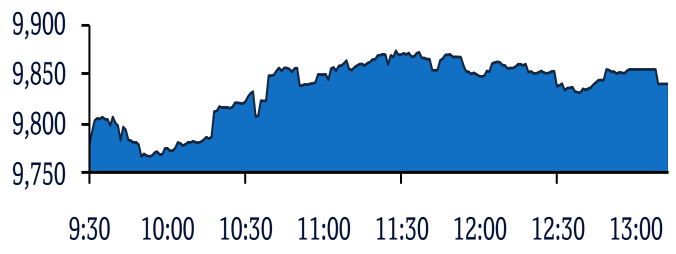
QNB FINANCIAL SERVICES

Daily Market Report

Wednesday, 23 September 2020

QSE Intra-Day Movement



Qatar Commentary

The QE Index rose 0.8% to close at 9,841.3. Gains were led by the Real Estate and Transportation indices, gaining 6.0% and 1.6%, respectively. Top gainers were United Development Company and Gulf Warehousing Company, rising 10.0% and 6.4%, respectively. Among the top losers, Qatar Cinema & Film Distribution Company fell 5.5%, while Qatar Insurance Company was down 0.5%.

GCC Commentary

Saudi Arabia: The TASI Index fell 0.6% to close at 8,244.8. Losses were led by the Real Estate and Pharma indices, falling 1.4% and 1.3%, respectively. Wafrah for Industry & Development declined 3.6%, while Tourism Enterprise was down 2.9%.

Dubai: The DFM Index fell 0.3% to close at 2,264.2. The Banks index declined 0.9%, while the Telecommunication index fell 0.2%. BH Mubasher Financial Services declined 4.7%, while Emirates NBD was down 2.3%.

Abu Dhabi: The ADX General Index gained 0.1% to close at 4,498.2. The Industrial index rose 0.8%, while the Real Estate index gained 0.5%. Sudatel Telecom. Group Company rose 6.1%, while Ras Al Khaimah Cement Company was up 5.6%.

Kuwait: The Kuwait All Share Index gained 0.8% to close at 5,577.8. The Consumer Services index rose 1.3%, while the Banks index gained 1.2%. Inovest Company rose 9.0%, while Sanam Real Estate Company was up 8.8%.

Oman: The MSM 30 Index gained marginally to close at 3,626.8. The Services index rose 0.1%, Financial index gained marginally. Al Jazeera Steel Products Company rose 3.9%, while Oman Fisheries Company was up 2.4%.

Bahrain: The BHB Index gained 0.2% to close at 1,442.8. The Commercial Banks index rose 0.4%, while the other indices ended flat or in red. United Paper Industries rose 14.8%, while BBK was up 1.0%.

Market Indicators	22 Sep 20	21 Sep 20	%Chg.
Value Traded (QR mn)	543.4	921.8	(41.1)
Exch. Market Cap. (QR mn)	579,797.7	574,693.9	0.9
Volume (mn)	320.6	517.6	(38.1)
Number of Transactions	11,377	15,545	(26.8)
Companies Traded	46	47	(2.1)
Market Breadth	37:6	2:45	–

Market Indices	Close	1D%	WTD%	YTD%	TTM P/E
Total Return	18,919.60	0.8	(1.0)	(1.4)	16.0
All Share Index	3,039.09	0.7	(1.1)	(1.9)	16.8
Banks	4,052.31	0.1	(1.1)	(4.0)	13.6
Industrials	2,975.22	0.9	(2.7)	1.5	25.9
Transportation	2,805.50	1.6	(1.3)	9.8	13.3
Real Estate	2,041.21	6.0	4.2	30.4	16.7
Insurance	2,058.10	(0.0)	0.2	(24.7)	32.7
Telecoms	886.23	0.5	(2.1)	(1.0)	14.9
Consumer	7,926.77	1.1	(1.1)	(8.3)	24.9
Al Rayan Islamic Index	4,147.64	1.6	(0.4)	5.0	19.3

GCC Top Gainers##	Exchange	Close#	1D%	Vol. '000	YTD%
Barwa Real Estate Co.	Qatar	3.42	3.7	6,130.4	(3.4)
Saudi Kayan Petrochem.	Saudi Arabia	10.48	3.6	18,207.3	(5.6)
Kuwait Finance House	Kuwait	0.68	2.4	23,197.2	(7.5)
Ahli Bank	Oman	0.14	2.2	15.3	13.1
The Commercial Bank	Qatar	4.00	1.9	743.2	(15.0)

GCC Top Losers##	Exchange	Close#	1D%	Vol. '000	YTD%
Jabal Omar Dev. Co.	Saudi Arabia	35.60	(2.9)	2,268.4	31.1
Emirates NBD	Dubai	10.50	(2.3)	1,886.8	(19.2)
Saudi British Bank	Saudi Arabia	25.15	(2.1)	2,380.5	(27.5)
Sohar International Bank	Oman	0.10	(2.0)	91.1	(10.1)
Saudi Arabian Fertilizer	Saudi Arabia	81.60	(1.7)	217.9	5.3

