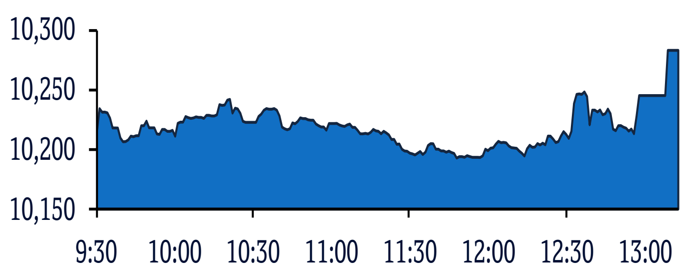
Daily Market Report

Thursday, 31 October 2019

QSE Intra-Day Movement



Qatar Commentary

The QE Index rose 0.6% to close at 10,283.7. Gains were led by the Telecoms and Industrials indices, gaining 1.2% and 0.9%, respectively. Top gainers were Medicare Group and Barwa Real Estate Company, rising 4.7% and 1.8%, respectively. Among the top losers, Qatar General Insurance & Reinsurance Company fell 9.7%, while Dlala Brokerage & Investment Holding Company was down 2.1%.

GCC Commentary

Saudi Arabia: The TASI Index rose 1.3% to close at 7,792.8. Gains were led by the Food & Beverages and Pharma, Biotech & Life Sci. indices, rising 2.6% and 2.0%, respectively. CHUBB Arabia Coop. Ins. rose 6.3%, while Savola Group was up 5.5%.

Dubai: The DFM Index gained 0.5% to close at 2,754.7. The Real Estate & Const. index rose 1.6%, while the Services index rose 1.2%. Amlak Finance rose 5.7%, while Al Salam Sudan was up 3.9%.

Abu Dhabi: The ADX General index rose 1.9% to close at 5,173.2. The Banks index gained 2.4%, while the Investment & Financial Serv. index rose 2.0%. Abu Dhabi National Energy Co. gained 3.9%, while Arkan Building Materials Co. was up 3.5%.

Kuwait: The Kuwait All Share Index declined 0.7% to close at 5,729.7. The Consumer Goods fell 3.3%, while the Industrials index declined 1.4%. Shuaiba Industrial fell 18.9%, while United Projects for Aviation Services was down 10.0%.

Oman: The MSM Index rose 0.2% to close at 4,012.8. The Industrial index rose 0.4%, while the Financial index rose 0.2%. Global Financial Inv. Holding rose 4.0%, while Raysut Cement was up 3.5%.

Bahrain: The BHB Index fell 0.2% to close at 1,522.1. The Commercial Bank index declined 0.3%, while the Investment index fell 0.1%. Ahli United Bank declined 0.6%, while GFH Financial Group was down 0.4%.

Market Indicators	30 Oct 19	29 Oct 19	%Chg.
Value Traded (QR mn)	177.5	236.3	(24.9)
Exch. Market Cap. (QR mn)	568,936.0	565,542.0	0.6
Volume (mn)	62.7	77.9	(19.5)
Number of Transactions	4,373	4,936	(11.4)
Companies Traded	45	44	2.3
Market Breadth	22:15	14:22	–

Market Indices	Close	1D%	WTD%	YTD%	TTM P/E
Total Return	18,922.84	0.6	(0.9)	4.3	15.0
All Share Index	3,034.43	0.6	(1.1)	(1.5)	15.0
Banks	4,043.51	0.6	(1.0)	5.5	13.6
Industrials	2,981.67	0.9	(2.2)	(7.3)	20.2
Transportation	2,660.81	0.3	0.4	29.2	14.3
Real Estate	1,492.26	0.9	1.0	(31.8)	11.3
Insurance	2,704.34	(2.2)	(5.4)	(10.1)	15.6
Telecoms	933.74	1.2	0.7	(5.5)	18.4
Consumer	8,486.02	0.7	1.4	25.7	18.8
Al Rayan Islamic Index	3,930.78	0.8	(0.5)	1.2	16.3

GCC Top Gainers##	Exchange	Close#	1D%	Vol. '000	YTD%
Savola Group	Saudi Arabia	31.55	5.5	2,223.2	17.7
First Abu Dhabi Bank	Abu Dhabi	15.64	3.4	1,797.8	10.9
Ahli Bank	Oman	0.13	3.3	10.0	(8.7)
Rabigh Ref. & Petrochem.	Saudi Arabia	20.74	3.2	1,537.0	8.7
Bupa Arabia for Coop. Ins.	Saudi Arabia	108.00	2.7	104.7	33.33

GCC Top Losers##	Exchange	Close#	1D%	Vol. '000	YTD%
Burgan Bank	Kuwait	0.31	(3.4)	4,859.8	18.2
Gulf Bank	Kuwait	0.27	(2.9)	7,825.6	5.2
National Bank of Oman	Oman	0.19	(1.6)	392.2	1.7
Agility Pub. Warehousing	Kuwait	0.75	(1.4)	1,461.5	7.7
Kuwait Finance House	Kuwait	0.68	(1.3)	9,806.0	23.1

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%
Medicare Group	9.00	4.7	3,542.3	42.6
Barwa Real Estate Company	3.42	1.8	556.8	(14.3)
Widam Food Company	6.41	1.7	56.5	(8.4)
Industries Qatar	10.79	1.6	506.6	(19.2)
Ooredoo	7.35	1.5	1,872.6	(2.0)

QSE Top Volume Trades	Close*	1D%	Vol. '000	YTD%
Ezdan Holding Group	0.63	(0.3)	15,326.2	(51.7)
Qatar First Bank	0.30	(1.0)	6,089.5	(27.0)
Aamal Company	0.70	(0.3)	4,734.4	(20.5)
The Commercial Bank	4.38	(0.7)	4,003.5	11.2
Medicare Group	9.00	4.7	3,542.3	42.6

