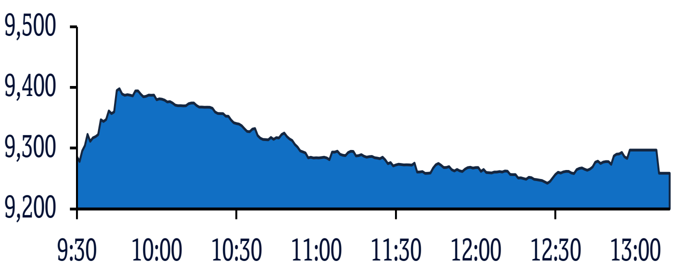
Daily Market Report

Wednesday, 04 March 2020

QSE Intra-Day Movement



Qatar Commentary

The QE Index rose 0.5% to close at 9,258.7. Gains were led by the Real Estate and Telecoms indices, gaining 1.6% and 1.5%, respectively. Top gainers were Qatar General Insurance & Reinsurance Company and Doha Bank, rising 8.3% and 5.3%, respectively. Among the top losers, Qatar Insurance Company fell 3.0%, while Qatar Industrial Manufacturing Company was down 2.5%.

GCC Commentary

Saudi Arabia: The TASI Index gained 2.8% to close at 7,556.5. Gains were led by the Software & Services and Insurance indices, rising 5.2% and 4.3%, respectively. Nat. Co. for Learning and Education and Ataa Educational Co. were up 10.0% each.

Dubai: The DFM Index fell marginally to close at 2,536.2. The Investment & Financial Services index declined 2.2%, while the Telecommunication index fell 2.0%. Khaleeji Commercial Bank declined 9.9%, while Ajman Bank was down 4.7%.

Abu Dhabi: The ADX General Index gained 0.9% to close at 4,806.2. The Telecommunication index rose 2.8%, while the Industrial index gained 0.7%. Ras Al Khaimah Cement Co. rose 11.1%, while Emirates Telecom Group Co. was up 2.8%.

Kuwait: The Kuwait All Share Index gained 1.9% to close at 5,892.4. The Consumer Goods and Telecommunications indices rose 2.7% each. Dar Al Thuraya Real Estate Co. rose 36.4%, while Al-Madina for Finance & Investment Co. was up 25.6%.

Oman: The MSM 30 Index gained 0.4% to close at 4,096.2. Gains were led by the Financial and Industrial indices, rising 0.5% and 0.3%, respectively. Al Madina Investment rose 8.7%, while Sharqiyah Desalination was up 5.3%.

Bahrain: The BHB Index fell 0.2% to close at 1,638.0. The Commercial Banks index declined 0.4%, while the Investment index fell marginally. Khaleeji Commercial Bank declined 9.6%, while Esterad Investment Co. was down 2.7%.

Market Indicators	03 Mar 20	02 Mar 20	%Chg.
Value Traded (QR mn)	286.9	482.4	(40.5)
Exch. Market Cap. (QR mn)	512,891.1	509,385.6	0.7
Volume (mn)	96.1	163.7	(41.3)
Number of Transactions	7,904	10,730	(26.3)
Companies Traded	46	45	2.2
Market Breadth	34:8	9:36	–

Market Indices	Close	1D%	WTD%	YTD%	TTM P/E
Total Return	17,325.84	0.5	(1.9)	(9.7)	13.6
All Share Index	2,806.78	0.6	(1.9)	(9.4)	14.4
Banks	4,014.78	0.8	(1.9)	(4.9)	14.1
Industrials	2,377.03	(0.1)	(3.5)	(18.9)	17.4
Transportation	2,349.53	0.9	0.6	(8.1)	12.2
Real Estate	1,321.23	1.6	(0.3)	(15.6)	9.9
Insurance	2,364.04	(0.8)	(3.6)	(13.6)	14.2
Telecoms	818.49	1.5	1.4	(8.5)	14.1
Consumer	7,412.58	0.3	(1.7)	(14.3)	17.4
Al Rayan Islamic Index	3,457.72	0.8	(1.7)	(12.5)	14.8

GCC Top Gainers##	Exchange	Close#	1D%	Vol. '000	YTD%
Co. for Cooperative Ins.	Saudi Arabia	71.40	9.8	231.2	(6.9)
Saudi Arabian Mining Co.	Saudi Arabia	35.90	5.6	592.5	(19.1)
Saudi Basic Ind. Corp.	Saudi Arabia	78.20	5.2	2,306.9	(16.7)
Arabian Centres Co Ltd	Saudi Arabia	27.65	5.1	528.3	(5.1)
Samba Financial Group	Saudi Arabia	26.85	4.9	2,845.6	(17.3)

GCC Top Losers##	Exchange	Close#	1D%	Vol. '000	YTD%
Qatar Insurance Co.	Qatar	2.52	(3.0)	3,461.5	(20.2)
Industries Qatar	Qatar	8.07	(2.2)	2,848.9	(21.5)
Ooredoo Oman	Oman	0.51	(0.8)	93.9	(2.7)
Ahli United Bank	Bahrain	1.03	(0.5)	382.2	(1.9)
The Commercial Bank	Qatar	4.40	(0.5)	6,231.7	(6.4)

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 General Ins. & Reins. Co.	2.24	8.3	1.0	(9.1)
Doha Bank	2.45	5.3	2,799.0	(3.4)
Medicare Group	7.00	5.1	540.0	(17.2)
Al Khaleej Takaful Insurance Co.	1.79	5.1	1,772.3	(10.6)
Qatar International Islamic Bank	8.58	4.6	1,084.4	(11.4)

QSE Top Volume Trades	Close*	1D%	Vol. '000	YTD%
Ezdan Holding Group	0.54	2.5	17,874.7	(12.8)
United Development Company	1.20	1.8	8,279.9	(21.3)
Mesaieed Petrochemical Holding	1.73	3.6	7,183.1	(31.1)
The Commercial Bank	4.40	(0.5)	6,231.7	(6.4)
Masraf Al Rayan	4.05	0.1	4,589.7	2.3

QSE Top Losers	Close*	1D%	Vol. '000	YTD%
Qatar Insurance Company	2.52	(3.0)	3,461.5	(20.2)
Qatar Industrial Manufact. Co.	2.96	(2.5)	114.2	(17.0)
Industries Qatar	8.07	(2.2)	2,848.9	(21.5)
Qatari German Co for Med. Dev.	0.53	(1.3)	2,616.3	(8.4)
Ahli Bank	3.30	(1.2)	9.6	(1.0)

