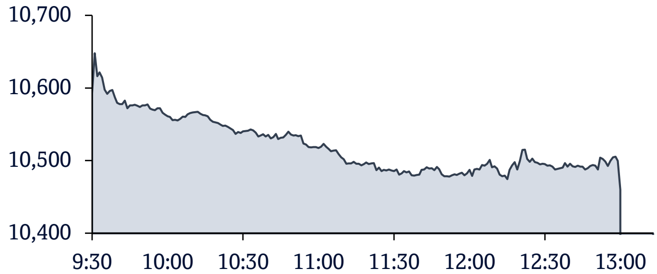
QSE Intra-Day Movement



Qatar Commentary

The QE Index declined 1.1% to close at 10,459.8. Losses were led by the Banks & Financial Services and Industrials indices, falling 1.3% and 1.0%, respectively. Top losers were Qatar National Cement Company and Qatari German Co for Med. Devices, falling 5.0% and 3.7%, respectively. Among the top gainers, Zad Holding Company gained 2.0%, while Qatar Oman Investment Company was up 1.9%.

GCC Commentary

Saudi Arabia: The TASI Index fell 0.8% to close at 11,408.5. Losses were led by the Pharma, Biotech & Life Science and Transportation indices, falling 4.2% and 1.6%, respectively. Fawaz Abdulaziz Alhokair Co. declined 6.0%, while Al-Baha Investment and Development Co. was down 5.9%.

Dubai: The DFM Index gained 0.1% to close at 4,053.6. The Consumer Staples Index rose 3.6%, while the Industrials index gained 0.4%. Union Properties rose 7.0%, while Emirates Reem Investments Company was up 3.6%.

Abu Dhabi: The ADX General Index fell 0.2% to close at 9,776.3. The Telecommunication index declined 1.4%, while the Consumer Discretionary index fell 0.6%. Rak Co. For White Cement declined 7.4%, while National Cooperation for Tourism & Hotels was down 4.0%.

Kuwait: The Kuwait All Share Index fell 1.3% to close at 7,005. The Banks index declined 1.6%, while the Real Estate index fell 1.4%. Amar Finance & Leasing Co. and Commercial Bank of Kuwait both were down 5.0% each.

Oman: The MSM 30 Index gained marginally to close at 4,775.1. The Industrial index gained 0.3%, while the other indices ended flat or in red. A'Saffa Foods rose 4.2%, while Al Maha Ceramics Company was up 3.4%.

Bahrain: The BHB Index gained 0.1% to close at 1,962.9. The Real Estate Index rose 1.0%, while the Materials index gained 0.9%. Bahrain Commercial Facilities Company rose 1.5%, while Seef Properties was up 1.3%.

Market Indicators	21 Aug 23	20 Aug 23	%Chg.
Value Traded (QR mn)	432.1	325.2	32.9
Exch. Market Cap. (QR mn)	615,417.8	621,455.6	(1.0)
Volume (mn)	153.5	140.6	9.2
Number of Transactions	18,875	10,623	77.7
Companies Traded	48	47	2.1
Market Breadth	09:35	20:25	–

Market Indices	Close	1D%	WTD%	YTD%	TTM P/E
Total Return	22,448.15	(1.1)	(1.1)	2.6	13.1
All Share Index	3,524.67	(1.0)	(1.0)	3.2	13.7
Banks	4,362.07	(1.3)	(1.2)	(0.6)	14.0
Industrials	4,026.82	(1.0)	(1.1)	6.5	14.2
Transportation	4,485.40	(0.6)	(1.4)	3.5	11.6
Real Estate	1,557.32	(0.6)	(1.7)	(0.2)	14.3
Insurance	2,459.03	0.8	1.7	12.5	145
Telecoms	1,663.01	(0.1)	0.9	26.1	13.0
Consumer Goods and Services	7,703.63	(0.9)	(0.9)	(2.7)	20.9
Al Rayan Islamic Index	4,611.21	(1.2)	(1.3)	0.4	9.3

GCC Top Gainers##	Exchange	Close#	1D%	Vol. '000	YTD%
Multiply Group	Abu Dhabi	3.67	3.1	43,763.5	(20.9)
Saudi Tadawul Gr Holding	Saudi Arabia	189.20	3.1	602.5	4.5
Bank Sohar	Oman	0.11	2.9	2,594.8	1.9
Dar Al Arkan Real Estate	Saudi Arabia	18.86	2.1	6,962.6	62.3
Americana Restaurants International	Abu Dhabi	4.15	1.5	3,484.4	39.7

GCC Top Losers##	Exchange	Close#	1D%	Vol. '000	YTD%
Ahli Bank	Oman	0.17	(4.4)	0.1	2.3
Jabal Omar Dev. Co.	Saudi Arabia	22.98	(3.4)	3,864.8	39.1
Ezdan Holding Group	Qatar	1.058	(3.4)	5,009.4	5.7
Masraf Al Rayan	Qatar	2.328	(2.9)	16,204.7	(26.6)
Rabigh Refining & Petro.	Saudi Arabia	10.36	(2.6)	2,198.5	(3.0)

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

QSE Top Gainers	Close*	1D%	Vol. '000	YTD%
Zad Holding Company	13.98	2.0	5.0	0.5
Qatar Oman Investment Company	0.850	1.9	5,430.4	54.5
Qatar Insurance Company	2.359	1.5	2,469.0	22.7
Mekdam Holding Group	5.263	1.0	895.7	(8.7)
Ahli Bank	3.930	0.3	786.0	(2.0)

QSE Top Losers	Close*	1D%	Vol. '000	YTD%
Qatar National Cement Company	3.706	(5.0)	166.6	(23.4)
Qatari German Co for Med. Devices	2.360	(3.7)	3,885.1	87.7
Ezdan Holding Group	1.058	(3.4)	5,009.4	5.7
Masraf Al Rayan	2.328	(2.9)	16,204.7	(26.6)
Mazaya Qatar Real Estate Dev.	0.762	(2.4)	12,262.9	9.5

