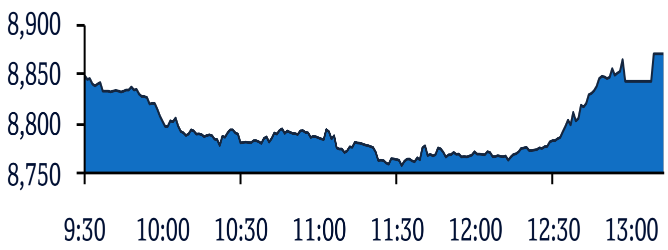
Daily Market Report

Sunday, 31 May 2020

QSE Intra-Day Movement



Qatar Commentary

The QE Index rose 0.2% to close at 8,873.2. Gains were led by the Banks & Financial Services and Transportation indices, gaining 1.5% and 0.9%, respectively. Top gainers were Gulf Warehousing Company and Medicare Group, rising 3.9% and 3.2%, respectively. Among the top losers, Qatar Industrial Manufacturing Company fell 4.2%, while Doha Insurance Group was down 3.8%.

GCC Commentary

Saudi Arabia: The TASI Index gained marginally to close at 7,050.7. Gains were led by the Transportation and Pharma indices, rising 3.7% and 1.9%, respectively. Allied Cooperative Insurance rose 9.7%, while City Cement Company was up 8.1%.

Dubai: The DFM Index fell 1.2% to close at 1,961.5. The Consumer Staples and Discretionary index declined 4.1%, while the Services index fell 2.6%. Arabtec Holding and Deyaar Development were down 5.0% each.

Abu Dhabi: The ADX General Index fell 0.3% to close at 4,119.3. The Consumer Staples index declined 3.8%, while the Real Estate index fell 2.4%. Emirates Driving Company declined 5.0%, while Rak Properties was down 4.9%.

Kuwait: The Kuwait All Share Index fell marginally to close at 5,018.8. The Telecom. index declined 1.9%, while the Consumer Services index fell 1.2%. First Dubai Real Estate Dev. declined 9.2%, while Tamdeen Real Estate was down 5.3%.

Oman: The MSM 30 Index gained 2.2% to close at 3,520.8. Gains were led by the Services and Financial indices, rising 2.5% and 2.2%, respectively. Vision Insurance rose 7.1%, while Oman National Engineering & Investment Co. was up 7.0%.

Bahrain: The BHB Index gained 0.5% to close at 1,276.1. The Commercial Banks index rose 0.9%, while the Industrial index gained 0.6%. Ahli United Bank rose 1.5%, while Bahrain Duty Free Complex was up 1.0%.

Market Indicators	21 May 20	20 May 20	%Chg.
Value Traded (QR mn)	1,164.1	315.0	269.5
Exch. Market Cap. (QR mn)	504,398.9	501,358.0	0.6
Volume (mn)	399.0	155.9	155.9
Number of Transactions	14,751	10,855	35.9
Companies Traded	45	44	2.3
Market Breadth	23:18	29:13	–

Market Indices	Close	1D%	WTD%	YTD%	TTM P/E
Total Return	17,058.36	0.2	1.6	(11.1)	14.0
All Share Index	2,765.72	0.6	1.9	(10.8)	14.7
Banks	3,898.87	1.5	2.3	(7.6)	12.8
Industrials	2,454.33	(1.6)	2.2	(16.3)	19.5
Transportation	2,557.70	0.9	0.0	0.1	12.4
Real Estate	1,365.62	0.9	1.1	(12.7)	13.5
Insurance	2,021.84	0.2	0.7	(26.1)	33.7
Telecoms	828.85	(1.5)	(0.4)	(7.4)	13.9
Consumer	7,077.34	0.3	0.6	(18.1)	18.1
Al Rayan Islamic Index	3,531.86	(0.1)	1.6	(10.6)	16.3

GCC Top Gainers##	Exchange	Close#	1D%	Vol. '000	YTD%
Bank Muscat	Oman	0.35	6.1	3,472.1	(16.3)
Sembcorp Salalah Power.	Oman	0.11	6.0	52.6	(21.5)
Bank Nizwa	Oman	0.10	5.6	1,212.3	0.0
Oman Telecom. Co.	Oman	0.64	3.2	705.5	6.0
Emaar Malls	Dubai	1.32	3.1	36,137.0	(27.9)

GCC Top Losers##	Exchange	Close#	1D%	Vol. '000	YTD%
Emirates NBD	Dubai	8.64	(3.2)	101,731.4	(33.5)
Emaar Properties	Dubai	2.50	(3.1)	37,126.4	(37.8)
Mobile Telecom. Co.	Kuwait	0.53	(2.6)	3,358.6	(12.2)
GFH Financial Group	Dubai	0.54	(2.5)	12,266.3	(35.7)
Aldar Properties	Abu Dhabi	1.73	(2.3)	40,684.3	(19.9)

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%
Gulf Warehousing Company	5.09	3.9	557.5	(7.1)
Medicare Group	6.72	3.2	507.7	(20.4)
QNB Group	17.68	2.8	15,020.4	(14.1)
Islamic Holding Group	2.40	2.7	5,910.4	26.4
Barwa Real Estate Company	2.90	1.8	11,607.6	(18.1)

QSE Top Volume Trades	Close*	1D%	Vol. '000	YTD%
Qatar Insurance Company	2.02	0.5	116,461.2	(36.0)
Qatar Gas Transport Company Ltd.	2.30	0.0	55,322.0	(3.8)
Aamal Company	0.66	(1.9)	44,796.1	(19.2)
Ezdan Holding Group	0.73	0.0	17,763.9	18.7
Baladna	1.20	(1.6)	16,053.2	20.0

QSE Top Losers	Close*	1D%	Vol. '000	YTD%
Qatar Industrial Manufacturing	2.55	(4.2)	52.3	(28.5)
Doha Insurance Group	1.00	(3.8)	100.0	(16.7)
Industries Qatar	7.87	(2.8)	5,316.6	(23.4)
The Commercial Bank	3.70	(2.7)	9,886.5	(21.4)
Alijarah Holding	0.68	(2.3)	1,251.2	(3.1)

QSE Top Value Trades	Close*	1D%	Val. '000	YTD%
QNB Group	17.68	2.8	264,085.7	(14.1)
Qatar Insurance Company	2.02	0.5	235,067.8	(36.0)
Qatar Gas Transport Co. Ltd.	2.30	0.0	126,826.7	(3.8)
Qatar Electricity & Water Co.	14.92	0.4	59,787.2	(7.3)
Qatar International Islamic Bank	7.76	(1.8)	58,954.1	(19.8)

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*#	8,873.16	0.2	1.6	1.2	(14.9)	317.34	137,600.0	14.0	1.4	4.5
Dubai	1,961.48	(1.2)	1.2	(3.2)	(29.1)	337.05	77,636.2	7.7	0.7	5.0
Abu Dhabi	4,119.32	(0.3)	0.2	(2.6)	(18.8)	120.61	125,877.2	12.8	1.2	6.2
Saudi Arabia#	7,050.66	0.0	5.0	(0.9)	(16.0)	2,348.89	2,205,237.0	21.3	1.7	3.6
Kuwait	5,018.83	(0.0)	2.1	0.9	(20.1)	124.90	92,623.4	14.0	1.1	4.1
Oman	3,520.80	2.2	3.3	(0.5)	(11.6)	8.08	15,351.1	9.1	0.8	6.8
Bahrain	1,276.06	0.5	0.4	(2.6)	(20.8)	1.86	19,693.3	9.1	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, #Data as of May 21, 2020)

Qatar Market Commentary

- The QE Index rose 0.2% to close at 8,873.2. The Banks & Financial Services and Transportation indices led the gains. The index rose on the back of buying support from Qatari and GCC shareholders despite selling pressure from non-Qatari shareholders.
- Gulf Warehousing Company and Medicare Group were the top gainers, rising 3.9% and 3.2%, respectively. Among the top losers, Qatar Industrial Manufacturing Company fell 4.2%, while Doha Insurance Group was down 3.8%.
- Volume of shares traded on Thursday rose by 155.9% to 399.0mn from 155.9mn on Wednesday. Further, as compared to the 30-day moving average of 209.7mn, volume for the day was 90.2% higher. Qatar Insurance Company and Qatar Gas Transport Company Limited were the most active stocks, contributing 29.2% and 13.9% to the total volume, respectively.

Overall Activity	Buy %*	Sell %*	Net (QR)
Qatari Individuals	10.11%	11.68%	(18,264,253.79)
Qatari Institutions	22.19%	8.96%	154,022,953.67
Qatari	**32.30%**	**20.64%**	**135,758,699.88**
GCC Individuals	0.32%	0.56%	(2,859,347.85)
GCC Institutions	1.23%	0.16%	12,468,404.57
GCC	**1.55%**	**0.72%**	**9,609,056.72**
Non-Qatari Individuals	3.90%	3.60%	3,528,171.99
Non-Qatari Institutions	62.26%	75.05%	(148,895,928.58)
Non-Qatari	**66.16%**	**78.65%**	**(145,367,756.59)**