QSE Top Losers	Close*	1D%	Vol. '000	YTD%
Qatar General Ins. & Reins. Co.	2.60	(9.7)	639.2	(42.1)
Dlala Brokerage & Inv. Holding	0.65	(2.1)	13.7	(35.4)
Al Khaleej Takaful Insurance Co.	2.07	(1.4)	893.5	141.0
Salam International Inv. Ltd	0.40	(1.2)	896.5	(7.6)
Qatar Islamic Insurance Company	6.83	(1.0)	203.9	27.2

QSE Top Value Trades	Close*	1D%	Val. '000	YTD%
Medicare Group	9.00	4.7	31,710.8	42.6
QNB Group	19.49	0.7	25,012.9	(0.1)
The Commercial Bank	4.38	(0.7)	17,481.3	11.2
Qatar International Islamic Bank	9.35	0.0	14,736.7	41.4
Ooredoo	7.35	1.5	13,777.8	(2.0)

Source: Bloomberg (* in QR)

Regional Indices	Close	1D%	WTD%	MTD%	YTD%	Exch. Val. Traded ($ mn)	Exchange Mkt. Cap. ($ mn)	P/E**	P/B**	Dividend Yield
Qatar*	10,283.68	0.6	(0.9)	(0.8)	(0.1)	48.49	156,286.7	15.0	1.5	4.2
Dubai	2,754.69	0.5	(1.1)	(0.9)	8.9	44.45	99,005.7	10.6	1.0	4.3
Abu Dhabi	5,173.17	1.9	0.2	2.3	5.3	33.22	145,949.0	15.5	1.5	4.8
Saudi Arabia	7,792.76	1.3	(1.5)	(3.7)	(0.1)	796.72	487,654.0	20.0	1.7	3.9
Kuwait	5,729.74	(0.7)	(0.7)	0.9	20.9	102.98	107,528.5	14.0	1.4	3.7
Oman	4,012.79	0.2	0.6	(0.1)	(7.4)	2.56	17,396.6	8.2	0.8	7.5
Bahrain	1,522.14	(0.2)	(0.3)	0.4	13.8	7.42	25,389.7	11.4	1.0	5.1

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 rose 0.6% to close at 10,283.7. The Telecoms and Industrials indices led the gains. The index rose on the back of buying support from non-Qatari shareholders despite selling pressure from Qatari and GCC shareholders.
- Medicare Group and Barwa Real Estate Company were the top gainers, rising 4.7% and 1.8%, respectively. Among the top losers, Qatar General Insurance & Reinsurance Company fell 9.7%, while Dlala Brokerage & Investment Holding Company was down 2.1%.
- Volume of shares traded on Wednesday fell by 19.5% to 62.7mn from 77.9mn on Tuesday. Further, as compared to the 30-day moving average of 65.1mn, volume for the day was 3.6% lower. Ezdan Holding Group and Qatar First Bank were the most active stocks, contributing 24.4% and 9.7% to the total volume, respectively.

Overall Activity	Buy %*	Sell %*	Net (QR)
Qatari Individuals	25.33%	33.16%	(13,890,958.78)
Qatari Institutions	25.76%	25.65%	197,772.96
Qatari	**51.09%**	**58.81%**	**(13,693,185.82)**
GCC Individuals	0.64%	3.89%	(5,760,893.30)
GCC Institutions	4.70%	1.62%	5,466,695.34
GCC	**5.34%**	**5.51%**	**(294,197.95)**
Non-Qatari Individuals	11.15%	11.98%	(1,460,727.16)
Non-Qatari Institutions	32.40%	23.70%	15,448,110.94
Non-Qatari	**43.55%**	**35.68%**	**13,987,383.78**

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

Earnings Releases and Global Economic Data

Earnings Releases

Company	Market	Currency	Revenue (mn) 3Q2019	% Change YoY	Operating Profit (mn) 3Q2019	% Change YoY	Net Profit (mn) 3Q2019	% Change YoY
Methanol Chemicals Co.	Saudi Arabia	SR	113.3	-39.5%	(21.6)	N/A	(32.3)	N/A
Saudi Industrial Services Co.	Saudi Arabia	SR	172.2	16.8%	14.9	-15.8%	6.7	-39.6%
Advanced Petrochemicals Co.	Saudi Arabia	SR	647.2	-13.1%	201.9	6.0%	213.1	5.4%
Saudi Public Transport Co.	Saudi Arabia	SR	485.3	4.4%	119.6	15.1%	95.0	-0.3%
Anaam Int. Holding Group	Saudi Arabia	SR	2.0	-87.1%	(1.3)	N/A	(2.8)	N/A
The National Co. for Glass Ind.	Saudi Arabia	SR	13.6	-44.7%	(6.1)	N/A	(6.6)	N/A
Mouwasat Medical Services Co.	Saudi Arabia	SR	443.3	9.7%	104.7	15.8%	93.0	15.0%
Jabal Omar Development Co.	Saudi Arabia	SR	240.3	-81.8%	93.5	-85.5%	(80.6)	N/A
Middle East Specialized Cables Co.	Saudi Arabia	SR	118.6	-17.6%	3.6	N/A	(0.2)	N/A
Emirate Integrated Telecom. Co.	Dubai	AED	3,066.6	-7.9%	380.5	-10.9%	379.6	-13.3%
National Corporation for Tourism & Hotels*	Abu Dhabi	AED	558.0	9.4%	80.4	5.3%	72.5	14.8%
Seef Properties	Bahrain	BHD	4.4	-3.4%	3.7	-0.7%	2.3	-8.8%
Bahrain Commercial Facilities Co.	Bahrain	BHD	7.1	11.0%	–	–	4.6	-18.5%

Source: Company data, DFM, ADX, MSM, TASI, BHB. (# – Values in Thousands, *Financial for 9M2019)

