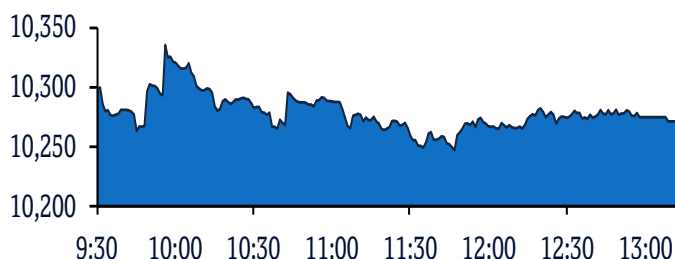


QSE Intra-Day Movement



Qatar Commentary

The QE Index declined 0.3% to close at 10,271.9. Losses were led by the Transportation and Banks & Financial Services indices, falling 2.0% and 0.3%, respectively. Top losers were Qatar Navigation and Qatar Islamic Bank, falling 3.1% and 2.1%, respectively. Among the top gainers, Qatar Islamic Insurance Company gained 3.3%, while The Commercial Bank was up 2.5%.

GCC Commentary

Saudi Arabia: The TASI Index fell 0.6% to close at 7,832.9. Losses were led by the Media & Ent. and Software & Serv. indices, falling 4.4% and 3.2%, respectively. Allianz Saudi Fransi Coop. Ins. declined 5.7%, while Arab. Cement was down 5.1%.

Dubai: The DFM Index declined 0.2% to close at 2,796.6. The Consumer Staples and Disc. index declined 2.0%, while the Invest. & Fin. Services index fell 1.6%. Dubai National Insurance & Reins. declined 9.0%, while Al Salam Sudan was down 7.2%.

Abu Dhabi: The ADX General Index fell 0.1% to close at 5,070.2. The Energy index declined 0.8%, while the Inv. & Fin. Serv. index fell 0.4%. Abu Dhabi National Oil Co. For Distribution declined 2.6%, while Arkan Building Materials was down 1.5%.

Kuwait: The Kuwait All Share Index fell marginally to close at 5,719.4. The Real Estate index declined 1.0%, while the Consumer Goods index fell 0.8%. National International Co. and Amwal International Investment Co. were down 10.0% each.

Oman: The MSM 30 Index gained 0.2% to close at 4,036.0. Gains were led by the Services and Financial indices, rising 0.5% and 0.1%, respectively. Dhofar Cattle Feed rose 9.9%, while Oman and Emirates Investment Holding was up 3.0%.

Bahrain: The BHB Index fell 0.1% to close at 1,517.7. The Industrial and Services indices declined 0.2% each. Zain Bahrain declined 1.9%, while APM Terminals Bahrain was down 1.7%.

QSE Top Gainers	Close*	1D%	Vol. '000	YTD%
Qatar Islamic Insurance Company	6.86	3.3	404.4	27.7
The Commercial Bank	4.47	2.5	1,176.6	13.5
Islamic Holding Group	2.06	1.5	388.8	(5.7)
Aamal Company	0.73	1.0	8,285.7	(17.8)
Dlala Brokerage & Inv. Holding Co.	0.69	0.9	66.2	(31.3)

QSE Top Volume Trades	Close*	1D%	Vol. '000	YTD%
Aamal Company	0.73	1.0	8,285.7	(17.8)
Ezdan Holding Group	0.67	(0.4)	6,037.2	(48.3)
United Development Company	1.37	0.7	3,386.8	(7.1)
Mesaieed Petrochemical Holding	2.90	0.7	3,335.0	92.9
Qatar International Islamic Bank	8.95	(0.3)	2,811.3	35.4

Regional Indices	Close	1D%	WTD%	MTD%	YTD%	Exch. Val. Traded (\$ mn)	Exchange Mkt. Cap. (\$ mn)	P/E**	P/B**	Dividend Yield
Qatar*	10,271.86	(0.3)	(0.4)	(0.9)	(0.3)	52.13	156,908.1	14.7	1.6	4.2
Dubai	2,796.58	(0.2)	1.3	0.6	10.5	23.37	100,758.4	11.8	1.0	4.4
Abu Dhabi	5,070.19	(0.1)	0.8	0.3	3.2	24.62	140,971.2	15.2	1.4	4.9
Saudi Arabia	7,832.93	(0.6)	(1.1)	(3.2)	0.1	737.64	492,785.0	19.3	1.7	3.9
Kuwait	5,719.37	(0.0)	1.5	0.7	12.6	93.04	106,816.0	14.2	1.4	3.7
Oman	4,035.96	0.2	0.2	0.5	(6.7)	5.47	17,517.1	8.2	0.8	6.8
Bahrain	1,517.72	(0.1)	0.3	0.1	13.5	3.11	23,700.0	11.4	1.0	5.1

