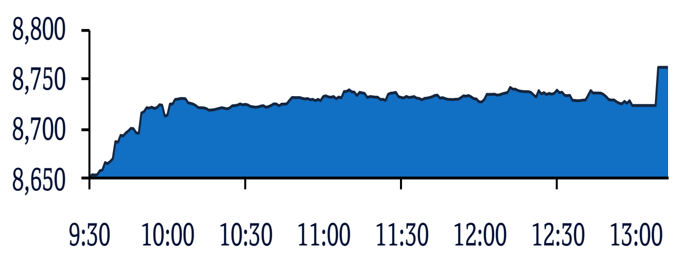
Daily Market Report

Tuesday, 19 May 2020

QSE Intra-Day Movement



Qatar Commentary

The QE Index rose 0.7% to close at 8,764.5. Gains were led by the Telecoms and Industrials indices, gaining 2.2% and 1.9%, respectively. Top gainers were Islamic Holding Group and Baladna, rising 6.3% and 4.5%, respectively. Among the top losers, Qatari German Company for Medical Devices fell 7.2%, while Qatar Oman Investment Company was down 3.1%.

GCC Commentary

Saudi Arabia: The TASI Index gained 1.4% to close at 6,921.2. Gains were led by the Food & Staples Retailing and Retailing indices, rising 3.9% and 2.6%, respectively. Arab Sea Information System Co. and Saudi Fisheries Co. were up 10.0% each.

Dubai: The DFM Index gained 0.4% to close at 1,919.8. The Banks index rose 1.4%, while the Insurance index gained 0.4%. Emirates NBD rose 3.2%, while Union Properties was up 3.1%

Abu Dhabi: The ADX General Index fell 0.1% to close at 4,060.5. The Telecommunication index declined 0.5%, while the Banks index fell 0.2%. Ras Al Khaimah Ceramics declined 4.0%, while Methaq Takaful Insurance was down 3.6%.

Kuwait: The Kuwait All Share Index gained 0.8% to close at 4,825.4. The Basic Materials index rose 1.3%, while the Banks index gained 1.0%. Sultan Center Food Products rose 8.9%, while National Investments Company was up 8.3%.

Oman: The MSM 30 Index fell 0.3% to close at 3,427.1. The Services index declined 0.3%, while the other indices ended in green. Oman National Engineering & Investment Company declined 4.8%, while Oman Flour Mills was down 3.4%.

Bahrain: The BHB Index gained 0.6% to close at 1,254.0. The Commercial Banks index rose 1.4%, while the other indices ended flat or in red. Ahli United Bank rose 3.6%.

Market Indicators	18 May 20	17 May 20	%Chg.
Value Traded (QR mn)	309.2	203.2	52.2
Exch. Market Cap. (QR mn)	495,578.3	492,332.4	0.7
Volume (mn)	144.2	121.5	18.7
Number of Transactions	10,662	5,823	83.1
Companies Traded	45	43	4.7
Market Breadth	21:22	10:28	–

Market Indices	Close	1D%	WTD%	YTD%	TTM P/E
Total Return	16,849.52	0.7	0.3	(12.2)	13.8
All Share Index	2,717.04	0.6	0.1	(12.3)	14.5
Banks	3,798.14	0.3	(0.3)	(10.0)	12.5
Industrials	2,429.22	1.9	1.2	(17.1)	19.3
Transportation	2,571.01	(0.1)	0.6	0.6	12.5
Real Estate	1,339.86	(0.5)	(0.8)	(14.4)	13.2
Insurance	2,016.32	(0.1)	0.4	(26.3)	33.7
Telecoms	839.33	2.2	0.8	(6.2)	14.1
Consumer	7,023.24	0.2	(0.2)	(18.8)	17.9
Al Rayan Islamic Index	3,476.96	0.7	(0.0)	(12.0)	16.0

GCC Top Gainers##	Exchange	Close#	1D%	Vol. '000	YTD%
Arabian Centres Co. Ltd	Saudi Arabia	20.60	5.6	1,970.8	(29.3)
Saudi Arabian Fertilizer	Saudi Arabia	74.50	4.6	673.4	(3.9)
Advanced Petrochem. Co.	Saudi Arabia	49.80	4.5	1,236.0	0.8
Samba Financial Group	Saudi Arabia	21.72	4.3	2,532.2	(33.1)
Industries Qatar	Qatar	7.91	4.0	1,512.9	(23.1)

GCC Top Losers##	Exchange	Close#	1D%	Vol. '000	YTD%
Saudi Arabian Mining Co.	Saudi Arabia	33.15	(3.5)	754.6	(25.3)
Ooredoo Oman	Oman	0.39	(2.5)	191.9	(25.6)
Qatar Electricity & Water	Qatar	14.58	(2.0)	723.5	(9.4)
Oman Telecom. Co.	Oman	0.61	(1.9)	219.1	2.0
Emaar Malls	Dubai	1.19	(1.7)	8,660.8	(35.0)

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%
Islamic Holding Group	1.94	6.3	3,221.4	1.8
Baladna	1.23	4.5	22,101.6	23.4
Industries Qatar	7.91	4.0	1,512.9	(23.1)
Doha Insurance Group	1.04	3.9	53.3	(13.4)
Alijarah Holding	0.69	3.3	1,599.5	(2.8)

