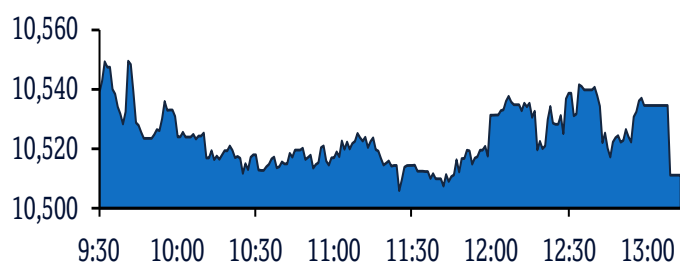


## QSE Intra-Day Movement



## Qatar Commentary

The QE Index declined 0.3% to close at 10,511.3. Losses were led by the Transportation and Insurance indices, falling 1.1% each. Top losers were Gulf Warehousing Company and Qatari Investors Group, falling 2.5% and 2.2%, respectively. Among the top gainers, Al Khaleej Takaful Insurance Company gained 7.4%, while Islamic Holding Group was up 4.2%.

## GCC Commentary

**Saudi Arabia:** The TASI Index fell 1.3% to close at 8,796.1. Losses were led by the Energy and Utilities indices, falling 3.4% and 3.1%, respectively. Al Sorayai Trading and Industrial Group declined 10.0%, while Saudi Fisheries Company was down 5.3%.

**Dubai:** The DFM Index gained 2.1% to close at 2,832.5. The Real Estate & Construction index rose 3.4%, while the Transportation index gained 2.3%. Al Salam Group Holding rose 5.1%, while Air Arabia was up 4.7%.

**Abu Dhabi:** The ADX General Index gained 0.8% to close at 5,343.9. The Real Estate and Consumer Staples indices rose 5.6% and 3.8%, respectively. International Holdings Company rose 8.4%, while Aldar Properties was up 6.0%.

**Kuwait:** The Kuwait All Share Index fell 0.3% to close at 6,023.9. The Insurance index declined 1.0%, while the Financial Services index fell 0.4%. Kuwait Reinsurance Company declined 9.7%, while Al-Eid Food Company was down 9.6%.

**Oman:** Market was closed on July 23, 2019.

**Bahrain:** The BHB Index fell 0.3% to close at 1,522.3. The Hotel & Tourism index declined 0.8%, while the Commercial Bank index fell 0.7%. Ahli United Bank declined 1.3%.

| QSE Top Gainers                  | Close* | 1D% | Vol. '000 | YTD%  |
|----------------------------------|--------|-----|-----------|-------|
| Al Khaleej Takaful Insurance Co. | 2.03   | 7.4 | 5,962.2   | 136.3 |
| Islamic Holding Group            | 2.50   | 4.2 | 703.9     | 14.4  |
| Zad Holding Company              | 13.00  | 2.2 | 14.7      | 25.0  |
| Investment Holding Group         | 0.57   | 2.1 | 1,580.3   | 17.0  |
| Qatar Islamic Insurance Company  | 5.80   | 1.4 | 30.8      | 8.0   |

| QSE Top Volume Trades            | Close* | 1D%   | Vol. '000 | YTD%   |
|----------------------------------|--------|-------|-----------|--------|
| Qatar First Bank                 | 0.40   | (0.5) | 6,374.2   | (1.0)  |
| Al Khaleej Takaful Insurance Co. | 2.03   | 7.4   | 5,962.2   | 136.3  |
| Ezdan Holding Group              | 0.71   | 0.0   | 4,875.4   | (45.5) |
| Mesaieed Petrochemical Holding   | 2.60   | 0.0   | 3,579.2   | 73.0   |
| Doha Bank                        | 2.70   | 0.0   | 3,059.5   | 21.6   |

| Regional Indices  | Close     | 1D%   | WTD%  | MTD%  | YTD%   | Exch. Val. Traded (\$ mn) | Exchange Mkt. Cap. (\$ mn) | P/E** | P/B** | Dividend Yield |
|-------------------|-----------|-------|-------|-------|--------|---------------------------|----------------------------|-------|-------|----------------|
| Qatar*            | 10,511.25 | (0.3) | 0.1   | 0.5   | 2.1    | 44.30                     | 158,620.5                  | 15.0  | 1.6   | 4.1            |
| Dubai             | 2,832.53  | 2.1   | 2.5   | 6.5   | 12.0   | 104.88                    | 100,522.4                  | 11.6  | 1.0   | 4.3            |
| Abu Dhabi         | 5,343.86  | 0.8   | 2.4   | 7.3   | 8.7    | 92.13                     | 147,629.6                  | 15.7  | 1.6   | 4.6            |
| Saudi Arabia      | 8,796.06  | (1.3) | (2.6) | (0.3) | 12.4   | 658.69                    | 551,387.5                  | 20.0  | 2.0   | 3.4            |
| Kuwait            | 6,023.92  | (0.3) | (1.6) | 3.3   | 18.6   | 70.12                     | 112,457.1                  | 14.8  | 1.4   | 3.5            |
| Oman <sup>#</sup> | 3,763.59  | (0.2) | 0.4   | (3.1) | (13.0) | 3.26                      | 16,599.5                   | 7.2   | 0.8   | 7.3            |
| Bahrain           | 1,522.30  | (0.3) | (1.0) | 3.5   | 13.8   | 4.77                      | 23,791.7                   | 10.9  | 1.0   | 5.0            |

