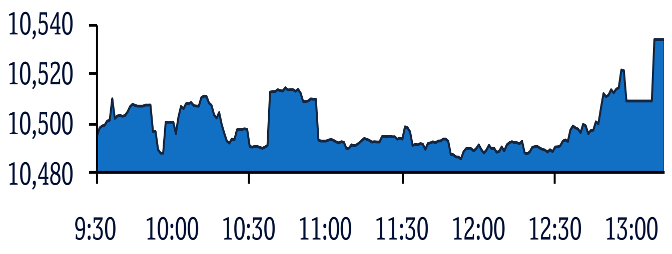
Daily Market Report

Thursday, 31 December 2020

QSE Intra-Day Movement



Qatar Commentary

The QE Index rose 0.3% to close at 10,534.7. Gains were led by the Transportation and Consumer Goods & Services indices, gaining 0.9% and 0.6%, respectively. Top gainers were Qatar Gas Transport Company Limited and Qatar Oman Investment Company, rising 1.5% and 1.1%, respectively. Among the top losers, Qatar General Insurance & Reinsurance Company fell 7.1%, while Ahli Bank was down 5.6%.

GCC Commentary

Saudi Arabia: The TASI Index gained 0.2% to close at 8,760.1. Gains were led by the Software and Services and Insurance indices, rising 3.2% and 1.4%, respectively. Leejam Sports Co. rose 5.7%, while Al Moammar Information Systems was up 5.3%.

Dubai: The DFM Index fell 0.3% to close at 2,518.0. The Industrials index declined 4.6%, while the Consumer Staples and Discretionary index fell 3.8%. National Cement Company declined 4.6%, while DXB Entertainments was down 4.4%.

Abu Dhabi: The ADX General Index fell 0.2% to close at 5,088.1. The Telecommunication index declined 1.2%, while the Industrial index fell 0.2%. Gulf Pharmaceutical Industries and National Marine Dredging Co. were down 5.0% each.

Kuwait: The Kuwait All Share Index fell 0.5% to close at 5,549.9. The Banks index and the Utilities index declined 0.7%, each. Yiaco Medical Company declined 9.7%, while Educational Holding Group was down 8.5%.

Oman: The MSM 30 Index gained 0.3% to close at 3,653.4. Gains were led by the Industrial and Financial indices, rising 1.4% and 0.2%, respectively. Oman Refreshment rose 10.0%, while Galfar Engineering & Contracting was up 2.4%.

Bahrain: The BHB Index fell 1.4% to close at 1,476.2. The Commercial Banks index declined 2.6%, while the Industrial index fell 0.4%. Ahli United Bank declined 4.5%, while Ithmaar Holding was down 2.8%.

Market Indicators	30 Dec 20	29 Dec 20	%Chg.
Value Traded (QR mn)	258.6	258.8	(0.1)
Exch. Market Cap. (QR mn)	607,609.5	606,545.5	0.2
Volume (mn)	83.0	101.7	(18.4)
Number of Transactions	5,795	5,753	0.7
Companies Traded	45	45	0.0
Market Breadth	28:11	8:33	–

Market Indices	Close	1D%	WTD%	YTD%	TTM P/E
Total Return	20,252.51	0.3	(0.0)	5.6	17.9
All Share Index	3,227.59	0.3	(0.0)	4.1	18.6
Banks	4,290.28	0.4	0.0	1.7	15.1
Industrials	3,126.19	0.4	(0.2)	6.6	27.9
Transportation	3,326.51	0.9	1.1	30.2	15.2
Real Estate	1,942.10	0.2	(0.8)	24.1	17.1
Insurance	2,398.79	(0.7)	0.4	(12.3)	N.A.
Telecoms	1,014.09	(2.1)	(1.3)	13.3	15.1
Consumer	8,199.79	0.6	0.4	(5.2)	29.1
Al Rayan Islamic Index	4,300.63	0.3	(0.1)	8.9	19.7

GCC Top Gainers##	Exchange	Close#	1D%	Vol. '000	YTD%
Bupa Arabia for Coop. Ins.	Saudi Arabia	123.0	3.4	257.9	20.1
Oman Arab Bank	Oman	0.18	2.3	500.0	(17.1)
National Bank of Oman	Oman	0.16	1.9	2,663.7	(13.0)
Qatar Gas Transport Co.	Qatar	3.24	1.5	2,580.9	35.7
Mouwasat Medical Serv.	Saudi Arabia	137.20	1.3	70.8	55.9

GCC Top Losers##	Exchange	Close#	1D%	Vol. '000	YTD%
Ahli United Bank	Bahrain	0.74	(4.5)	215.9	(22.5)
Ooredoo	Qatar	7.55	(2.7)	2,335.5	6.7
National Industrialization	Saudi Arabia	13.80	(2.0)	7,473.1	0.9
Yanbu National Petro. Co.	Saudi Arabia	65.10	(1.8)	361.5	16.5
Saudi Kayan Petrochem.	Saudi Arabia	14.54	(1.8)	8,478.1	31.0

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%
Qatar Gas Transport Company Ltd.	3.24	1.5	2,580.9	35.7
Qatar Oman Investment Company	0.90	1.1	1,222.0	33.8
Qatar Fuel Company	18.90	1.1	443.0	(17.5)
Widam Food Company	6.38	1.0	830.2	(5.6)
Gulf International Services	1.71	0.8	3,990.5	(0.8)