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

Market Indicators	08 Oct 19	07 Oct 19	%Chg.
Value Traded (QR mn)	190.8	150.4	26.9
Exch. Market Cap. (QR mn)	571,197.9	572,186.1	(0.2)
Volume (mn)	53.4	56.6	(5.5)
Number of Transactions	5,533	5,392	2.6
Companies Traded	44	45	(2.2)
Market Breadth	16:18	12:26	-

Market Indices	Close	1D%	WTD%	YTD%	TTM P/E
Total Return	18,901.09	(0.3)	(0.4)	4.2	14.7
All Share Index	3,032.57	(0.2)	(0.3)	(1.5)	14.8
Banks	3,974.02	(0.3)	(0.5)	3.7	13.7
Industrials	3,093.57	(0.1)	0.5	(3.8)	18.2
Transportation	2,537.39	(2.0)	(3.1)	23.2	13.9
Real Estate	1,476.96	0.4	(0.3)	(32.5)	10.5
Insurance	2,912.15	0.2	(1.2)	(3.2)	16.4
Telecoms	937.47	0.2	2.8	(5.1)	16.1
Consumer	8,567.97	0.1	(0.3)	26.9	19.0
Al Rayan Islamic Index	3,954.90	(0.2)	0.0	1.8	15.5

GCC Top Gainers**	Exchange	Close*	1D%	Vol. '000	YTD%
DP World	Dubai	13.69	3.3	90.5	(19.9)
Co. for Cooperative Ins.	Saudi Arabia	71.40	3.2	305.7	18.4
Saudi Arabian Fertilizer	Saudi Arabia	83.30	2.7	288.2	8.0
Mouwasat Med. Services	Saudi Arabia	89.00	2.5	30.3	10.6
The Commercial Bank	Qatar	4.47	2.5	1,176.6	13.5

GCC Top Losers**	Exchange	Close*	1D%	Vol. '000	YTD%
Jabal Omar Dev. Co.	Saudi Arabia	27.60	(4.2)	2,240.0	(19.8)
Bank Al Bilad	Saudi Arabia	24.38	(2.5)	768.4	11.8
National Petrochemical	Saudi Arabia	23.00	(2.5)	321.8	(5.3)
Qatar Islamic Bank	Qatar	15.17	(2.1)	1,191.1	(0.2)
Savola Group	Saudi Arabia	28.90	(2.0)	725.9	7.8

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

QSE Top Losers	Close*	1D%	Vol. '000	YTD%
Qatar Navigation	6.30	(3.1)	644.4	(4.6)
Qatar Islamic Bank	15.17	(2.1)	1,191.1	(0.2)
Qatar Industrial Manufacturing	3.63	(1.9)	38.0	(15.0)
Qatar Oman Investment Co.	0.53	(1.7)	59.4	(0.7)
Qatar Aluminium Manufacturing	0.92	(1.5)	1,741.8	(31.1)

QSE Top Value Trades	Close*	1D%	Val. '000	YTD%
QNB Group	19.19	(0.2)	40,629.2	(1.6)
Qatar International Islamic Bank	8.95	(0.3)	25,160.8	35.4
Qatar Islamic Bank	15.17	(2.1)	18,174.7	(0.2)
Ooredoo	7.37	0.3	12,113.2	(1.7)
Mesaieed Petrochemical Holding	2.90	0.7	9,676.3	92.9

Source: Bloomberg (* in QR)

Qatar Market Commentary

- The QE Index declined 0.3% to close at 10,271.9. The Transportation and Banks & Financial Services indices led the losses. The index fell on the back of selling pressure from GCC shareholders despite buying support from Qatari and non-Qatari shareholders.
- Qatar Navigation and Qatar Islamic Bank were the top losers, falling 3.1% and 2.1%, respectively. Among the top gainers, Qatar Islamic Insurance Company gained 3.3%, while The Commercial Bank was up 2.5%.
- Volume of shares traded on Tuesday fell by 5.5% to 53.4mn from 56.6mn on Monday. Further, as compared to the 30-day moving average of 99.8mn, volume for the day was 46.5% lower. Aamal Company and Ezdan Holding Group were the most active stocks, contributing 15.5% and 11.3% to the total volume, respectively.