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

QSE Top Gainers	Close*	1D%	Vol. '000	YTD%
United Development Company	1.87	10.0	37,776.0	23.0
Gulf Warehousing Company	5.22	6.4	6,719.7	(4.8)
Mazaya Qatar Real Estate Dev.	1.21	4.7	36,292.4	68.8
INMA Holding	4.35	4.2	1,848.6	128.8
Qatar Industrial Manufacturing Co	3.45	4.2	180.6	(3.4)

QSE Top Volume Trades	Close*	1D%	Vol. '000	YTD%
Qatar Aluminium Manufacturing	1.03	2.8	42,552.2	32.0
United Development Company	1.87	10.0	37,776.0	23.0
Mazaya Qatar Real Estate Dev.	1.21	4.7	36,292.4	68.8
Investment Holding Group	0.64	0.8	35,656.3	12.6
Salam International Inv. Ltd.	0.63	1.6	32,072.6	22.6

QSE Top Losers	Close*	1D%	Vol. '000	YTD%
Qatar Cinema & Film Distribution	3.89	(5.5)	15.6	76.8
Qatar Insurance Company	2.01	(0.5)	1,489.9	(36.4)
Qatar Islamic Bank	16.05	(0.3)	997.3	4.7
QNB Group	17.67	(0.2)	2,150.8	(14.2)
Masraf Al Rayan	4.14	(0.2)	2,054.9	4.5

QSE Top Value Trades	Close*	1D%	Val. '000	YTD%
United Development Company	1.87	10.0	70,028.1	23.0
Qatar Aluminium Manufacturing	1.03	2.8	43,740.3	32.0
Mazaya Qatar Real Estate Dev.	1.21	4.7	43,511.3	68.8
QNB Group	17.67	(0.2)	38,011.1	(14.2)
Gulf Warehousing Company	5.22	6.4	34,888.3	(4.8)

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*	9,841.32	0.8	(1.0)	(0.0)	(5.6)	147.42	157,241.1	16.0	1.5	4.1
Dubai	2,264.22	(0.3)	(2.4)	0.8	(18.1)	89.63	86,009.1	8.6	0.8	4.3
Abu Dhabi	4,498.23	0.1	(0.3)	(0.5)	(11.4)	90.75	182,123.8	16.4	1.3	5.4
Saudi Arabia	8,244.82	(0.6)	(1.1)	3.8	(1.7)	2,611.77	2,470,186.3	30.1	2.0	2.5
Kuwait	5,577.77	0.8	2.4	5.4	(11.2)	226.25	105,766.9	29.9	1.4	3.5
Oman	3,626.77	0.0	(0.6)	(3.8)	(8.9)	1.35	16,379.9	10.8	0.7	6.7
Bahrain	1,442.81	0.2	0.5	4.5	(10.4)	6.33	22,007.3	13.4	0.9	4.8

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 0.8% to close at 9,841.3. The Real Estate and Transportation indices led the gains. The index rose on the back of buying support from GCC, Arab and Foreign shareholders despite selling pressure from Qatari shareholders.
- United Development Company and Gulf Warehousing Company were the top gainers, rising 10.0% and 6.4%, respectively. Among the top losers, Qatar Cinema & Film Distribution Company fell 5.5%, while Qatar Insurance Company was down 0.5%.
- Volume of shares traded on Tuesday fell by 38.1% to 320.6mn from 517.6mn on Monday. Further, as compared to the 30-day moving average of 355.2mn, volume for the day was 9.7% lower. Qatar Aluminium Manufacturing Company and United Development Company were the most active stocks, contributing 13.3% and 11.8% to the total volume, respectively.

Overall Activity	Buy %*	Sell %*	Net (QR)
Qatari Individuals	52.98%	52.71%	1,470,582.8
Qatari Institutions	19.62%	22.23%	(14,151,355.6)
Qatari	**72.60%**	**74.93%**	**(12,680,772.8)**
GCC Individuals	1.48%	0.95%	2,874,306.9
GCC Institutions	1.27%	0.64%	3,375,206.7
GCC	**2.74%**	**1.59%**	**6,249,513.6**
Arab Individuals	14.04%	14.01%	144,419.8
Arab	**14.04%**	**14.01%**	**144,419.8**
Foreigners Individuals	4.58%	4.51%	401,665.7
Foreigners Institutions	6.04%	4.96%	5,885,173.7
Foreigners	**10.62%**	**9.46%**	**6,286,839.4**

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

Global Economic Data and Earnings Calendar

Global Economic Data

Date	Market	Source	Indicator	Period	Actual	Consensus	Previous
09/22	EU	European Commission	Consumer Confidence	Sep	-13.9	-14.7	-14.7

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 3Q2020 results	No. of days remaining	Status
QIGD	Qatari Investors Group	19-Oct-20	26	Due
DHBK	Doha Bank	27-Oct-20	34	Due
UDCD	United Development Company	28-Oct-20	35	Due