QSE Top Value Trades	Close*	1D%	Val. '000	YTD%
QNB Group	18.29	0.8	48,871.2	(11.2)
The Commercial Bank	4.40	(0.5)	27,370.8	(6.4)
Qatar Islamic Bank	15.30	0.1	23,507.6	(0.2)
Industries Qatar	8.07	(2.2)	23,301.3	(21.5)
Ooredoo	6.48	1.7	21,624.8	(8.5)

Source: Bloomberg (* in QR)

Regional Indices	Close	1D%	WTD%	MTD%	YTD%	Exch. Val. Traded ($ mn)	Exchange Mkt. Cap. ($ mn)	P/E**	P/B**	Dividend Yield
Qatar*	9,258.69	0.5	(2.4)	(2.4)	(11.2)	78.28	139,865.4	13.6	1.3	4.4
Dubai	2,536.21	(0.0)	(2.1)	(2.1)	(8.3)	50.01	97,598.0	9.2	0.9	4.6
Abu Dhabi	4,806.18	0.9	(1.9)	(1.9)	(5.3)	49.71	136,970.7	14.2	1.3	5.2
Saudi Arabia	7,556.52	2.8	(0.9)	(0.9)	(9.9)	1,138.80	2,224,789.7	21.2	1.7	3.5
Kuwait	5,892.44	1.9	(3.0)	(3.0)	(6.2)	171.03	109,767.5	14.9	1.3	3.6
Oman	4,096.22	0.4	(0.8)	(0.8)	2.9	6.80	17,390.5	8.2	0.8	7.3
Bahrain	1,637.96	(0.2)	(1.4)	(1.4)	1.7	3.68	25,658.5	11.6	1.0	4.4

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 0.5% to close at 9,258.7. The Real Estate and Telecoms 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 General Insurance & Reinsurance Company and Doha Bank were the top gainers, rising 8.3% and 5.3%, respectively. Among the top losers, Qatar Insurance Company fell 3.0%, while Qatar Industrial Manufacturing Company was down 2.5%.
- Volume of shares traded on Tuesday fell by 41.3% to 96.1mn from 163.7mn on Monday. However, as compared to the 30-day moving average of 86.5mn, volume for the day was 11.2% higher. Ezdan Holding Group and United Development Company were the most active stocks, contributing 18.6% and 8.6% to the total volume, respectively.

Overall Activity	Buy %*	Sell %*	Net (QR)
Qatari Individuals	23.52%	25.66%	(6,136,151.18)
Qatari Institutions	32.25%	20.08%	34,910,147.85
Qatari	**55.77%**	**45.74%**	**28,773,996.67**
GCC Individuals	1.10%	1.70%	(1,713,353.16)
GCC Institutions	2.90%	11.18%	(23,755,810.71)
GCC	**4.00%**	**12.88%**	**(25,469,163.87)**
Non-Qatari Individuals	11.13%	9.50%	4,657,506.25
Non-Qatari Institutions	29.11%	31.88%	(7,962,339.05)
Non-Qatari	**40.24%**	**41.38%**	**(3,304,832.81)**

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

Earnings Releases, Global Economic Data and Earnings Calendar

Earnings Releases

Company	Market	Currency	Revenue (mn) 4Q2019	% Change YoY	Operating Profit (mn) 4Q2019	% Change YoY	Net Profit (mn) 4Q2019	% Change YoY
Sadara Basic Services Company*	Saudi Arabia	SR	10,108.4	-22.9%	(11,962.5)	N/A	(14,486.1)	N/A
Seera Group Holding*	Saudi Arabia	SR	2,190.0	-4.8%	340.0	-44.5%	189.0	N/A
Al Khaleej Investment*	Abu Dhabi	AED	23.0	-11.4%	–	–	(34.9)	N/A

Source: Company data, DFM, ADX, MSM, TASI, BHB. (*Financial for FY2019)

Global Economic Data

Date	Market	Source	Indicator	Period	Actual	Consensus	Previous
03/03	UK	Markit	Markit/CIPS UK Construction PMI	Feb	52.6	49.0	48.4
03/03	EU	Eurostat	PPI MoM	Jan	0.4%	0.5%	0.1%
03/03	EU	Eurostat	PPI YoY	Jan	-0.5%	-0.4%	-0.6%
03/03	EU	Eurostat	CPI Core YoY	Feb	1.2%	1.2%	1.1%
03/03	EU	Eurostat	CPI MoM	Feb	0.2%	0.2%	-1.0%
03/03	EU	Eurostat	CPI Estimate YoY	Feb	1.2%	1.2%	1.4%
03/03	EU	Eurostat	Unemployment Rate	Jan	7.4%	7.4%	7.4%
03/03	Japan	Economic and Social Research Institute	Consumer Confidence Index	Feb	38.4	38.1	39.1

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

Earnings Calendar

Tickers	Company Name	Date of reporting 4Q2019 results	No. of days remaining	Status
QGRI	Qatar General Insurance & Reinsurance Company	4-Mar-20	0	Due
DBIS	Dlala Brokerage & Investment Holding Company	8-Mar-20	4	Due
QOIS	Qatar Oman Investment Company	8-Mar-20	4	Due
QFBQ	Qatar First Bank	10-Mar-20	6	Due
ZHCD	Zad Holding Company	11-Mar-20	7	Due
BRES	Barwa Real Estate Company	11-Mar-20	7	Due
QGMD	Qatari German Company for Medical Devices	11-Mar-20	7	Due