Overall Activity	Buy %*	Sell %*	Net (QR)
Qatari Individuals	20.56%	25.58%	(9,589,608.44)
Qatari Institutions	31.29%	20.80%	20,020,889.77
Qatari	51.85%	46.38%	10,431,281.33
GCC Individuals	0.98%	0.58%	757,048.53
GCC Institutions	1.06%	7.88%	(13,012,197.07)
GCC	2.04%	8.46%	(12,255,148.54)
Non-Qatari Individuals	10.34%	9.59%	1,423,954.76
Non-Qatari Institutions	35.78%	35.57%	399,912.45
Non-Qatari	46.12%	45.16%	1,823,867.21

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

Earnings Releases, Global Economic Data and Earnings Calendar

Earnings Releases

Company	Market	Currency	Revenue (mn) 3Q2019	% Change YoY	Operating Profit (mn) 3Q2019	% Change YoY	Net Profit (mn) 3Q2019	% Change YoY
United Electronics Co.	Saudi Arabia	SR	1,035	15.7%	27	-20.8%	27.2	-12.0%
SMN Power Holding**	Oman	OMR	64.4	-18.6%	13.2	-5.3%	6.7	2.4%
Hotels Management Co. Int.**	Oman	OMR	6.2	-20.9%	-	-	0.8	-51.5%

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

Global Economic Data

Date	Market	Source	Indicator	Period	Actual	Consensus	Previous
10/08	Germany	Deutsche Bundesbank	Industrial Production SA MoM	August	0.3%	0.3%	0.3%
10/08	Germany	Bundesministerium fur Wirtschaft	Industrial Production WDA YoY	August	-0.04	-0.04	-0.04
10/08	China	Markit	Caixin China PMI Composite	September	51.9	51.9	51.9
10/08	China	Markit	Caixin China PMI Services	September	51.3	51.3	51.3

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 3Q2019 results	No. of days remaining	Status
MCGS	Medicare Group	9-Oct-19	0	Due
QNBK	QNB Group	9-Oct-19	0	Due
GWCS	Gulf Warehousing Company	15-Oct-19	6	Due
KCBK	Al Khalij Commercial Bank	15-Oct-19	6	Due
QFLS	Qatar Fuel Company	16-Oct-19	7	Due
QIBK	Qatar Islamic Bank	16-Oct-19	7	Due
ERES	Ezdan Holding Group	17-Oct-19	8	Due
ABQK	Ahli Bank	17-Oct-19	8	Due
QGTS	Qatar Gas Transport Company Limited (Nakilat)	20-Oct-19	11	Due
QNCD	Qatar National Cement Company	21-Oct-19	12	Due
CBQK	The Commercial Bank	22-Oct-19	13	Due
QAMC	Qatar Aluminum Manufacturing Company	23-Oct-19	14	Due
UDCD	United Development Company	23-Oct-19	14	Due
DHBK	Doha Bank	23-Oct-19	14	Due
QIIK	Qatar International Islamic Bank	24-Oct-19	15	Due
SIIS	Salam International Investment Limited	24-Oct-19	15	Due
QCFS	Qatar Cinema & Film Distribution Company	27-Oct-19	18	Due
MERS	Al Meera Consumer Goods Company	27-Oct-19	18	Due
AKHI	Al Khaleej Takaful Insurance Company	27-Oct-19	18	Due
MARK	Masraf Al Rayan	27-Oct-19	18	Due
QIGD	Qatari Investors Group	27-Oct-19	18	Due
QISI	Qatar Islamic Insurance Group	29-Oct-19	20	Due

Tickers	Company Name	Date of reporting 3Q2019 results	No. of days remaining	Status
DOHI	Doha Insurance Group	29-Oct-19	20	Due
ORDS	Ooredoo	29-Oct-19	20	Due
QIMD	Qatar Industrial Manufacturing Company	30-Oct-19	21	Due