Source: Bloomberg, Qatar Stock Exchange, Tadawul, Muscat Securities Market and Dubai Financial Market (\*\* TTM; \* Value traded (\$ mn) do not include special trades, if any, <sup>#</sup>Data as on July 22, 2019)

| Market Indicators         | 23 July 19 | 22 July 19 | %Chg.  |
|---------------------------|------------|------------|--------|
| Value Traded (QR mn)      | 161.8      | 155.2      | 4.2    |
| Exch. Market Cap. (QR mn) | 577,431.8  | 579,206.8  | (0.3)  |
| Volume (mn)               | 51.0       | 53.2       | (4.0)  |
| Number of Transactions    | 4,057      | 5,462      | (25.7) |
| Companies Traded          | 45         | 44         | 2.3    |
| Market Breadth            | 12:22      | 18:22      | -      |

| Market Indices         | Close     | 1D%   | WTD%  | YTD%   | TTM P/E |
|------------------------|-----------|-------|-------|--------|---------|
| Total Return           | 19,341.59 | (0.3) | 0.1   | 6.6    | 15.0    |
| All Share Index        | 3,104.07  | (0.3) | (0.0) | 0.8    | 15.2    |
| Banks                  | 4,084.27  | (0.1) | (0.2) | 6.6    | 14.3    |
| Industrials            | 3,151.11  | (0.8) | (0.3) | (2.0)  | 16.2    |
| Transportation         | 2,636.38  | (1.1) | 1.4   | 28.0   | 16.8    |
| Real Estate            | 1,539.14  | (0.2) | (0.0) | (29.6) | 14.3    |
| Insurance              | 3,154.02  | (1.1) | 1.0   | 4.8    | 18.2    |
| Telecoms               | 928.88    | 0.0   | (1.0) | (6.0)  | 19.1    |
| Consumer               | 8,149.79  | 0.4   | 0.5   | 20.7   | 15.7    |
| Al Rayan Islamic Index | 4,049.58  | (0.3) | 0.2   | 4.2    | 14.0    |

| GCC Top Gainers**       | Exchange  | Close* | 1D% | Vol. '000 | YTD% |
|-------------------------|-----------|--------|-----|-----------|------|
| Aldar Properties        | Abu Dhabi | 2.31   | 6.0 | 36,467.3  | 44.4 |
| Emaar Malls             | Dubai     | 2.06   | 4.6 | 9,969.8   | 15.1 |
| Emaar Properties        | Dubai     | 5.15   | 4.0 | 17,470.1  | 24.7 |
| Emirates Telecom. Group | Abu Dhabi | 17.76  | 1.6 | 1,467.1   | 4.6  |
| Boubyan Bank            | Kuwait    | 0.59   | 1.2 | 531.0     | 18.2 |

| GCC Top Losers**         | Exchange     | Close* | 1D%   | Vol. '000 | YTD%   |
|--------------------------|--------------|--------|-------|-----------|--------|
| National Shipping Co.    | Saudi Arabia | 25.85  | (4.8) | 2,013.3   | (22.6) |
| Saudi Arabian Mining Co. | Saudi Arabia | 46.20  | (4.5) | 958.2     | (6.3)  |
| Saudi Electricity Co.    | Saudi Arabia | 19.50  | (3.5) | 1,280.9   | 28.8   |
| Saudi Arabian Fertilizer | Saudi Arabia | 85.80  | (3.3) | 186.4     | 11.3   |
| Rabigh Ref. & Petrochem. | Saudi Arabia | 20.50  | (3.2) | 1,539.8   | 7.4    |

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

| QSE Top Losers                | Close* | 1D%   | Vol. '000 | YTD%   |
|-------------------------------|--------|-------|-----------|--------|
| Gulf Warehousing Company      | 5.07   | (2.5) | 713.9     | 31.8   |
| Qatari Investors Group        | 2.26   | (2.2) | 333.6     | (18.7) |
| Qatar Electricity & Water Co. | 16.00  | (1.8) | 501.8     | (13.5) |
| Qatar Insurance Company       | 3.58   | (1.6) | 217.7     | (0.3)  |
| Qatar Gas Transport Company   | 2.40   | (1.6) | 2,461.7   | 33.9   |

| QSE Top Value Trades             | Close* | 1D%   | Val. '000 | YTD%   |
|----------------------------------|--------|-------|-----------|--------|
| QNB Group                        | 19.22  | (0.3) | 42,236.0  | (1.4)  |
| Al Khaleej Takaful Insurance Co. | 2.03   | 7.4   | 11,869.1  | 136.3  |
| Mesaieed Petrochemical Holding   | 2.60   | 0.0   | 9,309.6   | 73.0   |
| Industries Qatar                 | 11.08  | (0.8) | 8,702.0   | (17.1) |
| Masraf Al Rayan                  | 3.88   | 0.8   | 8,309.0   | (6.9)  |

Source: Bloomberg (\* in QR)

## Qatar Market Commentary

- The QE Index declined 0.3% to close at 10,511.3. The Transportation and Insurance indices led the losses. The index fell on the back of selling pressure from Qatari and GCC shareholders despite buying support from non-Qatari shareholders.
- Gulf Warehousing Company and Qatari Investors Group were the top losers, falling 2.5% and 2.2%, respectively. Among the top gainers, Al Khaleej Takaful Insurance Company gained 7.4%, while Islamic Holding Group was up 4.2%.
- Volume of shares traded on Tuesday fell by 4.0% to 51.0mn from 53.2mn on Monday. Further, as compared to the 30-day moving average of 75.2mn, volume for the day was 32.1% lower. Qatar First Bank and Al Khaleej Takaful Insurance Company were the most active stocks, contributing 12.5% and 11.7% to the total volume, respectively.

| Overall Activity        | Buy %*        | Sell %*       | Net (QR)              |
|-------------------------|---------------|---------------|-----------------------|
| Qatari Individuals      | 32.94%        | 42.29%        | (15,141,071.00)       |
| Qatari Institutions     | 31.69%        | 24.04%        | 12,375,183.49         |
| <b>Qatari</b>           | <b>64.63%</b> | <b>66.33%</b> | <b>(2,765,887.51)</b> |
| GCC Individuals         | 1.09%         | 1.62%         | (871,638.97)          |
| GCC Institutions        | 1.33%         | 1.31%         | 34,687.43             |
| <b>GCC</b>              | <b>2.42%</b>  | <b>2.93%</b>  | <b>(836,951.54)</b>   |
| Non-Qatari Individuals  | 9.53%         | 8.16%         | 2,228,936.45          |
| Non-Qatari Institutions | 23.42%        | 22.57%        | 1,373,902.61          |
| <b>Non-Qatari</b>       | <b>32.95%</b> | <b>30.73%</b> | <b>3,602,839.06</b>   |

