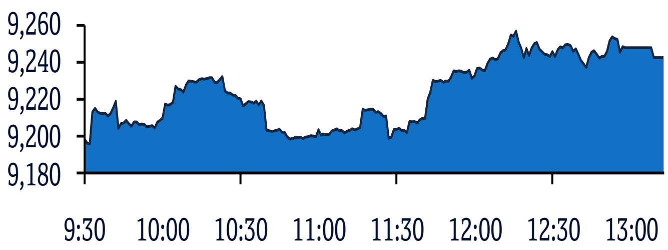
Daily Market Report

Wednesday, 08 July 2020

QSE Intra-Day Movement



Qatar Commentary

The QE Index rose 0.5% to close at 9,243.8. Gains were led by the Real Estate and Industrials indices, gaining 3.2% and 1.1%, respectively. Top gainers were United Development Company and Qatari Investors Group, rising 10.0% and 8.5%, respectively. Among the top losers, Vodafone Qatar fell 3.7%, while Alijarah Holding was down 2.6%.

GCC Commentary

Saudi Arabia: The TASI Index gained 0.1% to close at 7,400.5. Gains were led by the Food & Staples Ret. and Insurance indices, rising 2.9% and 2.0%, respectively. Gulf Union Coop. Insurance rose 10.0%, while Saudi Paper Manufacturing was up 9.9%.

Dubai: The DFM Index gained 0.5% to close at 2,097.9. The Services index rose 1.7%, while the Telecommunication index gained 1.6%. Amlak Finance rose 14.8%, while Al Salam Sudan was up 9.8%.

Abu Dhabi: The ADX General Index gained 0.5% to close at 4,341.0. The Investment & Financial Services index rose 1.8%, while the Services index gained 1.7%. Gulf Medical Projects rose 14.9%, while AXA Green Crescent Insurance was up 14.8%.

Kuwait: The Kuwait All Share Index gained 0.2% to close at 5,153.1. The Industrials index rose 1.2%, while the Telecommunications index gained 1.0%. National International Co. rose 10.3%, while Credit Rating & Collection was up 10.0%.

Oman: The MSM 30 Index fell 0.2% to close at 3,503.2. The Financial index declined 0.2%, while Services index fell marginally. Oman Education & Training Investment declined 8.3%, while Gulf Investments Services was down 3.4%.

Bahrain: The BHB Index gained 0.3% to close at 1,280.8. The Commercial Banks index rose 0.5%, while the Investment index gained 0.1%. Al Salam Bank-Bahrain rose 6.1%, while Ahli United Bank was up 0.9%.

Market Indicators	07 Jul 20	06 Jul 20	%Chg.
Value Traded (QR mn)	588.0	500.5	17.5
Exch. Market Cap. (QR mn)	537,564.1	535,491.7	0.4
Volume (mn)	308.2	270.8	13.8
Number of Transactions	10,835	9,065	19.5
Companies Traded	45	47	(4.3)
Market Breadth	23:19	18:25	–

Market Indices	Close	1D%	WTD%	YTD%	TTM P/E
Total Return	17,770.96	0.5	0.3	(7.4)	14.6
All Share Index	2,880.25	0.5	0.1	(7.1)	15.3
Banks	3,982.99	0.2	(1.1)	(5.6)	13.1
Industrials	2,642.36	1.1	2.1	(9.9)	21.0
Transportation	2,789.40	0.0	0.7	9.2	13.5
Real Estate	1,572.42	3.2	5.9	0.5	15.5
Insurance	1,982.94	1.0	0.2	(27.5)	32.9
Telecoms	897.06	0.8	2.5	0.2	15.1
Consumer	7,254.50	(0.4)	(0.4)	(16.1)	18.5
Al Rayan Islamic Index	3,733.70	0.5	1.2	(5.5)	17.2

GCC Top Gainers##	Exchange	Close#	1D%	Vol. '000	YTD%
Sembcorp Salalah Power.	Oman	0.11	2.8	27.0	(18.5)
Ooredoo	Qatar	6.71	2.3	2,458.5	(5.2)
Qatar Islamic Bank	Qatar	16.20	2.1	342.8	5.7
Qatar Electricity & Water	Qatar	16.44	1.7	501.8	2.2
Aldar Properties	Abu Dhabi	1.85	1.6	7,714.6	(14.4)

GCC Top Losers##	Exchange	Close#	1D%	Vol. '000	YTD%
National Bank of Oman	Oman	0.17	(2.9)	529.4	(10.3)
Gulf Bank	Kuwait	0.21	(1.4)	2,822.3	(30.7)
Advanced Petrochem. Co.	Saudi Arabia	52.10	(1.3)	235.6	5.5
Masraf Al Rayan	Qatar	3.90	(1.3)	3,291.8	(1.5)
Oman Telecom. Co.	Oman	0.63	(1.3)	266.0	4.7

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%
United Development Company	1.26	10.0	74,112.5	(17.3)
Qatari Investors Group	2.28	8.5	14,938.3	27.4
Qatar General Ins. & Reins. Co.	2.24	6.0	3.7	(9.1)
Gulf International Services	1.73	5.5	35,647.3	0.6
Islamic Holding Group	3.90	5.4	6,404.9	105.3

QSE Top Volume Trades	Close*	1D%	Vol. '000	YTD%
United Development Company	1.26	10.0	74,112.5	(17.3)
Gulf International Services	1.73	5.5	35,647.3	0.6
Doha Bank	2.23	1.2	30,522.0	(11.7)
Ezdan Holding Group	1.33	0.0	18,497.2	116.3
Qatari Investors Group	2.28	8.5	14,938.3	27.4

