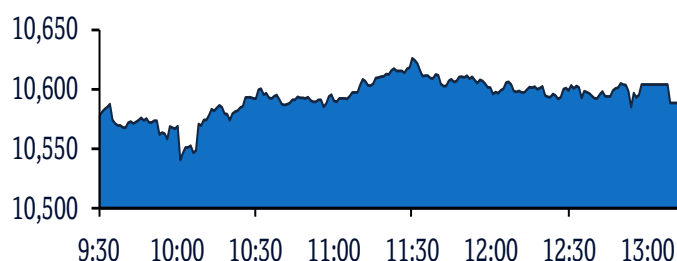


QSE Intra-Day Movement



Qatar Commentary

The QE Index declined 0.1% to close at 10,589.3. Losses were led by the Real Estate and Transportation indices, falling 0.8% and 0.5%, respectively. Top losers were Qatar First Bank and Dlala Brokerage & Investment Holding Company, falling 7.0% and 6.9%, respectively. Among the top gainers, Zad Holding Company gained 4.2%, while Ooredoo was up 1.9%.

GCC Commentary

Saudi Arabia: The TASI Index gained 0.1% to close at 8,740.9. Gains were led by the Transportation and Banks indices, rising 1.5% and 0.4%, respectively. National Co. for Learning and Education rose 7.0%, while Yamama Cement Co. was up 4.4%.

Dubai: The DFM Index gained 1.1% to close at 2,911.7. The Invest. & Fin. Services index rose 2.3%, while the Real Estate & Construction index gained 1.6%. Dubai Financial Market rose 5.1%, while Dubai National Insurance & Reins. was up 3.7%.

Abu Dhabi: The ADX General Index fell 0.6% to close at 5,331.1. The Telecom. index declined 1.4%, while the Investment & Financial Services index fell 1.3%. United Arab Bank declined 9.7%, while Waha Capital was down 1.9%.

Kuwait: The Kuwait All Share Index fell 0.5% to close at 6,113.1. The Technology index declined 4.1%, while the Banks index fell 0.9%. Senergy Holding Company declined 10.8%, while Real Estate Trade Centers Company was down 9.9%.

Oman: The MSM 30 Index gained 0.1% to close at 3,755.3. Gains were led by the Industrial and Financial indices, rising 0.4% and 0.2%, respectively. Oman Fisheries rose 8.6%, while National Life & General Insurance was up 7.1%.

Bahrain: The BHB Index gained 0.7% to close at 1,546.2. The Commercial Banks index rose 1.0%, while the Services index gained 0.6%. Khaleeji Commercial Bank rose 8.7%, while BBK was up 4.7%.

QSE Top Gainers	Close*	1D%	Vol. '000	YTD%
Zad Holding Company	13.75	4.2	68.9	32.2
Ooredoo	7.33	1.9	1,373.2	(2.3)
The Commercial Bank	4.78	1.7	784.7	21.4
Gulf Warehousing Company	5.13	1.6	878.6	33.4
Qatar Insurance Company	3.62	1.4	864.2	0.8

QSE Top Volume Trades	Close*	1D%	Vol. '000	YTD%
Qatar First Bank	0.36	(7.0)	17,354.2	(11.8)
Ezdan Holding Group	0.70	(1.4)	13,302.2	(46.1)
Qatar Aluminium Manufacturing	0.87	(3.7)	8,310.3	(34.6)
Vodafone Qatar	1.41	0.0	6,473.1	(9.7)
Aamal Company	0.80	1.0	4,296.5	(9.0)

Regional Indices	Close	1D%	WTD%	MTD%	YTD%	Exch. Val. Traded (\$ mn)	Exchange Mkt. Cap. (\$ mn)	P/E**	P/B**	Dividend Yield
Qatar*	10,589.29	(0.1)	(0.4)	1.3	2.8	52.56	160,187.2	15.1	2.1	4.1
Dubai	2,911.68	1.1	2.1	9.5	15.1	83.49	102,592.7	11.9	1.1	4.2
Abu Dhabi	5,331.14	(0.6)	(1.1)	7.1	8.5	41.73	146,997.8	15.9	1.5	4.6
Saudi Arabia	8,740.93	0.1	(0.9)	(0.9)	11.7	681.01	549,278.5	20.4	2.0	3.4
Kuwait	6,113.05	(0.5)	0.5	4.8	20.3	127.11	114,132.7	15.1	1.5	3.4
Oman	3,755.31	0.1	0.0	(3.3)	(13.1)	4.39	16,551.1	7.2	0.7	7.3
Bahrain	1,546.22	0.7	1.5	5.1	15.6	5.22	24,198.3	11.6	1.0	4.9

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

Market Indicators	30 July 19	29 July 19	%Chg.
Value Traded (QR mn)	192.3	184.0	4.5
Exch. Market Cap. (QR mn)	583,135.0	583,101.2	0.0
Volume (mn)	82.9	73.6	12.7
Number of Transactions	5,155	5,556	(7.2)
Companies Traded	45	44	2.3
Market Breadth	13:25	16:20	-

Market Indices	Close	1D%	WTD%	YTD%	TTM P/E
Total Return	19,485.20	(0.1)	(0.4)	7.4	15.1
All Share Index	3,127.68	(0.1)	(0.3)	1.6	15.3
Banks	4,118.55	0.0	(0.1)	7.5	14.2
Industrials	3,192.48	(0.2)	(0.9)	(0.7)	16.8
Transportation	2,599.65	(0.5)	(0.3)	26.2	16.9
Real Estate	1,533.96	(0.8)	(1.2)	(29.9)	14.5
Insurance	3,170.79	1.1	0.2	5.4	18.3
Telecoms	972.37	1.3	1.7	(1.6)	22.6
Consumer	8,140.00	(0.3)	(0.9)	20.5	15.7
Al Rayan Islamic Index	4,053.90	(0.4)	(0.8)	4.3	14.3

