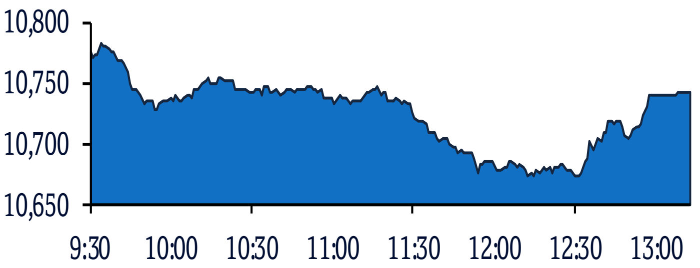
Daily Market Report

Sunday, 20 June 2021

QSE Intra-Day Movement



Qatar Commentary

The QE Index declined 0.4% to close at 10,743.5. Losses were led by the Telecoms and Banks & Financial Services indices, falling 1.3% and 0.7%, respectively. Top losers were Al Khaleej Takaful Insurance Co. and Qatar Islamic Insurance Company, falling 2.6% and 2.4%, respectively. Among the top gainers, Investment Holding Group gained 2.3%, while Qatar Cinema & Film Distribution was up 2.2%.

GCC Commentary

Saudi Arabia: The TASI Index fell marginally to close at 10,853.1. Losses were led by the Media & Entertainment and Health Care Equipment & Svc indices, falling 2.0% and 1.3%, respectively. Taleem REIT Fund declined 3.6%, while Salama Cooperative Insurance Co. was down 2.9%.

Dubai: The DFM Index gained 0.8% to close at 2,862.7. The Investment & Financial Services and Banks indices rose 1.3% each. International Financial Advisors rose 14.8%, while Al Salam Sudan was up 6.1%.

Abu Dhabi: The ADX General Index fell 0.8% to close at 6,646.8. The Banks index declined 1.6%, while the Industrial index fell 1.3%. Gulf Cement Co. declined 9.0%, while ESG Emirates Stallions Group was down 6.0%.

Kuwait: The Kuwait All Share Index gained 0.2% to close at 6,393.5. The Consumer Services index rose 1.1%, while the Technology index gained 0.9%. Kuwait Syrian Holding Co. rose 10.8%, while Hayat Communications was up 5.6%.

Oman: The MSM 30 Index gained 0.2% to close at 4,077.9. Gains were led by the Industrial and Financial indices, rising 0.5% and 0.4%, respectively. Oman Qatar Insurance rose 9.9%, while Arabia Falcon Insurance Company was up 9.5%.

Bahrain: The BHB Index fell marginally to close at 1,562.4. The Industrial index declined 0.5%, while the Commercial Banks index fell marginally. Al Salam Bank - Bahrain declined 1.5%, while Aluminium Bahrain was down 0.5%.

Market Indicators	17 Jun 21	16 Jun 21	%Chg.
Value Traded (QR mn)	922.5	416.7	121.4
Exch. Market Cap. (QR mn)	623,866.5	627,074.7	(0.5)
Volume (mn)	218.6	154.2	41.8
Number of Transactions	12,542	10,202	22.9
Companies Traded	45	47	(4.3)
Market Breadth	15:26	16:27	–

Market Indices	Close	1D%	WTD%	YTD%	TTM P/E
Total Return	21,267.31	(0.4)	0.2	6.0	18.2
All Share Index	3,408.97	(0.4)	0.1	6.5	18.9
Banks	4,481.83	(0.7)	(0.4)	5.5	15.6
Industrials	3,608.79	0.2	1.7	16.5	27.7
Transportation	3,361.25	0.0	0.1	1.9	21.6
Real Estate	1,828.24	(0.6)	(1.7)	(5.2)	17.3
Insurance	2,639.42	(0.4)	0.8	10.2	23.6
Telecoms	1,033.32	(1.3)	(2.1)	2.2	27.4
Consumer	8,233.49	0.6	0.3	1.1	28.8
Al Rayan Islamic Index	4,587.07	(0.1)	(0.1)	7.4	19.7

GCC Top Gainers##	Exchange	Close#	1D%	Vol. '000	YTD%
Banque Saudi Fransi	Saudi Arabia	38.40	3.8	1,939.4	21.5
Bupa Arabia for Coop. Ins	Saudi Arabia	129.80	3.5	564.9	6.2
Saudi British Bank	Saudi Arabia	32.50	2.5	3,231.8	31.5
Emaar Economic City	Saudi Arabia	11.94	2.1	14,832.7	29.6
Gulf Bank	Kuwait	0.25	2.0	16,468.2	14.2

GCC Top Losers##	Exchange	Close#	1D%	Vol. '000	YTD%
Dr Sulaiman Al Habib	Saudi Arabia	163.20	(2.9)	569.8	49.7
Abu Dhabi Comm. Bank	Abu Dhabi	6.90	(2.7)	38,429.3	11.3
Yanbu National Petro. Co.	Saudi Arabia	70.10	(2.6)	1,389.6	9.7
BinDawood Holding Co	Saudi Arabia	110.60	(2.3)	1,881.8	(7.1)
Mouwasat Medical Serv.	Saudi Arabia	181.00	(2.2)	217.6	31.2

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%
Investment Holding Group	1.05	2.3	30,812.1	75.8
Qatar Cinema & Film Distribution	4.00	2.2	4.9	0.2
Qatar Electricity & Water Co.	16.76	1.4	2,003.9	(6.1)
Qatar Fuel Company	18.00	1.2	1,766.0	(3.6)
Al Meera Consumer Goods Co.	19.20	1.0	155.1	(7.3)

QSE Top Losers	Close*	1D%	Vol. '000	YTD%
Al Khaleej Takaful Insurance Co.	4.61	(2.6)	2,497.3	142.9
Qatar Islamic Insurance Company	7.80	(2.4)	3.8	13.0
Ooredoo	6.86	(2.1)	3,766.2	(8.8)
QLM Life and Medical Insurance	4.91	(2.0)	76.6	0.0
INMA Holding	5.14	(1.8)	836.0	0.5

QSE Top Volume Trades	Close*	1D%	Vol. '000	YTD%
Investment Holding Group	1.05	2.3	30,812.1	75.8
Salam International Inv. Ltd.	1.01	0.0	27,793.7	54.8
Industries Qatar	13.30	0.2	23,182.5	22.4
Qatar Aluminum Manufacturing Co	1.55	(0.3)	17,910.6	59.9
Mesaieed Petrochemical Holding	1.88	(1.1)	11,000.0	(8.0)

QSE Top Value Trades	Close*	1D%	Val. '000	YTD%
Industries Qatar	13.30	0.2	307,126.6	22.4
QNB Group	17.80	(0.9)	140,990.5	(0.2)
Qatar Islamic Bank	17.05	(1.2)	47,350.2	(0.4)
Qatar Electricity & Water Co.	16.76	1.4	33,429.7	(6.1)
Investment Holding Group	1.05	2.3	31,803.9	75.8

Source: Bloomberg (* in QR)

Regional Indices	Close	1D%	WTD%	MTD%	YTD%	Exch. Val. Traded ($ mn)	Exchange Mkt. Cap. ($ mn)	P/E**	P/B**	Dividend Yield
Qatar*	10,743.45	(0.4)	0.2	(0.0)	2.9	252.20	168,631.1	18.2	1.6	2.7
Dubai	2,862.66	0.8	0.7	2.3	14.9	70.90	107,120.6	21.7	1.0	2.8
Abu Dhabi	6,646.83	(0.8)	(1.0)	1.3	31.7	809.33	258,058.9	22.3	1.9	3.7
Saudi Arabia	10,853.12	(0.0)	0.5	2.9	24.9	3,764.29	2,590,133.9	35.6	2.4	1.9
Kuwait	6,393.51	0.2	1.4	2.9	15.3	233.17	121,312.6	40.7	1.6	2.0
Oman	4,077.87	0.2	1.2	5.8	11.5	13.22	18,373.7	14.3	0.8	3.8
Bahrain	1,562.44	(0.0)	1.1	2.3	4.9	1.60	24,071.0	26.8	1.0	2.1

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 declined 0.4% to close at 10,743.5. The Telecoms and Banks & Financial Services indices led the losses. The index fell on the back of selling pressure from Arab and foreign shareholders despite buying support from Qatari and GCC shareholders.
- Al Khaleej Takaful Insurance Co. and Qatar Islamic Insurance Company were the top losers, falling 2.6% and 2.4%, respectively. Among the top gainers, Investment Holding Group gained 2.3%, while Qatar Cinema & Film Distribution was up 2.2%.
- Volume of shares traded on Thursday rose by 41.8% to 218.6mn from 154.2mn on Wednesday. Further, as compared to the 30-day moving average of 196.1mn, volume for the day was 11.5% higher. Investment Holding Group and Salam International Inv. Ltd. were the most active stocks, contributing 14.1% and 12.7% to the total volume, respectively.

