s industrial output fell for a fourth straight month in May to the lowest level since the global financial crisis, underscoring the widespread impact of the coronavirus on factory activity and the overall business and consumer outlook. The world’s third-largest economy is bracing for its worst postwar recession, hurt by coronavirus lockdown measures at home and overseas that have upended supply chains, kept businesses shut and depressed consumer spending. Ministry of Economy, Trade and Industry (METI) data out on Tuesday showed that factory output fell 8.4% MoM in May to 79.1, a level not seen since March 2009 when the financial crisis sapped global demand. Cars, production machinery, steel and other broad industries were hit hard by slumping demand at home and abroad due to the pandemic. None of the industries surveyed posted an increase in output. The output slump followed a 9.8% decline in the previous month, and was much bigger than the median market forecast of a 5.6% drop in a Reuters poll of economists, the data showed. On a positive note, manufacturers surveyed by METI expect output to rise 5.7% in June and 9.2% in July. The government, however, left its assessment of industrial production unchanged, saying it was “lowering sharply”, the bleakest official view since the global financial crisis in late 2008. (Reuters)
- **S&P affirms China; flags risk to growth from coronavirus, tensions with US** – Credit rating agency S&P Global Ratings on Monday affirmed China’s sovereign credit ratings at ‘A+/A-1’ with a stable outlook, amid the ongoing coronavirus outbreak. S&P said China is likely to maintain above-average economic growth relative to other middle-income economies in the next few years. However, it said that the growth is likely to come under pressure from the coronavirus outbreak, efforts to restructure the Chinese economy and US-China tensions. The agency noted that it does not expect US-China relations to normalize in the foreseeable future. “We expect per capita real GDP growth to average 5.5% annually in 2021-2023, as the economy recovers from the COVID-19 shock”, S&P said on Monday. (Reuters)

