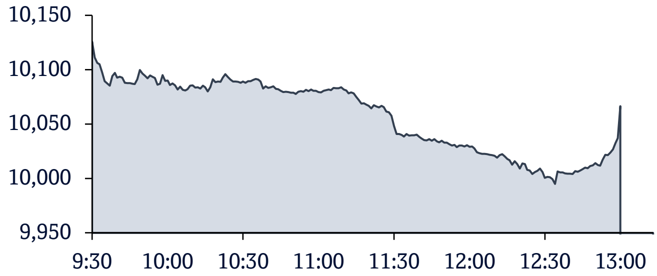
QSE Intra-Day Movement



Market Indicators	05 Sep 23	04 Sep 23	%Chg.
Value Traded (QR mn)	528.0	439.1	20.3
Exch. Market Cap. (QR mn)	593,678.5	598,187.9	(0.8)
Volume (mn)	234.8	146.5	60.2
Number of Transactions	18,910	18,582	1.8
Companies Traded	50	48	4.2
Market Breadth	09:40	05:38	–

Market Indices	Close	1D%	WTD%	YTD%	TTM P/E
Total Return	21,603.71	(0.6)	(1.3)	(1.3)	12.6
All Share Index	3,384.23	(0.8)	(1.5)	(0.9)	13.1
Banks	4,114.40	(1.2)	(2.6)	(6.2)	13.2
Industrials	3,993.60	0.3	1.0	5.6	14.0
Transportation	4,285.03	(2.0)	(2.3)	(1.2)	11.1
Real Estate	1,482.39	(1.1)	(1.5)	(5.0)	13.7
Insurance	2,361.74	(2.0)	(2.7)	8.0	139
Telecoms	1,619.82	(0.1)	(0.3)	22.9	12.6
Consumer Goods and Services	7,574.79	(0.4)	(0.7)	(4.3)	20.5
Al Rayan Islamic Index	4,478.36	(0.4)	(0.8)	(2.5)	9.0

Qatar Commentary

The QE Index declined 0.6% to close at 10,066.3. Losses were led by the Transportation and Insurance indices, falling 2.0% each. Top losers were Doha Bank and Qatar Insurance Company, falling 3.8% and 3.3%, respectively. Among the top gainers, Salam International Inv. Ltd. gained 3.9%, while Al Khaleej Takaful Insurance Co. was up 2.1%.

GCC Commentary

Saudi Arabia: The TASI Index fell 0.2% to close at 11,411.0. Losses were led by the Food & Beverages and Consumer Services indices, falling 1.1% and 1.0%, respectively. Scientific and Medical Equipment House Co. declined 2.9%, while Nama Chemicals Co. was down 2.5%.

Dubai: The DFM Index fell 0.4% to close at 4,053.4. The Consumer Staples index declined 1.4%, while the Communication Services index fell 0.6%. National Central Cooling Co. declined 4.1%, while Deyaar Development was down 3.7%.

Abu Dhabi: The ADX General Index fell 0.9% to close at 9,656.1. The Utilities index declined 1.5%, while the Telecommunication index fell 1.2%. Hayah Insurance Co. declined 9.6%, while Palms Sports was down 5.0%.

Kuwait: The Kuwait All Share Index fell 0.1% to close at 6,933.1. The Health Care index declined 1.3%, while the Utilities index fell 1.0%. Al Massaleh Real Estate Co. declined 7.3%, while First Takaful Insurance Company was down 5.6%.

Oman: The MSM 30 Index fell 0.6% to close at 4,727.2. Losses were led by the Industrial and Services indices, falling 1.3% and 0.9%, respectively. Dhofar Foods and Investment declined 9.1%, while Al Batinah Power was down 8.0%.

Bahrain: The BHB Index fell 0.7% to close at 1,947.6. The Materials Index declined 1.7%, while the Financials index fell 0.6%. GFH Financial Group declined 3.7%, while Aluminum Bahrain was down 1.7%.

GCC Top Gainers##	Exchange	Close#	1D%	Vol. '000	YTD%
Dr. Sulaiman Al Habib Medical Services Group Co.	Saudi Arabia	252.00	3.1	600.2	14.2
Nahdi Medical Co.	Saudi Arabia	152.80	2.4	383.0	(8.6)
Saudi Aramco Base Oil Co.	Saudi Arabia	148.20	2.1	1,599.5	59.4
Mouwasat Medical Services	Saudi Arabia	113.20	1.8	398.2	8.3
Saudi Research & Media Gr.	Saudi Arabia	180.00	1.7	36.5	(0.7)

GCC Top Losers##	Exchange	Close#	1D%	Vol. '000	YTD%
GFH Financial Group	Bahrain	0.26	(3.7)	261.0	6.9
Qatar Gas Transport Co. Ltd	Qatar	3.560	(3.3)	2,592.9	(2.8)
Bank Dhofar	Oman	0.17	(2.3)	103.9	(2.3)
Q Holding	Abu Dhabi	3.68	(2.1)	6,861.1	(8.0)
Masraf Al Rayan	Qatar	2.139	(2.1)	19,100.4	(32.5)

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%
Salam International Inv. Ltd.	0.717	3.9	73,315.2	16.8
Al Khaleej Takaful Insurance Co.	2.910	2.1	6,426.2	26.5
Dukhan Bank	4.200	1.4	9,248.4	5.0
Qatar Electricity & Water Co.	17.70	1.0	233.6	0.0
Industries Qatar	12.70	0.5	1,457.8	(0.9)

QSE Top Losers	Close*	1D%	Vol. '000	YTD%
Doha Bank	1.634	(3.8)	5,508.4	(16.3)
Qatar Insurance Company	2.247	(3.3)	1,645.4	16.8
Qatar Gas Transport Company Ltd.	3.560	(3.3)	2,592.9	(2.8)
Meeza QSTP	2.480	(3.1)	2,179.6	14.0
Qatar Oman Investment Company	0.816	(3.0)	3,054.0	48.4

QSE Top Volume Trades	Close*	1D%	Vol. '000	YTD%
Salam International Inv. Ltd.	0.717	3.9	73,315.2	16.8
Masraf Al Rayan	2.139	(2.1)	19,100.4	(32.5)
Gulf International Services	2.626	0.3	16,889.7	80.0
Baladna	1.322	(2.4)	15,204.7	(13.7)
Qatar Aluminum Manufacturing Co.	1.319	(0.1)	10,466.7	(13.2)

QSE Top Value Trades	Close*	1D%	Val. '000	YTD%
QNB Group	15.08	(1.6)	58,813.2	(16.2)
Salam International Inv. Ltd.	0.717	3.9	52,147.8	16.8
Gulf International Services	2.626	0.3	44,929.6	80.0
Masraf Al Rayan	2.139	(2.1)	41,198.7	(32.5)
Dukhan Bank	4.200	1.4	38,779.9	5.0

Regional Indices	Close	1D%	WTD%	MTD%	YTD%	Exch. Val. Traded ($ mn)	Exchange Mkt. Cap. ($ mn)	P/E**	P/B**	Dividend Yield
Qatar*	10,066.31	(0.6)	(1.3)	(1.3)	(5.8)	145.42	162,786.7	12.6	1.4	4.9
Dubai	4,053.42	(0.4)	(0.7)	(0.7)	21.5	74.29	186,220.0	9.3	1.3	4.5
Abu Dhabi	9,656.13	(0.9)	(1.6)	(1.6)	(5.4)	268.19	743,730.4	31.3	3.0	1.7
Saudi Arabia	11,410.98	(0.2)	(0.7)	(0.7)	8.9	1,544.21	3,016,725.4	19.0	2.2	3.2
Kuwait	6,933.11	(0.1)	(1.0)	(1.0)	(4.9)	122.51	144,656.8	16.3	1.5	4.0
Oman	4,727.22	(0.6)	(1.5)	(1.5)	(2.7)	3.91	22,448.4	13.0	0.9	4.6
Bahrain	1,947.59	(0.7)	(0.2)	(0.2)	2.8	3.30	56,410.9	7.3	0.7	8.6

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

Qatar Market Commentary

- The QE Index declined 0.6% to close at 10,066.3. The Transportation and Insurance indices led the losses. The index fell on the back of selling pressure from GCC and Arab shareholders despite buying support from Qatari and Foreign shareholders.
- Doha Bank and Qatar Insurance Company were the top losers, falling 3.8% and 3.3%, respectively. Among the top gainers, Salam International Inv. Ltd. gained 3.9%, while Al Khaleej Takaful Insurance Co. was up 2.1%.
- Volume of shares traded on Tuesday rose by 60.2% to 234.8mn from 146.5mn on Monday. Further, as compared to the 30-day moving average of 155.8mn, volume for the day was 50.7% higher. Salam International Inv. Ltd. and Masraf Al Rayan were the most active stocks, contributing 31.2% and 8.1% to the total volume, respectively.