Overall Activity	Buy %*	Sell %*	Net (QR)
Qatari Individuals	20.49%	16.38%	37,896,680.0
Qatari Institutions	22.47%	14.72%	71,467,091.1
Qatari	**42.96%**	**31.10%**	**109,363,771.1**
GCC Individuals	0.57%	0.17%	3,738,500.7
GCC Institutions	1.91%	0.51%	12,922,863.6
GCC	**2.49%**	**0.68%**	**16,661,364.3**
Arab Individuals	5.92%	5.97%	(454,895.4)
Arab Institutions	0.00%	0.00%	–
Arab	**5.92%**	**5.97%**	**(454,895.4)**
Foreigners Individuals	1.79%	1.44%	3,165,780.7
Foreigners Institutions	46.85%	60.81%	(128,736,020.7)
Foreigners	**48.64%**	**62.25%**	**(125,570,240.0)**

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
06/17	US	Department of Labor	Initial Jobless Claims	12-Jun	412k	360k	375k
06/17	US	Department of Labor	Continuing Claims	05-Jun	3,518k	3,425k	3,517k
06/17	EU	Eurostat	CPI YoY	May	2.0%	2.0%	2.0%
06/17	EU	Eurostat	CPI MoM	May	0.3%	0.3%	0.3%
06/18	Germany	German Federal Statistical Office	PPI MoM	May	1.5%	0.7%	0.8%
06/18	Germany	German Federal Statistical Office	PPI YoY	May	7.2%	6.4%	5.2%
06/18	Japan	Ministry of Internal Affairs and Communications	Natl CPI YoY	May	-0.1%	-0.2%	-0.4%

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 2Q2021 results	No. of days remaining	Status
DHBK	Doha Bank	27-Jul-21	37	Due

Source: QSE

News

Qatar

- **Ahmed Al-Jarboey appointed as Chief Operating Officer QATI, Qatar Operations –** Qatar Insurance Company (QATI) has appointed Ahmed Al-Jarboey as Chief Operating Officer, QATI, Qatar Operations. Al-Jarboey has a bachelor's degree in Business Administration from a reputable university in the UK. He joined the company in 2006 and over the course of these years, has gained experiences that crystallized from an employee in retail department, to a leading position as Chief Operating Officer of Qatar Operations. His new appointment comes within the framework of the group's strategy, which aims to enable qualified and trained Qatari professionals working in the insurance sector. (Gulf-Times.com)
- **Ooredoo participates in Telecoms World Middle East conference –** Ooredoo was recently invited to take part in a keynote panel discussion on the Internet of Things (IoT) at the Telecoms World Middle East conference. IoT at Ooredoo, Assistant Director, Fuencisla Merino joined panelists from Vodafone Qatar, Mobily and CSG as they discussed how IoT is gaining momentum with the advance of 5G, allowing realization of its full potential. Topics covered included the global vision of IoT – including the 5G enhancements required for this vision, such as network slicing, non-public networks and 5G core – and how IoT use cases are transforming industries and connectivity, creating groundbreaking possibilities in digitizing key verticals. The panel also shared thoughts on handling mammoth data volumes with cloud computing, artificial intelligence and edge computing, and how 5G provides significantly faster data throughput and low-latency communication, supporting machine-type communications without any human interaction. (Gulf-Times.com)
- **Baladna named Dadu founding family member –** Dadu, the Children's Museum of Qatar, has announced that Baladna – Qatar's leading and largest dairy producer – as a founding family member of its initiative. The museum, the first publicly-funded national entity, aims to provide innovative child development settings and resources to support children, families and educators to thrive and contribute to a sustainable future. (Gulf-Times.com)

- **Mekdam Holding set to be listed on QSE junior bourse –** Mekdam Holding Group – which operates through its subsidiaries in the technology, security and maintenance sectors – will soon become the second entity to get listed on the junior bourse of the Qatar Stock Exchange (QSE). "The Qatar Financial Market Authority approved the listing of Mekdam Group after completing the procedures of converting to a public joint stock company," QSE chief executive Rashid bin Ali Al-Mansoori said in a tweet. The company, which was assigned 'gcBBB-' Gulf regional rating by Standard & Poor's in March this year, will be included in the market for small and medium enterprises, or the venture market (QEVM). The listing of Mekdam Group, whose subsidiaries are Mekdam Technology, Mekdam Technical Services and Mekdam Cams, comes after Al Faleh Educational Holding Company got listed on the QEVM last month. The group has generated revenues of QR168.7mn and EBITDA or earnings before interest, taxes, depreciation and amortization of QR26.8mn in 2020 (as per S&P calculations). Mekdam Technology accounted for 55% of 2020 group revenue and 42% of EBITDA; Mekdam Technical Services (28% and 24%) and Mekdam Cams (8% and 28%). "The company benefits from strong partnerships with international solution providers, good cash flow visibility, and a relatively flexible cost structure," S&P said, expecting the group's flexible cost structure, with 70%-75% comprising variable costs, and continued top-line growth to support stable margins. (Gulf-Times.com)
- **Mwani Qatar: Hamad Port planning multiple terminals to expand capacity –** Hamad Port, which has set a new record in container volume for the fourth straight year in a row with transshipment volumes surging 19.6% in 2020, is planning multiple terminals to expand container handling capacity as it seeks to play a "more significant" role in the country's economy, according to Mwani Qatar. Moreover, with direct services now connecting to Qatar, the global shipping industry has shown confidence in the country's commitment to develop its ports and have a leading presence in the region, Mwani Qatar said in its 2020 annual report, which was released on Thursday. "We expect that this recovery will contribute to reducing the impact of the pandemic on the maritime transport sector in the coming years and support the return of the sector's growth to its previous levels," Mwani Qatar said. Mwani Qatar said it is optimistic about this year in the light of expectations of the global economy recovering from the impact of the COVID-19 pandemic. Hamad Port is currently handling more than 24 direct services of all the major global shipping lines every week. These direct mainline services have opened various new trade routes and opportunities to bolster the growth of trade and industry in Qatar. "Multiple container terminals at Hamad Port have been planned to facilitate the expansion of container handling capacity, commensurate with the growing traffic of cargo demand," the report said, expressing that it looks forward to playing an "even more significant" part in supporting the prosperity of Qatar in 2021 and beyond. A key change within the Hamad Port this year was the initial operations of the container terminal 2 (CT2), which is poised to enhance Qatar's competitiveness regionally and globally. (Gulf-Times.com)
- **Qatar Petroleum wins two offshore exploration blocks in Suriname –** A consortium including Qatar Petroleum has been awarded two offshore blocks in Suriname, under Production Sharing Contracts as part of the recent Suriname offshore bid round. The winning bids in the competitive round were announced by Suriname's State Oil Company, Staatsolie. A consortium comprising of Qatar Petroleum (20%), TotalEnergies (Operator - 40%) and Staatsolie (40%) were awarded the right to explore shallow water blocks 6 and 8, which are immediately adjacent to the prolific Block 58 discoveries. Located in the southern part of offshore Suriname, close to the border with Guyana, the adjacent blocks 6 and 8 lie immediately south of block 58 in shallow waters, with depths ranging between 30 and 65 meters. The two blocks cover a combined area of approximately 2,750 square kilometers. (Peninsula Qatar)
- **Fitch Affirms Qatar at 'AA-'; Outlook Stable –** Fitch Ratings has affirmed Qatar's long-term foreign-currency issuer default rating at 'AA-' with a stable outlook, according to a statement. "Qatar's 'AA-' ratings are supported by large sovereign net foreign assets, one of the world's highest ratios of GDP per capita, a flexible public finance structure and a favorable outlook for debt reduction," Fitch says. Estimates that Qatar's general government budget was in balance in 2020, including the estimated investment income on government external assets. Spending cuts partly offset lower revenues, with total budget spending down by 12.5%, driven by capex cutbacks, Fitch says. Sees 2021 budget to return to surplus, at close to 3% of GDP, owing to higher oil prices and ongoing spending restraint even as some postponed capex projects restart. (Bloomberg)
- **Qatar's Industrial Production Index increases 1.7% in April –** Qatar's Industrial Production index (IPI) for April 2021 stood at 99.8 points, showing a marginal decrease of 0.9% compared to the previous month (March 2021). When compared on YoY basis, the IPI index has increased by 1.7% compared to the corresponding month in 2020, data released by the Planning and Statistics Authority (PSA) show. The Mining sector showed a decrease by 0.4% compared to the previous month, as a result of the decrease in the quantities of "crude oil petroleum and natural gas" by 0.4%, while "Other mining and quarrying" showed an increase by 0.4%. When compared to the corresponding month of the previous year (April 2020), the IPI of Mining increased by 2.6%. The index of Manufacturing sector showed a decrease of 3.2% recorded in April 2021 compared to the previous month (March 2021), which refer to decrease in the following groups: "Printing and reproduction of recorded media" by 14.1%, followed by "Manufacture of Cement and other non-metallic mineral products" by 10.6%, "Manufacture of food products" by 7.9%, "Manufacture of chemicals and chemical products" by 6.3%, "Manufacture of beverages" by 4.0%, and "Manufacture of basic metals" by 2.5%. However, an increase was recorded in two groups: "Manufacture of refined petroleum products" by 15.6% and "Manufacture of rubber and plastics products" by 0.8%. In terms of annual change, comparing to April 2020, a decrease of 1.4% was recorded, affected by the following groups: "Manufacture of food products" by 17.4%, "Manufacture of beverages" by 11.7%, and "Manufacture of chemicals and chemical products" by 9.5%. However, an increase was recorded in "Manufacture of Cement & other non-metallic mineral products" by 41.4%, "Manufacture of basic metals" by 23.8%, "Manufacture of rubber and plastics products" by 16.2%, and "Manufacture of refined petroleum products" by 8.7%. There was no production for "Printing and reproduction of recorded media" in April 2020 in adherence to the procedures taken to prevent the spread of the COVID-19. Meanwhile, the index also showed an increase of 4.9% in the production of 'Electricity' group between April 2021 and the previous month (March 2021), while no change was noticed when compared with the index of the corresponding month last year (April 2020). (Peninsula Qatar)
- **Boost to retail, F&B sectors as Covid-19 restrictions further eased –** The start of the second phase of Qatar's gradual lifting of Covid-19 restrictions yesterday served as a fillip to the retail and food & beverage (F&B) sectors as a large number of families and children spent their weekend at malls and shopping centers. The windfall is expected to continue for shops and