GCC Top Gainers**	Exchange	Close*	1D%	Vol. '000	YTD%
BBK	Bahrain	0.53	4.7	338.7	16.7
National Petrochemical	Saudi Arabia	24.16	2.4	337.6	(0.6)
Ooredoo	Qatar	7.33	1.9	1,373.2	(2.3)
HSBC Bank	Oman	0.12	1.7	75.2	0.0
The Commercial Bank	Qatar	4.78	1.7	784.7	21.4

GCC Top Losers**	Exchange	Close*	1D%	Vol. '000	YTD%
Rabigh Ref. & Petrochem.	Saudi Arabia	19.00	(8.8)	6,203.9	(0.4)
Emaar Economic City	Saudi Arabia	10.30	(5.7)	2,775.5	30.2
Al Ahli Bank of Kuwait	Kuwait	0.33	(4.1)	167.1	11.9
Dar Al Arkan Real Estate	Saudi Arabia	11.20	(3.4)	6,827.0	24.2
Comm. Bank of Kuwait	Kuwait	0.51	(2.8)	231.4	13.1

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

QSE Top Losers	Close*	1D%	Vol. '000	YTD%
Qatar First Bank	0.36	(7.0)	17,354.2	(11.8)
Dlala Brokerage & Inv. Hold. Co.	0.83	(6.9)	1,275.8	(17.5)
Islamic Holding Group	2.24	(5.1)	494.7	2.5
Alijarah Holding	0.72	(4.4)	1,270.2	(18.1)
Medicare Group	7.36	(4.0)	541.9	16.6

QSE Top Value Trades	Close*	1D%	Val. '000	YTD%
QNB Group	19.62	0.6	61,726.6	0.6
Ooredoo	7.33	1.9	10,135.8	(2.3)
Ezdan Holding Group	0.70	(1.4)	9,330.0	(46.1)
Vodafone Qatar	1.41	0.0	9,170.4	(9.7)
Qatar Aluminium Manufacturing	0.87	(3.7)	7,272.5	(34.6)

Source: Bloomberg (* in QR)

Qatar Market Commentary

- The QE Index declined 0.1% to close at 10,589.3. The Real Estate and Transportation 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.
- Qatar First Bank and Dlala Brokerage & Investment Holding Company were the top losers, falling 7.0% and 6.9%, respectively. Among the top gainers, Zad Holding Company gained 4.2%, while Ooredoo was up 1.9%.
- Volume of shares traded on Tuesday rose by 12.7% to 82.9mn from 73.6mn on Monday. Further, as compared to the 30-day moving average of 69.3mn, volume for the day was 19.6% higher. Qatar First Bank and Ezdan Holding Group were the most active stocks, contributing 20.9% and 16.0% to the total volume, respectively.

Overall Activity	Buy %*	Sell %*	Net (QR)
Qatari Individuals	32.57%	50.42%	(34,329,801.30)
Qatari Institutions	25.70%	10.76%	28,727,433.54
Qatari	58.27%	61.18%	(5,602,367.76)
GCC Individuals	1.84%	1.74%	208,642.11
GCC Institutions	0.52%	7.10%	(12,657,129.63)
GCC	2.36%	8.84%	(12,448,487.53)
Non-Qatari Individuals	11.96%	12.49%	(1,016,698.28)
Non-Qatari Institutions	27.41%	17.49%	19,067,553.57
Non-Qatari	39.37%	29.98%	18,050,855.29

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

Ratings, Earnings Releases, Global Economic Data and Earnings Calendar

Ratings Updates

Company	Agency	Market	Type*	Old Rating	New Rating	Rating Change	Outlook	Outlook Change
Al Sagr Cooperative Insurance Co.	S&P	Saudi Arabia	LT-ICR/ IFSR	BBB-/BBB-	BBB-/BBB-	-	Negative	-

Source: News reports, Bloomberg (* LT – Long Term, ST – Short Term, ICR – Issuer Credit Rating, IFSR – Insurer Financial Strength Ratings)

Earnings Releases

Company	Market	Currency	Revenue (mn) 2Q2019	% Change YoY	Operating Profit (mn) 2Q2019	% Change YoY	Net Profit (mn) 2Q2019	% Change YoY
Southern Province Cement Co.	Saudi Arabia	SR	276.0	55.1%	98.0	145.0%	91.0	152.8%
Bawan Co.	Saudi Arabia	SR	519.2	11.5%	12.5	126.9%	3.0	89.3%
Northern Region Cement Co.	Saudi Arabia	SR	144.2	20.6%	27.4	449.4%	14.1	N/A
Eastern Province Cement Co.	Saudi Arabia	SR	159.0	4.6%	24.0	14.3%	32.0	68.4%
Saudi Ground Services Co.	Saudi Arabia	SR	648.0	-1.8%	125.2	10.8%	123.9	9.9%
Taiba Investments Co.	Saudi Arabia	SR	108.3	0.7%	43.3	-10.7%	49.2	5.9%
Yamama Cement Co.	Saudi Arabia	SR	165.3	47.6%	50.8	N/A	53.2	N/A
Saudi Cable Co.	Saudi Arabia	SR	90.6	-64.1%	-37.0	N/A	-18.3	N/A
Saudi Cement Co.	Saudi Arabia	SR	338.6	37.8%	99.7	55.5%	92.3	59.1%
Dar Alarkan Real Estate Dev. Co.	Saudi Arabia	SR	927.9	-48.0%	157.6	-28.0%	75.0	-31.0%
Abdulmohsen Alhokair Group for Tourism and Development	Saudi Arabia	SR	298.9	-2.8%	18.2	N/A	0.6	N/A

Source: Company data, DFM, ADX, MSM, TASI, BHB.