Global Economic Data

Date	Market	Source	Indicator	Period	Actual	Consensus	Previous
10/30	US	Mortgage Bankers Association	MBA Mortgage Applications	25-Oct	0.6%	–	-11.9%
10/30	US	Bureau of Economic Analysis	GDP Annualized QoQ	3Q2019	1.9%	1.6%	2.0%
10/30	US	Bureau of Economic Analysis	GDP Price Index	3Q2019	1.7%	1.9%	2.4%
10/30	US	Federal Reserve	FOMC Rate Decision (Upper Bound)	30-Oct	1.8%	1.8%	2.0%
10/30	US	Federal Reserve	FOMC Rate Decision (Lower Bound)	30-Oct	1.5%	1.5%	1.8%
10/30	EU	European Commission	Services Confidence	Oct	9.0	9.2	9.5
10/30	EU	European Commission	Consumer Confidence	Oct	-7.6	-7.6	-7.6
10/30	Germany	German Federal Statistical Office	CPI MoM	Oct	0.1%	0.0%	0.0%
10/30	Germany	German Federal Statistical Office	CPI YoY	Oct	1.1%	1.0%	1.2%
10/30	France	INSEE National Statistics Office	Consumer Spending MoM	Sep	-0.4%	0.0%	0.1%
10/30	France	INSEE National Statistics Office	Consumer Spending YoY	Sep	0.3%	0.6%	-0.1%
10/30	France	INSEE National Statistics Office	GDP QoQ	3Q2019	0.3%	0.2%	0.3%
10/30	France	INSEE National Statistics Office	GDP YoY	3Q2019	1.3%	1.3%	1.4%
10/30	Japan	METI	Retail Sales MoM	Sep	7.1%	3.5%	4.8%
10/30	Japan	METI	Retail Sales YoY	Sep	9.1%	6.0%	2.0%

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

News

Qatar

- **AHCS' net profit declines 29.3% YoY and 11.0% QoQ in 3Q2019 –** Aamal Company's (AHCS) net profit declined 29.3% YoY (-11.0% QoQ) to QR75.9mn in 3Q2019. The company's revenue came in at QR309.2mn in 3Q2019, which represents an increase of 2.9% YoY. However, on QoQ basis, revenue fell 1.6%. EPS amounted to QR0.04 in 9M2019 as compared to QR0.05 in 9M2018. AHCS reported a gross profit of QR337.1mn for the nine-months ended September 2019, down 5.0% compared to the nine-months ended September 2018. The Group revenue slipped 0.8% to QR945.3mn during the period against 9M2018. Net investment in capital expenditure decreased by QR226.1mn to QR32.3mn, owing to a number of property acquisitions made by Aamal Real Estate in the prior year period. Sheikh Faisal bin Qassim Al Thani, Chairman of Aamal, commented: "We continue to operate in a challenging market environment characterized by a slowdown in major infrastructure projects and increased market competition, which has impacted pricing and margins across Aamal, particularly within the Industrial Manufacturing segment. This, together with increased finance costs associated with a loan agreed in late 2018, has resulted in a year-on year decline in net profit in the quarter of 23.2%. Despite these headwinds, the Trading and Distribution segment delivered strong and growing sales volumes and looking ahead, we are encouraged to see a number of positive developments across the business, including initial signs of improving conditions in the Industrial Manufacturing segment as well as the execution of new long term corporate residential rental agreements that will result in higher occupancy rates within the Property segment." "Aamal's diversified business model and financial strength, coupled with Qatar's preparation for the 2022 FIFA World Cup and other planned projects forming part of the Government's 2030 National Vision, means we are well-positioned to take advantage of the opportunities presented by the Qatari economy and we remain confident in the future outlook for Aamal," Sheikh Faisal said. (QSE, Peninsula Qatar)
- **QOIS reports net loss of QR0.56mn in 3Q2019 –** Qatar Oman Investment Company (QOIS) reported net loss of QR0.56mn in 3Q2019 as compared to net loss of QR0.27mn in 3Q2018 and net profit of QR0.65mn in 2Q2019.The company's net investment and interest income came in at QR0.57mn in 3Q2019, which represents a decrease of 38.1% YoY (-65.7% QoQ). In 9M2019, QOIS reported a net profit of QR3.48mn as compared to QR5.17mn in 9M2018. EPS amounted to QR0.011 in 9M2019 as compared to QR0.016 in 9M2018. (QSE)
- **QIMD's net profit declines 51.0% YoY and 15.4% QoQ in 3Q2019 –** Qatar Industrial Manufacturing Company's (QIMD) net profit declined 51.0% YoY (-15.4% QoQ) to QR30.5mn in 3Q2019. The company's sales came in at QR85.3mn in 3Q2019, which represents an increase of 17% YoY. However, on QoQ basis, sales fell 2.6%. In 9M2019, QIMD reported a net profit of QR100.5mn as compared to QR170.5mn in 9M2018. EPS amounted to QR0.21 in 9M2019 as compared to QR0.36 in 9M2018. (QSE)
- **QETF discloses its financial statements for the nine month period ended September 30 –** QE Index ETF (QETF) disclosed its financial statements for the period from January 01, 2019 to September 30, 2019. The statements showed that the net asset value as of September 30, 2019 amounted to QR365.30mn representing QR10.222 per unit. The units of QE Index ETF (QETF) were split on July 7, 2019, after trading hours and the unit price was divided by 10. (QSE)
- **SIIS to hold Investors Relation Conference Call on November 03 –** Salam International Investment Limited (SIIS) announced that Investors Relation Conference Call will be held on November 03, 2019 to discuss financial results for 3Q2019. (QSE)
- **Nebras Power affiliate acquires stake in Brazil solar projects –** Nebras Power Investment Management, a Dutch affiliate of Nebras Power, has acquired an 80% stake in a portfolio of four major solar projects in Brazil. The four solar power plants have total installed capacity of 482.6 MW and consist of Salgueiro Solar Holding, Francisco Sa Solar Holding, Jaiba Solar Holding and Lavras Solar Holding. All facilities have power capacities of 100 to 152 MWp (megawatt peak). As part of the agreement, Canadian Solar is expected to retain a 20% interest in the projects and will partner with Nebras Power on the management of the engineering, procurement and construction (EPC) of the solar projects. For Nebras Power, this latest acquisition officially cements its expansion into Latin America. At present, the global power development and investment company has significant assets in Europe, Asia and in the Middle East and North African region. (Gulf-Times.com)
- **Total bank deposits in September 2019 increased by about QR20.6bn from August to reach the level of QR831.8bn –** Qatar Central Bank (QCB) has released its Quarterly Bulletin (September 2019), which included a wide range of Monetary and Banking statistics for the month of September, in addition to the quarterly economic data of GDP, the State Budget, Inflation and the Balance of Payments. Total bank deposits in September 2019 increased by about QR20.6bn from August to reach the level of QR831.8bn; distributed between Private Sector Deposits, Public Sector Deposits, and Non-resident Deposits. Private Sector Deposits rose to QR368.7bn from QR362.1bn in August. Public Sector Deposits rose by QR13.5bn to QR265.8bn, while Non-resident deposits rose by half a billion to QR197.2bn. The facilities granted by banks grew steadily, and in September 2019 reached QR995.8bn from QR948.2bn a year ago. It was noted that while credit granted to the Public Sector declined in September 2019 to the level of QR284.5bn from QR339.7bn a year ago – due to government repayment of part of its debt to banks – credit granted to the private sector grew to QR634.6bn in September compared to about QR525.8bn before Year. Credit granted abroad fell to only QR76.7bn from QR82.7bn a year earlier. Credit granted to the Services Sector was the fastest growing, doubling in almost two years since the start of the blockade and ranked first in last September by about QR 161bn from QR 157.5bn in August, and QR 113.8bn in September 2018. Money supply (M2) at the end of the third quarter of September 2019 rose 1.9% from the second quarter to the level of