boutiques, as well as restaurants and coffee shops, today as more people are expected to visit such places because it is the weekend. And, with the summer holidays coming up, the malls and retail outlets there can expect more young visitors in the days to come. This comes after the Cabinet announced that children under 12 can now enter malls and markets, further easing Covid-19 restrictions in the country, according to a Qatar News Agency report. (Gulf-Times.com)

- **Al-Sharqi: Qatar's PPP Law to provide greater support to private sector, foreign investments –** Qatar's PPP Law would significantly contribute to accelerating the country's massive infrastructure development and providing greater support for private sector and foreign investments, noted Qatar Chamber General Manager Saleh bin Hamad Al-Sharqi. The law paves the way for the launch of several investment projects in Qatar in various sectors including healthcare, sports, tourism, and education, Al-Sharqi said in an interview with 'The Business Year: Qatar 2021'. The partnership between public and private sectors will help in fostering Qatar's position as a leading international center for business and investments, as well as supporting the implementation of projects connected to the Qatar's 2030 Vision and the 2022 World Cup, Al-Sharqi said. According to Al-Sharqi, the "involvement of the private sector in PPP projects will be greater in the upcoming period, especially that the private sector enjoys substantial support from the wise leadership and the Qatari government." He said the law enables benefiting from the private sector's administrative and technical competencies and financing capabilities in joint projects with the public sector. (Gulf-Times.com)
- **Qatar ranks 17 in World Competitiveness Yearbook –** Qatar ranked 17 in The World Competitiveness Yearbook 2021 — which is published annually by the International Institute for Management Development (IMD) in Switzerland — out of 64 countries, mostly high developed countries. The ranking was based on national statistics provided to IMD as well as the result of surveying a sample businesses manager who provided their views of Qatar's economy competitive climate. Areas, where Qatar ranked highly in the report, included economic performance (ranked 11), government efficiency (ranked 6) and business efficiency (ranked 15). Moreover, Qatar has maintained its ranking at (40) for infrastructure. Qatar's rank has been positively influenced by many factors including strong economic performance as represented by, Qatar's low unemployment rate (ranked first), consumer price inflation (ranked first), high percentages of government budget surplus/deficit (ranked first) and gross fixed capital formation (ranked second), Central Bank policy (ranked second), transparency (ranked third), entrepreneurship (ranked third), whereby other factors had negatively influenced the rank as start-up procedures (ranked 54), export concentration by product (ranked 63), renewable energies (ranked 64). (Gulf-Times.com)
- **Qatar expects $20bn boost from World Cup –** Qatar is anticipating big returns from hosting the World Cup in 2022, Bloomberg has reported. "We anticipate the contribution to the economy essentially would be around about $20bn," said Hassan Al Thawadi, Secretary-General of the Supreme Committee for Delivery and Legacy that's building the infrastructure behind the 2022 World Cup. The sum is equivalent to about 11% of the country's gross domestic product in 2019. The analysis is the result of "a very high-level study," he said, adding that more detailed projections won't be known until after the event takes place in November and December of 2022. However, the construction and tourism industries are expected to be top beneficiaries, Thawadi said in an interview that will air in full during next week's Qatar Economic Forum. Qatar is trying to use the tournament to showcase its rapid expansion. Stadium construction accounts for a small fraction of the infrastructure spending that it's undertaking ahead of the event; other projects include a metro system, an airport expansion, and the construction of a new city. Bloomberg Intelligence pegs the total value of all these building plans at $300bn. The Ministry of Commerce and Industry, Investment Promotion Agency Qatar and Media City Qatar are underwriters of the Qatar Economic Forum, Powered by Bloomberg. (Qatar Tribune)
- **Amir swears in Minister of Justice, Attorney-General –** The Amir HH Sheikh Tamim bin Hamad Al Thani issued Amiri Order No. 2 of 2021, reshuffling the Cabinet. The Order stipulates that H E Masoud bin Mohammed Al Ameri shall be appointed as the Minister of Justice. The Order also stipulates that H E Minister of Municipality and Environment Abdullah bin Abdulaziz bin Turki Al Subaie shall be entrusted with carrying out the duties of Minister of State for Cabinet Affairs and his duties post. Also, HH the Amir issued yesterday Amiri Order No. 3 of 2021, appointing H E Dr. Issa bin Saad Al Jafali Al Nuaimi as Attorney-General. The Amiri Orders annulled all provisions contravening its rules. The Amiri Orders shall be effective starting from its date of issue and published in the official gazette. (Peninsula Qatar)
- **Amir to give opening speech –** His Highness the Amir Sheikh Tamim bin Hamad al-Thani will deliver the opening speech at the "Qatar Economic Forum, powered by Bloomberg" which will take place on Monday, June 21, under the patronage of His Highness. Global government leaders participating in the inaugural virtual event include Nana Akufo-Addo, President of the Republic of Ghana; Boris Johnson, Prime Minister of the United Kingdom of Great Britain and Northern Ireland; Paul Kagame, President, The Republic of Rwanda; Cyril Ramaphosa, President, The Republic of South Africa; Macky Sall, President, The Republic of Senegal; Armen Sarkissian, President, The Republic of Armenia, in addition, to more than 100 speakers from around the world. The event, which will take place during June 21-23, welcomes a global delegation of more than 2,000 government leaders, chief executives, influential voices and decision-makers in the fields of finance, economics, investment, technology, energy, education, sports and climate in an eff ort to identify opportunities, present solutions and rethink the global economic landscape through the lens of the Middle East. (Gulf-Times.com)
- **PM: Labor reforms motivated by Qatari culture and Islamic principles –** HE the Prime Minister and Minister of Interior Sheikh Khalid bin Khalifa bin Abdulaziz Al-Thani has affirmed the keenness of His Highness the Amir Sheikh Tamim bin Hamad Al-Thani to hold the Shura Council elections, according to the constitution that was submitted to a referendum and according to fair and transparent procedures to strengthen the Qatari Shura traditions and develop the legislation process and enhance citizen participation. HE the Prime Minister noted what was stated in the speech of His Highness the Amir on the 3rd of November last year during the opening of the 49th session of the Shura Council, in which His Highness the Amir affirmed that "the preparations for the Shura Council elections have almost reached their conclusion, and will take place in October". (Gulf-Times.com)
- **LNG Tender: Qatar offers $11.97 for July cargo to Pakistan –** Qatar Petroleum offers for a cargo to be delivered July 7-9, traders with knowledge of the matter said. Trafigura offered $19.7464 for a separate July 11-13 delivery cargo. Note: Pakistan LNG sought to buy two cargoes delivered on a DES basis to Port Qasim in Pakistan; bids due June 18. (Bloomberg)
- **Oil Tender: PTT buys Qatar Marine, Banoco Arab Medium for August –** Thai company bought at least a cargo each of