Overall Activity	Buy %*	Sell %*	Net (QR)
Qatari Individuals	35.18%	30.16%	26,490,510.23
Qatari Institutions	30.39%	27.93%	12,981,451.91
Qatari	**65.57%**	**58.09%**	**39,471,962.15**
GCC Individuals	0.75%	0.26%	2,611,292.11
GCC Institutions	1.57%	10.53%	(47,299,442.49)
GCC	**2.33%**	**10.79%**	**(44,688,150.38)**
Arab Individuals	12.42%	12.45%	(116,179.74)
Arab Institutions	0.00%	0.00%	-
Arab	**12.42%**	**12.45%**	**(116,179.74)**
Foreigners Individuals	2.22%	1.91%	1,601,104.48
Foreigners Institutions	17.47%	16.76%	3,731,263.50
Foreigners	**19.68%**	**18.67%**	**5,332,367.97**

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

Global Economic Data

Global Economic Data

Date	Market	Source	Indicator	Period	Actual	Consensus	Previous
05-09	US	U.S. Census Bureau	Factory Orders	Jul	-2.10%	-2.50%	2.30%
05-09	UK	Markit	S&P Global/CIPS UK Services PMI	Aug	49.50	48.70	48.70
05-09	UK	Markit	S&P Global/CIPS UK Composite PMI	Aug	48.60	47.90	47.90
05-09	EU	Markit	HCOB Eurozone Services PMI	Aug	47.90	48.30	48.30
05-09	EU	Markit	HCOB Eurozone Composite PMI	Aug	46.70	47.00	47.00
05-09	EU	Eurostat	PPI MoM	Jul	-0.50%	-0.60%	-0.40%
05-09	EU	Eurostat	PPI YoY	Jul	-7.60%	-7.60%	-3.40%
05-09	Germany	Markit	HCOB Germany Services PMI	Aug	47.30	47.30	47.30
05-09	Germany	Markit	HCOB Germany Composite PMI	Aug	44.60	44.70	44.70
05-09	China	Markit	Caixin China PMI Composite	Aug	51.70	NA	51.90
05-09	China	Markit	Caixin China PMI Services	Aug	51.80	53.50	54.10
05-09	Japan	Markit	Jibun Bank Japan PMI Composite	Aug	52.60	NA	52.60
05-09	Japan	Markit	Jibun Bank Japan PMI Services	Aug	54.30	NA	54.30

Qatar

- **Aamal starts negotiations to sell a land parcel -** Aamal Company Q.P.S.C., one of the region's leading diversified companies, announces its intention to start negotiating the sale of a land parcel owned by the Company. (QSE)
- **QFC: Qatar's non-energy private sector sees strong expansion in August; third strongest so far in 2023 -** Doha's non-energy private sector saw strong expansion in August on notable boost to new orders in the manufacturing and financial services, according to the Qatar Financial Centre (QFC). The latest expansion rate was the third strongest so far in this year, according to the QFC's latest purchasing managers' index (PMI) survey, with the 12-month outlook for the non-energy private sector remaining "optimistic". The PMI posted 53.9 in August, little-changed from 54 in July, indicating another strong improvement in business conditions. The latest figure remained above the average for the first half of 2023 (52.5) and the long-run trend since 2017 (52.3). The headline QFC PMI is a composite single-figure indicator of non-energy private sector performance. It is derived from indicators for new orders, output, employment, suppliers' delivery times and stocks of purchases. The PMI indices are compiled from survey responses from a panel of around 450 private sector companies. It covers the manufacturing, construction, wholesale, retail, and services sectors, reflecting the structure of the non-energy economy according to official national accounts data. "The PMI for Qatar has held steady over the past six months at a level consistent with solid economic growth Activity, new business, employment and purchasing all rose further in August, while the level of outstanding work continued to fall as capacity expanded," said QFC Authority chief executive officer Yousuf Mohamed al-Jaida. New business increased strongly in August, the survey said, adding the rate of expansion eased further from May's recent peak but remained well above the long-run survey average. There was a notable boost to new orders at manufacturing and financial services businesses during the month. Total business activity among Qatar's non-energy private sector firms rose further in August. Output has risen every month for more than three years, except for a brief correction in January following the conclusion of the FIFA World Cup Qatar 2022. About the 12-month optimistic outlook for the non-energy private sector, QFC said positive expectations were broad-based by sector with manufacturers being the most optimistic, followed by wholesalers and retailers. Non-oil private sector employment expanded for the sixth month running in August, the second-longest sequence of continuous job creation in the survey history. Recruitment was again notably strong at service providers. Purchases also rose for the sixth consecutive month in August. Despite higher demand for inputs, supply chains continued to improve as average lead times fell for the sixteenth successive month, a series-record sequence. The survey said the input inventories rose only slightly again, suggesting companies continued to manage stock levels efficiently. Demand for Qatari financial services accelerated in August, with new business volumes at financial services providers increasing at the fastest pace since August 2022. Total

financial services activity increased at a marked rate in line with the six-and-a-half-year series average, and the 12-month outlook remained positive. "Financial services continued to outperform the wider economy with new business increasing at the fastest pace in the year. This prompted the sharpest rise in hiring by financial services firms since October 2021," al-Jaida said. (Gulf Times)

- **Office space sees expansion in Q2 -** The opening of new offices in Lusail, The Pearl and Msheireb Downtown has seen an increase in the second quarter (Q2) of this year as office expansion plays a vital role. "The second quarter saw the official launch of new offices for VISA in West Bay and the expansion of Boston Consulting Group's presence in Tower 121 at The Pearl Island." "The most significant announcement in recent months has been the confirmation that TotalEnergies will move to Msheireb Downtown, joining Microsoft and Google Cloud in the new mixed-use district. TotalEnergies will occupy approximately 4,500 sqm of gross leasable area," Cushman & Wakefield said in its Q2 2023 Real Estate Market Review. The real estate consultancy firm noted, over the past two years, office activity has been dominated by the oil and gas sector and the government sector, with relocations to Lusail featuring heavily in new deals. As Qatar emerges from a period of activity fueled by the hosting of the World Cup, the diversification of the economy and non-hydrocarbon economic growth will be vital to creating new demand for office space in Qatar. The report stated, "The most recent addition to the office market is the iconic mixed use Burj Al Mana on West Bay's Corniche. Eleven office floors in the 56-storey building have increased supply in Qatar's largest office district to approximately 1.85mn sqm. While higher specification offices in Doha have secured high occupancy, much of the vacant office space is of basic quality with limited tenant demand." It further said, "Supply of stock in prime office districts increased by approximately 75,000 square meters in the first half of 2023 to reach 2.98mn square meters. The increase in supply has averaged 160,000 sq m per annum in the preceding five years." Net office take up has averaged 110,000 sqm/annum over the last 10 years. For the last five years take up in Lusail has accounted for 90,000 sqm per annum. Increasingly attractive lease terms are available for shell-and-core space, where tenants are responsible for the internal fitouts; however, there is little appetite for this accommodation at present as tenants look to avoid the capex required for expensive internal fit-outs. Grade A stock is now typically available to lease for between QR100 and QR120 per sqm per month, exclusive of service charges. Office spaces leased as 'shell and core' can be secured for QR55 – 60 per sq m per month in some of Doha's main office districts, the report added. The supply of purpose-built office accommodation in Qatar has now surpassed 5.3mn sqm, with an estimated 1.3 – 1.5mn sqm of vacant space available. (Peninsula Qatar)