QSE Top Losers	Close*	1D%	Vol. '000	YTD%
Vodafone Qatar	1.17	(3.7)	10,174.3	0.9
Alijarah Holding	0.82	(2.6)	5,121.8	16.2
Salam International Inv. Ltd.	0.44	(2.2)	9,142.1	(14.9)
Qatari German Co for Med. Dev.	1.24	(2.2)	2,854.9	112.4
Qatar First Bank	1.13	(2.2)	5,333.0	37.7

QSE Top Value Trades	Close*	1D%	Val. '000	YTD%
United Development Company	1.26	10.0	91,044.9	(17.3)
Doha Bank	2.23	1.2	67,351.1	(11.7)
Gulf International Services	1.73	5.5	62,182.2	0.6
Qatari Investors Group	2.28	8.5	33,395.9	27.4
Qatar Gas Transport Co. Ltd.	2.65	1.0	29,241.2	10.9

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*	9,243.83	0.5	0.3	2.7	(11.3)	160.61	146,808.8	14.6	1.4	4.3
Dubai	2,097.87	0.5	1.8	1.6	(24.1)	79.19	80,861.5	6.3	0.8	4.6
Abu Dhabi	4,341.04	0.5	0.7	1.3	(14.5)	47.73	133,733.0	13.9	1.3	5.9
Saudi Arabia	7,400.53	0.1	1.2	2.4	(11.8)	1,397.62	2,242,203.3	22.3	1.8	3.5
Kuwait	5,153.12	0.2	0.6	0.4	(18.0)	63.45	95,278.5	14.9	1.2	3.8
Oman	3,503.18	(0.2)	(0.2)	(0.4)	(12.0)	3.86	16,026.3	10.0	0.8	6.8
Bahrain	1,280.75	0.3	0.5	0.2	(20.5)	5.17	19,411.9	9.6	0.8	5.5

Source: Bloomberg, Qatar Stock Exchange, Tadawul, Muscat Securities Market and Dubai Financial Market (** TTM; * Value traded ($ mn) do not include special trades, if any)

Qatar Market Commentary

- The QE Index rose 0.5% to close at 9,243.8. The Real Estate and Industrials indices led the gains. The index rose on the back of buying support from GCC shareholders despite selling pressure from Qatari and non-Qatari shareholders.
- United Development Company and Qatari Investors Group were the top gainers, rising 10.0% and 8.5%, respectively. Among the top losers, Vodafone Qatar fell 3.7%, while Alijarah Holding was down 2.6%.
- Volume of shares traded on Tuesday rose by 13.8% to 308.2mn from 270.8mn on Monday. Further, as compared to the 30-day moving average of 252.1mn, volume for the day was 22.2% higher. United Development Company and Gulf International Services were the most active stocks, contributing 24.0% and 11.6% to the total volume, respectively.

Overall Activity	Buy %*	Sell %*	Net (QR)
Qatari Individuals	45.01%	48.78%	(22,166,449.93)
Qatari Institutions	27.80%	24.76%	17,883,715.45
Qatari	**72.81%**	**73.54%**	**(4,282,734.49)**
GCC Individuals	1.56%	1.21%	2,043,741.33
GCC Institutions	2.32%	1.23%	6,438,467.84
GCC	**3.88%**	**2.44%**	**8,482,209.17**
Non-Qatari Individuals	12.27%	14.65%	(14,018,317.96)
Non-Qatari Institutions	11.05%	9.38%	9,818,843.27
Non-Qatari	**23.32%**	**24.03%**	**(4,199,474.68)**

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

Global Economic Data and Earnings Calendar

Global Economic Data

Date	Market	Source	Indicator	Period	Actual	Consensus	Previous
07/07	Germany	Deutsche Bundesbank	Industrial Production SA MoM	May	7.80%	11.10%	-17.50%
07/07	Germany	Bundesministerium fur Wirtscha	Industrial Production WDA YoY	May	-19.30%	-16.90%	-25.00%
07/07	France	Ministry of the Economy, France	Trade Balance	May	-7,051mn	-5,500mn	-5,072mn
07/07	France	Banque De France	Current Account Balance	May	-8.5bn	–	-5.8bn
07/07	Japan	Ministry of Health, Labour and Welfare	Household Spending YoY	May	-16.20%	-11.80%	-11.10%
07/07	Japan	Ministry of Finance Japan	Official Reserve Assets	Jun	$1,383.2bn	–	$1,378.2bn
07/07	China	National Bureau of Statistics	Foreign Reserves	Jun	$3,112.33bn	$3,118.50bn	$3,101.69bn

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

Earnings Calendar

Tickers	Company Name	Date of reporting 2Q2020 results	No. of days remaining	Status
QNBK	QNB Group	12-Jul-20	4	Due
MARK	Masraf Al Rayan	13-Jul-20	5	Due
QFLS	Qatar Fuel Company	15-Jul-20	7	Due
QIBK	Qatar Islamic Bank	15-Jul-20	7	Due
QGTS	Qatar Gas Transport Company Limited (Nakilat)	15-Jul-20	7	Due
IHGS	Islamic Holding Group	16-Jul-20	8	Due
QEWS	Qatar Electricity & Water Company	19-Jul-20	11	Due
ABQK	Ahli Bank	20-Jul-20	12	Due
GWCS	Gulf Warehousing Company	21-Jul-20	13	Due
QIGD	Qatari Investors Group	21-Jul-20	13	Due
QNCD	Qatar National Cement Company	22-Jul-20	14	Due
QIIK	Qatar International Islamic Bank	22-Jul-20	14	Due
QAMC	Qatar Aluminum Manufacturing Company	23-Jul-20	15	Due
WDAM	Widam Food Company	23-Jul-20	15	Due
NLCS	Alijarah Holding	23-Jul-20	15	Due
IQCD	Industries Qatar	27-Jul-20	19	Due
DHBK	Doha Bank	27-Jul-20	19	Due
QISI	Qatar Islamic Insurance Group	28-Jul-20	20	Due
ORDS	Ooredoo	28-Jul-20	20	Due
GISS	Gulf International Services	12-Aug-20	35	Due
MPHC	Mesaieed Petrochemical Holding Company	13-Aug-20	36	Due

