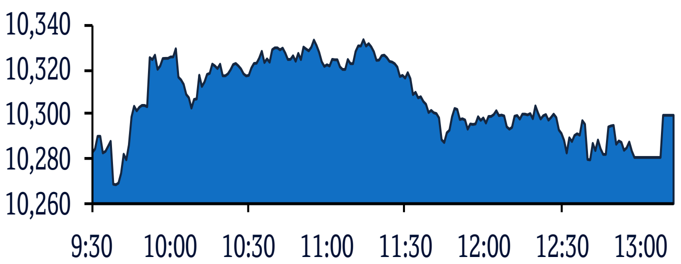
Daily Market Report

Wednesday, 04 September 2019

QSE Intra-Day Movement



Market Indicators	03 Sep 19	02 Sep 19	%Chg.
Value Traded (QR mn)	212.6	215.7	(1.4)
Exch. Market Cap. (QR mn)	567,202.3	564,858.2	0.4
Volume (mn)	79.0	68.5	15.3
Number of Transactions	5,377	5,180	3.8
Companies Traded	44	45	(2.2)
Market Breadth	23:16	21:21	–

Market Indices	Close	1D%	WTD%	YTD%	TTM P/E
Total Return	18,952.90	0.3	0.7	4.4	14.9
All Share Index	3,017.19	0.4	0.4	(2.0)	15.0
Banks	4,039.60	0.8	1.1	5.4	14.0
Industrials	3,084.61	(0.3)	0.4	(4.1)	17.7
Transportation	2,509.71	0.2	(0.7)	21.9	13.8
Real Estate	1,388.68	0.9	(1.0)	(36.5)	15.2
Insurance	2,792.80	1.3	(0.1)	(7.2)	16.3
Telecoms	883.77	(1.2)	(1.9)	(10.5)	16.1
Consumer	8,235.52	0.4	0.2	22.0	16.2
Al Rayan Islamic Index	3,959.26	0.2	1.0	1.9	14.6

Qatar Commentary

The QE Index rose 0.3% to close at 10,300.0. Gains were led by the Insurance and Real Estate indices, gaining 1.3% and 0.9%, respectively. Top gainers were Qatar International Islamic Bank and Ahli Bank, rising 5.3% and 4.1%, respectively. Among the top losers, The Commercial Bank fell 2.4%, while Qatari German Company for Medical Devices was down 2.2%.

GCC Commentary

Saudi Arabia: The TASI Index fell 0.6% to close at 7,924.2. Losses were led by the Media and Ent. and Banks indices, falling 1.5% and 1.1%, respectively. Al Sorayai Trading and Ind. declined 3.9%, while Arabian Shield Coop. Ins. was down 3.1%.

Dubai: The DFM Index declined 0.5% to close at 2,876.4. The Real Estate & Construction index fell 2.1%, while the Telecommunication index declined 1.2%. Emaar Properties and Gulf Navigation Holding were down 2.3% each.

Abu Dhabi: The ADX General Index fell 1.0% to close at 5,105.1. The Real Estate index declined 2.9%, while the Banks index fell 1.1%. Aldar Properties declined 3.1%, while Abu Dhabi Commercial Bank was down 2.6%.

Kuwait: The Kuwait All Share Index gained 0.1% to close at 5,961.3. The Consumer Goods index rose 2.8%, while the Real Estate index gained 0.5%. First Dubai Real Estate Development rose 26.7%, while Credit Rating & Collection was up 9.1%.

Oman: The MSM 30 Index gained 0.3% to close at 4,016.6. Financial index rose 0.5%, while the Services index rose marginally. Oman United Insurance rose 9.6%, while Phoenix Power was up 3.8%.

Bahrain: The BHB Index gained 0.2% to close at 1,543.2. The Commercial Banks index rose 0.3%, while the Services index gained 0.1%. National Bank of Bahrain rose 0.9%, while BBK was up 0.8%.

GCC Top Gainers##	Exchange	Close#	1D%	Vol. '000	YTD%
National Petrochem. Co.	Saudi Arabia	23.30	3.0	128.5	(4.1)
Ominvest	Oman	0.35	2.4	49.6	0.4
Rabigh Ref. & Petrochem.	Saudi Arabia	20.28	2.0	1,011.4	6.3
Saudi British Bank	Saudi Arabia	32.15	1.7	663.6	(1.5)
Saudi Arabian Fertilizer	Saudi Arabia	80.70	1.5	205.8	4.7

GCC Top Losers##	Exchange	Close#	1D%	Vol. '000	YTD%
DP World	Dubai	13.82	(3.4)	139.5	(19.2)
Aldar Properties	Abu Dhabi	2.18	(3.1)	14,864.3	36.3
Banque Saudi Fransi	Saudi Arabia	32.35	(2.9)	699.1	3.0
Abu Dhabi Comm. Bank	Abu Dhabi	8.74	(2.6)	2,981.6	7.1
Riyad Bank	Saudi Arabia	24.20	(2.4)	1,781.6	22.1