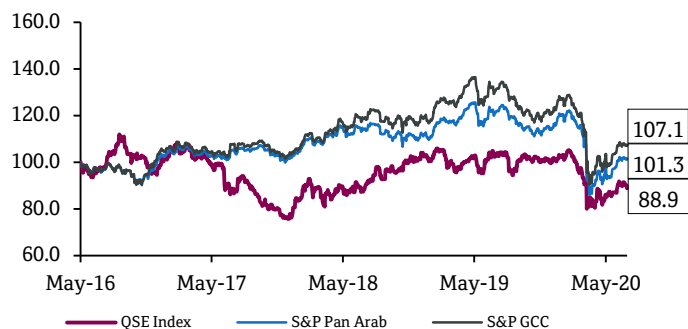
- **China service sector grows at fastest pace in 7 months in June** – Activity in China’s services sector expanded at its fastest pace in 7 months in June, official data showed on Tuesday, suggesting consumer confidence is rapidly recovering even as Beijing ramps up coronavirus curbs after a resurgence in infections in the capital. The official non-manufacturing Purchasing Managers’ Index (PMI) rose to 54.4, from 53.6 in May, marking the fastest growth since November 2019, data from the National Bureau of Statistics (NBS) showed. The 50-point mark separates growth from contraction on a monthly basis. China’s services sector, which includes many smaller, private companies, has been slower to recover from the health crisis than manufacturing, with heavy job losses, pay cuts and fears of a second wave of infections making consumers cautious about spending and going out again. The official June composite PMI, which includes both manufacturing and services activity, rose to 54.2 from May’s 53.4. (Reuters)
- **China’s June factory activity quickens, but exporters struggle amid pandemic** – China’s factory activity expanded at a stronger pace in June, as the economy continues to recover after the government lifted strict lockdowns and ramped up investment, but export orders remained weak as the global coronavirus crisis shatters demand. The official manufacturing Purchasing Manager’s Index (PMI) came in at 50.9 in June, compared with May’s 50.6, National Bureau of Statistics (NBS) data showed on Tuesday, and was above the 50.4 forecast in a Reuters poll of analysts. The 50-point mark separates expansion from contraction on a monthly basis. The uptick was underpinned by the quickening pace of expansion in production, which grew to 53.9 in June from 53.2 the previous month. The forward-looking total new orders gauge also brightened, rising to 51.4 from May’s 50.9, suggesting domestic demand is picking up as industries from non-ferrous metals to general equipment and electrical machinery all showed an improvement. But export orders continued to contract, albeit at a slower pace, with a sub-index standing at 42.6 compared to 35.3 in May, well below the 50-point mark. A separate official survey on China’s services sector showed activity expanded at a faster clip in June. The non-manufacturing Purchasing Managers’ Index rose to 54.4, from 53.6 in May, suggesting steadily stabilizing business confidence. Still, a sub-index for construction activity, a key driver of growth, fell to 59.8 from 60.8 the previous month, the survey showed, highlighting the uneven nature of the recovery. (Reuters)
- **India plans incentives for auto companies to boost exports** – India is drawing up an incentive scheme for the autos sector aimed at doubling exports of vehicles and components in the next five years, four sources with direct knowledge of the matter told Reuters. The Department of Heavy Industries (DHI) has sought feedback from auto industry groups on the initial proposal, which suggests giving incentives over five years to increase local production and procurement for export, the sources said. The incentives would be based on the sales value of vehicles or components and eligible companies would need to meet certain conditions, including a minimum revenue and profit threshold and presence in at least 10 countries, two of the sources said, adding the form the incentives would take had not been decided. DHI did not immediately respond to a request for comment. The move is part of India’s effort to create ‘champion’ sectors to attract investment, generate jobs and boost manufacturing, and comes amid calls by Prime Minister Narendra Modi to be self-reliant as a nation. India wants to promote exports and has identified some sectors, including autos and textiles, for which incentive plans are being designed, said a senior government official. (Reuters)
- **Economy Ministry: Brazil sheds net 331,901 formal jobs in May** – Brazil’s economy lost a net 331,901 formal jobs in May, the Economy Ministry said on Monday, another month of heavy job losses due to the COVID-19 crisis but less than half the record 860,503 jobs shed in April. This brings the total number of formal jobs lost so far this year to 1.14 million, the ministry said. (Reuters)
- **Regional**
- **Petro-Logistics: OPEC has cut oil output by 1.25mn bpd in June** – OPEC has cut oil output in June by 1.25mn bpd from May levels as it works to implement a supply restraint agreement with Russia and other allies, according to estimates from tanker-tracking company Petro-Logistics. OPEC and its allies, a group known as OPEC+, agreed to cut supply by a record 9.7mn bpd from May 1 to offset an oil price and demand slump triggered by the coronavirus crisis. OPEC’s share of the cut is 6.084mn bpd. “Excluding Iran, Libya and Venezuela, which are not part of the curtailment agreement, OPEC-10 supply remains about 1.55mn bpd away from full compliance,” Petro-Logistics said. (Reuters)
- **Middle East crude share in South Korea’s first-half imports set to hit 32-year low** – Middle East crude share in South Korea’s crude imports for the first six months of the year is set to hit the lowest level in more than three decades, reflecting deeper output cuts by Middle Eastern oil producers amid the coronavirus outbreak. Of the country’s total crude imports during January-June, 67.0% of crude is expected to come from the Middle East, or 1.91mn bpd, according to Reuters calculations based on data from Korea National Oil Corp (KNOC) and ship tracking data from Refinitiv Eikon. That is down from 72.8% during the same period last year and would be the country’s lowest first-half share of Middle East crude since 1988, when Middle East oil producers supplied 62.1% of South Korea’s total crude needs. (Reuters)
- **Land development area under SEZs in GCC to reach 100,000ha by 2040** – The unprecedented incidents like COVID-19 pandemic and big drop in energy prices will serve as catalyst in accelerating the pace of industrial diversification in the pursuit of achieving long-term sustainable economic reform in the GCC region, including Qatar, noted a report by a leading advisory firm, yesterday. With the strong drive for industrial diversification the region is likely to see a sharp jump of 150% in the total land development area under SEZs capturing its full potential. Given the strategic geographical location and other competitive advantage enjoyed by the GCC countries, the development of SEZs in the region is long overdue. Currently the GCC countries are having an estimated 40,000 hectares (ha) of land ready to be developed across major SEZs over the next years. Considering the total assigned areas for existing and planned SEZs in the GCC, this number can easily surpass the 100,000ha mark by 2040 – a size larger than the Kingdom of Bahrain, noted the report on ‘Rebirth of Special Economic Zones in the GCC’ by PwC. (Peninsula Qatar)