Global Economic Data

Date	Market	Source	Indicator	Period	Actual	Consensus	Previous
07/30	EU	European Commission	Services Confidence	July	10.6	10.6	11.0
07/30	EU	European Commission	Consumer Confidence	July	-6.6	-6.6	-6.6
07/30	Germany	GfK AG	GfK Consumer Confidence	August	9.7	9.7	9.8
07/30	Germany	German Federal Statistical Office	CPI MoM	July	0.5%	0.3%	0.3%
07/30	Germany	German Federal Statistical Office	CPI YoY	July	1.7%	1.5%	1.6%
07/30	France	INSEE National Statistics Office	GDP QoQ	2Q2019	0.2%	0.3%	0.3%
07/30	France	INSEE National Statistics Office	GDP YoY	2Q2019	1.3%	1.4%	1.2%
07/30	Japan	Ministry of Economy Trade and Industry	Industrial Production MoM	June	-3.6%	-1.7%	2.0%
07/30	Japan	Ministry of Economy Trade and Industry	Industrial Production YoY	June	-4.1%	-2.0%	-2.1%

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
DOHI	Doha Insurance Group	31-Jul-19	0	Due
QNCD	Qatar National Cement Company	1-Aug-19	1	Due
IQCD	Industries Qatar	1-Aug-19	1	Due
IGRD	Investment Holding Group	4-Aug-19	4	Due
GISS	Gulf International Services	4-Aug-19	4	Due
QISI	Qatar Islamic Insurance Company	4-Aug-19	4	Due
BRES	Barwa Real Estate Company	5-Aug-19	5	Due
SIIS	Salam International Investment Limited	5-Aug-19	5	Due
MPHC	Mesaieed Petrochemical Holding Company	5-Aug-19	5	Due
ZHCD	Zad Holding Company	5-Aug-19	5	Due
QOIS	Qatar Oman Investment Company	5-Aug-19	5	Due
MCCS	Mannai Corporation	6-Aug-19	6	Due
MERS	Al Meera Consumer Goods Company	6-Aug-19	6	Due

Source: QSE

News

Qatar

- AHCS' net profit declines 24.5% YoY and 11.6% QoQ in 2Q2019**

– Aamal Company's (AHCS) net profit declined 24.5% YoY (-11.6% QoQ) to QR85.3mn in 2Q2019. The company's revenue came in at QR314.4mn in 2Q2019, which represents a decrease of 8.7% YoY (-2.3% QoQ). In 1H2019, AHCS reported net profit of QR181.9mn as compared to QR228.9mn in 1H2018. EPS amounted to QR0.03 in 1H2019 as compared to QR0.04 in 1H2018. AHCS posted QR636.1mn revenue for the first half of 2019, down 2.5% compared with the same period in previous year. The 1H2019 gross profit is down by 7.0% to QR226.2mn. Net profit before share in results of associates and joint ventures accounted for using the equity method (net underlying profit) is down 19.9% to QR141.2mn. Net underlying profit margins have decreased by 4.8 percentage points to 22.2%. AHCS' share in results of associates and joint ventures accounted for using the equity method decreased to QR41.9mn. Net investment in capital expenditure decreased by QR197.9mn to QR20.9mn, owing to a number of property acquisitions made by Aamal Real Estate in the prior year period. Announcing the results, Sheikh Faisal bin Qassim Al Thani, Chairman of Aamal Company, commented that the first half of 2019 has been one of strategic development and evolution in an increasingly competitive environment. While many of Aamal Company's businesses have continued to perform strongly, this has not been enough to offset the fall in our financial results reported in other areas. (QSE, Peninsula Qatar)

- QATI's net profit declines 6.8% YoY and 46.0% QoQ in 2Q2019 –**

Qatar Insurance Company's (QATI) net profit attributable to equity holders declined 6.8% YoY (-46.0% QoQ) to QR143.8mn in 2Q2019. In 1H2019, QATI reported net profit attributable to equity holders of QR409.9mn as compared to QR384.5mn in 1H2019. The MENA markets continued to produce stable premiums and underwriting profitability, despite unabated geopolitical headwinds in the region. QATI's international operations further expanded in select low volatility classes and now account for 75% of its total portfolio. In the first half of 2019, QATI adopted a more restrictive and selective approach to new business generation, reflecting the company's continued focus on de-risking its book and placing more emphasis on low-

volatility segments. Gross written premiums (GWP) remained stable at QR6.4bn. The Group's international carriers, namely Qatar Re, Antares, QIC Europe Limited (QEL) and its Gibraltar based carriers continued to expand in select low-volatility areas and now account for approximately 75% of QATI's total GWP, compared to 74% in the first half of 2018. Overall, the premium growth of QATI's domestic and MENA operations remained stable. QIC Insured, the personal insurance division of QATI, continued its growth in digital transformation and innovative products. As a testament, Qatar Insurance Company was conferred the 'Best Digital Transformation in Insurance Award' at the inaugural edition of the Enterprise Transformation Summit in Doha. The Company's net investment result improved from QR408.2mn in 1H2018 to QR426.3mn in this reporting period. The 4% YoY increase is mainly attributable to favorable global and regional market conditions across most asset classes. QATI's current investment yield amounted to an annualized 5%, compared with 4.9% for the same period of 2018, further adding to a long track record of superior investment performance based on careful diversification across geographies and asset classes. The Company's investment performance remains unrivalled by any of its peers. The Group's net underwriting result remains stable at QR331mn. Low-severity high frequency business now accounts for a significant portion of QATI's total underwriting portfolio. During the reporting period, QATI has vigorously maintained its focus on streamlining operations in order to further improve its operational efficiency. At 1H2019, the administrative expense ratio for its core operations came in at 6.4%. The Group's ongoing endeavor towards process efficiencies and automation continued to yield fruit. (QSE, Peninsula Qatar)