Source: QSE

News

Qatar

- **AKHI's net profit declines ~92% YoY and ~90% QoQ in 4Q2019 –** Al Khaleej Takaful Insurance Company's (AKHI) net profit declined ~92% YoY (-~90% QoQ) to ~QR0.95mn in 4Q2019. In FY2019, AKHI posted net profit of QR28.85mn compared to net profit amounting to QR20.27mn for the same period of the previous year. EPS amounted to QR0.113 in FY2019 as compared to QR0.079 in FY2018. The board of directors has recommended a distribution 5% cash dividend of capital equivalent to five Dirham per share. The recommendation is subject to the approval of Qatar Central Bank and the General Assembly. (QSE)
- **CBQK announces the sale of the bank's treasury shares –** Further to the bank's announcements published on July 18, 2019, July 25, 2019 and February 2, 2020, relating to the Qatar Financial Market Authority's (QFMA) approval to sell The Commercial Bank's (CBQK) held treasury shares of 65,335,250, the bank confirmed that as at February 29, 2020 the bank has sold 58,472,705 of the shares equating to 1.44% of the bank's shares. The bank will sell the remainder of the held treasury shares in compliance with the QFMA's Rules on Companies Buying Their Own Shares and the related approvals of the QFMA. (QSE)
- **QCSD announces addition of the bonus shares to Ahli Bank –** Qatar Central Securities Depository (QCSD) announced the addition of the bonus shares to Ahli Bank, to make the new capital QR2,429,663,019 and the new total shares is 2,429,663,019. Accordingly, the bonus shares will be available for trading from today. (QSE)
- **WDAM announces Al Shahaniya slaughterhouse project –** Widam Food Company (WDAM) announced that in tune with Qatar National Food Security Plans and by extension investment strategy in business opportunities and national and international projects in the meat sector, with view to sustain an uninterrupted availability of related commodities at competitive prices, the company started to execute Al Shahaniya Slaughterhouse Project at a cost of QR15mn to serve the needs of the local people in Al Shahaniya area and neighboring areas, which are densely populated with a large number of livestock Breeders. The capacity of the slaughterhouse is 600 heads of livestock per day. The project is characterized by modern outstanding design and operational features in the slaughtering sector. The build and completion of the slaughterhouse shall be completed as soon as possible and within this year. In parallel, the company has completed the design and contractual protocols to build an operations zone with international standards to substitute the old operational zone in Abu Hammour. This Project includes a production and meat processing unit, and barns to house the large number of imported livestock. The project shall commence its operations soon and the Company has set aside a budget of QR130mn for the build and preparatory works. This Project will be situated in the South Area of the State of Qatar. (QSE)
- **WDAM to hold AGM on March 30 –** Widam Food Company' (WDAM) board of directors will hold the Ordinary General Assembly meeting (AGM) on March 30, 2020 and in the event a quorum is not achieved, a second meeting will be held on April 5, 2020. The agenda includes approving the proposal of the board of directors to distribute to the shareholders cash dividends at the rate of 30% of the nominal share value, i.e. QR0.30 for each share, among others. (QSE)
- **IHGS to hold its AGM and EGM on March 16 –** Islamic Holding Group announced that the AGM and EGM will be held on March 16, 2020. In case of a non-completion of quorum for the above-mentioned meetings, the alternative date will be on March 18, 2020. (QSE)
- **DBIS postpones its board meeting to March 8 –** Dlala Brokerage and Investment Holding Company (DBIS) announced that it has postponed the meeting of the company's board of directors to March 8, 2020, instead of March 3, 2020, to discuss the financial statements ended on December 31, 2020. (QSE)
- **QFBQ postpones the board of directors meeting to March 10 –** Qatar First Bank (QFBQ) has postponed board of directors' meeting to March 10, 2020, instead of March 4, 2020, to discuss the financial statements for the period ended December 31, 2019. (QSE)
- **Chairman: UDCD's QR5.5bn investments in long-term projects to ensure sustainable growth; AGM approves cash dividends of QR177mn –** United Development Company's (UDCD) AGM approved distribution of cash dividends of QR177mn, equivalent to 5% of share par value. UDCD's investments in long-term projects, with an estimated amount of QR5.5bn and in accordance with the company's five-year business plan 2019-2023, ensure its sustainable growth and the creation of new opportunities and revenue sources over the long term, UDCD' Chairman, Turki bin Mohamed Al-Khater said. In line with this business plan, it is intended that capital contracts will be awarded for developing projects with an amount of QR3bn and with cash outflow for those contracts amounting to an estimated QR1.9bn during 2020, Al-Khater said at the company's AGM. Al-Khater said UDCD's development strategy focuses on supporting Qatar's real estate sector in line with the government initiatives to encourage and enhance real estate investment opportunities for local and foreign investors by providing all related necessary facilities and support. As part of UDCD's constant endeavor to enhance the efficiency in managing its financial resources, it settled in 2019 bank loans installments amounting to approximately QR532mn, which led to reducing the company's financing cost by 13% compared to the year 2018 (Gulf-Times.com)
- **Ooredoo deploys Ericsson spectrum sharing tech –** Ooredoo has announced a milestone in its network modernization program with the successful deployment of Ericsson's Spectrum Sharing technology. Ooredoo is the first in the Middle East region - and one of only three operators worldwide - to deploy the revolutionary Ericsson Spectrum Sharing technology on its network in Doha, as part of a modernization program designed to enhance the ongoing development of full nationwide 5G coverage and to ensure progress is smooth, efficient and adaptable. Ooredoo was the first in the world to launch a commercial 5G network in 2018, as well as test 5G use cases in 2019, and continues its pioneering progress with the deployment of Ericsson's revolutionary technology. Critical to the provision of high-speed, reliable Internet for Qatari citizens

and residents is the ability for Ooredoo to run its traffic on 4G and 5G simultaneously on the same frequency band and radio hardware, which is made possible by the Ericsson Spectrum Sharing technology, a key part of Ericsson's 5G platform. (Gulf-Times.com)