Source: QSE

News

Qatar

- WOQOD opens 90th fuel station in Qatar, inches closer to 2020 goal** – Qatar Fuel Company (WOQOD) on Tuesday opened a second fuel station in Al Wajba, increasing its network of stations across Qatar to 90. With this new facility, WOQOD has moved a step closer to its objective of opening 114 fuel stations by 2020. The new Al Wajba station is spread over 11,300 square meters and has four lanes with 12 dispensers. The new station offers round-the-clock services and includes a shop that sells gasoline and diesel products for light vehicles. WOQOD is currently constructing 21 new petrol stations, a large number of which are expected to become operational during the current year. (Qatar Tribune)
- MRDS to disclose 3Q2019 financial statements on October 23** – Mazaya Qatar Real Estate Development (MRDS) announced its intent to disclose 3Q2019 financial statements for the period ending September 30, 2019, on October 23, 2019. (QSE)
- DBIS to disclose 3Q2019 financial statements on October 27** – Dlala Brokerage & Investment Holding Company (DBIS) announced its intent to disclose 3Q2019 financial statements for the period ending September 30, 2019, on October 27, 2019. (QSE)
- QGRI to disclose 3Q2019 financial statements on October 24** – Qatar General Insurance & Reinsurance Company (QGRI) announced its intent to disclose 3Q2019 financial statements for the period ending September 30, 2019, on October 24, 2019. (QSE)
- Hotels in Qatar see higher occupancy on rising tourist arrivals** – The hospitality sector in Qatar is witnessing improved occupancy with a continuous rise in the number of tourists visiting the country, Al Asmakh Valuations and Research Director Gaurav Borikar has said. According to Borikar, the overall occupancy across star hotels in Qatar has increased to 70% in the second quarter of 2019 as compared to 67% in the previous quarter. The overall occupancy is rising in spite of the increased supply of hotel rooms, he said. Highlighting the relaxation of immigration policies for hassle-free journey as a major factor for the rise in tourists to Qatar, he said, “In view of the 2022 FIFA World Cup, Qatar has opened its door to more than 80 countries by awarding hassle-free visa on arrival within minutes of entering the country. The relaxation in immigration norms has paid off by attracting a huge number of visitors to the country.” Qatar welcomed close to one million visitors in the first half of 2019. Asians including Oceania contributed close to 40% to total visitors closely followed by visitors from Europe contributing 32% to the tally. (Qatar Tribune)
- Qatar will chose one contractor for new LNG trains** – Qatar’s Energy Minister Saad Al-Kaabi said only one contractor will be chosen to build four new liquefied natural gas (LNG) trains, or plants, as part of the expansion plans for its sprawling LNG production and export complex. “The actual LNG trains will be given to one contractor,” he told a conference in London, adding that other work would be awarded to other contractors. The expansion plans will boost Qatar’s LNG production by 40% and is a much sought after project by energy contracting firms. Qatar for years has been the largest LNG producer in the world. (Zawya)
- QCB Governor: Banks face major challenges from tech giants** – Predicting a major shake-up in the global banking industry operations, Qatar Central Bank’s (QCB) Governor, HE Sheikh Abdullah bin Saoud Al Thani has urged the local banks to brace themselves for the potential challenges. To stay relevant in the industry, banks have to change, he said. “Globalization is reshaping the traditional business model of banks. Banks have to change, else they will remain irrelevant in the industry”, the Governor said. Delivering the revered Carnegie Mellon University in Qatar ‘Dean’s Lecture Series’, here yesterday, Sheikh Abdullah said local economies are facing biggest challenges from external decisions. For instance, most banking regulations are being influenced by what’s happening outside the border. Banking industry, across the world, is facing multiple challenges and the biggest one is from the technology side. Innovations and technology are key success factors for banking industry going forward. If the industry fails to respond to the changing demands and expectations of the key market players, the role of banks will become irrelevant, the Governor said. Sheikh Abdullah said Qatar Central Bank, as a regulator, is well-positioned to address these challenges with the support of government and policy makers. QCB is set to introduce its ‘financial technology strategy’ before the end of this year. The objective of this strategy is to develop, collaborate and connect the local banks to the country’s financial ecosystem, in line with the country’s ambitious Qatar National Vision 2030. (Peninsula Qatar)
- Qatar will sequester over five million tons of CO2 per annum by 2025** – Minister of State for Energy Affairs, President and CEO of Qatar Petroleum (QP) HE Saad Sherida Al Kaabi has highlighted Qatar’s commitment to the world’s security of energy supplies and the sustainability of economic growth, while at the same time tackling global environmental challenges. Al Kaabi’s remarks came during a keynote speech at the opening of the 40th Oil and Money Conference, held in London on Tuesday, under the theme ‘Strategies for the Energy Transition,’ QP stated in a statement. The Minister said, “Qatar is investing hundreds of millions of dollars on technologies that will reduce greenhouse gas emissions by 25% at the country’s North Field LNG Expansion Project, compared to similar facilities through substantial reduction of fuel gas consumption

and capturing and re-injecting CO2 extracted from the feed gas.” He added, “More recently, we have successfully commissioned a facility at Ras Laffan to become the largest CO2 recovery and sequestration facility in the MENA region with a capacity of 2.1mn tons per annum of CO2. With such new carbon capture and storage projects, Qatar’s LNG industry will be capturing and sequestering more than 5 million tons of CO2 per annum by 2025.” (Qatar Tribune)

- **Qatar-Mexico trade jumps 33% to \$263mn in 2018** – The volume of trade exchange between Qatar and Mexico saw a 33% jump to reach \$263mn in 2018 over \$199mn recorded in the previous year, according to figures revealed by Qatar Chamber. In a meeting with a Mexican delegation led by Ambassador Graciela Gomez Garcia, Qatar Chamber’s First Vice Chairman, Mohamed bin Towar Al-Kuwari said investments of both countries focused on energy, food stuffs, healthcare, sports, and tourism. During the meeting, Al-Kuwari not only emphasized the robust economic and cultural relations of both countries but underscored the need to expand and develop cooperation relations of Qatar and Mexico’s business sectors. “Qatar’s economy is open to all world economies and its investment climate welcomes the forging of new trade alliances and partnerships between the Qatari and Mexican private sectors,” Al-Kuwari said. (Gulf-Times.com)