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

Global Economic Data

Date	Market	Source	Indicator	Period	Actual	Consensus	Previous
05/28	US	Department of Labor	Initial Jobless Claims	23-May	2,123k	2,100k	2,446k
05/28	US	Department of Labor	Continuing Claims	16-May	21,052k	25,680k	24,912k
05/21	US	Bloomberg	Bloomberg Economic Expectations	May	29	–	29
05/21	US	Bloomberg	Bloomberg Consumer Comfort	17-May	34.7	–	35.8
05/21	US	Markit	Markit US Manufacturing PMI	May	39.8	40.0	36.1
05/21	US	Markit	Markit US Services PMI	May	36.9	32.5	26.7
05/21	US	Markit	Markit US Composite PMI	May P	36.4	–	27
05/28	US	Bureau of Economic Analysis	GDP Price Index	1Q2020	1.40%	1.30%	1.30%
05/27	US	Mortgage Bankers Association	MBA Mortgage Applications	22-May	2.70%	–	-2.60%
05/21	UK	Markit	Markit UK PMI Manufacturing SA	May	40.6	37.2	32.6
05/21	UK	Markit	Markit/CIPS UK Services PMI	May	27.8	24	13.4
05/21	UK	Markit	Markit/CIPS UK Composite PMI	May	28.9	25.7	13.8
05/22	UK	GfK NOP (UK)	GfK Consumer Confidence	May	-34	–	-33
05/21	EU	Markit	Markit Eurozone Manufacturing PMI	May	39.5	38	33.4
05/21	EU	Markit	Markit Eurozone Services PMI	May	28.7	25	12
05/21	EU	Markit	Markit Eurozone Composite PMI	May	30.5	27	13.6
05/28	EU	European Commission	Economic Confidence	May	67.5	70.6	64.9
05/28	EU	European Commission	Industrial Confidence	May	-27.5	-26.5	-32.5
05/28	EU	European Commission	Services Confidence	May	-43.6	-27.9	-38.6
05/28	EU	European Commission	Consumer Confidence	May	-18.8	–	-18.8
05/29	EU	European Central Bank	M3 Money Supply YoY	Apr	8.30%	8.20%	7.50%
05/29	EU	Eurostat	CPI MoM	May	-0.10%	-0.10%	0.30%
05/29	EU	Eurostat	CPI Estimate YoY	May	0.10%	0.10%	0.40%
05/29	EU	Eurostat	CPI Core YoY	May	0.90%	0.80%	0.90%
05/21	Germany	Markit	Markit/BME Germany Manufacturing PMI	May	36.8	39.4	34.5
05/21	Germany	Markit	Markit Germany Services PMI	May	31.4	26	16.2
05/21	Germany	Markit	Markit/BME Germany Composite PMI	May	31.4	33.1	17.4
05/25	Germany	German Federal Statistical Office	Private Consumption QoQ	1Q2020	-3.20%	-2.00%	0.00%
05/25	Germany	German Federal Statistical Office	Government Spending QoQ	1Q2020	0.20%	0.60%	0.10%
05/25	Germany	German Federal Statistical Office	GDP SA QoQ	1Q2020	-2.20%	-2.20%	-2.20%
05/25	Germany	German Federal Statistical Office	GDP NSA YoY	1Q2020	-1.90%	-1.90%	-1.90%
05/25	Germany	German Federal Statistical Office	GDP WDA YoY	1Q2020	-2.30%	-2.30%	-2.30%
05/25	Germany	German Federal Statistical Office	Capital Investment QoQ	1Q2020	-0.20%	0.00%	-0.40%
05/28	Germany	German Federal Statistical Office	CPI MoM	May	-0.10%	-0.10%	0.40%
05/28	Germany	German Federal Statistical Office	CPI YoY	May	0.60%	0.60%	0.90%
05/26	Germany	GfK AG	GfK Consumer Confidence	June	-18.9	-18	-23.1
05/21	France	Markit	Markit France Manufacturing PMI	May	40.3	36	31.5
05/21	France	Markit	Markit France Services PMI	May	29.4	28	10.2
05/21	France	Markit	Markit France Composite PMI	May	30.5	32.4	11.1

Date	Market	Source	Indicator	Period	Actual	Consensus	Previous
05/27	France	INSEE National Statistics Office	Business Confidence	May	59	69	53
05/27	France	INSEE National Statistics Office	Manufacturing Confidence	May	70	85	68
05/27	France	INSEE National Statistics Office	Consumer Confidence	May	93	92	95
05/29	France	INSEE National Statistics Office	CPI MoM	May	0.00%	0.10%	0.00%
05/29	France	INSEE National Statistics Office	CPI YoY	May	0.20%	0.30%	0.30%
05/29	France	INSEE National Statistics Office	PPI MoM	April	-2.90%	–	-1.70%
05/29	France	INSEE National Statistics Office	PPI YoY	April	-4.70%	–	-2.70%
05/29	France	INSEE National Statistics Office	GDP QoQ	1Q2020	-5.30%	-5.80%	-5.80%
05/29	France	INSEE National Statistics Office	GDP YoY	1Q2020	-5.00%	-5.40%	-5.40%
05/21	Japan	Ministry of Finance Japan	Trade Balance	April	-¥930.4bn	-¥503.1bn	¥4.9bn
05/21	Japan	Ministry of Finance Japan	Exports YoY	April	-21.90%	-22.20%	-11.70%
05/21	Japan	Ministry of Finance Japan	Imports YoY	April	-7.20%	-13.20%	-5.00%
05/21	Japan	Markit	Jibun Bank Japan PMI Mfg	May	38.4	–	41.9
05/21	Japan	Markit	Jibun Bank Japan PMI Services	May	25.3	–	21.5
05/21	Japan	Markit	Jibun Bank Japan PMI Composite	May	27.4	–	25.8
05/25	Japan	Economic and Social Research Institute	Coincident Index	May	90.2	–	90.5
05/26	Japan	Japan Machine Tool Builders' Association	Machine Tool Orders YoY	April	-48.30%	–	-48.30%
05/29	Japan	Ministry of Economy Trade and Industry	Industrial Production MoM	April	-9.10%	-5.70%	-3.70%
05/29	Japan	Ministry of Economy Trade and Industry	Industrial Production YoY	April	-14.40%	-10.60%	-5.20%
05/29	Japan	Economic and Social Research Institute	Consumer Confidence Index	May	24	21.1	21.6
05/27	China	National Bureau of Statistics	Industrial Profits YoY	April	-4.30%	–	-34.90%
05/22	India	Reserve Bank of India	RBI Repurchase Rate	22-May	4.00%	–	4.40%
05/22	India	Reserve Bank of India	RBI Reverse Repo Rate	22-May	3.35%	–	3.75%
05/29	India	India Central Statistical Organization	Eight Infrastructure Industries	April	-38.10%	–	-9.00%
05/29	India	Central Statistics Office India	GDP YoY	1Q20	3.10%	1.60%	4.10%
05/29	India	Central Statistics Office India	GVA YoY	1Q20	3.00%	1.80%	3.50%
05/29	India	Central Statistics Office India	GDP Annual Estimate YoY	2020	4.20%	4.20%	6.10%

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

News

Qatar

- **Forbes ranks QNB Group as top bank in the MENA region with $264.9bn assets –** This year's Forbes Global (Forbes) 2,000 list has ranked Qatar's largest financial institution QNB Group as the largest bank by asset size in the Middle East and North Africa (MENA) region. In the Forbes Global 2000 list released recently, QNB Group is the top bank regionally and 190th globally with a market value and assets of $43.7bn and $264.9bn, respectively. Other Qatari banks on the list are Qatar Islamic Bank, Masraf Al Rayan and The Commercial Bank. (Qatar Tribune)
- **Nakilat transitions LNG Al Kharaitiyat to in-house management –** Qatar Gas Transport Company Limited (Nakilat) has assumed full ship management and operations of Q-Flex LNG carrier Al Kharaitiyat from Shell Trading and Shipping Company Limited (Shell) with effect from May 27, 2020, as part of the second phase of its planned fleet management transition program. With a cargo carrying capacity of 216,300 cubic meters, Al Kharaitiyat is wholly-owned by Nakilat and chartered by Qatargas. The vessel was built in South Korea by Hyundai Heavy Industries, delivered in June 2009 and has been in service ever since. Al Kharaitiyat is the second vessel that will come under the management of Nakilat Shipping Qatar Ltd. (NSQL) this year as part of this second phase transition, bringing the total number of vessels managed by NSQL to 20, comprising of 16 LNG and 4 LPG carriers. (QSE, Gulf-Times.com)
- **EIU: Qatar's ability to fully service debt obligations remains strong –** Qatar's ability to fully service its debt obligations remains strong, although there will be an expected surge in the country's fiscal financing needs, the Economist Intelligence Unit (EIU) has said in an update. The economic shock from the coronavirus pandemic is expected to lead to a drop in goods export earnings and a shift to a fiscal deficit, it said. The country's exports are expected to decline sharply in 2020, but the Riyal's peg to the Dollar is backed by ample foreign reserves and the assets of the Qatar Investment Authority (QIA), the sovereign wealth fund). "Despite the current account moving into deficit in 2020-21, the currency regime should be able to weather the short-term shocks posed by the coronavirus pandemic," the EIU noted. Commercial banks in the country have been increasing liquidity from abroad in the form of a number of debt issues, and cash injections from the QIA have bolstered banks' liquidity. The ratio of non-performing loans as a proportion of total loans has historically been low, but it is likely to rise in the short term, it said. Qatar's overdependence on hydrocarbons exports leaves it exposed to international price movements. Efforts to promote economic diversification will be hampered by the oil price slump, the EIU report said. "The country's large stock of public debt weighs on the outlook, but a sound financial system is supportive," the EIU said. (Gulf-Times.com)
- **FocusEconomics: Qatar's fiscal balance to GDP set to rise to 3.2% in 2024 –** Qatar's fiscal balance as a percentage of GDP is

set to rise to 3.2% in 2024 from an estimated -6.9% this year, FocusEconomics has said in its country report. The country's merchandise trade balance may scale up to $50.6bn from $24.4bn this year, it said. According to FocusEconomics, Qatar's public debt (as a percentage of GDP) has been forecast to fall to 61.8 from 65.6 this year. The country's public debt as a percentage of the gross domestic product will fall continuously over the next four years, the researcher said. It is projected at 67.6 next year, 66 (in 2022) and 63.9 in 2023. Qatar's GDP has been estimated to reach $220bn in 2024 from $180bn this year. Next year, it will be $189bn, followed by $199bn (2022) and $209bn in 2023. GDP per capita, FocusEconomics said, has been estimated to reach $79,072 in 2024 from $65,395 this year. GDP per capita next year will be $68,249, followed by $71,585 in 2022 and $75,185 in 2023. Qatar's economic growth in terms of nominal GDP will reach 5.4% in 2024 from -1.6% by the year-end. Next year, economic growth in terms of nominal GDP will be 4.6%, 5.2% in 2022 and 5.3% in 2023. The current account balance (as a percentage of GDP) will be 3.1 in 2024 compared with -4.4 in 2020, -0.6 (2021), 1.9 (2022) and 2.5 in 2023. International reserves may exceed $34.9bn in 2024, from $35.3bn this year. The country's inflation, the report noted, will be 0% this year, 1.5% (2021), 1.8% (2022), 1.8% (2023) and 1.9% in 2024. Qatar's unemployment rate (as a percentage of active population) will remain a meager 0.2% in 2024, unchanged from this year. (Gulf-Times.com)