Source: QSE

News

Qatar

- **QNCD to disclose 2Q2020 financials on July 22 –** Qatar National Cement Company (QNCD) will disclose the financial reports for the period ending June 30, 2020 on July 22, 2020. (QSE)
- **IQCD to disclose 2Q2020 financials on July 27 –** Industries Qatar (IQCD) will disclose the financial reports for the period ending June 30, 2020 on July 27, 2020. The conference call with the Investors to discuss the financial results for 2Q2020 will be held on July 28, 2020 at 1:30 pm, Doha Time. (QSE)
- **GISS to disclose 2Q2020 financials on August 12 –** Gulf International Services (GISS) will disclose the financial reports for the period ending June 30, 2020 on August 12, 2020. The conference call with the Investors to discuss the financial results for 2Q2020 will be held on August 17, 2020 at 1:30 pm, Doha Time. (QSE)
- **MPHC to disclose 2Q2020 financials on August 13 –** Mesaieed Petrochemical Holding Company (MPHC) will disclose the financial reports for the period ending June 30, 2020 on August 13, 2020. The conference call with the Investors to discuss the financial results for 2Q2020 will be held on August 18, 2020 at 1:30 pm, Doha Time. (QSE)
- **Oxford Economics: Stronger Dollar supports Qatari Riyal; very small chance of de-pegging –** The stronger Dollar has supported the pegged Qatari Riyal, Oxford Economics said and noted there is only a very small chance of de-pegging even if coordination over policy with other Gulf countries continues to suffer. In its latest country report, Oxford Economics said, "Under our methodology, exchange rate risk is now 3.0, up 0.8 from six months ago but well below the MENA average of 4.6." As a result of strong growth, Qatar's GDP per capita (on a purchasing power parity basis) has also risen rapidly to make Qatar officially the wealthiest country in the world –IMF data for 2020 put GDP per head on a PPP basis at $138,910 and it is expected to continue rising, Oxford Economics noted. Qatar also has one of the most advanced and extensive welfare and free education systems in the GCC region. A heavy investment and diversification strategy has transformed the economy, enabling a doubling of GDP and exports in five years and producing budget and current account surpluses. The fiscal surplus was some 15.5% of GDP in 2013-14 and the current account surplus has typically been some 15-30% of GDP in recent years until the downturn in the oil price. While oil production capacity continued to increase, it was the investment in two LNG projects (Qatargas and then RasGas) that changed the country's fortunes, backed by the largest non-associated gas field in the world and the second highest proven gas reserves in the Middle East after Iran. Qatar remains the world's largest LNG exporter, it said. There is also heavy investment in gas-to-liquids, petrochemicals, a gas export pipeline, infrastructure and tourism. Some $200bn is being spent on infrastructure between 2015 and 2020, partly related to the 2022 football World Cup and partly related to an expanding population and the country's long-term strategy, Qatar National Vision 2030. In addition, Qatar is developing into a significant regional financial and educational centre, Oxford Economics noted. (Gulf-Times.com)
- **CPChem defers decision on USGC II Petrochemical Project –** Chevron Phillips Chemical (CPChem) said it will take longer than originally planned to make a final investment decision (FID) on the USGC II Petrochemicals Project, an $8bn joint venture with Qatar Petroleum (QP). The company cites uncertainty created by the COVID-19 pandemic. Front-end engineering and design (FEED) of the project continues. CPChem and QP announced the USGC II Petrochemicals Project in July 2019. At the time, they expected FID by 2021 and completion in 2024. (Bloomberg)
- **Global LNG market grows despite lower demand and prices –** Analysts in the global markets for liquefied natural gas (LNG) see that rationing production to match supply in LNG production facilities has become necessary in high-cost gas facilities and that rescheduling annual maintenance programs for facilities is the only way to help re-balance demand and supply. This is because gas prices have reached normal to record lows, and there is little support on the horizon as the COVID-19 pandemic remains out of control. Projections indicate that the LNG market will grow by about 19bn cubic meters this year, representing a growth of approximately 4%. In comparison, last year, demand grew by 47.5bn cubic meters from the year before by 11%. The largest percentage of growth will be in Asia, specifically in China, if the closure is completely lifted and consumption returns to levels before the coronavirus pandemic returns. This decrease in the price of gas is a result of the deterioration of oil prices, as the differences in the indexed long-term LNG contracts and the spot contracts have decreased significantly. And as a result, LNG producers may face difficulty in benefiting from the long-term contracts with a higher value compared to the spot price prices. Few among these are the long-term contracts that maintain high returns as they have to re-improve the terms of the sale and purchase contracts. Since doubts are still looming on the horizon, many gas companies in the world, North America in particular, may rethink their spending on gas projects of billions of dollars and delay final investment decisions for these mega projects next year. In fact, the impact is considered short-term for the current crisis on the LNG sector in the world, including North America, and may lead to a reduction in LNG production or uncertainties about new investments in the world. (Gulf-times.com)

International

- **US hiring vaults to record high in May; new COVID-19 cases set to limit gains –** US hiring surged to a record high in May and layoffs fell as businesses reopened, but the improvement in the labor market is likely to be blunted by a resurgence in COVID-19 cases that has forced some enterprises to shut down again. The report from the Labor Department on Tuesday also showed a rebound in job openings, a measure of labor demand, which economists said was difficult to square with the 31.5mn people collecting unemployment checks in mid-June. "The labor market is hard to read right now with many cross-currents and anomalies as the country starts to get back up to speed," said Chief Economist at MUFG in New York, Chris Rupkey. The monthly Job Openings and Labor Turnover Survey, or JOLTS, report showed hiring accelerated by 2.4mn jobs to 6.5mn, the highest since the government started tracking the series in