International

- **IMF Chief: World economy to see slowest growth in a decade** – Grinding trade disputes are undermining the global economy, which is set to see its slowest growth in nearly a decade, according to the new IMF Chief Kristalina Georgieva. Research shows the impact of the trade conflict is widespread and countries must be ready to respond in unison with cash infusions, Georgieva said in her first speech as Managing Director of the International Monetary Fund (IMF). She also called for a ramp-up in carbon taxes to address the other challenge facing the global economy: climate change. “In 2019, we expect slower growth in nearly 90% of the world. The global economy is now in a synchronized slowdown. This widespread deceleration means that growth this year will fall to its lowest rate since the beginning of the decade,” Georgieva said. She said the IMF is cutting its forecasts for growth this year and next. Previously, the world economy had been projected to expand by 3.2% in 2019 and 3.5% in 2020. (Qatar Tribune)
- **WEF: Productivity stagnant despite global stimulus** – Economies around the world have failed to boost productivity levels despite \$10tn of central bank stimulus unleashed since the global financial crisis of a decade ago, according to the Geneva-based World Economic Forum (WEF) think tank. Productivity, a measure of an economy’s ability to generate growth, has become of a matter of increasing concern among policy-makers around the world as headline growth rates remain weak and fears emerge of a new economic slow-down. Publishing its annual index of competitiveness based on an aggregate of some 103 indicators, the WEF urged countries to use fiscal policy and other incentives to boost research and development, workforce skills and infrastructure. (Reuters)
- **World Bank: Growth of global value chains has stalled amid trade conflicts** – The growth of global value chains, a key driver of trade and poverty reduction in emerging market countries,

has largely stalled in the past decade and is under threat from trade conflicts and emerging new technologies, the World Bank stated. In a new report, the World Bank stated global value chains - which spread production processes of goods over multiple countries - grew swiftly from 1990 to 2007 as reduced trade barriers and improved information technology and transportation links induced manufacturers, making up half of all trade. But this has reversed in recent years, partly due to slower economic growth and a maturing of manufacturing in dynamic regions such as China. Trade conflicts among large economies have contributed to the decline, and could lead to a retrenchment or a segmentation of GVCs. (Reuters)

- **Powell: Time for Fed to expand balance sheet ‘now upon us’** – Federal Reserve’s Chairman, Jerome Powell on Tuesday flagged openness to further rate cuts amid global economic risks, and said the time to allow the Fed’s asset holdings to begin to expand again “is now upon us” in order to ensure money markets function smoothly. The US equities initially cut losses on Powell’s speech, then reversed even lower on news that the US State Department was imposing visa restrictions on Chinese officials for China’s treatment of Muslims, raising concerns that it would make a US-China trade deal less likely. (Reuters)
- **Weak US producer inflation bolsters case for Fed rate cut** – The US producer prices unexpectedly fell in September, leading to the smallest annual increase in nearly three years, likely giving the Federal Reserve further room to cut interest rates for the third time this year in October. The producer price index for final demand dropped 0.3% last month, weighed down by decreases in the costs of goods and services, the government said. That was the largest decline since January and followed a 0.1% gain in August. In the 12 months through September the PPI increased 1.4%, the smallest gain since November 2016, after rising 1.8% in August. Economists polled by Reuters had forecasted the PPI nudging up 0.1% in September and advancing 1.8% on a YoY basis. Excluding the volatile food, energy and trade services components, producer prices were unchanged last month after jumping 0.4% in August. The so-called core PPI increased 1.7% in the 12 months through September after climbing 1.9% in August. (Reuters)
- **Britain says 88% of imports to face no tariffs in event of no-deal Brexit** – Britain on Tuesday revised the tariff regime that would come into force if it leaves the European Union without a deal, making 88% of total imports by value eligible for levy free access. Seeking to balance the need to keep consumer prices down without destroying domestic producers, Britain also stated under a new exceptional review process it could make changes to the regime from day one if needed. (Reuters)
- **ONS: UK productivity slides at fastest rate in five years** – Productivity in Britain contracted at the fastest annual pace in five years during the second quarter, according to official data that underline a persistent weak spot in the economy. Output per hour worked fell 0.5% YoY in the April to June period after stagnating in the first three months of 2019, the biggest drop since the second quarter of 2014, the Office for National Statistics (ONS) stated. It fell 0.2% QoQ, extending a 0.5% quarterly drop seen in early 2019, the ONS added. (Reuters)
- **REC survey: UK demand for staff rises at weakest rate since 2012** – British companies’ demand for new staff increased in