Qatar Marine and Banoco Arab Medium crude for August loading on behalf of IRPC, said traders who asked not to be identified. Cargo size 500k barrels. (Bloomberg)

- **Oil Tender: Fuji oil seeks Qatar land, Murban for August loading –** Fuji Oil sought to buy Qatar Land and Murban crude for August 1-31 loading, said traders who asked not to be identified. Company is seeking 500k barrels of Qatar Land, alongside 500k-1m barrels of Murban. Shipments to be discharged in Chiba, Japan. Offers due 3pm Singapore time on June 17. (Bloomberg)
- **HSBC's expat account offers unique features on single, secure platform –** HSBC's expat account offers international customers with multiple accounts in different countries the unique option to access their accounts on one single and secure platform. "We have seen an increase in requests from our Premier and Advance customers to open accounts in our offshore centers over the past year," said Omar Al-Ansari, Head of Wealth and Personal Banking in Qatar. "Our unique internet banking platform offers customers access to all their accounts on one single and very secure platform," Omar added. The Global View and Global Transfers feature allows Premier and Advance customers to instantly transfer money from one account to the other in over twenty-five different currencies and to twenty-five countries and regions. "The account options offer internationally mobile customers easy access and full control of their finances from one location," said Omar. "We have seen the disruption in people's ability to travel over the past year and the fact that they could access their money from the comfort of one location gave many customers control over the funds and ease of mind in the safety of their wealth." (Peninsula Qatar)
- **2021 Arab Cup to show Qatar's capabilities to host major tournaments –** "Lusail Stadium is the main stadium that will witness the final match of the World Cup on December 18, 2022, and it is 90 percent ready," the PM said. The PM stressed that the 2021 Arab Cup next December will showcase Qatar's capabilities in hosting major tournaments a year before the start of the 2022 FIFA World Cup Qatar. It will also reflect the efficiency and readiness of the infrastructure and World Cup facilities. "The infrastructure for the World Cup is ready in all respects and at the highest levels, including a transportation network and various services, including accommodation and health care. In general, things are going well and according to the plan," the PM noted. (Qatar Tribune)
- **Dr Al-Khal: Covid-19 third wave not expected in Qatar –** A third wave of Covid-19 is not expected in Qatar as the vaccines used in the country provide high levels of protection and are among the best in the world, stated Dr Abdullatif al-Khal, chair of the National Strategic Group on Covid-19 and head of the Infectious Diseases Division at Hamad Medical Corporation. (Gulf-times.com)

International

- **US labor market healing despite unexpected rise in weekly jobless claims –** The number of Americans filing new claims for unemployment benefits increased last week for the first time in 1-1/2 months, but layoffs are easing amid a reopening economy and a shortage of people willing to work. While other data on Thursday showed factory activity in the mid-Atlantic region continuing to grow at a steady pace in June, a measure of future production surged to its highest level in nearly 30 years. Factories in the region that covers eastern Pennsylvania, southern New Jersey and Delaware also reported stepping up hiring, which bodes well for job growth this month. The scarcity of labor is a hurdle to faster employment growth. The Federal Reserve on Wednesday held its benchmark short-term interest rate near zero and said it would continue to inject money into the economy through monthly bond purchases. The US central bank brought forward its projections for the first post-pandemic interest rate hikes into 2023 from 2024. Initial claims for state unemployment benefits rose 37,000 to a seasonally adjusted 412,000 for the week ended June 12, the Labor Department said. That was the first increase since late April. Economists polled by Reuters had forecast 359,000 applications for the latest week (Reuters)
- **Fed is about to shift gears, but this time it may be different –** Federal Reserve officials, increasingly confident the US economy is recovering fast from the pandemic-induced recession, have begun telegraphing an exit from the central bank's extraordinarily easy monetary policy that so far is smoother and signaled to be speedier than when the reins were tightened after the last crisis. Though policymakers have yet to agree on a plan, most expect that by the end of 2023 they will have raised the Fed's benchmark short-term interest rate at least twice from the current near-zero level, forecasts published by the central bank on Wednesday show. Eight of the 18 policymakers see at least three rate hikes by then. And though the Fed made no forecasts about its $120bn monthly bond-buying program - which, along with rock-bottom interest rates, is keeping borrowing costs low and supporting economic growth - policymakers have said they will phase out the program before they begin raising rates. Following the 2007-2009 financial crisis and recession, it was a full two years from the formal announcement in December 2013 of the bond-buying taper to the first interest rate increase. The taper wrapped up in 10 months and left a still-wobbly economy more than a year to prepare for higher borrowing costs. It was another full year between the first and second rate hikes. This time, the Fed is most likely to launch the taper in January, according to a Reuters poll. Getting two rate hikes in by the end of 2023, as the forecasts showed on Tuesday, would substantially shorten the runway for the handoff from the taper to a rates liftoff, and the rate increases also are projected to come more quickly. (Reuters)
- **Fed's Kashkari opposed to rate hikes at least through 2023 –** Minneapolis Federal Reserve President Neel Kashkari said on Friday he wants to keep the US central bank's benchmark short-term interest rate near zero at least through the end of 2023 to allow the labor market to return to its pre-pandemic strength. "The vast majority of Americans want to work, and I am not ready to write them off – and I want to give them the chance to work," Kashkari told Reuters in his first public comments since the end of the Fed's policy meeting earlier this week. "As long as inflation expectations remain anchored ... let's be patient and let's really achieve maximum employment." Kashkari's remarks show he's in a decided minority in an increasingly hawkish Fed, which on Wednesday wrapped up a two-day meeting with an unexpected result: with inflation on the rise, most Fed policymakers now see a case for starting interest rate hikes sooner. Just three months earlier the clear majority of policymakers favored no change to the current level of borrowing costs; on Wednesday, the central bank's quarterly summary of economic projections (SEP) showed 11 of 18 Fed policymakers penciling in at least two quarter-percentage-point rate increases by the end of 2023. "I still have no hikes in the SEP forecast horizon because I think it's going to take time for us really to really achieve maximum employment, and I do believe that these higher inflation readings are going to be transitory," Kashkari said in an interview with Reuters. In the interview, Kashkari said he believes higher prices are being driven by a reopening economy and will subside as supply constraints recede. With employment still short of its pre-pandemic level by at least 7mn jobs, he said, "the labor market

is still in a deep hole," adding that he believes full employment means a return to at least pre-pandemic labor market strength, if not beyond. (Reuters)