- **Oxford Economics: Qatar GDP growth seen averaging 2.9% in 2021-22 –** Qatar's GDP growth is seen averaging 2.9% in 2021-22, according to Oxford Economics, which still looks for an improvement in the medium term, amid ongoing investment ahead of World Cup 2022 and a rise in gas production. This would imply an improvement on 2019, when Oxford Economics estimates growth stagnated. The Qatari economy, however, is yet to show convincing signs of stabilization, it stated. "We still see the economy recovering gradually during 2020, but given the headwinds to activity from the spreading virus we have downgraded our 2020 GDP growth forecast to 2% from 2.3%," Oxford Economics noted. The PMI is sending mixed signals about non-oil activity. The survey slipped again in January to 48.7, from 49.4 in December last year, and remains below the 50 threshold that divides expansion from contraction. Stagnant consumer confidence continues to dampen spending. Some key factors behind Oxford Economics' near-term projections include some recovery in crude production in 2020, ongoing priority for Qatar's gas sector despite downside risks, fading weakness in non-hydrocarbon sector, supportive budget spending, sound banking sector, subdued inflation and efforts to revive the country's tourism sector. (Gulf-Times.com)
- **Oxford Economics: Qatar's overall economic risk low, much below MENA average –** Qatar's overall economic risk score of 3.3 is low, well below the MENA average of 5.1, Oxford Economics stated in a country report. The pace of growth has slowed since 2012, because of the moratorium on North Field gas expansion and then since 2014 because of lower oil prices and associated fiscal austerity. Growth disappointed in 2018 despite improved oil prices and has probably slowed to close to zero in 2019, Oxford Economics stated. It should, however, pick up this year on the back of a more supportive fiscal policy and with gas output expected to provide a further boost. The demand risk score of four is below the MENA average of 5.2, reflecting Qatar's very high per capita income, large government reserves and lack of overheating. The government's relatively strong fiscal position (compared with its GCC peers), planned infrastructure requirements for the 2022 World Cup and ongoing benefits for public sector workers will underpin demand growth, even as it gradually slows. The market cost risk score is four, below the regional average of 5.1, reflecting weak inflationary pressures, a credible dollar peg and a very high GDP per capita. Nevertheless, Oxford Economics stated headline inflation is likely to rise from current negative levels over the forecast horizon. Under Oxford Economics' new methodology, exchange rate risk is 2.1, down 0.7 from six months ago and even further below the MENA average of 4.3. The stronger dollar has supported the dollar-pegged Qatari Riyal, and there is only a very small chance of de-pegging even if coordination over policy with other Gulf countries continues to suffer, according to Oxford Economics. The still-low risk score largely reflects the authorities' long-standing commitment to the dollar peg, as well as large FX reserves and, apart from in 2016, a large current account surplus. The sovereign credit risk score under its data-driven methodology is 3.4, unchanged from six months ago and still well below the MENA average of 4.8. The relatively low score reflects very high per capita incomes, large government reserves, strong external finances and political stability. (Gulf-Times.com)
- **Fitch: Formosa bond expansion to include Sukuk seen helping Shari'ah banks in Qatar –** The expansion of Taiwan's Formosa bond market to include Sukuk could help Shari'ah banks in the Gulf region in general and Qatar in particular, as lenders in Doha have been incentivized to look beyond the region for funding, according to Fitch, a global credit rating agency. Highlighting that the Gulf issuers, led by those in Qatar, account for about 20% of total outstanding Formosa bonds; Fitch stated, "The expansion of Taiwan's Formosa bond market to include Sukuk instruments could help GCC issuers, including Islamic banks, to diversify their funding and widen their investor pool without increasing currency risk." Qatar Islamic Bank was the first institution to enter the market, issuing an $800mn Sukuk in January 2020. This has a five-year maturity and was issued under the bank's senior unsecured trust certificate issuance program and is listed on the Taipei stock exchange. The ability of the GCC issuers to tap the Formosa market for Sukuk could boost the overall global Sukuk market, although it will take time for investor appetite to develop, and issuance is restricted to investment-grade issuers, it stated. The Gulf issuers, including Qatar government and QNB Group have increasingly tapped the Formosa bond market in the recent years, in line with the trend to diversify funding options, with many regional issuers issuing kangaroo, samurai and panda bonds. QNB Group had early this year issued $600mn Formosa bond as part of diversifying its funding sources. The Formosa bond market had about $175bn of outstanding debt as on February 25, 2020 compared with total GCC local-currency Sukuk of about $100bn, and a total global Sukuk market of about $500bn. As on February 25, 2020, the outstanding Formosa debt of Qatar stood at $30bn. (Gulf-Times.com)
- **QSE encourages local private firms to list publicly –** Qatar Stock Exchange's (QSE) Listing Director, Abdulaziz al Emadi said QSE has taken several initiatives to encourage family-owned business and other local private firms to get listed on the exchange. Addressing a workshop on "Equity Capital Markets in Qatar-Challenges and Opportunities", Emadi said that QSE has several mechanisms in place to provide all possible assistance to companies in getting listed on QSE. Highlighting the benefits of being a listed company in light of the remarkable development achieved by QSE during the past few years, he pointed out that the process of listing private companies in the stock market can reduce the risks of relying on the founding shareholders and expand the investors' base supporting the company's growth and investments. He said many advantages of listing on the future of those companies include continuity, organizational efficiencies, diversification of funding options and optimal financial status. "There is a large, untapped market for future listings among family-owned businesses, and if even a small percentage decides to go public, it will serve to diversify the capital markets in a substantial way," he said. The workshop discussed issues like listing challenges and opportunities as well as dual listings, liquidity issues,

regulatory requirements and IPOs environment in of Qatar. (Qatar Tribune)

- **Qatar's share of foreign investments in Kuwait amounts to 40% –** Qatar and Kuwait have one of the strongest strategic relations and bilateral trade and investment alliances in the Middle East region, Kuwait Chamber of Commerce and Industry's First Deputy Chairman, Abdulwahab Al-Wazzan said. Al-Wazzan said that Qatari investments in Kuwait amount to 40% of foreign investments, about $4.1bn, adding it is expected that the bilateral meetings between the two sides will bring more joint projects. The trade exchange between the two countries has achieved an annual growth of 27% since 2016, reaching $534mn in 2018, compared to $330mn in 2016, he said, adding that the growth of Kuwaiti exports to Qatar is driven by demand for food products and chemical products, as the value of each category increased almost fourfold since 2016, while the value of manufactured exports has doubled and the value of exported machines increased by 57%. Al-Wazzan pointed out that the preliminary figures showed the volume of trade exchange between the two countries was estimated to be at $293mn for the first nine months of 2019. (Gulf-Times.com)