QSE Top Volume Trades	Close*	1D%	Vol. '000	YTD%
Masraf Al Rayan	2.328	(2.9)	16,204.7	(26.6)
Qatar Aluminum Manufacturing Co.	1.297	(1.4)	13,565.4	(14.7)
Mazaya Qatar Real Estate Dev.	0.762	(2.4)	12,262.9	9.5
Dukhan Bank	4.270	(0.2)	11,158.2	0.0
Gulf International Services	2.346	(1.0)	10,872.4	60.8

QSE Top Value Trades	Close*	1D%	Val. '000	YTD%
Dukhan Bank	4.270	(0.2)	47,933.8	0.0
QNB Group	16.06	(0.7)	41,604.9	(10.8)
Masraf Al Rayan	2.328	(2.9)	38,010.0	(26.6)
Industries Qatar	12.89	(0.9)	26,860.9	0.6
Gulf International Services	2.346	(1.0)	25,637.8	60.8

Regional Indices	Close	1D%	WTD%	MTD%	YTD%	Exch. Val. Traded ($ mn)	Exchange Mkt. Cap. ($ mn)	P/E**	P/B**	Dividend Yield
Qatar*	10,459.78	(1.1)	(1.1)	(4.6)	(2.1)	119.58	168,255.2	13.1	1.4	4.7
Dubai	4,053.64	0.1	0.1	(0.1)	21.5	109.40	186,727.9	9.3	1.3	4.5
Abu Dhabi	9,776.34	(0.2)	(0.0)	(0.1)	(4.3)	282.49	745,868.4	32.3	3.0	1.7
Saudi Arabia	11,408.45	(0.8)	(0.4)	(2.4)	8.9	1,337.03	3,036,124.3	19.0	2.2	3.2
Kuwait	7,004.99	(1.3)	(1.7)	(3.4)	(3.9)	110.70	145,525.2	16.4	1.5	3.9
Oman	4,775.10	0.0	(0.2)	(0.0)	(1.7)	8.26	22,649.8	13.1	0.9	4.6
Bahrain	1,962.88	0.1	0.5	(1.5)	3.6	7.71	56,351.0	7.4	0.7	8.5

*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 1.1% to close at 10,459.8. The Banks & Financial Services and Industrials indices led the losses. The index fell on the back of selling pressure from non-Qatari shareholders despite buying support from Qatari shareholders.
- Qatar National Cement Company and Qatari German Co for Med. Devices were the top losers, falling 5.0% and 3.7%, respectively. Among the top gainers, Zad Holding Company gained 2.0%, while Qatar Oman Investment Company was up 1.9%.
- Volume of shares traded on Monday rose by 9.2% to 153.5mn from 140.6mn on Sunday. However, as compared to the 30-day moving average of 162.3mn, volume for the day was 5.4% lower. Masraf Al Rayan and Qatar Aluminum Manufacturing Co. were the most active stocks, contributing 10.6% and 8.8% to the total volume, respectively.

Overall Activity	Buy %*	Sell %*	Net (QR)
Qatari Individuals	32.54%	31.32%	5,267,604.36
Qatari Institutions	28.54%	24.16%	18,911,547.43
Qatari	**61.08%**	**55.48%**	**24,179,151.80**
GCC Individuals	0.79%	0.44%	1,486,300.75
GCC Institutions	0.89%	1.48%	(2,543,789.07)
GCC	**1.68%**	**1.92%**	**(1,057,488.33)**
Arab Individuals	9.09%	10.19%	(4,741,357.88)
Arab Institutions	0.00%	0.00%	-
Arab	**9.09%**	**10.19%**	**(4,741,357.88)**
Foreigners Individuals	3.20%	2.43%	3,340,937.88
Foreigners Institutions	24.96%	29.98%	(21,721,243.47)
Foreigners	**28.15%**	**32.41%**	**(18,380,305.59)**

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

Global Economic Data

Global Economic Data

Date	Market	Source	Indicator	Period	Actual	Consensus	Previous
08-21	UK	Rightmove	Rightmove House Prices MoM	Aug	-1.90%	NA	-0.20%
08-21	UK	Rightmove	Rightmove House Prices YoY	Aug	-0.10%	NA	0.50%
08-21	Germany	German Federal Statistical Office	PPI MoM	Jul	-1.10%	-0.20%	-0.30%
08-21	Germany	German Federal Statistical Office	PPI YoY	Jul	-6.00%	-5.10%	0.10%