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

## Earnings Releases, Global Economic Data and Earnings Calendar

### Earnings Releases

| Company                          | Market       | Currency | Revenue (mn)<br>2Q2019 | % Change<br>YoY | Operating Profit<br>(mn) 2Q2019 | % Change<br>YoY | Net Profit<br>(mn) 2Q2019 | % Change<br>YoY |
|----------------------------------|--------------|----------|------------------------|-----------------|---------------------------------|-----------------|---------------------------|-----------------|
| Saudi Company for Hardware       | Saudi Arabia | SR       | 343.8                  | 0.2%            | 32.9                            | 36.2%           | 21.7                      | 6.4%            |
| Emirates Integrated Telecom. Co. | Dubai        | AED      | 3,189.1                | -4.8%           | 473.9                           | 6.0%            | 463.8                     | 2.5%            |
| Gulf Navigation Holding          | Dubai        | AED      | 40.7                   | 21.6%           | -9.3                            | N/A             | -16.8                     | N/A             |
| Emirates Telecom. Group          | Abu Dhabi    | AED      | 12,879.4               | -1.7%           | 4,857.2                         | 4.5%            | 2,231.9                   | 1.5%            |
| Eshraq Investments*              | Abu Dhabi    | AED      | -                      | -               | -                               | -               | 4.0                       | N/A             |

Source: Company data, DFM, ADX, MSM, TASI, BHB. (\*Figures for 6M2019)

### Global Economic Data

| Date  | Market | Source              | Indicator           | Period | Actual | Consensus | Previous |
|-------|--------|---------------------|---------------------|--------|--------|-----------|----------|
| 07/23 | EU     | European Commission | Consumer Confidence | July   | -6.6   | -7.1      | -7.2     |

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 2Q2019 results | No. of days remaining | Status |
|---------|---|----------------------------------|-----------------------|--------|
| MCGS    | Medicare Group                                | 24-Jul-19                        | 0                     | Due    |
| UDCD    | United Development Company                    | 24-Jul-19                        | 0                     | Due    |
| QGRI    | Qatar General Insurance & Reinsurance Company | 24-Jul-19                        | 0                     | Due    |
| DHBK    | Doha Bank                                     | 24-Jul-19                        | 0                     | Due    |
| QAMC    | Qatar Aluminum Manufacturing Company          | 25-Jul-19                        | 1                     | Due    |
| AKHI    | Al Khaleej Takaful Insurance Company          | 25-Jul-19                        | 1                     | Due    |
| QIMD    | Qatar Industrial Manufacturing Company        | 25-Jul-19                        | 1                     | Due    |
| QFBQ    | Qatar First Bank                              | 28-Jul-19                        | 4                     | Due    |
| QCFS    | Qatar Cinema & Film Distribution Company      | 29-Jul-19                        | 5                     | Due    |
| QNNS    | Qatar Navigation (Milaha)                     | 29-Jul-19                        | 5                     | Due    |
| VFQS    | Vodafone Qatar                                | 29-Jul-19                        | 5                     | Due    |
| ORDS    | Ooredoo                                       | 29-Jul-19                        | 5                     | Due    |
| QATI    | Qatar Insurance Company                       | 30-Jul-19                        | 6                     | Due    |
| AHCS    | Aamal Company                                 | 30-Jul-19                        | 6                     | Due    |
| DBIS    | Dlala Brokerage & Investment Holding Company  | 30-Jul-19                        | 6                     | Due    |
| MRDS    | Mazaya Qatar Real Estate Development          | 31-Jul-19                        | 7                     | Due    |
| DOHI    | Doha Insurance Group                          | 31-Jul-19                        | 7                     | Due    |
| QNCD    | Qatar National Cement Company                 | 1-Aug-19                         | 8                     | Due    |
| IQCD    | Industries Qatar                              | 1-Aug-19                         | 8                     | Due    |
| IGRD    | Investment Holding Group                      | 4-Aug-19                         | 11                    | Due    |
| GISS    | Gulf International Services                   | 4-Aug-19                         | 11                    | Due    |
| QISI    | Qatar Islamic Insurance Company               | 4-Aug-19                         | 11                    | Due    |

| Tickers | Company Name                           | Date of reporting 2Q2019 results | No. of days remaining | Status |
|---------|--|----------------------------------|-----------------------|--------|
| BRES    | Barwa Real Estate Company              | 5-Aug-19                         | 12                    | Due    |
| SIIS    | Salam International Investment Limited | 5-Aug-19                         | 12                    | Due    |
| MPHC    | Mesaieed Petrochemical Holding Company | 5-Aug-19                         | 12                    | Due    |
| ZHCD    | Zad Holding Company                    | 5-Aug-19                         | 12                    | Due    |
| QOIS    | Qatar Oman Investment Company          | 5-Aug-19                         | 12                    | Due    |
| MCCS    | Mannai Corporation                     | 6-Aug-19                         | 13                    | Due    |
| MERS    | Al Meera Consumer Goods Company        | 6-Aug-19                         | 13                    | Due    |