- **Al-Kaabi: Qatar Petroleum to cut expenditure by 30% –** Qatar Petroleum will cut its capital and operating expenditure by 30% amid slumping energy prices, CEO Saad Al-Kaabi says in virtual briefing. Al-Kaabi said, "We are a lean and efficient organization across the board. Pandemic hasn't hit gas as hard as oil. Gas is also a challenge but less so than oil, though effects could linger for a long time". He said the company is looking for investment opportunities around world, which may be cheaper because of market conditions. (Bloomberg)
- **Al-Kaabi: Qatar Petroleum's cost cutting will not affect LNG output –** The world's biggest liquefied natural gas producer plans to reduce its spending by about 30%, but cuts won't affect Qatar Petroleum's current production or expansion plans, according to Al-Kaabi, the company's CEO and the country's Energy Minister. The CEO said, "All the major capital projects are moving ahead. QP won't cut capital expenditure in projects that affect production or future developments, only those that were good to have but not essential" (Bloomberg)
- **Qatar Petroleum to invite Exxon, Chevron, Conoco for gas JV talks –** Qatar Petroleum (QP) will invite Exxon, Chevron and ConocoPhillips for talks to form a joint venture to expand gas production at the North Field, said QP's President and CEO, Saad Al-Kaabi. QP wants to de-risk the project as much as possible before negotiating with potential partners. QP will outline project costs to companies so investors will come in with open eyes and understanding the costs. (Bloomberg)
- **Qatar Petroleum full steam ahead with expansion plans –** Qatar Petroleum's plans to sharply expand liquefied natural gas (LNG) capacity by the middle of the decade remain on track, it was affirmed on Thursday. Speaking during a webcast organized by the US-Qatar Business Council, HE Saad Sherida Al-Kaabi, Minister of State for Energy Affairs, said Qatar Petroleum will not cut its gas exports due to the weaker demand caused by the coronavirus disease outbreak. Qatar Petroleum wants to lift its LNG output to around 110mn tons per annum (mtpa) by 2024 from today's 77 mtpa in the first phase of its expansion. Those plans remain on course, HE Al-Kaabi said. "We're full steam ahead, we're going to expand," he said. (Gulf-Times.com)
- **Qatar Petroleum achieves many milestones in 1H2020 –** Qatar Petroleum (QP) has achieved many milestones in the first half of the year, clinching farm-in deals and acquiring promising exploration blocks around the world with major players. One of most cost-effective producers in the world, QP operates all oil and gas activities in Qatar and elsewhere, including exploration, production and refining. The energy major has already announced that it is planning greater international upstream expansion and still looking for good investment opportunities around the globe. Early in the year, QP and Kuwait Petroleum Corporation (KPC) entered into a long-term sale and purchase agreement for the supply of up to 3mn tons per year of liquefied natural gas (LNG) to Kuwait. Under the 15-year agreement concluded in Janaury, LNG deliveries to Kuwait's new world-class receiving terminal at Al-Zour Port will commence in 2022 to support Kuwait's growing energy needs and demand, particularly in the power generation sector. In February, an affiliate of QP and the French LNG terminal operator Elengy, a subsidiary of ENGIE Group, entered into a long-term agreement for LNG receiving, storage and regasification services at the Montoir-de-Bretagne LNG Terminal in France. Under the agreement, Qatar Terminal Limited (QTL) - a QP subsidiary - will subscribe to the equivalent of almost 3mn tons per annum of the terminal's throughput capacity for a term up to 2035. Montoir-de-Bretagne LNG will thereby become a new LNG import terminal position for QP in Europe, facilitating the supply of Qatari and internationally sourced LNG to French and European customers. (Gulf-Times.com)
- **MoCI announces working hours for commercial activities –** The Ministry of Commerce and Industry (MoCI) announced Friday that the working hours for commercial and service activities from May 31 will be from 7am to 1pm, with the exception of specific activities, as per Circular No. 23 of 2020. Stores and offices shall continue to stay closed on Fridays and Saturday as announced earlier through Circular No. 16, again with specific exemptions. Retails outlets in malls and shopping centers shall also remain closed, except pharmacies and those selling food products. (Gulf-Times.com)
- **Qatar Airways to gradually resume flight operations to major cities –** In line with the increasing demand for travel and the easing of restrictions imposed on entry by many countries, Qatar Airways said it would gradually resume its flights to several major cities and the headquarters of its airline partners around the world. Earlier this month, Qatar Airways said it would increase operations to a total of 80 destinations by the end of June, in line with the expected relaxation of entry restrictions around the world. (Qatar Tribune)
- **Fitch downgrades Qatar's Alfardan Group to 'BB+'; outlook 'Negative' –** Fitch Ratings (Fitch) has downgraded Qatar-based conglomerate Alfardan Group's Long-Term Issuer Default Rating to 'BB+' 'BBB-'. The outlook is Negative'. The downgrade

reflects materially lower expected profitability and cash flow from the automotive and jewelry businesses over the coming year owing to the effects of the coronavirus pandemic. Fitch expects the property business to remain largely stable, benefiting from residential rental income, but the auto and jewelry businesses have largely been closed since the government-imposed lockdown began on 20 March 2020. This will push financial ratios, which were already higher than Fitch expected in 2019, well above levels considered for the 'BBB' rating category. The 'Negative' outlook reflects the uncertainty in the operating environment, in particular when and to what degree the auto, jewelry and hotel businesses will recover after the lockdown. Fitch could revise the outlook to 'Stable' upon greater visibility on these businesses stabilizing, and improvement in the group's financial profile. (Bloomberg)

- **Ashghal: Key projects set for 2020 third quarter completion –** Some vital infrastructure projects are expected to be completed by the third quarter of 2020, according to information available on the Public Works Authority's (Ashghal). These include the G-Ring Road project as well as the Umm Al-Dome Street & Al-Muaither Street Upgrade project. G-Ring Road extends over 22 kilometers, from Hamad International Airport (HIA) to the south of the Industrial Area, and includes five lanes in each direction as well as 48 kilometers of pedestrian and cycling lanes, surrounded by landscaping, according to Ashghal. (Gulf-Times.com)
- **KPMG: Qatar achieves self-sufficiency in essential products; supply chain well diversified –** Qatar has achieved self-sufficiency in most of the essential products of daily use including milk and several other perishables, KPMG said and noted the country's supply chain is extremely well diversified, leaving a remote possibility for disruption. The supply chain, which was strengthened during the blockade, is well supported by a strong logistics infrastructure powered by the new Hamad Port at Mesaieed and Qatar Airways Cargo service. The retail supply chain for essential food products has not witnessed a notable impact so far, except for an extremely brief period when residents began stockpiling post announcement for businesses to shutdown, KPMG said in a recent report on "COVID-19 impact on Qatar". "Non-food retail supply chain is not a concern at this stage as most of the stores are closed, however, issues such as goods enroute for delivery are expected to see some delays. "Although not impacted to date, in the event of prolonged business closure and reduction of the workforce, some logistical challenges may emerge," KPMG said. (Gulf-Times.com)
- **NBK: Qatar tops GCC sovereign issuances in 2Q2020 –** Qatar has topped the GCC sovereign issuances in the second quarter of 2020-to-date with $10bn of the total $24bn, according to the report by National Bank of Kuwait (NBK). Qatar issued $10bn in three tranches with maturities ranging from 5 to 30 years, NBK said in an economic update. The final pricing yields for Qatar's 10-year dollar-denominated bond was around 3.8%, reflecting higher spread over the respective US treasury yields, it said. "The higher risk is also reflected in a broad and marked rise in GCC credit default swap rates, typically used by investors to hedge against default. Looking forward, we expect (GCC) issuances to be strong this year on high financing needs due to oil and coronavirus fiscal pressures," NBK said. (Gulf-Times.com)
- **Qatar economic prospects seen brighter on LNG lead –** Qatar's strong global connectedness will stand in good stead over the medium term and its long term prospects look bright as Doha builds on its competitive advantage in the liquefied natural gas (LNG) sector, a top official of the Qatar Financial Center (QFC) has said. Addressing a webinar, Thaddeus Malesa, senior adviser, Economics and Research of the Financial Sector Office at the QFC, also said there were certain "bright spots" in Qatar such as information and communication, which are "impervious" to coronavirus. Over the short and medium-term, Qatar would not only foster and expand international connections, but also leverage international holdings to source and extract both resources and services it needs to overcome COVID-19 related challenges and use Qatar Airways Cargo, as well as Milaha to execute this, he said. Highlighting that Qatar's overall position is vastly better relative to the average energy exporter; Malesa said as Qatar's economy is strongly connected to its global partners and customers, it will be able to build on its competitive advantage in the country's key resource over the long-term. The immediate impact on Qatari economy is imposed by mandated shut-ins; he said, adding Qatar is no exception to the majority of large global economies, and is expected to contract 4.3% in 2020, quoting the International Monetary Fund (IMF). (Gulf-Times.com)
- **KPMG: US, Europe deflation provides Qatar energy industry opportunity to raise funds at cheaper rates –** Deflation in major economies like the US and Europe provides a unique opportunity for Qatar's oil and gas industry to raise funds at cheaper interest rates to finance capital expansion plans, a new report has shown. In its "Qatar Oil and Gas Industry Insights" as part of the report on "Potential Impact of COVID-19 on the Qatar Economy", KPMG said existing financing terms may be subjected to renegotiations with lenders/investors. "Further, oil and gas support companies in private sector could also avail benefits under the $21bn economic incentive declared by the Qatar government," KPMG said, detailing the financing and raising capital opportunities in the long-term. It said lockdown restrictions and excess supply/low demand in global markets provide a window to overhaul critical facilities for heavy repairs and maintenance which are otherwise time and effort consuming. Increase in repair costs could be partially set-off against lower depreciation on idle capacities. Reallocation/redistribution of common assets owing to low demand/excess production supplies could result in cutting operational frill costs. "Laying off contracted staff during low supply demands could be filled by idle staff capacities, wherever possible. Consolidation of business activities could also be planned without the fear of process disruptions during these times," the report said. (Gulf-Times.com)

International

- **Coronavirus sinks US consumer spending; savings hit record high –** US consumers cut spending by the most on record for the second straight month in April while boosting savings to an all-time high, and the growing frugality reinforced expectations the economy could take years to recover from the COVID-19 pandemic. The report from the Commerce Department on

Friday also showed an economy highly reliant on the government, with financial aid checks from a historic fiscal package worth nearly $3tn driving a record surge in personal income. Together with news that monthly exports collapsed, the report left economists anticipating the largest contraction in gross domestic product in the second quarter since the Great Depression. Data has also been dismal this month on the labor market, manufacturing production and homebuilding. The Commerce Department said consumer spending, which accounts for more than two-thirds of US economic activity, plunged 13.6% last month, the biggest drop since the government started tracking the series in 1959. It eclipsed the previous all-time decrease of 6.9% in March. Economists polled by Reuters had forecast consumer spending would plummet 12.6% in April. Spending was depressed by a decrease in outlays on healthcare as dental offices closed and hospitals postponed elective surgeries and non-emergency visits to focus on patients suffering from COVID-19. The disease has killed over 100,000 people in the US, the highest death toll in the world. Spending declined at restaurants, which have shifted to delivery and pick-up service only, and hotels and motels. Spending on food and beverages fell in April. (Reuters)