2000. The hiring rate jumped to an all-time high of 4.9% from 3.1% in April. The report followed on the heels of news on Friday that the economy created a record 4.8 million jobs in June. Nonfarm payrolls have rebounded after a historic plunge of 20.787mn in April as the labor market reeled from the closure of businesses in mid-March to slow the spread of the coronavirus. However, the upswing in hiring has been overtaken by record spikes in new COVID-19 infections in large parts of the country, including Arizona and the highly populated states of California, Florida and Texas, which have forced several jurisdictions to scale back or pause reopenings and send some workers back home. Even with the record hiring over the past two months, employment is 14.7mn jobs below its pre-pandemic level. (Reuters)

- **UK's Sunak to spend £3bn on green projects in economy plan –** British Finance Minister Rishi Sunak earmarked 3bn Pounds ($3.75bn) to improve the energy efficiency of homes and public buildings as part of broader plans to kickstart the economy and support jobs. Ahead of an announcement on Wednesday of its next moves to soften the hit from the coronavirus lockdown, the finance ministry said households would be given 2bn Pounds in grants — worth up to 5,000 Pounds each — to cover two thirds of the costs of insulation and double-glazing of windows. The poorest families will receive up to 10,000 pounds without having to pay anything, the finance ministry said. The remaining 1bn Pounds will be spent on reducing greenhouse gas emissions from public-sector buildings. Sunak is expected to focus Wednesday's announcement mostly on countering a jump in unemployment — which the Bank of England has said could soar to 1980s levels of around 10% or more. He has already rushed out an estimated 133bn Pounds ($166bn) of emergency measures, most of them to try to stem the rise in unemployment. The finance ministry said the energy efficiency plan could support over 100,000 jobs. (Reuters)
- **UK 'jobs crisis' is underway, recruiters warn –** The collapse in Britain's labor market eased only slightly last month, according to a survey on Wednesday from the Recruitment and Employment Confederation (REC) industry body which warns that a "jobs crisis" is underway. The figures from REC and accountants KPMG underscore the challenge facing finance minister Rishi Sunak ahead of an update to parliament, due around 1130 GMT, on measures to support workers through the aftermath of the coronavirus pandemic. REC said demand for staff continued to fall and at 31.9 in June - up from 19.1 a month before - it remained well below the 50 level that represents an increase in hiring. "This is now a jobs crisis," Neil Carberry, chief executive of the REC, said. "Rishi Sunak should use today's Summer Statement to boost job creation, with a cut in National Insurance designed to retain jobs and boost hiring." The supply of available workers soared in June by the largest amount in more than a decade, according to the survey, which is based on responses from around 400 recruitment companies. Last month the Bank of England said there were some signs the economy had picked up by more than it had initially expected, but added that a rise in unemployment could be worse than it had thought. On the latter front, the REC survey is unlikely to reassure BoE officials. (Reuters)
- **ONS: UK labor costs show biggest jump since 2006 –** A gauge of British labor costs rose at its fastest rate since 2006 in the first three months of this year, reflecting the early days of the government's furlough scheme, the Office for National Statistics said on Tuesday. Unit labor costs jumped by 6.2% compared with the same period last year, the ONS said. Output per worker fell by 3.1%, reflecting the impact of the government's job retention scheme, under which furloughed workers still count as employed for statistical purposes. Output per hour, the main gauge of Britain's productivity was down 0.6% compared with the first three months of 2019. (Reuters)
- **UK consumers remain cautious about returning to high streets –** The number of shoppers visiting retailers was down by nearly 50% last week compared with a year earlier and the amount of money spent in pubs and restaurants as they reopened last weekend suffered a similar fall, data showed on Tuesday. The figures came a day before finance minister Rishi Sunak is due to announce his latest moves to steer Britain's economy away from its 25% collapse in March and April, which media have said might include targeted cuts in value-added tax. The British Retail Consortium said footfall in shopping streets and centers fell by 49.6% YoY, only a slightly less severe decline than the previous week's 53.4% slide.Non-essential retailers were allowed to reopen in England on June 15 while Scotland, Wales and Northern Ireland have also relaxed their restrictions now. "By European standards, the UK's recovery remains slow, and while safety measures introduced by retailers have been well received by customers, many shoppers are still reluctant to visit physical shopping locations," the BRC's Chief Executive Helen Dickinson said. Separately on Tuesday, Barclaycard said the total value of transactions across hospitality, leisure and entertainment between July 4-5 was down 45% compared with the same weekend last year. (Reuters)
- **Halifax: UK house prices fall for longest period since 2010 –** British house prices fell for a fourth month in a row in June as COVID-19 restrictions continued to depress the market, the longest run of monthly declines since 2010, mortgage lender Halifax said on Tuesday. Halifax said average house prices dropped by 0.1% in June after a 0.2% fall in May, a smaller decline than most economists had forecast in a Reuters poll. Prices in the three months to June were 0.9% lower than in 1Q2020, the largest quarterly fall since 2011. Britain's housing market ground to a halt in April and May, when lockdowns prevented potential buyers from visiting properties. The Bank of England said lenders approved the fewest new mortgages on record in May. Compared with a year earlier, prices are still up by 2.5%, and Halifax said new mortgage enquiries had doubled in June - in line with reports from estate agents of a bounce in activity after lockdown restrictions ended in England. However, the mortgage lender was cautious about the outlook. (Reuters)
- **EU sees deeper recession, less steep rebound for Eurozone –** The Eurozone economy will drop deeper into recession this year and rebound less steeply in 2021 than previously thought, the European Commission forecast on Tuesday, with France, Italy and Spain struggling the most due to the COVID-19 pandemic. The downbeat assessment of Europe's economy comes amid concern the US recovery may also be faltering as a surge of new