- DBIS reports net loss of QR4.8mn in 2Q2019 –** Dlala Brokerage and Investments Holding Company (DBIS) reported net loss of QR4.8mn in 2Q2019 as compared to net profit of QR0.1mn in 2Q2018 and net profit of QR1.1mn in 1Q2019. The company's net brokerage commission income came in at QR3.5mn in 2Q2019, which represents a decrease of 49.5% YoY (-8.8% QoQ). In 1H2019, DBIS reported net loss of QR3.7mn as compared to net profit of QR1.4mn in 1H2018. Loss per share

amounted to QR0.013 in 1H2019 as compared to earnings per share of QR0.005 in 1H2018. (QSE)

- **IGRD announces resignation of a board member and the Secretary of the board of directors of the group** – Investment Holding Group (IGRD) announced that according to article 33 of IGRD amended Memorandum of Association – documentation44891/2018, the board of directors has resolved the following: (i) Acceptance of Wafa Essam Soufan’s resignation from his position as a board member and as a member of the Audit and Risk Committee, (ii) Appointment of Shaikh Nasser bin Ali bin Saoud Al Thani as an independent member of the Audit and Risk Committee, (ii) Acceptance of Marcel Bou dehn’s resignation from his position as Secretary of the Board of Directors and its Committees, and (iv) Appointment of Joseph Akiki as Secretary of the Board of Directors and its Committees. (QSE)
- **MRDS postpones disclosure of its financial statements for 1H2019 to August 7** – Mazaya Qatar Real Estate Development (MRDS) announced the postponement of the disclosure of the financial statements for the period ending June 30, 2019 to August 7, 2019 instead of July 31, 2019. (QSE)
- **Qatar’s real estate transaction value grows 15.8% YoY to QR9.52bn in 1H2019** – Qatar’s real estate transaction value witnessed a significant YoY growth of 15.8% to QR9.52bn during the first half of 2019. The real estate transaction number in the first quarter was improved by 8.2% YoY. The number of transactions, excluding June, stood at 1,754, according to KAMCO Research. However, residential rents continued to decline in 2Q2019, as asking rents were down 1.5% QoQ. The fall in rentals is reportedly higher for villas in secondary locations, and apartments in areas such as Najma, Al Sadd, Old Airport and Al Wakrah. Office rents in Qatar receded by 4% QoQ in the second quarter of 2019, as the addition of seven office buildings, amounting to a total of 200,000 square meters put additional pressure on rents. Office rents in West Bay declined by 4%, as vacancy rates in Qatar remained high at around 35%. On the GCC market trend, the KAMCO Research noted, real estate sale transactions (excluding Bahrain) rebounded in the first half, as total value transacted improved by 9.7% to \$45.9bn, as compared to \$41.9bn in 1H2018. The number of transactions was also gained by a higher 18.9% over the same period to reach 281,168 transactions in 1H2019. (Peninsula Qatar)
- **Qatar’s June real estate price index rises 1.6% YoY** – Qatar Central Bank has published real estate price index data, which showed that real estate price index was up 1.6% YoY and 2.4% MoM in June. While, real estate price index was down 7.0% MoM in May versus -0.4% in April. (Bloomberg)
- **Microsoft to help accelerate Qatar’s SME, startup business growth** – Microsoft Qatar plans to intensify its efforts in helping SMEs and startup companies to accelerate their business in the country. While, the global IT company has had strong partnerships with a number of government sectors in Qatar in the previous years, it now also plans to be more involved in the country’s growing SME and startup industry, and help close the technology gap which market insiders say exists between the government and the private sector. “We were not involved in a way to really close this gap and be involved between the

government and the SMEs, startups and incubators. This is something we recently added to our agenda in Qatar. We recently identified and studied the gaps out there. And soon all the incubation centers will receive a lot of information about how they can use Microsoft technology to accelerate their business and what Microsoft can do to help them,” Microsoft Qatar’s Country Manager, Lana Khalaf said while speaking at a panel discussion organized by the Ministry of Transport and Communications. (Peninsula Qatar)