- **APICORP issues \$750mn five-year bond** – The Arab Petroleum Investments Corporation (APICORP) has issued a \$750mn five-year bond. The issuance is part of APICORP's \$3bn Global Medium-Term Note (GMTN) program and will bolster the corporation's business operations, the development bank said. The five-year notes' cost of funding is 1.46% per annum and the spread stood at 110bps. "Despite challenging market conditions, the successful issuance of this benchmark US dollar bond, with this level of competitive pricing, reflects the confidence that global investors have in APICORP," Chief Executive Officer at APICORP, Ahmed Ali Attiga said. "We are appreciative that more than 50% of the investors for this issuance are central banks and official institutions, both from within and outside the region. We are also pleased with the number and profile of our investors spanning MENA, Asia, Europe and the Americas," he said. The latest issuance attracted more than \$1.1bn in orders for debt sale from over 40 investors of various types from within and outside the MENA region. (Zawya)
- **Saudi Arabia's May M1 money supply rises 14.6% from year ago** – Saudi Arabian Monetary Authority (SAMA) published data on monetary aggregates for May. The M1 money supply rose 14.6% from a year ago, M2 money supply rose 10.6% from a year ago and M3 money supply rose 10.2% from a year ago. (Bloomberg)
- **Saudi ACWA Power to hit \$10bn target of new 2020 investments despite virus** – Saudi power plant developer and operator ACWA Power expects to achieve its target of more than \$10bn in new investments this year, as the coronavirus pandemic had "minimal impact" on its projects, the firm's Chief Executive, Paddy Padmanathan told Reuters. The company is still committed to a planned initial public offering (IPO), although execution will depend on the right timing and market conditions, he said. "In the beginning of the year we had a macro target of investing in new projects of about \$10bn dollars," he said. "I expect we will achieve that." The company had managed to "navigate the COVID-19 impact successfully," Padmanathan added, thanks to the vital water and power services it provides across the Middle East, Africa and Asia, he added. "Projects under construction are progressing with some element of marginal impact caused by supply chain and movement restrictions, and projects in development are well in progress," Padmanathan said. (Reuters)
- **S&P expects low oil, virus to prompt Saudi insurer mergers** – Saudi Arabia's overcrowded insurance sector is expected to witness accelerated consolidation, prompted by the coronavirus pandemic and lower oil prices, according to S&P. "Following two recent merger announcements, we expect to see further and accelerated consolidation in the sector over the coming quarters, given that there is a relatively large number of small and loss-making insurers," S&P's Credit Analyst, Emir Mujkic wrote in a report. Saudi Arabia's Central Bank Governor, Ahmed Alkholifey said last year that the regulator would "force" consolidation in the insurance industry as most companies in the kingdom have a small market value. Gulf Union Cooperative Insurance Co. earlier this month signed a binding pact to merger with Al Ahlia Cooperative Insurance. S&P also said: The increase in VAT to 15% from 5% from July 1 and cuts in social benefits for citizens could further pressure consumer spending. "Insurers are therefore likely to experience a slowdown in premium collections, since many consumers and businesses could delay their premium payments in an attempt to manage cash flows. This would pressure asset quality, liquidity, and consequently credit conditions of some players." S&P expects the sector to still remain profitable overall in 2020, despite slower premium growth and substantially weaker profitability in the second half. "With the lifting of strict lockdown measures in late June, we expect that motor and medical claims will pick up, as traffic flow increases, and policyholders start returning to hospitals for nonurgent medical services in the coming months." (Bloomberg)
- **Dubai's DGCX in talks on black pepper futures contract listing** – Dubai's DGCX is in talks with members and trading community follow meeting between Dubai Gold & Commodities Exchange Chairman, Ahmed Bin Sulayem and the UAE's Commercial Attaché to India, Ahmad Sultan Bin Harib Alfalahi to strengthen the bilateral relations between the UAE and India, and the major role that DMCC plays in the trade relationship. (Bloomberg)
- **Abu Dhabi will shut Bab oil field for maintenance at end of June** – Abu Dhabi National Oil Co. (ADNOC) will halt output at the 370k bpd Bab onshore field for four weeks from the end of June for maintenance, a spokesman for the producer said. (Bloomberg)
- **Kuwait Cabinet approves economic reform schedule, Al-Qabas Says** – Kuwait's Council of Ministers approved a document presented by Finance Minister, Barak Al-Sheetan for a proposed schedule of economic reform measures, Al-Qabas reported, without saying where it got the information. Minister's recommendations include speeding up a debt law allowing the government to issue bonds, and some reforms will require legislative approval, according to the newspaper. Proposed short- and medium-term measures also include: A finance ministry proposal for the Future Generations Fund to purchase KD2.2bn of assets from the General Reserve Fund to help solve the liquidity problem. Amending the law in order to only make the mandatory 10% transfer of revenue to the Future Generations Fund during times of surplus. Adopting fiscal reform measures, previously presented to the cabinet, by issuing the necessary laws to boost revenues and rationalize spending by an estimated KD5bn. Adopting reform related to diversifying sources of income; reforming the structure of salaries in the public sector; restructuring ministries and government departments to improve performance and efficiency. (Bloomberg)
- **Kuwait International Airport to resume commercial flights from August 1** – Commercial flights at Kuwait International Airport will resume from August 1, the government's communications office said, after being suspended in March because of the COVID-19 pandemic. Kuwait's cabinet agreed on a three-stage resumption starting at 30% capacity, the statement said. (Reuters)
- **Alizz Islamic: 90% of holders accept takeover of Oman Arab Bank** – Holders of the 90% shares of Alizz Islamic Bank will proceed with compulsory acquisition of the shares of the remaining holders who did not respond to takeover offer by closing date of June 28, Oman's Alizz Islamic said. (Bloomberg)
- **BNA: Bahrain to pay 50% of wages for private firms hit by coronavirus** – Bahrain's government said on Monday it would pay 50% of salaries for private company workers in sectors that