Qatar

- **MEEZA to expand data center capacity in next two-to-three years -** MEEZA, which now has a total supply capacity of 24.4MW (megawatts) from operating five data centers, is planning to expand its capacity by 19.5MW over the next two to three years to meet the growing demand in Qatar. The company, which will Wednesday start trading on the Qatar Stock Exchange, is currently the market leader with about 50% market share based on Qatar estimated supply capacity. In the data center industry, MWs are reserved for wholesale colocation customers that require enough power for thousands of servers and related IT hardware. MEEZA's demand for data center-related services is mainly driven by colocation and hosting services as well as IaaS (infrastructure as a service). According to a recent market study commissioned by MEEZA, the demand for colocation and hosting is expected to rise from $129mn in 2022 to $163mn in 2026, while demand for IaaS is expected to significantly grow from $71mn in 2022 to $279mn in 2026, indicating a huge growth potential for MEEZA over the next few years that can be serviced with an adequate expansion in capacity. Out of the total ICT market, the data center market in Qatar accounts for about 0.12% of the global data center market in 2022. In line with the current global market trends, the demand for data centers in Qatar is expected to grow by 13.3% per annum from 40 megawatts (MW) in 2022 to 66MW in 2026. Furthermore, total spending demand for Qatar on data center systems and data center IT-related services is expected to steadily rise from $0.86bn in 2022 to $1.28bn in 2026. This growth in demand for data centers is expected to be mainly driven by digital business process as a service (BPaaS), data center services, desktop as a service (DaaS), data center systems support, infrastructure as a service (IaaS), and application managed services. Additionally, cybersecurity is also poised to follow the same growth dynamic, with total demand for cyber security service in Qatar forecasted to grow by 10.6% per annum from $347mn in 2022 to $520mn in 2026. The Qatari data center space currently features three ICT (information, communication and technology) companies whose data center colocation capacity is commercially available to third parties as part of their core business. Besides MEEZA, other ICT entities operating data centers in Qatar are Ooredoo and Mannai ICT. Ooredoo operates five data centers covering a total space of 60,000sq ft and its total supply capacity is estimated to be 22MW (46% market share based on Qatar estimated supply capacity, on par with MEEZA), the MEEZA prospectus filed with the QSE said. Mannai ICT – an integrated end-to-end solutions IT company in Qatar providing, among others, servers and storage services, peripheral IT hardware services and integrated IT solutions – currently operates one data center with an estimated supply capacity of 2MW (4% market share based on Qatar estimated supply capacity). As per the latest Ministry of Communications data, ICT currently contributes to 1.9% of Qatar's total gross domestic product. Investments in the digital landscape, particularly cloud computing, are at an all-time high as part of efforts to implement Qatar's digital transformation agenda and construct a knowledge-based economy. (Gulf Times)
- **Qatar to build chemical plant in Algeria -** A Qatari firm intends to partner with Algeria's state-owned Sonatrach energy company to build a chemical plant in the North African Arab country, Algeria's press has reported. Power International Holding (owned by Estithmar's anchor shareholders) will send a team to Algeria in early September to meet Sonatrach officials for talks on the project to produce Butene and Polybutene, Elkhabar daily and other Algerian publications said. The paper quoted Algerian energy Minister Mohammed Arkab as saying the project would be a "joint venture" between Sonatrach and the Qatari company. "Sonatrach is ready to work with Power International to achieve that project, which is part of Algeria's strategy to develop the industrial sector," Arkab said without providing further project details. (Bloomberg)
- **Natural gas to be a driving force in the road to net zero -** Natural gas producers such as Qatar have a pivotal role to play in the energy transition despite concerns around its impact on the environment, the Al-Attiyah Foundation reports in its latest Sustainability Research Paper 'The Role of Natural Gas – Transition Fuel or Part of the Long-Term Global Energy Mix?' As the world continues to grapple with the urgent need to address climate change and to transition to sustainable energy systems, the role of natural gas in the global energy mix has become subject of intense

debate. The use of natural gas in the past decades has provided numerous benefits, such as relatively lower greenhouse gas emissions, enhanced energy market stability, and economic returns. Its abundance, affordability, low level of local air pollutants linked to its use and widespread infrastructure has made it an attractive option for power generation, industrial processes, and heating. The flexibility of natural gas-fired power plants has also allowed them to complement intermittent renewable energy sources, providing stability to the grid. However, doubts remain regarding its long-term viability and compatibility with carbon-neutral future objectives. Methane, the primary component of natural gas, is a potent greenhouse gas with a much higher warming potential than carbon dioxide. Methane can warm the planet more than 80 times as much as the same amount of carbon dioxide over a 20-year period if it escapes into the atmosphere before being burned. Therefore, methane leakage during extraction, transportation, and distribution can significantly offset the emission benefits of natural gas. A peer-reviewed study conducted by researchers from Harvard, Duke Universities and NASA and published in the journal Environmental Research Letters, found that it takes as little as a 0.2% gas leakage rate to make natural gas as big a driver of climate change as coal – a small margin of error. Furthermore, researchers found that the global oil and gas industry is leaking more methane than the United States government thinks. A 2018 study from Science, puts the rate of methane emissions from domestic oil and gas operations in the United States at 2.3% of total production per year, which is 60% higher than the current estimate from the Environmental Protection Agency. Despite concerns regarding it cleanness, natural gas is set to play key part in the path to a more diverse energy mix in the coming decades. Concerns have been somewhat assuaged after 150 countries, including the United States and most of the big oil producers other than Russia, pledged to reduce methane emissions from oil and gas by at least 30% by 2030 at the 2022 United Nations Climate Change Conference (COP27) in Sharm El-Sheikh, Egypt. If those pledges are met, the result would be equivalent to eliminating the greenhouse gas emissions from all of the world's cars, trucks, buses and all two- and three-wheeled vehicles, according to the International Energy Agency. Also in 2022, the world's biggest liquified natural gas (LNG) producer, QatarEnergy, joined the Aiming for Zero Methane Emissions Initiative, an industry-led initiative that aims to reach near zero methane emissions from operated oil and gas assets by 2030. Natural gas' role as a bridge fuel is also highlighted by initiatives such as Just Energy Transition Partnerships which has been signed by Indonesia, Senegal, South Africa, and Vietnam. Signatories of the pact have committed to retiring existing and preventing new coal power plant capacity and replacing it by renewables. In case of intermittency of the latter, natural gas power plants may become crucial to bolster grid stability. Given limited resources of natural gas within these countries significant gas imports will be required. As most of the emerging economies have a net zero target date of 2060 or even 2070, it would be attractive to build new natural gas infrastructure. (Peninsula Qatar)