- **Fed reverse repo volume soars to another record after rate adjustment –** The Federal Reserve's reverse repurchase window attracted a record $755.8bn in cash on Thursday, as financial institutions continued to flood the facility with liquidity in exchange for Treasury collateral. The surge in cash came despite the Fed on Wednesday, at the end of its two-day policy meeting, making a technical adjustment to the interest rates it manages, aimed at keeping its key overnight benchmark interest rate from falling too low. The Fed raised the interest rate it pays banks on reserves (IOER) held at the US central bank to 0.15% and also lifted the rate it pays on overnight reverse repurchase agreements to 0.05%, a tool used to set a floor on short-term interest rates. Analysts said the increase in IOER should pull the daily fed funds rate five basis points higher and, in turn, put upward pressure on the repo, general collateral rate. The effective fed funds rate, the rate banks charge each other for overnight loans to meet reserves required by the US central bank, was still at 0.06% which might move on Friday since the IOER and reverse repo rates are effective on Thursday. But the repo GC rate rose to 0.06% on Thursday, from 0.01% the previous session. The GC repo rate corresponds to that rate of a basket of securities that are trading normally or have nothing special going on. GC securities can therefore be substituted for one another without really changing the repo rate. The IOER increase should be an incentive for financial institutions to put their money in the repo market instead of the Fed's reverse repo window. Scott Skyrm, executive vice president in fixed income and repo at Curvature Securities said the increase in the reverse repo rate would have little impact on volume, however. "When market repo rates were at 0% and the reverse repo rate was at zero, more than $500bn went into RRP," said Skyrm. "If both market repo rates and the RRP rate are 5 basis points higher, there's no reason to pull cash out of the RRP." (Reuters)
- **US home buying and refinancing boom boosted mortgage lending in 2020 –** Mortgage lending surged last year after the pandemic fueled a housing boom driven by low interest rates and the shift to work from home, according to information released Thursday by the Federal Reserve. The annual release of data under the Home Mortgage Disclosure Act also showed the share of home purchase loans given to Black borrowers rose last year and the share made to Hispanic and Asian borrowers declined slightly. Mortgage originations increased by about 5.3mn in 2020 from 2019, a rise of 67.1%. Mortgage refinancing for properties that house one to four families soared by 150% while home purchase loans increased by 6.7%. Black borrowers received 7.3% of home purchase loans in 2020, up from 7.0% in 2019. The share of loans made to Hispanic-White borrowers decreased slightly to 9.1% from 9.2%, and those made to Asian borrowers decreased to 5.5% from 5.7%. The share of home purchase loans made to low- or moderate-income borrowers increased to 30.4% from 28.6%. The report is based on data provided by 4,475 banks, credit unions and other mortgage lenders. The US housing market outperformed last year even as the broader economy was devastated by the coronavirus pandemic, which led to widespread business shutdowns and left millions of Americans unemployed. Demand for vacation homes was especially strong, driven largely by people who shifted to working remotely and virtual schooling. However, rising home prices and a limited supply of homes on the market are restraining growth and causing some forecasters to lower their projections for future home sales. (Reuters)
- **US leading indicator points to further economic recovery in May –** A gauge of future US economic activity increased for the third consecutive month in May, suggesting the economy continued to recover from the recession caused by the novel coronavirus outbreak. The Conference Board on Thursday said its index of leading economic indicators (LEI) rose 1.3% last month to 114.5, topping its previous peak reached in January 2020. That was in line with economists' expectations, according to a Reuters poll. "Strengths among the leading indicators were widespread, with initial claims for unemployment insurance making the largest positive contribution to the index; housing permits made this month's only negative contribution," said Ataman Ozyildirim, senior director of economic research at The Conference Board in Washington. The LEI's coincident index, a measure of current economic conditions, rose for the third consecutive month by 0.4% in May after increasing 0.3% in April. (Reuters)
- **Weidmann: ECB should not extend stimulus flexibility to older tools –** The European Central Bank can hopefully reduce emergency stimulus soon and should not transfer the extraordinary flexibility of its crisis-fighting measures to its more standard tools, German central bank chief Jens Weidmann told German newspaper Handelsblatt. The ECB last week decided to maintain an elevated pace of bond buys over the coming quarter, despite a stronger-than-expected rebound in growth, fearing that higher borrowing costs could choke off the recovery. But some policymakers are already making the case for a discussion in September on how and when to phase out the 1.85tn euro ($2.2tn) Pandemic Emergency Purchase Program as the bloc is quickly recovering. "With further progress in coping with the pandemic, hopefully the crisis-related special measures will soon be reduced," Weidmann told Handelsblatt. He said that by next year there should be no unusual capacity underutilization and such a situation could no longer be classified a crisis, meaning the justification for the emergency measures would be gone. "When the emergency for which the PEPP was created is over, it must be ended," Weidmann, one of the most conservative members of the 25-member Governing Council, was quoted as saying. Some policymakers argued that even if PEPP is ended next March as currently scheduled, the ECB could transfer some of its exceptional flexibility to a standing Asset Purchase Program, so it could still provide the necessary accommodation. Weidmann rejected that suggestion, arguing that the APP has a different purpose and must be kept separate. "When this exceptional situation is over, such a high degree of flexibility is no longer appropriate," he said. (Reuters)
- **ACEA: European new car sales rise 74% YoY in May –** European car registrations surged in May, rising for the third month in row, industry data showed on Thursday, as sales continued to recover from the low level reported last year when sales dropped across Europe due to coronavirus restrictions. New passenger car registrations rose by 73.7% YoY to 1,083,795 vehicles in the European Union, Britain and the countries of the European Free Trade Association (EFTA), figures from the European Automobile Manufacturers' Association (ACEA) showed. (Reuters)
- **UK retail sales dip as consumers, freed from lockdown, dine out –** British retail sales fell unexpectedly last month as a lifting of lockdown restrictions encouraged spending in restaurants rather than shops, according to official data. Retail sales fell 1.4% between April and May, the Office for National Statistics said. A Reuters poll of economists had pointed to an 1.6% month-on-month increase in retail sales volumes for May. Only three of 19 forecasts showed a fall. Food stores suffered the biggest hit, with a 5.7% drop in sales. Separately on Friday supermarket chain Tesco, Britain's biggest retailer, reported a sharp slowdown in underlying UK sales growth in its first quarter. read more "Anecdotal evidence suggests the easing of

hospitality restrictions had an impact on sales as people returned to eating and drinking at locations such as restaurants and bars," the ONS said. Most economists said the weak retail sales data was not necessarily suggestive of weaker consumer spending as the economy recovers from the COVID-19 pandemic, since hospitality businesses have reported booming trade. But Samuel Tombs, at consultancy Pantheon Macroeconomics, said more recent payment card data suggested that the surge in consumer spending could be losing steam. "Households' real disposable income looks set to fall in Q4, as the end of the furlough scheme reduces employment and inflation rises to match wage growth," he said. The rapid advance of the "delta" variant of COVID-19, despite Britain's swift roll-out of vaccines, could also crimp household spending in the weeks ahead. An end to lockdown in England that had been scheduled for Monday has been delayed for four weeks. In annual terms, retail sales were 24.6% higher than May last year, short of the median expectation for a 29.0% increase. Household good stores bucked the wider decline with month-on-month growth of 9.0%, which the ONS linked to spending on outdoor goods. Earlier this week, motoring and outdoor goods store Halfords said it had been doing a roaring trade in bicycles. (Reuters)