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%
Qatar International Islamic Bank	8.37	5.3	3,013.8	26.6
Ahli Bank	3.33	4.1	184.4	30.8
Qatar Islamic Insurance Company	6.09	2.4	134.6	13.4
Ezdan Holding Group	0.59	2.3	26,056.4	(54.5)
Mannai Corporation	3.46	1.8	26.2	(37.0)

QSE Top Losers	Close*	1D%	Vol. '000	YTD%
The Commercial Bank	4.51	(2.4)	1,036.5	14.5
Qatari German Co for Med. Dev.	0.62	(2.2)	561.7	9.4
Mesaieed Petrochemical Holding	2.79	(1.8)	1,983.4	85.6
Vodafone Qatar	1.22	(1.6)	1,738.0	(21.9)
Ooredoo	6.83	(1.0)	1,078.0	(8.9)

QSE Top Volume Trades	Close*	1D%	Vol. '000	YTD%
Ezdan Holding Group	0.59	2.3	26,056.4	(54.5)
Masraf Al Rayan	3.63	(0.5)	6,183.8	(12.9)
Qatar Gas Transport Company Ltd.	2.38	0.4	6,165.8	32.7
Qatar First Bank	0.28	(0.4)	5,895.0	(30.6)
United Development Company	1.40	0.0	4,620.1	(5.1)

QSE Top Value Trades	Close*	1D%	Val. '000	YTD%
QNB Group	19.30	1.0	45,804.6	(1.0)
Qatar International Islamic Bank	8.37	5.3	25,090.1	26.6
Masraf Al Rayan	3.63	(0.5)	22,564.2	(12.9)
Ezdan Holding Group	0.59	2.3	15,207.3	(54.5)
Qatar Gas Transport Company	2.38	0.4	14,671.4	32.7

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*	10,300.01	0.3	0.7	0.7	0.0	58.04	155,810.5	14.9	1.5	4.2
Dubai	2,876.44	(0.5)	4.3	4.3	13.7	118.13	102,094.4	12.1	1.1	4.3
Abu Dhabi	5,105.12	(1.0)	(1.2)	(1.2)	3.9	60.46	142,706.1	15.2	1.5	4.9
Saudi Arabia	7,924.18	(0.6)	(1.2)	(1.2)	1.2	773.09	503,129.3	19.7	1.8	3.8
Kuwait	5,961.32	0.1	0.3	0.3	17.4	61.37	111,398.0	14.8	1.4	3.5
Oman	4,016.62	0.3	0.3	0.3	(7.1)	6.25	17,463.2	8.2	0.8	6.8
Bahrain	1,543.18	0.2	0.7	0.7	15.4	3.52	24,143.9	11.6	1.0	5.0

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 0.3% to close at 10,300.0. The Insurance and Real Estate indices led the gains. The index rose on the back of buying support from Qatari shareholders despite selling pressure from GCC and non-Qatari shareholders.
- Qatar International Islamic Bank and Ahli Bank were the top gainers, rising 5.3% and 4.1%, respectively. Among the top losers, The Commercial Bank fell 2.4%, while Qatari German Company for Medical Devices was down 2.2%.
- Volume of shares traded on Tuesday rose by 15.3% to 79.0mn from 68.5mn on Monday. Further, as compared to the 30-day moving average of 66.5mn, volume for the day was 18.7% higher. Ezdan Holding Group and Masraf Al Rayan were the most active stocks, contributing 33.0% and 7.8% to the total volume, respectively.

Overall Activity	Buy %*	Sell %*	Net (QR)
Qatari Individuals	29.14%	31.22%	(4,415,074.61)
Qatari Institutions	29.69%	22.52%	15,242,109.79
Qatari	**58.83%**	**53.74%**	**10,827,035.19**
GCC Individuals	0.33%	2.94%	(5,554,142.39)
GCC Institutions	0.67%	0.34%	693,641.77
GCC	**1.00%**	**3.28%**	**(4,860,500.62)**
Non-Qatari Individuals	10.21%	10.11%	219,023.50
Non-Qatari Institutions	29.96%	32.87%	(6,185,558.06)
Non-Qatari	**40.17%**	**42.98%**	**(5,966,534.56)**

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

Earnings Releases and Global Economic Data

Earnings Releases

Company	Market	Currency	Revenue (mn) 2Q2019	% Change YoY	Operating Profit (mn) 2Q2019	% Change YoY	Net Profit (mn) 2Q2019	% Change YoY
Development Works Food Co.	Saudi Arabia	SR	39.9	28.2%	2.3	-21.0%	2.2	-16.6%

Source: Company data, DFM, ADX, MSM, TASI, BHB.