- **City Center Doha expands its portfolio with 26 shop openings -** City Center Doha, one of the largest and most prominent malls in Qatar, has announced that as part of its development strategy to enhance visitors experience, it has recently welcomed an exciting new group of stores. Working to fulfil its commitment to visitors, outlined as part of the 20th anniversary event in 2021, City Center welcomed a diverse new array of international and local brands enhancing its visitors' experience. These stores include, but are not limited to, Homes R Us, Lining, Paul kiosk, Annabelle, Kenny Rogers, and Charleys Philly Steaks and more. Building on these additions, more than 18 new shops will open at City Center Doha before the end of the year, further enriching the shopping experience for visitors. The anticipated openings will include Borders, E-max electronics, Plaza Hollandi, and Eva France jewelry. The mall will also launch a Gold shopping area where jewelry shoppers can immerse themselves in the luxury offerings of over 35 outlets, all within a few steps of each other. The Gold Square, whose retail units have been increasingly occupied by a range of sellers from the Gulf region and expected to be fully occupied by the end of 2023. It is located on the east side of the mall on the second floor under the newly opened food court. All these shops were listed on the mall's newly revamped website www.citycenterdoha.com Murat Kayman, general manager of City Center Doha, commented: "It is with great pleasure that we announce these new developments at City Center Doha, which demonstrate the mall's continued attractiveness for retailers based on a refined quality, great location and strong tenant mix. We remain committed to further enhancing the leading position of the mall through refurbishment, facility upgrades, the cultivation of a distinctive top rate ambiance and extensive activities for all visitors to enjoy." (Qatar Tribune)
- **Qatar Airways marks collaboration with FIFA at Women's World Cup -** Qatar Airways, the Official Airline Partner of FIFA, celebrated the conclusion of a remarkable FIFA Women's World Cup Australia & New Zealand 2023, engaging global and domestic audiences and continuing the legacy of collaboration between the airline and FIFA. Adding a touch of Qatar Airways elegance to the prize ceremony, the airline's cabin crew presented the coveted gold and silver medals to the finalists, after Spain's 1-0 victory against England in the grand final held in Sydney on August 20, and the bronze medals to Sweden for claiming victory as the 3rd place holder on August 19. As part of Qatar Airways' dedication to bringing the excitement of the tournament closer to fans and communities, the airline also showcased the FIFA Women's World Cup 2023 Winner's Trophy in Sydney. This engaging initiative allowed fans to get up close and personal with the prestigious FIFA Women's World Cup Winner's Trophy, celebrating the remarkable athletes who competed, and reflecting Qatar Airways' commitment to connecting people through sport. Qatar Airways Group Chief Executive, HE Akbar Al Baker, said: "We are honored to have been the Official Airline Partner of the FIFA Women's World Cup Australia & New Zealand 2023. This momentous event celebrates the talent of the amazing teams on the pitch making this partnership one that aligns with our mission to connect people through sport." The national carrier of Qatar has been a partner of FIFA since May 2017, supporting national teams and football clubs on their journey to the world's biggest stage. As Official Airline Partner, Qatar Airways supported several competitions including the 2018 FIFA World Cup Russia, the FIFA Women's World Cup France 2019, the FIFA Club World Cup Qatar 2019 and 2020, the FIFA Arab Cup Qatar 2021 and the most recent FIFA World Cup Qatar 2022. With a network of over 160 destinations, Qatar Airways facilitates the movement of sports fans all over the world to watch their favorite teams compete. In the UK, the airline operates 100 flights a week to Birmingham, Edinburgh, London Gatwick, London Heathrow and Manchester. In Spain, the airline has a frequency of 35 weekly flights to Barcelona, Madrid and Malaga. Qatar Airways operates 42 flights a week to Australia, including Adelaide, Brisbane, Melbourne, Perth and Sydney. Starting September 1, the airline will resume direct flights to Auckland, New Zealand which is currently served via an Adelaide tag. As the curtains draw on the ninth edition of the FIFA Women's World Cup, Qatar Airways remains dedicated to nurturing the legacy of sportsmanship, unity, and excellence that defines both the airline and FIFA. Together, Qatar Airways and FIFA are committed to creating moments that inspire and uniting people from all walks of life. (Peninsula Qatar)
- **Qatar-Saudi co-ordination council meets in Doha -** Qatar and Saudi Arabia Monday explored ways to strengthen the bilateral trade and economic relations as they held discussions on mechanism to activate the import and export initiatives. The working group of the Economy, Trade, and Industry committee of the Qatari-Saudi Co-ordination Council held a meeting in Doha. Sultan bin Rashid al-Khater, Undersecretary of the Ministry of Commerce and Industry, chaired the Qatari side while Al-Baraa bin Basem al-Iskandarani, Undersecretary of the Ministry of Economy and Planning for Economic and International Affairs, chaired the Saudi side. Several government officials from both countries also participated. During the meeting, officials discussed the strong fraternal relations between Qatar and Saudi Arabia and explored ways to strengthen and develop them to advance joint interests. Additionally, they highlighted the agenda's issues, especially the mechanisms to activate the import and export initiative between the two countries. The officials also deliberated on the strategic objectives of the Economy, Trade, and Industry Committee, as well as efforts to advance joint bilateral action in line with the economic visions of both nations. (Gulf Times)
- **Amir, Hungarian PM witness signing of agreement -** HH the Amir and the Hungarian PM witnessed the signing of a memorandum of understanding

(MoU) in the field of environmental protection between the Ministry of Environment and Climate Change in the State of Qatar and the Ministry of Energy in Hungary, and a memorandum of understanding regarding cooperation in the field of diplomatic training between the Diplomatic Institute at the Ministry of Foreign Affairs in the State of Qatar and the Hungarian Diplomatic Academy. They also witnessed the signing of an agreement for cooperation in the fields of youth and sports between the governments of the two countries, in addition to a memorandum of understanding for cooperation in the agricultural field between the Ministry of Municipality in the State of Qatar and the Ministry of Agriculture in Hungary. Before the talks, HH the Amir and the Prime Minister of Hungary held a bilateral meeting, during which they exchanged opinions and views on a number of issues of concern to both sides. The Prime Minister of Hungary held an official luncheon banquet in honor of HH the Amir and members of the official delegation accompanying HH the Amir. (Qatar Tribune)

International

- **S&P downgrades multiple US banks citing 'tough' operating conditions -** S&P Global on Monday cut credit ratings and revised its outlook for multiple US banks, following a similar move by Moody's, warning that funding risks and weaker profitability will likely test the sector's credit strength. S&P downgraded the ratings of Associated Banc-Corp and Valley National Bancorp on funding risks and a higher reliance on brokered deposits. It also downgraded UMB Financial Corp, Comerica Bank and Keycorp, citing large deposit outflows and prevailing higher interest rates. A sharp rise in interest rates is weighing on many US banks' funding and liquidity, S&P said in a summarized note, adding that deposits held by Federal Deposit Insurance Corp (FDIC)-insured banks will continue to decline as long as the Federal Reserve is "quantitatively tightening." The rating agency also downgraded the outlook of S&T Bank and River City Bank to negative from stable on high commercial real estate (CRE) exposure among other factors. Moody's had earlier this month cut the ratings of 10 banks by one notch and placed six banking giants, including Bank of New York Mellon BK.N, US Bancorp, State Street and Truist Financial on review for potential downgrades. The collapse of Silicon Valley Bank and Signature Bank earlier this year sparked a crisis of confidence in the US banking sector, leading to a run-on deposit at a host of regional banks, despite authorities launching emergency measures to shore up confidence. (Reuters)