Source: QSE

## News

### Qatar

- KCBK posts 6.0% YoY (flat QoQ) increase in net profit in 2Q2019, in-line with our estimate** – Al Khalij Commercial Bank's (KCBK) net profit rose 6.0% YoY to QR175.8mn in 2Q2019, in line with our estimate of QR173.8mn (variation of +1.1%). Net interest income increased 5.2% YoY and 5.9% QoQ in 2Q2019 to QR245.7mn. The company's revenue came in at QR303.2mn in 2Q2019, which represents an increase of 0.6% YoY (+4.8% QoQ). The bank's total assets stood at QR49.5bn at the end of June 30. Loans and advances to customers were QR29.1bn, registering a decline of 5.6% QoQ (-8.0% YTD) at the end of June 30, 2019. Customer deposits declined 4.9% QoQ and 11.0% YTD to reach QR25.7bn. Commenting on the performance for the first half of 2019, KCBK's Group CEO, Fahad Al-Khalifa said, "Al Khaliji is reporting a consistent set of results for the first half of 2019, which are the outcome of our efforts to selectively pursue assets and manage margins. In achieving these results, we have continued to maintain an efficient cost base, and built adequate provision buffers. With these efforts, we are pleased to report a half-yearly net profit of QR352mn, 5% higher year on year. We continued to focus on managing our margins in the second quarter of the year, and managed to lower our cost of funding. While our interest bearing assets are lower than last year, our yield has improved. The bank continues to focus on maintaining an efficient cost base, and for 1H2019, our costs are 3% lower year on year, with a cost to income ratio of 27.2% – one of the lowest in Qatari banks. Credit quality also remains high on our agenda, and while we continue to remain prudent in our provisioning, impairments charges are 38% lower year on year. We are experiencing good momentum in the sector and expect growth in the second half. This will contribute positively to the income statement and growth of the bank." (QNB FS Research, QSE)
- QP buys 25% stake in three Kenyan exploration blocks** – Qatar Petroleum (QP) has entered into an agreement with Eni and Total to acquire a 25% participating interest (13.75% from Eni and 11.25% from Total) in blocks L11A, L11B and L12 located offshore Kenya, QP announced in a statement. The agreement is subject to customary regulatory approvals by the government of Kenya. Following such approval, the partners comprising the consortium will consist of affiliates of each of Eni (the operator) with a 41.25% participating interest, Total with a 33.75% participating interest, and QP with a 25% participating interest, the statement added. The three offshore blocks (L11A, L11B and L12) are situated in what is considered to be a frontier and largely unexplored area in the Lamu basin east of Kenya and have a total area of approximately 15,000

square kilometers, with water depths ranging from about 1,000 meters to 3,000 meters. In line with its growth strategy, this opportunity strengthens QP's position in the exploration of frontier basins with significant hydrocarbon resource potential, the statement stated. (Qatar Tribune)

- Qatargas delivers first Q-Flex LNG cargo to Greece's Revithoussa Terminal** – Qatargas has safely and successfully delivered the first liquefied natural gas (LNG) cargo on a Q-Flex vessel to Greece's Revithoussa LNG Terminal. This is for the first time that a Q-Flex LNG vessel has called at the terminal ever since it underwent an expansion drive late last year. The cargo, which was loaded at the Ras Laffan Terminal in Qatar early this month, arrived at the Revithoussa Terminal on board the Q-Flex vessel, 'Al Gharrafa', on July 20. The Q-Flex cargo is part of yet another multi-port delivery executed by Qatargas. It is being undertaken in cooperation with the European utility ENGIE, which will see the second cargo being delivered at the Cartagena LNG terminal in Spain later this month. Qatargas' CEO, Sheikh Khalid bin Khalifa Al Thani said, "This significant delivery is aligned with Qatargas' strategy to continue growing the ever increasing number of terminals that our Q-Flex and Q-Max vessels can deliver into. Achievements such as this, coupled with multi-port deliveries on Q-Flex vessels and a global reputation as a safe and reliable supplier, reinforce Qatargas' position as the World's Premier LNG company in an increasingly dynamic LNG market." (Gulf-Times.com)
- Ooredoo succeeds in digitally transforming businesses in Qatar** – Ooredoo, the region's leading enabler of digital business innovation, announced that it is seeing strong success in digitally transforming Qatari businesses in collaboration with the most advanced unified communications solutions. Qatar organizations are rapidly adopting Ooredoo's Business Collaboration Solution instead of sourcing their communication services from multiple providers. As a result, they can benefit from an all-in-one solution offering IP Telephony at the office, collaboration applications and devices, and a host of features that can boost productivity. Ooredoo Qatar's Chief Operating Officer, Yousuf Abdulla Al Kubaisi said, "Ooredoo is Qatar's only service provider that can deliver end-to-end unified communication solutions to business customers. We are seeing strong success on our Business Collaboration Solution, helping our customers to become more efficient and to optimize their monthly costs and fostering their employees to be more productive and innovative." (Qatar Tribune)
- QIC Insured product for F&B SMEs** – QIC Insured, the retail arm of Qatar Insurance Company, is offering business insurance to the food and beverage (F&B) segment of Qatar's small and

medium-sized enterprise (SME) sector. In response to the rising number of restaurants, cafeterias, and other entrepreneurial ventures in Qatar, QIC Insured offers business insurance that aims at facilitating entrepreneurs in growing their restaurant or cafeteria business, and playing a pivotal role towards developing the F&B segment of Qatar's SME sector. (Gulf-Times.com)

- **HIA operations rise 18.9% YoY in the second quarter of 2019** – Hamad International Airport (HIA) served a total of 9,387,314 passengers in the second quarter of this year, compared to 7,892,456 during the same period last year, an increase of 18.9%, according to the statistics released by Qatar Civil Aviation Authority (CAA). HIA also handled 56,452 aircraft movements during the second quarter of 2019, compared to 53,517 during the same period last year, a rise of 5.5%, according to the CAA's statistics. Cargo and mail at the HIA also increased by 0.3% during the period with 550,336 shipping movements recorded, compared to 548,917 shipping movements during the corresponding period in 2018. (Qatar Tribune)
- **Qatar Chamber participates in GCC Commercial Arbitration Centre meeting in Oman** – Qatar Chamber participated in the meeting of the GCC Commercial Arbitration Centre (GCCAC) held recently at the Oman Chamber of Commerce and Industry. The meeting, which was attended by Sheikh Thani bin Ali Al Thani, who is a member of the board of directors of GCCAC, discussed a number of items and proposals aimed at improving the centre's work. The meeting also focused on the need to review the regulation of the work of the board of directors and the draft personnel regulations of the centre, and agreed that the final subjects will be presented to the GCCAC board of directors at the next meeting in Kuwait next September. (Gulf-Times.com)
- **HP Industries Qatar becomes signatory to UN Global Compact** – HP Industries (HPI) Qatar has become a signatory of the United Nations Global Compact (UNGC), the world's largest and most widely embraced voluntary corporate sustainability initiative. With this action, HPI joins few first organizations and probably first manufacturing firm in Qatar to confirm its commitment towards sustainable development. HPI Qatar's Chairman and Managing Director, M S Bukhari said, "We are delighted to become a signatory to the UN Global Compact. This is a great initiative, which encourages organizations to act responsibly and keep their commitments to society." (Gulf-Times.com)