International

- **Moderate US consumer spending, inflation back Fed rate cut** – The US consumer spending and prices rose moderately in June, pointing to slower economic growth and benign inflation that could see the Federal Reserve cutting interest rates for the first time in a decade. The report from the Commerce Department showing the smallest gain in consumer spending in four months came as Fed officials started a two-day policy meeting. The 10-year old economic expansion, the longest in history, is slowing as the stimulus from last year’s \$1.5tn tax cut package fades. Consumer spending, which accounts for more than two-thirds of US economic activity, gained 0.3% as an increase in services and outlays on other goods offset a decline in purchases of motor vehicles. Consumer spending rose 0.5% in May. Economists polled by Reuters had forecasted consumer spending climbing 0.3% last month. The data was included in last Friday’s second-quarter gross domestic product report, which showed consumer spending increased at a 4.3% annualized rate, accelerating from a tepid 1.1% pace in the January-March period. When adjusted for inflation, consumer spending gained 0.2% in June. This so-called real consumer spending rose 0.3% in May. Last month’s small gain in core consumer spending likely sets up consumption for a step-down in the third quarter after the robust growth recorded in the April-June period. (Reuters)
- **Mood darkens for UK’s smaller manufacturers, consumers stoic** – Optimism among smaller British manufacturers tumbled to a three-year low in July, hit by a slowing global economy and the Brexit crisis at home, although consumers remain relatively upbeat, surveys showed. The Confederation of British Industry’s (CBI) gauge of optimism among small- and medium-sized (SME) manufacturers fell to -28 from -12 in April, its lowest level since July 2016, just after Britain voted to leave the European Union. A separate indicator of consumer confidence from market research company GfK rose unexpectedly in July to -11 from -13 in June, beating all forecasts in a Reuters poll of economists but broadly in line with its range this year. Overall, the two figures chimed with other data that show deep pessimism in British businesses about the outlook but resilience among consumers. Both surveys were conducted before Boris Johnson won the contest to become British prime minister on July 23 with a promise to leave the European Union on October 31, with or without a deal. (Reuters)
- **Weak Eurozone data backs Draghi’s case for more easing** – A series of weak economic data from France, Germany and the Eurozone as a whole painted a meager growth outlook for the single currency bloc, lending support to doves among ECB policymakers who favor more rate cuts and bond buys. French growth slowed unexpectedly in the second quarter on weaker

household spending and German consumer morale worsened for the third month in a row heading into August, adding to signs that the Eurozone economy as a whole is cooling. (Reuters)

- **German consumer morale drops as recession fears spread, GfK says** – German consumer morale worsened for the third month in a row heading into August as a global economic downturn, trade disputes and Brexit uncertainty fuel worker fears of losing their jobs and their income, a survey showed. The GfK consumer sentiment indicator, based on a survey of about 2,000 Germans, edged down to 9.7 from 9.8 a month earlier. It was the lowest reading since April 2017 and in line with market expectations. Household spending and construction have become important drivers of growth in Europe's largest economy as its exports falter. Domestic demand is boosted by record-high employment, above-inflation pay increases and low borrowing costs. But the continued drop in consumer confidence signals that a slump in Germany's export-dependent manufacturing is now creeping into other sectors of the economy. The GfK sub-indicator measuring consumers' economic expectations dropped to -3.7, falling below its average of zero points for the first time since March 2016 and hitting the lowest level since November 2015. (Reuters)
- **Japan government to earmark \$40.52bn to boost growth in FY2020-21 budget** – Japan will earmark \$40.52bn in the next fiscal year's budget for measures to spur private demand as well as enhance science and technology as part of Prime Minister Shinzo Abe's growth strategy, government sources with knowledge of the matter told Reuters. In an effort to push more funding to growth sectors, the government will urge ministries to trim spending in other areas such as public works by 10% from this fiscal year, the sources said. The proposed spending plan, which is set to be approved by Abe's cabinet later this week, will be part of an outline on the budget for the next fiscal year that begins in April 2020. (Reuters)
- **Trade war keeps China's factories in reverse gear for third month** – China's factory activity shrank for the third month in a row in July, an official survey showed, underlining the growing strains on the world's second-biggest economy as the Sino-US trade war hits business profits, confidence and investment. Wednesday's weak manufacturing reading could fuel worries of a global recession and explains why policymakers around the world have stepped up easing measures, with some others considering doing so soon, to counter the fallout from international trade frictions. The Purchasing Managers' Index (PMI) rose to 49.7 in July, China's National Bureau of Statistics stated, higher from the previous month of 49.4 but remains below the 50-point mark that separates growth from contraction on a monthly basis. Analysts polled by Reuters predicted a reading of 49.6. Deteriorating global demand left exporters struggling, with the survey showing export orders shrinking for the 14th month, though the sub-index ticked up fractionally to 46.9 from June's 46.3. The contraction in total new orders also moderated slightly. China's factory output offered one brighter note, with growth quickening this month as the sub-index rose to 52.1 from 51.3 in June. (Reuters)
- **China probes small bank shareholdings as risk worries persist** – China is sharpening its scrutiny of small banks' shareholders amid fears that loans from the lenders to big investors could

prove a weak point in the country's financial system, jolted by the state's weekend rescue of one lender and recent takeover of another. While nominally small, China's numerous small city commercial banks risk having outsized significance because of their close ties to the rest of the banking system as well as with bigger shareholders, many of whom are giant companies. Earlier this month, the China Banking and Insurance Regulatory Commission (CBIRC) asked banks and some other financial firms for details of any investor building up stakes of 5% or more without required regulatory approvals. The regulator also asked the firms if they had disclosed all business transactions with their main owners, according to a regulatory notice seen by Reuters. (Reuters)

- **RBI relaxes external commercial borrowing norms for corporates, NBFCs** – The Reserve Bank of India (RBI) relaxed norms on end-use of funds raised via external commercial borrowings, making it more attractive and viable for corporates including non-banking finance companies (NBFC) to raise cheaper offshore funds. The central bank stated based on feedback from stakeholders and with a view to further liberalize the ECB framework it has been decided to relax the end-use restrictions and allow the use of funds for working capital requirements, general corporate purposes and repayment of Rupee loans. ECBs with a minimum average maturity period of 10 years can now be used for working capital purposes and general corporate purposes, the RBI stated. Several corporates and particularly NBFCs have been facing a severe liquidity shortage and unable to access credit from domestic sources over the last 10 months following the collapse of Infrastructure Leasing and Financial Services in September. (Reuters)