coronavirus infections prompts states to delay and in some cases reverse plans to let stores reopen and activities resume. The EU executive said the 19-nation single currency area would contract by a record 8.7% this year before growing by 6.1% in 2021. In early May, the Commission had forecast a 2020 downturn of 7.7% and a 2021 rebound of 6.3%. The Commission said it had revised its forecasts because the lifting of COVID-19 lockdown measures in euro zone countries was proceeding less swiftly than it had initially predicted. The EU executive significantly cut its earlier forecasts for France, Italy and Spain, all hit hard by the pandemic, and now expects now downturns in excess of 10% this year in each. In Germany, the euro zone's largest economy, where widespread testing has helped limit fatalities, the Commission moderated its estimates both of 2020's downturn — to -6.3% from -6.5% forecast in May — and next year's rebound. (Reuters)

- **Eyeing US, EU lawmakers seek quicker trade retaliation –** EU lawmakers overwhelmingly backed a proposal on Monday to allow the European Union (EU) to retaliate more quickly in trade disputes, with a clear eye on the tariffs imposed by US President Donald Trump. Lawmakers in the trade committee of the European Parliament voted by 32 to three to extend the powers of the 27-nation bloc and deter other countries from breaching global trading rules. "We cannot let a country hit us illegally and unilaterally without us being able to react immediately. We have to make sure that everyone adheres to the rules of international trade," said Marie-Pierre Vedrenne, the lawmaker in charge of the file. EU trade chief Phil Hogan earlier on Monday said the recent launch of a series of new US trade investigations was totally unacceptable. The proposal could be watered down after negotiations with EU governments, but clearly signals a willingness in Brussels to get tougher on trade. For 25 years, the World Trade Organization has intervened in trade disputes, with decision by a three-person panel subject to possible appeals to the WTO's Appellate Body. However, the US has blocked appointments to the Appellate Body, complaining it has overreached its mandate, and left it with too few members to rule. The EU and 15 other countries including Canada and China have set up a temporary arbitration system that will hear appeals while the WTO's Appellate Body is frozen. (Reuters)
- **German industrial output rebounds, firms see brighter outlook –** Germany's industrial production rebounded in May, rising by 7.8% for the month after falling by a revised 17.5% in April, the Statistics Office said on Tuesday, in the latest sign that Europe's largest economy is recovering after lockdown. The recovery, more modest than the 10% rise economists had been forecasting, was led by a 27.6% surge in production of capital goods. Growth was more modest in other areas and factories churned out fewer intermediate goods. A host of indicators have shown that Germany has put the worst of the impact of the coronavirus lockdown behind it: orders for industrial goods rose 10.4% in May, rebounding from their biggest drop since records began in 1991, recorded a month earlier. Despite the recovery, production is still below the levels seen before the coronavirus crisis. May output was down 19% in calendar- and seasonally-adjusted terms from February, the month before lockdown measures were imposed. "Today's industrial production data presents a pattern we will see more often in the coming weeks and months," said ING economist Carsten Brzeski. "After the end of the lockdown measures, monthly economic data will surge, but it will need more than one or two surges to bring economies back to their pre-crisis levels." The government expects the economy to shrink by 6.3% this year, its worst recession since World War Two. Nonetheless, companies are optimistic. A survey by the Ifo institute showed that they expect their production to increase in the next three months. The government is helping the economy weather the crisis with massive rescue and stimulus packages, including rolling out short-time work, a form of state aid designed to encourage companies to keep employees on the payroll during a downturn. On Tuesday, it announced measures to make the financing of exports easier, including reduced fees for export guarantees and improved financing conditions for new export business. (Reuters)
- **Eurozone agrees 750mn Euros of debt relief measures for Greece –** The Eurozone agreed on Tuesday new debt relief measures for Greece worth about 750mn Euros ($840mn) as part of the country's post-bailout program. The money comes from profits made by euro zone central banks on Greek government bonds and the reduction to zero of the step-up interest margin on certain Eurozone loans to Athens this year, said the European Stability Mechanism (ESM), the bloc's rescue fund. (Reuters)
- **ECB's Schnabel: Europe's recession may be milder than feared –** Some economic indicators suggest that Europe's pandemic-induced recession may be milder than earlier feared, European Central Bank (ECB) board member Isabel Schnabel told Dutch newspaper NRC Handelsblad. "In recent weeks some confidence indicators have come in positive, which suggests that the recession could turn out somewhat milder than expected," Schnabel was quoted on Tuesday as saying. "But overall we are in the range of our baseline scenario." The ECB and the European Commission both expect the Eurozone economy to shrink by 8.7% this year with a rebound predicted in the second half. (Reuters)
- **Japan skips budget-balance mention in policy roadmap as pandemic changes priorities –** A draft annual policy roadmap won't directly mention Japan's target of achieving a primary budget surplus by fiscal 2025, Jiji news agency reported, signaling the government will soft pedal on fiscal reform while fighting the coronavirus downturn. Saddled with a public debt burden that is more than twice the size of the economy and the heaviest in the industrial world, Japan has embarked on fiscal reforms, and their success can be measured by trends in the primary budget balance, which excludes new bond sales and debt servicing costs. In the wake of the coronavirus crisis, however, Japan, like many countries, has rolled out massive fiscal stimulus plans. The stimulus so far is equivalent to more than 40% of GDP, making the prospect achieving a budget surplus more distant than ever. Prime Minister Shinzo Abe's cabinet is expected to endorse the mid-year policy roadmap on July 17, which lays out the government's long-term economic and fiscal policy framework. The mid-year roadmap, drawn up yearly by the Council on Economic and Fiscal Policy (CEFP), Abe's top economic advisory panel, also provides the basis for next fiscal year's budget. (Reuters)