September at the weakest rate in almost eight years, according to a survey that showed the labor market, the bright spot of the economy, is starting to show cracks ahead of Brexit. An index of vacancies in a monthly labor market survey from the Recruitment and Employment Confederation (REC) fell to its lowest since January 2012 at 52.6, down from 52.8 in August. The survey of recruitment firms chimes with official data which showed job creation in Britain started to wane ahead of the October Brexit deadline, although wage growth has risen to an 11-year high in recent months. (Reuters)

- **German industrial output rises unexpectedly in August** – German industrial output rose unexpectedly in August, data showed, providing a shimmer of hope that an expected contraction in Europe’s biggest economy in the third quarter would not be steep. Industrial output rose by 0.3% on the month, figures released by the Statistics Office showed, and confounding expectations for a drop of 0.1%. The rise was driven by a positive impetus from the production of intermediate and capital goods, the Economy Ministry stated. July’s reading was revised up to a fall of 0.4% from a previously reported drop of 0.6%. (Reuters)
- **German export companies expect zero growth in 2019** – International trade conflicts and the chaos surrounding Brexit have left German export companies facing a bleak outlook, according to the Federation of German Wholesale, Foreign Trade and Services’ (BGA) President, Holger Bingmann. “We probably will have to write off 2019 and settle for zero growth in exports,” Bingmann said. At most, an increase of just 0.5% can be expected, according to Bingmann. He did not dare make a prediction for 2020, saying that an improvement is unlikely before the second half of that year. He spoke of resolute, constant foul play by the US administration under President Donald Trump affecting the German economy and said that the squabbling over Brexit is making it impossible for companies to do longer-term planning. The export-oriented German economy had boomed for nine years before its current lull, achieving export records for five years. Exporters are now concerned about business with both the US and China. German exports to both countries rose by 4.3% in the first half of this year, but that is far off from the double-digit growth that had at times been recorded in the past. (Qatar Tribune)

Regional

- **SAMA vets local lenders ahead of Saudi Aramco IPO** – The Saudi Arabian Monetary Authority (SAMA) is vetting local lenders’ exposure to Saudi Aramco ahead of an initial public offering (IPO) of the state-oil giant that will likely see large numbers of Saudi Arabian investors seek loans to buy its stock, sources said. SAMA contacted Saudi banks last week, asking them a series of questions about their lending exposure to Saudi Aramco, sources said. Saudi Arabian investors are expected to be large buyers of Saudi Aramco shares, partly because of a patriotic push to own a piece of the Kingdom’s crown jewels after an attack on oil facilities last month crippled Saudi Aramco’s crude production and exposed the country’s defense vulnerabilities. SAMA is checking whether local banks have the capacity to handle demand for loans linked to the IPO, one of the sources said. Up to 6mn-7mn local investors are expected to participate in the listing, he added, however, it is not clear how

many of them will use credit to finance their share purchases. The authority is assessing “risk weighting and wants to ensure there will be no (regulatory) breaches,” sources added. The source said that SAMA’s questions - via telephone and email - were around how banks classify their exposure to Saudi Aramco, including its subsidiaries. “Aramco has so much ownership in so many entities, it’s hard to say how much exposure it comes to,” he said. The world’s most profitable company, Saudi Aramco dominates the local economy with over a dozen domestic subsidiaries in addition to partial ownership in joint ventures including power generation companies and large petrochemical firms such as Petro Rabigh. (Reuters)