Global Economic Data

Date	Market	Source	Indicator	Period	Actual	Consensus	Previous
09/03	US	Markit	Markit US Manufacturing PMI	August	50.3	50.0	49.9
09/03	US	Institute for Supply Management	ISM Manufacturing	August	49.1	51.3	51.2
09/03	UK	Markit	Markit/CIPS UK Construction PMI	August	45.0	46.5	45.3
09/03	EU	Eurostat	PPI MoM	July	0.2%	0.2%	-0.6%
09/03	EU	Eurostat	PPI YoY	July	0.2%	0.2%	0.7%

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

News

Qatar

- **QCB issues treasury bills worth QR600mn for September –** The Qatar Central Bank (QCB) issued treasury bills for three, six and nine months, with a value of QR600mn. According to a QCB press release, the treasury bills were distributed as follows: QR300mn for three months at an interest rate of 1.96%; QR200mn for six months at an interest rate of 1.98%, and QR100mn for nine months at an interest rate of 2.01%. The issuance is part of the QCB's monetary policy initiatives and its efforts to strengthen the financial system as well as to activate the tools available for the open market operations. The issuance is part of a series executed by the QCB on behalf of the Government of the State of Qatar and in accordance with the schedule prepared by both the central bank and the Ministry of Finance. Treasury bills are issued through auction for banks operating in Qatar. (Gulf-Times.com)
- **Qatari Islamic banks post double-digit credit extension growth in July –** Islamic banks in Qatar registered a strong double-digit YoY growth in credit extension in July, substantially outpacing the loan growth within the conventional domestic banks, according to the central bank data. While Qatari banks showed enhancement in their loan book, foreign lenders' credit path was on the southward movement, according to figures released by the Qatar Central Bank (QCB). Total credit by Qatari banks saw an about 7% YoY growth to QR971.96bn; while that by foreign lenders witnessed about 5% decline to QR15.51bn in July 2019. Among Qatari banks, traditional entities' total credit expanded more than 4% to QR695.23bn and Islamic lenders' by more than 13% to QR270.23bn in the review period. Traditional banks' credit accounted for about 72% of the total credit by domestic lenders and Islamic lenders' accounted for the remaining 28% in the review period. Traditional Qatari lenders exhibited strong affinity towards general trade and services sectors, which had seen substantial expansion in credit to them. Within the traditional segment, Qatari banks' credit to general trade more than doubled to QR89.02bn (14% of total domestic credit by them) and that to services and industry expanded 35% and 2% YoY to QR118.8bn and QR10.41bn (17% and 2%) respectively. Nevertheless, credit from traditional Qatari lenders to contractors declined 15% to QR20.74bn (or 3% of total domestic

credit extended by them); public sector by 13% to QR233.31bn (37%); consumption by 6% to QR65.88bn (10%) and real estate by less than 1% to QR92.77bn (15%). The Shari'ah-principled Qatari banks' credit across the sectors largely remained positive with that towards general trade and services especially witnessing robust expansion in July this year. In absolute terms, the consumption and real estate sectors accounted for 49% of their total domestic credit. Islamic lenders' credit to general trade registered more than 40% YoY expansion to QR28.66bn (or 11% of their total domestic credit); services by about 40% to QR22.82bn (9%); consumption by 11% to QR62.334bn (25%); real estate by 10% to QR60.13bn (24%) and public sector by 9% to QR56.54bn (22%); while that to industry declined more than 7% to QR5.5bn (2%). (Gulf-Times.com)