- **IPA Qatar: Qatar's healthcare sector set for growth, innovation -** The country's healthcare sector is primed for long-term growth and innovation, the Investment Promotion Agency Qatar (IPA Qatar) announced Tuesday. According to IPA Qatar, the country's emphasis on integrated care models, health promotion, and disease prevention underpins its commitment to ensuring the well-being of existing and future generations. "The nation is taking big strides in fostering innovation and research, which is evident in initiatives like the Qatar Genome Program and Qatar Biobank, as well as collaborations with renowned institutions, such as Weill Cornell Medicine, Mayo Clinic, Imperial College London, Cleveland Clinic, Johns Hopkins Medicine, and University College London," IPA Qatar stated. It also stated that sustained high levels of investment for the expansion of Qatar's healthcare infrastructure and services ensure a positive market outlook across primary, secondary, and tertiary care. IPA Qatar emphasized that the country already boasts several state-of-the-art healthcare facilities, citing Aspetar, Hamad Medical Corporation (HMC), and Sidra Medicine. "Aspetar was the first specialized orthopedic and sports medicine hospital in the GCC. HMC was the first hospital in the Middle East to be accredited by the US-based non-governmental organization, ACGME International, while Sidra Medicine launched the first pediatric robotic surgery program in the Middle East," IPA Qatar stated. IPA Qatar also stated that the country's pharmaceutical market is forecast to grow at a compound annual growth rate (CAGR) of "6.1%" between 2021 and 2026, with solid efforts in place to attract foreign investment to expand local production. This includes a recent agreement between HMC and Qatar Pharma that sets out a three-year roadmap to reach self-sufficiency in pharmaceutical production, IPA Qatar noted. "Foreign investors will find a valuable and competitive business climate in Qatar, backed by a stable and resilient economy, pro-business regulations and a vibrant knowledge ecosystem. The country's strategic investments in healthcare institutions, skilled talent, and world-class tech infrastructure pave the way for remarkable growth and innovation in the healthcare sector," it stressed. According to IPA Qatar, the country provides a conducive business environment for healthcare businesses to service the rapidly growing GCC market owing to its healthcare sector's state-of-the-art medical facilities, an extensive Research and Development (R&D) ecosystem, a highly skilled talent pool, support for private-public partnerships (PPPs), strong digital adoption, and world-class tech infrastructure. The country's vibrant start-up ecosystem has been driving the growth of its Medical Technology (MedTech) sector, which is expected to grow at a "6%" CAGR between 2021 and 2026. "Qatar offers the perfect example of how a collaborative approach brings together innovative ideas, sound investment, and essential support to enable a promising project to flourish. "Qatar Science & Technology Park (QSTP) offers a dedicated free zone for technology and innovation, where entrepreneurs and startups are empowered to realize their full potential and achieve sustainable growth," IPA Qatar stated. Startups like doctor booking platform, Meddy, and Droobi, which provides the world's first suite of bilingual (Arabic and English) digital therapeutic programs, are a testament to the success, growth, and development of entrepreneurial ideas that were backed by QSTP's investment and support. In the GCC, other growth drivers in the healthcare sector include health infrastructure and services, medical tourism, digital technology, and R&D, according to IPA Qatar. "The GCC had more than 160 ongoing healthcare projects with a total value of $53.2bn in 2020; strong public sector investments will be sustained to meet the demand. The GCC's medical tourism revenue is projected to grow to $2.1bn this year, recording a CAGR of 8.9% since 2017. "Over the next 10 years, digital infrastructure, virtual care, remote patient monitoring, and AI will account for approximately 30% of hospital investments in the region. With a projected market growth of $8.6bn in the Middle East by 2032, the GCC is progressively fostering the advancement of research in areas such as precision medicine," IPA Qatar stated. (Gulf Times)

- **LSEG ties up with QFIU to host MENA Regulatory Summit in Doha in Oct -** London Stock Exchange Group (LSEG) in collaboration with the Qatar Financial Information Unit (QFIU), will host the 15th edition of the MENA Regulatory Summit in Doha on October 4, 2023. Qatar has been actively undertaking strategic and organizational reforms to strengthen its framework for combating money laundering and the financing of terrorism, in conformity with the international standards and best practices. In line with this commitment, the summit will address several key topics, including trade-based financial crime in the MENA region, regulatory vigilance around 'greenwashing', strengthening asset recovery in MENA, the impact of fintech on fighting financial crime, and fast-tracking capabilities to counter cyber-enabled crime. Combatting money laundering and associated offences requires an increasingly sophisticated approach by regulators and companies alike, with artificial intelligence now being an essential tool to augment conventional techniques, especially as digitalization accelerates in response to the social and economic changes brought by the pandemic. On this occasion, QFIU Head Sheikh Ahmed Al Thani emphasized the need for collective action and innovative approaches to effectively combat global financial crime, indicating that the "increasing appetite for public-private collaboration is evident as organizations recognize the importance of working together. Through collaboration and shared expertise, the summit aims to drive regulatory advancements, foster compliance culture, and contribute to the overall integrity and stability of the financial industry in Qatar and beyond". On the other hand, Nadim Najjar, Managing Director, Central and Eastern Europe, Middle East and Africa, LSEG, highlighted the growing investment in compliance functions and the reliance on regulatory technology by Qatar-based organizations. "We are committed to advancing this approach as compliance costs rise due to the acceleration of regulations. While technological skills are crucial, a successful compliance function in the MENA region requires training that fosters an appropriate compliance culture," he said. The 2023 MENA

Regulatory Summit will bring together global and regional experts at a moment of great change. Governments, regulators, law enforcement agencies and international corporations face the challenge of financial criminals operating increasingly sophisticated, cross-border networks. Technological advances and the growth of virtual assets create new opportunities and threats and will be discussed at the summit in addition to the response by FATF and regulatory authorities. (Qatar Tribune)

- **Qatar Tourism launches Qatar: Through Eyes of a Falcon -** Qatar Tourism has released, “Qatar: Through the Eyes of a Falcon,” an innovative production that presents a thrilling perspective of Qatar’s beautiful terrains, as seen from the viewpoint of the country’s esteemed national bird, the falcon. A first-of-its-kind in Qatar, viewers will see sweeping views of Qatar’s diverse landscapes as they embark on a captivating visual journey with this time-honored bird. “We chose the falcon’s point of view to provide a profound and authentic perspective for viewers to explore Qatar,” stated Qatar Tourism Chief Operating Officer Berthold Trenkel. “A symbol of endurance and valour, the falcon takes us on an unparalleled adventure through the country’s beautiful natural, historic and modern structures that form Qatar’s unique hospitality offering.” As the falcon effortlessly glides across the skies, viewers are transported through the breath-taking landscapes of Qatar. From the enchanting dunes of the Arabian desert to the gleaming skyscrapers of Doha, viewers will witness the harmonious blend of tradition and modernity that can only be found in this year’s Arab Tourism Capital. Falcons have been owned and bred in the desert for over 5,000 years. Today, the solitary bird is celebrated as the national bird of Qatar and is an important part of the country’s heritage. (Peninsula Qatar)
- **Qatar Airways Cargo resumes freighters to Bahrain -** Qatar Airways Cargo, the world’s leading air cargo carrier has resumed its freighter services to Bahrain, effective September 1. In addition to the 21-weekly narrow-body passenger flights to Bahrain, Qatar Airways Cargo announced the launch of three weekly Freighter operations, adding more than 200 tonnes of weekly cargo capacity to/from Bahrain. Cargo Sales and Network Planning SVP, Liesbeth Oudkerk said: “We are glad to be back in Bahrain with dedicated freighters three times a week. Bahrain is an important market for us, and having a consistent freighter service will contribute to the economic and trade growth between Qatar and Bahrain.” The imports into Bahrain predominantly consist of general cargo, perishables like fruits, vegetables and meat, while exports from Bahrain consist of general cargo and dangerous goods. With the addition of Bahrain, Qatar Airways Cargo now serves 24 Middle Eastern destinations with freighter and passenger belly-hold flights, providing a combined weekly cargo capacity of over 4,500 tonnes to and from Middle East. By applying its Next Generation vision to all areas of its business, Qatar Airways Cargo is bringing enhancements to its services and operations throughout the network. (Peninsula Qatar)