- **Majority of small businesses believe US is in recession -** More than half of US small business owners believe the economy is already in a recession, marking a slight decrease between July and April, despite most firms reporting their own financial condition was strong, a survey released on Monday showed. The survey conducted in July from the National Federation of Independent Business focused mainly on small businesses' views on the state of banking and their credit needs, and also showed small businesses are much less worried about the health of their bank than they were in the immediate aftermath of this spring's bank failures, including that of Silicon Valley Bank. On the economy, 52% of small business owners said they believe the economy is already in a recession, down from 55% in April, the survey found. That belief comes despite broad signs of strength across the economy and growing body of evidence that the economy could avoid a long-anticipated downturn. Recent indicators have shown strong retail sales and rising spending on services, the two largest small business industries. Moreover, businesses see their own financial condition as strong and their local economies relatively healthy. For instance, more than two-thirds of all firms said that the financial state of business was "excellent" or "good," a slight decline since April, but still strong as consumer spending continues to surpass expectations, and expectations for third-quarter gross domestic product growth continues to get revised upwards. On top of that, 80% of firms reported that the local economy was at least "okay." Optimism about the banking sector improved as well, recovering from the second-biggest US banking collapse on record in March, as over half of all owners were not at all concerned about the health of their bank, an increase from 31% in April. There was heightened concern among small businesses at the outset of the collapse since 80% of all small businesses use a small, mid-sized or regional bank for financial needs. The increased cost of borrowing after 525-basis points worth of tightening from the Federal Reserve since March 2022 continued to be the greatest source of concern for the majority of firms that have borrowed or tried to borrow since April. (Reuters)

- **Fed's long-term GDP outlook is dismal; the economy hasn't got the message yet -** After puzzling for years over the sluggish US rebound from the 2007-2009 recession, the Federal Reserve had a reckoning at its policy meeting in September of 2016. Because of poor productivity and population aging, typical US economic growth of 2.5% or more annually was “not possible anymore” on a sustained basis, said John Williams, the current New York Fed president who at the time was head of the San Francisco Fed, according to transcripts of a session where policymakers cut their median long-term GDP growth outlook to 1.8%, continuing a roughly decade-long slide. For the next three years and continuing on the other side of a world-altering pandemic, the US has left that seeming constraint in the dust, with growth exceeding 1.8% in 21 of the 28 quarters since, including a period of 2.5% annual growth in the years between that 2016 Fed meeting and the onset of the coronavirus pandemic, and averaging 3% so far under President Joe Biden. The pandemic, with its massive hit to growth in two of those quarters in 2020 and the multi-trillion-dollar government response that followed, clouds an understanding of emerging trends. But when policymakers gather later this week for an annual Fed research symposium in Jackson Hole, Wyoming that will be focused on “structural shifts,” they will have to grapple with an economy in deep flux - from US labor force growth that has been better than anticipated, a manufacturing construction surge, changing global supply chains, continued high inflation, and, now, hints of improving productivity. It’s unlikely they’ll abandon their muted view of US economic potential. Slower population growth is wired into the US outlook at this point, immigration remains a politically charged issue, and better productivity, the other key driver of growth, is hard to anticipate. Economists at investment firm BlackRock in essays this month pivoted towards an even harsher view of what they deemed “full-employment stagnation,” with potential US growth as low as 1% as the baby boom generation retires, inflation remains volatile, and worker shortages persist. But policymakers have been surprised enough in recent years that a larger conversation is beginning - some of it couched in technical analysis of whether, for example, underlying interest rates have moved higher, some in the blunt observation that people keep behaving differently than the experts expect. From September 2016 through 2019, for example, the US labor force grew about twice as fast as the moribund 0.5% a year Fed staff saw as the likely trend, a pace sustained once the number of available workers recovered in 2022 from a pandemic-driven downturn to its prior high. “The ability to pull people into the labor force ... was much higher than even advocates thought,” said Adam Posen, a former Bank of England policymaker who is now president of the Peterson Institute for International Economics in Washington. He called the US central bank’s misreading of the issue “a major failure” that can mar analysis of where the economy stands. (Reuters)

- **NY Fed finds record wage expectations in July consumer survey -** American workers’ expectations for pay surged in July, even as those same workers foresee a modestly less robust job market, said a survey released Monday by the Federal Reserve Bank of New York. Respondents told the bank that they’d expect an annual salary offer of $67,416 upon being offered a job, a record reading in a survey that started in 2014, up from the $60,310 reported a year ago. "The increase was broad-based across age, education, and income groups, but was most pronounced for respondents above age 45 and for college graduates," the report said. Meanwhile, respondents to the bank’s Survey of Consumer Expectations said that the lowest wage they’d accept to take a job also jumped, hitting a record $78,645, from $72,873 a year ago. The pay workers are expecting was not from what they’re actually getting. The survey said that survey respondents said that in July the average wage offered for a full-time job was $69,475 versus $60,764 in July 2022. The jump in compensation, actual and expected, came even as poll respondents saw some softening around the edges of the job market. The survey found that relative to a year ago there’s been a small decline in those who said they’d changed jobs, as well as a reduction in the number of people who said they were searching for new work. Looking ahead, respondents said the probability of them moving to a new employer stood at 10.6%, down from 11% in the July 2022 survey. Respondents also said they see the chances of receiving a job offer in the next four months as lower. The New York Fed reports on labor market expectations quarterly as part of a data series best known for tracking the expected path of inflation and household financial situations. The latest data comes just days before Fed officials gather with other world top financial authorities at a research conference to be held in Jackson Hole, Wyoming. Fed officials are continuing to grapple with whether they need to press forward with interest rate increases at a time when inflation remains high but is falling. Even with a historically aggressive campaign of rate rises economic growth and labor markets remain strong. The New York Fed data suggests risks remain that wage gains and expectations of pay increases could keep some upward pressure on inflation, which could keep alive the prospect that the central bank may have to raise rates further That said, there's been an active debate over how much rising wages are a driver of inflation in a time where many other parts of the economy have been working through disruptions caused by the coronavirus pandemic. A recent Cleveland Fed paper, noting the strong job gains, framed them as reactive to economic events, saying "we find that the increase in wage growth largely reflects the pass-through of higher inflation and does not reflect labor market imbalances." The paper's authors expect wage gains to moderate. (Reuters)