Regional

- **MENA fund managers to boost UAE investments, bearish on Saudi Arabia** – Middle Eastern funds plan to increase their investments in the UAE and decrease their investments in Saudi Arabia, while keeping their exposure to other countries in the region at current levels, according to a Reuters poll. Seven of the 10 fund managers polled said that they will increase their investments in the UAE, building on a trend over recent months. Dubai is one of the worst-performing markets globally last year, however, has rebounded with its benchmark index 'DFMGI' up almost 15% so far. In neighboring Abu Dhabi, the index 'ADI' is up 8.77% this year. In the UAE, "stable oil prices, a wide range of structural reforms and government-led spending initiatives," as well as underlying earnings growth should lead to accelerating economic growth into next year, Head of public markets at Abu Dhabi's Waha Capital, Mohamed Eljamal said. However, economists polled by Reuters have revised their growth expectations down by 0.8 percentage points to 2.2% for the UAE through to 2021. "We believe the macro picture is not as rosy as stock prices look," Head of asset management at Amwal in Doha, Talal Samhoury said. (Reuters)
- **Saudi Arabia back to deficit in 2Q2019 as oil revenues slip** – Saudi Arabia stated that it has posted a budget deficit of SR33.5bn in the second quarter of this year, reversing a surplus in the first quarter, its first in years. Saudi Arabia posted SR174.9bn in oil revenues in the second quarter, down 5% compared with the same period a year earlier, and non-oil

revenues of SR85.8bn, 4% less than last year. In the first quarter, the Kingdom had a budget surplus of SR27.8bn, its first surplus since 2014. “The surplus reflected exceptionally high transfers from Aramco and that was not expected to continue in 2Q,” Economist, Monica Malik said. In the first half of the year, the Kingdom posted an overall deficit of SR5.68bn, according to data published by the Saudi ministry of finance. The International Monetary Fund (IMF) expects Saudi Arabia will post a deficit of 6.5% of GDP this year against a government forecast of 4.2% deficit. (Gulf-Times.com)

- **Saudi Arabia’s oil exports to Japan hit 17-year low as China demands more** – Japan’s imports of Saudi Arabian oil slumped to the lowest level in 17 years as China took record volumes from the Kingdom to replace lost barrels from Iran. The Asian nation received about 25.55mn barrels of oil from Saudi Arabia in June, the smallest amount of monthly crude since June 2002, according to customs data from the Ministry of Finance. Shipments slid 6.3% from a year earlier. Filling the void was the UAE, which became Japan’s biggest supplier for the first time in about four years. “It may suggest Japan lost out to China in purchases from Saudi Arabia, forcing it to seek alternatives,” a commodities Analyst at Rakuten Securities Inc. in Tokyo, Satoru Yoshida said. There are likely to be more “instances of Japan substituting Saudi oil with supply from the UAE and other countries as China buys more from the Kingdom due to Iran sanctions,” he said. Japan imported 25.68mn barrels from the UAE last month, surpassing Saudi Arabia as the nation’s biggest supplier for the first time since July 2015. It also shipped in no crude from Iran in June after unexpectedly taking about 843,000 barrels in May, even though US waivers expired that month. (Bloomberg)
- **SoftBank to pump second Vision Fund with proceeds from the first** – SoftBank Group Corp. plans to use proceeds from its first Vision Fund to bankroll the \$38bn it has committed to the second, sources said, in a show of unflinching confidence in its huge tech bets commanding sky-high valuations when sold. The Japanese investment firm, led by artificial intelligence advocate Masayoshi Son, stated that it has secured pledges for a second Vision Fund totaling about \$108bn. With over a third from SoftBank itself, however - using “distributions from Vision Fund 1 and other SoftBank assets”, sources said - that headline figure depends in part on proceeds from existing Vision Fund portfolio firms listing publicly at a brisk pace in a consistently buoyant market. SoftBank gave no breakdown for the remaining \$70bn, only saying it had signed memoranda of understanding with Microsoft Corp and Japan’s three mega banks, as well as existing Vision Fund investors Apple Inc and Hon Hai Precision Industry Co. Ltd. (Foxconn). One newcomer is Kazakhstan’s sovereign wealth fund with an investment likely under \$3bn, based on how much its government has earmarked for alternative assets. “We are only investing a small amount, a few tens of billions of Yen (few hundred million Dollars), but SoftBank was insistent the amount shouldn’t be disclosed,” a senior executive at a Japanese financial firm said. (Reuters)
- **Saudi Arabia’s PIF to invest in UK’s Babylon Health** – Saudi Arabia’s sovereign wealth fund, Public Investment Fund (PIF) is in late-stage talks to invest in the UK’s Babylon Health, FT

reported, citing sources. The planned investment, part of a new funding round, may be announced later this week, they said and the exact terms are yet to be finalized and could still change. The size of the planned investment is seen to amount to between \$100mn and \$500mn, sources added. (Bloomberg)