QR569.9bn. Total Public Revenues in the second quarter increased to QR57.2bn from QR55bn in the first quarter. Total Expenses decreased to QR50.4bn from QR53bn in the first quarter. As a result, the Budget Surplus rose to QR6.82bn from QR2bn in the first quarter, representing a surplus of 4.2% of GDP. The Trade Balance in the second quarter recorded a surplus of QR38.7bn compared to QR40.9bn in the first quarter. (Peninsula Qatar)

- **Real estate transactions between October 20- 24 stood at QR806,899,658 –** The trading volume of registered real estates between October 20- 24 at the Ministry of Justice's real estate registration department stood at QR806,899,658. The department's weekly report stated that the trading included empty lands, residential units, residential buildings, residential complexes, multipurpose buildings and multipurpose empty lands. Most of the trading took place in Al Daayen, Al Rayyan, Doha, Al Wakrah, Umm Salal, Al Khor, Al Thakhira and Al Shamal. The trading volume of registered real estates between October 13- 17 was QR651,161,070. (Gulf-Times.com)
- **Ooredoo in new deal to provide onboard Wi-Fi to Qatar Airways –** Ooredoo has signed a new four-year agreement to continue provision of onboard Wi-Fi to Qatar Airways (QA). The new agreement will see Ooredoo continue as Exclusive Onboard Wi-Fi Sponsor for QA flights. Enabling Ooredoo's network onboard aircraft will allow QA to offer travelers the latest generation of connections cost-effectively in a flexible and scalable manner. Ooredoo's Chairman, Sheikh Abdulla bin Mohammed bin Saud Al Thani said, "We are committed to enhancing people's digital lives, as well as to offering the very latest in technology and telecoms developments. Ensuring passengers can access the same quality connectivity in the air as they do on the ground is one of the many ways in which we deliver on these commitments." (Qatar Tribune)
- **Around 70mn optimum annual passenger capacity for HIA, says Al-Baker –** The Hamad International Airport (HIA) annual passenger capacity will not exceed 70mn as it will be most optimum capacity for Qatar's state-of-the-art airport, Qatar Airways Group's Chief Executive, HE Akbar Al-Baker said. "We don't need more than this. We will stop at 70mn annual passenger capacity. What Heathrow is doing now is growing to 70mn (annual passenger capacity). Why should we keep spending more on the infrastructure, while this is a good size for a good hub, serving the State of Qatar," Al-Baker said. Al-Baker also said that the HIA was set to clock an annual passenger capacity in excess of 40mn by the end of this year. He said the Doha International Airport would be refurbished to meet the anticipated huge rush of visitors for the FIFA World Cup 2022, which Qatar is hosting. "Actually, when I say refurbish, we only need to clean and organize it. It is a fully functional airport; we only need to just do the upkeep and overhaul the systems that are already there and update them, compatible to Hamad International Airport," Al-Baker noted. (Gulf-Times.com)