Source: QSE

News

Qatar

- **The Amir: Lift blockade to pave way for ending Gulf crisis –** Qatar has continued the march of progress in various fields irrespective of the illegal blockade imposed on it three years ago, HH the Amir Sheikh Tamim bin Hamad Al-Thani on Tuesday told the opening session of the 75th UN General Assembly. Addressing the session, HH the Amir said unconditional dialogue based on common interests and respect for the sovereignty of states is the way to solve this crisis which had started with an illegal blockade, and its solution should start with lifting of the blockade. The Amir reiterated his deep appreciation for the sincere efforts of Kuwaiti Amir Sheikh Sabah Al-Ahmad Al-Jaber Al-Sabah, and other brotherly and friendly countries that have been working to bring this crisis to an end. HH the Amir Sheikh Tamim bin Hamad Al-Thani took part in the opening session of the General Debate of the 75th Session of the United Nations General Assembly, which was held on Tuesday via video conference from the UN headquarters in New York, with the participation of a number of leaders of countries and heads of governments and delegations. (Gulf-Times.com)
- **UDCD to disclose 3Q2020 financial statements on October 28 –** United Development Company (UDCD) intends to disclose the 3Q2020 financial statements for the period ending September 30, 2020, on October 28, 2020. (QSE)
- **QIGD to disclose 3Q2020 financial statements on October 19 –** Qatari Investors Group (QIGD) intends to disclose the 3Q2020 financial statements for the period ending September 30, 2020, on October 19, 2020. (QSE)
- **MARK to disclose 3Q2020 financial statements on October 11** – Masraf Al Rayan (MARK) intends to disclose the 3Q2020 financial statements for the period ending September 30, 2020, on October 11, 2020. (QSE)
- **Ooredoo moving steadily towards digital transformation –** Ooredoo’s many outstanding achievements in the areas of digital transformation, communications solutions, and IT, and the latest developments on the deployment of 5G technology and fibre were the highlights of Ooredoo Qatar CEO Sheikh Mohamed bin Abdulla Al-Thani's interview on ‘Pulse of the Economy’ telecast by Qatar TV Tuesday. Sheikh Mohammed,

who is also Ooredoo's Deputy Group CEO, highlighted the partnerships the company has concluded at local and global levels to contribute to Qatar's 2030 national vision, and noted the role Ooredoo has played in combating the coronavirus pandemic. Looking at the overall situation of the telecommunications sector in Qatar, he explained the company's aspirations and objectives in the coming period. With regard to the 5G network coverage in Qatar, Sheikh Mohamed noted, "We have reached coverage of more than 90% of populated areas, and recent tests have shown the network capable of delivering speeds of up to 4.2Gbps. Ooredoo is among the first companies in the world to reach this achievement, with customers already enjoying up to 2.2Gbps, and it is expected that customers will be able to enjoy the higher speed after the completion of all logistics requirements, which we hope will be soon. Even with the 4G network, Ooredoo already ranks among the top five companies in the world in terms of speeds." (Gulf-Times.com)

- **OBG: Qatar has 'solid' line-up of infrastructure, hospitality projects to prepare for large influx of visitors in 2022 –** Qatar has a "solid" line-up of infrastructure and hospitality projects to prepare itself for the large influx of visitors in 2022, although the tournament's flagship projects, such as the stadia, are nearing completion, Oxford Business Group (OBG) said in a report. Despite "some concerns" for Qatar's construction industry surrounding a "narrowing" pipeline for 2022 FIFA World Cup-related projects and a more general global economic slowdown, there is much reason for optimism within the sector in the years ahead. "Qatar's 2020 budget demonstrates that there will be plenty of investment opportunities going forward, especially regarding infrastructure projects," OBG said in its 'The Report: Qatar 2020'. In terms of new developments, OBG noted that following a slight rallying in energy prices in early 2019, Qatar increased spending in its 2020 budget by 1.9% from QR206.6bn in 2019 to QR210.5bn in 2020, the highest expenditure has been since 2015. Revenues, however, are expected to remain stable, at QR211bn. This was based on an estimated average oil price of $55 per barrel for 2020, the same as the previous year, though $10 higher than 2018. Beyond the 2020 budget, the country's project pipeline has more than 1,000 planned developments worth $150bn. About $80bn of this is destined for new projects in the construction sector, with planned infrastructure projects accounting for a large portion of overall investment. Projects include the expansion of Hamad International Airport and extensions to the Hamad Port and the Doha Metro. In efforts to diversify the economy, Qatar opened its first two economic free zones in 2019, attracting more than 50 companies from around the globe and more than QR1.5bn of investment. The 400-ha Ras Bufontas Free Zone is located next to Hamad International Airport and the 4000-ha Umm Alhoul Free Zone is situated near Hamad Port. The ongoing development of several free zones as well as a new law that permits 100% foreign ownership has been steps towards greater ease of doing business, OBG noted. (Gulf-Times.com)