- **Japan's household spending slumps by record as curbs hit travel, dining out –** Japan's household spending fell at the fastest pace on record in May, as consumers heeded authorities' calls to stay home to contain the coronavirus pandemic, pushing the world's third-largest economy deeper into decline. Wages and a gauge of economic activity also tanked in the month, keeping pressure on policymakers to revive business and consumer confidence. Household spending slumped 16.2% in May from a year earlier, official data showed on Tuesday, falling at the quickest pace since comparable data became available in 2001. The drop, which was larger than a median market forecast for a 12.2% fall, extended an 11.1% decline in April. Separate data on Tuesday showed May inflation-adjusted real wages dropped at the fastest pace since June 2015, adding to signs of stress in the labor market. Analysts expect any recovery in spending to be slow and fragile as households remain reluctant to loosen the purse strings even after a state of emergency was lifted in May. "The pace of recovery is worrying," said Atsushi Takeda, chief economist at Itochu Economic Research Institute. "Even though the government has rolled out policy measures, it's difficult for their impact to come out quickly." (Reuters)

Regional

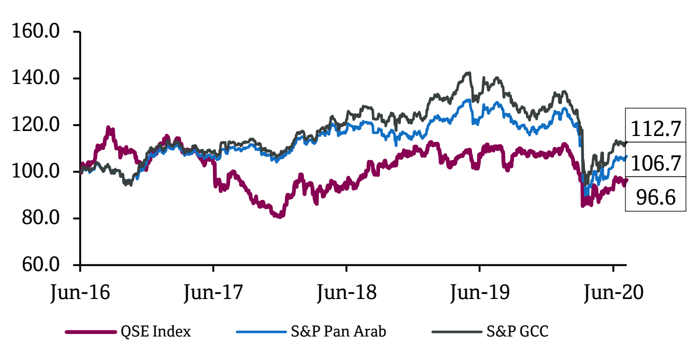
- **S&P expects Sukuk issuance to touch $100bn in 2020 –** Sukuk issuance volume is expected to total around $100bn for 2020, about 40% lower than in 2019. The issuance volume fell 27% in the first six months of this year. The global rating agency S&P noted yesterday that in the current environment, the number of defaults among sukuk issuers with low credit quality will likely increase, which will serve to test the robustness of legal documents for sukuk. Also, over the next six months, some Sukuk may be issued to tackle social issues as economies recover, rather than solely to serve investors' financial interests. Such instruments will likely appeal to investors seeking to support the domestic economy or environment, social, and governance (ESG) goals. (Zawya)
- **M&A activity in MEA region sees two deals above $10bn in 2Q2020 –** Mergers and acquisition (M&A) activity in the Middle East & Africa (MEA) has largely been shielded from the global downturn in the opening half of 2020, according to Mergermarket's 1H2020 Global Report, receiving two deals above $10bn in the second quarter. In all, nine deals valued in excess of $1bn mark were recorded in the first half of the year, Mergermarket said. The region, it said, saw $59.8bn (130 deals), the second highest YTD value on Mergermarket record, only behind last year's $119.5bn. M&A in the energy, mining & utilities sector reached $32.1bn (15 deals) in the first half of the year, surpassing all annual totals the sector has seen in the region. The big-ticket deals in H1 have already pushed this year's value 14.8% ahead of the full-year 2019 figure of $28bn (62 deals), the previous annual record. The sector represents a staggering 53.7% of MEA's YTD 2020 value, up from 19.6% in 2019, the report said. Mirroring trends in global deal making, the region's technology sector has remained active despite the uncertainty. The sector saw 27 deals worth a combined $2.5bn, contributing 21.1% in the region's first half deal count, an increase from 17.6% in 2019. Meanwhile, the pharma, medical & biotech sector has seen its share of the MEA region's overall deal count rise to 10.9% in 2020, with 14 deals worth a combined $579mn. Despite the added difficulties in conducting cross-border deals, foreign investment into the region remained strong in the second quarter, reaching $16.3bn (31 deals) in second quarter of the year – the largest quarterly value since 1Q2017 ($24.bn). "It remains to be seen whether such investment will continue through the rest of 2020, given the growing economic uncertainty," Mergermarket noted. Outbound M&A, meanwhile, dipped to its lowest YTD value since the global financial crisis over a decade ago to just $6.6bn so far this year. This included investments into India-based Jio Platforms and the $1bn acquisition of the Ritz Hotel in London. (Gulf-Times.com)
- **Saudi unemployment falls in first quarter, but before coronavirus impact –** Unemployment among Saudi Arabian citizens in the first quarter fell below 12% for the first time in four years, official figures released on Tuesday showed, but they did not capture the impact of the coronavirus crisis. Unemployment fell to 11.8% from 12% the previous quarter, the General Authority for Statistics said. "Data in these statistics do not yet reflect the impact of COVID-19 crisis as they were collected early in the first quarter," it said. Saudi economic reforms launched in 2016 aimed to create millions of jobs and reduce the unemployment rate to 7% by 2030. But the new coronavirus outbreak has hit the Kingdom hard and its impact on oil demand and oil prices has eaten into state revenues. Business conditions in the non-oil private sector also deteriorated, worsening for the fourth straight month in June as measures to contain the coronavirus eroded consumer demand, a survey showed on Sunday. Employment in the private sector in June fell at a record pace as firms shed jobs to reduce costs. (Reuters)
- **Air Products, ACWA Power and Saudi NEOM sign agreement for $5bn –** Air Products, ACWA Power and Saudi Arabia's NEOM have signed an agreement for a $5bn green hydrogen-based ammonia production facility, the companies said. The project, which will be equally owned by the three partners, will be based in NEOM, Saudi Arabia's new economic zone, and produce green ammonia for export to global markets, they said. (Reuters)
- **Saudi home financier Amlak's IPO covered 7.67 times at close –** Amlak International IPO total coverage stood at 7.67 times, according to a statement. Retail subscription covered at a ratio of 26.90x, Institutional tranche coverage of 4.98x and 2.72mn shares representing 10% of shares on offer, were allocated to retail subscribers. Total offer, priced at SR16 per share, comprised 27.18mn shares, or 30% of Amlak International's share capital. The final allocation of shares and refund of excess money will take place on July 12 and July 15, respectively. CEO, Abdullah Al Sudairy: "While financial markets and the wider business environment have been volatile in recent months, our equity story is one of both resilience and a path to long-term growth." NCB Capital has managed the IPO. (Bloomberg)
- **UAE federal government 1Q2020 surplus at AED1.8bn –** UAE federal government's 1Q2020 surplus came in at AED1.8bn, state-run Wam news agency reported, citing finance ministry report. The 1Q2020 expenditure stood at AED11.4bn. (Bloomberg)