International

- **PMI: Global business activity showed signs of slowdown in August -** Global business activity largely slowed further last month as services firms struggled in the face of weak demand as rising prices and borrowing costs made indebted consumer rein in spending, a raft of surveys showed on Tuesday. In the euro zone, the picture was gloomier than initially thought as the bloc's dominant services industry fell into contractionary territory, suggesting the bloc could slide into recession. Germany's services sector contracted for the first time this year and France's shrank more than first estimated. In Britain, outside the European Union, its survey showed the sharpest business slowdown in seven months. Asia's surveys for August were also more downbeat with China's services activity expanding at the slowest pace in eight months as weak demand continued to dog the world's second-largest economy while in India growth lost some steam. Japan proved an outlier as service sector activity expanded there at its quickest pace in three months, underpinned by robust consumer spending as inbound tourism regained momentum. Global equities fell on Tuesday as the weak readings rekindled worries over China's sputtering post-pandemic economy. "Weaker economic data out of Asia was the main driver of market sentiment," noted economists at RBC. HCOB's final euro zone Composite Purchasing Managers' Index (PMI), compiled by S&P Global and seen as a good barometer of overall economic health, dropped to 46.7 in August from July's 48.6, a low not seen since November 2020. That was below the 50-mark separating growth from contraction for a third month and weaker than a preliminary estimate for 47.0. Tuesday's figures point to a 0.1% contraction in euro zone gross domestic product this quarter, S&P Global said. "The final PMIs published today were revised down from the already-low levels reported in the flash measure two weeks ago. We continue to forecast a recession in the second half of the year," said Adrian Prettejohn at Capital Economics. The headline services PMI for the bloc sank to 47.9 from 50.9, below the flash 48.3 estimate, as the new business index, a gauge of demand, dropped further below breakeven to 46.7 from 48.2, a low not seen since early 2021. Still, the downturn in manufacturing eased last month, suggesting the worst may be over for the bloc's beleaguered factories, a sister survey showed on Friday. Services PMI readings for Britain, Germany, France, Italy and Spain were all below breakeven. "August's services PMI pointed to a contraction in UK private sector activity. The EY ITEM Club still thinks GDP is likely to grow modestly in Q3 ... but today's evidence of a decline in new orders suggests that the long-term outlook is gloomy," said Martin Beck, chief economic advisor to the EY ITEM Club forecasting group. (Reuters)
- **NY Fed data shows a decline in neutral rate during second quarter -** The New York Federal Reserve said on Tuesday an interest rate reckoned to be neutral in its impact on the economy continued a downward trend in the second quarter, which suggests that at some point the low interest rate world that prevailed ahead of the coronavirus pandemic could return. The bank said its R-Star estimate for the second quarter ticked down to 0.57%, from the first quarter’s 0.68%. R-Star’s recent peak stood at 1.32% in the final three months of 2021, as the economy was emerging from the worst of the pandemic amid heavy government support and an aggressive stimulus effort on the part of the Fed. R-Star seeks to capture the rate that imparts neither stimulus nor restraint to the economy. Analysts typically translate that rate into a real-world setting by adding R-Star to the Fed’s 2% inflation target. The current reading suggests a federal funds rate of around 2.5% would represent a neutral setting. Given that the Fed’s current target rate range is at 5.25% to 5.5%, it suggests monetary policy remains at a notably restrictive level for the economy. Low R-Star settings have buttressed the views of some central bankers like New York Fed leader John Williams that once the Fed’s inflation battle has run its course short-term interest rates could again move back toward low levels. When that might be is an open question. The Fed is likely near or has reached the end of its rate hike campaign aimed at bringing inflation back to the official target. Officials have had little to say about when rates might go down even though there’s a chance they could be eased next year simply to keep monetary policy at its same restrictive stance in an environment where inflation pressures have come down. But there’s still a lot of uncertainty about the outlook, and at his speech at the end of last month in Jackson Hole, Wyoming, Fed Chair Jerome Powell acknowledged as much, saying “we are navigating by the stars under cloudy skies.” What’s more, R-Star estimates are based on assumptions about the economy, and some have questioned whether a variable based on guesswork has much useful to say about the neutral level of rates. Even with the uncertainty over the longer-run outlook, the New York Fed data provides some evidence to argue against the case held by some that changes in the economy and issues around government finance are pointing toward a persistently higher R-Star setting, which would mean in the future interest rates would be higher than what many have experienced over the last couple of decades. One key test of how Fed officials are thinking about the issue could come at the Federal Open Market Committee meeting scheduled for Sept. 19-20. At that gathering officials are due to update forecasts for interest rates and the economy and that will include a view on long-run rates. Since the summer of 2019 officials have penciled in a 2.5% reading at almost every meeting, and if they were to move that number up, it might suggest some officials are skeptical of the idea of a still soft R-Star and a return to a low-rate world. (Reuters)
- **US factory orders fall 2.1% in July -** Orders for US factory goods declined in July, nearly reversing the prior month’s rise and ending a four-month streak of gains, the Commerce Department reported on Tuesday. New orders for factory goods fell by 2.1% in July after rising by 2.3% in June,

the government said. Economist polled by Reuters had expected a bigger fall for July, at a projected 2.5% decline. Orders rose by 0.5% from July a year ago. (Reuters)

- **Waller: recent data gives Fed space to decide next interest rate move -** Federal Reserve Governor Christopher Waller said on Tuesday the latest round of economic data was giving the US central bank space to see if it needs to raise interest rates again, while noting that he currently sees nothing that would force a move toward boosting the cost of short-term borrowing again. Recent economic news is "going to allow us to proceed carefully," Waller said in an interview with CNBC, adding that "there's nothing that is saying we need to do anything imminent anytime soon, so we can just sit there, wait for the data, see if things continue" on their current trajectory. On Friday the US Labor Department reported that the economy continued to gain jobs at a solid clip in August even as the unemployment rate shot up to 3.8% from 3.5% in July. That data was released during a week where there was fresh news on inflation, as markets continue to debate the need for more monetary policy tightening to tame inflation. In recent days Fed officials have said that while inflation is still too high, it is coming down, and they have said that any move to lift the range for the benchmark overnight interest rate depends on the data. The Fed last raised rates in late July, pushing its policy rate to the 5.25%-5.50% range. It has raised that rate from the near-zero level since March 2022. Financial markets believe the Fed is done raising rates. Futures tied to the central bank's policy rate show only a slight chance of a hike at the Sept. 19-20 meeting and about a 40% probability of one at the last two meetings of the year, according to CME Group's FedWatch Tool. But Waller cautioned against making such an assumption, noting that the Fed has been burned before by data that appeared to show an improvement on the inflation front only to see price pressures come in stronger than expected. (Reuters)
- **Prolonged US manufacturing slowdown barely dents energy use -** US manufacturers reported that business activity declined for the 10th month running in August, though declines are becoming less widespread implying the trough in the cycle may be approaching. The Institute for Supply Management's purchasing managers index increased slightly to 47.6 (16th percentile for all months since 1980) in August up from 46.4 (13th percentile) in July and 46.0 (11th percentile) in June. Despite the improvement, the manufacturing index has been below the 50-point threshold dividing expanding activity from a contraction for ten months since November 2022. The length of the downturn has more in common with a cycle-ending recession (which have generally lasted 11 months or more) than a mid-cycle slowdown (generally lasting eight months or fewer). If the slowdown proves to be a "soft landing", it will be the longest since the Second World War, matched in duration only by the slowdown in 1995/96, which also lasted 10 months. Industrial electricity use and distillate fuel oil consumption are both correlated with the manufacturing and freight cycle and therefore with the purchasing managers index. Both have fallen a bit less than expected given the length and apparent depth of the downturn in industrial activity, especially in the case of diesel and other distillate fuel oils. Based on the most recent data available, industrial electricity consumption was down by 1.7% in the three months from March to May compared with the same period a year earlier. The change in electricity use was in the 16th percentile for all overlapping three-month periods since 1980, according to data from the US Energy Information Administration ("Monthly energy review", EIA August 31, 2023). Distillate fuel oil consumption fell by 1.0% in the three months from April through June compared with the same period a year earlier. The change in distillate consumption was in the 31st percentile for all three-month periods since 1980, which suggests that any downturn in industrial activity has been long but shallow. Confirming the unexpected resilience in distillate consumption, the EIA has revised its estimate for distillate supplied up by a total of 23mn barrels (+1.6%) or roughly 63,000 barrels per day over the course of 2022. The strength of domestic distillate consumption helps explain why fuel oil inventories have remained well below the prior ten-year seasonal average. Resilient electricity and diesel consumption, and the correspondingly low levels of spare generating capacity and distillate inventories, imply the energy system is operating close to its maximum capacity. In the event of a soft landing followed by a re-acceleration of the business cycle, capacity constraints will re-emerge quickly and likely lead to an early resurgence of inflation. (Reuters)
- **UK PMI survey shows sharpest business slowdown in 7 months -** Business activity in Britain's services sector fell last month for the first time since January as higher interest rates reduced consumer and corporate demand, a survey showed on Tuesday, although the drop was less than initially estimated. The S&P Global/CIPS Purchasing Managers' Index (PMI) for Britain's services sector dropped to 49.5 in August from 51.5 in July - a seven-month low but above an initial estimate which showed it matching January's two-year low of 48.7. The broader composite PMI - which also includes Friday's very weak manufacturing PMI - dropped to 48.6 from 50.8, again the lowest since January but revised up from an estimate of 47.9 for August, which was the lowest since January 2021. "Service providers saw customer spending reverse course during August as higher borrowing costs, subdued business confidence, and stretched household finances all acted to curtail sales opportunities," Tim Moore, economics director at S&P Global, said on Tuesday. Backlogs of work fell by the most in more than three years as fewer orders came in, and businesses responded by hiring staff at the slowest rate in five months. When the initial estimate was published on Aug. 23, S&P Global said it pointed towards a 0.2% contraction for Britain's economy in the three months to September. The latest readings are still below the 50 level which separates growth from contraction. Earlier on Tuesday, Barclays reported a slowdown in consumer spending growth in August, which it said was partly due to unusually wet summer weather as well as the broader cost-of-living squeeze. "Key data to watch in the coming months will be the extent to which weaker employment trends and softer demand translate into falling domestic inflation," Moore said. British consumer price inflation was 6.8% in July - down from a peak of 11.1% in October 2022 but still higher than in any other major economy. Financial markets expect the Bank of England to raise interest rates this month to 5.5% from 5.25%, the 15th increase in a row, before a peak of 5.75% this year. The PMI showed that services companies raised prices in August at a rapid pace by historic standards, but one which was nonetheless the slowest in two years, as their costs rose at the joint-lowest rate since May 2021. Wages and energy bills were the commonest sources of cost increase, but some firms also noted lower raw material costs. (Reuters)
- **Reuters poll: China's exports, imports likely contracted more slowly in August -** China's exports likely contracted at a slower pace in August, a Reuters poll showed on Tuesday, highlighting that manufacturers remain under pressure after outbound shipments recorded their worst performance since February 2020 last month. Data for August are expected to show a 9.2% fall in exports from a year earlier, following a drop of 14.5% in July, according to the median forecast of 33 economists in the poll. Barclays and Nomura were the most bearish, forecasting that overseas demand for Chinese goods worsened last month and are predicting a 15% drop in exports, while Standard Chartered forecast exports fell by just 4%. Chinese factory activity shrank for a fifth straight month in August, weighed down by a lack of new export orders and imported parts, although factory owners indicated producer prices had improved for the first time in seven months, in a nod to improving domestic demand. Policymakers have introduced a series of measures in recent months to shore up growth, with the central bank and top financial regulator last week easing some borrowing rules to aid homebuyers. But analysts warn these measures may struggle to move the needle amid a slowing labour market recovery and uncertain household income expectations. Imports are expected to have shrunk by 9.0%, after dropping 12.4% in July, reflecting slightly improved domestic demand. South Korean shipments to China, a leading indicator of China's imports, dropped by just 20% last month, softening from a 25.1% fall in July. The median estimate in the poll indicated that China's trade surplus would shrink, with analysts predicting it will come in at $73.80bn, compared with $80.6bn in July. China's trade data will be released on Thursday. (Reuters)
- **BOJ policymaker sees signs of change in Japan's deflationary mindset -** Japan is seeing early signs of change in the public's long-held perception that wages and inflation won't rise much, central bank policymaker Hajime Takata said, suggesting conditions for phasing out the bank's massive stimulus are falling into place. Takata stressed the need to