- **Saudi Arabia’s banking outlook: Profits likely to face pressure; mortgage the way forward** – Most of the Saudi Arabian banks are expected to continue to be profitable through to the end of the year; net profit growth is likely to be tempered by weaker lending to the private sector and a squeeze on interest margins. “There are only three ways in which banks can increase profitability in the near-term: by increasing the loan book, increasing margins, or lowering provisions, which are already very low,” a Banking Analyst at Bahrain-based SICO Bank, Chiradeep Ghosh told Zawya. In September, the Saudi Arabian Monetary Agency (SAMA), the Kingdom’s central bank, cut its repo rate by 25 basis points to 2.5% after the US Federal Reserve cut its target range by the same margin. This is expected to squeeze lenders’ profit margins. Saudi Arabian lenders traditionally have a large percentage of zero-interest deposits, which means their net interest margin (NIM), the difference between a bank’s income from loans and mortgages and what it pays out on liabilities such as savings accounts and deposits, is set to see some compression. NIM is a key component of Saudi Arabian banks’ profitability. Vice President and Senior Analyst at Moody’s Investors Service, Ashraf Madani said, “We expect profitability for the system to be pressured by lower rates; however, it will remain strong.” He added that as interest income constitutes around 75% of banks’ gross income, lower rates will pressure NIMs once banks start to re-price their loans lower. Additionally, some 60%-65% of the deposits in the system are demand deposits (earning little or no interest), and lower interest rates will reduce revenue generated from these deposits for banks. “We expect return on assets to be slightly below 2% for 2019, down from 2.1% in 2018,” he told Zawya. However, in a recent report, analysts at Al Rajhi Capital said that the NIM outlook for Saudi Arabian banks is only marginally lower, as interest margins have proved remarkably resilient in the past “due to the sticky nature and tenure of loans,” particularly for retail banks. “This NIM resilience may lead to resilient earnings,” the report noted, adding, however, that large corporate banks, where the competition is much higher, could see a decline in NIM. (Zawya)
- **WSJ: Saudi Aramco’s IPO prospectus due to be published before month-end** – Saudi Aramco is expected to publish its prospectus before month-end, the Wall Street Journal (WSJ) reported. The prospectus will be published in Arabic on October 25 and English version will be posted 2 days later, WSJ stated. The prospectus will come before a November book-building process where Saudi Aramco will gauge interest in the company’s shares. Investors’ response to inform final offer price and

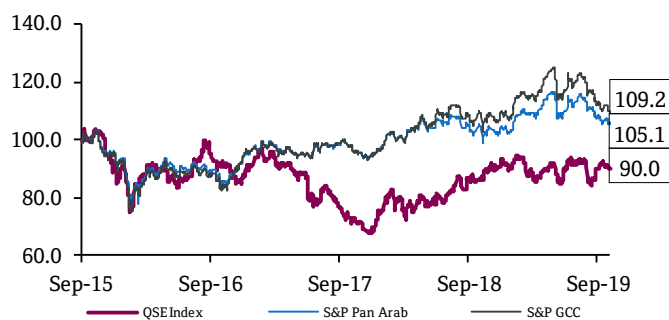
whether Saudi Arabia goes ahead with listing 1% to 2% of company domestically, WSJ stated. The company's shares are expected to start trading on Tadawul exchange by late November or early December if the domestic listing is confirmed. (Bloomberg)

- **IATA: Aviation and tourism's share to UAE GDP seen at \$128bn in 20-years** – The share of the aviation and tourism sector in the UAE's economy will more than double in the next two decades to \$128bn, an official of the International Air Transport Association (IATA) said. Currently they contribute \$47.4bn to the UAE's GDP, accounting for 13% of its GDP, Regional Vice President of Africa & Middle East at an IATA event, Mohammad Albakri said. UAE's aviation and tourism market is likely to support 1.4mn jobs in the next 20 years, from 800,000 jobs now, he said. UAE is home to two of the biggest global airlines, Emirates and Etihad. (Reuters)
- **Mubadala weighing investment in second SoftBank tech fund** – Abu Dhabi state fund Mubadala Investment Company has not yet decided whether to invest in SoftBank's second large-scale tech investment fund, one of its top executives said. "We are evaluating it, we will continue evaluate it," Head of ventures, Ibrahim Ajami said at a Bloomberg conference. "I can't answer yes or no whether we will invest in Vision Fund 2," he added. SoftBank is struggling to attract investment to a second mammoth fund, with Vision Fund portfolio company WeWork pulling its initial public offering (IPO) and valuations at other key investments falling, Reuters reported. Mubadala invested \$15bn in SoftBank's \$100bn Vision Fund 1, and was expected to invest in SoftBank's Vision Fund 2 in the fourth quarter of 2019, sources told Reuters last month. (Reuters)
- **Mubadala Capital makes Europe hires in venture investment push** – Mubadala Capital, the financial investment arm of Abu Dhabi's Mubadala Investment Co., has hired three senior executives for its London-based Europe venture capital team. Frederic Lardieg and James Peck will join the team which will be responsible for a \$440mn fund and a fund of funds program, according to a statement. Mark Pluszcz will serve as a Senior Advisor to the business. Lardieg previously worked at Octopus Ventures and the venture capital arm of Vodafone Group, while James Peck helped run Richard Branson's family office. Pluszcz is the Co-Founder and Chief Executive Officer of Mangrove Capital Partners. The ventures platform of Mubadala Capital, which also has offices in San Francisco and Abu Dhabi, manages its parent's \$15bn commitment to the SoftBank Vision Fund. (Bloomberg)
- **Etihad Airways expects to return to profitability in 2023** – Abu Dhabi-based Etihad Airways expects to return to profitability in 2023, at the end of a five-year turnaround plan, its Chief Commercial Officer, Robin Kamark, said. Etihad suffered from its third consecutive year of annual losses in 2018 despite cost savings of nearly half a billion Dollars as it cut its workforce and fleet. He told reporters on the sidelines of an aviation conference in Abu Dhabi that Etihad has taken delivery of two Airbus A-350-1000 aircraft. (Reuters)
- **Kuwait to drill at Al Noukhatha 1 oil field by June 2020** – Kuwait will drill at Al Noukhatha 1 oil field by June 2020. State-run Kuwait Oil Co. (KOC) will hold tender for seismic survey at its western oil fields in six months, official Kuwait News Agency

reported, citing KOC's Head of exploration, Mohammad Dawas. (Bloomberg)