- **Fitch raises UK outlook on economic resilience to pandemic shock –** Rating agency Fitch raised Britain's outlook to 'stable' from 'negative' on Friday, saying macroeconomic, labor market and fiscal outturns since the start of 2021 showed the economy was more resilient to the impact of the pandemic shock. "The roll-out of the UK's coronavirus vaccination program has been rapid...which could dampen the impact of infection cases on healthcare capacity and support economic resilience to ongoing developments in the pandemic," Fitch said. Last year, the economy shrank by 9.8%, its sharpest slump in more than 300 years and the biggest fall in output of any large advanced economy. But as lockdown eased, the economic recovery picked up pace in April, with the fastest monthly growth since July leaving output a record 27.6% higher than a year earlier, when the virus was rampant. The agency affirmed its sovereign credit rating at 'AA-'. (Reuters)
- **German government bond yield falls, Fed in the background –** German bond yields edged lower on Friday, tracking moves in US borrowing costs, and analysts expect the adverse reaction of euro zone bond prices to a hawkish policy meeting of the Federal Reserve this week to prove short-lived. The US curve flattened after an initial spike in yields on Thursday, as some investors appeared to have been caught flat-footed by the Fed comments. Investors who had been betting on yield curve steepening after the Fed statements scrambled to cover those trades. The US 10-year government bond yield was down 1.5 basis points at 1.5% in early London trade. "The eurozone government market will be in a wait-and-see mode today, with an eye on US Treasury yields," said Andrea Ponti, co-head of fixed income portfolio management at Kairos Partners. "But after yesterday's bond selloff, the focus is shifting to the ECB's ultra-dovish stance, with investors not forecasting any bond-buying tapering discussion before the fall," he added. Germany's 10-year government bond yield fell 1 basis point to 0.2%. According to Unicredit analysts, "after a turbulent week, we expect the next several days to see a modest increase in US real rates, to which EGB yields should remain rather immune." Periphery bond prices continued to underperform core bonds as they have benefited most from the ultra-accommodative monetary policy to avoid the pandemic's adverse economic impact. Italy's 10-year government bond yield rose 0.5 basis point to 0.835%. "Markets still seem to be getting to terms with the new Fed reality. Curve dynamics, in particular, stand out with 10-30y US Treasuries switching from aggressive bear-flattening after the FOMC to bull-flattening during yesterday's recovery," Commerzbank told clients. Besides, the "capitulation of 10y TIPS break-evens to the lowest level since end-March amid steady real yields is leaving inflation expectations as Powell's major victim," they said, adding that they seem "misguided in the current situation." According to Deutsche Bank economist George Saravelos, this notable drop in inflation expectations "is telling us that the market is taking an extremely pessimistic view on real neutral rates". (Reuters)
- **German gas imports fall 2.8% in Jan-April, but bill rises 15.7% –** Germany imported 2.8% less natural gas in the first four months of 2021, but its bill rose by 15.7% over a year earlier, data from German trade statistics office BAFA showed. Traders of gas, power and carbon monitor gas imports because the supply and demand balance can change prices and traded volumes in all three markets. Gas statistics correlate with coal, which competes with gas in the production of electricity, while also giving clues about demand for mandatory European carbon emissions permits. BAFA's monthly figures showed Germany's January-April imports were 1,881,423 Terajoules (TJ), or 49.7bn cubic meters , compared with 1,935,661 TJ a year earlier. Importers' bills stood at 8.1bn euros ($9.65bn), versus 7.0bn in the same period in 2020. The average price paid per TJ on the border in the period was up 20% YoY at 4,314.02 euros, BAFA said. In April alone, it was 4,481.72 euros, equivalent to 1.61 cents per kilowatt hour (kWh), and up 57.8% YoY. Germany, Europe's biggest economy, mainly imports gas from Russia, Norway, the Netherlands, Britain and Denmark via pipelines. German gas stocks were at 37.3% of available storage capacity early this week, European gas infrastructure group GIE's website showed, compared with 86.4% a year ago. (Reuters)
- **Italy's Draghi: Protracted economic uncertainty makes compelling case for monetary and fiscal expansion –** Italian Prime Minister Mario Draghi on Friday said the protracted economic uncertainty due to the COVID-19 pandemic means that the case for monetary and fiscal expansion remains compelling. Draghi, a former European Central Bank chief who leads a national unity administration in Italy, told an economic forum in Barcelona that the aim should be to bring economic activity back to "at least" the trajectory it had before the pandemic. "With higher levels of activity than before, we can compensate for the rise in debt that took place during the health crisis," he said, adding investors need to be reassured that fiscal prudence will return "as soon as the recovery is self-sustained." (Reuters)
- **Japan May core CPI rises 0.1% YoY –** Japan's core consumer prices rose 0.1% in May from a year earlier, government data showed on Friday. The core consumer price index, which includes oil products but excludes fresh food prices, compared with economists' median estimate for a 0.1% annual gain. Stripping away the effect of fresh food and energy, consumer prices fell 0.2% in May from a year ago. (Reuters)
- **BOJ to launch new scheme for fighting climate change, keeps policy steady –** The Bank of Japan surprised markets on Friday by unveiling a plan to boost funding for fighting climate change, joining a growing number of central banks stepping up efforts to address its economic and financial fallout. The central bank also maintained its massive stimulus to support the economy and extended a September deadline for its pandemic-relief program, suggesting that Japan will lag well behind the US in ending crisis-mode policies. "In Japan, inflation had not reached 2% even before the pandemic. As such, we must continue with our ultra-loose monetary policy even after the pandemic subsides, in order to achieve our 2% inflation target," BOJ Governor Haruhiko Kuroda told a briefing after the policy

decision. The BOJ said it will launch the climate change scheme by the end of this year, and will release a preliminary outline of its plan at its next policy-setting meeting in July. Under the scheme, the BOJ will provide funds to financial institutions that increase loans and investment for activities aimed at combating climate change. While details have yet to be announced, the BOJ said it will be modeled after a similar program that offers cheap loans to financial institutions that boost lending in areas considered to be growth industries. read more "The BOJ probably wanted to move in tandem with the government, which recently flagged steps to promote green in its policy blueprint," said Naomi Muguruma, senior market economist at Mitsubishi UFJ Morgan Stanley Securities. "It is also jumping on the band-wagon of the rising tide among central banks towards linking monetary policy to climate change," she said. While the BOJ does not rule out buying green bonds in the future, the new scheme is better suited to address climate change in Japan where most companies rely on bank loans rather than raise funds from the market, Kuroda said. "Climate change issues could exert an extremely large impact on economic activity, prices and financial conditions from a medium- to long-term perspective," Kuroda said. "By creating this scheme, we can respond flexibly to changes in the external environment regarding climate change," he said. Japan is among the world's most disaster-prone countries with a history of big earthquakes and typhoons. It has been hugely affected by climate change, with heavy rain and floods causing many casualties almost annually. But many Japanese companies have dragged their feet on climate issues compared to their European counterparts, partly due to the country's heavy reliance on thermal and coal power energy. On Friday, Sumitomo Corp's shareholders defeated a resolution requiring the trading house to align its business with international targets on climate change. (Reuters)

- **China's May diesel exports hit 2021 low –** China's diesel exports plunged 38% in May from a month before to their lowest level this year, as reduced fuel output during the refinery maintenance season forced refiners to prioritize domestic consumers. China shipped out 1.68mn tons of diesel last month, data from the General Administration of Customs showed on Friday. That compares with 2.72mn tons in April, but was still higher than 1.45mn tons in May last year. May gasoline exports were at 1.55mn tons, edging up 5% from April and more than double the low base in May 2020 when the COVID-19 pandemic curbed travel demand overseas. Jet kerosene exports were up 1.8% YoY at 570,000 tons. Chinese refiners have been carrying out overhauls since late March, affecting more than 1mn barrels per day of crude processing capacity in April and May. Even when refiners resume full operations in June, analysts do not expect fuel exports to pick up as a crackdown by Beijing on cheap diesel and gasoline blending is set to reduce an oversupply in the domestic market. The central government has also launched an investigation into illicit trading of crude oil quotas by state-backed and independent refineries, which is expected to curb output of refined products at some small refining plants. Shandong-based energy consultant JLC estimates China's fuel product exports will fall further in June, with gasoline dropping to 980,000 tons and diesel to 1.55mn tons. Friday's customs data also showed China's liquefied natural gas (LNG) imports were 7.03mn tons in May, a record level for the month, buoyed by high demand from the industrial and power sectors. (Reuters)
- **China set to keep lending benchmark LPR unchanged –** China's benchmark lending rate is set to remain unchanged at its June fixing on Monday, but there are growing expectations of an interest rate rise in China after the US Federal Reserve adopted a more hawkish tone, a Reuters survey showed. Twenty-two traders and analysts, or 79% of all 28 participants, in a snap Reuters poll conducted this week predicted no change in either the one-year Loan Prime Rate (LPR) or the five-year tenor. Four respondents expected an increase of 5 basis points to both tenors this month, while another two predicted a 5 basis points rate cut to the one-year LPR. The one-year LPR was last at 3.85%, and the five-year rate stood at 4.65%. Strong expectations for a steady LPR came as the People's Bank of China (PBOC) kept borrowing cost on one-year medium-term lending facility (MLF) loans unchanged this week. The MLF, one of the PBOC's main tools in managing longer-term liquidity in the banking system, serves as a guide for the LPR. Some analysts said the PBOC's monetary policy stance was unlikely to be affected by a hawkish change at its US counterpart as the Fed brought forward its projections for the first post-pandemic interest rate hikes into 2023. "We believe the PBOC's policy will decouple from the FOMC," analysts at ANZ said in a note. "May's economic data signals downside risks to China's economic activity in the near term. Therefore, the relatively hawkish stance of the US Federal Reserve is unlikely to have a bearing on China's monetary policy." A slew of major activity indicators in May missed market expectations, with some analysts saying peak economic recovery from pandemic shocks might have passed. Growth in China's factory output slowed for a third straight month in May, likely weighed down by disruptions caused by COVID-19 outbreaks in the southern export powerhouse of Guangdong. "The recovery momentum is moderating, and there is still unevenness across sectors ... this likely points to Beijing staying on hold with 'no sharp turns' in its policy stance," said Chen Jingyang, economist for Greater China, expecting one-year LPR to stay on hold this year but with more targeted supportive measures for the hard hit SMEs. The LPR is a lending reference rate set monthly by 18 banks. (Reuters)