International

- **Fed cuts half point in emergency move amid spreading virus –** The Federal Reserve slashed interest rates by half a percentage point in the first such emergency move since the 2008 financial crisis, amid mounting concern that the coronavirus outbreak threatens to stall the record US economic expansion. The rate cut, which came between the central bank's regularly scheduled meetings, was announced hours after Group of Seven finance chiefs held a rare teleconference to pledge they'd do all they can to combat the fast-moving health crisis. "My colleagues and I took this action to help the US economy keep strong in the face of new risks to the economic outlook. The spread of the coronavirus has brought new challenges and risks," Fed's Chairman, Jerome Powell told a hastily convened press conference in Washington on Tuesday. (Bloomberg)
- **Mnuchin: US not considering suspending tariffs on China in response to coronavirus –** The US Treasury Secretary Steven Mnuchin on Tuesday said the US was not considering lowering tariffs on goods from China in response to the fast-spreading coronavirus, but would look at all options as the situation evolved. "We are not considering that at the moment, but as this progress. We will look at all the options that we think are important to help particularly SMEs and particular areas of the economy that are impacted by this," Mnuchin told a hearing of the House Ways and Means Committee. He said a task force at the US Treasury was looking at the situation of small- and medium-sized businesses hit by the outbreak, and could present specific recommendations to help those businesses. (Reuters)
- **US commercial and multifamily mortgage delinquencies stay low in 4Q2019 –** Commercial and multifamily mortgage delinquencies remained low in 4Q2019, according to the Mortgage Bankers Association's (MBA) latest Commercial/Multifamily Delinquency Report. MBA's Vice President of Commercial Real Estate Research, Jamie Woodwell said, "Commercial and multifamily mortgages ended the fourth quarter of 2019 much the way they started the year - at or near record low delinquency rates. The key drivers - solid property fundamentals, strong property values and low interest rates - continue to support the market. It is too early to tell if and how concerns tied to the coronavirus and the related global slowdown will affect commercial real estate loan performance, but the corresponding drop in financing costs are providing additional near-term support." (MBA)
- **UK builders return to growth after election, see HS2 boost –** A measure of Britain's building industry turned positive for the first time in nearly a year in February as Prime Minister Boris Johnson's election win boosted economic sentiment for the second month in a row, a survey showed on Tuesday. The IHS Markit/CIPS UK Construction Purchasing Managers' Index (PMI) rose to 52.6 from 48.4 in January, just below the Reuters poll forecast of 48.8 and representing less of a jump than in the previous month. However the index showed growth for the first time since April 2019 - after the extension of an original Brexit deadline - and hit its highest level since December 2018. New orders jumped in February to hit their highest level since December 2015. The construction PMI showed companies were less optimistic about their growth prospects than in January but were still more positive about the outlook than in the second half of 2019. (Reuters)
- **UK wants retaliatory tariffs removed early on in US trade talks –** British Trade Minister, Liz Truss said she wanted with the US to agree to the removal of retaliatory tariffs on some British and US products over EU subsidies on large aircraft early in trade negotiations to show goodwill. "I want to see an urgent settlement of the Airbus/Boeing dispute so we can remove these retaliatory tariffs. I am urging, as an early part of these trade negotiations, removal of existing tariffs to show goodwill towards the negotiations," Truss told parliament. (Reuters)
- **Eurozone's inflation slows in February; coronavirus fallout cuts energy prices –** Eurozone's consumer prices rose more slowly in February than in January, as expected, as the spread of the coronavirus around the world depressed oil prices. Prices rose 1.2% YoY after a 1.4% rise in the previous month, data from European Union statistics office Eurostat showed. The reading was in line with a Reuters poll of analysts. The decline was mainly due to a 0.3% drop in energy prices. Without it, and excluding volatile unprocessed food prices, inflation accelerated to 1.4% YoY from 1.3% in January. Separately, Eurostat stated prices at factory gates, which point to trends in consumer prices later, rose 0.4% MoM in January for a decline of 0.5% YoY, also as expected by economists polled by Reuters. Eurostat stated the Eurozone's unemployment rate was 7.4% in January, again as expected and holding unchanged from December at the lowest rate recorded since May 2008. The corresponding figure for January 2019 was 7.8%. (Reuters)
- **Japan services sector activity shrinks on coronavirus hit –** Japan's services sector shrank at the fastest pace in nearly six years in February as a jolt from the coronavirus threatens to push the economy into recession, dashing hopes of a domestic-led recovery. Pressure on the world's third-largest economy has built rapidly during the past weeks as consumer and business sentiment are taking a sharp hit from a deepening slowdown in China, Asia's largest economy. The final seasonally adjusted au Jibun Bank Japan Services Purchasing Managers' Index (PMI) slumped to 46.8 in February from 51.0 in the previous month, its

lowest reading since April 2014 when a nationwide tax hike jolted the economy. The headline figure was slightly above a preliminary reading of 46.7. The survey data highlighted widening fallout from the coronavirus epidemic just as consumers were coming to grips with October's tax hike, with new business contracting at the fastest pace in eight-and-a-half years. The composite PMI, which includes both manufacturing and services, also shrank at the fastest pace since April 2014, falling to 47.0 from January's final 51.0. (Reuters)

- **China's services activity plunges as virus wipes sales –** China's services sector had its worst month on record in February as new orders plummeted to their lowest level since the global financial crisis, a business survey showed, with economists urging swift support to avoid mass bankruptcies. The Caixin/Markit services purchasing managers' index (PMI) almost halved last month to just 26.5 from 51.8 in January. It was the first drop below the 50-point margin that separates growth from contraction on a monthly basis for the first time since the survey began almost 15 years ago in late 2005. China's February services PMI showed the steepest decline in new work since November 2008 while outstanding orders surged to a record high as many were unable to deliver services and temporarily closed shop due to the outbreak. Demand shrank the most at home, but new orders from overseas also fell sharply from the previous month. Export demand fell the most since the sub-index started in September 2014. The sharp correction suggests more urgent action is needed to support the sector, which includes many small retailers that are vulnerable to the coronavirus crisis that flared in late January. Business activity almost ground to a halt as tens of millions were forced to stay at home amid strict travel restrictions while many restaurants, malls, and movie theatres remained closed, even as some provinces lifted curbs. Caixin's composite manufacturing and services PMI, also released on Wednesday, slowed to a record low of 27.5 in February from 51.9 in January. (Reuters)
- **Reuters poll: India housing market to keep struggling this year –** India's housing market is likely to struggle throughout 2020 as sluggish demand and a weak economic outlook overpower recent government measures efforts to boost activity, a Reuters poll of market experts found. House prices rose 5.7% on average in 2018, the weakest since comparable records began in 2010, and data available for last year suggest a much weaker market despite a rapid-fire succession of interest rate cuts from the Reserve Bank of India. The 'February 19-March 2' Reuters poll of 17 property analysts showed average house prices predicted to rise 2.0% this year and 2.5% in 2021. That is well below 3.0% and 4.25% expected in a poll three months ago and only about a third of the latest reported rate of consumer price inflation. (Reuters)

