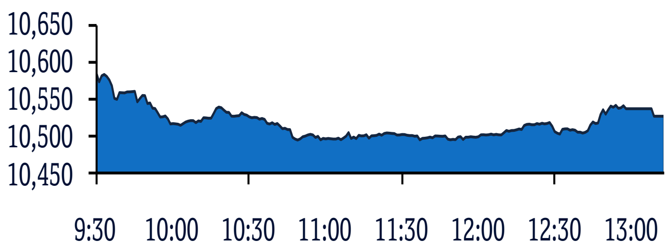
Daily Market Report

Wednesday, 09 December 2020

QSE Intra-Day Movement



Qatar Commentary

The QE Index declined 0.7% to close at 10,529.5. Losses were led by the Insurance and Industrials indices, falling 1.8% and 1.6%, respectively. Top losers were Qatari Investors Group and Qatar Insurance Company, falling 2.8% and 2.5%, respectively. Among the top gainers, Medicare Group gained 2.0%, while Al Meera Consumer Goods Company was up 1.3%.

GCC Commentary

Saudi Arabia: The TASI Index fell 0.2% to close at 8,612.1. Losses were led by the Health Care and Food & Staples indices, falling 1.9% and 1.8%, respectively. Saudi Arabian Amiantit declined 3.9%, while Gulf Union Coop. Insurance was down 3.7%.

Dubai: The DFM Index gained 2.0% to close at 2,532.4. The Investment & Financial Services index rose 9.3%, while the Real Estate & Construction index gained 4.0%. DAMAC Properties Dubai Co. rose 12.7%, while Dubai Investments was up 11.6%.

Abu Dhabi: The ADX General Index gained 0.4% to close at 5,062.4. The Industrial index rose 2.1%, while the Real Estate index gained 1.5%. Arkan Building Materials Co. rose 8.6%, while Abu Dhabi National Co. for Building Materials was up 6.3%.

Kuwait: The Kuwait All Share Index fell 0.1% to close at 5,558.2. The Utilities index declined 2.5%, while the Banks index fell 0.5%. United Projects for Aviation declined 13.5%, while Tijara & Real Estate Investment Co. was down 11.9%.

Oman: The MSM 30 Index gained 0.3% to close at 3,667.1. Gains were led by the Industrial and Services indices, rising 1.3% and 0.4%, respectively. United Finance Company rose 9.8%, while Dhofar Cattle Feed Company was up 6.6%.

Bahrain: The BHB Index fell 0.1% to close at 1,493.1. The Commercial Banks index declined 0.7%, while the other indices ended flat or in green. Al Salam Bank-Bahrain declined 2.7%, while Bahrain Islamic Bank was down 1.1%.

Market Indicators	08 Dec 20	07 Dec 20	%Chg.
Value Traded (QR mn)	540.0	560.8	(3.7)
Exch. Market Cap. (QR mn)	609,278.7	613,824.9	(0.7)
Volume (mn)	223.1	293.9	(24.1)
Number of Transactions	11,124	13,715	(18.9)
Companies Traded	46	46	0.0
Market Breadth	9:33	10:32	–

Market Indices	Close	1D%	WTD%	YTD%	TTM P/E
Total Return	20,242.54	(0.7)	0.6	5.5	17.9
All Share Index	3,231.49	(0.7)	0.5	4.3	18.5
Banks	4,287.79	(0.5)	0.2	1.6	15.1
Industrials	3,147.55	(1.6)	0.3	7.4	28.1
Transportation	3,305.13	0.4	3.1	29.3	15.1
Real Estate	1,967.09	(0.9)	2.0	25.7	17.4
Insurance	2,471.76	(1.8)	(1.6)	(9.6)	N.A.
Telecoms	974.55	0.7	4.1	8.9	14.5
Consumer	8,213.48	(0.0)	(0.3)	(5.0)	24.3
Al Rayan Islamic Index	4,295.47	(0.7)	0.2	8.7	19.6

GCC Top Gainers##	Exchange	Close#	1D%	Vol. '000	YTD%
Saudi Kayan Petrochem.	Saudi Arabia	12.56	4.0	47,752.7	13.2
Emaar Properties	Dubai	3.59	3.5	26,308.8	(10.7)
National Petrochemical	Saudi Arabia	34.50	3.0	540.4	45.3
Aluminium Bahrain	Bahrain	0.51	2.8	236.6	23.0
Rabigh Refining & Petro.	Saudi Arabia	14.10	2.8	4,914.6	(34.9)

GCC Top Losers##	Exchange	Close#	1D%	Vol. '000	YTD%
Dr Sulaiman Al Habib	Saudi Arabia	106.00	(3.1)	1,113.4	112.0
Qatar Electricity & Water	Qatar	18.40	(2.1)	229.3	14.4
Mouwasat Medical Serv.	Saudi Arabia	127.40	(1.8)	68.9	44.8
Industries Qatar	Qatar	11.10	(1.8)	1,602.5	8.0
Ezdan Holding Group	Qatar	1.81	(1.5)	31,061.0	194.5

Source: Bloomberg (# in Local Currency) (## GCC Top gainers/losers derived from the S&P GCC Composite Large Mid Cap Index)

QSE Top Gainers	Close*	1D%	Vol. '000	YTD%
Medicare Group	9.02	2.0	3,431.3	6.8
Al Meera Consumer Goods Co.	21.05	1.3	292.6	37.6
Doha Insurance Group	1.37	1.3	123.1	14.2
Ooredoo	7.19	1.2	2,236.6	1.5
Qatar Navigation	7.03	1.2	2,101.0	15.2

QSE Top Losers	Close*	1D%	Vol. '000	YTD%
Qatari Investors Group	1.83	(2.8)	631.8	2.0
Qatar Insurance Company	2.56	(2.5)	916.1	(19.0)
Qatar Aluminium Manufacturing	0.99	(2.2)	16,325.0	27.1
Qatar Electricity & Water Co.	18.40	(2.1)	229.3	14.4
Qatar National Cement	4.02	(1.8)	146.7	(28.9)