QSE Top Losers	Close*	1D%	Vol. '000	YTD%
Qatar General Ins. & Reins. Co.	2.45	(7.1)	15.4	(0.4)
Ahli Bank	3.37	(5.6)	1,600.3	1.0
Ooredoo	7.55	(2.7)	2,335.5	6.7
Zad Holding Company	14.90	(0.7)	18.0	7.8
Qatari German Co for Med. Dev.	2.24	(0.6)	1,294.1	284.9

QSE Top Volume Trades	Close*	1D%	Vol. '000	YTD%
Investment Holding Group	0.60	0.2	10,392.6	6.7
Salam International Inv. Ltd.	0.65	0.0	7,295.5	26.5
Ezdan Holding Group	1.79	(0.1)	5,864.5	191.4
Alijarah Holding	1.24	(0.6)	4,947.1	75.9
Masraf Al Rayan	4.55	0.2	4,239.1	14.9

QSE Top Value Trades	Close*	1D%	Val. '000	YTD%
QNB Group	18.10	0.6	58,577.4	(12.1)
Masraf Al Rayan	4.55	0.2	19,269.4	14.9
Ooredoo	7.55	(2.7)	17,741.4	6.7
Qatar Islamic Bank	17.25	0.0	17,578.6	12.5
Ezdan Holding Group	1.79	(0.1)	10,430.1	191.4

Source: Bloomberg (* in QR)

Regional Indices	Close	1D%	WTD%	MTD%	YTD%	Exch. Val. Traded ($ mn)	Exchange Mkt. Cap. ($ mn)	P/E**	P/B**	Dividend Yield
Qatar*	10,534.65	0.3	(0.0)	2.7	1.0	69.89	165,087.5	17.9	1.5	3.7
Dubai	2,517.97	(0.3)	(0.4)	4.1	(8.9)	39.51	93,455.9	12.1	0.9	3.9
Abu Dhabi	5,088.09	(0.2)	(0.7)	2.5	0.2	107.92	198,377.2	21.4	1.4	4.8
Saudi Arabia	8,760.08	0.2	0.7	0.1	4.4	2,104.38	2,433,359.4	35.2	2.1	2.4
Kuwait	5,549.92	(0.5)	(0.3)	1.7	(11.7)	96.82	103,654.9	35.5	1.4	3.5
Oman	3,653.41	0.3	1.5	0.3	(8.2)	4.51	16,447.9	11.0	0.7	6.9
Bahrain	1,476.21	(1.4)	(1.1)	(0.1)	(8.3)	2.26	22,562.6	14.3	1.0	4.6

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 0.3% to close at 10,534.7. The Transportation and Consumer Goods & Services indices led the gains. The index rose on the back of buying support from Foreigners shareholders despite selling pressure from Qatari, GCC and Arab shareholders.
- Qatar Gas Transport Company Limited and Qatar Oman Investment Company were the top gainers, rising 1.5% and 1.1%, respectively. Among the top losers, Qatar General Insurance & Reinsurance Company fell 7.1%, while Ahli Bank was down 5.6%.
- Volume of shares traded on Wednesday fell by 18.4% to 83.0mn from 101.7mn on Tuesday. Further, as compared to the 30-day moving average of 212.3mn, volume for the day was 60.9% lower. Investment Holding Group and Salam International Investment Limited were the most active stocks, contributing 12.5% and 8.8% to the total volume, respectively.

Overall Activity	Buy %*	Sell %*	Net (QR)
Qatari Individuals	36.08%	28.85%	18,704,316.9
Qatari Institutions	24.14%	35.08%	(28,298,197.7)
Qatari	**60.21%**	**63.92%**	**(9,593,880.8)**
GCC Individuals	0.37%	0.61%	(612,714.7)
GCC Institutions	2.36%	2.19%	438,013.7
GCC	**2.73%**	**2.80%**	**(174,701.0)**
Arab Individuals	7.92%	9.25%	(3,440,020.1)
Arab Institutions	0.36%	–	936,230.0
Arab	**8.29%**	**9.25%**	**(2,503,790.1)**
Foreigners Individuals	3.17%	2.29%	2,290,825.4
Foreigners Institutions	25.60%	21.74%	9,981,546.6
Foreigners	**28.77%**	**24.03%**	**12,272,372.0**

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
12/30	India	RBII	BoP Current Account Balance	3Q2020	$15.53bn	$14.90bn	$19.23bn

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 4Q2020 results	No. of days remaining	Status
QNBK	QNB Group	12-Jan-21	12	Due
MARK	Masraf Al Rayan	19-Jan-21	19	Due