- **Minister Al Kuwari: Blockade helped Qatar unlock its real potential –** HE Ali bin Ahmed Al Kuwari, Minister of Commerce and Industry, stated that the blockade imposed on Qatar by the Arab quartet has turned out to be a blessing in disguise for Qatar as it helped the country reinvent its real potential. The blockade was instrumental in the country's economic openness and striking a series of fresh trade deals. Qatar successfully established direct commercial routes with a number of strategic hubs around the world and trade has been diverted to major global partners. Delivering the Carnegie Mellon University in Qatar (CMU-Q) Dean's Lecture Series, the Minister said Qatar's total exports and foreign trade witnessed noticeable growth during the post-blockade period. Total exports of the country increased by 18% to QR244bn in 2017 in comparison to 2016 (QR207.6bn), and increased by 25% in 2018 (QR306bn) compared to 2017. Foreign merchandise trade surplus stood at QR13.2bn in July 2019. Total exports of the country increased by 18% to QR244bn in 2017 in comparison to 2016 (QR207.6bn), and increased by 25% in 2018 (QR306bn) compared to 2017. The country's trade balance surged by nearly 49.9% in 2017, rising from QR91.7bn in 2016 to QR137.5bn in 2017; and an increase by 39.2% in 2018 (QR191.4bn) in comparison to 2017. GDP grew to QR808bn in 2017, compared with QR793.5bn in 2016, at an annual growth rate of 1.6%; reaching to QR821bn in 2018, with an annual growth rate of 1.5%. (Peninsula Qatar)
- **Qatar committed to incentivize private sector –** HE Ali bin Ahmed Al Kuwari, Minister of Commerce and Industry, acclaimed the role played by the country's private sector to help stay economy resilient in the face of an unprecedented, blockade. Delivering the Dean's Lecture Series at Carnegie Mellon University in Qatar (CMU-Q) here, the Minister stated Qatar is committed to incentivize the private sector and SMEs in coordination with key stakeholders. Speaking on the 'Role of the private sector in Qatar's economic and industrial development', he said Qatar started implementing its ambitious economic diversification and private sector development plan in 2018. The focus of the national economic diversification agenda was the productivity and competitiveness, envisaging a growth in the tourism, logistics and information and communication, led by private sector. The priority sector included manufacturing, financial services and professional and scientific activities. Economic clusters, foreign direct investments, private sector participation and knowledge and innovation are the key diversification enablers, he added. (Peninsula Qatar)
- **QC Chairman: Qatar-China trade up 30% to $13.5bn in 2018 –** Qatar Chamber (QC) officials met with a Chinese delegation in Doha and explored ways to expand bilateral trade between the two countries, which jumped 30% to $13.5bn in 2018 from $10.4bn in 2017. Terming the Sino-Qatar relations as strong and historic, QC's Chairman, Sheikh Khalifa bin Jassim Al Thani said Beijing was a very important trade partner. He said the scale of Chinese exports to Qatar reflected the depth of their relations. The meeting particularly touched upon the investment opportunities in Chengdu city, especially in sports, construction, tourism, education and technology. Sheikh Khalifa said firms in China can tap into the joint-venture opportunities readily available in Qatar. Head of the Chinese delegation Fan Ruiping urged the chamber to help disseminate the business opportunities available in Chengdu city to the business community in Qatar. He said the objective of the visit was to explore the possibilities in the Qatari market as well as informing Qatari businessmen about the investment opportunities in Chengdu city. Terming the country as unique, he said, "Qatar is witnessing an enormous economic renaissance and is providing a lot of investment opportunities that attract Chinese companies." (Qatar Tribune)

International

- **Moody's: Global reinsurers' outlook is stable on capitalization, rising prices, yet headwinds remain –** The outlook for global reinsurers is stable going into 2020, reflecting strong capitalization, rising prices and growing demand, Moody's Investors Service (Moody's) stated in a report. Nonetheless, there are still significant headwinds for the industry, and profitability remains vulnerable to above average catastrophe losses. Brandan Holmes, VP-Senior Credit Officer at Moody's said, "Reinsurers' capitalization is strong, with a significant cushion above regulatory and risk-based capital requirements, and prices have climbed, relieving some pressure on profitability. Still, low interest rates and declining reserve releases will pressure earnings, while climate change creates increased uncertainty. Increasing dependence on alternative capital-backed retrocession also poses a challenge to some reinsurers." Reinsurers are increasingly exposed to asset risk as low interest rates encourage investment in lower quality corporate debt and illiquid assets. While cyber insurance presents new opportunities it comes with high risks. And climate change makes the frequency and severity of natural hazards less predictable, making it harder for reinsurers to model and price appropriately. (Moody's)
- **US manufacturing contracts as trade war with China bites –** The US manufacturing activity contracted for the first time in three years in August, with new orders and hiring declining sharply as trade tensions weighed on business confidence, raising financial market fears of a recession. The Institute for Supply Management (ISM) stated its index of national factory activity dropped to a reading of 49.1 last month from 51.2 in July. A reading below 50 indicates contraction in the manufacturing sector, which accounts for about 12% of the US economy. Last month marked the first time since August 2016 that the index broke below the 50 threshold. August's reading was also the lowest since January 2016 and was the fifth straight monthly decline in the index. The US now joins the Eurozone, Japan, the

UK and China, which have long been experiencing a contraction in factory activity. Still, the ISM index remains above the 43 level, which economists associate with a recession. The US-China trade tensions also coincide with diminishing stimulus from last year's $1.5tn tax cut package. (Reuters)