QSE Top Volume Trades	Close*	1D%	Vol. '000	YTD%
Investment Holding Group	0.60	(1.1)	39,732.3	7.1
Ezdan Holding Group	1.81	(1.5)	31,061.0	194.5
INMA Holding	5.58	(1.8)	19,009.3	193.6
Salam International Inv. Ltd.	0.66	(0.6)	16,989.7	27.7
Qatar Aluminium Manufacturing	0.99	(2.2)	16,325.0	27.1

QSE Top Value Trades	Close*	1D%	Val. '000	YTD%
INMA Holding	5.58	(1.8)	109,030.7	193.6
Ezdan Holding Group	1.81	(1.5)	55,725.7	194.5
Masraf Al Rayan	4.44	(0.4)	46,754.0	12.1
QNB Group	18.40	(0.7)	30,584.9	(10.6)
Medicare Group	9.02	2.0	30,210.8	6.8

Source: Bloomberg (* in QR)

Regional Indices	Close	1D%	WTD%	MTD%	YTD%	Exch. Val. Traded ($ mn)	Exchange Mkt. Cap. ($ mn)	P/E**	P/B**	Dividend Yield
Qatar*	10,529.46	(0.7)	0.6	2.6	1.0	146.49	165,236.4	17.9	1.5	3.7
Dubai	2,532.40	2.0	4.7	4.7	(8.4)	147.98	94,037.4	11.8	0.9	3.8
Abu Dhabi	5,062.39	0.4	2.0	2.0	(0.3)	164.42	200,035.3	19.6	1.4	4.8
Saudi Arabia	8,612.13	(0.2)	(0.7)	(1.5)	2.7	3,576.70	2,450,722.7	34.5	2.1	2.3
Kuwait	5,558.22	(0.1)	0.3	1.8	(11.5)	158.26	101,866.9	37.1	1.4	3.5
Oman	3,667.13	0.3	0.7	0.6	(7.9)	6.75	16,612.8	11.0	0.7	6.9
Bahrain	1,493.05	(0.1)	(0.2)	1.1	(7.3)	1.97	22,842.2	14.5	1.0	4.5

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 declined 0.7% to close at 10,529.5. The Insurance and Industrials indices led the losses. The index fell on the back of selling pressure from Qatari, Arab and Foreign shareholders despite buying support from GCC shareholders.
- Qatari Investors Group and Qatar Insurance Company were the top losers, falling 2.8% and 2.5%, respectively. Among the top gainers, Medicare Group gained 2.0%, while Al Meera Consumer Goods Company was up 1.3%.
- Volume of shares traded on Tuesday fell by 24.1% to 223.1mn from 293.9mn on Monday. Further, as compared to the 30-day moving average of 259.1mn, volume for the day was 13.9% lower. Investment Holding Group and Ezdan Holding Group were the most active stocks, contributing 17.8% and 13.9% to the total volume, respectively.

Overall Activity	Buy %*	Sell %*	Net (QR)
Qatari Individuals	43.73%	42.59%	6,159,588.3
Qatari Institutions	25.16%	26.47%	(7,093,446.8)
Qatari	**68.89%**	**69.06%**	**(933,858.5)**
GCC Individuals	0.58%	0.33%	1,374,561.5
GCC Institutions	1.80%	1.23%	3,072,190.9
GCC	**2.38%**	**1.55%**	**4,446,752.4**
Arab Individuals	12.95%	13.00%	(271,244.7)
Arab Institutions	0.01%	–	26,260.0
Arab	**12.96%**	**13.00%**	**(244,984.7)**
Foreigners Individuals	5.20%	4.06%	6,146,598.0
Foreigners Institutions	10.58%	12.32%	(9,414,507.2)
Foreigners	**15.78%**	**16.38%**	**(3,267,909.3)**

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

Ratings

Company	Agency	Market	Type*	Old Rating	New Rating	Rating Change	Outlook	Outlook Change
Saudi Basic Industries Corp	Fitch	Saudi Arabia	LT-LC IDR	–	A	–	Negative	–

Source: News reports, Bloomberg (* LT – Long Term, IDR – Issuer Default Rating, LC –Local Currency)

News

Qatar

- **UAE, Egypt welcome efforts to resolve Gulf dispute –** The UAE said it supports Saudi efforts to end a three-year Gulf dispute, Abu Dhabi's first reaction to recent statements suggesting the rift between four regional countries and Qatar could soon ease. Saudi Arabia's Foreign Minister, Faisal bin Farhan told AFP last week that the kingdom and its allies the UAE, Bahrain and Egypt were on board to resolve the diplomatic crisis. The UAE supports Saudi Arabia's benevolent efforts on behalf of the four countries, tweeted Anwar Gargash, the Emirates' Minister of state for foreign affairs. "It looks forward to a successful Gulf summit," he added, referring to a meeting of the GCC regional bloc expected later this month. (Gulf-Times.com, Reuters)
- **S&P places QLM's 'A' financial strength rating on CreditWatch Negative –** S&P Global Ratings (S&P) placed its 'A' financial strength rating on QLM Life and Medical Insurance Company (QLM) on CreditWatch with Negative implications. S&P said, "The CreditWatch placement is based on our view that Qatar Insurance Company (QATI) will likely revoke its guarantee to QLM following QATI's planned sale of 60% of QLM's common stock on the Qatari Stock Exchange. Our rating on QLM is based on the guarantee provided by QATI. Following the proposed transaction, QATI would only own 25% of the listed entity, so it is highly unlikely QLM would receive any uplift to its rating from QATI. We think it is highly likely that the rating on QLM on a stand-alone basis - without the benefit of the guarantee - would be lower than the rating on QATI. QATI is a large group writing a variety of products internationally, whereas QLM is a much smaller player focusing on life and medical insurance primarily in Qatar. We expect to resolve or update the CreditWatch placement following the confirmation of QATI's divestment and the status of the guarantee. If we were to lower the rating, it could be by more than one notch, depending on our assessment of QLM's stand-alone creditworthiness. That said, we could affirm the rating if the guarantee remains in place, although this is not our current expectation. We intend to resolve the CreditWatch placement within 90 days. We expect it will become clear within those 90 days whether the transaction is to go ahead, and if so, we should also have more clarity regarding the guarantee from QATI. If QATI executes the sale and revokes the guarantee, we could lower the rating on QLM by one or more notches depending on how we assess QLM's stand-alone creditworthiness. We could remove the 'A' ratings on the operating subsidiaries from CreditWatch and affirm them in the unlikely scenarios that the transaction does not complete or the guarantee from QATI remains in place for another reason." (Bloomberg)
- **Qatar Central Securities Depository has modified the foreigners' ownership limit of QNCD –** Qatar Central Securities Depository has modified the foreigners' ownership limit of Qatar National Cement Company (QNCD) to be 49% of the capital. (QSE)
- **GWCS opens nominations for its board membership –** Gulf Warehousing Company (GWCS) announced the opening of nominees for the board memberships for the years 2021 to 2023.