- **S&P affirms Saudi Al Sagr 'BBB-' ratings with a 'Negative' outlook** – S&P has affirmed its 'BBB-' long-term issuer credit and insurer financial strength ratings on Saudi Arabia-based Al Sagr Cooperative Insurance Co. The outlook is ‘Negative’. At the same time, it has removed the ratings from CreditWatch with negative implications, where S&P has originally placed them on February 1, 2019. The ‘Negative’ outlook reflects its view that there is a risk of potential earnings volatility or a financial impact if the company fails to make satisfactory progress in complying with regulatory requirements and strengthening its governance and internal controls framework. S&P could consider a ‘Negative’ rating action over the next 12-24 months if Saudi Al Sagr is unable to resolve the violations mentioned in SAMA’s letter and the risk of a severe regulatory action is heightened; or its competitive position and operating performance deteriorate further or its concentration in medical lines of business elevates materially from current levels. On January 22, 2019, the Saudi Arabian Monetary Authority (SAMA) issued a final warning to Al Sagr Cooperative Insurance Co. (Al Sagr) regarding violations related to governance and internal control practices. Since then, Saudi Al Sagr has taken some corrective actions and appointed an external consultant, as required by SAMA, to conduct a detailed review of the effectiveness of internal control procedures. S&P believes that the risk of severe regulatory action has now diminished. (Bloomberg)
- **Saudi Capital Market Authority allows two firms to test computerized investment advice** – Saudi Capital Market Authority approved two companies to test using robo-advisory services, or computer-generated advice for investors, as part of moves by the Arab world’s biggest economy to encourage the use of financial technology. The approvals for Wahed Capital and Haseed Investing Co. come after the Saudi central bank launched an initiative last year to encourage banks to settle payments using blockchain software. Financial centers in the Gulf region including Abu Dhabi, Dubai and Bahrain are also looking to cultivate a financial startup scene to position themselves as regional powerhouses in financial technology, or fintech. The Saudi Capital Market Authority will allow clients to get advice on securities or investment schemes through automated online platforms operated separately by the two companies. The companies will also be able to offer automated online discretionary investment management under what the regulator called a “financial technology experiment permit.” (Reuters)
- **Saudi Arabia’s Sulaiman Al-Habib Medical in IPO talks with banks** – Saudi Arabia’s Sulaiman Al-Habib Medical Group, one of the biggest hospital operators in the Middle East, is talking to banks about a potential listing in Riyadh that could value the company at \$2.5bn, sources said. The group, which operates hospitals and clinics in Saudi Arabia, the UAE and Bahrain, has been in preliminary talks with foreign and local banks for listing and potential advisory roles, the sources said. The company,

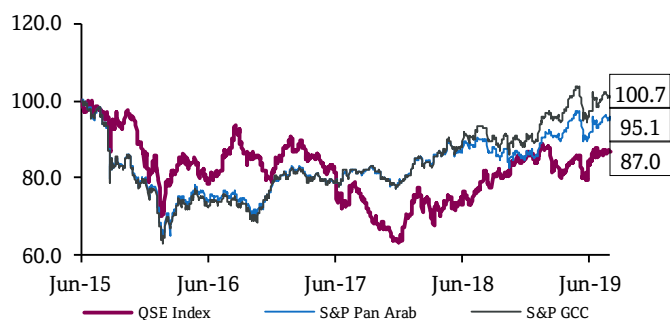
which abandoned plans to float in 2014 as oil prices dropped and local market conditions deteriorated, could sell as much as a 30% stake in the IPO, although one source said it could sell less if Saudi Arabia's regulators permit. Saudi Arabia is encouraging more family-owned companies to list in a bid to deepen its capital markets under a reform push aimed at reducing the Kingdom's reliance on oil revenues. As further encouragement, the regulator has relaxed the traditional IPO requirement to list at least 30% of a company. (Reuters)

- **RJHI posts 4.3% YoY rise in net profit to SR2,580mn in 2Q2019** – Al Rajhi Bank (RJHI) recorded net profit of SR2,580mn in 2Q2019, an increase of 4.3% YoY. Total operating profit rose 13.4% YoY to SR4,861mn in 2Q2019. Total revenue for special commissions/investments rose 14.0% YoY to SR4,183mn in 2Q2019. Total assets stood at SR369.5bn at the end of June 30, 2019 as compared to SR347.6bn at the end of June 30, 2018. Loans and advances portfolio stood at SR238.5bn (+5.3% YoY), while customer deposits stood at SR300.6bn (+7.2% YoY) at the end of June 30, 2019. (Tadawul)
- **RIBL posts 78.1% YoY rise in net profit to SR1,500mn in 2Q2019** – Riyad Bank (RIBL) recorded net profit of SR1,500mn in 2Q2019, an increase of 78.1% YoY. Total operating profit rose 22.9% YoY to SR2,670mn in 2Q2019. Total revenue for special commissions/investments rose 28.9% YoY to SR2,606mn in 2Q2019. Total assets stood at SR246.1bn at the end of June 30, 2019 as compared to SR215.5bn at the end of June 30, 2018. Loans and advances portfolio stood at SR161.3bn (+11.8% YoY), while customer deposits stood at SR176.5bn (+15.1% YoY) at the end of June 30, 2019. (Tadawul)
- **UAB posts net profit of AED14.1mn in 2Q2019** – United Arab Bank (UAB) recorded net profit of AED14.1mn in 2Q2019 as compared to AED44.6mn. Net operating income came in at AED52.6mn in 2Q2019 as compared to AED82.9mn. Net interest income fell to AED100.2mn in 2Q2019 from AED124.5mn in 2Q2018. Total assets stood at AED19.6bn at the end of June 30, 2019 as compared to AED20.2bn at the end of June 30, 2018. Loans and advances stood at AED12.4bn, while customers' deposits stood at AED12.9bn at the end of June 30, 2019. (ADX)
- **Abu Dhabi creates \$163.4mn fund for 'mega-events'** – Abu Dhabi launched a new \$163.4mn 'mega events' fund to finance potential global entertainment partners as part of its strategy to boost tourism and diversify the economy away from oil. The capital of the UAE is already spending billions of Dollars on industry, tourism and infrastructure to move away from oil dependence, however, remains far behind nearby Dubai in attracting visitors. "This initiative will work to attract the best entertainment and business event organizers from across the world to consider Abu Dhabi as a place to invest their time and efforts," Under-Secretary of the Department of Culture and Tourism, Saif Saeed Ghobash said. The fund is part of a wide-ranging AED50bn investment and reform initiative known as Ghadan 21. (Reuters)
- **Singapore's GIC to buy 6% stake in ADNOC oil pipeline for \$600mn** – Abu Dhabi National Oil Co. (ADNOC) enters follow-on agreement through which Singapore's GIC will buy a 6% stake in a newly formed entity ADNOC Oil Pipelines for \$600mn, the company stated. GIC will invest \$600mn in select ADNOC crude pipeline infrastructure, following BlackRock,