#### **International**

- **IMF lowers global growth forecasts amid trade, Brexit uncertainties** – The International Monetary Fund (IMF) cut its forecast for global growth this year and next, warning that further US-China tariffs or a disorderly exit for Britain from the European Union could further slow growth, weaken investment and disrupt supply chains. The IMF stated downside risks had intensified and it now expected global economic growth of 3.2% in 2019 and 3.5% in 2020, a drop of 0.1 percentage point for both years from its April forecast, and its fourth downgrade since October. Economic data so far this year and softening inflation pointed to weaker-than-expected activity, the global lender stated, with trade and technology tensions and mounting disinflationary pressures posing future risks. The IMF slashed

its forecast for growth in global trade by 0.9 percentage point to 2.5% in 2019. Trade should rebound and grow by 3.7% in 2020, about 0.2 percentage point less than previously forecast. Trade volume growth declined to around 0.5% in the first quarter, its slowest pace since 2012, it stated, with the slowdown mainly hitting emerging Asian countries. Global trade volumes has fell 2.3% between October and April, the sharpest six-month decline since 2009, when the world was in the midst of the Great Recession, according to estimates by the Netherlands Bureau of Economic Policy Analysis. (Reuters)

- **ELFA: US business borrowing for equipment rises 9% in June** – The US companies' borrowing to spend on capital investments rose 9% in June from a year earlier, the Equipment Leasing and Finance Association (ELFA) stated. Companies signed up for \$9.9bn in new loans, leases and lines of credit last month, up from \$9.1bn a year earlier. Borrowings rose 9% from the previous month. ELFA's CEO, Ralph Petta said after a sluggish beginning to the year, second-quarter new business volume in the equipment finance sector shows a healthy gain. "As we head into the summer months, the economy and credit markets continue to perform well," Petta said, adding that demand for financed equipment was strong. Washington-based ELFA, which reports economic activity for the \$1tn equipment finance sector, said credit approvals totaled 77%, up from 75.9% in May. ELFA's leasing and finance index measures the volume of commercial equipment financed in the US. It is designed to complement the US Commerce Department's durable goods orders report, which it typically precedes by a few days. The Equipment Leasing & Finance Foundation, ELFA's non-profit affiliate, said its monthly confidence index in July is 57.9, up from the June index of 52.8. A reading of above 50 indicates a positive outlook. (Reuters)
- **US home sales tumble as prices surge to record high** – The US home sales fell more than expected in June as a persistent shortage of properties pushed prices to a record high, indicating the housing market was struggling to regain speed since hitting a soft patch last year. Housing and manufacturing are the main areas of weakness in the economy. They are offsetting strong consumer spending, resulting in a slowdown in economic activity that, together with trade tensions and tepid global growth, could see the Federal Reserve cutting interest rates next Wednesday for the first time in a decade. The National Association of Realtors stated existing home sales dropped 1.7% to a seasonally adjusted annual rate of 5.27mn units last month. The median existing house price increased 4.3% from a year ago to an all-time high of \$285,700 in June. Economists polled by Reuters had forecast existing home sales slipping 0.2% to a rate of 5.33mn units in June. Existing home sales, which make up about 90% of home sales, decreased 2.2% from a year ago. That was the 16th straight YoY decline in home sales. The weakness in housing comes despite cheaper mortgage rates and the lowest unemployment rate in nearly 50 years. (Reuters)
- **ECB: Eurozone banks expect rising loan demand in third quarter** – Eurozone banks expect loan demand to rise in the third quarter while they keep corporate lending and mortgage credit standards unchanged, the European Central Bank (ECB) stated in a quarterly lending survey. With economic growth slowing



and uncertainty on the rise, the ECB has already given banks a new round of ultra cheap loans and flagged more policy easing, hoping that lenders maintain the flow of credit even amid a downturn. The results of the survey, a key input in policy deliberations, suggest that while credit standards – banks’ internal guidelines or loan approval criteria – tightened somewhat for corporate loans, lenders do not expect to tighten access any further. (Reuters)

- **Japan July manufacturing contracts a third straight month though at slower pace** – Japanese manufacturing contracted for a third straight month in July, albeit at a slower pace, as domestic and export demand remained depressed, a preliminary business survey showed. The Jibun Bank Flash Japan Manufacturing Purchasing Managers’ Index (PMI) edged up to a seasonally adjusted 49.6 from a final 49.3 in the previous month, but stayed below the 50.0 threshold that separates contraction from expansion for a third month. Factory output, total new orders and new export orders again contracted, though at a slightly more modest pace compared with June. Employment offered a bright spot, with the jobs index up at 51.3 from a final 50.8 in the previous month with companies hiring workers at a three-month high. However, firms’ backlogs of work remained at more than six-year lows, and they continued to cut back on purchases of raw materials. Separate data showed Japanese service activity expanded. That, in turn, helped lift a composite PMI index which includes both manufacturing and services. The Jibun Bank Flash Japan Services PMI climbed to 52.3 in July, up from a final 51.9 in June on a seasonally adjusted basis, their highest level since February. (Reuters)
- **China's credit push to small firms falters in factory heartland** – China’s campaign to boost loans to small firms was supposed to support the economy during its biggest slowdown in decades, but banks’ reluctance to lend has left exporters and manufacturers in its southern industrial belt struggling to pay the bills. Despite prodding from Beijing, several bankers have told Reuters they have little appetite to lend to smaller companies due to the uncertain economic outlook, the US-China trade war and a years-long drive to purge risks from the financial system. That has chilled credit flows to private sector firms, undermining stimulus measures that were designed to cushion the impact of slowing demand. In the southern city of Dongguan in Guangdong province, one of the country’s major manufacturing hubs, some small firms are moving production overseas in the face of operational and financing challenges. (Reuters)

### **Regional**

- **Green energy getting a boost from Islamic finance** – As demand for green and sustainable energy sources continues to grow around the world – owing to a better understanding of the environmental disadvantages of conventional power production and a reaction to climate change processes – there is also an increasing need for sustainable finance and responsible investment in the sector. According to the UN Department of Economic and Social Affairs, global investments into clean energy recorded an increase from \$200bn in 2008 to \$332bn annually in 2018, with issuances of green bonds having become part of the current forms of financing for renewable energy.