Applications will be accepted starting from January 03, 2021 until 03:00 pm of January 17, 2021. (QSE)

- **QNB Group launches Apple Pay online acceptance in Qatar –** QNB Group, the largest financial institution in the Middle East and Africa, has launched Apple Pay online payment acceptance in Qatar, providing an easy, secure and private way to pay. Adding Apple Pay as a payment option will allow merchants to provide their customers with a seamless shopping experience and increase their online sales. Users will have the ability to use Apple Pay to make secure payments on websites and online stores that support Apple Pay. This milestone comes within the Group's endeavor to provide faster payment means than accepting traditional credit and debit cards and other payment methods. (Press Release)
- **Qatar offers Deodorized Field Condensate for February –** Qatar Petroleum for the Sale of Petroleum Products Company Limited (QPSPP) offered to sell 500k-1mn barrels of Deodorized Field Condensate for February loading, according to a tender document. Cargoes to load from Ras Laffan. Bids due from 12:30pm local time on December 15, to be valid until 5pm the next day. (Bloomberg)
- **Real estate deals in Qatar in November cross QR2.3bn –** The volume of real estate transaction in sales contracts registered with the real estate registration department at Qatar's Ministry of Justice during the month of November of this year amounted to QR2.383bn. The data of the analytical real estate bulletin issued by the Ministry of Justice showed that 504 real estate deals were registered during the month. The municipalities of Doha, Al Rayyan, and Al Wakrah topped the most active transactions in terms of financial value. In terms of the traded areas index, the indicators show that the municipalities of Doha, Al Rayyan, and Al Wakrah were the most active municipalities for real estate areas traded during the month of November. Data showed that real estate trading in November continues its steady growth, boosted by new laws related to real estate brokerage and laws attracting local and foreign capital. The data also confirm the strength and durability of the foundations of the Qatari economy and the continued growth of the real estate sector as one of its main components. (Qatar Tribune)
- **Qetaifan Island North's sales exceed QR1bn –** Qetaifan Projects, owned by Katara Hospitality announced the awarding of Qetaifan Island North's Phase 2 Villa plots at a ceremony where investors bid to own a plot. According to a remark made on the occasion, sales related to Qetaifan Island North exceed QR1bn within 12 months. Katara Hospitality's Chairman, Sheikh Nawaf bin Jassim bin Jabor Al Thani said that the demand for investment in Qetaifan Island North reflects the position the company has reached in the local real estate development market, indicating that the project represents a starting point for Qetaifan Projects towards developing more projects and serving various state sectors. He added that investors aspire to benefit from the returns of Qetaifan Island North project through the safe environment achieved by the state to encourage and attract foreign investments and create new opportunities, noting that this will positively affect the local market and will encourage competition and inspire the state's sectors in all fields. (Qatar Tribune)
- **Qatar set to significantly boost energy investments in India –** Major energy importer India and one of the world's top liquefied natural gas (LNG) exporters, Qatar, agreed to create a special task force to explore and facilitate Qatari investments in India, including in the energy sector. In a telephone conversation today, India's Prime Minister Narendra Modi and the Emir of Qatar, Sheikh Tamim Bin Hamad Al-Thani, agreed to deepen cooperation in the energy sector, the Indian government said in a statement. "The two leaders discussed the robust cooperation between both countries in the fields of investment flows and energy security, and reviewed recent positive developments in this regard. They decided to create a special Task-Force to further facilitate investments by Qatar Investment Authority into India, and also resolved to explore Qatari investments in the entire energy value-chain in India," the government of India said. India, the world's third-largest oil importer, is also a major importer of LNG, of which Qatar delivers around 80%. (Bloomberg)

International

- **Fitch says upgrades of major economies unlikely in 2021 despite COVID-19 vaccine –** Fitch Ratings told Reuters that upgrades of any major economy are unlikely in 2021 despite recent developments related to COVID-19 vaccination, and that countries in Latin America, the Middle East and Africa show the highest level of vulnerability to further negative action in the coming year. "We have only two sovereign ratings (Cote d'Ivoire and New Zealand) on Positive Outlook so upgrades of any major economies currently look unlikely in 2021", Tony Stringer, Chief Operating Officer of the rating agency's Global Sovereigns and Supranationals, said in an emailed response to questions posed by Reuters. "The two regions that have already seen the most rating downgrades (Latin America and Middle East & Africa) display the highest level of vulnerability to further negative action, with 9 and 12 Negative Outlooks respectively", Stringer said. Countries hit hard by the coronavirus will see the maximum economic boost from an effective vaccine which is rolled out swiftly in the first half of next year, Brian Coulton, Fitch's chief economist told Reuters. "All developed countries will clearly benefit (from a vaccine) but the UK, Spain, France and Italy were among the hardest hit in H1 2020 and the UK and the EU (European Union) have placed very large pre-orders of the Pfizer, Moderna and Oxford-AstraZeneca vaccines", he said. Coulton also said that the start of 2021 will be weak in Europe and the US as a result of recently tightened restrictions and that the clearest benefits in annual growth numbers will be seen in 2022. Fitch's chief economist said that the rating agency expects a slower vaccine roll out in emerging markets as the logistics of rolling out mass immunization programs could be more challenging, while vaccine pre-orders have been more modest. (Reuters)
- **US third-quarter productivity pared; unit labor costs revised up –** US worker productivity increased strongly in the third quarter, though the pace of growth was likely overstated as the sharp rebound in output from the COVID-19 pandemic recession has far outpaced employment gains. The Labor Department said on Tuesday nonfarm productivity, which measures hourly output per worker, increased at a 4.6% annualized rate last quarter. The slight downward revision from the 4.9% pace