International

- **US Fed cuts interest rates, signals it is on hold –** Federal Reserve officials reduced interest rates by a quarter-percentage point for the third time this year and signaled a pause in further cuts unless the economic outlook changes materially. "We believe that monetary policy is in a good place," Fed Chair Jerome Powell said in a news conference after the US central bank announced its decision to cut its key overnight lending rate by a quarter of a percentage point to a target range of between 1.50% and 1.75%. "We took this step to help keep the economy strong in the face of global developments and to provide some insurance against ongoing risks. We see the current stance of monetary policy as likely to remain appropriate as long as incoming information about the economy remains broadly consistent with our outlook," he said. (Bloomberg, Reuters)
- **US economy likely lost further ground in third quarter –** The US economy likely slowed further in the third quarter, held back by a moderation in consumer spending and declining business investment, which could spur the Federal Reserve to cut interest rates again to keep the expansion on course. The Commerce Department's snapshot of gross domestic product on Wednesday will likely sketch a picture of an economy that is losing speed, but not tipping into recession as financial markets had feared earlier this year. The economy is being hamstrung by the Trump administration's 15-month trade war with China, which has eroded consumer and business confidence. The fading stimulus from last year's $1.5tn tax cut package and weakening growth overseas is also crimping the longest economic expansion on record, now in its 11th year. The GDP report will be published hours before Fed officials wrap-up a two-day policy meeting. The US central bank is expected to cut interest rates for the third time on Wednesday. The Fed cut rates in September after reducing borrowing costs in July for the first time since 2008. Gross domestic product probably increased at a 1.6% annualized rate in the third quarter, also because of a smaller inventory build, according to a Reuters survey of economists, after rising at a 2.0% pace in the April-June period. (Reuters)
- **UK personal insolvency rate rises to eight-year high –** The number of people entering insolvency in England and Wales rose sharply in the three months to September compared with a year ago, according to official data that add to questions about the financial resilience of British consumers. The government's Insolvency Service stated the number of people officially entering financial distress rose to 30,879 in seasonally adjusted terms, up 23% on a year ago though little changed from 30,690 in the second quarter. The rolling 12-month rate of individual insolvencies per 10,000 people rose to an eight-year high of 27.4, the figures showed. Britain has relied on consumer spending to drive the economy this year as businesses, unnerved by the escalating Brexit crisis, have held back on investment. Individual voluntary arrangements - a form of debt relief short of declaring bankruptcy - accounted for more than half the total insolvencies in the third quarter. The figures showed the number of underlying corporate insolvencies in England and Wales rose by 1.6% compared with the third quarter of 2018. (Reuters)
- **UK banks urge government to ease tax burden as Brexit beckons –** Banking in Britain paid 40bn Pounds in taxes in the last financial year with half from foreign lenders, underscoring the need for a government rethink on taxes to keep London competitive after Brexit, UK Finance stated. Banks and their employees paid a total of 39.7bn Pounds in taxes, or 5.5% of government receipts, unchanged from the prior year, UK Finance stated in a review compiled by consultants PwC. The tax raised was roughly split between those paid by employees, and

the corporate tax, surcharge on profits and balance sheet levies paid by the lenders themselves. The surcharge and levies were introduced after Britain had to bail out lenders with public money during the financial crisis a decade ago. Britain's fiscal competitiveness has declined relative to other global financial centres like New York, where banks have benefitted from recent cuts in corporate taxes, the review stated. Many banks operating in Britain have opened European Union hubs in cities like Frankfurt to ensure continuity of service for EU customers after Britain leaves the bloc. Banks are moving about a trillion Euros in assets from London to their new subsidiaries, which is likely to lead to a loss of some UK tax revenue. The review estimated that the total tax rate for banks in London is 47.1%, compared with 44.7% in Frankfurt and 33.5% in New York. (Reuters)

- **NIESR: UK's new Brexit deal worse than continued uncertainty –** Prime Minister Boris Johnson's Brexit deal would hurt Britain's economy more than further delays and continued uncertainty about leaving the European Union, a think tank stated. The National Institute of Economic and Social Research (NIESR) stated that the economic cost of a more distant relationship would outweigh the gains from ending Brexit uncertainty. NIESR estimated that in 10 years' time, Britain's economy would be 3.5% smaller under Johnson's plan than if it stayed in the EU - roughly equivalent to losing the economic output of Wales. In a scenario of ongoing uncertainty similar to know - where Britain keeps the economic benefit of unrestricted access to EU markets but without any long-term guarantees - the economy would be 2% smaller, it forecast. May's deal would have limited the damage to 3.0%, while a no-deal Brexit would make the economy 5.6% smaller than if it stayed in the bloc, NIESR stated. Earlier this month another academic think tank, UK in a Changing Europe, estimated Johnson's deal would make Britain more than 6% poorer per head. In the nearer term, NIESR stated the Bank of England should cut interest rates to 0.5% from 0.75% at a meeting next week, but stated it did not expect the BoE to act until March, when Governor Mark Carney's successor is due to be in place. (Reuters)
- **Eurozone's economic sentiment worsens as gloom spreads to services –** Eurozone's economic sentiment deteriorated in October for a second straight month, data showed, as pessimism in industry spread to services and consumers in a bad sign for the bloc's growth prospects. The European Commission stated its main indicator for economic sentiment in the 19-country currency bloc fell to 100.8 points in October from 101.7 a month earlier and 103.1 in August. The fall was bigger than market consensus of 101.1 points in October, and brought the indicator to its lowest point since January 2015. Economists polled by Reuters already forecasted Eurozone's economic growth will drop to 0.1% in the third quarter from 0.2% in the previous one. Sentiment in services, which account for two-thirds of the Eurozone economy, was positive in September despite the overall pessimism, but eased to 9.0 points in October from 9.5 the month before. This is the lowest level since June 2015. The mood turned sour also among consumers, triggering a drop also in sentiment in the retail sector, where sentiment fell into negative territory for the first time since July. In a separate release, the Commission stated the business climate indicator, which points to the phase of the business cycle, rose to -0.19 points in October from -0.23 a month earlier, against market forecasts that it would have dropped further in negative territory to -0.24. (Reuters)
- **DIHK: German exports to shrink next year, first fall since global financial crisis –** Germany's DIHK Chambers of Industry and Commerce on Wednesday stated it expected exports to shrink next year for the first time since the global financial crisis over a decade ago as trade disputes and Brexit uncertainty hit Europe's largest economy. "For our economy, with its strong industrial core, this is a huge challenge," DIHK's President, Eric Schweitzer said when presenting the association's latest business sentiment survey among more than 28,000 managers. DIHK stated it expects Germany's annual export growth to slow to 0.3% this year from 2.1% in 2018, adding that exports are likely to shrink by 0.5% next year. "Since the financial crisis of 2008-09, the DIHK has not received such pessimistic replies from the companies," Schweitzer said. He pointed out that Germany's average export growth rate was normally around 5.5%. Due to the bleak trade outlook, the DIHK cut its 2019 gross domestic product growth forecast for the German economy to 0.4% from 0.6% previously. It forecasts GDP growth of 0.5% for 2020, adding that the increase was mainly due to an unusual high number of working days next year. (Reuters)
- **INSEE: French third-quarter growth beats expectations, domestic demand supports –** French economic growth defied expectations for a modest slowdown in the third quarter, expanding instead at the same 0.3% pace from the previous quarter, the INSEE national statistics office stated on Wednesday. The resilience in French GDP will be good news for President Emmanuel Macron, at a time of concerns about a global slowdown brought about by international trade disputes which have hit the nation's main trading partner Germany hard. A poll of analysts surveyed by Reuters had forecasted 0.2% growth for the Eurozone's second-largest economy in the three months to end-September. Domestic demand was the main driver of growth, adding 0.5 points in the third quarter, while trade subtracted 0.4 points and inventories made a small 0.1 point contribution. French households' spending picked up, growing at a 0.3% pace in the third quarter after expanding 0.2% in the previous three months, while business investment slowed to an increase of 0.9% this quarter from a 1.2% gain. The negative contribution from trade reflected a faster increase in imports than exports. (Reuters)
- **Japan September factory output rebounds –** Japan's industrial output rebounded in September to log its fastest gain in four months, offering some relief to manufacturers amid a slowdown in global demand and rising pressure on the country's exports from the US-China trade war. Factory output rose 1.4% in September from the previous month, trade ministry data showed, handily beating median market forecast for 0.4% growth and swinging from a 1.2% decline the previous month. On the quarter, factory output fell 0.6% in July-September, swinging from a 0.6% gain in the previous three-month period. Manufacturers surveyed by the Ministry of Economy, Trade and Industry expect output to rise 0.6% in October and decline 1.2% in November, the data showed. (Reuters)
- **BoJ keeps policy steady but adopts new forward guidance on rates –** Bank of Japan (BoJ) kept its monetary policy steady but introduced new forward guidance to more clearly signal the