- **US LNG grabs 10% market share as January-August exports equal 2018 volumes –** The US exports of liquefied natural gas (LNG), negligible just three years ago, now amount to 10% of the global market and at 22mn tons so far this year are equal to the total volumes pumped out in 2018, Refinitiv data showed. The data, comprised of tracked individual journeys made by LNG tankers from supply source to destination, also showed LNG production hit an all-time high last month of 31mn tons. The supply surge has been long in the making as liquefaction and export facilities on the US Gulf Coast come on-stream after years of development, boosted also by a new mega-terminal in Russia's Arctic and facilities in Australia. (Reuters)
- **UK retail sales flat-line, consumers stockpile food for Brexit –** British retailers saw their sales flat-line in August as shoppers cut back on non-essentials and some households stockpiled food ahead of Brexit, surveys showed. Annual total sales growth fell to zero from the weakest July rise on record of 0.3%, the British Retail Consortium (BRC), which groups major high-street chains and supermarkets, said. That pushed down the average pace of sales growth over the past 12 months to 0.4%, the weakest since the BRC began its data collection in 1995. The BRC showed that in like-for-like terms, which strips out changes in retail space, sales were down 0.5% compared with August 2018, their fifth fall in the first eight months of 2019. Barclaycard also stated it saw signs of concern about Brexit among consumers. The payments card firm reported monthly consumer spending growth of 1.3% – sharply slower than growth of 4.5% in August last year. Spending at discount stores bucked the trend and rose by 8.0%, a sign of the cautious mood of many consumers. (Reuters)
- **Brexit crisis spurs collapse in UK construction orders –** British construction companies suffered the sharpest drop in new orders since the depths of the financial crisis last month as the Brexit crisis scared away potential customers, a survey showed. The IHS Markit/CIPS UK Construction Purchasing Managers' Index (PMI) fell to 45.0 from 45.3 in July, confounding expectations for an improved reading of 45.9 in a Reuters poll of economists. Overall, the survey is likely to add to questions over Britain's ability to bounce back from an economic contraction in the second quarter, a hangover from the stockpiling boom in advance of the original March Brexit deadline. Another contraction in the current quarter would officially herald a recession. The PMI's new orders index fell to its lowest level since March 2009, when Britain was deep in its last recession. (Reuters)
- **Eurozone's producer prices inch up in July due to dearer energy –** Eurozone's producer prices rose slightly during July after four months of decline, but only because of an increase for energy, official estimates showed in a sign of very limited future inflation in the bloc. The European Union's statistics office Eurostat stated prices at factory gates in the 19 countries sharing the Euro rose 0.2% in July, in line with market expectations. The modest increase in July followed four consecutive monthly drops in industrial prices, including a 0.6% decline in June. The July rise was driven by a surge of more volatile energy prices, which rose 1.0% after a 2.2% decrease in June. Excluding this component, producer prices fell 0.1% on the month in a new sign of persistently weak inflationary pressure. Producer prices are an early indication of trends in consumer inflation, which the European Central Bank wants to keep below, but close to 2% over the medium term but has undershot since 2013. Eurozone's inflation remained low at 1.0% in August, according to Eurostat's latest reading. (Reuters)
- **Reuters poll: ECB back to easing again, but inflation still not in its grip –** The European Central Bank (ECB) will cut its deposit rate next week and announce a restart of its asset purchase program, but over 80% of economists polled by Reuters were skeptical about the bank's ability to influence inflation over the medium term. Less than a year ago, the ECB shuttered its 2.6tn Euro quantitative easing program and gave guidance it would raise interest rates by the end of this year. However the ECB has changed course, along with many of its peers. The US-China trade war has slowed global growth, and now the Eurozone's biggest economy, Germany, appears headed for recession. The August 29-September 3 poll showed nearly 70 economists were expecting the ECB to cut its deposit rate at its September 12 meeting, with the vast majority predicting a 10 basis point reduction to -0.5%. Nearly a quarter forecast a 20 basis point cut. Eurozone's money markets give a 60% chance of a 20 basis point cut in the deposit rate from minus 0.4%. Almost 90% of respondents said the ECB would introduce some form of compensation for banks to offset the unwelcome side-effects of negative interest rates. And nearly 90% of respondents also expected the ECB to announce the restarting of its money printing presses, with monthly purchases of 30bn Euros from October. (Reuters)
- **Japan August service sector growth jumps to near two-year high –** Activity in Japan's services sector expanded at the fastest pace in nearly two years in August, a revised survey showed, a sign of domestic resilience despite mounting overseas pressures. The final Jibun Bank Japan Services Purchasing Managers' Index (PMI) rose to 53.3 from 51.8 in July on a seasonally adjusted basis, marking the fastest growth since October 2017. The final gauge was slightly lower than the 53.4 reading released in the flash PMI on August 22. Japan's government is preparing to raise the sales tax to 10% in October, the first such move since it raised the levy to 8% from 5% in April 2014. Policymakers are hoping robust household consumption and business investment will hold up and be strong enough to offset a deepening export slump amid rising global trade protectionism and the US-China tariff war. (Reuters)
- **China service sector activity rises to three-month high –** Activity in China's services sector expanded at the fastest pace in three months in August as new orders rose, prompting the biggest increase in hiring in over a year, a private survey showed. Stronger job creation by services firms will be welcome news for Beijing, which is struggling to reverse a prolonged slump in the manufacturing sector which has dragged economic growth to near 30-year lows. The Caixin/Markit services purchasing managers' index (PMI) picked up to 52.1 last month, the highest since May, compared with July's 51.6. The index has stayed

above the 50-point that separates growth from contraction on a monthly basis since late 2005. New business accelerated slightly to a four-month high, with companies citing improving underlying demand and a boost from new projects. However a sub-index for export orders pulled back from July's three-month high, possibly due to heightened US-China trade tensions. (Reuters)