Source: QSE

News

Qatar

- **HH the Amir invited to Gulf summit amid diplomatic row –** The Gulf Cooperation Council (GCC) said Qatar's leader has been invited to the bloc's summit meeting next week amid efforts to heal rifts between Doha and a Saudi-led alliance. Qatar's Amir, HH Sheikh Tamim bin Hamad Al Thani received a formal invitation from Saudi King Salman to the January 5 summit meeting of the six-nation GCC in Saudi Arabia, delivered by GCC Secretary-General Nayef Falah Al-Hajraf. (Al Jazeera)
- **Sustained rebound in private sector –** The private sector of Qatar bounced back from the shock of COVID-19 outbreak and is now moving ahead on the path of recovery. The monthly Purchasing Managers' Index (PMI) figures have shown that the recovery in private sector is now strong. Year-to-date PMI data confirms Qatar's economic trajectory is more in-line with what is observed in China and other East Asian economies with a V-shaped recovery, rather than that seen in Europe or the United States. Qatar's non-energy private sector economy continued to expand towards the end of 2020, according to the November PMI survey data. The PMI rose to 52.5 in November, from 51.5 in October, to signal an improvement in operating conditions in the non-energy private sector. The latest reading was the seventh-highest on record since the series began in April 2017, compared with a long-run average of 49.6. A sustained rebound in business conditions of Qatar's non-energy private sector economy was seen at the beginning of the fourth quarter of 2020, according to the October PMI survey data. Output and new business both registered elevated growth rates for the fourth consecutive month, and the employment index rose to its highest level since March. The PMI registered 51.5 in October, up fractionally from 51.4 in September, driven by strong business expectations and realized transactions. (Peninsula Qatar)
- **Stimulus package boosts private sector** – Qatar's economy has recovered from the impact of COVID-19 outbreak with the help of timely support by the government. The Supreme Committee for Crisis Management (to combat COVID19), presided by Amir HH Sheikh Tamim bin Hamad Al Thani, in March announced a whopping QR75bn stimulus package to the private sector.

Additionally, QR10bn was injected to boost the country's capital market. The Qatar Central Bank (QCB) had put in place an appropriate mechanism directing banks to postpone loan repayments and the private sector's other obligations to the banks, for a period of six months, which was later on extended until December. The Supreme Committee also directed Qatar Development Bank (QDB) to postpone the installments of all borrowers, and government funds to increase their investments in Qatar Stock Exchange (QSE) by QR10bn. As per the decision, the QCB provided additional liquidity to banks operating in the country. In another major relief to the food industry, the worst-hit sector after the COVID-19 outbreak, the Supreme Committee exempted the food industry from customs duties for a period of six months, which has been extended for another three months. The medical goods were also exempted from customs duties for the same period. The Committee decided to exempt Hospitality and Tourism sector, retail sector, Commercial Complexes and Logistics areas from electricity and water bills. Another major decision by the Supreme Committee was to exempt Qatar's emerging logistics zones and Small and Medium Enterprises (SMEs) from rents during the same period. In October, a QDB official has said that the stimulus package of the National Guarantee Program has already issued support guarantees to more than 3,500 companies since the launch of the incentive program. The program aims at providing financing grants to cover salaries and rents for companies affected by the COVID-19 pandemic in the private sector. The program is part of the State's QR75bn financial stimulus package in response to the pandemic and is managed by QDB. The original stimulus package of the National Guarantee Program, which amounted to QR3bn has been increased by an additional QR2bn, bringing the ceiling of the program to QR5bn. Most recently, the QDB has announced that it has extended the time period of receiving applications for the National Guarantee Program until June 15, 2021, noting that it will continue to manage and supervise the program, in cooperation with the Ministry of Finance and QCB, and all banks operating in the country. (Peninsula Qatar)