estimated last month followed a 10.6% rate of growth in the second quarter, which was the fastest since the first quarter of 1971. The economy expanded at a historic 33.1% annualized rate in the July-September quarter, thanks to more than $3tn in government pandemic relief for businesses and workers. That followed a record 31.4% pace of contraction in the second quarter. Strong productivity explains the divergence between GDP growth and the labor market. The economy has recouped two-thirds of output lost during the coronavirus crisis, while only about 56% of the 22.2mn jobs lost in March and April. A wide gap between output and employment is not unusual during recessions, with a similar trend observed during the 2007-09 Great Recession. Economists polled by Reuters had forecast productivity growth would be unrevised at a 4.9% rate in the third quarter. The COVID-19 downturn has decimated lower-wage industries, like leisure and hospitality, which economists say tend to be less productive. (Reuters)

- **Pfizer COVID-19 vaccine data wins backing of US FDA staff, authorization nears –** Pfizer Inc cleared the next hurdle in the race to get its COVID-19 vaccine approved for emergency use on Tuesday after the US Food and Drug Administration (FDA) released documents that raised no new issues about its safety or efficacy. Pfizer and German partner BioNTech SE said last month their coronavirus vaccine's two-dose regimen was 95% effective against COVID-19 and had no major safety issues and asked the FDA for emergency use authorization. The vaccine's efficacy and safety data met its expectations for emergency use authorization, FDA staff said in documents released ahead of a Thursday meeting of outside experts to the FDA who will discuss whether to recommend the Pfizer shot for people aged 16 and older. Jefferies analyst Michael Yee said in research note the documents were "very simple and straightforward, which we think will lead to approval imminently." The agency typically follows the recommendations of its advisory panels but is not required to do so. It is not clear how many days or weeks the FDA will take to make a decision, but states are prepping for vaccine deliveries in mid-December. The documents were released on the day Britons began getting the Pfizer/BioNTech vaccine, the world's first recipients outside of clinical trials. (Reuters)
- **BRC: UK retail sales growth slows as November lockdown hits non-food sales –** British retail sales growth slowed in November when non-essential stores shut as part of a four-week lockdown in England, but online sales were able to fill more of the gap than in the first lockdown in March, industry data showed. The British Retail Consortium (BRC) said YoY total retail sales growth slowed to 0.9% in November from 4.9% in October, the weakest spending growth since a 5.9% fall in May. A measure of like-for-like sales - which includes online retail and stores that were able to remain open - rose by 7.7% compared with a year earlier, the biggest gain since June. "Some retailers were able offset a proportion of lost sales through greater online and click-and-collect sales, ensuring they could still serve their customers," Helen Dickinson, Chief Executive of the British Retail Consortium, said. For others, the coronavirus has proved the final straw. Last week 242-year-old department store chain Debenhams said it would close if it could not find a new owner and Arcadia, which operates many of Britain's best-known high street clothing chains, entered administration. (Reuters)
- **Nielsen: UK supermarket sales up 10% in November, boosted by English lockdown –** British supermarket sales increased by 10.1% in the four weeks to November 28 YoY, with growth peaking at 13% in the week to November 7, as shoppers prepared for England's second national lockdown, data from market researcher Nielsen showed. England's second lockdown to stem rising COVID-19 infections started on November 5 and ran until December 1. All non-essential shops had to close, along with pubs, cafes and restaurants, except to offer takeaway food. People were also encouraged to work from home if possible. All those factors help supermarket sales. Nielsen said shoppers continued to limit their visits to stores, with visits down 12% compared with the same time last year. However, they continued to spend more each time they shopped, on average 16% more. Sales of frozen food were up 19.7%, while sales of alcohol soared 23.2%. Online sales increased by 109% compared with the same period last year, with the online share of grocery spend reaching 13.6%, compared with 7.1% in November 2019 and not far from the 14% peak seen in June of this year. Nielsen said Morrisons, Britain's fourth biggest supermarket group by sales, continued to outperform the country's other big four grocers, with sales growth of 9.8% over the 12 weeks to November 28. No. 2 Sainsbury's, saw growth of 8.1%, followed by market leader Tesco on 7.6%. Walmart owned Asda was again the laggard with growth of 5.7%. Nielsen anticipates that up to 1bn Pounds ($1.3bn) more will be spent on groceries this December, compared with last year. (Reuters)
- **EU sees no abrupt end to Trump tariffs when Biden takes charge –** When EU leaders gather this week for their last summit of the Donald Trump era, expect fulsome declarations of hope for a renewed transatlantic alliance under Joe Biden, but rather less to be said about a sudden end to Trump's trade war. Disputes over steel tariffs, tech taxes and airplane subsidies will not be resolved overnight: after four years of deep freeze, the best that officials hope for is a slow thaw. From climate change to security, there is a wide range of issues on which Europeans hope for an almost immediate improvement in cooperation from a new US President, after years of thinly veiled hostility from his outgoing predecessor. But trade is tougher. Not only are tariffs that Trump imposed on European steel and aluminum in 2018 hard to lift, but Washington could even impose new levies on French handbags and cosmetics as soon as next month, just before Biden takes office. "The US has for many years not been a friendly partner for European countries," French Finance Minister Bruno Le Maire said on the day after the US election last month, noting that the outcome would not alter US interests. "They are rivals, sometimes with confrontation, when we are threatened and hit by American sanctions." (Reuters)
- **Europe's supply chain finance fix feeds hidden debt fears –** European companies hit by the coronavirus crisis are increasingly turning to a complex financial tool to pay suppliers, raising investor concerns around "hidden" debt. Supply chain financing, by which companies can get cash from banks and funds to pay their suppliers without using working capital, has likely hit a record high in 2020, data shows. The world's top banks are set to earn $27bn from financing supply chains this year, data from research firm Coalition shows, as