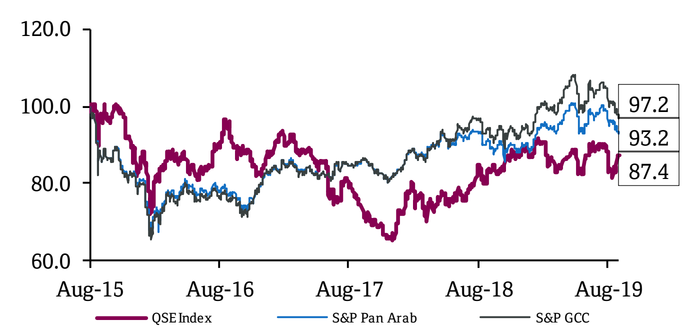
- **S&P Global: China stimulus splurge would hurt rating –** A credit-fuelled stimulus splurge could hurt China's credit rating more than the immediate hit from US trade tariffs, S&P Global's main analyst for the country said. S&P last cut China's rating a couple of years ago, but it has been almost a year since its last formal review of the world's number two economy and a lot has happened since. A full-blown trade war has developed with the US and caused the sharpest slowdown in China's economic growth in decades. Beijing has been trying to offset the damage with various forms of stimulus, but S&P's primary sovereign analyst for China, Kim Eng Tan, said there was a risk it ends up going too far with the efforts. Tan said, "If we have an abrupt shock of some sort then I think the government might start running for the more immediate kinds of economic support. That in our view will mean the banks will have to start lending quite quickly and that would be negative for the government's rating." S&P currently rates China at 'A+' with a 'Stable' outlook. That is the same as both Moody's and Fitch. However it can often be the first of the three main agencies to move which means its imminent review will be closely watched. (Reuters)

Regional

- **Saudi Arabia's non-oil private sector growth edges up in August –** Growth in Saudi Arabia's non-oil private sector improved slightly in August as output increased, backed by stronger domestic demand, a survey showed. The seasonally adjusted IHS Markit Saudi Arabia Purchasing Managers' Index (PMI) went up to 57.0 in August from a five-month low of 56.6 in July. Any reading above the 50 mark indicates expansion. Growth has picked up this year after suffering in 2018 because of increases in fuel prices and the introduction of a 5% value-added tax. The PMI averaged 56.8 from January till August, against a 53.6 average for the same period last year. "August PMI data for Saudi Arabia revealed a stronger improvement in economic conditions," Principal Economist at IHS Markit and author of the report, Amritpal Virdee said. "A bright spot was a quickening of both output and overall new order growth, which outweighed weaker job creation and helped improve overall business conditions at a faster rate." Output growth increased to 60.7 from a five-month low of 59.2 in July, and new orders edged up to 63.5 from 63.4 a month earlier. New export orders slipped to 52.7 from 53.2, showing domestic demand was driving new business. Employment levels remained subdued in August, with the sub-index decreasing to 50.1 from 50.4 a month earlier – the joint-weakest rate of growth since employment started increasing in April. (Zawya)
- **Debtwire Par: Saudi Arabia's bond market grows 29% in 1H2019 –** Saudi Arabian bond market increased by 29% in volume to $25.6bn from eight deals during the first half of 2019, according to a recent report by Debtwire Par, the provider of high-value news, data, and analysis on global debt markets. The second quarter dominated, representing 70% of bond volumes for the period, a result of notable deals such as $3.1bn and $7.5bn of bonds issued from the Government of Saudi Arabia. Loan market of the GCC nation witnessed a drop during the first six months of 2019, compared to 1H2018 levels with volume totaling $9.8bn from 13 deals. "Despite having twice, the number of deals compared with 1H2018, volumes represented a 53% decrease YoY from 1H2018," the report stated. This decrease is reflective of the overall slow issuance in the region and that the surrounding regions have claimed more market share. Moreover, business activity in the Kingdom also slowed with the highly anticipated deal from Saudi Aramco pushed back to 2021. As for loan refinancing activity, it reached $3.7bn during the six-month period ended June, representing a significant drop of 80% from 1H2018. "Some of the issuances has been moved to more real estate projects, where government economic reform plans to increase funding by 2030 are already being felt," Debtwire Par stated. By the end of June, project financing activity stood at $600mn of worth volume, representing a 100% YoY increase from the same period of the prior year. This growth reflects goals set out by Vision 2030, which includes concentrated efforts on infrastructure and privatization. (Zawya)
- **Saudi Aramco said to finalize bank selections as soon as this week –** Saudi Aramco aims to select underwriters for its Initial Public Offering (IPO) as soon as this week, as the state energy giant accelerates preparations for the world's biggest share sale, sources said. Global investment banks are finishing up a week of pitches. Some firms seeking a role on the deal made presentations in Dubai or London, sources said. Saudi Aramco plans to inform banks later this week or early next week whether they got a role on the offering, sources added. Saudi Aramco is expected to choose about four or five banks to lead the IPO marketing as joint global coordinators, while a larger number will work on the deal in more junior capacities, sources said. It is considering selling shares on Tadawul as soon as late this year or early next year, with a potential international listing at a later date, sources said. Top officials from the exchanges in London, New York and and Hong Kong have been pitching to host the IPO, Bloomberg News has reported. (Bloomberg)
- **S&P: Dubai economy to grow by 2.4% in 2019 supported by economic activity –** Economic activity in Dubai has weakened in recent years, with the GDP growing last year at its slowest pace in nine years. However, increased economic activity triggered by Expo 2020 Dubai and traditional growth engines could pump up the Emirate's growth over 2019-2022. S&P stated that it expects a marginal pick-up in economic growth of the Emirate to 2.4% in 2019, with support coming largely from the construction and real estate sectors. The economy grew by 1.94% in 2018, its slowest pace since a 2009 contraction when the economy was in the midst of a debt crisis. "We expect the completion of Expo 2020-related infrastructure projects and additional residential housing supply to enter the market from existing projects this year," the report noted. The rating agency expects the GDP to grow averaging about 2.5% annually over 2019-2022, supported by increased economic activity associated with Expo 2020 Dubai and, after that, by traditional growth engines such as trade and transportation. A boost to tourism and related spending linked to Expo 2020 should drive somewhat stronger growth in 2020. (Zawya)