KKR and the Abu Dhabi Retirement Pensions and Benefits Fund (ADRPBF). GIC takes combined lease-based investment to \$4.9bn. The deal is expected to close before the end of 2019. (Bloomberg)

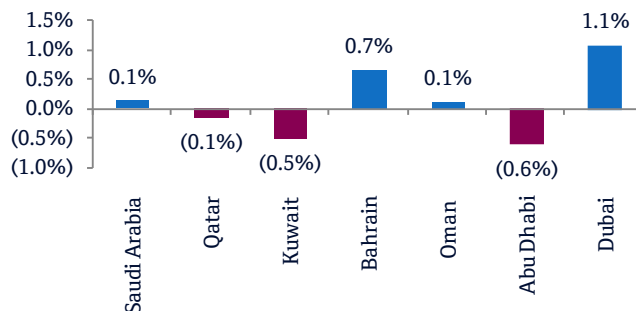
- **Oman to delay VAT to 2021 amid sluggish growth** – Oman plans to introduce value-added tax in 2021, it stated in a document, further delaying a fiscal consolidation measure that economists say could be politically sensitive at a time of sluggish growth and high unemployment. All six Gulf Arab states agreed to introduce 5% VAT in 2018 after a slump in oil prices hit their revenues, however, Oman, whose financial position is the weakest of the six, delayed its tax to 2019. Moody's, Fitch and S&P Global Ratings have stated that they expect Oman, rated junk by all three major rating agencies, to introduce VAT in 2020. In a bond prospectus distributed to investors earlier this month, which was seen by Reuters, Oman stated the government would increase its revenue base by introducing VAT, "which is expected to be implemented in 2021". The delay is a setback for Oman, which the International Monetary Fund (IMF) this month stated should work harder on fiscal reforms, including expediting VAT and measures to adjust government expenditure. "The focus of Oman has been very much on supporting growth, but they have been very cautious in implementing fiscal reforms to avoid social discontent – unemployment is still high," Chief Economist at Abu Dhabi Commercial Bank, Monica Malik said. (Reuters)
- **Bahrain's June M1 money supply rises 5.8% YoY** – Central Bank of Bahrain published data on monetary aggregates for June, which showed that the M1 money supply rose 5.8% YoY, the M2 money supply rose 11.3% YoY and the M3 money supply rose 9.2% YoY. (Bloomberg)

Rebased Performance



Source: Bloomberg

Daily Index Performance



Source: Bloomberg

Asset/Currency Performance	Close (\$)	1D%	WTD%	YTD%
Gold/Ounce	1,430.89	0.3	0.9	11.6
Silver/Ounce	16.57	0.7	1.1	6.9
Crude Oil (Brent)/Barrel (FM Future)	64.72	1.6	2.0	20.3
Crude Oil (WTI)/Barrel (FM Future)	58.05	2.1	3.3	27.8
Natural Gas (Henry Hub)/MMBtu	2.22	(0.4)	(1.8)	(30.4)
LPG Propane (Arab Gulf)/Ton	49.38	1.0	1.5	(22.9)
LPG Butane (Arab Gulf)/Ton	50.75	3.0	4.1	(27.0)
Euro	1.12	0.1	0.2	(2.7)
Yen	108.61	(0.2)	(0.1)	(1.0)
GBP	1.22	(0.5)	(1.9)	(4.7)
CHF	1.01	0.1	0.3	(0.9)
AUD	0.69	(0.4)	(0.6)	(2.5)
USD Index	98.05	0.0	0.0	2.0
RUB	63.51	0.1	0.2	(8.9)
BRL	0.26	(0.2)	(0.3)	2.4

Source: Bloomberg

Global Indices Performance	Close	1D%*	WTD%*	YTD%*
MSCI World Index	2,203.40	(0.4)	(0.6)	17.0
DJ Industrial	27,198.02	(0.1)	0.0	16.6
S&P 500	3,013.18	(0.3)	(0.4)	20.2
NASDAQ 100	8,273.61	(0.2)	(0.7)	24.7
STOXX 600	385.11	(1.4)	(1.2)	11.1
DAX	12,147.24	(2.1)	(1.9)	12.1
FTSE 100	7,646.77	(0.9)	(0.5)	8.5
CAC 40	5,511.07	(1.5)	(1.5)	13.4
Nikkei	21,709.31	0.6	0.3	10.3
MSCI EM	1,043.14	(0.2)	(0.5)	8.0
SHANGHAI SE Composite	2,952.34	0.5	0.2	18.3
HANG SENG	28,146.50	0.1	(0.9)	9.0
BSE SENSEX	37,397.24	(1.0)	(1.3)	4.9
Bovespa	102,932.80	(0.5)	(0.5)	19.7
RTS	1,352.89	(0.1)	0.3	26.6

Source: Bloomberg (*\$ adjusted returns)

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