larger borrowers, mostly in Europe, scramble to help suppliers hammered by the pandemic. This represents a rise of about 5.5% in 2020, compared with an average 2% increase in the previous four years. While supply chain finance is a legitimate business tool, high-profile collapses of companies like Britain's Carillion, Spain's Abengoa and the UAE NMC Health have prompted investor concern. An essential source of credit in a crisis, supply chain finance, also known as reverse factoring, can mask the true level of debt and cashflow issues that companies may face because it does not appear on balance sheets as debt, investors and analysts said. It is counted as a trade payable for the purchaser and a receivable for the supplier, despite acting more like bank debt in the opinion of some ratings agencies and industry experts. (Reuters)

- **Germany's Scholz defends debt-financed rescue push in COVID-19 pandemic –** German Finance Minister Olaf Scholz on Tuesday defended the government's decision against criticism from opposition lawmakers to finance its rescue and stimulus measures in the COVID-19 pandemic with record new borrowing this year and next. Speaking in the Bundestag lower house of parliament, Scholz also attacked members of the far-right AfD party for talking down the serious health risks of the new coronavirus, calling it a dangerous lie which would lead to more infections and deaths. Scholz said the government had received top marks from international organizations for its crisis response, adding that doing nothing was not an option as this would lead to even higher costs for the country. Lawmakers later on Tuesday are expected to suspended debt limits in the constitution again to allow the government net new borrowing of up to 180bn Euros ($218bn) in 2021 to finance more measures to shield Europe's largest economy from the COVID-19 pandemic. The debt figure is the second-highest in post-war Germany and comes after the Bundestag lower house of parliament this year suspended the debt brake to allow net new borrowing of up to 218bn Euros in 2020. Germany's GDP grew by a stronger-than-expected 8.5% QoQ from July through September, following an unprecedented 9.8% plunge in the second quarter due to the first wave of the COVID-19 pandemic. (Reuters)
- **German insolvencies push up outstanding claims from creditors –** Despite a temporary suspension of the obligation to file for insolvency this year, company bankruptcies in Germany have caused significantly more damage to creditors and cost more jobs, credit agency Creditreform said. Outstanding claims from insolvency creditors amount to 34bn Euros this year, up from 23.5bn last year, Creditreform said. The number of employees affected by insolvencies has risen to 332,000 from 218,000 in 2019, it added. Patrik-Ludwig Hantzsch, head of economic research at Creditreform, predicted a sharp rise in corporate insolvencies next year to around 24,000, the highest level since 2014. (Reuters)
- **Suga: Japan stimulus package will likely boost GDP by around 3.6% –** Japan's latest economic stimulus package to help the country recover from its coronavirus-driven slump will likely boost GDP by around 3.6%, Prime Minister Yoshihide Suga said. Suga's cabinet endorsed the $708bn stimulus package, which will include about 40tn Yen ($384.47bn) in direct fiscal spending and initiatives targeted at reducing carbon emissions and boosting adoption of digital technology. (Reuters)

Regional

- **Fitch: GCC Islamic banks outlook 'stable' in 2021 –** The outlook for the GCC Islamic banks is "Stable" in 2021, reflecting a "modest" expected economic recovery, according to Fitch, a global credit rating agency. Although Fitch expects continued asset quality and profitability pressures, it said capital buffers and liquidity are expected to remain "stable and adequate" for the risks. All the long-term issuer default ratings (LT IDRs) assigned by Fitch to Islamic banks in the GCC are investment grade; 88% are driven by potential direct and indirect sovereign support and 12% by the banks' standalone creditworthiness. Considering that potential sovereign support drives 88% of Islamic banks' LT IDRs in the GCC, reflecting the strong record of sovereign support in these countries and the sovereigns' relatively high ratings; it said the GCC Islamic bank ratings are, therefore, highly sensitive to sovereign pressures. Stronger financing growth than at conventional peers is slated to continue in 2021 due to broader adoption and innovative structuring of Shari'ah compliant products and new, fast-growing franchises in some Islamic banks. "Nevertheless, this will be at a slower pace than in the past," Fitch said. The agency found that Islamic banks are more exposed to the real-estate and construction sector than conventional peers and these sectors will remain problematic in 2021 due to declining prices and oversupply. Expecting consolidation in the industry; Fitch said, "we expect further M&A (merger and acquisition) activity as many Islamic banks have weaker franchises which lack strong competitive advantages, particularly in pricing, cost of funding and growth opportunities." (Gulf-Times.com)
- **Fitch Ratings: MENA sovereign outlook negative, uncertain recovery –** The economic recovery in the Middle East and North Africa (MENA) will be dampened by a weak oil demand outlook and fiscal consolidation efforts after a sharp rise in debt in 2020, Fitch Ratings said. Most MENA sovereigns will register improving growth and fiscal and external balances in 2021 as economies bounce back from the coronavirus shock, oil prices recover, and stimulus measures are eased. Nevertheless, balance sheets will continue to deteriorate despite efforts to mitigate the impact of the pandemic on financial sustainability, although they remain very strong for higher-rated GCC sovereigns. Lower-for-longer oil prices and other potential consequences of the pandemic raise questions about the GCC's long-term social and economic models. Reform is becoming a precondition for debt market access and debt sustainability for some lower-rated sovereigns. Painful fiscal adjustments and the economic dislocation from coronavirus-containment measures risk a social and political backlash in 2021 in the absence of economic opportunities and improved living standards to satisfy still rapidly growing, young and under-employed populations. Meanwhile, entrenched regional conflicts and rivalries are in the background and there may be renewed attempts at resolution under a Biden administration in the US. Five of the 15 Fitch-rated MENA sovereigns are on a Negative Outlook, after Outlook revisions on Saudi Arabia, Oman, Iraq, Jordan and Tunisia in 2020. Fitch Ratings has

downgraded Bahrain, Lebanon, Morocco, Oman and Tunisia during the year. (Bloomberg)