- **US states, cities may snub Fed lending program over high rates –** High borrowing costs will limit participation in a $500bn US Federal Reserve short-term borrowing program set up to address state and city revenue shortfalls due to the economic fallout from the coronavirus outbreak, analysts said. While Illinois, the lowest-rated US state at a notch above junk, passed a bill late last week authorizing borrowing up to $5bn through the Fed's municipal liquidity facility (MLF), legislation is pending in few other states. Cooper Howard, director of fixed-income strategy at the Schwab Center for Financial Research, said sample purchase rates released by the New York Federal Reserve on Wednesday are much heftier than what highly rated governments can obtain in the US municipal market. The Fed "wants to be the lender of last resort," he said, adding that for lower-rated issuers like Illinois, the program makes more sense. Sample rates for issuers rated BBB-minus or Baa3 like Illinois would range from 3.84% for a one-year loan to 3.85% for a three-year loan, according to the Fed. That is lower than the current 400 to 411 basis-point spread over Municipal Market Data's benchmark triple-A yield scale for Illinois bonds with maturities from 2021 through 2023. (Reuters)
- **US weekly jobless claims drop, but economic recovery still elusive –** The number of Americans seeking jobless benefits fell for an eighth straight week last week, likely as some people returned to work, but claims remained at astonishingly high levels, suggesting it could take the economy a while to rebound as businesses reopen. The Labor Department's weekly jobless claims report on Thursday, the most timely data on the economy's health, also showed a decline in the number of people receiving unemployment checks in mid-May. The data, however, excludes gig workers and others collecting benefits under a federal government program. These workers do not qualify for the regular state unemployment insurance. The various programs, different reporting periods and protocols at state unemployment offices make it hard to get a clear pulse on the labor market. Economists said the government's Paycheck Protection Program, part of a historic fiscal package worth nearly $3tn, which offered businesses loans that could be partially forgiven if they were used for employee salaries, was also creating confusion. (Reuters)
- **US weighs options 'across the spectrum' to punish China over Hong Kong –** The Trump administration is crafting a range of options to punish China over its tightening grip on Hong Kong, including targeted sanctions, new tariffs and further restrictions on Chinese companies, according to US officials and people familiar with the discussions. Such moves could mark the opening salvoes of the U.S. response as President Donald Trump weighs how far he is prepared to go after the State Department's assessment on Wednesday that Hong Kong is no longer autonomous enough from Beijing to deserve special treatment under US law that helped make it a global financial hub. Internal US deliberations, unfolding amid increased US-China tensions over the coronavirus pandemic, are continuing and final decisions have yet to be made, the sources said on condition of anonymity. However, they suggested that the severity of U.S. measures could depend, at least in part, on the extent to which China's Communist Party rulers implement planned national security rules in the former British colony. Beijing says there is no threat to Hong Kong's high degree of autonomy and that it would counter any foreign interference. Still uncertain is whether Trump would be prepared to deploy what has been called the "nuclear option" – stripping Hong Kong of its special economic status that the United States has conferred on it since the end of British rule more than two decades ago. (Reuters)
- **US businesses hammered by pandemic but see some green shoots –** US businesses continued to be slammed by the effects of the novel coronavirus epidemic into the middle of May, a Federal Reserve report showed on Wednesday, and few expected a swift recovery despite some signs of hope. The sharp plunge in economic activity recounted in the US central bank's latest temperature check of business activity across its 12 districts shed light on the depth of the economic pain generated by the virus, which has led to an unprecedented downturn and a US death toll approaching 100,000. The Fed's survey, known as the "Beige Book," was conducted in April, when non-essential businesses were shut down in much of the country, through May 18, when some states had started to loosen restrictions. "Economic activity declined in all districts – falling sharply in most," the Fed said in its report. "Although many contacts expressed hope that overall activity would pick up as businesses reopened, the outlook remained highly uncertain and most contacts were pessimistic about the potential pace of recovery." The Fed has acted aggressively to bolster the economy to try to mitigate the effects of the widespread business closures and a surge in job losses. The central bank cut its key overnight interest rate to near zero in March, launched a round of open-ended asset purchases and announced a slate of emergency lending tools to support businesses and households. Congress has also passed nearly $3tn in economic relief to funnel funds to individuals and businesses hurt by the pandemic. But uncertainty remains about how scarred businesses will be, despite an easing in lockdown restrictions. (Reuters)

- **US consumer confidence stabilizes; new home sales surprise –** US consumer confidence nudged up in May, suggesting the worst of the novel coronavirus-driven economic slump was likely in the past as the country starts to reopen, but it could take a while for the economy to dig out of its hole amid record unemployment. Signs the downturn could be close to bottoming were bolstered by other data on Tuesday showing the pace of decline in manufacturing activity in Texas and services industry contraction in the mid-Atlantic region easing this month. The Conference Board said its consumer confidence index edged up to a reading of 86.6 this month from a downwardly revised 85.7 in April. Economists polled by Reuters had forecast the index rising to 87.5 in May from the previously reported reading of 86.9 in April. (Reuters)
- **EU proposes 15bn Euro fund to back strategic firms –** The European Union (EU) has proposed setting up a 15bn Euro fund to invest in strategic companies that have been weakened by the COVID-19 crisis. The proposal, which needs to be approved by EU governments and lawmakers, comes after firms worldwide became vulnerable to hostile takeovers as share prices fell and there were fewer funding opportunities during the coronavirus crisis. The new facility could buy stakes in, or offer loans to, strategic companies in sectors such as healthcare, space, defense, digital and green technologies, EU industry commissioner Thierry Breton told a news conference on Friday. Concerns over the vulnerability of some European companies grew in March after reports that the United States administration was looking into gaining access to Germany-based CureVac, a biotech firm working on a new technology that could slash costs for vaccines. The EU Commission reacted by promising 80mn Euros to CureVac. The EU financial support would go to companies "that need more capital to continue their expansion," Breton said, adding that it would also allow firms to shun help from unwanted partners. The new fund is tiny compared to large sovereign wealth funds which have hundreds of billions of dollars to invest in strategic firms. However, its financial firepower is expected to be boosted by attracting private investors with guarantees. (Reuters)
- **'Europe's Moment': EU lays out costly rescue for squabbling bloc –** The European Union's executive unveiled a 750bn Euro plan on Wednesday to prop up economies hammered by the coronavirus pandemic, hoping to end months of squabbling over how to fund a recovery that exposed faultlines across the 27-nation bloc. The blueprint, if ratified by all, would stand as a milestone in a half-century of European integration, marking a step towards mutualized debt as a major funding tool for the first time and paving the way for greater EU powers of taxation. It also seeks to spread the burden of recovery efforts as the European Central Bank appears to be reaching the limits of what it can do to ensure the union's financial stability. The European Commission's proposal drew positive reactions from Paris, Berlin, Rome and Madrid, as well as the European Parliament. The chairman of EU leaders said they should aim to finalize an agreement before the summer break. Under the proposal, the Commission would borrow from the market and then disburse two-thirds of the funds in grants and the rest in loans to cushion the unprecedented slump expected this year due to lockdowns. Much of the money would go to Italy and Spain, the EU nations worst affected by the pandemic. EU leaders agree that, if they fail to rescue economies now in freefall, they risk something worse than their debt crisis of a decade ago, which threatened to pull the eurozone apart. (Reuters)
- **FT: Britain to launch big stimulus package before summer –** Britain's government is planning to launch a big stimulus package before the summer with a focus on creating jobs and infrastructure projects to help drag the economy out of the coronavirus crisis, the Financial Times reported. Finance minister Rishi Sunak declined on Friday to say whether he would bring forward his next budget statement, due in the autumn, to spell out how he will tackle Britain's surging debt. But Prime Minister Boris Johnson's government was elected in December after promising to upgrade the country's creaking infrastructure and the FT said this would form a central part of its recovery program, along with the retraining of workers. "We are trying to identify shovel-ready projects — we want to get a move on with this," it quoted one minister as saying. Sunak said on Friday that employers hammered by the coronavirus shutdown would have to gradually start contributing to the government's hugely expensive wage subsidy scheme, but only from August. The government has been paying since March 80% of the wages of workers who are temporarily laid off, and who now total 8.4mn, to limit a surge in unemployment. While that has been warmly welcomed by unions and business groups there are still fears that many jobs will go in sectors which will struggle to reopen, such as hospitality, retail and aviation. (Reuters)
- **UK's Johnson eases lockdown as furor over aide rumbles on –** The coronavirus lockdown will ease next week for most of Britain's population, Boris Johnson announced on Thursday, as a row persisted over the prime minister's closest adviser taking a long-distance journey during lockdown. In England, up to six people will be able to meet outside and schools will gradually reopen from Monday, Johnson said at a news conference where he was again challenged over his aide Dominic Cummings' decision to drive 400 kilometers (250 miles) during lockdown. "These changes mean that friends and family can start to meet their loved ones, perhaps seeing both parents at once or grandparents at once," he said, adding that outdoor retailers and car showrooms would also be able to open from Monday. "You could have meetings of families in a garden, you could even have a barbecue provided you did it in a socially distanced way, provided everybody washes their hands, provided everybody exercises common sense." Johnson stressed that the changes were "small tentative steps forward", and health experts warned the situation remained finely balanced with new cases declining, but not very quickly. The devolved governments in Scotland, Wales and Northern Ireland are responsible for their own public health policy. Johnson's announcement came hours after more lawmakers from his Conservative Party called for Cummings to quit. The prime minister also faces criticism for his handling of a pandemic that has left Britain with the world's second-highest death toll. Cummings travelled from London to the northern English city of Durham in March with his four-year-old son and his wife, who was sick at the time, to be close to relatives. (Reuters)