- **NLCS to cease the taxi operation –** Alijarah Holding (NLCS) announced that the Board of Directors agreed to cease the Taxi Operation. This is due to many reasons, including the losses in the past years, and the latest consequences of the Corona Virus pandemic (COVID-19), which led to an increase loss on the company and the depletion of its shareholders' rights. For those reasons, and to preserve the rights of shareholders, and in order to avoid additional losses that the company may incur in the coming years the Board of Directors decided to cease the taxi operation effective December 31, 2020. (QSE)
- **MARK to disclose annual financial results on January 19 –** Masraf Al Rayan (MARK) will disclose its financial statement for the period ending December 31, 2020 on January 19, 2021. (QSE)
- **MARK to hold its investors relation conference call on January 21 –** Masraf Al Rayan (MARK) will hold the conference call with the Investors to discuss the financial results for the Annual 2020 will be held on January 21, 2021 at 01:30 pm , Doha Time. (QSE)
- **QOIS announces the closure of nominations for board membership –** Qatar Oman Investment Company (QOIS) announced the closure of the period for nomination for the membership of its Board of Directors for the period 2021-2023 on December 30, 2020 at 02:00 pm (QSE)
- **Exports maintain an upward trend –** The export from Qatar maintained rising trend despite a challenging year. Qatar's foreign merchandise trade balance, which represents the difference between total exports and imports, has shown surplus throughout the year. According to the Planning and Statistics Authority report, Qatar's foreign merchandise trade balance registered a surplus of QR9.1bn in November, showing a rise of nearly QR2bn or 28.6% compared to October 2020. The total value of exports of goods, including exports of goods of domestic origin and re-exports, in November 2020 reached QR16.6bn. Qatar's foreign merchandise trade balance expanded by nearly QR600m or 9.5% at QR7bn in October compared to the previous month of September 2020. The total value of exports of goods, including exports of goods of domestic origin and re-exports, in October 2020 had reached QR15.3bn, The foreign merchandise trade balance showed a surplus of QR6.4bn in September. As per the Planning and Statistics Authority report, in September 2020, the total exports of goods (including exports of goods of domestic origin and re-exports) amounted to around QR13.4bn. The monthly foreign merchandise trade balance showed a surplus of QR6.3bn in July 2020, registering an increase of nearly QR400m, or 6.6%, compared to June 2020. In July 2020, the total exports of goods (including exports of goods of domestic origin and re-exports) amounted to about QR13.6bn, showing a decrease of 38.8% compared to July 2019; and an increase of 6.9% compared to June 2020. (Peninsula Qatar)
- **Ezdan Real Estate Company leases its school in Al Gharrafa to PSI –** Ezdan Real Estate Company has leased out its school in Al Gharrafa to the Pearling Season International (PSI) School, which will start its third branch in Qatar there. The school has opened registration for the next academic year at its new branch and is inviting parents to visit the facility from January 3 to get acquainted with the staff, curriculum and the modern facilities on the new campus. PSI has signed a leasing contract for the Ezdan facility in Gharrafa at the beginning of the current academic year. The school is accredited by the Qatar National School Accreditation and is dedicated in providing the highest standards of academic excellence. Since founded in 2014 in Al Mansoura, Qatar, PSI has been known for its academic excellence through its teaching from Pre-school to Year 12 according to the British National Curriculum. (Qatar Tribune)
- **Doha Bank decides to disclose to disclose its Annual financial results on 08/02/2021 –** Doha Bank discloses its financial statement for the period ending 31st December 2020 on Monday 08/02/2021. (QSE)
- **QLM shares expected to start trading on QSE on January 6 –** QLM Life & Medical Insurance (QLM) has been legally incorporated as a public shareholding firm and its shares are expected to start trading on the QSE from January 6. This follows the company's constituent general assembly (CGA), which took place yesterday, where it amended constitutional documents and its status as a Qatari public shareholding company was approved by shareholders. The first board meeting, held in the presence of QLM's Chairman, Sheikh Saoud bin Khalid bin Hamad Al-Thani and other members, unanimously appointed Fahd Mohamed Al-Suwaidi as the Chief Executive of QLM. The companies Law

requires the meeting of the CGA upon the completion of the initial public offering (IPO), through which QLM offered 210mn ordinary shares at QR3.15 a piece (including QR2.14 premium) to raise as much as QR659.4mn. QLM had recently said its IPO witnessed "high" demand from retail and corporate investors and was oversubscribed, reflecting investors' enthusiasm and trust in the company. As per the IPO prospectus, in the first tranche, as much as 45% or 157.5mn shares were offered to individuals and corporates and in the second tranche, the remaining 15% or 52.5mn share were offered to anchor investors as General Retirement and Social Insurance Authority, Mwani Qatar and Doha Insurance Group. After the maiden offer, Qatar Insurance Group retains 25% stake and the other 15% will be retained by other pre-IPO investors or founders. QLM's IPO was the first maiden offer in Qatar where the vast majority of subscriptions were placed using online platforms, reflecting the rapid development of Qatar's capital markets. QLM is the largest provider of group medical insurance in Qatar based on the number of members and gross written premiums (GWP). QLM, whose solvency ratios have consistently been above the statutory requirements, has a diverse portfolio of clients with no single customer representing more than 8% of the GWP. (Gulf-Times.com)

- **Katara Hospitality to establish 60 hotels by 2030 –** Katara Hospitality plans to establish about 60 hotels in Qatar by 2030. This was revealed by Katara Hospitality's Chairman, HE Sheikh Nawaf bin Jassim bin Jabor Al-Thani. He was speaking Wednesday on the occasion of the 50th anniversary Katara Hospitality. Established in 1970, Katara Hospitality was formerly known as Qatar National Hotels. Sheikh Nawaf said that Katara Hospitality now has 42 hotels and more than 25,000 rooms, up from about 4,000 in the year 2000, terming it a huge progressive rate in the company's development, and stressing that it will continue expanding. He said ever since its establishment, the company has adopted a pioneering approach to develop the hospitality scene in the country, noting that it was renamed in 2012 as "Katara Hospitality" to reflect its heritage and international expansion plans, with the aim of developing a group of unique properties that celebrate hospitality icons around the world. (Gulf-Times.com)