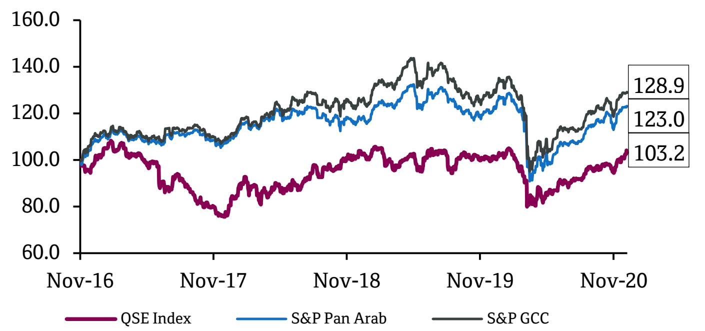
- **Saudi Aramco and Baker Hughes JV to develop non-metallic products –** Oil giant Saudi Aramco and energy services company Baker Hughes have formed a 50/50 joint venture, Novel, to develop a broad range of non-metallic products for multiple applications in the energy sector. Novel's new plant is being constructed at Saudi Arabia's King Salman Energy Park (SPARK), a 50 square kilometer energy city aimed at making the Kingdom a global energy, industrial and technology hub. The new facility will not only create jobs, it will also help to foster growth of an emerging sector in line with Saudi Arabia's Vision 2030 to diversify the economy away from oil, the companies said in a statement without disclosing the size of their investment. (Reuters)
- **SAPTCO to use SR183mn of reserves to cover accumulated losses –** Saudi Public Transport (SAPTCO) will use SR183mn of reserves to cover accumulated losses. The board has approved use of reserves to cover accumulated losses of SR134mn as of 3Q2020, it said. (Bloomberg)
- **UAE's non-oil business activity contracts in November over weak demand –** The UAE's non-oil private sector economy suffered a further deterioration in business conditions during November, latest PMI data showed, in part caused by the first decline in activity since May. The seasonally adjusted IHS Markit UAE Purchasing Managers' Index (PMI), which covers manufacturing and services, stood at 49.5 in November, unchanged from October and staying below the 50.0 mark that separates growth from contraction. David Owen, Economist at IHS Markit, said: "Notably, the latest data signaled a renewed decline in output across the non-oil economy in the UAE during November. The sector continued to suffer from weak demand which, despite a partial recovery, is reportedly still much softer than prior to the COVID-19 pandemic." The October reading signaled that the UAE non-oil economy is struggling to maintain a robust recovery from the COVID-19 lockdown earlier in the year. Firms continued to struggle amid subdued market conditions and lower customer numbers than seen prior to the coronavirus disease 2019 (COVID-19) pandemic. New orders grew during the month, but only slightly, whereas more positively employment fell at slowest rate since February, IHS Markit said. At the same time, business confidence towards growth prospects worsened in November, with companies now predicting a fall in output for the first time in the series history, the report said. (Zawya)
- **UAE considering supervisory committee for Gold industry –** The Ministerial Development Council of the UAE has discussed setting up a specialized committee to supervise the country's bullion market, the Emirates News Agency reported. Nation may also implement a UAE Good Delivery Standard as a benchmark for "quality and technical specification for the production of gold," the report said, it will provide standards for "creditworthiness, operational competency and appropriate production procedures." Federal platform for gold trading and tracking as well as comprehensive database on all players in the sector also considered by council. (Bloomberg)
- **Emirates NBD launches enterprise-wide payments hub –** Emirates NBD, a leading banking group in the MENAT (Middle East, North Africa and Turkey) region, has enhanced its payments innovation and speed through the global implementation of its Enterprise Payment Hub. The Enterprise Payment Hub provides full scalability to rapidly launch new and existing payment innovations across all Emirates NBD markets and entities. After initial rollout in Singapore in September 2019, the multi-entity, multi-currency payment platform is now fully operational across most Emirates NBD entities and markets, including for customers across the UAE, India, London and Egypt, and for all Emirates Islamic customers. For the first time, Emirates NBD will have a 360-view of customer payments across all Group entities and countries. More importantly, it will allow the bank to provide its customers an improved end-to-end tracking visibility on the status of a payment transaction through GPI (Global Payment Initiative) integration. Operational cost and efficiency benefits will also be realized with the new payment platform replacing multiple legacy payment engines, identifying the shortest payment processing route and enabling Straight Through Processing for an instant, seamless payment experience. (Zawya)
- **DUBAL Holding acquires 60% stake in OSE Industries –** DUBAL Holding, a wholly owned subsidiary of Investment Corporation of Dubai, ICD, announced the acquisition of 60 percent stake in OSE Industries, a specialized aluminum extrusion company in the UAE. The acquisition was signed on November 30, 2020 between Acting CEO of DH, Ahmad Bin Fahad and the President and Chairman of OSE, Othman Sharif. Bin Fahad said the acquisition of OSE is aligned to DH's strategy to invest in the identified growth sectors to progressively expand its industrial footprint in the region and create value addition in the downstream value chain. "We are happy to be partnering with DH and confident that the association with DH will help OSE to expand its business rapidly in the UAE as well as overseas," Sharif said. On the long-term prospects of OSE, he said that the long-term prospect of OSE looks bright as its specialized products would see a progressively expanding growth in demand from the steadily evolving Electrical Vehicle Manufacturers in the next few years and also the gradual shifting of focus to use aluminum rolled tubes by the Heating, Ventilation & Air Conditioning, HVAC, sector. (Zawya)
- **Abu Dhabi's ADIA sees China, India as key growth drivers –** Abu Dhabi Investment Authority (ADIA), the UAE's biggest sovereign wealth fund, said in its 2019 annual review it saw China and India as key drivers of global economic growth, and climate change and data centers as investment opportunities. ADIA, which manages capital on behalf of the oil rich Abu Dhabi government, does not disclose the value of its assets but financial advisory boutique Global SWF, which specializes in sovereign funds, has put them at $710bn this year. In 2019, ADIA achieved 20-year and 30-year annualized rates of return of 4.8% and 6.6% respectively compared to 5.4% and 6.5% in 2018, it said in its report, published on Tuesday. "At ADIA, we view climate change as an opportunity. We already routinely incorporate climate change considerations into all of our investment proposals and have been steadily expanding our exposure to renewable energy," Managing Director, Hamed bin Zayed al-Nahyan said in the report. "On a geographic basis, we continue to see China and India as key drivers of global growth