QSE Top Volume Trades	Close*	1D%	Vol. '000	YTD%
Baladna	1.23	4.5	22,101.6	23.4
Qatar Aluminium Manufacturing	0.64	(1.5)	21,729.6	(18.3)
Aamal Company	0.66	2.3	17,284.4	(19.1)
Ezdan Holding Group	0.74	0.8	13,962.9	20.0
Salam International Inv. Ltd.	0.30	1.3	6,841.6	(41.2)

QSE Top Losers	Close*	1D%	Vol. '000	YTD%
Qatari German Co for Med. Dev.	0.97	(7.2)	5,070.4	65.8
Qatar Oman Investment Co.	0.57	(3.1)	555.9	(14.5)
Ahli Bank	3.26	(2.4)	20.0	(2.2)
Qatar Electricity & Water Co.	14.58	(2.0)	723.5	(9.4)
Qatar Aluminium Manufacturing	0.64	(1.5)	21,729.6	(18.3)

QSE Top Value Trades	Close*	1D%	Val. '000	YTD%
QNB Group	16.99	(0.2)	80,112.7	(17.5)
Baladna	1.23	4.5	27,373.9	23.4
Masraf Al Rayan	3.76	0.9	16,043.7	(5.2)
Qatar Fuel Company	15.96	0.0	15,414.0	(30.3)
Qatar Aluminium Manufacturing	0.64	(1.5)	13,813.0	(18.3)

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*	8,764.53	0.7	0.3	0.0	(15.9)	84.74	135,144.2	13.8	1.4	4.6
Dubai	1,919.83	0.4	1.3	(5.3)	(30.6)	49.50	76,764.0	7.5	0.7	5.1
Abu Dhabi	4,060.51	(0.1)	(0.2)	(4.0)	(20.0)	39.22	123,567.1	12.2	1.2	6.3
Saudi Arabia	6,921.15	1.4	3.0	(2.7)	(17.5)	1,356.96	2,161,240.6	20.7	1.7	3.6
Kuwait	4,825.37	0.8	2.7	(3.0)	(23.2)	77.79	88,117.8	13.5	1.1	4.3
Oman	3,427.12	(0.3)	0.2	(3.2)	(13.9)	3.04	14,941.7	8.9	0.7	7.0
Bahrain	1,253.95	0.6	1.1	(4.3)	(22.1)	5.49	19,199.7	8.7	0.8	5.6

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 0.7% to close at 8,764.5. The Telecoms and Industrials indices led the gains. The index rose on the back of buying support from Qatari and GCC shareholders despite selling pressure from non-Qatari shareholders.
- Islamic Holding Group and Baladna were the top gainers, rising 6.3% and 4.5%, respectively. Among the top losers, Qatari German Company for Medical Devices fell 7.2%, while Qatar Oman Investment Company was down 3.1%.
- Volume of shares traded on Monday rose by 18.7% to 144.2mn from 121.5mn on Sunday. However, as compared to the 30-day moving average of 204.2mn, volume for the day was 29.4% lower. Baladna and Qatar Aluminium Manufacturing Company were the most active stocks, contributing 15.3% and 15.1% to the total volume, respectively.

Overall Activity	Buy %*	Sell %*	Net (QR)
Qatari Individuals	32.16%	25.77%	19,760,357.14
Qatari Institutions	21.30%	23.48%	(6,722,669.95)
Qatari	**53.46%**	**49.25%**	**13,037,687.19**
GCC Individuals	0.84%	1.01%	(526,371.07)
GCC Institutions	1.74%	1.00%	2,284,387.70
GCC	**2.58%**	**2.01%**	**1,758,016.64**
Non-Qatari Individuals	9.38%	9.83%	(1,406,211.17)
Non-Qatari Institutions	34.59%	38.92%	(13,389,492.66)
Non-Qatari	**43.97%**	**48.75%**	**(14,795,703.83)**

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

Ratings and Earnings Releases

Ratings Updates

Company	Agency	Market	Type*	Old Rating	New Rating	Rating Change	Outlook	Outlook Change
Qatar Islamic Bank	Capital Intelligence	Qatar	LT-FCR/ST-FCR	A+/A1	A+/A1	–	Stable	–

Source: News reports, Bloomberg (* LT – Long Term, ST – Short Term, FCR – Foreign Currency Rating)

Earnings Releases

Company	Market	Currency	Revenue (mn) 1Q2020	% Change YoY	Operating Profit (mn) 1Q2020	% Change YoY	Net Profit (mn) 1Q2020	% Change YoY
Sahara International Petrochem. Co.	Saudi Arabia	SR	1,404.1	25.2%	66.3	-75.2%	(52.8)	N/A
Saudi Arabia Refineries Co.#	Saudi Arabia	SR	176.0	N/A	(716.5)	N/A	(1,104.4)	N/A

Source: Company data, DFM, ADX, MSM, TASI, BHB. (# – Values in Thousands)