maintain ultra-loose monetary policy for the time being, as slowing global growth heightens uncertainty on whether Japan can sustainably achieve the Bank of Japan's (BOJ) 2% inflation target. But he also said there were signs of change in corporate price and wage-setting behavior that is pushing up not just goods but service prices, pointing to broadening inflationary pressure in the world's third-largest economy. While recent inflation is driven mostly by higher import costs, the increase in prices prodded many companies to hike pay to compensate employees for rising living costs, he said, adding that such wage increases could continue into next year. "Personally, I believe Japan's economy is finally seeing early signs of achieving the BOJ's 2% inflation target," Takata said in a speech. "We need to patiently maintain the current massive monetary stimulus. At the same time, we need to respond nimbly against uncertainties as we're seeing early signs of a positive cycle emerge" between wages and inflation, he said. The remarks follow those of two other BOJ board members, who gave diverging views on how soon the central bank should consider scaling back its radical stimulus. With inflation exceeding the BOJ's 2% target for more than a year, markets are simmering with speculation the central bank will soon dismantle the radical stimulus program of former Governor Haruhiko Kuroda. Japan's core inflation hit 3.1% in July, exceeding the BOJ's 2% target for the 16th straight month. Firms also promised wage hikes unseen in three decades this year, heightening the case for a retreat from decades of ultra-loose monetary policy. BOJ officials have said the central bank must keep interest rates ultra-low until robust domestic demand and sustained wage growth replace rising import costs as key drivers of inflation. (Reuters)

Regional

- **IMF: Growth in remittances from GCC may shift to Africa, Central Asia -** Growth in remittances from the GCC region could shift to Africa and Central Asia, the International Monetary Fund (IMF) said in a report. “Governments in the Gulf are starting to recruit fewer foreign workers as part of a push to employ more locals and are diversifying recruitment of foreign workers, targeting those from Africa and Central Asia,” IMF cited the reason in its report titled ‘Resilient remittances’. The report prepared by Dilip Ratha, a lead economist at the World Bank and an adviser to the Multilateral Investment Guarantee Agency noted: “The Gulf Co-operation Council countries are the second-largest source of remittances in US dollar terms but by far the largest when remittances are measured as a share of their GDP. The proportion of foreign workers in the Gulf often exceeds 70% of the population. Saudi Arabia and the United Arab Emirates are large sources of remittances for South Asia, North Africa, and Southeast Asia.” Remittances sent home by migrant workers provide vital income to millions of people in developing economies, the report said. A growing income gap between richer and poorer nations, demographic pressures, and changes to the planet itself will add to the number of people who migrate in search of economic opportunity. This will, in turn, fuel the flow of remittances for decades to come. According to official statistics, global remittances reached a record $647bn in 2022—three times official development assistance. In fact, remittances are worth more than that because many people send money through informal channels not captured by official statistics. Egypt’s remittance receipts are greater than revenue from the Suez Canal; Sri Lanka’s exceed tea exports; Morocco’s are larger than tourism earnings. India is the world’s largest recipient of remittances, the report noted. In 2022, it became the first country to receive more than $100bn in annual remittances. Mexico, China, and the Philippines are also large recipients. For smaller countries or those caught up in conflict, these transfers are especially vital. Money from migrants is worth more than one-fifth of GDP in Tajikistan, Lebanon, Nepal, Honduras, The Gambia, and a dozen other countries. “At times of crisis, remittances provide a financial lifeline,” the report noted. Migrant workers usually increase the sums they send home in the aftermath of a natural disaster, say, so that stricken relatives can buy food or pay for shelter. Remittances are often stable even if the source country falls into crisis. During the early stages of Covid-19, in 2020, for instance, remittances fell by just 1.1% — in a year when global income shrank by 3%. Migrant workers played a pivotal role in the economy during the pandemic, both as highly skilled doctors and nurses and as frontline delivery workers. The closure of money transfer operators during lockdowns disrupted remittance services, but people still sent money home through digital channels. Remittances recovered strongly and grew by almost 20% in 2021–22, it said. The United States is the largest source country for remittances, especially for Latin America and the Caribbean, the report said. Stricter border controls have trapped increasing numbers of migrants in transit countries, including in Mexico and Guatemala. A surprise result is an increase in remittance flows to transit countries as stranded migrants receive money from relatives. There’s a similar story on Europe’s borders, with more remittances going to trapped migrants in Morocco, Tunisia, and Turkiye, for example. These flows are having a positive impact on host economies, the report said. (Gulf Times)
- **Efficio: GCC is set for next phase of ICV -** Countries in the Gulf region will need to look to In-Country Value (ICV) programs to maximize economic and human capital development in a post-oil future, says Efficio, a global leader in ICV, procurement, and supply chain management. GCC countries are set for a crucial 12 months in progressing their (ICV) programs as the public and private sectors join together in increasing diversification away from oil and gas, Efficio says. In-Country Value (ICV) programs were initially created to increase workplace nationalization – ensuring that investment was channeled into the development of a country’s own talent pool and resources. Total value programs: Over time, they have evolved into total value programs that encompass a wide range of factors to improve economic efficiency and diversity, while also being key engines to driving social development. Today, comprehensive programs encompass strategic initiatives, such as developing local supplier capabilities, establishing strategic supply chain partnerships with international OEMs, attracting local and foreign investments, together with developing a future proof-workforce through training and internship programs. Over the past 10 to 15 years, the GCC has been instrumental in highlighting the advantages offered by ICV and how the need to increase efficiency and local value creation in their post-oil economic future will be crucial in the near, medium, and longer terms. This is why now is a pivotal time for GCC countries when it comes to progressing their In-Country Value (ICV) programs. Efficio has worked for more than a decade to help establish ICV-related policies and holistic ICV development programs in the region. ICV as a tool: The challenge now is how to leverage ICV as a tool from which to become global leaders in rapidly evolving industries – from green energy to IT. Efficio VP and Mena regional lead, David Mooney, said: “Governments in the GCC have historically been global leaders in understanding the value of ICV. “We have worked side by side with public sector leaders in KSA and the UAE to establish successful ICV programs, which are then, in turn, enabled by the private sector.” Without question, ICV programs have been successful in creating opportunities for new businesses and careers for nationals. The next phase is to evolve ICV policies that are a benchmark globally. The countries that achieve this will position their business owners to become industry leaders in the emerging markets predicted to shape this decade and beyond, future proofing their economies by balancing nationalization and commercial competitiveness, he said. “In the coming year, ICV policy will be a key focus for all leaders within the GCC – they understand that they have the ability and ambition to enable the future economies required to create real diversification.” (Zawya)
- **Saudi Arabia's STC Group to become Telefonica top shareholder with 9.9% stake -** Saudi Arabia's STC Group (7010.SE) has amassed a 9.9% stake in Telefonica (TEF.MC) worth 2.1bn Euros ($2.25bn), in a move to become the Spanish telecom giant's top shareholder. STC, the kingdom's largest telecoms operator, unveiled the investment on Tuesday after market hours. The holding consists of 4.9% of Telefonica's shares and financial instruments that give it another 5% in so-called economic exposure to the company. STC plans to secure voting rights for that 5% interest held through financial instruments after receiving regulatory approvals, the company said. We "see this as a compelling investment opportunity to use our strong balance sheet whilst maintaining our dividend policy," STC CEO Olayan Alwetaid said in a statement, adding it doesn't intend to acquire "control or a majority stake". Telefonica said it was informed of STC's investment on Tuesday, describing it as "friendly". STC built the position with the help of U.S. investment bank Morgan Stanley (MS.N), two sources familiar with the situation told Reuters. Linklaters acted as legal adviser to STC and Allen & Overy acted for Morgan Stanley, they added. Morgan Stanley, Linklaters and Allen &