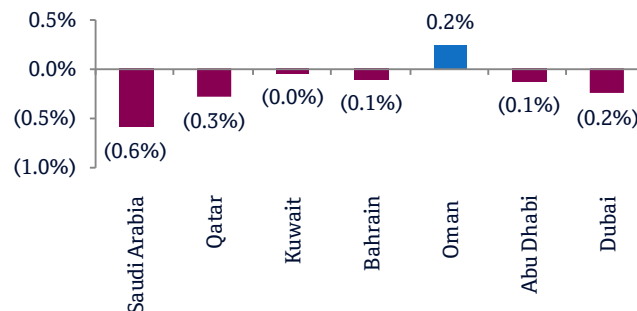
- **KFH gains central bank approval for Ahli United Bank takeover** – Kuwait Finance House (KFH) has received conditional approval from the Central Bank of Kuwait (CBK) for its proposed acquisition of Bahrain's Ahli United Bank. The deal depends on a number of requirements to ensure adherence to Islamic Shari'ah, transparency and protection of free competition, CBK stated. KFH announced its plan to take over the Bahraini lender in January. (Reuters)
- **Bahrain sells BHD26mn of 2.86% 182-day Sukuk; bid-cover at 6.41x** – Bahrain sold BHD26mn of 182 day Sukuk offering a yield of 2.86% due on April 9, 2020. Investors offered to buy 6.41 times the amount of securities sold. The Sukuk will settle on October 10, 2019. (Bloomberg)

Rebased Performance



Source: Bloomberg

Daily Index Performance



Source: Bloomberg

Asset/Currency Performance	Close (\$)	1D%	WTD%	YTD%
Gold/Ounce	1,505.55	0.8	0.1	17.4
Silver/Ounce	17.73	1.7	1.0	14.4
Crude Oil (Brent)/Barrel (FM Future)	58.24	(0.2)	(0.2)	8.3
Crude Oil (WTI)/Barrel (FM Future)	52.63	(0.2)	(0.3)	15.9
Natural Gas (Henry Hub)/MMBtu	2.29	(3.0)	1.8	(28.2)
LPG Propane (Arab Gulf)/Ton	47.50	1.3	4.4	(25.8)
LPG Butane (Arab Gulf)/Ton	59.75	2.1	5.1	(14.0)
Euro	1.10	(0.1)	(0.2)	(4.4)
Yen	107.09	(0.2)	0.1	(2.4)
GBP	1.22	(0.6)	(0.9)	(4.2)
CHF	1.01	0.2	0.3	(1.1)
AUD	0.67	(0.1)	(0.6)	(4.6)
USD Index	99.13	0.2	0.3	3.1
RUB	65.20	0.4	0.9	(6.5)
BRL	0.24	0.3	(0.9)	(5.2)

Source: Bloomberg

Global Indices Performance	Close	1D%*	WTD%*	YTD%*
MSCI World Index	2,124.14	(1.3)	(1.4)	12.8
DJ Industrial	26,164.04	(1.2)	(1.5)	12.2
S&P 500	2,893.06	(1.6)	(2.0)	15.4
NASDAQ 100	7,823.78	(1.7)	(2.0)	17.9
STOXX 600	378.71	(1.4)	(0.7)	7.3
DAX	11,970.20	(1.3)	(0.6)	8.5
FTSE 100	7,143.15	(1.6)	(1.1)	1.7
CAC 40	5,456.62	(1.4)	(0.9)	10.3
Nikkei	21,587.78	1.0	0.6	11.1
MSCI EM	993.95	(0.0)	(0.3)	2.9
SHANGHAI SE Composite	2,913.57	0.3	0.3	12.5
HANG SENG	25,893.40	0.3	0.3	0.0
BSE SENSEX*	37,531.98	0.0	(0.7)	2.1
Bovespa	99,981.40	(0.2)	(2.9)	8.0
RTS	1,306.39	(1.0)	(0.4)	22.2

Source: Bloomberg (*\$ adjusted returns, #Market was closed on October 08, 2019)

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