According to a new report by the Middle East Islamic Finance Knowledge Center of consultancy Deloitte jointly released with Kuala Lumpur-based International Shariah Research Academy for Islamic Finance (ISRA) entitled “Sustainable finance: Can Sukuk become a driver of solar and green energy growth?,” Islamic financing tools have become an important part of green and sustainable energy funding. In particular, green Sukuk has emerged as a central Shari’ah compliant instrument for the purpose, the report says, noting that Malaysia and Indonesia were the first countries to issue this type of Sukuk. (Gulf-Times.com)

- **China's Neolix to trial autonomous vehicles in Saudi Arabia and UAE** – China’s Neolix has signed a preliminary agreement with Middle East e-commerce company Noon to trial autonomous vehicles in Saudi Arabia and the UAE. Neolix will build driverless vehicles customized to the region’s weather conditions, where temperatures can soar above 50 degrees Celsius in the summer, Noon stated. Noon, a joint venture between Saudi Arabia’s sovereign Public Investment Fund (PIF) and Dubai billionaire Mohamed Alabbar, will focus on ‘last mile delivery’ of the vehicles in select areas of Abu Dhabi and Dubai over the next few weeks, the company added. (Reuters)
- **Saudi Arabia's consumer prices fall in June, but deflation eases** – Saudi Arabia’s consumer prices fell in June from a year earlier for the sixth month in a row, but the Consumer Price Index (CPI) rose slightly on a monthly basis, government data showed. The CPI index fell 1.4% in June on an annual basis and rose 0.2% when compared to May, data from the General Authority for Statistics showed. “Deflation in Saudi Arabia continued to ease last month as the pick-up in activity in the non-oil sector fed through into stronger price pressures,” Senior Emerging Markets Economist at Capital Economics, Jason Tuvey said. “If oil prices stay low, as we expect, the government is likely to push ahead with fresh subsidy cuts and tax hikes, pushing inflation back into positive territory,” he said in a research note. (Reuters)
- **SoftBank poised to announce new technology Vision Fund** – SoftBank Group Corp. is close to announcing the launch of a second technology investment vehicle modeled on its giant \$100bn Vision Fund, sources said. An announcement of the so-called Vision Fund 2 could come as soon as this week, sources said. Saudi Arabia’s Public Investment Fund (PIF) and Mubadala Investment Co., which invested in the first Vision Fund, will likely be among the backers, sources added. Some other investors in the first fund will participate and there will be new limited partners as well, sources said. Deliberations are still ongoing and details including investors and the size of the pool have not been finalized, sources said. SoftBank founder Masayoshi Son has said publicly that he will like to raise more capital and replicate his success with the original Vision Fund, the largest of its kind at the time. The firm began soliciting investors this month, working with Goldman Sachs Group Inc., Centricus and Cantor Fitzgerald to raise money, sources said previously. Saudi Arabia, which was a key investor last time with a \$45bn contribution, has stated it would be interested in pledging the same amount again. SoftBank may contribute \$40bn to \$50bn, up from \$28bn in the first fund, because of

what Son sees as potentially lucrative returns, sources said. The goal is to close the fund by March 2020. (Bloomberg)

- **Reliance and Saudi Aramco's talks on refinery stake sale are said to stall** – Indian billionaire Mukesh Ambani's Reliance Industries Ltd.'s talks to sell a minority stake in its refinery business to Saudi Arabian Oil Co. (Saudi Aramco) have stalled on differences over the deal's structure, sources said. Saudi Aramco is concerned about Reliance's proposal to shift some debt of the wider group to its refinery business ahead of the transaction, sources said. The Indian company is working on alternatives and negotiations could still resume and lead to a compromise in the coming months, sources added. The Mumbai-based company is looking to sell as much as 25% of its refinery and petrochemicals business in the deal that could fetch at least \$10bn, Bloomberg News reported in April. The sale would help pare the conglomerate's debt that has risen to about \$42bn, as it poured money into new sectors such as telecommunications. Both sides have completed due diligence for the potential deal, sources said. Saudi Aramco has asked its financial advisor to update the due diligence report every quarter, sources added. (Bloomberg)
- **UAE spurs private innovation through public policy** – The UAE is pushing state-owned industries to digitalize and encouraging the private-sector to experiment with emerging technologies, placing it 16th in BloombergNEF's industrial digitalization country rankings, ahead of Saudi Arabia but behind Israel. Blockchain used for port logistics is one of the digital technology examples at work in the UAE. Other countries will follow such projects closely for their own technology deployment. The country sponsors startup incubators and has launched an 'innovation visa' to attract international talent. It has a shortage of large domestic software companies and a lack of focused R&D investment, so is likely to continue to import technology to support its digital strategy. (Bloomberg)
- **Lukoil expects to enter UAE concession in October** – Lukoil expects to sign agreement for a 5%-stake in offshore gas concession in the UAE in October, Interfax reported, citing CEO, Vagit Alekperov in Astrakhan, Russia. Lukoil will buy this stake from ADNOC. Saudi Aramco is interested in Lukoil's projects in Uzbekistan, but there have been no talks so far. The pace of developing fields in Caspian region may slow after 2021 as there is no decision yet on transportation of gas from Khvalynskoye field. (Bloomberg)
- **DP World first-half gross container volumes grow 0.5%** – DP World handled 35.8mn twenty-foot equivalent units across its global portfolio of container terminals in the first half as compared to 35.6mn a year ago, the Dubai-based port operator stated. Gross container volumes grow 0.5% YoY on a reported basis, and 0.5% on a like-for-like basis. Volumes through Dubai ports fell 7.4% YoY in 1H2019, declining for fifth consecutive quarter YoY. Dubai volume was 3.9mn TEU in 2Q2019 as compared to the company's total global volume of 18.3mn. The company stated that strong performance across Asia Pacific, Indian subcontinent and Africa drove growth in 2Q2019, but weaker volumes in the UAE and Australia offset this trend. At a consolidated level, DP World's terminals handled 19.5mn TEU during 1H2019 as compared to 18.6mn. It stated that the near-

term focus is on integrating recent acquisitions, managing costs and disciplined investment. (Bloomberg)