Regional

- **Central banks in Saudi Arabia, the UAE and Bahrain follow fed move with half-point rate cuts –** Policy makers in the Gulf followed the US Federal Reserve's emergency move on Tuesday, lowering interest rates in response to the coronavirus outbreak. Central banks in Saudi Arabia, the UAE and Bahrain matched the Fed's half-percentage point cut, hours after Chairman Jerome Powell said the fallout from the virus had increased risks to the US economic outlook. Gulf central banks largely move in lockstep with the US to protect their currencies' pegs to the dollar. The UAE's central bank stated it's reducing the repo rate and its certificates of deposit rate by 50 basis points. The Saudi Arabian Monetary Authority cut the repo rate to 1.75% from 2.25% and the reverse repo rate to 1.25% from 1.75%. Bahrain's central bank lowered its key rate to 1.75% from 2.25%. The Fed's decision came after Powell and finance chiefs from the Group of Seven nations said they would use all appropriate policy tools to achieve strong, sustainable growth and safeguard against downside risks. (Bloomberg)
- **OPEC, Russia moving closer to big oil cut as coronavirus hits demand –** A panel of OPEC and its allies recommended cutting oil output by an extra 1mn bpd on Tuesday signaling that Russia and Saudi Arabia were moving closer to a deal to prop up prices which have been hit by the coronavirus outbreak. Saudi Arabia and some other OPEC members have been pushing for deeper cuts as crude prices have plunged 20% since the start of the year but had struggled to persuade Russia to support the additional reduction. The OPEC, Russia and other producers already have a deal in place to cut output from January 1 by 2.1mn bpd, a figure that includes additional voluntary cuts by Saudi Arabia. However, that has not been enough to counter the impact of the virus on China, the world's biggest oil importer, and on the global economy, as factories are disrupted, fewer people travel and other business slows, curbing oil demand. (Reuters)
- **GCC countries engaged in almost $1tn of investments at stake in megaprojects, GCC countries must get the institutional setup right –** GCC countries are engaged in almost $1tn of investment in real estate megaprojects as of early 2020, part of an audacious bid to transform socially and economically, according to a new report by Strategy& Middle East, part of the PwC network. These megaprojects are changing the face of the GCC, adding to these countries' appeal as tourist destinations, making them more livable for their residents, and promising more environmentally sustainable communities. Projects running into the tens of billions of dollars always involve risk and the GCC's real estate megaprojects are no exception. Adopting a wrong institutional setup is one of the key risks. Understanding existing institutional setup is key for any successful megaproject, the report noted Commenting on the report, Partner with Strategy& Middle East, Ramy Sfeir said: "The starting point for any megaproject is a solid institutional setup that will guide project development. Frequently, the project sponsors make the cardinal errors of either delaying decisions about the institutional setup until a later stage, or they choose models that are incompatible with the overall purpose of the development. Instead, they should think of the institutional setup close to the beginning of the megaproject, along with the fundamental concept behind the development". (Peninsula Qatar)
- **Saudi Arabia's non-oil private sector growth slowest in nearly two years –** Saudi Arabia's non-oil private sector expanded in February at its slowest pace in almost two years, pulled down by falling output and new orders as well as supply chain disruptions caused by the coronavirus, a survey showed. The seasonally adjusted IHS Markit Saudi Arabia Purchasing Managers' Index (PMI) fell to 52.5 in February - the slowest

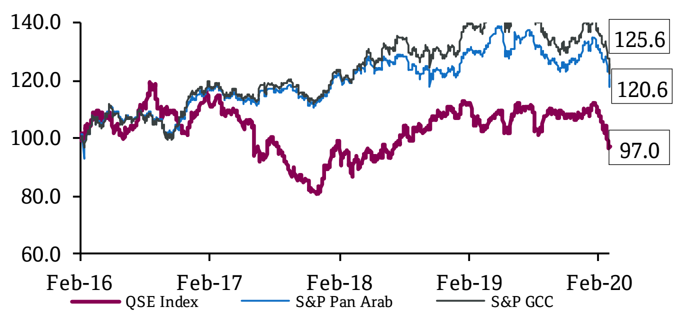
growth since April 2018 - from 54.9 in January. It remained above the 50.0 mark that separates expansion from contraction. Saudi Arabia, the world's biggest oil exporter, has been pushing to boost its private sector and diversify its economy away from oil, which accounts for the bulk of its revenues. However, falling oil prices have weighed on Saudi Arabia's growth in the past five years, and the coronavirus outbreak that began in China has compounded growth problems for the Kingdom. Growth slipped further in January, when the overall PMI fell to 54.9, which was its slowest growth since December 2018. In February, new orders contracted for the first time since April 2018, falling to 49.3 from 52.6 in January, in its turn a sharp drop from 64.1 in December. Employment remained stagnant in February, with the lowest rate of job creation since March 2019. (Zawya)