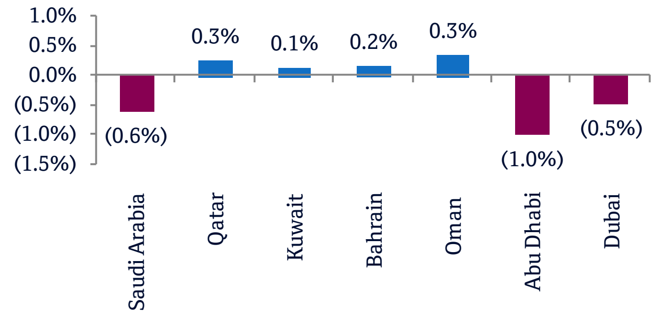
- **S&P: Dubai might struggle to support highly indebted state firms –** Hurt by a slowdown in economic growth, Dubai could have a hard time financially supporting government-related entities that have piled up almost $60bn of debt, S&P stated in a research note. Dubai's economy wobbled in 2009, when a global credit crisis caused its real estate market to crash and threatened to force some of its state-linked companies to default on billions of dollars of debt. Dubai has seen another slump in the real estate market over the past few years, however, the downturn has not been as severe as the one in 2009. S&P did not state that Dubai will need to provide extraordinary financial support to government-related entities, however, that it will find it difficult to do so if it had to. The agency estimated government-related entities' debt at $59bn, equivalent to 52% of GDP in 2018. The Dubai government's own debt is estimated at $65bn, 56% of GDP. (Reuters)
- **Dubai Investments Park invests $408mn on infrastructure –** Dubai Investments Park (DIP), an integrated commercial, industrial and residential community in Dubai, is spurring up its investments towards the development of various infrastructure facilities and has invested a total of $408mn since inception. The recent enhancement projects are termed top priority in line with the ongoing community development planning initiatives. DIP currently offers over 140 km of internal road network and has successfully completed enhancements of new entrances, road widening and exit points, all set to ease the traffic flow to and from the development. As part of the road enhancement projects, two flyovers by RTA at the Sheikh Zayed bin Hamdan Al Nahyan Street which is between DIP 1 and 2 are currently operational. The project includes the enhancement of a service road of two lanes in each direction on the Sheikh Zayed bin Hamdan Al Nahyan Street and Al Yalayes Street, improving entries of Dubai Investment Park from Al Yalayes Street. The opening of the new entrances is part of RTA's expansion of the Al Yalayes and Expo road leading into DIP. The new entrances facilitate movement of vehicles to DIP's industrial, commercial and residential areas. There are currently a total of 11 entrances and exits to DIP from major highways. The enhancements to the road infrastructure has benefited DIP's industrial zone with improved road networks, connectivity to regional and international transport linkages, access to markets and speedy delivery of raw materials to manufacturing units, research and development laboratories and finally for processing to assembly. (Zawya)
- **Global downturn is starting to gain a foothold in the UAE –** Sentiment soured further in the UAE as a gauge of business conditions in the second-largest Gulf economy slumped to an eight-year low. In an echo of disputes that have roiled global trade, sales to foreign customers posted a weaker upturn and new orders stagnated in the UAE in August, according to IHS Markit. Its Purchasing Managers' Index (PMI) dropped to 51.6 from 55.1 in July, declining for a third month and edging close to the threshold of 50 that separates contraction from growth. Fears of a global downturn are deepening as signs of a manufacturing slump have emerged from Europe to Asia. Domestic competitive pressures are compounding the outlook for the UAE, a federation of seven Emirates that includes Abu Dhabi and Dubai. Heightened market competition continued to weigh on growth, forcing companies to cut prices by the most since April, according to panelists surveyed by IHS Markit in the monthly release. Activity in the non-oil economy increased at a notably softer rate compared to July, with weaker demand curbing the expansion, it stated. Even so, customer spending remained robust in the UAE. (Gulf-Times.com)
- **Oman sells OMR47.2mn 28-day bills; bid-cover at 1.11x –** Oman sold OMR47.2mn of 28 day bills due on October 2, 2019 on September 2, 2019. Investors offered to buy 1.11 times the amount of securities sold. The bills were sold at a price of 99.84, having a yield of 2.089% and will settle on September 4, 2019. (Bloomberg)
- **Aluminium Bahrain raising $1.5bn loan to lower debt costs –** Aluminium Bahrain (Alba) is raising $1.5bn through a syndicated seven-year loan to lower the cost of existing debt, according to sources. National Bank of Bahrain, Gulf International Bank and Bank ABC are underwriting the facility, which is in the process of being offered to other investors, sources said. It will replace an earlier loan at better rates and with a longer maturity, they said. Alba, majority owned by Bahrain's sovereign wealth fund, is doubling capacity at its aluminum smelter to make it the world's largest, according to its website. Capital expenditure on the project has been earmarked at $3bn. The company raised $1.5bn through a dual tranche syndicated loan in 2016 and about $1.2bn through various tranches in dual currency loans guaranteed by export credit agencies. (Bloomberg)