- **Treasuries ten-year yield hits 16-year peak on 'higher for longer' worries -** The benchmark US 10-year Treasury yield scaled a fresh 16-year high in Asian trade on Tuesday, helped by a run of strong US economic data bolstering the view that the Federal Reserve is likely to keep interest rates higher for longer. The yield on 10-year Treasury notes rose to 4.366%, its highest level since November 2007 but later dropped back to 4.334%. The 30-year Treasury bond yield was flat at 4.455%, just below a 12-year peak of 4.474% touched overnight. Treasuries have been sold off in the past few weeks after strong retail sales and other data underscored the resilience of the US economy. That along with easing inflation has put a lid on fears of a looming recession. "The bond market is unsettled, and investors will need some time to understand where high yields are headed," said Gary Dugan, CIO at Dalma Capital. Dugan said a reacceleration in global growth despite sticky core inflation is pushing investors to consider levels of long-term interest rates that were "previously unthinkable". "We believe that there are good arguments for why a 5% US 10-year bond yield is quite possible." The two-year US Treasury yield, which typically moves in step with interest rate expectations, was up 1.3 basis points at 5.005%. The Fed raised interest rates at its July meeting by a quarter of a percentage point, to a range of between 5.25% and 5.5%, with investors broadly expecting it to be the central bank's last step in an aggressive 16-month rate hike campaign. With few economic events this week, all eyes are on the Fed's annual symposium in Jackson Hole, Wyoming, where Fed Chair Jerome Powell is due to speak on Friday after the conference begins on Thursday. Investors are wary that Powell might take a hawkish stance in the wake of strong economic data. (Reuters)
- **Halifax: Higher British mortgage rates squeeze housing affordability -** A steep surge in interest rates has made it harder to buy a home, despite wages growing much faster than house prices over the past year, figures from major mortgage lender Halifax showed on Tuesday. Halifax, part of Lloyds Banking Group, said the cost of a typical 25-year mortgage, with a fixed interest rate for the first five years and a 25% deposit, now amounted to 35% of a single average full-time salary, up from 30% a year ago. At the start of 2020 - before increased buyer demand pushed up house prices during the COVID-19 pandemic - a similar mortgage cost 23% of an average salary. British mortgage rates have surged significantly over the past year as the Bank of England picked up the pace of rate rises interest rate rises to tackle unexpectedly stubborn inflation. "Typical monthly mortgage payments are up by around a fifth, which is a big jump at any time, but particularly during a wider cost of living squeeze," Kim Kinnaird, mortgages director at Halifax, said. "Mortgage costs as a proportion of income are now comparable to those seen in 2007," she added. Britain's housing market has slowed in recent months with both Halifax and rival Nationwide reporting an annual decline in house prices, while official figures showed annual wage growth excluding bonuses hit 7.8% in the three months to June, the highest in records going back to 2001. The cost of a typical home in Britain is now 6.7 times average earnings, down from June 2022's peak of 7.1 times, Halifax said but above the 6.2 recorded in early 2020. First-time buyers typically bought a house or apartment costing 5.8 times an average single full-time salary - although most purchasers were joint applicants. The average household income for first-time buyers was nearly 60,000 pounds, giving a household house price to income ratio of 3.8. (Reuters)
- **China's fiscal revenue slows as economy struggles -** China's fiscal revenue rose 11.5% in the first seven months of 2023 from the same period a year earlier but was slower than the 13.3% rise posted for the first six months, official data showed, amid signs the economy is losing momentum. Fiscal revenue totaled 13.9tn yuan ($1.92tn) from January-July, while fiscal expenditure grew 3.3% to 15.2tn yuan ($2.10tn), the finance ministry said in a statement on Monday. In July, fiscal revenue rose 1.9% year on year, slowing from a 5.6% increase in June. Fiscal expenditure fell 0.8% in the same period, narrowing from a 2.5% decline a month earlier, according to Reuters calculations based on the ministry's data. The world's second-largest economy grew at a sluggish pace in the second quarter amid weak demand both at home and abroad, prompting top leaders to promise further policy support and analysts to downgrade their growth forecasts for the year. China's consumer sector fell into deflation in July, with analysts expecting price stagnation to persist for the next six to 12 months. (Reuters)

Regional

- **CEDA hails Saudi Arabia's robust economic growth and fall in inflation -** The Council of Economic and Development Affairs (CEDA) on Sunday praised the continued positive performance of economic growth rates in the Kingdom, and the decline in inflation rates to 2.7%. In its virtual meeting, Saudi Arabia's apex economic body, discussed the quarterly report submitted by the Ministry of Finance on the performance of the state's general budget for the fiscal year 2023, as well as the Kingdom's ability to address the conditions and transformations witnessed by the economy via adopting many ambitious measures and economic reforms to achieve the strategic objectives of Saudi Arabia's Vision 2030. The vision's programs have contributed to the growth of non-oil economic activities by 13%, recording SR135.1bn compared to SR120bn for the same period last year, the Saudi Press Agency reported. The council reviewed a number of reports, presentations and topics on its agenda. These included the quarterly economic and development report of the Ministry of Economy and Planning on local and global economic performance that covered an analysis of the most prominent indices of the national economy, and the growth witnessed during the last period across several sectors and activities, as well as future growth forecasts for the local economy. The presentation also included a comprehensive overview of the global economic situation during the past period, its latest developments, and an analysis of its most prominent indices. The council has taken a number of decisions and recommendations. (Zawya)
- **Saudi's ZATCA calls on facilities to submit VAT statements for July -** Zakat, Tax and Customs Authority (ZATCA) called on facilities of the commercial sector subject to the value-added tax (VAT) whose annual revenues of goods and services exceed SAR40mn to submit VAT statements for July by August 31. The ZATCA urged facilities to expedite submitting their tax statements via the zatca.gov.sa website or to submit and pay via the authority's ZATCA smartphone application in order to avoid a fine of a minimum of 5% and a maximum of 25% of the tax value that the taxpayer should pay. The authority called on taxpayers of the commercial sector wishing to receive more information on VAT to contact it via the call center's unified number 19993, which operates 24/7, or through the Twitter account @ Zatca _Care, or through the e-mail info@zatca.gov.sa, or instant chat via the authority's website zatca.gov.sa. VAT is one of the Kingdom's tax systems in force and is an indirect tax imposed on all goods and services purchased and sold by facilities, with some exceptions. (Zawya)
- **694,000 employees work in accommodation and food services activities in Saudi Arabia, 11% are women -** The number of employees in the accommodation and food services activities in Saudi Arabia, who are subjected to the social insurance' rules and regulations, has reached, by the end of the first quarter of 2023, to about 694,000 workers. Foreign workers constitute about 78.3% from the total workers who are in the field that include restaurants, hotels and furnished apartments.