Qatar

- **Capital Intelligence affirms QIBK's long term rating at 'A+' with 'Stable' outlook –** Capital Intelligence (CI), the international credit rating agency, has affirmed the long term foreign currency and short term foreign currency ratings of Qatar Islamic Bank (QIBK) at 'A+' and 'A1' respectively, with 'Stable' outlook. In its recent report, CI said, "The rating is supported by strong asset quality, strong profitability at both the operating and net levels, and strong capitalization. Non-financial supporting factors include a strong franchise and market position as the leading Islamic bank in Qatar and as the second largest bank in the system." The report said, "QIBK's profitability is strong, and earnings quality is good, and it has been posting consistent results. Its profitability was better than sector average, supported by its broadly stable net financing margins, which has remained above average, and continued efficiency gains with cost-income ratio on a declining trend, having reached what is a low level by international standards. QIBK's asset quality is solid and stable, while credit loss absorption capacity is strong. The non-performing financing (NPF) ratio was moderate and maintained at just close to one percent, much better than its peers. The Bank remains more than fully covered in terms of financing loss reserves. QIBK is strongly capitalized and the quality of capital is good. QIBK has a good liquidity profile. It is largely funded by customer deposits, mainly by diversified and stable retail deposits with its dependence on foreign funding being relatively low." (QSE)
- **Qatar Petroleum in farm-in deal with Total for two exploration blocks in Cote d'Ivoire –** Qatar Petroleum (QP) has entered into a farm-in agreement with Total to acquire a 45% participating interest in blocks CI-705 and CI-706, located in the Ivorian-Tano basin, offshore the Republic of Cote d'Ivoire. The two blocks cover an area of approximately 3,200 square kilometers, and present multi-target hydrocarbon prospects in water depths ranging from 1,000 to 2,000 meters, 35 kilometers from shore and about 100 kilometers from nearby Foxtrot, Espoir and Baobab fields. Commenting on the agreement, HE the Minister of State for Energy Affairs, Saad bin Sherida Al-Kaabi, also President and CEO of QP said, "The acquisition of working interests in these two blocks marks an important addition to QP's upstream portfolio in Africa, and represents the first investment for QP in Cote d'Ivoire. Africa's offshore is a key target area for QP's international growth strategy. We are pleased to enter into this promising exploration opportunity with our long-term partner, Total, an experienced operator with historical presence in Cote d'Ivoire. We would like to thank the Ivorian authorities, and our partners in these blocks for their support." The farm-in agreement is subject to customary approvals by the Cote d'Ivoire government. (Gulf-Times.com)
- **Qatar extends loan guarantee program, interest-free for full year –** Qatar has extended a program that provides guarantees to local banks by the Qatar Development Bank, with interest-free loans for a full year instead of 6 months, its state news agency reported on Tuesday. The agency added that the move would support the private sector, which has been hit by the novel coronavirus outbreak. (Reuters)
- **Ooredoo Group in world's top 50 telecom brands list –** Ooredoo Group announced that it has maintained its world ranking in the Telecoms 300 2020 report as one of the top 50 global telecommunications brands for the fourth year in a row, with a brand value worth over $3.5bn. As in 2019, Ooredoo continued to hold 41st place in the listed top 50 telecom brands. Ooredoo Group has also maintained its brand rating status of 'AA+' for the second consecutive year. Thanks to its successful global rebranding program, continued investment in high-speed networks and iconic advertising campaigns featuring global brand ambassador Leo Messi and other local stars, Ooredoo's total brand value has grown more than four times over the years, bringing it closer to becoming one of the best-recognized communications brands in the world today. (Qatar Tribune)
- **Exports by Qatar's private sector reach QR1.94bn in March –** The exports of the private sector in Qatar reached QR1.94bn in March 2020, achieving stability compared to the previous month of February when it was QR1.954bn. This came in the Qatar Chamber's monthly economic newsletter for May 2020 that touched on the preparedness of the private sector to implement the state's strategies and economic development plans. The economic newsletter highlighted the most prominent trends in the Qatari economy as well as statistics related to foreign trade. The essential and industrial oils group came first in the private sector exports' list with exports amounting to QR777mn, recording an increase of 40% compared to February. The second was the aluminum group, with exports amounting to QR374mn, decreasing by 9.9% compared to February. The third was steel exports amounting to QR228mn, recording a 6.3% decrease, while the paraffin in the fourth place with exports amounting to QR64mn, decreasing by 14.1%. It was followed by Lutreine, with exports of 63mn, increasing by 7.4% and helium gas with exports of 62mn, increasing by 0.7% compared to February. The reports said that exports through the 'General Model' certificate of origin form are the largest value, amounted to QR817.1mn, decreasing by 18% than the value of February. Exports through GSP came in second place with a total value of about QR730mn, recording an increase of 57%. It was followed by exports of the GCC model with a value of about QR346.2mn registering a decrease of 18% and a Unified Arab certificate with a value of QR50.2mn. However, no goods were exported through the Unified GCC Certificate of Origin for export to Singapore. The report dealt with the development of the role of the private sector in managing economic activity, in sustainable development, the responsibility of the private sector towards society, and its willingness to implement the country's strategies and plans for economic development. The issue included the state's foreign trade during March including the private sector's trade according to the certificates of origin issued by the chamber for exporting companies. The report said that according to the figures given by The Planning and Statistics Authority for March 2020, the total value of foreign merchandise trade amounted to QR24.2bn, showing a decrease of 16.6% compared to QR29bn in February

this year. In March 2020, the total exports of goods including exports of goods of domestic origin and re-exports amounted to around QR15.9bn, while the Qatari imports during the same month amounted to about QR8.3bn. Therefore, the foreign merchandise trade balance, which represents the difference between total exports and imports, showed a surplus of QR7.6bn, recording a decrease of 44.1% compared to QR13.6bn in February this year. (Qatar Tribune)