future chance of a rate cut, underscoring its concern over simmering overseas risks. As expected, the BoJ maintained its short-term interest rate target at -0.1% and a pledge to guide 10-year government bond yields around 0%, by a 7-2 vote. But the BoJ introduced new forward guidance - or pledge central banks make on future monetary policy - that more strongly commits to maintaining ultra-low interest rates. “The BoJ expects short- and long-term interest rates to remain at present or lower levels as long as needed to pay close attention to the possibility that the momentum toward achieving its price target will be lost,” the central bank stated in a statement. The decision to change forward guidance was made by an 8-1 vote. (Reuters)

- **China's factory activity shrinks for sixth month as trade war clouds outlook –** Factory activity in China shrank for the sixth straight month in October and by more than expected, pointing to further pressure on its manufacturers as they grapple with the weakest economic growth in nearly 30 years. The Purchasing Managers’ Index (PMI) fell to 49.3 in October, China’s National Bureau of Statistics stated, versus 49.8 in September. The 50-point mark separates growth from contraction on a monthly basis. Economists polled by Reuters had expected the reading would be unchanged from September. Weighed down by cooling domestic demand, sluggish investment and a protracted trade war with the US, China’s economic growth slowed to a near 30-year low of 6.0% in the third quarter, raising expectations that Beijing will need to roll out more support measures soon. New export orders fell for the 17th month in a row in October, with the sub-index down to 47.0 from 48.2 in the previous month. Total new orders, which include those for export and domestic use, fell back to contractionary territory and erased September’s fleeting growth, suggesting continued weakness in demand at home. (Reuters)
- **China's service sector activity grows at slower pace in October –** Growth in China’s services sector activity slowed to the lowest since February 2016 in October, official data showed, pointing to a further weakening in domestic demand and mounting pressure on the world’s second-largest economy. The official non-manufacturing Purchasing Managers’ Index (PMI) dropped to 52.8 from 53.7 in September, though it remained above the 50-point mark that separates growth from contraction on a monthly basis. Beijing has been counting on resilient service sector growth to help offset the drag from its sluggish manufacturing sector, which is being weighed down by weak domestic and global demand and a protracted trade war with the US. However, services activity began to cool late last year amid the broader downturn, which has seen economic growth slow to near 30-year lows. The official July composite PMI, which includes both manufacturing and services activity, fell to 52.0 from September’s 53.1. (Reuters)