Overy declined to comment. STC is Saudi Arabia's largest telecoms operator and also owns subsidies and has stakes in companies operating in Kuwait and Bahrain. It is 64% owned by Saudi Arabia's Public Investment Fund (PIF), the main engine of Crown Prince Mohammed bin Salman's Vision 2030 to wean the economy off its dependence on oil. Gulf telecom groups are ramping up investments abroad, with Emirates Telecommunications Group, known as e&, (EAND.AD) in March raising its stake in Vodafone Group (VOD.L) to 14%. For STC, the Telefonica investment is its second foray into Europe's telecoms market having agreed to buy tower infrastructure worth 1.2bn Euros from United Group in April. Telefonica is set to present a new strategic plan on Nov. 8 with a focus on growing the company's free cash flow, which its CEO has said could reach 4bn Euros this year. Telefonica, like rivals in Europe, has faced a squeeze on profitability from cut-throat competition and the need for hefty investment in infrastructure for the 5G next-generation mobile technology. It has been selling stakes in more mature businesses such as submarine cables or mobile masts to fund 5G and optic fiber. Telefonica shares closed at 3.75 Euros on Tuesday, giving it a market capitalization of around 22bn Euros. The company was worth more than 110bn Euros when it hit a previous peak in 2008. Spanish bank BBVA was Telefonica's largest shareholder as of last year with a 4.9% holding. (Reuters)

- **Saudi Arabia extends voluntary oil output cut of 1mn bpd to end-2023 -** Saudi Arabia will extend its voluntary oil output cut of 1mn barrels per day for another three months until the end of December 2023, state news agency SPA said on Tuesday. Oil prices rose sharply following the news of the Saudi cut extension, with Brent prices rising above $90 a barrel for the first time since Nov. 18. The voluntary cut decision will be reviewed monthly to consider deepening the cut or increasing production depending on market conditions, SPA said, citing a Saudi energy ministry official. The Saudi voluntary cut is on top of a previous production cut agreed by several producers in the Organization of the Petroleum Exporting Countries along with Russia and other allies known as OPEC+, in April that extends to the end of 2024. Russia on Tuesday also extended its voluntary decision to reduce its oil exports by 300,000 bpd to the end of this year, Deputy Prime Minister Alexander Novak said in a statement on Tuesday. Moscow will also review the voluntary reduction monthly and may deepen it or raise it, Novak said. (Zawya)
- **Saudi Arabia warns businesses to pay tax or face fines -** Saudi Arabia has issued a warning to businesses to pay their taxes on time or face hefty fines. The country's Zakat, Tax and Customs Authority or ZATCA has issued a warning to corporates to file their withholding tax for the month of August, no later than September 10 or face fines. ZATCA has urged companies to expedite the process by submitting their tax statements through their official website or smartphone app to avoid penalties, at the rate of 1% of the unpaid tax for every 30 days of delay from the due date. Withholding tax is defined as a specific percentage of income earned by a non-resident establishment in Saudi Arabia, providing services within the country and generating sources of income. At the same time, non-resident establishments in Saudi Arabia will be subject to withholding tax for any amount obtained from any source in the kingdom whether they deal with governmental, non-governmental, or semi-governmental establishments. The tax will be deducted from the total amount. In a post on X, formerly known as Twitter, ZATCA also called on taxpayers from the business sector to reach out to its 24-hours call center for more information on withholding tax. (Zawya)
- **Saudi Arabia's non-oil business growth eased in August -** Non-oil business is still growing in Saudi Arabia but at the slowest rate for 11 months, according to the latest Purchasing Managers' Index (PMI) data. The headline index was 56.6 in August, down from 57.7 in July. The data revealed the slowest growth in activity since September 2022. The Riyad Bank Saudi Arabia PMI survey said companies indicated that competitive pressures had stymied sales growth, weighing on an upturn driven by strong investment and favorable demand conditions. Concerns over market competition fed through to a worsening of firms' estimates of future activity in August, as confidence fell to its lowest level since the first half of 2020, the report said. "These concerns meant that selling prices were little changed despite rising cost burdens, though employment and purchasing continued to increase," the report added. However, the uplift in activity was still strong overall, with firms often associating an increase with higher new orders and market growth. The rate of expansion in new business inflows also eased, slowing for the second month running from June's multi-year high. A rise in sales was linked to stronger customer demand and greater investment, the report added. However, other companies noted that an increase in the number of market competitors had harmed growth, while a slowdown in export sales was also recorded. Naif Al-Ghaith, chief economist at Riyad Bank, said the kingdom's non-oil activities have managed to expand despite the continuous challenges arising from input prices and the high interest rates. "Tighter monetary policy dampens consumption and investment, reducing demand for consumer and business products. However, the non-oil economy has not displayed much of the tighter monetary policy symptoms," Al Ghaith said. Vision 2030 reforms and projects had overcome the tighter monetary policy, he said. "The vision has attracted and is continuing to attract foreign firms to enter the market. It is expected to increase the level of competition and enhance services and products deliveries." Higher levels of competition had made firms increase the quantity and stocks of purchases, he said, adding that unemployment is also expected to fall with firms attracting talent and marketing staff. (Zawya)
- **Saudi: Al-Rajhi launches Doam employee loyalty program -** Minister of Human Resources and Social Development Eng. Ahmed Al-Rajhi inaugurated the Doam job loyalty program for Saudi public sector employees in a ceremony held in Riyadh on Monday. The program offers a package of exclusive offers to government sector employees through more than 2,500 service providers in all regions of Saudi Arabia, and its beneficiaries include more than 1.2mn male and female employees. Addressing the event, Al-Rajhi said that the Doam job loyalty program comes within the framework of the wise leadership's directives to develop the government sector and achieve the goals of Saudi Vision 2030 in investing and developing human capital, as well as in activating the ministry's strategy to support government agencies. It also comes in appreciation and gratitude for the sincere and outstanding efforts of the public sector employees. This is also out of belief in the duty of the ministry and all its partners to provide a product that gives the government employees and their families various benefits that affect their daily needs. The minister reviewed the remarkable achievements made in the civil service sector, including the implementation of more than 1mn operations on the Masar platform during the year 2022 to support and develop human resources in government agencies, saying that more than 600 government agencies and over 4.3mn employees have benefited from it. "The ministry also worked to raise the job engagement index for government sector employees, exceeding the goals of Vision 2030, in addition to working to measure the performance of employees of government agencies electronically. These achievements include the launch of a central system for job information in the public sector, the strategic planning program for the workforce, and the application of the unified Saudi classification of professions, as well as developing the job discipline system and its executive regulations," Al-Rajhi added. It is noteworthy that the Ministry of Human Resources and Social Development seeks, through the Doam program, to create a stimulating and productive work environment through standards that contribute to enhancing a culture of job excellence in government departments, raising the productivity of public sector employees, and developing their job engagement. (Zawya)
- **UAE business confidence reaches post-pandemic high; growth eased in August -** Non-oil businesses in the UAE have shown a greater degree of confidence that growth will be sustained over the next 12 months, but business activity eased in August to its slowest pace in six months, a survey revealed on Tuesday. In fact, confidence levels were the strongest registered since the onset of the COVID-19 pandemic in March 2020. The seasonally adjusted S&P Global UAE Purchasing Managers' Index (PMI) slowed to a reading of 55.0 in August from 56.0 in July. "The findings suggest that the outlook for the non-oil sector is highly positive, with surveyed firms signaling that this was supported by rising new order inflows, greater tourism and increased investment," David Owen, Senior Economist at S&P Global Market Intelligence, said. Growth across the non-oil economy remained historically sharp midway through the third quarter, despite softening to the least marked since January. Over one-