were hard-hit by the coronavirus pandemic, state news agency BNA reported. The new payments would start in July, BNA said, adding that the government would extend its assistance to Bahraini citizens by also paying electricity and water bills. Bahrain had said it was spending \$570mn on paying salaries to all 100,000 of its citizens employed in the private sector from April to June to help soften the economic blow from the coronavirus outbreak. (Reuters)

- **McLaren arranges \$185.2mn financing facility with Bahraini bank** – British supercar manufacturer McLaren Group, which includes the Formula One team, has arranged a \$185.2mn financing facility with the National Bank of Bahrain (NBB), the Gulf bank said on Monday. The COVID-19 pandemic has hit the company hard, with sales plunging during a factory shutdown. It announced 1,200 redundancies in May. “Final documentation has been signed and all the necessary approvals have been granted in relation to a ... 150 million (pound) financing facility,” NBB said in a bourse statement. Bahrain sovereign wealth fund Mumtalakat Holding Co. is the majority shareholder in McLaren Group, with a 56% stake. Mumtalakat also holds a 44.06% stake in NBB while the government of Bahrain holds a 10.85% stake, Refinitiv data showed. (Reuters)
- **Bahrain sells BHD70mn 91-day bills at yield 2.31%** – Bahrain sold BHD70mn of 91-day bills due on September 30, 2020. The bills were sold at a price of 99.419, having a yield of 2.31% and will settle on July 1, 2020. (Bloomberg)

Rebased Performance



Source: Bloomberg

Daily Index Performance



Source: Bloomberg

Asset/Currency Performance	Close (\$)	1D%	WTD%	YTD%
Gold/Ounce	1,772.82	0.1	0.1	16.8
Silver/Ounce	17.86	0.3	0.3	0.0
Crude Oil (Brent)/Barrel (FM Future)	41.71	1.7	1.7	(49.2)
Crude Oil (WTI)/Barrel (FM Future)	39.70	3.1	3.1	(43.4)
Natural Gas (Henry Hub)/MMBtu	1.64	17.1	17.1	(21.5)
LPG Propane (Arab Gulf)/Ton	45.88	(2.9)	(2.9)	11.2
LPG Butane (Arab Gulf)/Ton	41.50	(2.6)	(2.6)	(37.5)
Euro	1.12	0.2	0.2	0.3
Yen	107.58	0.3	0.3	(0.9)
GBP	1.23	(0.3)	(0.3)	(7.2)
CHF	1.05	(0.3)	(0.3)	1.7
AUD	0.69	0.0	0.0	(2.2)
USD Index	97.54	0.1	0.1	1.2
RUB	70.01	0.3	0.3	12.9
BRL	0.19	1.2	1.2	(25.6)

Source: Bloomberg

Global Indices Performance	Close	1D%*	WTD%*	YTD%*
MSCI World Index	2,176.44	0.9	0.9	(7.7)
DJ Industrial	25,595.80	2.3	2.3	(10.3)
S&P 500	3,053.24	1.5	1.5	(5.5)
NASDAQ 100	9,874.15	1.2	1.2	10.0
STOXX 600	359.89	0.4	0.4	(13.5)
DAX	12,232.12	1.2	1.2	(7.7)
FTSE 100	6,225.77	1.1	1.1	(17.5)
CAC 40	4,945.46	0.7	0.7	(17.3)
Nikkei	21,995.04	(2.3)	(2.3)	(7.0)
MSCI EM	993.96	(0.5)	(0.5)	(10.8)
SHANGHAI SE Composite	2,961.52	(0.6)	(0.6)	(2.9)
HANG SENG	24,301.28	(1.0)	(1.0)	(13.8)
BSE SENSEX	34,961.52	(0.6)	(0.6)	(15.3)
Bovespa	95,735.40	2.0	2.0	(17.2)
RTS	1,239.81	(0.6)	(0.6)	(20.0)

Source: Bloomberg (*\$ adjusted returns)

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