- **Saudi Arabian banks raise investments in government bonds –** Banks operating in Saudi Arabia have raised its investments in government bonds by 20.67% in January 2020, as shown by the data of the Saudi Arabian Monetary Authority (SAMA). Bank investments in governmental and semi-governmental bonds amounted to SR386.69bn by the end of last January, compared with SR320.46bn in January 2019. On a monthly basis, Saudi Arabian bank investments in government bonds increased by 0.8% or SR3.02bn, compared to its level in December 2019 at SR383.67bn. The Saudi Ministry of Finance (MoF) closed the January 2020 issuance under the Saudi Arabian Government SAR-denominated Sukuk Program, with a total size of SR6.72bn, through two tranches. By the end of last year, investments by Saudi Arabian banks in government-issued bonds amounted to SR383.67bn, compared with SR305.15bn by the end of 2018. (Zawya)
- **SABIC lifts Swiss chemicals maker Clariant stake –** Chemical giant Saudi Basic Industries Corporation (SABIC) stated on Tuesday that it had raised its stake in Swiss chemicals maker Clariant to 31.5% from 25%. SABIC, which is Clariant's largest shareholder, stated that the increase was part of its strategy to achieve a leadership position in the Specialties business. The company's decision to hike its stake comes after it took an impairment charge of SR1.5bn on its investment in Clariant in its third quarter. SABIC is just shy of the one-third stake that would require it to make an offer for all of Clariant; however, Clariant stated that it did not expect the Saudi chemical giant to seek a takeover. SABIC had previously stated that it had no interest in taking Clariant over after the Muttenz-based company shelved a joint venture plan in July last year. (Reuters)
- **Saudi Arabia's PIF parts ways with three executives –** Saudi Arabia's Public Investment Fund (PIF) has parted ways with at least three senior investment executives in recent months, in what may be a blow to the sovereign wealth fund's ambitions to expand into a global giant. Chief Strategy Officer, Dennis Johnson, who had been in his role since 2018, has left, as well as the Head of Risk, Martin Botha, according to sources. Head of investment risk, Hassan Chehime, who had been with the PIF for about a year, also departed, sources added. The $320bn sovereign wealth fund, run by Governor, Yasir Al-Rumayyanand controlled by Crown Prince, Mohammed bin Salman, has been building out its bench of global and local managers as it steps up deal-making in a bid to become the world's biggest. The departures risk stymieing those efforts as Saudi Arabia is counting on its global investments to help wean the Kingdom away from its dependence on oil. Johnson is the fund's second Head of strategy to leave in two years. Eric Ebermeyer left in 2018, just weeks after joining. Botha was one of the fund's first senior hires in 2016. (Bloomberg)
- **Norway wealth fund cuts Saudi Arabian stocks during benchmark review –** Norway's $1.1tn sovereign wealth fund reduced holdings of Saudi Arabian equities by about 60% last year as it reviews an internal benchmark that guides its global stock purchases. The fund's total investment in shares traded in Riyadh fell to $420mn by the end of 2019, from about $1bn the year before, according to data from Norges Bank Investment Management, which manages the fund. In contrast, holdings increased in other markets in the region including the UAE, Egypt, Qatar, Kuwait, Turkey and Israel. The Norwegian fund sold more than two-thirds of its Saudi Arabian equities last year, although the value of its holdings fell by less than that because of positive market returns, Chief Executive Officer, Yngve Slyngstad said. He said the divestments did not reflect any view taken by the fund on the outlook for the market, but rather stemmed from the review of its internal benchmark. The sovereign fund had earlier increased its Saudi Arabian holdings in anticipation of the Kingdom's addition to the internal gauge, which is based on the FTSE Global All Cap Index. That inclusion was, however, put on hold in 2018 while the Norwegian government reviews the composition of the benchmark. (Bloomberg)
- **Walaa Insurance completes merger with MetLife AIG ANB –** Walaa Cooperative Insurance Company (Walaa Insurance) has completed its merger with MetLife AIG ANB Cooperative Insurance Company (MetLife AIG ANB). The listing of the new shares, as defined in the shareholder circular and offer document, and the deposit of the same in the accounts of the eligible MetLife AIG ANB shareholders have been completed. Accordingly, the shares of MetLife AIG ANB have been delisted from Tadawul, after the exchange suspended trading the shares of on March 1. Furthermore, the Securities Depository Center Company (Edaa) announces implementing the securities quantity increase for Walaa Insurance, which resulted from the merger with MetLife AIG ANB. Walaa Insurance also announced that 78.73% of its creditors have approved the company's capital restructure. Shareholders of Walaa Insurance approved the merger and raising the company's capital from SR528mn to around SR646.5mn back in January, authorizing the board of directors to take all the necessary actions. (Zawya)
- **CMA approves Allianz Saudi Fransi capital hike –** The Saudi Capital Markets Authority (CMA) has approved Allianz Saudi Fransi Cooperative Insurance Company's (Allianz Saudi Fransi) request to increase its capital through a SR400mn rights issue. The increase will be limited to shareholders, registered at the Security Depository Center as of the closing of the second trading day after the company's Extraordinary General Assembly meeting (EGM). The date of the next EGM will be determined by the company's board of directors at a later date, according to a company statement to the Saudi Stock Exchange

(Tadawul). Moreover, the offering price and the number of shares offered for subscription will be determined by the company after the market closing of the same day in which the EGM will be held. (Zawya)