- **QSE seen built on a strong base of profitable companies –** Qatar's COVID-19 relief package for the private sector will give visibility for the local businesses in the short term and the country is expected to see a privatization wave in the coming period, according to Aventicum Capital Management, a joint venture of the Qatar Investment Authority and Credit Suisse. "We are decidedly optimistic on the QSE (Qatar Stock Exchange) in the long-term. The Qatari market has built a strong base of very interesting and profitable companies, this has given us assurance that it will continue to be able to exceed investor expectation," Talal F Samhouri – who is responsible for managing Qatari and the Gulf mandates, including the Doha Bank-sponsored QETF – at Aventicum told Gulf Times. The first quarter of 2020 results showed a decline of around 20% YoY in net profits, but QoQ showed 10% improvement in bottom line, he highlighted. Although some of the results were impacted by the temporary measures taken, he said looking forward, and expecting a normalized future, a lot of the stocks are currently undervalued, but stock price will eventually catch up with their true value once the process to clear the COVID-19 begins. On the outlook for equity capital market; he said, "We can certainly expect to see a wave of privatization in the coming period, subject to economic policies and market conditions as governments typically raise money from both local and international investors to pay down debt and broaden market appeal." (Gulf-Times.com)
- **CRA: Qatar's telecom sector posts QR9.7bn revenue in 2019 –** Qatar's telecommunications sector has recorded revenue worth QR9.7bn in 2019, while investments in the retail telecom sector stood at QR1.7bn for the same period, according to the Telecommunications Market Report published by the Communications Regulatory Authority (CRA). In a statement, the CRA said the report describes the main indicators of the telecommunications market in Qatar from 2015 to 2019 with the aim of showing trends and evolutions, as well as to provide guidance to stakeholders who are interested in further elaborations and analyses. In 2019, the CRA recorded 0.5mn fixed voice and broadband subscriptions, and 0.3mn fixed broadband subscriptions. During the same period, the CRA said fixed broadband subscriptions with fiber connections stood at 92%, while fixed broadband subscriptions with advertised speeds greater than 30Mbps reached 86%. The report also stated that in 2019 mobile telephone subscriptions reached 3.9mn and mobile broadband subscriptions stood at 3.5mn. In the same year, Qatar's mobile telephone penetration was at 143%, and 129% for mobile broadband penetration. The data in the report were collected and elaborated by CRA based on service providers' regulatory reports that they provide every quarter. The report includes key indicators related to market statistics like voice and data traffic for mobile services, in addition to trends in advertised fixed broadband speed. Besides, the report includes financial information like the main service providers' revenues and investments/ capital expenditures (CAPEX) also as percentage of their revenues in the telecom sector. (Gulf-Times.com)
- **Turkey's Vakifbank gets license to open Qatar office –** Turkey's state-run Vakifbank gets license to open representative office in Qatar, according to emailed statement from lender. Vakifbank said Qatar Financial Centre Regulatory Authority approved its license application to carry out banking activities. (Bloomberg, Reuters)

International

- **IMF chief warns full global economic recovery unlikely in 2021 –** The global economy will take much longer to recover fully from the shock caused by the new coronavirus than initially expected, the head of the International Monetary Fund said, and she stressed the danger of protectionism. IMF Managing Director Kristalina Georgieva said the Fund was likely to revise downward its forecast for a 3% contraction in GDP in 2020, but gave no details. That would likely also trigger changes in the Fund's forecast of a partial recovery of 5.8% in 2021. In an interview with Reuters, she said data from around the world was worse than expected. "Obviously that means it will take us much longer to have a full recovery from this crisis," Georgieva said in an interview. She gave no specific target date for the rebound. In April, the global lender forecast that business closures and lockdowns to slow the spread of the virus would throw the world into the deepest recession since the 1930s Great Depression. But data reported since then points to "more bad news," Georgieva said earlier this month. The IMF is due to release new global projections in June. The global outlook remains a huge focus for finance ministers from the Group of Seven advanced economies, who will meet remotely on Tuesday, according to the US Treasury. Georgieva told Reuters the Fund was focused on risks such as high debt levels, increased deficits, unemployment, bankruptcies, increased poverty and inequality during the recovery period. But she said the crisis was also boosting the digital economy, offering a chance to boost transparency and e-learning, and give even small firms access to markets. Asked about renewed tensions between the US and China - the world's two largest economies, Georgieva said she was urging member countries to maintain open communication and trade flows that had underpinned global growth for decades. Tensions between the US and China have spiked in recent weeks, with officials on both sides suggesting a hard-won deal that defused a bitter 18-month trade war could be abandoned months after it was signed. Georgieva warned against retreating into protectionism as a result of the crisis. (Reuters)
- **US mulls paying companies, tax breaks to pull supply chains from China –** US lawmakers and officials are crafting proposals to push American companies to move operations or key suppliers out of China that include tax breaks, new rules, and carefully structured subsidies. Interviews with a dozen current and former government officials, industry executives and members of Congress show widespread discussions underway - including the idea of a "reshoring fund" originally stocked with $25bn - to encourage US companies to drastically revamp their relationship with China. President Donald Trump has long pledged to bring manufacturing back from overseas, but the recent spread of the

coronavirus and related concerns about US medical and food supply chains dependency on China are "turbocharging" new enthusiasm for the idea in the White House. On Thursday, Trump signed an executive order that gave a US overseas investment agency new powers to help manufacturers in the US. The goal, Trump said, is to "produce everything America needs for ourselves and then export to the world, and that includes medicines." However, the Trump administration itself remains divided over how best to proceed, and the issue is unlikely to be addressed in the next fiscal stimulus to offset the coronavirus downturn. Congress has begun work on another fiscal stimulus package but it remains unclear when it might pass. The push takes on special resonance in an election year. While anti-China, pro-American job proposals could play well with voters, giving taxpayer money or tax breaks to companies that moved supply chains to China at a time when small business is flailing may not. (Reuters)