- **CBUAE: UAE banks can withstand shocks of any size –** The Central Bank of the UAE (CBUAE) said on Tuesday the country's banking sector can withstand any scale of shock as banks are well capitalized, despite forecasting a deterioration of credit metrics in the country. Ratings agency Moody's said on Monday the twin challenges of the coronavirus crisis and the drop in oil prices will hit bank profits hard in the oil-producing Gulf region. In a statement, the CBUAE said that while the coronavirus pandemic poses challenges to banks, "our stress tests demonstrate that the UAE banking sector is able to withstand macro-financial shocks of any size". The capital adequacy rate among UAE banks stood at 16.9% as of the end of March and the eligible liquid asset rate was 16.6% as of the end of May - "well in excess of the minimum regulatory requirements", it said. Moody's said on Monday it expects Gulf banks provisioning charges for possible loan losses to rise sharply and the economic downturn to hit banks' income deriving from interest on loans and fees and commissions. Important sectors of the UAE economy have reached a near standstill over the past few months because of virus containment measures while others, such as real estate, have been sluggish for years. In a separate report on Tuesday, the CBUAE said the UAE property sector would continue to present risks for UAE banks amid the coronavirus crisis, but also "persistent supply and demand imbalances as well as deteriorating financial performance of property developers". It also cautioned that companies may become distressed because of the coronavirus outbreak and their debt servicing capacity is expected to deteriorate this year. (Reuters)
- **Nakheel plans new homes as demand returns –** Nakheel plans to start construction of a new phase in a 1,500 villa community "very soon," the Dubai-based developer Chief Commercial Officer, Aqil Kazim said. Sales in the Nad Al Sheba project were "very successful" and buyers upgraded with larger properties, while lower prices enticed new investors. Nakheel sold AED400mn worth of properties during the coronavirus lockdown. The company will open a St. Regis hotel on Palm Jumeirah island and an 800-room all-inclusive resort on Deira island. Nakheel sees demand for properties that are ready, less demand for off-plan sales. (Bloomberg)
- **ADNOC to boost August oil exports as OPEC+ cuts set to ease –** Abu Dhabi National Oil Company (ADNOC) plans to boost its oil exports in August, the first signal that OPEC and its allies are preparing to ease record oil output cuts next month, sources told Reuters. The OPEC and allies led by Russia, known as OPEC+, have been cutting oil output since May by a record 9.7mn bpd after the coronavirus crisis destroyed a third of global demand. After July, the cuts are due to taper to 7.7mn bpd until December although a final decision has yet to be taken. Key OPEC+ ministers hold talks next week. Industry and trading sources said ADNOC plans to raise its crude oil exports by as much as 300,000 bpd in August, citing oil loading programs by the company. Gulf OPEC producer the UAE will pump according to its output quota under the OPEC+ agreement, which is 2.590mn bpd, up from 2.446mn in July, the sources familiar with ADNOC's exports and production plans said. ADNOC has notified its customers of its plans to cut crude oil nominations for August by 5% for all grades in line with OPEC+ pact to reduce oil supplies, a source told Reuters last month. (Reuters)
- **TAQA agrees financing for UAE's largest gas-fired power plant –** Abu Dhabi National Energy Company (TAQA) has agreed financing for the UAE's largest gas-fired power plant, which is expected to cost approximately AED4.2bn, the company said. The Fujairah F3 Independent Power Producer (IPP) project will have a generating capacity of 2.4 gigawatts, enough to power the equivalent of 380,000 UAE households, and is expected to start production by summer 2022. TAQA and Abu Dhabi's Mubadala Investment Company will jointly hold a 60% stake in the project, while the remaining 40% will be held by Japan's Marubeni Corporation. The external funding will be sourced from a consortium including Japan Bank for International Cooperation, BNP Paribas, Mizuho Bank, Sumitomo Mitsui Banking Corporation, Sumitomo Trust Bank, and Standard Chartered, TAQA said. (Reuters)
- **Dana Gas asks Sukuk investors to disclose holdings –** Dana Gas has asked owners of its bonds to provide information on their holdings, three sources said and a document reviewed by Reuters showed, a move that some investors fear may be a step towards another debt restructuring. Dana Gas shook the global Islamic finance industry in 2017, when it said it would not redeem its $700mn Sukuk, or Islamic bonds, arguing they were no longer valid under UAE law because of changes in Islamic financial practice. After a protracted legal battle, it reached an agreement with creditors in 2018. That restructuring followed an earlier one in 2012. Dana, which now has nearly $380mn in outstanding Sukuk due on October 31, this week has asked investors to disclose their holdings, according to an information request seen by Reuters. "This information is vital for our corporate communications with our bondholders," the company said. Some investors, who asked not to be named, said the request was possibly a prelude to another amendment of the firm's debt. "Normally you try to see if the bondholder group is concentrated, you identify the big holders, find out who they are … then you formulate your restructuring strategy," one of them said. Dana Gas did not respond to a Reuters query on the information request and its purpose. Dana Gas had $425mn in cash and cash equivalents at the end of 2019. In April, it approved around $95mn in dividends. (Reuters)
- **Kuwait to disburse $780mn to 70,000 citizens in private sector –** Kuwait will disburse some $780mn to support Kuwaiti citizens employed in the private sector as part of efforts to soften the impact of the coronavirus pandemic, the finance ministry said. The Public Authority for Manpower will transfer sums to Kuwaiti business owners and private sector employees for six months effective from last month. Only around 70,000 Kuwaiti citizens work in the private sector, where most employees are foreigners. As companies have laid off large numbers of foreign workers, the government has sought to retain Kuwaitis. Most Kuwaitis work in the state sector, which has not experienced mass layoffs during the coronavirus crisis. Kuwait, like other oil-dependent Gulf monarchies, has long tried to encourage more of its citizens to accept private sector jobs, and gives such workers extra government benefits. The finance ministry approved the disbursal this week following a June 1 request from the manpower authority, which said the payments were