Rebased Performance



Source: Bloomberg

Daily Index Performance



Source: Bloomberg

Asset/Currency Performance	Close ($)	1D%	WTD%	YTD%
Gold/Ounce	1,547.12	1.2	1.8	20.6
Silver/Ounce	19.26	4.3	4.8	24.3
Crude Oil (Brent)/Barrel (FM Future)	58.26	(0.7)	(3.6)	8.3
Crude Oil (WTI)/Barrel (FM Future)	53.94	(2.1)	(2.1)	18.8
Natural Gas (Henry Hub)/MMBtu	2.39	2.1	2.1	(25.0)
LPG Propane (Arab Gulf)/Ton#	41.25	0.0	0.0	(35.0)
LPG Butane (Arab Gulf)/Ton#	46.00	0.0	0.0	(34.3)
Euro	1.10	0.0	(0.1)	(4.3)
Yen	105.94	(0.3)	(0.3)	(3.4)
GBP	1.21	0.1	(0.6)	(5.3)
CHF	1.01	0.4	0.3	(0.5)
AUD	0.68	0.7	0.4	(4.1)
USD Index	99.00	0.1	0.1	2.9
RUB	66.76	(0.0)	(0.0)	(4.2)
BRL	0.24	0.5	(0.5)	(6.9)

Source: Bloomberg (#Market was closed on September 03, 2019)

Global Indices Performance	Close	1D%*	WTD%*	YTD%*
MSCI World Index	2,126.93	(0.5)	(0.5)	12.9
DJ Industrial	26,118.02	(1.1)	(1.1)	12.0
S&P 500	2,906.27	(0.7)	(0.7)	15.9
NASDAQ 100	7,874.16	(1.1)	(1.1)	18.7
STOXX 600	379.81	(0.3)	(0.1)	7.8
DAX	11,910.86	(0.4)	(0.4)	8.2
FTSE 100	7,268.19	(0.1)	0.2	2.5
CAC 40	5,466.07	(0.5)	(0.4)	10.7
Nikkei	20,625.16	0.3	0.1	7.5
MSCI EM	973.27	(1.1)	(1.1)	0.8
SHANGHAI SE Composite	2,930.15	0.1	1.2	12.6
HANG SENG	25,527.85	(0.4)	(0.8)	(1.4)
BSE SENSEX	36,562.91	(3.0)	(3.0)	(2.1)
Bovespa	99,680.80	(0.9)	(2.2)	5.3
RTS	1,303.49	(0.4)	0.8	22.0

Source: Bloomberg (*$ adjusted returns)

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