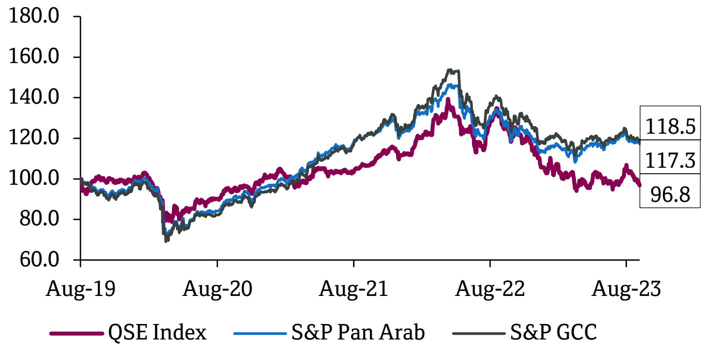
quarter of survey respondents noted a rise in output since the previous month, with most attributing the upturn to rising new business volumes. "The headline PMI reading of 55.0 showed that growth of operating conditions was sustained in August, although momentum has waned since the four-year peak in June," Owen said. "Output growth remained sharp, but slowed to the weakest since January, while the expansion in new orders has likewise lost speed since the second quarter of the year," he added. Job opportunities expanded in the latest survey period, albeit only to a modest degree. Panelists said that strong economic growth supported higher customer numbers and greater household spending. Strong domestic sales were recorded alongside a solid rise in new export business, which was the fastest seen in just over a year, the survey noted. However, despite ticking up since July, the rate of overall new business growth remained below the four-year record seen in June. (Zawya)

- **UAE announces $4.5bn finance initiative for African clean energy -** The United Arab Emirates will give $4.5bn to Africa's clean energy initiatives, COP28 President-Designate Sultan Al Jaber said on Tuesday. (Reuters)
- **Dubai ruler investment vehicle weighs sale of 25% stake in fashion retailer Azadea -** Dubai Holding, the investment vehicle of Dubai's ruler Sheikh Mohammed bin Rashid Al Maktoum, is weighing the sale of its minority stake in Azadea Group, which operates Inditex (ITX.MC) franchises in the Middle East including Zara, three people with knowledge of the matter told Reuters. Dubai Holding has selected JPMorgan (JPM.N) and Rothschild & Co (ROTH.PA) to advise on the sale of a 25% stake it owns in Beirut-headquartered Azadea, said two of the sources, who declined to be named as the matter is not public. Talks are at an early stage and no final decision has been made, all three sources said, adding it was too early to comment on valuation. Azadea was valued at more than $1bn when Dubai Holding bought the 25% stake in 2018, one of the people said. The sale may start next year and is set to attract interest from sovereign wealth funds, one of the people said, given a booming Middle East consumer sector as a predominantly young population spends its increasing wealth. The Lebanese Daher family runs Azadea, which has had a partnership with Zara since 1998 and works with other major global brands. The company operates over 700 stores across the Middle East and Africa. Azadea and Dubai Holding, which owns the world's largest observation wheel, Ain Dubai, and hotel operator Jumeirah Group, did not respond to a request for comment. JPMorgan declined to comment, while Rothschild did not immediately respond to a request for comment. For Dubai Holding, the transaction is the latest in a number of exits by the state firm which seeks to recycle proceeds toward new investments, one of the people said. The company sold its 50% interest in the Dubai Creek Harbor project to its partner Emaar Properties for 7.5bn dirhams ($2.04bn) last year. It also sold a 12.5% stake in Dubai business park operator TECOM Group (TECOM.DU) last year through an initial public offering which raised 1.7bn dirhams. (Reuters)
- **UAE Ministry of Finance launches 'The Future of Finance' campaign -** The Ministry of Finance launched "The Future of Finance", a national campaign which aims to increase the role of youth in shaping the future of the country's financial sector. The campaign highlights top young talents and some of the most skilled individuals working in the financial sector today. It also aims to raise awareness of prominent youth-led projects as well as foster partnerships and programs that support young talent in the financial sector. Younis Haji Al Khouri, Under-Secretary of the Ministry of Finance, said, "The ministry has many young, proven talents who have demonstrated competence working in the government financial sector, which is one of the pillars of the national economy. These talents have led on major projects and tasks that support our work. This initiative aims to provide these young talents with a future full of promising opportunities and enable them to engage in the sustainable development process while contributing to achieving the 'We the UAE 2031' vision. "Youth are the country's most valuable asset. Our leadership supports young people, enabling them to prove their abilities, unlock their potential, and contribute to building the nation as well as representing it on the global stage. Emirati youth have set an example for high achieving and for dedication in serving their country. Our young Emirati talents play vital roles in our country's governance and we bestow them with the responsibility to lead the UAE's development and modernization." The Future of Finance campaign aims to support young talents in the financial sector, in line with the government's efforts to attract and empower top talent. The Ministry of Finance employs 71 young talents (under the age of 35), who represent 31% of employees. 82% of young employees are females, while 14% of supervisors are under 35 and 54% of specialists are under 35. The campaign was launched with a video in which a number of young employees from the Ministry of Finance, representing different sectors and departments, highlight their roles and tasks related to financial empowerment, resource sustainability, innovation practices, and enhancing competitiveness, flexibility, proactiveness, and readiness for the future. The campaign will continue throughout the year to highlight young talents in the country's financial sector in cooperation with national entities and institutions. Through The Future of Finance campaign, the ministry will develop partnerships with several entities to create platforms for exchanging knowledge and skills and for launching initiatives. (Zawya)
- **UAE to deepen ties with ASEAN region -** Dr. Thani bin Ahmed Al Zeyoudi, Minister of State for Foreign Trade, has led a UAE delegation to Jakarta, Indonesia, to attend the ASEAN Business and Investment Summit, the annual economic policy forum that brings together heads of state, policymakers and business leaders to discuss key issues facing South-East Asia. During the visit, Dr. Al Zeyoudi held several high-level meetings with prime ministers, ministers and senior government officials from across the region to explore greater trade and investment opportunities between the UAE and the ASEAN bloc and to build consensus on key issues of global trade in the build-up to the World Trade Organization's 13th Ministerial Conference (MC13) in Abu Dhabi in February 2024. These included bilateral meetings with ministers from the host nation, Indonesia, in which Dr. Al Zeyoudi joined Zulkifli Hasan, Minister of Trade; Bahlil Lahadalia, Minister of Investment; and Sandiaga Uno, Minister of Tourism and Creative Economy, in heralding the implementation of the UAE-Indonesia Comprehensive Economic Partnership Agreement, which came into force on 1st September 2023. Both sides agreed to work in unison to ensure they deliver on the projection of US$10bn in bilateral non-oil trade within five years. Dr. Al Zeyoudi also met with senior representatives of KADIN, the Indonesia Chamber of Commerce, to enhance private-sector collaboration in priority sectors and accelerate bilateral trade flows. Agriculture, energy, logistics, tourism and the Islamic economy were identified as those with the most promise for two-way trade and investment. The UAE minister later held talks with Cham Nimul, Minister of Commerce for Cambodia, with whom the UAE signed a CEPA in June this year. They discussed timelines for the implementation process and how best to leverage the opportunities created by the deal. Al Zeyoudi then met Tengku Zafrul Tengku Abdul Aziz, Minister of Investment, Trade and Industry for Malaysia, to assess the progress of negotiations towards their CEPA with the UAE. Bilateral meetings were also held with Nguyen Hong Dien, Minister of Industry and Trade for Vietnam, which centered on accelerating the progress of CEPA negotiations, preparations for MC13, and investment opportunities in areas of shared interest, particularly renewable energy, food security and the green economy. There were also meetings with Secretary Alfredo Pascual, Minister for Trade and Industry for the Philippines and Francisco Kalbuadi Lay, Deputy Prime Minister of Timor-Leste. Al Zeyoudi also held talks with John WH Denton AO, Secretary-General of the International Chamber of Commerce (ICC), during which he discussed the positive outcomes of the recent B20 Summit held in India and shed light on preparations for the forthcoming MC13. The broader UAE-ASEAN relationship, which was cemented in 2022 with the UAE's signing of the ASEAN's Treaty of Amity and Cooperation in South-east Asia, was discussed during Dr Thani's meeting with ASEAN Secretary-General Dr. Kao Kim Hourn, and Deputy Secretary-General Satvinder Singh. They reviewed the recently revealed trade figures for H1 2023, which showed that the UAE and ASEAN shared $15.3bn in trade, a 2% increase on H1 2022, and restated their commitment to fostering greater economic collaboration. According to Al Zeyoudi, the ASEAN bloc represented 5.2% of the UAE's total non-oil foreign trade in 2022, reaching US$32.2mn. On Day 2 of the summit, Al Zeyoudi highlighted the increasing importance of ASEAN to the UAE's foreign trade agenda during a special session titled Innovation, Sustainability, and Prosperity: Strengthening the UAE-ASEAN Partnership. In his keynote address, he said that the nations of South-East Asia are natural trade and investment partners for the UAE as