International

- **US pending home sales fall again in November –** Contracts to buy US previously owned homes fell for a third straight month in November as an acute shortage of properties pushed up prices, though the housing market remains supported by record-low mortgage rates. The National Association of Realtors said on Wednesday its Pending Home Sales Index, based on contracts signed last month, fell 2.6% last month to 125.7. Economists polled by Reuters had forecast pending home contracts, which become sales after a month or two, would be unchanged in November from the month before. Compared with a year ago, pending home sales jumped 16.4% in November. Sales of existing homes have slackened recently, declining in November for the first time in six months. The housing market is being driven by record low mortgage rates. The COVID-19 pandemic, which has seen at least 21% of the labor force working from home, has led to a migration from city centers to suburbs and other low-density areas as Americans seek out more spacious accommodation for home offices and schools. The coronavirus-triggered recession, which started in February, has disproportionately affected lower-wage earners. At least 20mn people are on unemployment benefits. The 30-year fixed mortgage rate is around an average 2.86%, according to the most recent data from the Mortgage Bankers Association. Housing supply has failed to keep up with demand, boosting home prices out of the reach of many first-time buyers, despite builders ramping up construction. Though homebuilder confidence is at historic highs, builders have complained about shortages of land and materials. (Reuters)
- **UK parliament approves Brexit trade deal with EU as both sides look to future –** British lawmakers approved Prime Minister Boris Johnson's post-Brexit trade deal with the European Union (EU) on Wednesday, as both sides looked to begin a new chapter of relations just days before their divorce becomes a reality. Britain and the European Union signed the deal on Wednesday and the British parliament will finalize its implementation, ending over four years of negotiation and safeguarding nearly a $1tn of annual trade. Both sides said it was a chance to begin a new chapter in a relationship forged as Europe rebuilt after World War Two, but which has often seen Britain as a reluctant participant in ever-tighter political and economic integration. Johnson, in a specially convened sitting of parliament, said he hoped to work "hand in glove" with the EU when its interests aligned, using Britain's new-found sovereignty to reshape the British economy. Parliament's lower house voted 521 to 73 in favor of the deal. Britain's Queen Elizabeth gave final approval to the legislation which enabled the government to implement and ratify the UK's trade deal with the European Union. The so-called Royal Assent was effectively a rubber-stamp for the law which passed through parliament. The deal has been criticized on several fronts since it was agreed on Dec. 24. The opposition Labor Party say it is too thin and doesn't protect trade in services, fishermen rage that Johnson has sold out their interests, and Northern Ireland's status remains subject to much uncertainty. Nevertheless, Johnson has won the support of his party's hardline Brexiteers - delivering a break with the EU far more radical than many imagined when Britain shocked the world in 2016 by voting to leave. (Reuters)
- **Nationwide: UK house prices rise by most in six years –** British house prices rose faster than expected in December to record their biggest annual increase in six years, as tax incentives and COVID-driven appetite for larger homes continued to boost demand, mortgage lender Nationwide said. House prices rose by 0.8% in December alone, barely slowing from the 0.9% recorded in November, and were 7.3% higher than a year earlier, well above forecasts in a Reuters poll for a 6.7% rise. After a collapse in house purchases during the first months of lockdown, there has been a surge in demand to move house, driven in part by a temporary exemption of property purchase taxes which will expire at the end of March. Nationwide said the strength of the housing market contrasted with weakness in some other parts of the economy - especially those exposed to renewed COVID-19 restrictions - and said the outlook for prices in 2021 was highly uncertain. "Housing market activity is likely to slow in the coming quarters, perhaps sharply, if the labor market weakens as most analysts expect, especially once the stamp duty holiday

expires at the end of March," Nationwide economist Robert Gardner said. So far furlough payments and similar support for the self-employed had limited the impact of a historic 26% fall in economic output on the housing market, against most economists' earlier expectations, he added. Demand for detached homes had risen most, with an average rise of just over 8% in the past 12 months, while prices for flats had risen by 4%. (Reuters)