Regional

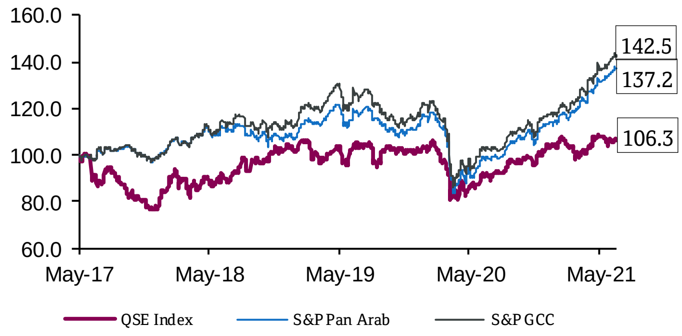
- **OPEC told to expect limited US oil output growth, for now –** OPEC officials heard from industry experts that US oil output growth will likely remain limited in 2021 despite rising prices, OPEC sources said, giving it more power to manage the market in the short term before a potentially strong rise in shale output in 2022. Officials from OPEC's Economic Commission Board (ECB) and external presenters attended a meeting on Tuesday focused on US output, the sources said. OPEC heard from more forecasters on the outlook for 2021 and 2022 at a separate meeting on Thursday. While there was general agreement on limited US supply growth this year, an industry source said for 2022 forecasts ranged from growth of 500,000 bpd to 1.3mn bpd. "The general sentiment regarding shale was it will come back as prices go up but not super-fast," said a source at one of the companies that provided forecasts to OPEC. (Reuters)
- **EIG-led consortium closes $12.4bn Aramco pipelines deal –** US-based EIG Global Energy Partners said on Friday a consortium it led has closed a deal to buy 49% of Saudi oil producer Aramco's pipelines business for $12.4bn. EIG said the co-investment process for the deal attracted a global group of investors from China, Saudi Arabia, Korea, the UAE and the US. It included Abu Dhabi's Mubadala Investment Company, Silk Road Fund, Hassana and Samsung Asset Management, the company said. (Reuters)
- **Fitch affirms APICORP at 'AA'; with a Stable outlook –** Fitch Ratings has affirmed Arab Petroleum Investments Corporation's (APICORP) Long-Term Issuer Default Rating (IDR) at 'AA' with a Stable Outlook and Short-Term IDR at 'F1+'. Fitch has also affirmed the long-term ratings on APICORP's Global Medium-Term Note Program and debt issues at 'AA'. APICORP's 'AA' Long-Term IDR is driven by its Standalone Credit Profile (SCP)

assessed at 'aa', based on solvency and liquidity assessments of 'aa' and a 'medium risk' business environment. The Stable Outlook reflects Fitch's view that APICORP's credit profile will remain resilient to pressure from the Covid-19 pandemic and will continue to be supported by excellent capitalization and liquidity metrics. In 2020, APICORP reported strong financial results, despite the pandemic and oil price volatility affecting its investments and borrowers. Its 2020 reported net income of $115mn was broadly in line with previous years, despite lower dividend income from equity investments. Strong results from treasury operations and limited impairment charges contributed positively to the bottom line. The 'aa' solvency assessment is driven by APICORP's 'excellent' capitalization and 'low' risk profile. The ratio of equity-to-adjusted assets and-guarantees slightly fell to 30.7% at end-2020 from 31.7% as of end-2019 but remains above our threshold for an 'excellent' assessment (above 25%). The decline was primarily driven by growth in loans (5.9% increase YoY), which outpaced growth in the bank's equity (3.9% increase YoY). Fitch's assessment of capitalization is also supported by APICORP's usable capital to risk-weighted assets (FRA) ratio, which exceeds the 35% 'excellent' threshold (51.6% at end-2020). Fitch expects both capitalization metrics to remain well above the 'excellent' thresholds, despite lower expected profitability and potential declines in borrowers' creditworthiness. APICORP's 'low' risk profile is primarily driven by the high credit quality of its borrowers and its lengthy record of operating with strong asset quality metrics. This mitigates the 'high' equity risk and inherent market and concentration risks from its sectoral and geographic focus. Fitch assesses APICORP's exposure to credit risk as 'low' due to the high credit quality of its borrowers and 'very low' non-performing loan (NPL) ratio. The NPL ratio ticked up to 0.6% at end-2020 from 0.4% at end-2019 as a new NPL materialized in 2020. We expect continued strong performance of the loan book over the medium-term, resulting in an NPL ratio close to or below 1%. Fitch estimates the weighted average rating of APICORP's credit exposures to be in the 'BBB' category. This is derived by applying APICORP's internal ratings to outstanding exposures. Downward rating pressure is evidenced by the large share of exposures in countries with sovereign ratings with Negative Outlooks, including Saudi Arabia (A/Negative; 39% of total banking exposure). Fitch expects slight deterioration in the average credit quality of APICORP's borrowers but that it will remain at the 'BBB' level. (Bloomberg)

- **Saudi Arabia's April crude exports slip to 10-month low –** Saudi Arabia's April crude oil exports fell to their lowest level since June 2020, official data showed on Thursday. Crude exports from the world's top exporter slipped to 5.408mn bpd from 5.427mn bpd in March, while crude output edged lower to 8.134 million bpd in April from 8.138mn bpd the previous month, data showed. Monthly export figures are provided by Riyadh and other members of the OPEC to the Joint Organizations Data Initiative (JODI), which publishes them on its website. OPEC and its allies agreed to extend most oil output cuts into April but Saudi Arabia said it would extend its voluntary oil output cut of 1mn bpd, and would decide in following months when to gradually phase it out. Goldman Sachs said in a research note this week it expected the kingdom's oil production to rise by about 500,000 bpd to 10mn bpd by the end of 2021. Saudi's domestic refinery crude throughput fell to 2.295mn bpd, while crude stocks rose to 134.085mn barrels in April. (Reuters)
- **Fitch revises outlook on SABB to Stable, affirms at 'BBB+'; assigns 'AA(sau)' national rating –** Fitch Ratings has revised the Outlook on The Saudi British Bank's (SABB) Long-Term Issuer Default Rating (IDR) to Stable from Negative and affirmed the IDR at 'BBB+' and Viability Rating (VR) at 'bbb+'. Fitch has also assigned SABB a National Long-Term Rating of 'AA(sau)' with a Stable Outlook. The revision of the Outlook reflects our view that pressures on the operating environment from the pandemic and lower oil prices have eased sufficiently, and that the bank's financial metrics have been resilient in the past quarters, despite these pressures. Fitch has also revised the outlook on SABB's asset quality and earnings and profitability to stable, as the bank's metrics have largely been resilient to the current downturn and we do not expect a material deterioration in the near term. SABB's 'BBB+' Long-Term Foreign- and Local-Currency IDRs are driven by the bank's 'bbb+' VR and underpinned by potential sovereign support, as reflected in the bank's Support Rating Floor (SRF) of 'BBB+'. (Bloomberg)
- **Fitch revises Saudi National Bank's outlook to Stable; affirms IDR at 'A-' –** Fitch Ratings has revised the Saudi National Bank's (SNB) Outlook to Stable from Negative, while affirming the bank's Long-Term Issuer Default Rating (IDR) at 'A-'. The. The agency has also assigned SNB a National Long-Term Rating of 'AA+(sau)' with a Stable Outlook. The revision of the Outlook reflects our view that pressures on the operating environment from the pandemic and lower oil prices have eased sufficiently, and that the financial metrics of the bank have been resilient in the past quarters, despite these pressures. Strong financing growth will continue to support the bank's metrics in 2021, in the agency's view. The 'A-' Long-Term Foreign- and Local-Currency IDRs of SNB are driven by its standalone credit profile as captured in its 'a-' Viability Rating (VR). Fitch has assigned Short-Term IDRs according to the mapping correspondence described in our bank rating criteria. A Long-Term IDR of 'A-' can correspond to a Short-Term IDR of either 'F2' or 'F1'. The 'F1' Short-Term IDR of SNB reflects our view that the bank's funding and liquidity profiles are a rating strength. SNB's VR is underpinned by a strong company profile supporting well-diversified and resilient earnings, strong funding and liquidity, as well as sound asset quality and capitalization. It also reflects that, pressures from the economic environment, due to the coronavirus crisis and lower oil prices, have eased and are now less likely to affect the bank's financial profile. (Bloomberg)
- **Fitch revises Al Rajhi Banking and Investment Corporation's outlook to Stable –** Fitch Ratings agency has revised Al Rajhi Banking and Investment Corporation's (ARB) Outlook to Stable from Negative, while affirming the bank's 'A-' Long-Term Issuer Default Ratings (IDR). The agency has also assigned ARB a National Long-Term Rating of 'AA+(sau)' with Stable outlook. The revision of the outlook on the IDR to Stable reflects our view that pressures on the operating environment from the pandemic and lower oil prices have eased sufficiently, and that the financial metrics of the bank have been resilient in the past quarters, despite these pressures. Strong financing growth will continue to support the bank's earnings in 2021, in the agency's view. The Long-Term IDRs of ARB are driven by its standalone strength as captured in its 'a-' Viability Rating (VR). Fitch has assigned Short-Term IDRs according to the mapping correspondence described in our bank rating criteria. A Long-Term IDR of 'A-' can correspond to a Short-Term IDR of either 'F2' or 'F1'. The 'F1' Short-Term IDR of ARB reflects our view that the bank's funding and liquidity profiles are a rating strengths. ARB's VR is underpinned by a strong domestic retail franchise, which results in a clear funding advantage over peers, robust profitability, superior asset quality, lower concentration risks and healthy capitalization. It also reflects our view that pressures from the economic environment, due to the coronavirus crisis and lower oil prices, have eased and are now less likely to affect the bank's financial profile. (Bloomberg)