- **UK car output could fall to lowest level in decades after virus hit –** British car production could slump this year to the lowest level in decades after the coronavirus pandemic forced factories to close and hit demand, according to an industry body. Just 197 cars were made in April compared with 71,000 in the same month in 2019, leaving year-to-date production down over a quarter, the Society of Motor Manufacturers and Traders (SMMT) said. Only some automotive sites have reopened since then with the country's largest car plant, Nissan's Sunderland facility, not set to resume production until next month. "We need government to work with us to accelerate this fundamentally strong sector's recovery, stimulate investment and safeguard jobs," said SMMT Chief Executive Mike Hawes. Full-year production could fall to as low as around 870,000 vehicles, according to a forecast by AutoAnalysis for the SMMT, far below a recent nadir of 999,460 cars in 2009, during the financial crisis. Prior to that, output last fell below 1 million in the early 1980s. (Reuters)
- **Eurozone companies tap banks for cash to survive pandemic –** Euro zone companies tapped banks for some vital credit last month as economic activity stopped, forcing them to look for emergency cash to survive, European Central Bank showed. Lending growth to non-financial corporations accelerated to 6.6% in April, its fastest rate in over 11 years, from 5.5% a month earlier, the data showed. Although banks initially appeared to tighten access to credit, a raft of government and central bank measures, from public guarantees to easier collateral rules, has supported lending. This stood in contrast with the financial crisis of 2008 and the 2011 euro zone debt crisis, when a downturn in economic activity was caused or at least accompanied by a credit crunch, as this chart showed. The annual growth rate of the M3 measure of money supply accelerated to 8.3% from 7.5%, beating expectations for 7.8% in a Reuters poll. Household lending growth slowed to 3.0% from 3.4%. (Reuters)
- **German inflation to ease in May, regional data suggests –** Inflation eased in some German states in May, suggesting the national reading will also decelerate and remain far below the European Central Bank's target, providing further justification for extra stimulus. In North Rhine-Westphalia, Germany's most populous state, consumer price inflation slowed to 0.5% YoY from 0.8% in the previous month, data showed on Thursday. Annual inflation eased in four other states too. The regional inflation figures, which are not harmonized to compare with other European Union countries, feed into nationwide preliminary inflation data due at 1200 GMT. Plunging inflation, mostly a result of crashing oil prices, only adds to arguments for the ECB to step up stimulus further in the coming months. The ECB has already unveiled a long list of measures to mitigate recession, including 1.1tn Euros ($1.21tn) worth of bond buys and loans at deeply negative rates. (Reuters)
- **GfK: German consumer morale improves slightly, job fears remain high –** German consumer morale improved slightly heading into June after hitting its lowest level on record in the previous month, a survey showed on Tuesday, suggesting that Europe's largest economy is slowly recovering from the coronavirus pandemic. The GfK consumer sentiment indicator, based on a survey of some 2,000 Germans, remained in negative territory, but rose to -18.9 points from an upwardly revised -23.1 in the previous month. The reading undershot a Reuters poll of analysts who had predicted a somewhat bigger rebound to -18.3. The gradual reopening of many businesses across the country helped to lift the propensity to buy, GfK researcher Rolf Buerkl said. But he added that uncertainty remained high as consumers anticipated a severe recession. "Anxiety over job losses remains high and has proven to be a key barrier to consumption at this time, alongside losses in income," Buerkl said. "Retailers and manufacturers must continue to adapt to this situation." The improved consumer climate went hand in hand with a drop in propensity to save. Income expectations rose slightly but remained well below their level from a year ago as unemployment and reduced working hours led to income losses. "For a number of freelancers, for example from the culture sector, there is still no end in sight for the lockdown. This means their income remains at zero," Buerkl said. (Reuters)
- **French economy shrinks at fastest pace in 50 years; worse to come –** France's economy contracted less than initially thought in the first quarter but it still plunged deep into recession and the worst is yet to come, official data showed on Friday. The Eurozone's second biggest-economy shrank 5.3% in the first three months of the year from the previous quarter, the INSEE official stats agency said, revising its initial estimate of a 5.8% fall. It was France's deepest quarterly slump since 1968, when the country was gripped by civil unrest, mass student protests and general strikes. The economy already shrank 0.1% in the fourth quarter in the face of a series of strikes against pension reform, which means France has entered a technical recession, defined as two consecutive quarters of contraction. The government put France under one of the most strict lockdowns in Europe from mid-March, shutting down vast swaths of the economy until restrictions began to be lifted on May 11. Although economic activity is gradually coming back on line, INSEE estimated earlier this week that the economy may contract 20% in the second quarter. (Reuters)
- **Japan's factory, retail sectors slump as pandemic hits auto sector –** Japan's factory output slid faster-than-expected and retail sales tumbled the most in more than two decades in April, as the coronavirus pandemic wrecked both foreign and domestic demand for the country's autos and other manufactured goods. The bad numbers suggest the recession seen in the world's third-largest economy over the six months to March is likely to deepen in the current quarter as government-imposed lockdowns disrupted supply chains and kept consumers shut in at home. Official data on Friday showed factory output slipped 9.1% in April from the previous month, the biggest drop since comparable data became available in 2013 as automakers and iron and steel manufacturers suffered sharp declines. That was a much larger decline than the 5.1% drop in a Reuters forecast. (Reuters)
- **Japan approves fresh $1.1tn stimulus to combat pandemic pain –** Japanese Prime Minister Shinzo Abe's cabinet approved on Wednesday a new $1.1tn stimulus package that includes significant direct spending, to stop the coronavirus pandemic pushing the world's third-largest economy deeper into recession. The record stimulus of 117tn Yen, which will be

funded partly by a second extra budget, followed another 117tn Yen package rolled out last month. The new package takes Japan's total spending to combat the virus fallout to 234tn Yen ($2.18tn), or about 40% of GDP. The combined spending ranks among the world's largest fiscal packages to deal with the coronavirus, approaching the size of the US $2.3tn aid program. The latest package includes 33tn Yen in direct spending, the Ministry of Finance (MOF) said. (Reuters)

- **Bank of Japan's Kuroda says ready to do more for economy after emergency lifts –** Bank of Japan Governor Haruhiko Kuroda said on Tuesday the central bank may take more steps to cushion the economic impact from the coronavirus pandemic, maintaining his gloomy outlook even as a state of emergency was lifted in the capital Tokyo. His remarks come days after the BOJ unveiled its own version of the US Federal Reserve's "Main Street" lending program to channel funds to small businesses hit by the virus. Kuroda, however, said it would be difficult for the BOJ to directly take on any losses financial institutions incur from loans that go sour as a result of the fallout from the pandemic. "Offering subsidies or debt waivers for financial institutions is something that's quite difficult for central banks to do," Kuroda told a semi-annual testimony to parliament. (Reuters)
- **China's May factory activity expands, but weak orders signal bumpy recovery –** China's factory activity rose for a third straight month in May as companies got back to business after strict measures to contain the coronavirus were eased, but a deep contraction in export orders means the recovery remains sluggish. The official manufacturing Purchasing Manager's Index (PMI) was 50.6 in May, compared with 50.8 in April, official data showed on Sunday, pointing to a gradual recovery in the industrial sector. Analysts had expected 51.0. The 50-point mark separates expansion from contraction on a monthly basis. While the pace of expansion in production slowed in May constrained by lacklustre demand, the forward-looking total new orders gauge showed an improvement to 50.9 from April's 50.2, suggesting domestic demand could be picking up soon. However, export orders are still contracting at the fastest pace in years, with a sub-index standing at 35.3 in May, well below the 50-point mark. (Reuters)
- **China's parliament approves Hong Kong national security bill –** China's parliament on Thursday overwhelmingly approved directly imposing national security legislation on Hong Kong to tackle secession, subversion, terrorism and foreign interference in a city roiled last year by months of anti-government protests. The National People's Congress voted 2,878 to 1 in favor of the decision to empower its standing committee to draft the legislation, with six abstentions. The legislators gathered in the Great Hall of the People burst into sustained applause when the vote tally was projected onto screens. (Reuters)
- **Indian economy slows in March quarter, with worst to come –** India's economy grew at 3.1% in the January-March quarter, its slowest pace in at least eight years, and the situation is expected to worsen rapidly, putting pressure on the government and central bank for additional stimulus and a rate cut. The central bank and rating agencies have warned the worst is yet to come for the economy as the impact of more than two months of COVID-19 lockdown unfolds. Private economists have predicted a contraction of more than 20% in the April-June quarter and a contraction of up to 5% in the fiscal year that began in April. Direct fiscal stimulus measures announced this month, mainly to provide subsidized credit and grain to small businesses and migrant workers, are estimated at around 1% of the GDP and will not be sufficient to drive an economic recovery, economists said. The gross domestic product (GDP) data released on Friday showed consumer spending slowing, private investments and exports contracting in the March quarter. Economists said the figures were likely to be revised downwards as the data collection was affected by the lockdown in late March. The quarterly figure of 3.1% growth was faster-than the 2.1% consensus in a Reuters poll of analysts but was below downwardly revised 4.1% rate for the previous quarter. (Reuters)
- **India's 2019/20 fiscal deficit at 4.59% of GDP –** India's fiscal deficit for the last financial year that ran through March, missed the government estimate by nearly 80 basis points, data released on Friday showed. India ended the year with a fiscal deficit of 4.59% of gross domestic product, against the target of 3.8%, the government data showed. This would mean that the government will have limited space to provide economic relief to businesses and individuals hit by the coronavirus crisis at a time when the country's central bank has already used a lot of its fire power. (Reuters)

Regional

- **OPEC delivers three quarters of record oil cut in May –** OPEC oil output hit the lowest in two decades in May as Saudi Arabia and other members started to deliver a record supply cut, a Reuters survey found, although Nigeria and Iraq are laggards in making their share of the reduction. On average, the 13-member OPEC pumped 24.77mn bpd this month, the survey found, down 5.91mn bpd from April's revised figure. OPEC and its allies last month agreed to an output cut to offset a slump in demand and prices caused by the coronavirus crisis. An easing of government lockdowns and lower supply have helped oil prices LCOc1 more than double compared with a 21-year low below $16 a barrel in April. "OPEC has made a strong start in May with its latest production cut, lowering supply by 5mn bpd versus April," Chief Executive of Petro-Logistics, Daniel Gerber which assesses OPEC supply by tracking tanker shipments, told Reuters. "However, compliance is far from perfect. With less than four weeks between the adoption and the start of the agreement, many countries had already committed volumes to buyers and have not managed to reduce supply to the agreed levels." OPEC and its allies, known as OPEC+, agreed to cut supply by a record 9.7mn bpd from May 1. OPEC's share, to be made by 10 members from their October 2018 output in most cases, is 6.084mn bpd. So far in May, they delivered 4.48mn bpd of the pledged reduction, equal to 74% compliance, the survey found. (Reuters)
- **JBC: OPEC output plunged by 6.3mn bpd to 23.75mn bpd in May –** OPEC output plunged by 6.3mn bpd to 23.75mn bpd in May. OPEC's compliance with output cuts in first month of new agreement was at 89%, Vienna-based consultant JBC Energy says in report. Saudi Arabia slashed production to 8.5mn bpd from 11.5mn bpd. UAE cut to 2.5mn bpd from 3.6mn, Kuwait to

2.2mn bpd from 3mn bpd. Even Iraq, which often shows poor compliance, cut to 4mn bpd from 4.58mn bpd. (Bloomberg)