International

- **Fed, Treasury Chiefs back more aid for small business but leave details fuzzy –** Top US economic policymakers opened the door on Tuesday to further aid for small businesses hit by the coronavirus-triggered recession, but differed over how broad it might extend and the manner in which it should be delivered. In testimony before the House of Representatives Financial Services Committee, Treasury Secretary Steven Mnuchin and Federal Reserve Chair Jerome Powell were pressed by lawmakers concerned the multi-trillion-dollar effort to battle the economic fallout from the pandemic had left a broad swathe of businesses vulnerable, from the smallest corner restaurants to commercial office properties and hotels. Mnuchin and Powell said they were looking for ways to extend more help, but also that they were hitting legal and practical limits that might require action by Congress to avoid. Fed loans backed by commercial buildings as collateral, for example, were often prohibited by existing lending agreements that forbid the owners from further borrowing, Powell said. And proposals that the US central bank loosen requirements for its Main Street Lending Program to make it more accessible to smaller firms, he said, overlooked the fact that larger businesses have been the ones interested in central bank credit. (Reuters)
- **US existing home sales approach 14-year high; prices scale record peak –** US home sales surged to their highest level in nearly 14 years in August as the housing market continued to outperform the overall economy, but record high home prices could squeeze first-time buyers out of the market. The report from the National Association of Realtors confirmed home sales had recovered after slumping when the economy almost ground to a halt as businesses were shuttered in mid-March in an effort to slow the spread of COVID-19. Demand for housing is being fueled by record-low mortgage rates and a pandemic-fueled migration to suburbs and low-density areas in search of more spacious accommodation as many people work from home. Federal Reserve Chair Jerome Powell told a congressional panel on Tuesday that the economy has shown "marked improvement" since plunging into recession in February, though the path ahead remains uncertain. Existing home sales increased 2.4% to a seasonally adjusted annual rate of 6mn units last month, the highest level since December 2006. August's increase in homes sales, which marked three straight months of gains, was in line with economists' expectations. The median existing house price jumped 11.4% from a year ago to a record $310,600 in August. Sales last month were concentrated in the $250,000 to $1 million and over price range, with transactions below the $250,000 price band down sharply. Existing home sales, which account for the bulk of US home sales, jumped 10.5% on a YoY basis in August. (Reuters)
- **CBO: Coronavirus recession to push US debt to nearly twice GDP by 2050 –** The coronavirus pandemic will darken the US long-term fiscal outlook for decades to come, the Congressional Budget Office said on Monday, releasing new forecasts that show federal government debt in 2050 will be nearly twice US economic output. Without changes to tax and spending laws, the federal debt held by the public will reach 195% of GDP by 2050, the CBO said in its long-term budget outlook - a level approaching the current debt ratios of Japan and Greece. The non-partisan congressional budget referee said its outlook had deteriorated significantly from a year ago, when it projected US public debt in 2049 would be 144% of GDP. CBO projects federal debt at 98% by the end of 2020, compared with 79% in 2019 and 35% in 2007 before a major financial crisis. The debt is being propelled by higher US annual budget deficits driven by a slow

recovery from a deep pandemic recession, higher interest costs to finance those deficits, and long-anticipated spending growth associated with an aging population on healthcare programs and Social Security. CBO projects the 2020 deficit reaching 16% of GDP - the highest since the end of World War Two in 1945. While the share will fall for several years, it will begin rising sharply again by 2028. By 2050, the annual deficit is projected at 12.6% of GDP as revenue growth falls far behind spending growth, CBO said. (Reuters)

- **BoE: "British-style" rules for banks after Brexit –** Britain will adopt tough but less bureaucratic financial rules after Brexit, starting with simpler regulation of small banks, Bank of England Deputy Governor Sam Woods said on Tuesday. Britain will soon unveil new legislation for regulating the City of London, which for decades has complied with rules written in Brussels that end in December, when Brexit transition arrangements expire. Leaving the European Union has raised hopes of a regulatory "Brexit dividend" that will help banks and insurers in Europe's biggest financial center maintain global competitiveness. "We should approach that in the spirit of, let's have high standards here in London and here in the UK, but let's get back to a more British way of doing that regulation -- things that can be tough but less bureaucratic," Woods told a City Week online event. When Britain comes to applying remaining global bank capital rules known as Basel III, it will be "exactly in that format", he said, adding that the BoE would propose simpler rules for smaller lenders in a month or so. "It would have been impossible to agree in the European context as one person's big bank is another person's small bank," Woods said. (Reuters)