they all share pro-growth, pro-trade agendas and that there are limitless opportunities in sectors such as agriculture, renewable energy, advanced technology, logistics and sustainable travel and tourism that can be developed. (Zawya)

- **UAE announces new end-of-service benefits scheme for employees -** The UAE has adopted a system to boost the end-of-service benefits of workers in the private sector and free zones in the country. The system, approved by the UAE cabinet on Monday, includes the establishment of savings and investment funds that will be overseen by the Securities and Commodities Authority, in coordination with the Ministry of Human Resources, Sheikh Mohammed bin Rashid Al Maktoum, Vice-President and Prime Minister of UAE and Ruler of Dubai said on Monday. "The aim is to preserve the workers' savings… and to ensure that they are invested in a safe way," the ruler said on X, formerly known as Twitter. The rewards system will be optional for companies in the UAE. Workers in the government sector also have the option to participate in the system to boost their savings. The new scheme is the latest initiative the UAE has announced to boost gratuity benefits of workers in the private sector, in a bid to attract talent. The scheme will have three investment options such as: Risk-free investment that maintains capital; risk-based investment where the risk varies between low, medium and high; and the sharia-compliant investment. Employees can avail the end-of-service benefits once their work relationship with the employer ends. Similar to pension: Unlike several markets outside the Gulf region, the UAE has no system in place that provides state and employer contributions for workers' pension, which guarantees a monthly allowance or pay during retirement. The closest to a pension plan the private sector has seen recently is the DIFC Employee Workplace Savings Scheme (DEWS), which was introduced in 2020. Under the scheme, DIFC firms make monthly contributions at the rate of 4.83% or 8.33% of the staff's monthly basic pay. Workers are entitled to withdraw the funds upon termination of their work or keep the savings invested for later use. Sheikh Mohammad also announced on Monday that, at the Council of Ministers session, the UAE approved a new system to provide rewards and incentives for federal government employees. The goal is to boost the competitiveness within the UAE national workforce. "The rewards and financial and in-kind incentives are for three categories… for the outstanding annual performance of the employee … or for the exceptional achievements at the level of the entity… or for the national achievements that the employee may achieve for the state," Sheikh Mohammad said. (Zawya)
- **Oman's oil exports reach 178.9mn barrels until July -** The total amount of the Sultanate of Oman's oil exports until the end of July 2023 amounted to about 178,956,300 barrels, calculating the average price per barrel at 80.5 US dollars, while oil production amounted to 223,544,500 barrels. Data issued by the National Center for Statistics and Information indicated that total crude oil production decreased by 1.5% to reach 174, 642,500 barrels. While the total production of oil condensates increased by 6.6%, recording 48,902,100 barrels, while the average daily production of oil reached 1,054,500 barrels until the end of last July. China topped the countries importing Omani oil with total exports amounting to 163, 167, 900 barrels, followed by Japan with 5,845,400 barrels, then India with 2,716,200 barrels, and Korea with 1,951,600 barrels. While exports to other countries amounted to 5,275,100 barrels. On the other hand, the total domestic production and import of natural gas amounted to 30,914,500,000 as of the end of last July, an increase of 1.4% compared to the same period in 2022, amounting to 30, 485, 400,000 cubic meters, and its uses for industrial projects amounted to 18,102,100,000 cubic meters. The total use of natural gas for: oil fields reached 7,865,400,000 cubic meters, power generation stations 4,794,600,000 cubic meters, and industrial areas 152, 500,000 cubic meters. It is noteworthy that the non-associated production of natural gas, including imports, amounted to 24,713,300,000 cubic meters, while the associated production amounted to 6, 201,200,000 cubic meters. (Zawya)
- **Oman's tourism sector generates $4.93bn in 2022 -** Oman's tourism sector reported earnings of RO 1.9bn ($4.3bn) in 2022, reporting an increase of 47.3% over the previous year. According to the country's National Centre for Statistics and Information (NCSI), the tourism sector posted a direct added value of RO 1.1bn at the end of 2022, up from RO 804.9mn in 2021 (33% higher), while contributing to 2.4% to the country's GDP. Domestic tourism contributed to 68% of earnings last year, equivalent of RO 1.3bn, according to the country's state-backed news agency. Additionally, Oman recorded 2.9mn international visitors, reporting an increase of 348% over 2021 figures of 652,000. The biggest footfall came from GCC states with 1.6mn visitors, followed by 651,00 from Asian countries, and 360,000 from European nations. Total general spending by inbound visitors stood at RO 592.4mn. (Zawya)

Rebased Performance



Source: Bloomberg

Daily Index Performance

Source: Bloomberg

Asset/Currency Performance	Close ($)	1D%	WTD%	YTD%
Gold/Ounce	1,926.12	(0.9)	(0.7)	5.6
Silver/Ounce	23.54	(1.9)	(2.7)	(1.7)
Crude Oil (Brent)/Barrel (FM Future)	90.04	1.2	1.7	4.8
Crude Oil (WTI)/Barrel (FM Future)	86.69	1.3	1.3	8.0
Natural Gas (Henry Hub)/MMBtu	2.60	(4.0)	(4.0)	(26.1)
LPG Propane (Arab Gulf)/Ton	73.30	1.1	1.1	3.6
LPG Butane (Arab Gulf)/Ton	65.80	1.2	1.2	(35.2)
Euro	1.07	(0.7)	(0.5)	0.2
Yen	147.72	0.9	1.0	12.7
GBP	1.26	(0.5)	(0.2)	4.0
CHF	1.12	(0.6)	(0.5)	3.9
AUD	0.64	(1.3)	(1.2)	(6.4)
USD Index	104.81	0.5	0.5	1.2
RUB	110.69	0.0	0.0	58.9
BRL	0.20	(0.6)	(0.4)	6.3

Source: Bloomberg

Global Indices Performance	Close	1D%*	WTD%*	YTD%*
MSCI World Index	2,973.45	(0.6)	(0.5)	14.2
DJ Industrial	34,641.97	(0.6)	(0.6)	4.5
S&P 500	4,496.83	(0.4)	(0.4)	17.1
NASDAQ 100	14,020.95	(0.1)	(0.1)	34.0
STOXX 600	456.90	(0.8)	(0.8)	7.7
DAX	15,771.71	(0.9)	(0.9)	13.5
FTSE 100	7,437.93	(0.6)	(0.5)	3.8
CAC 40	7,254.72	(0.9)	(1.1)	12.3
Nikkei	33,036.76	(0.5)	(0.0)	12.3
MSCI EM	985.84	(1.0)	0.0	3.1
SHANGHAI SE Composite	3,154.37	(1.1)	0.2	(3.6)
HANG SENG	18,456.91	(2.1)	0.4	(7.2)
BSE SENSEX	65,780.26	(0.2)	0.2	7.7
Bovespa	117,331.30	(1.3)	(1.0)	13.9
RTS	1,050.99	(1.2)	(0.4)	8.3

Source: Bloomberg ($ adjusted returns if any)*

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