- **Weidmann: ECB will raise interest rates if needed, but shift can take some time –** Bundesbank President Jens Weidmann warned Eurozone governments forced to increase public debt to support their economies during the coronavirus pandemic not to expect the European Central Bank (ECB) to keep interest rates low forever. "We will not take into consideration sovereign debt servicing costs if price stability mandates higher interest rates," Weidmann, a member of the ECB's Governing Council, told the Rheinische Post newspaper in remarks published. "In their own interest, governments should prepare for a rise in interest rates and not pretend that their debt burden can be serviced easily," said Weidmann. Reeling under the weight of a coronavirus-induced recession, European Union nations agreed earlier this year on an unprecedented 750bn Euro recovery package, funded by a joint debt issuance, a once-taboo subject long criticized by Germany. Member states have also taken on separate new debt to support their economies during the crisis. The European Central Bank approved a fresh stimulus package this month, saying 2021 would remain difficult. It predicted that vaccinations could lead to sufficient levels of herd immunity by the end of the year. (Reuters)
- **China's factory recovery moderates as higher costs slow business –** China's factory activity expanded in December as hot export demand fueled a recovery in the world's second-largest economy from the coronavirus slump, although higher labor and transport costs slowed the pace of growth. The official manufacturing Purchasing Manager's Index (PMI) fell to 51.9 in December from 52.1 in November, data from the National Bureau of Statistics (NBS) showed on Thursday. The index remained above the 50-point mark that separates growth from contraction but was a tad below the 52.0 in a Reuters' poll of analysts. China's vast industrial sector has staged an impressive recovery from the coronavirus shock thanks to surprisingly strong exports. The economy is expected to expand around 2% for the full year - the weakest pace in over three decades but much stronger than other major economies still struggling to contain infections. However, tougher coronavirus control measures in many of its key trading partners in the west and recent domestic infections could dent industrial demand, weighing on the recovery. The official PMI, which largely focuses on big and state-owned firms, showed the sub-index for new export orders stood at 51.3 in December, easing from 51.5 a month earlier. But an index for factory prices rose strongly, reflecting solid overseas demand as well as increased shipping costs, even though some export markets are under lockdown, said Iris Pang, chief economist for Greater China at ING. Economic indicators ranging from trade to producer prices all suggest a further pickup in the industrial sector. A sub-index for small business activity stood at 48.8 in December, sharply down from November's 50.1 and returning to contraction. (Reuters)
- **Chinese tourists, gripped by coronavirus fears, scale back domestic travel plans –** Chinese tourists, millions of whom have shunned overseas travel this year because of the global pandemic, are further narrowing the scope of their journeys, visiting nearby cities and avoiding trips out of their provinces. Recent cases of the novel coronavirus in Beijing and northern China have rekindled public concern, already shaken by calls to avoid non-essential travel during the festive season between January 1 and the start of Lunar New Year in mid-February. Millions of domestic tourists travel in the week before and after Jan. 1 in a typical year. Although hotel bookings for the upcoming three-day New Year weekend had reached 1.8 times of bookings a year earlier as of December 24, plane tickets were nearly 20% cheaper on average, with many people not travelling far, Beijing-based online travel platform Qunar.com said. (Reuters)
- **India eyes asset sales to partly fund higher spending next year –** India is likely to spend more next fiscal year than this year's budgeted $415bn and prioritize infrastructure projects, relying on asset sales of around $40bn for some of the funding, two people with knowledge of the plan told Reuters. After largely keeping its purse strings in check as the coronavirus pandemic choked businesses and threw millions out of jobs, Prime Minister Narendra Modi's government is keen to bring the economy back onto a solid growth path with the budget to be presented on February 1. Actual spending in the current fiscal year ending March 31 could be lower than the original target of 30.4tn rupees, but will be higher than last year's 26.86tn rupees, one of the sources said. "Supporting growth (and) infrastructure spending is the priority now, not fiscal-deficit math," said one of the sources. "But it is not that the spending will suddenly increase from 30 to 35tn rupees (when) our revenues are falling. The only ways to generate funds are through asset sales and borrowing." Both sources declined to identified as they were not authorized to discuss budget deliberations. The Ministry of Finance did not respond to an email seeking comment. India had aimed to raise more than $28bn this fiscal year by selling stakes in companies such as Bharat Petroleum Corp Ltd, Container Corp of India, Shipping Corp of India and Air India, and by listing Life Insurance Corp, but the pandemic delayed the process. Finance Minister Nirmala Sitharaman told Reuters early this month that the economy would expand in the next financial year and that if "I don't spend now the revival is going to get deferred and we can't afford that". (Reuters)
- **Brazil's jobless rate falls to 14.3%, first decline this year –** Brazil's unemployment rate fell unexpectedly to 14.3% in the three months through October, official figures showed on Tuesday, the first decline this year as the number of people with jobs rose by almost 2mn from the prior three months. The 14.3% unemployment rate was down from a record 14.6% in the three months to September, statistics agency IBGE said, and lower than the median forecast of 14.7% in a Reuters poll of economists. The jobless rate ended last year at 11.0%. Formal job growth has hit record levels recently as Latin America's largest economy recovers from the worst of the COVID-19 pandemic. Tuesday's data gave the first sign that the broader labor market, including millions of informal workers, may be turning as well. The IBGE figures showed 84.3mn Brazilians had work, up 2.8% from the May-July period but still down 10.4%, or 9.8mn people,

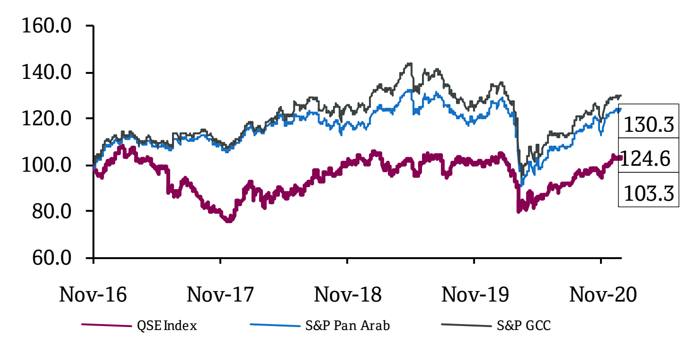
from the same period last year. The workforce of 98.4mn people was up more than 3mn from the three months through July, and the number of people who were entirely out of the workforce fell by almost 2mn to 77.2mn, IBGE said. “We saw a reduction in the number of people out of the workforce and this may have been reflected in more people absorbed by the labor market, as well as rising demand for work,” said IBGE researcher Adriana Beringuy. Compared with a year ago, however, there are almost 10mn fewer Brazilians with work and 12mn more who have left the workforce altogether, she added. If the labor market cannot continue to absorb the millions of people returning to look for work, the unemployment rate could push back up again to new record highs. Less than half the working population, about 48%, have a job, IBGE said. (Reuters)