- **US coronavirus cases top 1.5mn, infections rise in some southern states –** The number of COVID-19 cases in the US exceeded 1.5mn on Monday, as total deaths caused by the new coronavirus approached 90,000, according to a Reuters tally of state and county figures. Most US states reported a drop in new cases of the respiratory illness for the week ended May 17, with only 13 states seeing a rise in infections compared to the previous week, a separate Reuters analysis found. (Reuters)
- **US homebuilder confidence rises in May –** Confidence among US single-family homebuilders rose in May, potentially signaling that the worst of the economic downturn was probably over as the country gradually reopens after lockdowns to slow the spread of the novel coronavirus. The National Association of Home Builders/Wells Fargo Housing Market Index rose seven points to 37 this month after a record plunge in April. The closure of nonessential businesses in mid-March to limit the spread of COVID-19, the respiratory illness caused by the virus, led to record job losses in April and a collapse in manufacturing output and retail sales. Other indicators have also hinted at a rebound in housing activity, with mortgage applications rising in recent weeks. Still, homebuilder confidence remains low, suggesting the housing market recovery will be slow amid record unemployment. "As many states and localities across the nation lift stay-at-home orders and more furloughed workers return to their jobs, we expect this demand will strengthen," said NAHB Chief Economist Robert Dietz. "However, high unemployment and supply-side challenges including builder loan access and building material availability are near-term limiting factors." The survey's measure of current sales conditions rose six points to 42. Its gauge of sales expectations in the next six months jumped 10 points to 46. The prospective buyers index increased eight points to 21 this month. Confidence increased among homebuilders in the Midwest, South and West, but fell in the Northeast. (Reuters)
- **Bank of England, facing COVID slump, revives negative rates talk –** A chorus of comments from top officials at the Bank of England about negative interest rates has revived talk that the British central bank might resort to cutting borrowing costs below zero to cushion the economy from the coronavirus shutdown. The BoE has cut rates twice as the COVID-19 crisis escalated in March to a record low of 0.1%. Most economists say its next move will be to add to the firepower of its 645bn-Pound ($783bn) bond-buying program as soon as June 18, at the end of its next scheduled meeting. However, investors on Monday began to price in the possibility of the BoE overcoming its long-standing reluctance to take rates below zero from the end of 2020 as it contemplates what could be the biggest economic slump in three centuries. The shift in markets came after the BoE's chief economist, Andy Haldane, said the central bank was looking more urgently at negative interest rates as well as at buying riskier assets. (Reuters)
- **Over two million UK self-employed claim COVID grants –** British Finance Minister Rishi Sunak said more than 2mn claims for one-off grants, worth 6bn Pounds, had been made under a scheme to provide income support for self-employed people during the coronavirus crisis. "Those people will have the money in their bank accounts within six working days of their claim," Sunak told parliament. The scheme, which was launched last week and provides grants of up to 7,500 Pounds, is part of the government's attempts to soften the hit of the coronavirus shutdown on the economy. Sunak said the centerpiece of Britain's economic policy response to COVID-19 - a program to pay 80% of the wages of temporarily laid-off employees - now covered 8 million workers. A week ago, Sunak said the Coronavirus Job Retention Scheme covered 7.5mn people and was costing around 8bn Pounds a month. (Reuters)
- **France, Germany propose 500bn Euro EU Recovery Fund –** France and Germany proposed on Monday a 500bn Euro ($543bn) Recovery Fund that would offer grants to European Union(EU) regions and sectors hit hardest by the coronavirus pandemic, pushing up the euro and bringing down Italian bond yields. The two biggest EU countries, whose agreements usually pave the way for broader EU deals, proposed that the European Commission borrow the money on behalf of the whole EU and spend it as an additional top-up to the 2021-2027 EU budget that is already close to 1tn Euros over that period. "That's a real change in philosophy," French President Emmanuel Macron said. "I believe this is a very deep transformation and that's what the European Union and the single market needed to remain coherent. It's what the Eurozone needs to remain united." The proposal moves the EU more in the direction of a transfer union and is likely to please countries like Italy or Spain which have long called for more joint action in response to the crisis. However, offering grants rather than loans could be hard to swallow for some of the frugal northern countries of the 27-nation bloc, like the Netherlands, Finland and Austria. The money is to be spent particularly on investment in the EU's transition to a more "green" and digital economy and boost research and innovation. It is to be paid for through the EU budget that will come after 2027, the Franco-German document said. France and Germany did not specify whether that would mean higher national contributions based on the size of each economy or some new taxes that would be earmarked for the EU, or a combination of both. German Chancellor Angela Merkel said the 500bn Euros should be paid back over a long time and that Berlin would shoulder roughly 27% of the funds, as it already does for the regular EU budget. "We must act in a European way so that we get out of the crisis well and strengthened," Merkel told reporters. (Reuters)