"to preserve the national employment gains in the private sector and enhance job security for this segment". Kuwait's finances have been squeezed by the twin shock of the coronavirus pandemic and low oil prices. Despite its vast wealth, the country could see its deficit widen to more than 11% of gross domestic product (GDP) this year from a 4.8% surplus last year, the International Monetary Fund has estimated. (Reuters)

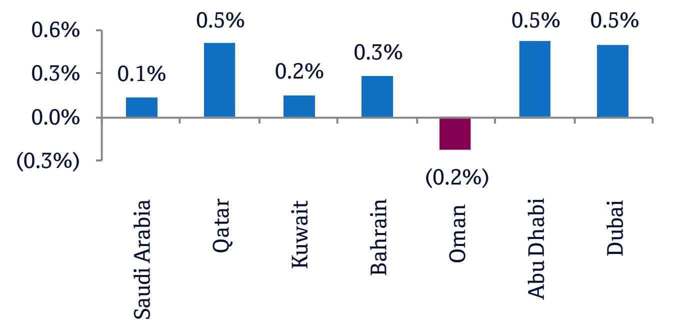
- **Kuwait sells KD240mn 182-day bills; bid-cover at 11.38x –** Kuwait sold KD240mn of 182-day bills due on January 5, 2021. Investors offered to buy 11.38 times the amount of securities sold. The bills have a yield of 1.375% and settled on July 7, 2020. (Bloomberg)
- **Canada investor plans to build $1.5bn Oman refinery for ship fuel –** Canada Business Holdings (CBH) will partner with an Omani government company to build a refinery to produce low-sulfur fuel oil for ships, CEO of the Ottawa-based investor, Moses Solemon said. The 300k bpd refinery will be built in phases at town of Duqm in Oman; the first phase will be able to process 150k bpd of crude; project to be completed by 2024. CBH to pick its Omani partner by the time it arranges financing for the project, a process that may take 2 years. The refinery will not have access to Oman crude as feedstock and will need to secure its own supply to process into shipping fuel. (Bloomberg)

Rebased Performance



Source: Bloomberg

Daily Index Performance



Source: Bloomberg

Asset/Currency Performance	Close ($)	1D%	WTD%	YTD%
Gold/Ounce	1,794.86	0.6	1.1	18.3
Silver/Ounce	18.27	(0.0)	1.4	2.4
Crude Oil (Brent)/Barrel (FM Future)	43.08	(0.0)	0.7	(34.7)
Crude Oil (WTI)/Barrel (FM Future)	40.62	(0.0)	(0.1)	(33.5)
Natural Gas (Henry Hub)/MMBtu#	1.71	0.0	6.1	(18.2)
LPG Propane (Arab Gulf)/Ton	49.00	2.9	5.1	18.8
LPG Butane (Arab Gulf)/Ton	48.00	3.2	4.3	(26.7)
Euro	1.13	(0.3)	0.2	0.5
Yen	107.52	0.2	0.0	(1.0)
GBP	1.25	0.4	0.5	(5.4)
CHF	1.06	(0.0)	0.3	2.7
AUD	0.69	(0.4)	0.1	(1.1)
USD Index	96.88	0.2	(0.3)	0.5
RUB	71.49	(0.4)	0.1	15.3
BRL	0.19	(0.5)	(1.3)	(25.3)

Source: Bloomberg (#Market was closed on July 7, 2020)

Global Indices Performance	Close	1D%*	WTD%*	YTD%*
MSCI World Index	2,243.17	(0.9)	0.8	(4.9)
DJ Industrial	25,890.18	(1.5)	0.2	(9.3)
S&P 500	3,145.32	(1.1)	0.5	(2.6)
NASDAQ 100	10,343.89	(0.9)	1.3	15.3
STOXX 600	368.96	(0.8)	1.4	(10.8)
DAX	12,616.80	(1.1)	1.1	(4.1)
FTSE 100	6,189.90	(0.9)	1.3	(22.3)
CAC 40	5,043.73	(0.9)	1.2	(15.2)
Nikkei	22,614.69	(0.5)	1.4	(3.2)
MSCI EM	1,052.54	(0.8)	1.9	(5.6)
SHANGHAI SE Composite	3,345.34	0.5	6.9	8.9
HANG SENG	25,975.66	(1.4)	2.4	(7.4)
BSE SENSEX	36,674.52	0.2	1.5	(15.4)
Bovespa	97,761.00	(1.6)	0.5	(36.7)
RTS	1,247.83	0.1	1.0	(19.4)

Source: Bloomberg (*$ adjusted returns)

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