- **CBI: UK factories report biggest drop in orders since June –** British manufacturers reported the sharpest drop in orders for three months in September and said they expected production to remain weak for the remainder of the year due to the impact of COVID-19 and Brexit worries. The Confederation of British Industry's (CBI) monthly industrial order book balance fell to -48 in September from -44 in August, bucking expectations in a Reuters poll of economists for a small improvement and remaining well below its long-run average. "As manufacturing firms continue to battle against headwinds from a resurgence of the virus, weak global demand and uncertainty over our trading relationships, the government must step up its support," CBI economist Anna Leach said. Britain's government is tightening coronavirus restrictions - including bringing in early closing for pubs and restaurants - and has reversed calls employees to return to work in offices. Many businesses are also concerned about the end of a job support scheme next month that has paid them to keep staff on furlough until demand picks up. "The recovery in the manufacturing sector appears to be losing momentum. Strong growth in output over the summer likely was partly due to firms shifting work backlogs that had amassed during the lockdown," said Samuel Tombs, chief UK economist at consultants Pantheon Macroeconomics. The CBI said it wanted a replacement for the furlough program, as well as progress on a trade deal with the European Union before transition arrangements end at the end of the year. (Reuters)
- **UK banks must do more to fight dirty money, says BoE's Woods –** Britain's banks must make the fight against dirty money a "top priority" or risk facing more severe fines, Bank of England Deputy Governor Sam Woods said on Tuesday. Global banks, including UK-based HSBC, Barclays and Standard Chartered, face fresh scrutiny on their efforts to curb money laundering after a cache of leaked documents showed they transferred more than $2tn in suspect funds over nearly two decades. Woods said it was vital that banks played their part in fighting financial crime as the "FinCEN" leaks were a good reminder of how criminals will use the financial system for their own ends. "If the banks get this wrong, then costs for them are very severe, as you have seen in recent years the big fines here in the UK and in the US," Woods told Bloomberg TV. "They have been doing a lot but they'll need to do more, and unfortunately this is one of those things that the job is never done," Woods said, adding that he did not think new rules were necessary at this point. HSBC has said the information in the reports was historic, while Standard Chartered pointed to investments to improve its control procedures. Barclays said global banks were supportive of initiatives to improve transparency of how money was held around the world and which should make client due diligence "a lot easier". (Reuters)
- **Eurozone rebounds from recession but clouds gather –** Europe appears to have weathered a pandemic-induced recession better than many feared, a slew of indicators suggested on Tuesday, but prospects for a second wave of infections and a hard Brexit are once again raising talk of more stimulus. Having shrunk by over a tenth last quarter, the Eurozone economy is quickly regaining strength on the back of relatively resilient consumption, supported by job subsidy schemes, tax cuts and lavish stimulus from the European Central Bank. Indeed, consumer confidence in the 19 countries sharing the Euro rose to -13.9 this month from -14.7 in August, the European Commission said, a reading below its long-term trend but easily beating market expectations. Adding to the positive news, the Ifo Institute upgraded its forecast for Germany, expecting GDP in the euro zone's biggest economy to shrink 5.2% this year, a big improvement on its last projection for a 6.7% drop or the Bundesbank's 7.1% forecast. The figures suggest that unprecedented fiscal and monetary support have insulated the bloc from an unprecedented recession and households began to spend once again as most restrictions were lifted during the summer months. Unemployment in the region has barely risen compared to some other major economies and, at 7.9%, has still not moved far from the more than 10-year low of 7.2% hit earlier this year. (Reuters)
- **Germany tells Britain to "stop the games", time running out for deal –** Germany's Europe Minister Michael Roth urged Britain to drop plans for a bill that would break the country's obligations to the European Union (EU) under its withdrawal treaty as time was running out to clinch an EU-Britain trade deal. Speaking to reporters ahead of a meeting of EU ministers in Brussels that is to prepare a summit of EU leaders later this week, Roth said he was "extremely worried" by London's plans to pass an internal market bill that would break international law. The bill is expected to pass through the lower chamber of parliament next week and has thrown talks on a trade agreement between Britain and the EU into chaos as it undermines Britain's willingness to honor international deals. "The so-called internal market bill extremely worries us because it violates the guiding principles of the withdrawal agreement. And that is totally