Regional

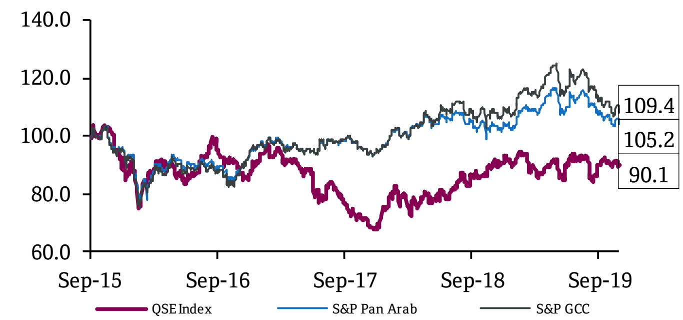
- **Kuwait, Gulf central banks cut key rates following Fed –** Kuwait’s central bank cut its benchmark interest rate on Wednesday, joining the Federal Reserve-led monetary easing cycle with its Gulf peers for the first time since July. Saudi Arabia, UAE and Bahrain, whose currencies are pegged to the US Dollar, also cut rates. Kuwait cut its discount rate by 25 basis points (bps) to 2.75% from 3% after staying pat in July and September when other major Gulf central banks followed the Federal Reserve. Kuwait’s currency is pegged against a basket of currencies of its trading partners unlike its Gulf peers. The decision aims to “reduce the cost of borrowing in the Kuwaiti Dinar, maintain a comfortable margin for the Kuwaiti Dinar, and prove a supportive environment for investment,” the Central Bank of Kuwait (CBK) stated. The Federal Reserve on Wednesday cut interest rates for the third time this year in a move to ensure the US economy weathers a global trade war without slipping into a recession, however, signaled its rate-cut cycle might be at a pause. Kuwait’s latest move came as its economy is facing headwinds from oil production cuts by major OPEC and non-OPEC oil producers, The IMF has projected Kuwait’s economy will grow by 0.6% in 2019 and Saudi Arabia’s economy to expand just 0.2%, cutting its earlier forecast. The Saudi Arabian Monetary Authority (SAMA) cut its repo rate, used to lend money to banks, to 225 bps from 250 bps, and the reverse repo, the rate at which commercial banks deposit money with the central bank, by the same margin to 175 bps. The Central Bank of UAE (CBUAE) also stated that it is cutting interest rates applied on the issuance of certificates of deposits by 25 basis points, and reduced the repo rate for borrowing short-term liquidity had been cut by 25 bps. Central Bank of Bahrain (CBB), which had avoided a rate cut in September, cut all its key rates by 25 bps. It cut its one-week deposit facility to 2.25%, its overnight deposit rate to 2%, its one-month deposit rate to 2.6%. It cut its lending rate to 4% from 4.25%. (Reuters)
- **Saudi Aramco’s IPO will come soon, Saudi crown prince to decide –** The Initial Public Offering (IPO) for state-owned oil company Saudi Aramco will come soon, and will be a decision taken by Saudi Crown Prince, Mohammed bin Salman, the Kingdom’s Energy Minister, Abdulaziz bin Salman said. Saudi Aramco aims to announce the start of its IPO on November 3, sources told Reuters, after delaying the deal earlier this month to give advisers time to secure cornerstone investors. “It is going to come soon but it will come at the right time with the right approach and definitely with the right decision,” he said. “And it will be a Saudi decision first and foremost,” he said, “Specifically, Prince Mohammed’s decision.” (Reuters)
- **Russia's RDIF unlikely to make huge investment in Saudi Aramco IPO –** Russia’s sovereign wealth fund will not make a huge investment in Saudi Aramco’s IPO, the Head of the Russian Direct Investment Fund (RDIF), Kirill Dmitriev told Reuters. “Definitely Russia will not be making a huge investment in Aramco because already it is quite exposed to oil,” he said. “But lots of pension funds believe Saudi Aramco offers a very interesting value proposition ... There’s definite interest from a number of Russian pension funds, a number of Russian investment funds and investment banks.” Dmitriev also said Russian investors are exploring more than 10 new projects and opportunities in Saudi Arabia including in energy, tourism, petrochemicals and construction. (Reuters)
- **Norway's wealth fund says it will not invest in Saudi Aramco IPO –** Norway’s sovereign wealth fund does not plan to invest in Saudi Aramco when the company carries out its long-awaited IPO, the fund’s Chief Executive, Yngve Slyngstad said. “Saudi Arabia is not part of our reference index,” told a news conference. The Norwegian fund has some smaller investments in Saudi Arabian companies through an emerging markets portfolio,

however, a major company such as Saudi Aramco would not be a natural part of this portfolio, he added. (Reuters)