- **OPEC, Russia bargain over oil cuts ahead of June meeting –** Saudi Arabia and some other OPEC oil producers are considering extending record high output cuts until the end of 2020 but have yet to win support from Russia, according to OPEC+ and Russian industry sources. The OPEC and other producers led by Russia, a group known as OPEC+, agreed last month to cut output by 9.7mn bpd in May and June. The coronavirus pandemic has worsened oversupply in the oil market by slashing demand which has in turn hammered prices. So instead of easing their output cuts come July, several OPEC+ sources told Reuters there are discussions led by de facto OPEC leader Saudi Arabia about sustaining those cuts. “The Saudis see that the market still needs support and want to roll over the same cuts until end of the year. The Russians also want the same but the problem again is with the oil companies,” one OPEC+ source said. Russian Energy Minister, Alexander Novak met with domestic major oil companies on Tuesday to discuss the possible extension of the current level of cuts beyond June. Sources familiar with Russian oil thinking said no decision was made as opinions are divided, with some arguing Moscow should wait to see demand levels as airlines begin to fly again. (Reuters)
- **IATA says pandemic to cost Middle East airlines $24bn, African airlines $6bn –** International Air Transport Association (IATA) stated that airlines in Africa currently stand to lose $6bn in revenue this year due to coronavirus pandemic, middle east airlines revenue loss of $24bn. It stated that flight departures in Africa and Middle East were 95% lower at end of first quarter when compared to January 1, 2020. It stated that Dubai international airport has frozen aeronautical charge increases for 2020. (Reuters)
- **GCC issuance & investor demand are still strong –** Despite the extended government lockdowns in place since March 2020 due to the coronavirus, GCC issuance has been relatively strong so far this year. Noteworthy are three, well-received GCC sovereign issuances including Qatar, totaling a solid $24bn in April alone, compared to $5bn and $11bn in 1Q20 and 4Q2019 respectively. NBK’s ‘economic update’ on GCC debt market noted that the issuances were successful and significantly oversubscribed (about $140bn in demand), suggesting that strong international demand for GCC sovereign debt is still strong. Of the $24bn issued, Qatar issued $10bn in three tranches with maturities ranging from 5-30 years, while other two GCC sovereigns issued $7bn each, also in three tranches with maturities ranging from 5-40 years. The final pricing yields for the 10-year bonds were around 3.8%, 3.3% and 3.2% for Qatar, Saudi Arabia, and Abu Dhabi respectively, reflecting higher spreads over the respective US treasury yields. (Peninsula Qatar)
- **Algeria suggests bringing forward OPEC+ meeting to June 4 –** OPEC President Algeria has proposed bringing forward the next meeting of the oil producing group and its allies, known as OPEC+, to June 4 from an earlier plan to hold it on June 9-10, according to a letter from Algeria to OPEC+ members seen by Reuters. Algeria’s Energy Minister, Mohamed Arkab, said in the letter that he had held discussions with “some ministers” about bringing forward the dates, which would help “facilitate nominations”. The term “nominations” is used by OPEC’s de facto leader Saudi Arabia as well as Iraq and Kuwait to allocate crude to traditional buyers depending on demand. The nominations take place around the 10th of every month. In April, OPEC+ decided to cut its production by a record 9.7mn bpd, or 10% of global output, to lift prices battered by a drop in demand because of lockdown measures to stop the spread of the coronavirus. (Reuters)
- **S&P: Islamic finance instruments can help cushion economic impact of lockdown –** At least four Islamic finance social instruments can help core Islamic countries navigate COVID-19 after-effects, according to global rating agency S&P. The rating agency believes that Islamic instruments like ‘Qard Hassan’, ‘Social Sukuk’, ‘Waqf’, and ‘Zakat’ can help Islamic countries, their banks, and corporations cushion COVID-19 economic impact. The S&P noted yesterday that the effects of COVID-19 have significantly slowed core Islamic finance economies due to government measures and also caused a rise in unemployment rates. The measures designed to curb the spread of COVID-19 are having a negative economic impact and worsening the business and financial positions of core Islamic finance countries. Data shows service sectors will be hit harder than manufacturing sectors; discretionary consumer spending will be hit harder than spending on necessities; and smaller businesses will be hit harder than larger ones. In particular, lockdowns and social distancing constraints are damaging countries’ economies and S&P thinks that certain core Islamic finance countries will be hit hard in 2020. (Peninsula Qatar)
- **Fitch Ratings: Coronavirus darkens fiscal outlook for MEA Sovereigns –** The global coronavirus pandemic has led to a sharp deterioration in fiscal prospects for almost all sovereigns in the Middle East and Africa (MEA), Fitch Ratings stated. This mainly reflects the impact of a sharp decline in oil prices on public finances of oil exporters, and the effect of domestic and international containment measures in curtailing economic activity and thus fiscal revenues. Fitch forecasts a return to economic growth for most of the region in 2021, and general government (GG) deficits will narrow as a consequence. However, the deficits will remain wide in many countries, and debt will rise in most MEA sovereigns through 2021. Among the minority of MEA sovereigns with declining GG debt to GDP ratios in 2021, several are facing immediate and binding financing constraints that mean further debt accumulation is capped. The expected normalization of GDP - the denominator in the ratio - will also support a decline in debt ratios in some countries. (Bloomberg)
- **Saudi economy is solid, has the ability to deal with budget deficit and revenues decline –** Saudi Arabia’s Finance Minister, Mohammed Al Jadaan said that the Kingdom’s economy is solid and has the ability to deal with the coronavirus crisis despite the need to cut spending. “The Saudi economy is able to absorb the decline in revenues and to deal with budget deficit,” he said. The world’s largest oil exporter is suffering from historically low oil prices, while measures to fight the new coronavirus are likely to curb the pace and scale of economic reforms launched by Crown Prince, Mohammed bin Salman. (Reuters)

- **Saudi Arabia's PIF gets SR150bn from foreign reserves to fund overseas investments –** Saudi Arabia transferred a total of SR150bn from Central Bank foreign reserves to fund investments by sovereign wealth fund PIF in March and April, the Finance Minister, Mohammed Al-Jadaan said. Saudi Arabian Monetary Authority's (SAMA) foreign reserves fell in March by nearly $27bn MoM, their fastest rate in at least 20 years, to around $464.5bn, according to Reuters calculations based on central bank data. April figures are not yet available. He said that the transfers to PIF were done on an "exceptional basis." The statement did not give a breakdown but a finance ministry official told Reuters that the government transferred $15bn to the Public Investment Fund (PIF) in March and another $25bn in April, saying foreign reserves are expected to drop in April at about the same rate as the previous month. The official said PIF had also converted into US Dollars part of its own riyal-denominated liquidity to back investments. The government did not expect a significant drop in central bank foreign reserves going forward and fluctuations will be in line with previous years, added the official, who asked not to be named because the details are not yet public. "While foreign exchange flows since the start of the year are on average within historical levels, this measure (transfers to PIF) resulted in a reduction in net foreign reserves assets to support investment plans," he said, adding that PIF investments would not be reflected in published central bank data. "Maximizing returns on the Kingdom's assets will reflect positively on economic performance and public finances and limit negative effects of the coronavirus pandemic. Returns on PIF investments will be available to support public finances when needed," he said. In April, the Head of PIF, Yasir Al-Rumayyan, said it was looking into investment opportunities in areas such as aviation, oil and gas and entertainment. (Reuters)
- **Saudi Development Fund boosts lending to help crisis hit economy –** Saudi Arabia's National Development Fund (NDF) may double its lending to local companies this year to help them overcome the fallout from the coronavirus. The fund, formed in 2017 to coordinate the activities of several government institutions, plans to provide an extra SR22bn to Saudi businesses, on top of the SR25bn it usually disperses annually, according to Governor, Stephen Groff. The NDF will use some of its roughly $100bn of capital to finance the additional loans, Groff said. (Bloomberg)
- **Fitch affirms Islamic Development Bank at 'AAA'; with a Stable outlook –** Fitch Ratings has affirmed Islamic Development Bank's (IsDB) Long-Term Issuer Default Rating (IDR) at 'AAA' with a Stable outlook. The Short-Term IDR has been affirmed at 'F1+'. The trust certificates issued by IDB Trust Services Ltd have also been affirmed at 'AAA'. IsDB's 'AAA' Long-Term IDR is driven by the intrinsic credit quality of the bank with solvency and liquidity both assessed at 'aaa'. Despite negative pressures on asset quality and capitalization as a result of the global pandemic, Fitch expects the overall impact on the bank's credit profile to remain limited with solvency metrics slightly deteriorating but remaining at a level consistent with the bank's Long-Term IDR of 'AAA'. (Bloomberg)
- **Putin, Saudi crown prince agree on further coordination on oil output cuts –** Russian President, Vladimir Putin and Saudi Arabia's Crown Prince, Mohammed bin Salman, in a telephone call, agreed on further "close coordination" on oil output restrictions, the Kremlin said. They also both noted the importance of joint efforts aimed at reaching the agreements within the OPEC+ group in April on oil production curbs, the Kremlin said. (Reuters)
- **Saudi oil flood to China persists despite historic output cuts –** An early look at Saudi Arabia's crude exports for May shows that historic production cuts have done little to squelch the Kingdom's flood of oil to China, which is just getting back on its feet from the coronavirus. Saudi flows to the Asian nation were about 2.1mn bpd through May 28, a figure that may rise in the coming days tanker-tracking and fixture data showed. That compares with 2.3mn in April, which was the highest since the start of 2017, when Bloomberg began tracking shipments. It is also just the third time during that period when average daily exports to China breached the 2mn mark. By contrast, overall Saudi crude shipments dropped to about 6.6mn bpd this month after reaching 9.3mn in April, also the highest in at least three years. Last month's volumes were an anomaly, the result of a price war, and May's exports are much closer to the average in recent years. (Bloomberg)
- **Iraqi, Saudi energy ministers say committed to output cuts –** Iraq and Saudi Arabia agreed on Saturday to continue working to re-balance markets and stressed their commitment to output cuts agreed by the OPEC, Russia and other allies, Saudi state news agency SPA said. The comments came after Iraq's Finance Minister, Ali Allawi, who is acting oil minister, visited Saudi Arabia to discuss the oil market with the Saudi Energy Minister, SPA said. Both sides said they were satisfied with improving oil market conditions, the agency added. Saudi news channel Al Arabiya reported that Iraq had agreed to allow Saudi companies to invest in its western Akkas gas field. The Akkas field in western Anbar province and bordering Syria is Iraq's largest. (Reuters)
- **Morgan Stanley not given advisory role on Aramco pipeline sale –** Morgan Stanley has not been given an advisory role on the potential sale of a stake in Saudi Aramco's pipeline business, a deal worth over $10bn, sources told Reuters. The US investment bank, which has previously advised the world's largest oil company, was originally looking to be part of the advisory group on any deal, the sources added. However, Aramco has mandated JP Morgan and Japan's MUFG to advise it on the deal, which is still in its early stages but would provide the company with cash at a time of low oil prices caused by the coronavirus crisis, the sources said. (Reuters)
- **Saudi Aramco's Bahri puts LNG tanker plan on hold –** Saudi Aramco's shipping division Bahri has put on hold plans to charter up to 12 liquefied natural gas (LNG) tankers after Sempra Energy delayed its decision on whether to proceed with an LNG export project in Texas, two sources said. Bahri issued an expression of interest (EOI) last year to charter the vessels from 2025 in Saudi Aramco's first foray into LNG as part of the state oil giant's plan to become a major global player in the gas market. In May last year, Aramco signed a 20-year agreement to buy LNG from Sempra Energy's planned Port Arthur export terminal and also agreed to buy a 25% equity stake in the first phase of the multi-billion-dollar project. However, Sempra said

this month it was delaying its decision about whether to proceed with the project until 2021 following the slump in global demand for energy because of the coronavirus pandemic. (Reuters)