unacceptable for us," Roth said. He said the EU was "really, really disappointed" about the results of the trade negotiations, which have become stuck on the issue of EU fishermen's access to British waters, fair competition between EU and British companies and a mechanism to resolve disputes in the future. Roth said EU ministers on Tuesday would state their strong support for the EU's chief Brexit negotiator Michel Barnier and his team and re-affirm a strong commitment to a fair-trade deal based on trust and confidence. (Reuters)

- **German economy's COVID hit may be smaller than feared –** Germany may weather its pandemic-induced recession better than expected, private sector indicators suggested on Tuesday, in a hopeful sign for the economy that traditionally serves as Europe's driver of growth. With much economic activity still constrained by COVID-19, Germany's government moved swiftly to boost spending and that cash, along with another shot in the arm from the European Central Bank, appears to have cushioned the pandemic's impact. GDP is now only seen shrinking by 5.2% this year, the Ifo institute projected, more optimistic than its previous estimate for a 6.7% drop and the Bundesbank's 7.1% forecast. "The decline in the second quarter and the recovery are currently developing more favorably than we had expected," Ifo chief economist Timo Wollmershaeuser said. For 2021 it cut its growth forecast to 5.1% from 6.4%, but even that indicates that Germany's economy could be close to its pre-crisis level by the end of next year. The ECB still expects the Eurozone as a whole to need a further year to make up the decline. Part of the forecast improvement is unexpectedly resilient consumption, and the HDE retail association said it expects nominal retail sales to grow by 1.5% this year, a sharp upward revision from its previous estimate for a 4% drop. However, both it and the Ifo pointed to unusual uncertainty in their projections, with a second wave of infections and potential government restrictions seen as risk factors. HDE said online sales and stimulus measures that have included a temporary VAT cut and cash handouts for parents, had been key factors in boosting private consumption. Job protection schemes were also maintaining relatively high employment levels, and keeping a lid on household income losses. Unemployment has barely risen compared to some other major economies and the rise in the jobless rate may top out at just 5.9% this year from 5.0% last year, before dropping to 5.7% in 2021, Ifo said. (Reuters)
- **Deutsche Bank to close 20% of German branches in coronavirus shift –** Deutsche Bank plans to shutter one in five branches in Germany as it seeks to save costs and capitalize on the changing habits of customers during the coronavirus pandemic, an executive said. Philipp Gossow, who oversees the retail banking business in Germany, told Reuters that the reduction to some 400 branches from around 500 currently would occur primarily in urban locations and take place "as quickly as possible". The cull comes as Deutsche Bank undergoes a broad overhaul of its global operations that began in 2019 after years of losses. German banks traditionally operate large numbers of branches compared with those in the Netherlands or Britain, where customers are more comfortable with digital banking. Banks throughout Europe are rethinking their branch strategies in the wake of the coronavirus crisis. Deutsche's rival Commerzbank recently opted to shut 200 of its 1,000 branches and is considering closing hundreds more. Gossow said more complex advisory services were taking place increasingly by phone or video chat and the bank would invest an undisclosed amount to build out those services. He elaborated on the changes on Tuesday at a conference in Frankfurt and in a memo to staff, in which he acknowledged the changes would mean hardship for some. But the move is not expected to meet strong resistance from employees. The Verdi labor union said in a statement it was "generally right" for Deutsche to review its branch network. (Reuters)
- **Spain's home-working draft bill to make employers pay for expenses –** The Spanish government has agreed with unions and business leaders that employers must cover home working expenses after the coronavirus pandemic caused millions to work from their living rooms. "It was fundamental to regulate remote working to protect the rights of workers," Deputy Prime Minister Pablo Iglesias told state-owned TV channel TVE on Tuesday. "This new rule will boost productivity and the competitiveness of the Spanish economy", as well as the working conditions of the Spaniards who partly worked from home in 2020, Labor Minister Yolanda Diaz told a news conference later. Official data show more than 3.5mn people were working remotely in the second quarter. Under the government's draft proposal seen by Reuters, companies would have to bankroll all expenses employees may have when working from home, including computer equipment and furniture, while employees can ask for flexible working hours. The benefits would only apply to employees who stay home for at least 30% of their work schedule, and employers will have the right to monitor workers' online presence while respecting dignity and privacy. All home working arrangements have to be voluntary, both for employers and employees. The new rules, if approved by parliament, would not apply to home working schedules that were put in place specifically to deal with the coronavirus pandemic. Three months after the end of Spain's lockdown, many Spaniards are still working remotely, as social distancing rules limit office capacity. (Reuters)
- **PMI: Japan factory activity struggles to recover as output falls –** Japan's factory activity extended declines in September largely due to a sharper fall in output, as the world's third-largest economy struggles to stage a robust recovery from the coronavirus pandemic. The au Jibun Bank Flash Japan Manufacturing Purchasing Managers' Index (PMI) was largely unchanged at 47.3 in September compared with a final 47.2 in the previous month. Output contracted at a faster pace for the first time in four months, weighing on the headline index, which remained below the 50.0 threshold that separates contraction from expansion for a 17th month. "New order inflows continued to fall in September, reflecting subdued demand," said Bernard Aw, principal economist at IHS Markit, which compiles the survey. "That said, the picture of the economy remained much improved when compared to the height of the pandemic during the second quarter." While still remaining in contraction, other indicators in the manufacturing survey such as new orders and suppliers' delivery times saw their slowest pace of declines since January. Other positive signs in the survey included manufacturers' views on future output, which rose to a more than two year high. (Reuters)

- **People's Daily: China should raise costs to deter speculative foreign money –** China should raise the costs of short-term, cross-border money flows to buffer its financial markets from speculative capital, said Zhu Min, head of the National Institute of Financial Research at Tsinghua University, as cited by the People's Daily. Zhu, a former deputy managing director of the International Monetary Fund, also said China should step up monitoring cross-border trading activities to maintain market stability, China's official daily newspaper reported on Tuesday. Against a backdrop of great economic and financial uncertainty, and with increasing links between global markets, "the volume and speed of cross-border capital flows are unprecedented," Zhu told the newspaper in an interview. Zhu's cautionary comments come amid signs that foreign money has been flowing into Chinese markets at an accelerated pace, lured by the country's early economic recovery from the coronavirus crisis and its attractive bond yields. The Yuan has been strengthening against the US dollar over the past several months, a trend Zhu said will likely continue, citing the Federal Reserve's policy of keeping US interest rates at near-zero levels. (Reuters)
- **Brazil government sees $157bn deficit this year as emergency transfers are extended –** Brazil's government is on course to post a primary budget deficit of 861bn Reais ($157bn) this year, the Economy Ministry said in its bimonthly revenue and expenditure report on Tuesday, factoring in extended emergency transfers to the poor through the end of December. That is wider than the 787.4bn Reais deficit excluding interest payments that was forecast in the last report in July, but slightly below the ministry's official forecast of 866.4bn Reais shortfall issued earlier this month. The ministry and Treasury insist emergency spending and support to cushion the economic shock of the COVID-19 pandemic must be confined to this year, and a concerted effort to reduce its record deficit and debt load will start on January 1. The report outlined an expected 84.4bn Reais rise in "extraordinary credits," which include an extra 67.6bn Reais of emergency payments over the October-December period recently approved by President Jair Bolsonaro. Those payments, which have helped prevent an even steeper economic downturn and boosted Bolsonaro's approval ratings, will be paid at 300 Reais a month, half the April-September rate. Overall, the Economy Ministry raised its 2020 primary expenditure forecast by 63.6bn Reais from July's report to 2.046tn Reais and lowered its net revenue forecast by 10bn Reais to 1.185tn Reais. (Reuters)