- **Saudi Aramco to keep 4.6mn barrels of oil in Indian storage –** India will lease a quarter of its strategic petroleum reserve in Padur to Saudi Aramco to store about 4.6mn barrels of oil, a government official said, as New Delhi seeks global investment in its expanding energy infrastructure. Global oil producers are eager to gain a foothold in India, where fuel demand is expected to keep rising as the country's economy grows. Indian Strategic Petroleum Reserves Ltd, a government company charged with building oil storage, signed a Memorandum of Understanding (MoU) with the Saudi Arabian state firm for its participation in the 2.5mn-ton facility in Karnataka state. "Aramco has signed a MoU for only one compartment," Chief Executive of the Indian company, HPS Ahuja said. The Padur storage facility has four equal-sized compartments. (Reuters)
- **Saudi Arabia plans to launch carbon trading scheme –** Saudi Arabia plans to launch a carbon trading scheme as the G20 member aims to diversify its energy supplies and reduce carbon emissions, the Energy Minister Prince, Abdulaziz bin Salman said. Carbon trading schemes are emerging all over the world as governments try to meet targets to reduce greenhouse gas emissions in the fight against global warming. The impact of climate change has shot up the list of Saudi Arabia's priorities as the Kingdom gets ready to host the Group of 20 (G20) leading economies in 2020 and as state oil company Saudi Aramco plans to go public amid a rising tide of environmental activism and a shift away from fossil fuels. "We will come soon with a suggestion on carbon trading that would be a fair carbon trading system and I think it will work," he said. "Carbon is a resource. It is not something that we should just throw and just emit it. Actually, capturing it makes us make money out of it." He said the Kingdom currently operates the largest carbon capture and utilization plant in the world, turning half a million tons of CO_2 annually into products such as fertilizers and methanol. "We also operate one of the region's most advanced CO_2 enhanced oil recovery plants that captures and stores 800,000 tons of carbon dioxide annually," he said, adding Riyadh planned to deploy more carbon capture, utilization and storage infrastructure around the Kingdom. Saudi Arabia's energy price reforms and efficiency program will help reduce local demand by as much as two million bpd of oil equivalent by 2030 compared with previous projections, Prince Abdulaziz said. (Reuters)
- **Saudi Arabia's Public Investment Fund signs $10bn loan –** Saudi Arabia's sovereign wealth fund, the Public Investment Fund (PIF), signed a $10bn loan to fund new investments, the sovereign wealth fund and an executive at the fund stated. The loan, provided by a syndicate of 10 banks, is linked to the acquisition by Saudi Aramco of PIF's stake in petrochemical company Saudi Basic Corporation (SABIC), Head of Corporate Finance at PIF, Alireza Zaimi said. Lenders include Bank of America Corp, HSBC, JPMorgan Chase, Mizuho Bank and MUFG Bank, the fund stated. Saudi Aramco in March signed an agreement to acquire from the PIF a 70% majority stake in SABIC, one of the largest petrochemicals manufacturers in the world, for $69.1bn. The syndicated bridge loan will provide the fund with short-term funding for new investments and would be repaid after the sale of SABIC is completed, the PIF stated. "The regulatory requirements ahead of completion mean there is likely to be a period of delay before PIF is able to redeploy that capital," the fund said. "This bridge loan will enable us to accelerate the implementation of our ambitious investment program." The fund, which raised $11bn in a five-year syndicated loan last year, was in talks with banks about the bridge loan earlier this year, Reuters reported in May. The loan was expected to offer relatively low margins, with one source saying he expected it to be around 30 basis points above LIBOR. (Reuters)
- **DP World's UK expansion on hold over BREXIT –** Dubai ports operator DP World has put its expansion plan in the UK on hold due to uncertainties over BREXIT. "I have a deal to expand, but on hold until they decide," Chairman, Sultan Ahmed Bin Sulayem said. "Because today if you go to any bank to lend you money in the UK, they don't know are we going to be out or in," he added. DP World, one of the world's biggest ports operator, has invested more than $1.9bn in the UK until now, including in the London Gateway port and logistics park, he said. (Bloomberg)
- **Tethys Oil buys 20% interest in Block 56 license onshore Oman –** Tethys Oil has entered into an agreement with Biyaq Oil Field Services to acquire a 20% interest in the exploration and production license covering Block 56 onshore Oman, according to statement. In consideration for the 20% interest acquired, Tethys Oil will pay to Biyaq a sum of up to $9.5mn in a combination of cash and carry, of which a large proportion is expected to be recoverable from future production in the event of a commercial discovery. The transaction is subject to government approval. Block 56 covers an area of 5,808 square kilometer in the south-eastern part of Oman some 200 kilometer south of Blocks 3 and 4; to date 11 wells have been drilled on the block and all however, one have encountered oil or oil shows, although none have been determined to be commercial. (Bloomberg)
- **Investcorp plans $1bn infrastructure investments in Saudi, Gulf & MENA –** Bahrain-based Investcorp plans to invest at least half of its $1bn GCC Infrastructure fund in Saudi Arabia as it seeks to take advantage of investment opportunities in the Kingdom, its Co-Chief Executive, Hazem Ben-Gacem said. "It will focus on healthcare, education, social housing, infrastructure roads, utilities," he told Reuters, adding that the remainder would be invested in other Gulf Arab states and the wider Middle East and North Africa (MENA) region. The firm wants to be active in projects such as ports in Oman, utilities in the UAE as well as the toll road infrastructure in Bahrain, he said. Investcorp has been one of the largest and most active private equity investors in the Saudi Arabian market, investing over $700mn in the last 10 years, he said. Those investments include Saudi Fitness Centre, Leejam Sports Co., car rental firm Theeb and L'azurde, the Arab world's leading maker of gold jewelry. "We have been able to find attractive investments, manage them and exit them," he said. He said the company could be a catalyst for the transition and evolution among some of Saudi Arabia's family-owned established firms from private to public companies. InvestCorp plans to launch its second PE-MENA (Private Equity - Middle East North Africa) fund soon, which is likely to be $400mn, with HarbourVest as an anchor investor, he added. The fund invests

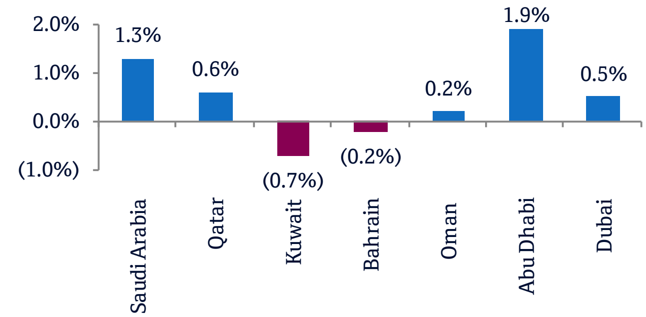
in private firms in MENA. Outside the Gulf region, the two core historic markets for Investcorp are Europe and North America. “We invest in excess of $1 billion in equity and $800 million a year in real estate.” (Reuters)

Rebased Performance



Source: Bloomberg

Daily Index Performance



Source: Bloomberg

Asset/Currency Performance	Close ($)	1D%	WTD%	YTD%
Gold/Ounce				
Silver/Ounce				
Crude Oil (Brent)/Barrel (FM Future)				
Crude Oil (WTI)/Barrel (FM Future)				
Natural Gas (Henry Hub)/MMBtu				
LPG Propane (Arab Gulf)/Ton				
LPG Butane (Arab Gulf)/Ton				
Euro				
Yen				
GBP				
CHF				
AUD				
USD Index				
RUB				
BRL				

Source: Bloomberg

Global Indices Performance	Close	1D%*	WTD%*	YTD%*
MSCI World Index				
DJ Industrial				
S&P 500				
NASDAQ 100				
STOXX 600				
DAX				
FTSE 100				
CAC 40				
Nikkei				
MSCI EM				
SHANGHAI SE Composite				
HANG SENG				
BSE SENSEX				
Bovespa				
RTS				

Source: Bloomberg (*$ adjusted returns)

Contacts

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

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

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

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

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