- **Japan braces for worst postwar slump as pandemic tips economy into recession –** Japan's economy slipped into recession for the first time in 4-1/2 years in the last quarter, putting the nation on course for its deepest postwar slump as the coronavirus crisis ravages businesses and consumers. Monday's first-quarter GDP data underlined the broadening impact of the outbreak, with exports plunging the most since the devastating March 2011 earthquake as global lockdowns and supply chain disruptions hit shipments of Japanese goods. Analysts warn of an even bleaker picture for the current quarter as consumption crumbled after the government in April requested citizens to stay home and businesses to close, intensifying the challenge for policymakers battling a once-in-a-century pandemic. The world's third-largest economy contracted an annualized 3.4% in the first quarter, preliminary official GDP data showed, less than a median market forecast for a 4.6% drop. The slump came on top of an even steeper 7.3% fall in the October-December period, with the consecutive quarters of contraction meeting the technical definition of a recession. Japan last suffered recession in the second half of 2015. The coronavirus, which first emerged in China late last year, has ravaged the global economy as many nations went into strict lockdowns to curb the outbreak that has so far killed over 310,000 people worldwide. The pandemic has been massively disruptive on supply chains and businesses, particularly in trade-reliant nations such as Japan. Indeed, the fallout of the virus on corporate Japan was telling with exports diving 6.0% in the first quarter, the biggest decline since April-June 2011. (Reuters)
- **Finance Minister: Japan's economic conditions likely to stay tough in current quarter –** Economic conditions in Japan will likely stay tough in the current quarter, Finance Minister Taro Aso said on Tuesday, also promising that the government would ensure support for employment and help firms stay in business. The world's third-largest economy fell into recession for the first time in 4-1/2 years in the quarter through March, data on Monday showed, putting it on course for its deepest postwar slump as the coronavirus crisis wrecks businesses and consumers. The government also pushed back its schedule for working out budget requests and looked to adopt its mid-year policy guidelines at a later-than-usual time as it focused on responses to the coronavirus. Speaking to reporters after a cabinet meeting, Aso said the finance ministry will push back the deadline for budget requests to September 30. Ministries usually make budget requests around August. Economy Minister Yasutoshi Nishimura at a separate news conference said the government aims to approve its mid-year policy guidelines around mid-July. The government usually approves the guidelines some time in June. It then uses the guidelines to draw up its annual economic growth strategy, in which it lays out its priorities for fiscal spending and economic policy. (Reuters)
- **China's April home prices pick up, rise 0.5% MoM –** China's new home prices rose at a slightly faster pace in April, data showed on Monday, adding to signs the country's property market is slowly recovering as coronavirus lockdowns are eased. Average new home prices in China's 70 major cities rose 0.5% in April from the prior month, following a 0.1% increase in March, Reuters calculated based on official data. On an annual basis, home prices picked up 5.1% in April, compared with March's 5.3% rise. Although most regions have lifted transport curbs, property sales and buyer demand remains under pressure in some cities as authorities maintained restrictions following new clusters of infections. Beijing has reiterated its strict stance against hot money flows into the property market, even as the economy emerges from its first contraction since at least 1992. (Reuters)
- **Cash-strapped India's economic plan unlikely to soften coronavirus blow –** India's $266bn economic rescue package rests mostly on boosting company credit but contains scant new public spending, tax breaks or cash support to revive demand and prevent firms from collapsing, business leaders and economists say. Businesses from airlines to small stores are reeling from Prime Minister Narendra Modi's nearly two-month lockdown of India's 1.3 billion people aimed at limiting the spread of the new coronavirus. Many firms say they won't survive unless they are bailed out immediately. The government said on Sunday it would privatize state-run companies in non-strategic sectors and stop fresh insolvency cases for a year. However, apart from that its plans entail a mix of easy loan schemes, a bit more money for a rural job-guarantee program, and a slew of long-awaited policy reforms across sectors that will take effect over the medium-term. Combined, this is not enough of a boost to prevent a likely 5% contraction in Asia's third-largest economy in fiscal 2020-2021, Goldman Sachs said on Monday. It said it expected the economy to shrink an eye-watering 45% on an annualized basis in the quarter to the end of June. Business leaders are unimpressed by the government's response. (Reuters)

Regional

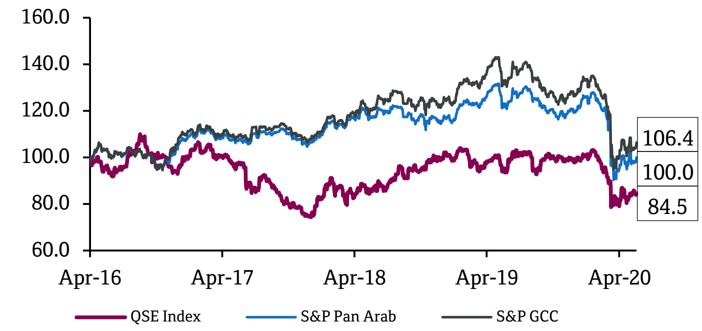
- **OPEC+ cuts oil exports sharply so far in May –** OPEC+ has cut its oil exports sharply in the first half of May, companies that track the shipments said, suggesting a strong start in complying with a new production cut agreement. The OPEC, Russia and other allies, a group known as OPEC+, are cutting supply by a record 9.7mn bpd from May 1 to offset a slump in prices and demand caused by the coronavirus outbreak. Kpler, a company that tracks oil flows, said OPEC+ seaborne oil exports have declined by 6.3mn bpd over the past month towards 27mn bpd, calling the decline a stunning reversal from April when producers pumped at will. Petro-Logistics, another tanker tracker, estimated the producers cut exports by 5.96mn bpd for the first 13 days of May compared to April averages - a massive decline, the company posted. Of that, OPEC's exports dropped by 4.85mn bpd in the first two weeks of the month, Petro-Logistics' Chief Executive, Daniel Gerber told Reuters. According to Kpler, Saudi Arabia is showing the largest cutback. Saudi oil exports have averaged 7.26mn bpd, down 2.24mn bpd month on month. Russia is also making a large reduction of 922,000 bpd in May, Kpler said. Kuwait and the UAE have also reduced shipments significantly. The two countries have loaded a combined 4.25mn bpd onto ships for export, a drop of 1.26mn bpd MoM, Kpler said. (Reuters)
- **Russia pledges full compliance with OPEC+ oil production cuts –** Russia, OPEC's main ally in an unprecedented deal to slash oil output, vowed to fulfill its part of the agreement and urged partners to stay the course even as the market begins to recover. Energy Minister, Alexander Novak said, "OPEC+ countries need to comply. We will move ahead fully in line with the deal." Novak's comments, made just three weeks before OPEC+ convenes to discuss the progress of output curbs, signal Russia