- **Regional**
- **GCC bond issuance hits $47.5bn in 11 months –** GCC governments issued $47.5bn in bonds in up to November in 2020, with $35.4bn during the first half of the year, a report said. Sukuks issued by the governments stood at $28.7bn and was almost equally split during the first half the second half of the year. Last year, bond issuances by governments in the region aggregated to $48.8bn while Sukuks issued were at $34.3bn, said Kamco Invest in its “GCC Fixed Income Market Update”. On the other hand, corporate issuances have also been active with $46.2bn in bond issuances this year until November-2020, whereas Sukuk issuances stood at $19.9bn. This compares to last year’s $45.3bn bonds and 14.8bn in Sukuks. The bond issuances were aimed at both business expansion via new issuances as well refinancing needs. Data from Bloomberg showed that GCC government and corporate fixed income instrument maturities stood at $38.7bn since May-2020 that were largely refinanced. Total issuances this year until November-2020 stood at around $142bn, almost in line with last year’s levels and full year issuances in 2020 is expected to marginally exceed last year levels. GCC bond and Sukuk issuances witnessed YoY gains for the second consecutive year in 2020 and trends for the coming year shows flat to slight decline in issuances in 2021. We believe that the year 2020 was an exceptional year with extreme events like the steep fall in economic growth rates across the globe and in the GCC as well as the historic decline in oil prices that particularly affected the oil exporting economies in the GCC. (Zawya)
- **GCC governments could see $157.1bn in fixed income maturities in 5 years –** GCC governments are expected to see $157.1bn in fixed income maturities over the next five years (2021-2025) whereas corporate maturities stand at $164.3bn, Kamco Invest said in a report on Wednesday. A majority of these maturities are denominated in US-dollar at 61.3%, followed by local currency issuances in Saudi and Qatari riyal at 17.8% and 7.6%, respectively. Due to the credit rating profile of the GCC governments, a majority of these maturities are in the high investment grade or A-rated instruments. In terms of type of instruments, conventional bonds dominate with $205.7bn in maturities over the next five years whereas Sukuk maturities are expected to be at $115.7bn. While bond maturities show a declining trend over the next five years, Sukuk maturities are expected to increase starting from 2022, the report said. In terms of country split, the UAE has the biggest share of upcoming maturities until 2025 at $99.2bn, closely followed by Saudi Arabia and Qatari issuers at $97.1bn and $72.4bn, respectively. Loan maturities in the GCC region are also almost at the same level over the next five years as bonds and Sukuk at $299.3bn, according to the report. In terms of sector maturities, banks and other financial services sector have $98.0bn in maturities in the next five years, accounting for around 60% of the total corporate maturities and 30.5% of the total maturities in the GCC until 2025. The energy sector was next with maturities of $15.3bn or 9.3% of GCC corporate maturities until 2025, followed by utilities and airlines at $11.4bn and $11.2bn, respectively. Banks in the UAE have the biggest maturities over the next five years at $45.4bn followed by Qatar at $26.4bn. (Bloomberg)
- **Saudi consumer spending slides SR106bn in 11 months –** Consumer spending in Saudi Arabia recorded an annual drop of 10.6% in the first eleven months of 2020, equivalent to SR106bn. The Kingdom’s consumer spending stood at SR893.53bn during the January-November period of the year, compared with SR999.5bn in the same period in 2019, according to data collected by Mubasher based on figures from the Saudi Central Bank (SAMA). Cash withdrawals from ATMs shrank by 22.5% or SR166.81bn on a yearly basis to stand at SR573.826bn by the end of the eleven-month period. On the contrary, point of sale (POS) deals in the GCC state increased by 23.5% or SR60.84bn annually to SR320bn. Consumers in the Kingdom spent SR56.84bn on the food and beverage sector, and SR35.186bn and SR27bn, respectively, on the restaurants and cafes, and the healthcare sectors. In November, consumer spending totalled SR85.8bn, a yearly rise of 0.45%. (Bloomberg)
- **Saudi banks raise investments in government bonds 12% in 11 months –** Banks operating in Saudi Arabia have raised their investments in government-issued bonds by 12% or SR46.34bn in the first eleven months of 2020 when compared to 2019. Total bank investments in Saudi bonds reached SR430.01bn during the January-November period, compared with SR383.67bn in 2019. In November, Saudi banks’ investments in government bonds rose by 13.17% or SR50.06bn yearly, whereas dropped by 0.36% or SR1.57bn when compared to the previous month. (Bloomberg)
- **Saudi Arabian economy to be more diversified after digital economy policy approval –** Saudi Arabia’s Minister of Communication and Information Technology (MCIT), Abdullah Alswaha, said the cabinet’s approval to launch a digital economy policy is a road map for the Kingdom’s directions for government agencies, the private sector, and the international community in fields related to the digital economy, Saudi Press Agency (SPA) reported. The step will encourage investment, accelerate local technical leadership, and attract international partnerships based on transfer of expertise and cooperation in the field of innovation as well as technical and digital transformation, the Minister noted. Alswaha added that the step is an extension to the Kingdom’s efforts aimed at supporting the development of the national economy, increasing the country's competitiveness, while expanding sustainable development and economic diversification. The Gulf country aims to be among the top 15 economies in the world, by creating an attractive investment environment and diversifying its economy, to raise the percentage of non-oil exports from 16% to 50% of non-oil

GDP and raising the private sector contribution from 40% to 65% of GDP. (Bloomberg)