- **ADNOC and China's Wanhua Chemical sign deal potentially worth \$12bn** – The Abu Dhabi National Oil Company (ADNOC) has signed a partnership framework deal worth up to \$12bn with China's Wanhua Chemical Group for collaboration in the downstream sector, ADNOC stated. Downstream operations in the oil industry include refining, sales and shipping. The agreement was signed during a three-day state visit to China by Abu Dhabi Crown Prince Sheikh Mohammed bin Zayed. ADNOC and Wanhua Chemical also signed a shipping joint venture agreement building on a 10-year LPG supply contract signed in November 2018, according to the statement. "The potential total value of the collaboration between ADNOC and Wanhua is estimated to be up to \$12bn," it stated. Under the shipping joint venture, ADNOC Logistics & Services and Wanhua Chemical will establish a partnership for LPG transportation including the operation of two VLGCs, or Very Large Gas Carriers. The two companies have also agreed to explore and develop joint venture opportunities in both countries, with the UAE partnership focusing on producing downstream derivatives, or those relating to refined oil products. (Reuters)
- **World's largest AI startup SenseTime to set up hub in Abu Dhabi** – SenseTime Group Ltd., one of the world's most valuable artificial-intelligence (AI) startup, is setting up a hub in Abu Dhabi for Europe, Middle East and Africa (EMEA) with plans to hire hundreds of engineers. The Chinese facial recognition firm, which counts Alibaba Group Holding Ltd. as an investor, will start work on the research and development center this year and build AI capabilities across seven industries including healthcare, remote sensing and education, according to a statement. The Abu Dhabi Investment Office, which seeks to attract businesses to the Emirate, will provide a support package as part of the partnership. Gulf Arab nations are stepping up efforts to shift their economies away from dependence on oil by encouraging new industries and attracting foreign investment. Earlier this month, the UAE said it will allow foreigners to own 100% of businesses across industries. "The SenseTime formation team is coming to Abu Dhabi next week to establish the new office. This means we will already have a small team ramped up in 2019, hirings will start this year and will be boosted to around 250 jobs by the end of next year," the Chief Executive Officer of Abu Dhabi Investment Office, Elham Al Qasim said. (Bloomberg)
- **Warba Bank's profit rises 17% in 2Q2019 as financing portfolio grows** – Warba Bank reported profit of KD2.68mn in 2Q2019 as compared to KD2.28mn in 2Q2018, representing a rise of 17%. The operating revenue came in at KD12.7mn in 2Q2019 as compared to KD12mn in 2Q2018. Operating profit came in at KD7.19mn in 2Q2019 as compared to KD7.43mn in 2Q2018. The bank stated that the financing portfolio grew 39% as compared to a year ago. (Bloomberg)
- **Deficit cut, Fitch note gives respite to Oman's debt investors** – Oman's bond investors gained some respite this week as Fitch affirmed its rating for the indebted country and the government published encouraging deficit figures, potentially paving the way for the Gulf oil producer's next debt sale. Rated junk by all three major rating agencies, Oman has relied heavily on

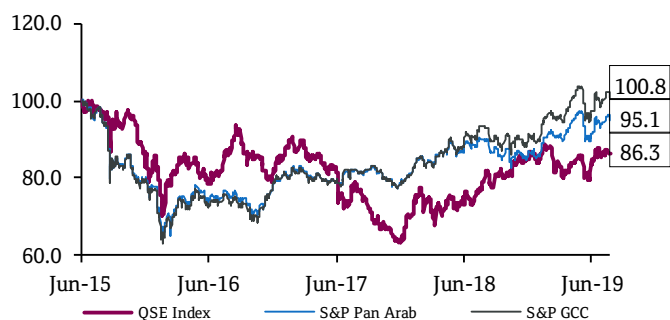
borrowing over the past few years to spur growth and refill its coffers – depleted because of lower oil prices. Fitch this week affirmed its 'BB+' rating with a 'Stable' outlook, stating that its assessment took into consideration Oman's "undiversified economy, high fiscal and external deficits and debt ratios," but that the country's external assets position remained stronger than peers with a similar rating. The statement came after Oman late last week published fresh figures about its state budget deficit, which in the first five months of this year decreased to OMR358.4mn, a 67% reduction on an annual basis. Oman's financial position is among the weakest of the Gulf oil exporters - with gross government debt at 53.5% of GDP last year, according to the IMF - so the deficit data and Fitch's affirmation reassured investors in its debt. "Fitch's rating affirmation and recent budget figures gave a bit of comfort to the market," Director of fixed income asset management at Arqaam Capital, Zeina Rizk said. (Reuters)