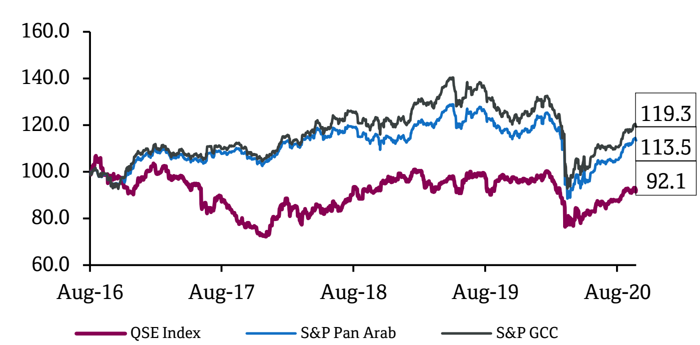
Regional

- **Saudi Arabia has seen slowdown in FDI due to coronavirus –** Saudi Arabia has experienced a slowdown in foreign direct investment this year due to the global disruption caused by the coronavirus pandemic, Investment Minister, Khalid Al Falih said. He was speaking at a G20 press briefing. (Reuters)
- **UAE's July M1 money supply rises 0.4% MoM –** The Central Bank of the UAE (CBUAE) published money supply, bank loans and assets data for July which showed that M1 money supply rose 0.4% MoM, M2 money supply rose 2.3% MoM and M3 money supply rose 1.5% MoM. (Bloomberg)
- **Mubadala, Barings partner to finance European mid-market cos –** Financial services firm Barings has partnered with Abu Dhabi state investor Mubadala to provide financing solutions to European middle-market businesses, it said on Tuesday. Barings Mubadala Enterprise (BME) and its capital partners aim to provide $3.5bn in financing over the next 18 months to help meet growing corporate demand for flexible capital solutions in Europe. The partnership is anchored by Mubadala Investment Co, which will invest alongside MassMutual and Barings' capital. BME will focus on opportunities in the UK, France, Benelux and the Nordics, it said. (Reuters)
- **Mubadala, Russia's Sberbank to explore co-investments, financing –** Abu Dhabi state investor Mubadala and Sberbank, Russia's biggest lender, have signed a strategic agreement to explore co-investments and opportunities in equity and debt financing, the two said on Tuesday. Sberbank will establish a presence in Abu Dhabi by the end of 2020, they said. The agreement will also cover cooperation in long-term financing of Mubadala's projects in Russia and other territories, as well as advisory services. "The Sberbank-Mubadala strategic partnership will unlock potential co-investment initiatives in both Russia and the Middle East, which are also expected to enhance bilateral trade between businesses in both regions," the statement said. (Zawya)
- **Creditors take action against UAE's Al Jaber in decade-long saga –** Creditors have started to enforce claims against Abu Dhabi-based Al Jaber Group, in a dispute triggered by a construction downturn in the United Arab Emirates more than a decade ago. Al Jaber, a contractor with interests across a range of sectors, has struggled since building up debt in the wake of a UAE real estate crisis and began talks with creditors in 2011. Abu Dhabi Commercial Bank ADCB.AD, which is working as restructuring and security agent, said in a document dated September 21 which was seen by Reuters, that it had instructions from the majority of creditors to proceed with claims against Al Jaber. (Reuters)
- **Moody's downgrades Kuwait's issuer rating to A1; changes outlook to stable –** Moody's Investors Service, has downgraded Kuwait's long-term foreign and local currency issuer rating to A1 from Aa2, and changed the outlook to stable, concluding the review for downgrade initiated on March 30, 2020. The decision to downgrade the ratings reflects both the increase in government liquidity risks and a weaker assessment of Kuwait's institutions and governance strength. In the continued absence of legal authorization to issue debt or draw on the sovereign wealth fund assets held in the Future Generations Fund (FGF), available liquid resources are nearing depletion, introducing liquidity risk despite Kuwait's extraordinary fiscal strength. And while the fractious relationship between parliament and the executive is a long-standing constraint on Moody's assessment of institutional strength, the deadlock over the government's medium-term funding strategy and the absence of any meaningful fiscal consolidation measures point to more significant deficiencies in Kuwait's legislative and executive institutions and policy effectiveness than previously assessed. While liquidity risks are particularly relevant in the next few months, over the medium term next one or two years, upside and downside risks are broadly balanced reflected in the stable outlook. Kuwait has a vast stock of sovereign financial assets currently ringfenced from the general budget by law, securing predictable access to which would eliminate government liquidity risk. Conversely, Moody's sees a continued risk that the

executive and legislature perpetuate stop-gap measures in response to the funding impasse, without providing lasting visibility on the funding of Kuwait's budget. While not Moody's expectation, government liquidity risks would manifest if continuing gridlock over funding led to the exhaustion of available liquid resources ahead of the maturity dates of Kuwait's international bonds, including the $3.5bn tranche maturing in March 2022. Kuwait's foreign currency bond ceiling has been lowered to Aa3, from Aa2 and the foreign currency deposit ceiling has been lowered to A1 from Aa2, whereas the short-term ceilings remain at Prime-1 (P-1). The local currency bond and deposit ceilings have been lowered to Aa3 from Aa2. (Bloomberg)