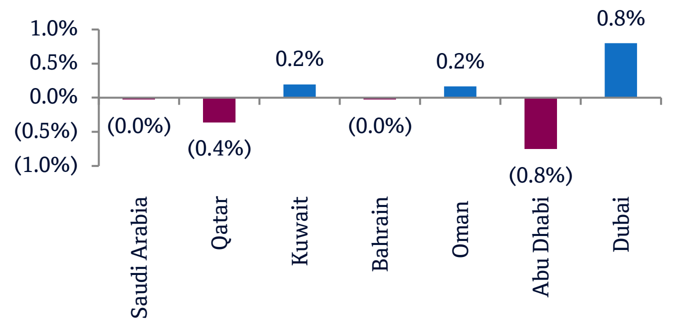
- **Moody's affirms Etisalat's Aa3 rating; stable outlook –** Moody's has affirmed the Aa3 long-term issuer rating of Emirates Telecommunications Grp Co (Etisalat), as well as the a2 Baseline Credit Assessment (BCA), the Aa3 senior unsecured rating, and the (P)Aa3 senior unsecured Euro Medium-Term Note Program rating. The outlook on all the ratings remains stable. The affirmation of the rating reflects Etisalat's resilient performance in 2020 despite COVID, with group revenues declining by less than 1% while Moody's adjusted EBITDA slightly increased during the period. The decline of 5% and 4% in Etisalat's revenue and EBITDA respectively from its domestic market was more than offset by a very strong performance in its international operations. Moody's expects Etisalat's domestic business to recover over the course of the next couple of years with the company maintaining a leading and stable market position. The rating agency also expects Etisalat's international operations to continue to grow over the next couple of years, albeit at a lower level compared to 2020. The rating action also reflects Moody's expectation that Etisalat will successfully maintain its current strong, albeit declining, profitability levels (as measured by Moody's adjusted EBITDA margins) of around 50% when compared to peers. This is driven by (1) migration of subscribers from prepaid to postpaid plans, which have higher average revenue per user (ARPU); and (2) continued cost optimization initiatives, in line with previous years. Moody's expects a decline in EBITDA margins to 50.3% in 2021 and 49.4% in 2022 from 51.8% in 2020, as a result of the ongoing transformation in the Company's revenue mix, and as the Information and communications technology services' (ICT) contribution to revenue continues to increase; however those have lower margins compared to fixed and mobile services. Etisalat's ratings remain well positioned within its a2 BCA and Aa3 long-term issuer rating. Moody's expects credit metrics to remain commensurate with an a2 BCA, with Moody's adjusted debt/EBITDA stable at 1.2x in 2021 and 2022, while Moody's adjusted retained cash flow (RCF) to debt will decrease to hover around 20% in 2021 as a result of the one-off special dividend distribution of AED3.5 billion during the year, and will recover to 32% in 2022. In addition, Etisalat's BCA and issuer ratings continue to reflect the company's (1) leading position in the high margin and resilient UAE telecommunication services market, where it holds a market share of around 74% in terms of revenue; (2) being one of the top telecommunication service providers in Morocco, Egypt, Pakistan and in a large number of west African countries; and (3) strong liquidity despite high dividend payments, with significant cash balances against a well staggered debt maturity profile. Etisalat's a2 BCA also factors (1) geographic concentration in the UAE (59.1% of group EBITDA for the last twelve months (LTM) ending 31 March 2021 as reported); (2) exposure of international operations to foreign exchange volatility and currency convertibility risks; and (3) relatively limited regulatory track record in some of the international markets in which the company operates, thereby exposing Etisalat to elevated regulatory risks. Etisalat's Aa3 issuer rating reflects its standalone creditworthiness as expressed by the BCA of a2, combined with a 'high' level of dependence and a 'strong' level of support from the Government of UAE (Aa2 stable). Moody's support assumptions remain unchanged. (Bloomberg)
- **UAE Central Bank raises base rate by 5 basis points –** The Central Bank of the UAE (CBUAE) has decided to raise the Base Rate applicable to the Overnight Deposit Facility (ODF) by 5 basis points, effective from Thursday, June 17, 2021. This decision was taken following the US Federal Reserve Board's yesterday's announcement to increase the Interest on Excess Reserves (IOER) by 5 basis points. The new Base Rate set by the CBUAE is 15 basis points. The CBUAE also has decided to maintain the rate applicable to borrowing short-term liquidity from the CBUAE through all standing credit facilities at 50 basis points above the Base Rate. (Zawya)
- **CBUAE expects GDP growth as country recovers from COVID restrictions –** The Central Bank of the UAE (CBUAE) said the country's gross domestic product will grow 2.4% this year and 3.8% in 2022 as the economy recovers from restrictions imposed during the COVID pandemic. Non-oil GDP will expand by around 4% in both years, it said in a statement. "The Targeted Economic Support Scheme has been effective in mitigating the risks posed by the pandemic by ensuring a continued flow of credit and helping affected individuals and companies," it said, referring to government aid packages to overcome debt repayment difficulties. (Reuters)
- **Emirates to restore almost 90% of passenger network by end of July –** Emirates airline will operate close to 90% of its pre-pandemic network by the end of July as it restores more destinations and increases flights on other routes over the summer, it said on Thursday. Emirates will operate 880 weekly services to 124 passenger destinations by the end of July, up from 115 and compared to a pre-pandemic passenger network of 143 destinations, it said. (Reuters)

Rebased Performance



Source: Bloomberg

Daily Index Performance



Source: Bloomberg

Asset/Currency Performance	Close ($)	1D%	WTD%	YTD%
Gold/Ounce	1,764.16	(0.5)	(6.0)	(7.1)
Silver/Ounce	25.79	(0.5)	(7.6)	(2.3)
Crude Oil (Brent)/Barrel (FM Future)	73.51	0.6	1.1	41.9
Crude Oil (WTI)/Barrel (FM Future)	71.64	0.8	1.0	47.7
Natural Gas (Henry Hub)/MMBtu	3.16	(0.6)	(2.2)	32.2
LPG Propane (Arab Gulf)/Ton	97.50	1.0	2.5	29.6
LPG Butane (Arab Gulf)/Ton	106.25	1.4	2.7	41.7
Euro	1.19	(0.4)	(2.0)	(2.9)
Yen	110.21	0.0	0.5	6.7
GBP	1.38	(0.8)	(2.1)	1.0
CHF	1.08	(0.6)	(2.7)	(4.1)
AUD	0.75	(1.0)	(3.0)	(2.8)
USD Index	92.23	0.4	1.8	2.5
RUB	72.84	0.7	1.1	(2.1)
BRL	0.20	(1.6)	0.6	2.1

Source: Bloomberg

Global Indices Performance	Close	1D%*	WTD%*	YTD%*
MSCI World Index	2,954.19	(1.4)	(1.9)	9.8
DJ Industrial	33,290.08	(1.6)	(3.4)	8.8
S&P 500	4,166.45	(1.3)	(1.9)	10.9
NASDAQ 100	14,030.38	(0.9)	(0.3)	8.9
STOXX 600	452.05	(1.8)	(3.0)	10.0
DAX	15,448.04	(2.0)	(3.4)	8.8
FTSE 100	7,017.47	(2.5)	(3.6)	9.9
CAC 40	6,569.16	(1.6)	(2.3)	14.9
Nikkei	28,964.08	(0.1)	(0.4)	(1.1)
MSCI EM	1,361.25	(0.1)	(1.5)	5.4
SHANGHAI SE Composite	3,525.10	(0.1)	(2.6)	2.7
HANG SENG	28,801.27	0.9	(0.2)	5.6
BSE SENSEX	52,344.45	0.3	(1.4)	8.0
Bovespa	128,405.40	(0.7)	(0.0)	9.8
RTS	1,646.72	(1.1)	(1.9)	18.7

Source: Bloomberg (*$ adjusted returns)

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