- **Duqm refinery completes more than 25% of multi-billion Dollar project** – Oman's Duqm Refinery has completed more than 25% of a \$6bn refinery project that will be able to process 230,000 barrels of crude per day when finalized, Duqm Refinery and Petrochemical Industries Co's CEO, Salem Al Huthaili said. The Duqm refinery is run by a joint venture between Oman Oil Company and Kuwait Petroleum International and occupies 900 hectares in Oman's Duqm industrial zone. "More than 25% of the project has been completed and we will conduct a test run by the end of 2021," he was quoted as saying by local Al-Wisal radio. The project was financed by 29 financial institutions from 31 countries, he said. Duqm industrial zone is Oman's biggest single economic project and part of the Gulf Arab Sultanate's efforts to diversify its economy away from oil revenues. (Reuters)
- **Investcorp raises \$142mn for first Indian buyout fund** – Investcorp Bank raised about \$142mn for its first India private equity fund, just months after the Bahrain-based alternative asset manager opened in the country. The fund will focus on investments in the consumer, financial services and healthcare industries and has already deployed INR2.7bn in four companies -- Incred, ASG, Zolo and Citykart, Investcorp stated. The limited partners of the fund comprise Indian banks, insurance companies, family offices and international fund of funds, according to the statement. (Bloomberg)
- **GFH acquires \$180mn Senior Healthcare Portfolio in US** – GFH Financial Group has informed its shareholders and the markets that it has, through its fully owned subsidiary GFH Capital Limited, acquired a Diversified Senior Healthcare Portfolio consisting of six income yielding properties located in the US states of California, Washington and Michigan in a deal exceeding \$180mn in value. The properties are currently 93% occupied by residents, caters to senior citizens seeking independent living, assisted living and memory care. The properties will be managed by JEA Senior Living, Senior Resource Group and Independence Village, three best-in-class operators with strong management teams and investment track records in the US market. GFH will hold 4.55%, GFH's investors will hold up to 86.45%, and the joint venture partner Madison Marquette will hold 5.88%. Senior Resource Group and JEA Senior Living have also co-invested alongside GFH and

Madison Marquette in their respective portfolios. The investment is expected to make an ROI of 160% over the investment period of 5 years and will accordingly have a positive impact on GFH's 2019 financials. (Bahrain Bourse)

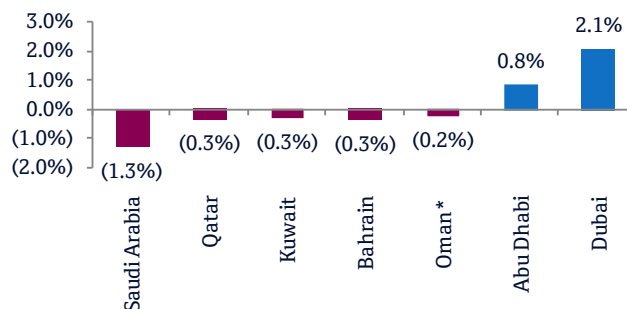
- **Bahrain sells BHD100mn 364-day bills; bid-cover at 1.67x** – Bahrain sold BHD100mn of 364 day bills due on July 23, 2020. Investors offered to buy 1.67 times the amount of securities sold. The bills were sold at a price of 96.939, having a yield of 3.12% and will settle on July 25, 2019. (Bloomberg)

## Rebased Performance



Source: Bloomberg

## Daily Index Performance



Source: Bloomberg (\*Data as on July 22, 2019)

| Asset/Currency Performance           | Close (\$) | 1D%   | WTD%  | YTD%   |
|--------------------------------------|------------|-------|-------|--------|
| Gold/Ounce                           | 1,417.79   | (0.5) | (0.5) | 10.6   |
| Silver/Ounce                         | 16.40      | 0.2   | 1.2   | 5.8    |
| Crude Oil (Brent)/Barrel (FM Future) | 63.83      | 0.9   | 2.2   | 18.6   |
| Crude Oil (WTI)/Barrel (FM Future)   | 56.77      | 1.0   | 2.0   | 25.0   |
| Natural Gas (Henry Hub)/MMBtu        | 2.34       | 0.4   | 3.1   | (26.6) |
| LPG Propane (Arab Gulf)/Ton          | 50.00      | 0.5   | (1.0) | (21.9) |
| LPG Butane (Arab Gulf)/Ton           | 47.25      | (2.6) | (1.8) | (32.0) |
| Euro                                 | 1.12       | (0.5) | (0.6) | (2.7)  |
| Yen                                  | 108.23     | 0.3   | 0.5   | (1.3)  |
| GBP                                  | 1.24       | (0.3) | (0.5) | (2.5)  |
| CHF                                  | 1.01       | (0.3) | (0.3) | (0.4)  |
| AUD                                  | 0.70       | (0.4) | (0.5) | (0.6)  |
| USD Index                            | 97.71      | 0.5   | 0.6   | 1.6    |
| RUB                                  | 63.17      | 0.1   | 0.2   | (9.4)  |
| BRL                                  | 0.26       | (0.9) | (0.7) | 2.8    |

Source: Bloomberg

| Global Indices Performance | Close      | 1D%*  | WTD%* | YTD%* |
|----------------------------|------------|-------|-------|-------|
| MSCI World Index           | 2,209.59   | 0.5   | 0.7   | 17.3  |
| DJ Industrial              | 27,349.19  | 0.7   | 0.7   | 17.2  |
| S&P 500                    | 3,005.47   | 0.7   | 1.0   | 19.9  |
| NASDAQ 100                 | 8,251.40   | 0.6   | 1.3   | 24.4  |
| STOXX 600                  | 391.54     | 0.4   | 0.4   | 12.9  |
| DAX                        | 12,490.74  | 1.0   | 1.2   | 15.3  |
| FTSE 100                   | 7,556.86   | 0.2   | 0.1   | 9.6   |
| CAC 40                     | 5,618.16   | 0.3   | 0.5   | 15.6  |
| Nikkei                     | 21,620.88  | 0.7   | 0.3   | 10.3  |
| MSCI EM                    | 1,055.49   | 0.2   | (0.2) | 9.3   |
| SHANGHAI SE Composite      | 2,899.95   | 0.5   | (0.8) | 16.3  |
| HANG SENG                  | 28,466.48  | 0.3   | (1.1) | 10.4  |
| BSE SENSEX                 | 37,982.74  | (0.3) | (1.1) | 6.3   |
| Bovespa                    | 103,704.30 | (1.2) | (0.7) | 21.1  |
| RTS                        | 1,345.48   | 0.3   | (0.4) | 25.9  |

Source: Bloomberg (\*\$ adjusted returns)

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