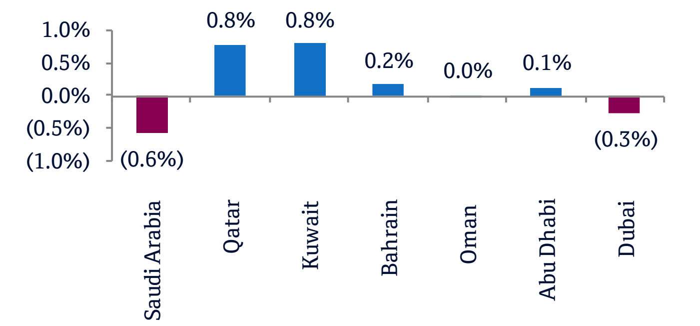
- **Kuwait sells KD200mn 91-day bills; bid-cover at 13.32x –** Kuwait sold KD200mn of 91-day bills due on December 22, 2020. Investors offered to buy 13.32 times the amount of securities sold. The bills have a yield of 1.25% and settled on September 22, 2020. (Bloomberg)
- **Oman to target $3bn-$4bn with upcoming bond sale –** Oman plans to issue US dollar-denominated bonds soon, targeting $3bn to $4bn with the deal, sources said, as the Gulf state seeks to bolster finances badly hit by a slump in oil prices. The deal would cover a $2bn bridge loan Oman secured last month and give it additional funding in what would be Oman's first foray in the international bond market this year. A relatively small crude producer burdened by high levels of debt, Oman - rated "junk" by all major rating agencies - said this month it was planning to tap local and international debt markets, without disclosing how much it plans to raise from overseas investors. The bonds will be arranged by some of the banks that provided the $2bn bridge loan, said the two sources familiar with the matter, speaking on condition of anonymity. "It's a September deal," said one of them. The bridge financing was provided by banks including First Abu Dhabi Bank, HSBC and Standard Chartered, Refinitiv's fixed income news provider LPC has previously reported. (Reuters)
- **Oman hires banks for its first Eurobond sale in more than a year –** Oman's government has mandated banks for its first international public bond sale in over a year, according to sources, as the Sultanate seeks to plug the widest budget deficit among Gulf Arab economies. The government hired lenders including HSBC Holdings, Standard Chartered, Citigroup Inc., Bank Muscat and First Abu Dhabi Bank, according to sources. The sale could take place as early as next week, depending on market conditions, the sources said. (Bloomberg)
- **Oman issues OMR200mn domestic Sukuk –** Oman has issued local Sukuk, or Islamic bonds, worth OMR200mn to finance the 2020 state budget, state news agency ONA said on Tuesday. The Sukuk have a six-year maturity and an annual profit rate of 5.25%, the agency said. (Zawya)
- **Bahrain sells BHD100mn 364-day bills; bid-cover at 1.01x –** Bahrain sold BHD100mn of 364-day bills due on September 23, 2021. Investors offered to buy 1.01 times the amount of securities sold. The bills were sold at a price of 97.228, have a yield of 2.82% and will settle on September 24, 2020. (Bloomberg)

Rebased Performance



Source: Bloomberg

Daily Index Performance



Source: Bloomberg

Asset/Currency Performance	Close ($)	1D%	WTD%	YTD%
Gold/Ounce	1,900.21	(0.6)	(2.6)	25.2
Silver/Ounce	24.40	(1.3)	(8.9)	36.7
Crude Oil (Brent)/Barrel (FM Future)	41.72	0.7	(3.3)	(36.8)
Crude Oil (WTI)/Barrel (FM Future)	39.60	0.7	(3.7)	(35.1)
Natural Gas (Henry Hub)/MMBtu	1.49	12.0	(4.5)	(28.7)
LPG Propane (Arab Gulf)/Ton	49.75	0.8	(2.5)	20.6
LPG Butane (Arab Gulf)/Ton	53.00	(4.9)	(7.4)	(19.1)
Euro	1.17	(0.5)	(1.1)	4.4
Yen	104.93	0.3	0.3	(3.4)
GBP	1.27	(0.7)	(1.4)	(4.0)
CHF	1.09	(0.6)	(0.9)	5.2
AUD	0.72	(0.7)	(1.6)	2.1
USD Index	93.99	0.4	1.1	(2.5)
RUB	76.10	(0.0)	0.5	22.8
BRL	0.18	(1.1)	(1.5)	(26.6)

Source: Bloomberg

Global Indices Performance	Close	1D%*	WTD%*	YTD%*
MSCI World Index	2,343.39	0.6	(1.0)	(0.6)
DJ Industrial	27,288.18	0.5	(1.3)	(4.4)
S&P 500	3,315.57	1.1	(0.1)	2.6
NASDAQ 100	10,963.64	1.7	1.6	22.2
STOXX 600	357.55	(0.1)	(4.4)	(10.4)
DAX	12,594.39	0.1	(5.3)	(0.8)
FTSE 100	5,829.46	(0.1)	(4.7)	(25.9)
CAC 40	4,772.84	(0.7)	(5.4)	(16.8)
Nikkei#	23,360.30	0.0	0.0	3.0
MSCI EM	1,082.87	(0.7)	(2.3)	(2.9)
SHANGHAI SE Composite	3,274.30	(0.9)	(2.1)	10.3
HANG SENG	23,716.85	(1.0)	(3.0)	(15.4)
BSE SENSEX	37,734.08	(0.7)	(2.9)	(11.4)
Bovespa	97,293.50	(0.9)	(3.9)	(38.4)
RTS	1,193.06	1.0	(2.9)	(23.0)

Source: Bloomberg (*$ adjusted returns, #Market was closed on September 22, 2020)

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