in the years to come," he said, adding that African countries are among those offering the greatest potential for long-term investors. The sovereign wealth fund is looking to Africa and renewable energy to generate greater returns, while relying more on artificial intelligence to mine data and spot new investment opportunities. "With an abundance of natural resources and young, growing and increasingly educated populations, African countries are among those offering the greatest potential for long-term investors," Abu Dhabi Investment Authority Managing Director, Hamed bin Zayed Al Nahyan said. "We already routinely incorporate climate-change considerations into all of our investment proposals and have been steadily expanding our exposure to renewable energy." ADIA employed 1,700 people at the end of 2019. Its portfolio was split between active and passive management with a 55%-45% ratio. It managed 45% of its investment portfolio internally and 55% through external managers, it said. ADIA said it planned to continue to focus on real estate in emerging markets like China, India and Latin America, where a growing consumer class could provide attractive investment opportunities. It said its external equities department had identified a manager to chase opportunities in Mexico. In the first few months of 2020, and against the backdrop of the COVID-19 pandemic, ADIA's private equity department provided expansion capital to new and existing portfolio companies in financial services and invested in the software and industrial services sectors. Other areas of focus included healthcare and technology, it said. ADIA's renewable energy portfolio accounted for more than 15 gigawatts of power generation capacity as of the end of last year, the report said. (Reuters, Bloomberg)

- **Mubadala, Arbor back fintech firm tabby's $23mn funding round –** Abu Dhabi state investor Mubadala and Arbor Ventures have a led a $23mn funding round for buy-now-pay-later startup tabby to support its growth, the fintech company said on Tuesday. The Series "A" funding round, which is normally backed by venture capital funds, also saw investments from Saudi-based venture fund STV, Raed Ventures and Global Founders Capital. Founded in 2019, Dubai-based tabby partners with retailers to offer their customers, both online and in-store, the ability to defer paying for their purchases for up to 30 days or to pay in four equal monthly instalments at zero cost to the consumer. Its customers can use its service across more than 500 merchants, including brands like IKEA, Toys R Us and Ace Hardware, and regional retail giants such as Al Futtaim Group. "This funding will fuel the company's next stage of growth, helping tabby materially scale its product and engineering capabilities in addition to its lending capacity," tabby said. The financing comes after tabby announced a partnership with Visa Inc and joined the Saudi Arabian Central Bank's regulatory sandbox for fintech firms, the statement said. (Reuters)
- **ADNOC launches second trading arm to fuel growth, focus on new markets, customers –** UAE's largest oil company, Abu Dhabi National Oil Company (ADNOC) has launched its second trading arm, ADNOC Global Trading (AGT), a joint venture between ADNOC (65%), Eni (20%) and OMV (15%) which focuses on the trading of refined products globally. AGT is located at Abu Dhabi Global Market, alongside ADNOC Trading and ICE Futures Abu Dhabi (IFAD), which will launch Murban Futures on the March 29, 2021, subject to the completion of remaining regulatory approvals. UAE Minister of Industry and Advanced Technology and ADNOC Group CEO, Sultan Ahmed Al Jaber said: "The go-live of ADNOC Global Trading marks another important milestone in the delivery of our 2030 smart growth strategy, and our focus on providing a better and broader service to our customers while driving growth and adding incremental value to our operations. "Together with our partners Eni and OMV, our new trading entity expands the reach of our products to new markets and new customers. AGT will enhance the skills of our people by combining experienced traders with the next generation of bright home-grown talent, creating new and exciting opportunities for UAE nationals while unlocking additional revenue streams for ADNOC and the UAE," he added. (Zawya)
- **ADNOC raises January Murban crude pricing to $0.50 per bbl premium –** Abu Dhabi National Oil Co. (ADNOC) has set pricing for January sales of Murban crude against the Dubai benchmark, according to a statement from the government-owned oil producer. The Murban has been raised to $0.50/bbl premium versus $0.25/bbl discount in December. (Bloomberg)
- **Eshraq Investments to start new hotel operation company in Dubai –** Eshraq Investments has confirmed the establishment of a new hotel operation company in Dubai in accordance with the provisions of the new amendments to the law. (ADX)
- **Kuwait Emir reappoints Sheikh Sabah al-Khalid as PM –** Kuwait's Emir, Sheikh Nawaf al-Ahmad al-Sabah reappointed Sheikh Sabah al-Khalid al-Sabah as Prime Minister on Tuesday following parliamentary polls in the Gulf Arab state, which faces its worst economic crisis in decades. Sheikh Nawaf has asked Sheikh Sabah to nominate members of a new cabinet for approval, state media said. While the Emir has the final say in state matters, the Prime Minister traditionally helps navigate the often-tense relationship between government and parliament, where opposition candidates made gains in Saturday's legislative vote. Analysts said the makeup of the new assembly could hamper government reform efforts to address a severe liquidity crunch in the OPEC member state caused by low oil prices and the novel coronavirus outbreak. (Reuters)
- **Kuwait sells KD280mn 182-day bills; bid-cover at 9.79x –** Kuwait sold KD280mn of 182-day bills due on June 8, 2021. Investors offered to buy 9.79 times the amount of securities sold. The bills have a yield of 1.25% and settled on December 8, 2020. (Bloomberg)
- **Bahrain banking sector's vital role praised –** The role of the financial and banking sector in fast-tracking economic development by providing needed credit facilities for various commercial and economic ventures was highlighted by Finance and National Economy Minister, Shaikh Salman bin Khalifa Al Khalifa. He stressed the pivotal role of the sector in providing more investment opportunities as well as development initiatives and programs. He was speaking as he received Export-Import Bank of the US (Exim) Chairperson, Kimberly A Reed and her accompanying delegation. He pointed out Bahrain's investment attractiveness, thanks to the care and support accorded by the government. (Zawya)