According to Al-Eqtisadiah, the number of foreign workers in the sector of accommodation and hotel services reached to about 543.2 thousand workers, versus about 151 thousand Saudi workers. As for women in the hotel sector, there are about 78.06 thousand female workers, constituting 11.3% of the total employees. The Saudi women acquired the highest percentage in the sector with 92.6%, as their number reached 72.27 thousand workers, versus 5,793 foreign female workers. The number of men workers in the sector reached 616.1 thousand workers, the foreign employees constituted the highest number at 537.4 thousand workers, versus 78.77 thousand Saudi workers. In terms of the regions of Saudi Arabia, Riyadh region has come out on top of the list with 35%, as the number of workers in the sector reached about 226.8 thousand workers, followed by Makkah region with 175.69 workers, then Al-Sharqiyah region with 110.77 thousand workers. (Zawya)

- **Axiom Space raises $350mn in round led by Saudi, Korean investors -** Axiom Space has raised $350mn in a funding round led by Saudi Arabia's Aljazira Capital and Korean healthcare firm Boryung as the startup works with NASA to develop a private space station. The company declined to disclose its valuation on Monday. Axiom said the round took its total raise so far to $505mn and made it the space startup to receive the second-most funding in 2023, only behind Elon Musk's SpaceX. The move comes at a time when hopes have risen of a thaw in the funding winter for space startups, after investments in the sector stayed flat in the second quarter after more than halving in the first three months of the year. Axiom, which also has a $1.26bn contract with the U.S. space agency NASA to develop spacesuits for use on the moon and other space programs, expects the first module of its private space station to launch by 2026. The company has also trained astronauts taken by SpaceX rockets to the International Space Station (ISS) as the once government-dominated space industry in the United States becomes increasingly privatized. It said it has achieved more than $2.2bn in customer contracts. (Reuters)
- **India central bank nudges banks to settle UAE trades in rupee, dirham -** India's central bank is nudging local banks to ask their clients to settle trade between the United Arab Emirates and India using the dirham (AED) or Indian rupee (INR) to reduce U.S.-dollar-based transactions, five sources told Reuters. The move is part of the Reserve Bank of India's broader aim of promoting settlement in local currencies with countries with which India has a trade deficit, with the knock-on effect of boosting the rupee's global reach, three banking sources said. India's trade deficit with the UAE was $21.62bn in 2022/23, or 8.2% of its total deficit, government data shows. In July, the two countries agreed to facilitate trade in rupees instead of dollars. The idea, a government source said, was to reduce the outflow of dollars on account of this trade deficit. "The RBI has asked banks to encourage clients and corporates to initiate INR-AED trades gradually, instead of using the dollar," said a treasury official at a private bank. An RBI official communicated this message verbally to foreign exchange dealers at a seminar this month, four sources said. This communication has not been previously reported. None of the sources wished to be named because they are not authorized to speak to the media. The RBI and trade ministry did not respond to a Reuters email seeking comment. The RBI may consider setting internal targets for the quantum of India-UAE trade it would like to see moved away from dollars, said the government source. The central bank is "keen that volumes of such trades go up" and "has assured the market that they will be ready to support banks with INR-AED trades," this banker said. While data on such cross-currency trade volumes is not publicly available, at least three bankers said the current volume is low and may act as a hurdle for corporates to pay for the entire import in dirhams. Indeed, earlier this month, Indian Oil Corp (IOC.NS) paid Abu Dhabi National Oil Co (ADNOC) in rupees to buy a million barrels of oil. "The RBI is telling banks to first encourage large clients and corporates to start INR-AED trades because their balance sheets are relatively stronger," another banker said. But large corporates have, so far, been reluctant to engage in non-dollar-denominated deals, said a banker with a state-run firm. With smaller companies, on the other hand, bankers have pushed for such transactions by offering discounted service charges as an incentive, the banker said. (Reuters)
- **Dubai developer The First Group parent reaches standstill agreement with creditors -** Aurum, the parent company of Dubai real estate developer The First Group, said on Monday it has reached an interim standstill agreement with an "ad hoc" group of creditors while discussions continue on restructuring Islamic bonds maturing next year. Aurum said last week it received consent of holders of its $135mn amortizing sukuk due Aug. 7, 2024, "to permanently amend the terms and conditions of the Certificates" to revise the scheduled dissolution distribution payments schedule and other aspects of the terms. "The Standstill Agreement has been signed by Sukuk holders who hold in excess of 75% of the outstanding aggregate amount of Sukuk, the required threshold to pass a consent solicitation," Aurum said in a regulatory filing on the London Stock Exchange. The First Group is a property developer with a portfolio of hotels, residential properties, food & beverage brands and real estate asset management services, according to information on its website. The standstill will be in force until Sept. 18 "or the completion of the amend and extend of the Sukuk," whichever comes first, Aurum said. About $126.25mn is outstanding of the total sukuk, issued through TFG Sukuk I Limited, according to Refinitiv data. Aurum said it made a profit payment and $2mn in principle due under the sukuk on Aug. 7. "The Company remains committed to working collaboratively with the Ad Hoc Committee to achieve a successful amend and extend that is fair and equitable to all stakeholders and will make further announcements in line with the progress of discussions," Aurum said. (Reuters)
- **UBF: Total of $51.7bn in green financing dedicated by 6 major UAE banks -** UAE Banks Federation (UBF) revealed the remarkable success of the UAE banking and financial sector in developing sustainable banking solutions in line with the UAE's strategy to reduce emissions and achieve climate neutrality by 2050 and with United Nations Sustainable Development Goals. The Federation highlighted the proactive role of the banking sector in combating climate change through green financing commitments and climate initiatives and said that providing green finance and issuing green-oriented funds has emerged as a powerful mechanism to meet sustainability commitments of various organizations in the UAE in particular, and the region, in general. An active partner in UAE's sustainable pursuits, UBF works in close collaboration with Central Bank of the UAE and all UBF members to support establishing the groundwork for the transformation to a sustainable economy. According to data from UBF members, six major banks (FAB, ADCB, ENBD, DIB, Mashreq, and ADIB) have collectively dedicated over AED 190bn ($51.8bn) in green financing for various projects in renewable energy, waste-to-energy, and green technology by the end of 2022. The tremendous growth in green funding by UBF members aligns with the guidelines of Central Bank of the UAE's Sustainable Finance Working Group, and sector-wide sustainability objectives, all of which support the initiatives during the “Year of Sustainability” and the UAE's hosting of COP28. UBF has built a top-notch ESG steering committee comprising subject matter experts to drive the ESG and green finance sector to work under the guidance of Central Bank of the UAE's policy, which will adopt sustainability principles in reserves management and monetary operation to work towards strengthening the principles and frameworks for green finance. Jamal Saleh, Director-General of UBF, said, "We at UBF are committed to supporting its goals in delivering necessary changes in our UAE finance sector. And, in line with the National Climate Change Plan of the UAE 2050 and United Nations' SDGs, our financial sector is playing a pivotal role in helping the UAE achieve net zero emissions." The UAE is a pioneer in introducing sustainability standards and principles in the banking and finance sector, having introduced the Abu Dhabi and Dubai Sustainable Finance Declarations in 2016 and 2019, respectively, as well as the Guiding Principles for Sustainable Financing in 2020 to promote the development of a green financial market, and the National Sustainable Finance Framework in 2021. (Zawya)
- **UAE: SCAD launches 5th cycle of Statistical Maturity Index project -** The Statistics Centre Abu Dhabi (SCAD) has launched the fifth cycle of the Statistical Maturity Index (SMI) project, which measures Abu Dhabi government entities' capabilities in producing and disseminating statistics that adhere to SCAD's approved methodologies and standards. The SMI is an important tool for ensuring the quality and reliability of official statistics produced by government entities in Abu Dhabi. During the launch event, SCAD awarded 28 government entities for their achievements during the fourth cycle of the SMI project. Abdulla Gharib