- **S&P: Saudi Electricity Company's long-term rating affirmed with a Stable outlook –** Saudi Electricity's long-term rating was affirmed by S&P at A-. The outlook has been changed to Stable from Negative. Total amount of public bonds & loans outstanding is SR101.3bn, according to data compiled by Bloomberg. (Bloomberg)
- **S&P: UAE banks risk rise in bad loans after virus 'triple whammy' –** UAE's banks are at risk from a spike in bad loans over the next one to two years as the oil-producing economy is hit by a "triple whammy" of a slump in oil prices, lower economic activity and low interest rates, S&P said . Already, UAE's biggest lenders, including First Abu Dhabi Bank, and Emirates NBD have reported a spike in loan impairment charges for the first quarter. "We expect the triple whammy of a sharp drop in oil prices, lower economic activity due to COVID-19, and lower interest rates will lead to a rise in problem loans and the cost of risk, as well as lower profitability for banks in the UAE," S&P ratings agency said. It said the volume of stage 3 loans - non-performing loans that require significant write downs - will rise to 7%-8% of system-wide loans in 2020-2021, and problematic assets will rise to about 20% of total loans. Stage 3 loans comprised 4.4% on average of the total at the UAE's 10 largest banks at end-2019, S&P said. It also said the real estate sector, which had already been weakened by increased supply, faces risks from the halt in activity caused by a deep fall in oil prices, which in April dropped to more than 20-year lows, and the coronavirus outbreak, which causes the COVID-19 respiratory disease. The economy of Dubai, the financial hub of the UAE and of the Gulf, was hit hard in 2009, when the global credit crisis caused its real estate market to crash and some of its state-linked companies were pushed to the brink of a debt default. The banking system's total exposure to the real estate and construction sectors was 26.4%, S&P said. (Reuters)
- **Expo body formally approves one-year delay to Expo 2020 Dubai –** The World Expo awarding body said on Friday its general assembly had approved a one-year postponement of Expo 2020 Dubai due to difficulties posed by the coronavirus pandemic, and the event would now start in October 2021. Earlier this month the Paris-based Bureau International des Expositions (BIE) said that the required consent of two-thirds of its 170 member states to delay the Expo had been surpassed. The event is a business and cultural gathering that lasts nearly six months and is held every five years. "While this situation is unprecedented, the response by the Government of the UAE and by our Member States demonstrates the strong bonds that tie us and the shared commitment we have to delivering a truly inclusive World Expo," BIE Secretary General Dimitri S. Kerkentzes said in a statement. The UAE, which includes regional business and trade hub Dubai, in March proposed the postponement after participating countries asked for a delay to focus on the novel coronavirus outbreak. (Reuters)
- **Dubai hotels may cut 30% of jobs until demand recovers –** About 30% of jobs in Dubai's hotel industry is likely to be lost over the summer until demand recovers from the pandemic, according to research firm STR. More than a third of the city's 120,000 hotel rooms will probably remain closed through the typically slow summer months as most owners channel reservations into fewer properties to save on operating costs, Middle East and Africa Director at STR Global, Philip Wooller said. The industry employs about 40,000 people, he estimated. The job-loss estimate is a "minimum," Wooller said. "Otherwise you're asking the owners to reach into their own pockets and, while some might do that, others won't be able to afford it." (Bloomberg)
- **Amlak Finance unable to complete debt restructuring agreement –** Dubai-based real estate finance company Amlak Finance has been unable to execute a debt-restructuring agreement because one of its creditors abstained from signing, it said. The economic downturn caused by the coronavirus pandemic has further weakened Dubai's property market, already sluggish for most of the past decade. Amlak said it had previously obtained the approval of all the company's creditors for the debt restructuring and had been working to get them to sign an agreement. "While 26 of the company's financiers have signed the said agreement, in return, one financier has abstained to sign it. Accordingly, the agreement cannot be executed," the company said in a bourse filing. Amlak Finance will present the restructuring agreement to its shareholders at the company's upcoming general assembly meeting for their consideration, it said. (Reuters)
- **S&P: Abu Dhabi economy to contract by about 7.5% this year –** Abu Dhabi's real GDP is expected to contract by 7.5% this year because of lower oil production and the impact of the new coronavirus outbreak, S&P Global Ratings said. The fiscal deficit of the oil-rich Emirate will rise to about 12% of GDP this year from 0.3% in 2019, the ratings agency estimated. It added it expects smaller Emirates in the UAE to receive "extraordinary financial support" from the UAE, with the backing of Abu Dhabi, in the event of financial distress. The ratings company said Abu Dhabi's economy may recover gradually from 2021, on the back of higher oil prices and improved domestic demand. (Zawya, Bloomberg)
- **Abu Dhabi's Mubadala in talks on $1bn stake in Reliance's Jio Platforms –** Abu Dhabi state fund Mubadala is in talks with Reliance Industries about investing around $1bn in the Indian conglomerate's Jio platforms, three sources told Reuters. Twitter is separately also in talks with Mumbai-based Reliance to invest more than $1bn in the digital start-up, which houses music and movie apps as well its telecoms venture Jio Infocomm, another source added on Thursday. "Clearly Jio's platform is attracting a wide range of world-class investors, given its enormous potential to serve one of the world's largest marketplaces," Mubadala said in an email, without confirming whether or not talks were taking place. Due diligence on a potential transaction with Reliance was already underway, one of the sources said. If it goes ahead, the Jio Platforms investment would be the largest in an Indian firm by Mubadala, which is the second-biggest state investor in Abu Dhabi after Abu Dhabi Investment Authority (ADIA), managing about $240bn in assets. (Reuters)
- **Sberbank to partner with Mubadala in Russian investment fund –** Sberbank is planning to partner with Mubadala Investment

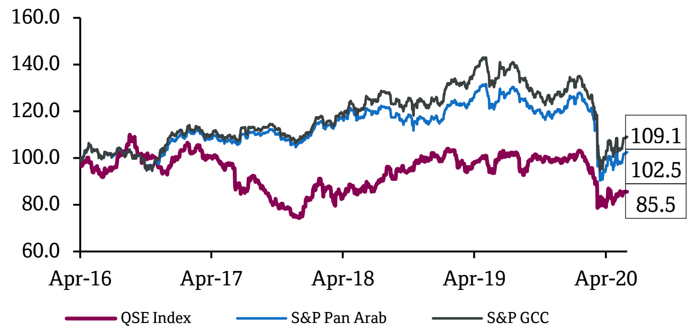
Co. to invest in Russian businesses, according to sources. Russia's largest lender will invest into a small Mubadala-backed private equity fund managed by VPE Capital, according to sources. Sberbank is starting a joint fund with a Middle Eastern sovereign wealth fund and opening an office in the UAE this year, First Deputy Chief Executive, Alexander Vedyakhin said in an interview this week, while declining to name the partner. The joint fund will seek out investment opportunities in Russian medium and big business, Vedyakhin said. He declined to elaborate on the size or on Sberbank's investment. Sberbank has spent about $2bn developing services outside of traditional banking, including e-commerce and car-sharing. Mubadala has joint investments worth over $2bn with the Russian Direct Investment Fund, the Kremlin-backed sovereign wealth fund. (Bloomberg)

- **Etihad plans to cut 1200 jobs, may retire its A380 Jets –** Etihad Airways plans to cut 1200 jobs and it is considering permanently grounding its Airbus A380 planes and never operating the A350s it ordered, Reuters says, citing unidentified company and industry sources. The airline may retire its 10 A380s early, never bringing them back into service after the company's flights were grounded in March. (Bloomberg)
- **Fitch affirms Abu Dhabi Islamic Bank at 'A+'; with a Stable outlook –** Fitch Ratings has affirmed UAE-based Abu Dhabi Islamic Bank's (ADIB) Long-Term Issuer Default Rating (IDR) at 'A+' and Viability Rating (VR) at 'bb'. The Outlook on the Long-Term IDR is Stable. ADIB's IDRs, SR and SRF reflect an extremely high probability of support available to the bank from the UAE and Abu Dhabi authorities if needed. Fitch's view of support factors in the sovereign's strong capacity to support the banking system, sustained by sovereign wealth funds and recurring revenue mostly from hydrocarbon production, despite lower oil prices. Fitch also expects a high willingness from the UAE authorities to support the banking sector. This has been demonstrated by their long track record of supporting domestic banks and is also suggested by close ties with and partial government ownership of a number of lenders. ADIB's SRF is at the Abu Dhabi Domestic Systemically Important Banks' (D-SIB) SRF of 'A+', reflecting the bank's high systemic importance. ADIB enjoys a 5% market share of total system assets. Abu Dhabi banks' D-SIB SRF is one notch higher than for other UAE banks, due to Abu Dhabi's superior financial flexibility. (Bloomberg)
- **ADNOC to cut July crude nominations by 5% after OPEC+ pact –** State-run Abu Dhabi National Oil Company (ADNOC) has informed customers of a cut in its crude oil nominations for July in line with a decision by OPEC+ last month to reduce supplies, three sources with knowledge of the matter told Reuters. Nominations for all crude grades - Murban, Upper Zakum, Das and Umm Lulu - will be cut by 5% for all term lifters in July, the sources said, citing a letter to buyers dated May 28. OPEC and allies led by Russia, a group known as OPEC+, agreed in April to a new supply pact from May 1 to shore up the market following a slide in demand caused by lockdowns to contain the new coronavirus. OPEC+ plans to reduce output by a record 9.7mn bpd for May and June. For May, ADNOC reduced the supply of its Murban and Upper Zakum crude by 15% and reduced the supply of its Umm Lulu and Das crude by 5%. For June, ADNOC has told buyers of a cut of 20% in both Murban and Upper Zakum crude grades and a 5% cut in Das and Umm Lulu crude grades. (Reuters)
- **Abu Dhabi's National Takaful acquires 4.9% stake in Dubai's Dar Al Takaful –** National Takaful Company (Watania) purchased a 4.9% stake in Dar Al Takaful, the company said. The stake amounts to AED5.88mn, the Abu Dhabi-listed Watania said. The Islamic insurance company added that the acquisition is expected to generate investment income by way of capital appreciation and dividends in the future. The financial impact will appear in the June 30, 2020 financial period. Dar Al Takaful is an Islamic insurance company listed on the Dubai Financial Market (DFM). (Zawya)
- **Fitch affirms Sharjah Islamic Bank at 'BBB+'; with a Stable outlook –** Fitch Ratings has affirmed UAE-based Sharjah Islamic Bank's (SIB) Long-Term Issuer Default Rating (IDR) at 'BBB+' with a Stable outlook and Viability Rating (VR) at 'bb+'. A full list of rating actions is below. Key Rating Drivers IDRs, Support Rating (SR) and Support Rating Floor (SRF) SIB's IDRs, SR and SRF reflect a high probability of support available to the bank from the UAE authorities if needed. Fitch's view of support factors in the sovereign's strong ability to support the banking system, sustained by sovereign wealth funds and recurring revenue, mostly from hydrocarbon production, despite lower oil prices. Fitch also expects high willingness from the authorities to support the banking sector, which has been demonstrated by the UAE authorities' long track record of supporting domestic banks and is also underlined by partial government ownership of some banks. SIB's SRF is two notches below the UAE Domestic Systemically Important Banks' (D-SIB) SRF of 'A', reflecting Fitch's view that SIB is of moderate systemic importance based on its approximate 1.5% market share of total assets in the UAE banking sector at end-2019. SIB's Short-Term IDR of 'F2' is the lower of the two options corresponding to a 'BBB+' Long-Term IDR as described in our rating criteria. This is because a significant proportion of UAE banking sector funding is related to the government and stress on banks would likely come at a time when the sovereign itself is experiencing some form of stress. Fitch judges this "wrong-way" risk as high in the UAE, and this is reflected in the choice of Short-Term IDR, which primarily reflects SIB's liquidity and funding profile. (Zawya)
- **Fitch affirms Bank of Sharjah at 'BBB+'; downgrades VR to 'B+' R –** Fitch Ratings has affirmed the Long-Term Issuer Default Rating (IDR) of Bank of Sharjah (BOS) at 'BBB+' with a Stable outlook. At the same time, Fitch has downgraded the bank's Viability Rating (VR) to 'b+' from 'bb-' and placed it on Rating Watch Negative (RWN). A full list of rating actions is at the end of this commentary. BOS's IDRs, SR and SRF reflect a high probability of support being available to the bank from the UAE authorities, if needed. Fitch's view of support factors in the sovereign's strong ability to support the banking system, sustained by sovereign wealth funds and recurring revenue mostly from hydrocarbon production, notwithstanding lower oil prices. Fitch also expects a high willingness of the UAE authorities to support the banking sector, which has been demonstrated by its long record of supporting domestic banks and is also suggested by close ties with and partial government