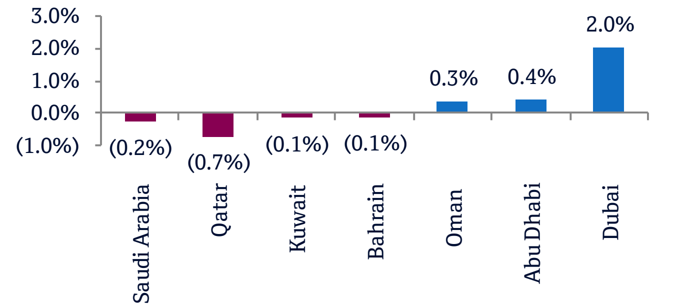
- **Bahrain Islamic Bank's integration with NBB ‘proceeding smoothly’ –** Bahrain Islamic Bank (BisB)’s integration with NBB, the second largest Bahraini bank by market capitalization, is proceeding smoothly, the Chairman of the Shari’ah-compliant lender has said. In January this year, it was announced that NBB had acquired around 80% stake in BisB. Chairman of BisB, Esam Fakhro told the BisB annual tech-driven event on Sunday that together the two banks will provide a unified force, further leading to stronger economic growth. Analyzing the deal last December, credit ratings agency Moody’s had said the acquisition by NBB would be credit positive for BisB because it would give the Sharia-compliant lender access to NBB’s strong capitalization, ample liquidity and a large customer base. NBB is one of the largest retail banks in Bahrain, with around a 12% market share by total system assets. (Zawya)
- **Bahrain sells BHD26mn 182-day Islamic Sukuk; bid-cover at 5.6x –** Bahrain sold BHD26mn of 182-day Islamic Sukuk due on June 10, 2021. Investors offered to buy 5.6 times the amount of securities sold. The 0% Sukuk have a yield of 2.6% and will settle on December 10, 2020. (Bloomberg)
- **Bank ABC in exclusive talks to buy Blom Bank Egypt –** In reference to the announcement dated December 2 in relation to the potential acquisition of Blom Bank (Egypt), Bank ABC, and further to the article published on Daily News Egypt on December 6, 2020, Bank ABC reconfirms that it has entered into exclusive discussions with Blom Bank (Lebanon) to acquire Blom Bank (Egypt). These discussions are still ongoing and there is no certainty that a transaction will be completed. A further announcement will be made when there is a subsequent material development. (Bahrain Bourse)

Rebased Performance



Source: Bloomberg

Daily Index Performance



Source: Bloomberg

Asset/Currency Performance	Close ($)	1D%	WTD%	YTD%
Gold/Ounce	1,870.56	0.4	1.7	23.3
Silver/Ounce	24.55	0.3	1.5	37.5
Crude Oil (Brent)/Barrel (FM Future)	48.84	0.1	(0.8)	(26.0)
Crude Oil (WTI)/Barrel (FM Future)	45.60	(0.3)	(1.4)	(25.3)
Natural Gas (Henry Hub)/MMBtu	2.38	(2.9)	(3.3)	12.9
LPG Propane (Arab Gulf)/Ton	58.00	(3.3)	(2.1)	40.6
LPG Butane (Arab Gulf)/Ton	55.75	(7.1)	(9.3)	(14.9)
Euro	1.21	(0.0)	(0.1)	7.9
Yen	104.16	0.1	(0.0)	(4.1)
GBP	1.34	(0.2)	(0.6)	0.7
CHF	1.12	0.2	0.3	8.9
AUD	0.74	(0.1)	(0.2)	5.6
USD Index	90.97	0.2	0.3	(5.6)
RUB	73.52	(0.2)	(0.7)	18.6
BRL	0.20	(0.4)	0.7	(21.5)

Source: Bloomberg

Global Indices Performance	Close	1D%*	WTD%*	YTD%*
MSCI World Index	2,642.05	0.2	0.1	12.0
DJ Industrial	30,173.88	0.3	(0.1)	5.7
S&P 500	3,702.25	0.3	0.1	14.6
NASDAQ 100	12,582.77	0.5	1.0	40.2
STOXX 600	393.64	0.1	(0.3)	2.1
DAX	13,278.49	(0.1)	(0.4)	8.3
FTSE 100	6,558.82	0.0	(0.7)	(12.4)
CAC 40	5,560.67	(0.4)	(1.1)	0.4
Nikkei	26,467.08	(0.4)	(1.1)	17.0
MSCI EM	1,254.23	0.1	0.3	12.5
SHANGHAI SE Composite	3,410.18	(0.2)	(1.0)	19.2
HANG SENG	26,304.56	(0.8)	(2.0)	(6.2)
BSE SENSEX	45,608.51	0.4	1.3	6.9
Bovespa	113,793.10	(0.8)	1.1	(22.8)
RTS	1,364.66	(0.3)	0.5	(11.9)

Source: Bloomberg (*$ adjusted returns)

Contacts

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

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

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

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

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