will likely push for strict adherence rather than any change to quotas. The Minister last week welcomed additional cuts by several Gulf members of OPEC, however, did not say whether Russia would follow suit. Novak's stance echoes that of the OPEC's' Secretary-General, Mohammed Barkindo, who said last week that the group is cautiously optimistic about the second half of the year, however, that it is too early to predict whether the agreement will need to be tweaked to address the needs of the global market. The latest OPEC+ cuts, agreed in April, officially began at the start of this month. In the first two weeks of May, the alliance demonstrated it was on track to trim 9.7mn bpd crude output, roughly 10% of global supply, according to tanker-tracking data, interviews with physical crude traders and refiners, and assessments by consultants. (Bloomberg)

- **Islamic trade finance body spent $5bn for development last year –** The International Islamic Trade Finance Corporation (ITFC), an institution created in 2008 as a member of the Islamic Development Bank Group to support, promote and co-finance trade and development and improve living conditions and economic standards across the Islamic world, has just published a new report which showed it approved a total of $5.8bn in financing last year for member countries of the Organization of Islamic Cooperation (OIC), of which around $5bn so far have been dispersed. According to the report, entitled "Feeding the Planet: Annual Development Effectiveness Report 2019," the approved funding was at a record volume and 12% higher than in the previous year. Around 80% of the funding was contributed by partner banks and financial institutions of developed member countries. It brought the entire trade financing volume by the ITFC for OIC countries to $51bn since the body's inception. The numbers came amid a challenging global economic context with global trade growth for 2019 constrained by rising trade tensions and a sluggish global economy, the ITFC noted, while the price of key commodities, namely fossil fuels and agricultural produce, were on a downward trend due to a decreasing global demand which had both advantages and disadvantages for cross-border trade in terms of costs. Since the past few years, the ITFC has set a particular focus on combining trade finance with impact investing and the funding of sustainable projects, according to its CEO, Hani Salem Sonbol. The ITFC has been mainly focusing on OIC member countries in Asia and Sub-Saharan Africa last year with the aim of making global value chains more purposeful in the role they play in reducing rural poverty and ensuring food security. Last year, the funds spent on Asian member countries of the OIC stood at $2.6bn, while in African OIC countries, total disbursements amounted to $2.4bn. (Gulf-Times.com)
- **JODI: Saudi Arabia crude exports rise to 7.391mn bpd in March –** Saudi Arabia's crude oil exports in March rose by 113,000 bpd to 7.391MN bpd from 7.278mn bpd in February, official data showed on Monday. Saudi Arabia built up its crude stocks in March by more than 3.5mn barrels to 2,964mn barrels from minus 0.683mn barrels in the previous month. In March, OPEC member countries, Russia and other oil producers (a group known as OPEC+) still had a deal to curb output by 1.7mn bpd until March 31 to support prices. Saudi Arabia remained compliant with the deal, despite the collapse of the pact in an OPEC+ March 6 meeting, following disagreements with Russia on the amount of cuts. The world's top oil exporter's crude output fell by 0.051mn bpd MoM to 9.733mn bpd in March, according to Joint Organizations Data Initiative (JODI). Saudi crude stocks rose 2.963mn barrels to 156.249mn barrels in March. Domestic refinery crude throughput in Saudi Arabia fell 0.244mn bpd to 1.968mn bpd in March from 2.212mn bpd in February. Monthly export figures are provided by Riyadh and other members of OPEC to JODI, which publishes them on its website. (Zawya)
- **Dubai's April consumer prices fall 3.34% YoY and 1.1% MoM –** Dubai Statistics Center published Emirate of Dubai's consumer price which showed that the consumer prices fell 3.34% YoY and 1.1% MoM in April 2020. (Bloomberg)
- **DFM issues further clarification regarding on merger with Abu Dhabi stock exchange –** The Dubai Financial Market (DFM) has fully doused speculations that it is merging with the stock market in Abu Dhabi. Reuters recently reported that Dubai is in talks with Abu Dhabi for support from the state fund Mubadala. One of the areas where this can be done in the near term is through a merger of DFM and Abu Dhabi Securities Exchange (ADX), a source was quoted as saying. The Dubai Media office immediately dismissed the report, citing that the claim was not verified by a credible source. However, DFM said in a statement that it does not have any knowledge regarding the matter that requires public disclosure. "Regarding a potential merger of the financial markets in the UAE mentioned in the report, please note that the company has no information that requires disclosure and confirm its full commitment to the disclosure and transparency regulations," the DFM said. "The company will disclose any matters that may have an impact on its share trading movement at Dubai Financial Market accordant to Market and Securities and Commodities Authority applicable disclosure and transparency rules," it added. This is not the first-time reports have emerged of the possible merger of the UAE's local stock markets. In 2014, there were reportedly discussions around the subject; however, no official agreement was reached. (Zawya)
- **First Abu Dhabi Bank faces pressure to redeem AT1 bonds –** First Abu Dhabi Bank (FAB) is likely to come under pressure to redeem $750mn in perpetual bonds in June, even though not calling them would be cheaper for the lender, according to sources. Additional Tier 1 (AT1) bonds, the riskiest debt instruments banks can issue, are designed to be perpetual in nature; however, lenders can call them after a specified period. Banks have almost always exercised these calls at the first opportunity, however, Deutsche Bank, Germany's largest lender, decided not to in March as market conditions worsened. In a first for the region, smaller Gulf lenders Bank Dhofar in Oman and Bahrain's Ahli United Bank have also not exercised recent call options amid concerns about tighter liquidity due to lower oil prices and the coronavirus pandemic, the sources added. Now it is FAB's turn to decide. If it redeems the bonds, it would still have sufficient Tier 1 capital, sources said, although some said it may still look to issue new bonds despite having to pay a higher interest rate. If it does not call the notes, investors would sort of feel betrayed, sources said, as many view such bonds as essentially maturing at the first call date. The coupon on FAB's bonds issued in 2015 will fall to around 3.75% from 5.25% currently should the bank not redeem them next month, while higher borrowing costs for the region than before the current crisis suggest the lender would have to pay up to issue new AT1 debt. (Reuters)