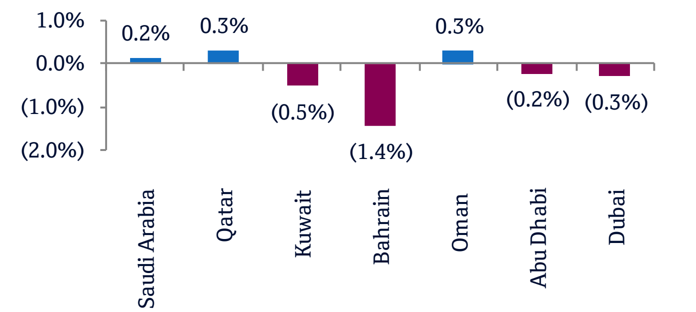
- **UAE's registered companies exceed 716,900 by end of 2020 –** The total number of companies registered at the UAE Ministry of Economy has exceeded 716,900 by the end of 2020. The UAE saw an increase in the number of companies by around 56,000 in the second half of 2020, according to the latest data by the UAE Ministry of Economy. The companies, registered in the UAE during 2H2020, accounted for 8% of the total number of companies. It is noteworthy to mention that the UAE has recorded a 23.5% surge in the number of trademarks to 1,293 in August, when compared to July. (Bloomberg)
- **DXB Entertainments board approves to appoint advisors for Meraas' offer –** The board of DXB Entertainments has agreed to appoint advisors to assess the offer received from Meraas Leisure and Entertainment (Meraas). The company has selected Allen & Overy as the legal advisor and KPMG Lower Gulf and Shuaa Capital as financial advisors, according to the company's disclosure to the Dubai Financial Market (DFM) on Wednesday. On 20 December, Meraas notified the board of DXB Entertainments about its plan to make a conditional cash offer to acquire all issued and paid-up ordinary shares of DXB Entertainments. With this offer, Meraas seeks to support DXB Entertainments amid its financial challenges. (Bloomberg)
- **Burgan Bank gets $390mn club loan –** Kuwait's Burgan Bank gets $390mn 3-year club loan from international and regional banks to support term funding requirements and liquidity ratios. Interest rate 110 bps over USD Libor. Banks involved: ICBC, Mizuho, Agricultural Bank of China, Citi, Emirates NBD, First Abu Dhabi Bank, HSBC, Landesbank (LBBW), MUFG and Standard Chartered Bank. (Bloomberg)
- **Bahrain central bank asks banks to extend loan repayments for six months more –** Bahrain's central bank has asked banks and financing firms to extend loan repayments for six more months from January, as it moves to mitigate the effects of the coronavirus pandemic on businesses and individuals. In a circular issued on Tuesday, it said banks should keep the installment amount unchanged and not increase profit or interest rates on such loans. The central bank said it would reassess the need for continuing with such concessionary measures in 2021. Gulf central banks have tried to protect businesses from the impact of the COVID-19 pandemic through stimulus measures such as debt repayment delays. (Zawya)
- **Ahli United Bank, KFH extend suspension period for acquisition –** Ahli United Bank of Bahrain and Kuwait Finance House (KFH) agree to extend the suspension period for the resumption of acquisition of AUB by KFH, according to a regulatory filing. Suspension until completion of KFH's updated assessment to be conducted by an international adviser. (Bloomberg)

Rebased Performance



Source: Bloomberg

Daily Index Performance



Source: Bloomberg

Asset/Currency Performance	Close ($)	1D%	WTD%	YTD%
Gold/Ounce	1,894.39	0.9	0.6	24.9
Silver/Ounce	26.67	1.7	3.2	49.4
Crude Oil (Brent)/Barrel (FM Future)	51.34	0.5	0.1	(22.2)
Crude Oil (WTI)/Barrel (FM Future)	48.40	0.8	0.4	(20.7)
Natural Gas (Henry Hub)/MMBtu	2.36	(1.7)	(8.9)	12.9
LPG Propane (Arab Gulf)/Ton	75.00	2.7	7.1	81.8
LPG Butane (Arab Gulf)/Ton	83.50	10.6	19.7	27.5
Euro	1.23	0.4	0.9	9.7
Yen	103.19	(0.4)	(0.2)	(5.0)
GBP	1.36	0.9	0.5	2.8
CHF	1.13	0.3	1.0	9.8
AUD	0.77	1.1	1.1	9.5
USD Index	89.68	(0.3)	(0.6)	(7.0)
RUB	74.41	0.5	0.3	20.0
BRL	0.19	0.3	0.4	(22.6)

Source: Bloomberg

Global Indices Performance	Close	1D%*	WTD%*	YTD%*
MSCI World Index	2,686.06	0.1	1.0	13.9
DJ Industrial	30,409.56	0.2	0.7	6.6
S&P 500	3,732.04	0.1	0.8	15.5
NASDAQ 100	12,870.00	0.2	0.5	43.4
STOXX 600	400.25	0.0	2.0	5.3
DAX	13,718.78	0.1	1.8	13.5
FTSE 100	6,555.82	0.1	1.3	(10.9)
CAC 40	5,599.41	0.2	2.3	2.5
Nikkei	27,444.17	(0.2)	3.1	22.3
MSCI EM	1,289.03	1.8	2.7	15.6
SHANGHAI SE Composite	3,414.45	1.2	0.8	19.5
HANG SENG	27,147.11	2.2	2.9	(3.2)
BSE SENSEX	47,746.22	0.6	2.1	12.7
Bovespa	119,017.20	(0.1)	1.9	(20.1)
RTS	1,387.46	(0.8)	0.7	(10.4)

Source: Bloomberg (*$ adjusted returns)

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