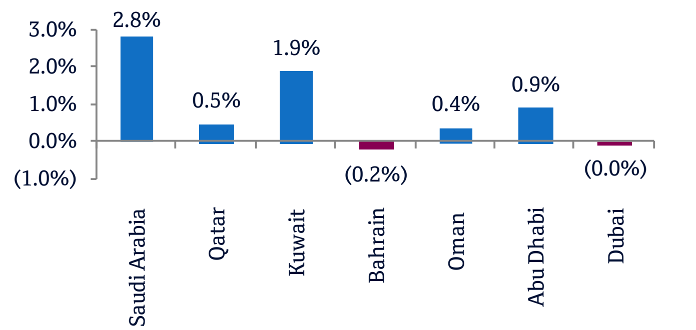
- **CBUAE to revise 2020 growth forecast due to coronavirus –** The Central Bank of the UAE (CBUAE) will reassess its forecast for economic growth in 2020 due to the coronavirus outbreak, Chief Economist and Head of research and statistics at the bank, Magda Kandil said. “Given what has transpired already, given implications on supply chain and demand, and disruption of transportation and tourism and cancellation of events, this will weigh negatively on global growth, and I think the UAE, we have to be realistic in this regard, will see some impact of this,” she said. The IMF last year had forecast 2020 growth of 2.5% for the UAE. (Reuters)
- **UAE’s February whole economy PMI at 49.1 as compared to 49.3 in January –** UAE's non-oil private sector economy remained in the doldrums in February, latest PMI data showed, as overall business conditions declined for the second month running. Firms began to limit activity due to weaker new orders, while employment fell again amid efforts to streamline costs. Consequently, output expectations dropped sharply to a near two-year low, dampened by fears around the impact of the coronavirus outbreak on exports and supply chains. The headline seasonally adjusted IHS Markit UAE Purchasing Managers' Index (PMI) - a composite indicator designed to give an accurate overview of operating conditions in the non-oil private sector economy - posted 49.1 in February, down slightly from 49.3 in January and at its lowest since August 2009. The figure signaled a second successive month of deterioration, driven by declines in output, new orders and employment. Most notably, output levels contracted for the first time in over ten years, after stagnating in January. Companies reported that continued demand weakness led them to restrict activity, although the rate of reduction in output was only moderate. Input buying and stock levels subsequently declined. (Markit)
- **Dubai-based Manrre Logistics Fund considers Gulf expansion beyond UAE –** Dubai-based Manrre Logistics Fund is considering buying assets in Oman’s Sohar Port and the UAE’s Umm Al Quwain, two of its top executives said. “Our core focus is UAE, but of course, opportunistically we’ve been offered something in Oman, something in Saudi so we might look at it in the future,” Executive Director of Palmon Group, Kunal Lahori said, which owns Manrre. “Actively, we’ve been offered mainly in Oman in the Sohar Port, we’re looking at a deal there. We’ve been offered something in Umm Al Quwain (in the UAE), which is quite interesting because it’s in between Sharjah, Ajman,” Lahori said. The fund currently has $72mn in gross assets, CEO of Dalma Capital, Zachary Cefaratti said which manages the fund. “We see an opportunity to acquire $100-150mn per year of assets in this market,” he said. “Our focus now is growing the fund.” Manrre is studying a potential future initial public offering (IPO), but that would depend on market conditions and investor interest, Cefaratti said. (Reuters)
- **Abu Dhabi-based banks secure circa AED40.3bn in net income in 2019 –** The net income of Abu Dhabi-based commercial and Islamic banks amounted to circa AED40.3bn in 2019, reflecting continuing momentum at one of the domestic economy's main enablers. The investment returns alone reached about AED7.93bn, comprising 19.6% of the total income. The 1Q2019 saw a remarkable mobility where the income of the capital's banks valued AED10.36bn, before dropping to AED9.6bn in 2Q2019. The total income rebounded to AED10.24bn in 3Q2019, before standing at AED10.082bn in 4Q2019. (Zawya)
- **Mubadala among investors in self-driving firm Waymo –** Abu Dhabi state fund Mubadala Investment Company was part of a consortium that invested $2.25bn in Waymo, the self-driving technology company owned by Alphabet Inc, it stated. Mubadala joined Silver Lake and other investors including the Canada Pension Plan Investment Board, Magna International, and Andreessen Horowitz in the deal, the statement said. Founded 11 years ago as a small project inside Google, Waymo is now widely considered the leader in developing self-driving technology. (Zawya)
- **Kuwaiti oil prices to drop further – $2.5bn expected to be lost in revenues –** Kuwait informed sources expected Kuwaiti oil prices will drop further in the last quarter of fiscal year 2019/2020 to settle at $55 per barrel on the average, bringing the expected fiscal deficit up to a billion dinars and raising the budget deficit to KD4.5bn at the end of the current fiscal year 2019/2020, Al-Nahar daily reported. Kuwaiti oil prices so far have declined by $20 per barrel since announcing the repercussions of coronavirus on January 1, 2020 and approximately $2.5bn is expected to be lost in oil revenues within just two months on the basis of exporting 2mn bpd. Prices are likely to decline to $45 per barrel by the end of the current month (March) amid expectations of major decline in demand for oil over the last quarter of the current fiscal year 2019/2020, bringing the average price over a period of three months up to $55 per barrel, which means the loss of about KD1bn in oil revenues that automatically increases the budget deficit by a billion dinars. Oil prices have continued to decline continuously since the announcement of the spread of the coronavirus with Kuwait losing up to $20 a barrel since the beginning of January, while it is estimated to lose approximately $25 per barrel. (Zawya)
- **Kuwait oil minister hopes for balanced oil prices –** Kuwaiti Oil Minister, Khaled Al-Fadhel said his country is hoping there will be a balance in the oil prices in order to reach the required level that satisfy exporters and consumers, and that the prices are accepted by everyone, state-run KUNA reported. Al-Fadhel said he hopes there will be an agreement on the basic standards of cutting the production if there is an additional cut, according to KUNA report. (Bloomberg)
- **SICO Bahrain posts 63% YoY rise in net profit to BHD6.0mn in FY2019 –** SICO Bahrain recorded net profit of BHD6.0mn in FY2019, an increase of 63.0% YoY. Net interest income rose 39.4% YoY to BHD1.4mn in FY2019. Total income rose 36% YoY to BHD14.6mn in FY2019. Total assets stood at BHD166.8mn at the end of December 31, 2019 as compared to BHD135.3mn at the end of December 31, 2018. Securities bought under repurchase agreements stood at BHD51.1mn (+21.9% YoY), while Investments at fair value through profit or loss stood at BHD20.1mn (-15.1% YoY) at the end of December 31, 2019. Basic and diluted earnings per share came in at 16.32 fils in FY2019 as compared to 10.01 fils in FY2018. (Bahrain Bourse)

Rebased Performance



Source: Bloomberg

Daily Index Performance



Source: Bloomberg

Asset/Currency Performance	Close ($)	1D%	WTD%	YTD%
Gold/Ounce	1,640.90	3.2	3.5	8.1
Silver/Ounce	17.22	2.9	3.3	(3.6)
Crude Oil (Brent)/Barrel (FM Future)	51.86	(0.1)	2.7	(21.4)
Crude Oil (WTI)/Barrel (FM Future)	47.18	0.9	5.4	(22.7)
Natural Gas (Henry Hub)/MMBtu	1.78	1.7	(0.6)	(14.8)
LPG Propane (Arab Gulf)/Ton	40.75	0.6	2.5	(1.2)
LPG Butane (Arab Gulf)/Ton	49.50	(2.0)	(5.3)	(24.4)
Euro	1.12	0.4	1.3	(0.4)
Yen	107.13	(1.1)	(0.7)	(1.4)
GBP	1.28	0.4	(0.1)	(3.4)
CHF	1.05	0.3	0.9	1.2
AUD	0.66	0.7	1.1	(6.2)
USD Index	97.15	(0.2)	(1.0)	0.8
RUB	66.05	(0.6)	(1.2)	6.6
BRL	0.22	(0.9)	(0.9)	(11.0)

Source: Bloomberg

Global Indices Performance	Close	1D%*	WTD%*	YTD%*
MSCI World Index	2,179.48	(1.5)	1.8	(7.6)
DJ Industrial	25,917.41	(2.9)	2.0	(9.2)
S&P 500	3,003.37	(2.8)	1.7	(7.0)
NASDAQ 100	8,684.09	(3.0)	1.4	(3.2)
STOXX 600	381.13	1.2	2.9	(8.9)
DAX	11,985.39	0.9	2.2	(10.0)
FTSE 100	6,718.20	1.0	2.5	(14.0)
CAC 40	5,393.17	0.9	3.0	(10.3)
Nikkei	21,082.73	(0.8)	0.5	(9.6)
MSCI EM	1,027.82	1.1	2.2	(7.8)
SHANGHAI SE Composite	2,992.90	0.7	4.4	(1.8)
HANG SENG	26,284.82	0.1	0.9	(6.5)
BSE SENSEX	38,623.70	0.7	0.1	(8.7)
Bovespa	105,537.10	(1.0)	1.4	(18.3)
RTS	1,358.03	4.2	4.5	(12.3)

Source: Bloomberg (*$ adjusted returns)

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