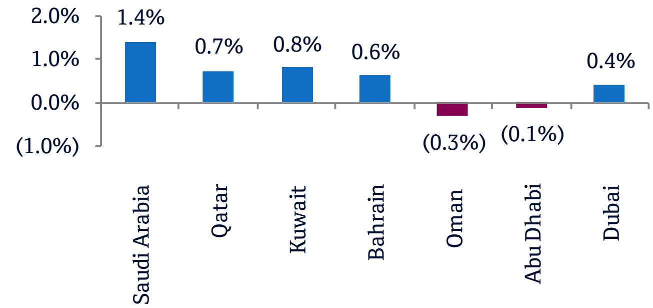
- **Oman sells OMR200mn 2025 bonds at a yield of 5.36%; bid-cover at 1.33x –** Oman sold OMR200mn of bonds due May 19, 2025. Investors offered to buy 1.33 times the amount of securities sold. The bonds were sold at a price of 98.44, having a yield of 5.36% and will settle on May 19, 2020. (Bloomberg)

Rebased Performance



Source: Bloomberg

Daily Index Performance



Source: Bloomberg

Asset/Currency Performance	Close ($)	1D%	WTD%	YTD%
Gold/Ounce	1,732.55	(0.6)	(0.6)	14.2
Silver/Ounce	16.97	2.1	2.1	(5.0)
Crude Oil (Brent)/Barrel (FM Future)	34.81	7.1	7.1	(47.3)
Crude Oil (WTI)/Barrel (FM Future)	31.82	8.1	8.1	(47.9)
Natural Gas (Henry Hub)/MMBtu	1.70	2.4	2.4	(18.7)
LPG Propane (Arab Gulf)/Ton	45.50	8.3	8.3	10.3
LPG Butane (Arab Gulf)/Ton	41.75	15.2	15.2	(36.3)
Euro	1.09	0.9	0.9	(2.7)
Yen	107.34	0.3	0.3	(1.2)
GBP	1.22	0.6	0.6	(8.0)
CHF	1.03	0.0	0.0	(0.3)
AUD	0.65	1.7	1.7	(7.1)
USD Index	99.67	(0.7)	(0.7)	3.4
RUB	72.68	(1.3)	(1.3)	17.2
BRL	0.17	2.5	2.5	(29.7)

Source: Bloomberg

Global Indices Performance	Close	1D%*	WTD%*	YTD%*
MSCI World Index	2,069.00	3.0	3.0	(12.3)
DJ Industrial	24,597.37	3.9	3.9	(13.8)
S&P 500	2,953.91	3.2	3.2	(8.6)
NASDAQ 100	9,234.83	2.4	2.4	2.9
STOXX 600	341.59	5.0	5.0	(20.2)
DAX	11,058.87	6.7	6.7	(18.8)
FTSE 100	6,048.59	4.8	4.8	(26.4)
CAC 40	4,498.34	6.2	6.2	(26.9)
Nikkei	20,133.73	0.5	0.5	(13.6)
MSCI EM	912.57	1.3	1.3	(18.1)
SHANGHAI SE Composite	2,875.42	0.1	0.1	(7.7)
HANG SENG	23,934.77	0.6	0.6	(14.7)
BSE SENSEX	30,028.98	(3.3)	(3.3)	(31.5)
Bovespa	81,194.30	6.6	6.6	(50.7)
RTS	1,167.88	5.5	5.5	(24.6)

Source: Bloomberg (*$ adjusted returns)

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