ownership of some banks. BOS's SRF is two notches below the UAE Domestic Systemically Important Banks' (D-SIB) SRF of 'A' due to Fitch's view that BOS is of moderate systemic importance based on its approximate 1% market share of total assets in the UAE banking system and the bank's niche corporate focus. Fitch assigns Short-Term IDRs according to the mapping correspondence described in our rating criteria. A 'BBB+' Long-Term IDR can correspond to a Short-Term IDR of either 'F2' or 'F1'. In the case of BOS, we opted for 'F2', the lower of the two Short-Term IDR options. This is because a significant proportion of UAE banking sector funding is related to the government and a stress scenario for banks is likely to come at a time when the sovereign itself is experiencing some form of stress. Fitch judges this "wrong-way" risk to be high in the UAE, and this is reflected in the choice of Short-Term IDR, which primarily reflects issuers' liquidity and funding profiles. (Bloomberg)

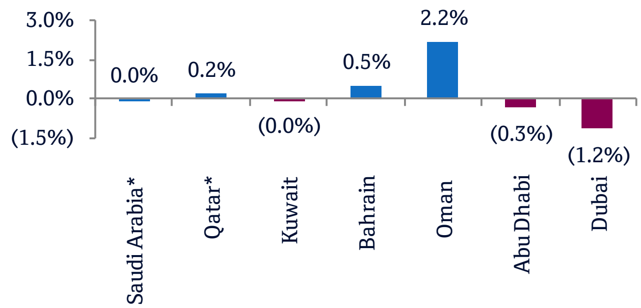
- **Fitch affirms National Bank of Ras Al-Khaimah at 'BBB+'; with a Stable outlook –** Fitch Ratings has affirmed National Bank of Ras Al-Khaimah (RAKBANK) Long-Term Issuer Default Rating (IDR) at 'BBB+' with Stable Outlook. Key Rating Drivers IDRS, Support Rating, Support Rating Floor and Debt RAKBANK's IDRs, Support Rating (SR) and Support Rating Floor (SRF) reflect a high probability of support available to the bank from the UAE authorities if needed. Fitch's view of support factors in the sovereign's strong ability to support the banking system, sustained by sovereign wealth funds and recurring revenue, mostly from hydrocarbon production, despite lower oil prices. Fitch also expects a high willingness of the UAE authorities to support the banking sector, which has been demonstrated by their long track record of supporting domestic banks, and is also suggested by their close ties with and partial ownership of some banks. RAKBANK's SRF is two notches below the UAE Domestic Systemically Important Banks' (D-SIB) SRF of 'A', reflecting Fitch's view that RAKBANK is of moderate systemic important based on its approximate 2% market share of total assets in the UAE banking sector at end-2019 and the bank's niche retail and SME focus. RAKBANK'S Short-Term 'F2' IDR is the lower of two options mapping to a 'BBB+' Long-Term IDR as described in our rating criteria. This is because a significant proportion of the UAE banking sector funding is related to the government and a stress on RAKBANK is likely to come at a time when the sovereign itself is experiencing some form of stress. Fitch judges this "wrong-way" risk as high in the UAE, and this is reflected in the choice of Short-Term IDR, which primarily reflects RAKBANK's liquidity and funding profiles. (Zawya)
- **Kuwait's Warba Bank receives regulatory approval for KD150mn Sukuk –** Warba Bank has received approval from the Central Bank of Kuwait and the Capital Markets Authority (CMA) for the second issuance of Sukuk at a value not exceeding KD150mn. The issuance is part of a Sukuk program at a maximum value of $2bn or its equivalent in other currencies, the bank said in a statement to Boursa Kuwait. The deal will have a significant impact on the lender's financial position, by "enhancing the bank's liquidity and diversifying funding sources as well as the bank's general commercial purposes." It is noteworthy to mention that in 2019, Warba Bank achieved net profits of KD16.5mn, up from KD12.74mn in 2018. (Zawya)
- **Kuwait Airways to lay off 25% of staff due to virus –** State-owned Kuwait Airways is planning to lay off 1,500 employees - 25% of its workforce - due to the impact on its business of the new coronavirus pandemic, a source said. The airline will lay off foreign staff only, Kuwaiti newspaper Al-Qabas reported, citing a source at the company. Kuwaitis, those married to Kuwaitis and those who hold citizenship of other Gulf Arab states will not be affected by the job cuts, the newspaper said. (Reuters)
- **Oman Aviation Group slashes costs by 43% to weather virus slump –** Oman Aviation Group slashed expenses by 43% and said it plans to shrink its network after the coronavirus pandemic cut into revenue and deflated travel demand. "We are facing a revenue challenge and will restructure many destinations in the future," Oman's Minister of transport and communications, Ahmed Al Futaisi said at a weekly press conference. The state-owned holding company had been expanding before the global health crisis hit, seeking to diversify from a reliance on oil revenue and capitalize on the rising popularity of Oman as a travel destination. The holding company's assets include Oman Air and airports including the main hub in Muscat. (Bloomberg)
- **Oman's April consumer prices fall 0.97% YoY and 0.48% MoM –** National Centre for Statistics & Information in Muscat published Oman's consumer price indices which showed that consumer prices fell 0.97% YoY and 0.48% MoM. Food and non-alcoholic beverages prices rose 2.09% YoY in April. (Bloomberg)
- **S&P: Bahrain fiscal deficit expected at 12% of GDP in 2020 –** Bahrain's fiscal deficit is seen widening to 12% of GDP this year from 4.6% in 2019, largely due to lower oil prices, S&P said on Saturday. S&P said it expected the small Gulf country's economy to contract by 5% in 2020. (Zawya)
- **Bahrain's April consumer prices fall 3.6% YoY and 2.1% MoM –** Information & eGovernment Authority in Manama published Bahrain's April consumer price indices which showed that the consumer prices for April fell 3.6% YoY as compared to a fall of 1.8% in the previous month. Food and non-alcoholic beverages price index rose 3.5% YoY in April compared to a rise of 4.3% in the previous month. (Bloomberg)
- **Bahrain sells BHD35mn 182-day bills; bid-cover at 1.19x –** Bahrain sold BHD35mn of 182-day bills due on November 29, 2020. Investors offered to buy 1.19 times the amount of securities sold. The bills were sold at a price of 98.695, having a yield of 2.62% and will settle on May 31. (Bloomberg)

Rebased Performance



Source: Bloomberg

Daily Index Performance



Source: Bloomberg (* Data as of May 21, 2020)

Asset/Currency Performance	Close ($)	1D%	WTD%	YTD%
Gold/Ounce	1,730.27	0.7	(0.3)	14.0
Silver/Ounce	17.87	2.8	3.8	0.1
Crude Oil (Brent)/Barrel (FM Future)	35.33	0.1	0.6	(46.5)
Crude Oil (WTI)/Barrel (FM Future)	35.49	5.3	6.7	(41.9)
Natural Gas (Henry Hub)/MMBtu	1.70	(5.0)	0.0	(18.7)
LPG Propane (Arab Gulf)/Ton	46.50	1.6	1.6	12.7
LPG Butane (Arab Gulf)/Ton	46.25	3.4	(0.5)	(30.3)
Euro	1.11	0.2	1.8	(1.0)
Yen	107.83	0.2	0.2	(0.7)
GBP	1.23	0.2	1.4	(6.9)
CHF	1.04	0.3	1.0	0.7
AUD	0.67	0.5	2.0	(5.0)
USD Index	98.34	(0.0)	(1.5)	2.0
RUB	70.15	(0.5)	(2.1)	13.2
BRL	0.19	1.4	3.7	(24.7)

Source: Bloomberg

Global Indices Performance	Close	1D%*	WTD%*	YTD%*
MSCI World Index	2,147.88	(0.0)	3.7	(8.9)
DJ Industrial	25,383.11	(0.1)	3.8	(11.1)
S&P 500	3,044.31	0.5	3.0	(5.8)
NASDAQ 100	9,489.87	1.3	1.8	5.8
STOXX 600	350.36	(1.3)	5.0	(16.7)
DAX	11,586.85	(1.5)	6.7	(13.4)
FTSE 100	6,076.60	(2.5)	2.6	(25.2)
CAC 40	4,695.44	(1.4)	7.7	(22.4)
Nikkei	21,877.89	(0.4)	7.1	(6.6)
MSCI EM	930.35	0.5	2.8	(16.5)
SHANGHAI SE Composite	2,852.35	0.3	1.3	(8.8)
HANG SENG	22,961.47	(0.7)	0.2	(18.2)
BSE SENSEX	32,424.10	0.8	6.3	(25.9)
Bovespa	87,402.60	(1.3)	9.3	(44.0)
RTS	1,219.76	(1.8)	2.6	(21.3)

Source: Bloomberg (*$ adjusted returns)

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