Alqemzi, Acting Director-General of SCAD, said, "The remarkable progress achieved by the participating entities is a significant step towards enabling the Abu Dhabi Government to use reliable statistics and insights. The substantial improvement in the statistical maturity levels reflects our government's true commitment and dedication to harness the power of data to make informed decisions and policies. "The SMI is aligned with the Abu Dhabi Government's efforts to enhance the performance of key sectors, including the knowledge-based economy in Abu Dhabi. The project comes from our unwavering dedication to fostering close collaboration with government entities to enable decision-makers through an advanced statistical ecosystem." At a workshop for participating entities, SCAD introduced the SMI's evaluation criteria and methodologies and the project's fifth-cycle timeline. The evaluation is based on two main criteria, measuring government entities' statistical maturity. The first assesses the entities' compliance with the laws and regulations to build statistical capabilities and produce indicators. The second measures the commitment of government entities to the highest quality standards, which SCAD aligns with international standards and best practices for data quality. The index helps government entities identify improvement opportunities, with the results being used to ensure the quality and reliability of official statistics in Abu Dhabi. (Zawya)

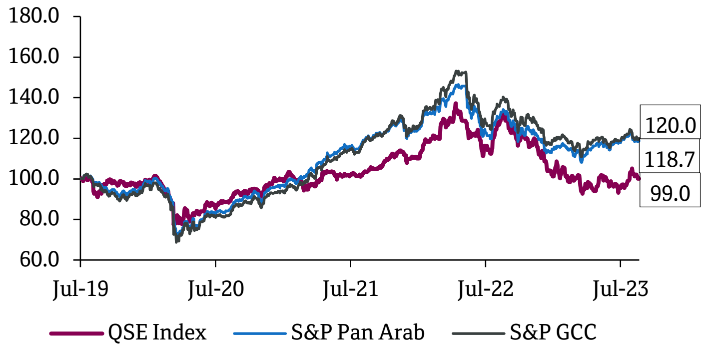
- **Dubai International Chamber arranges 172 B2B meetings with Chinese companies -** Dubai International Chamber, one of the three chambers operating under the umbrella of Dubai Chambers, has successfully hosted a B2B matchmaking event during the Wuxi – Dubai Economic & Trade Exchange Conference to explore business and investment opportunities between Dubai and Wuxi City. Organized in partnership with the Wuxi Municipal Government and Wuxi National High-Tech Industrial Development Zone, the event welcomed a high-level government delegation led by Du Xiaogang, Secretary of Wuxi Municipal Committee of the Communist Party, to Dubai for strengthening economic cooperation between the emirate and Wuxi City, which is located in East China's southern Jiangsu Province. A total of 13 Chinese multinational companies specializing in areas including advanced technology, biomedical and healthcare equipment, the Internet of Things (IoT), Information and Communications Technology, microelectronics, and renewable energy took part in 172 B2B meetings with 38 local companies during the event, which were facilitated by Dubai International Chamber to highlight the emirate's attractive business environment and support the expansion of Dubai-based companies into the Chinese market. Mohammad Ali Rashed Lootah, President and CEO of Dubai Chambers, commented, "China has consistently ranked as the UAE's biggest trading partner, and we are keen to expand these deeply rooted trade and investment ties further in the country's eastern region. With its comprehensive logistics infrastructure and strategic location along the New Silk Road, Dubai serves as a convenient gateway to the MENA markets, enabling leading Chinese companies to seize opportunities and thrive in a rapidly evolving global landscape. The dedicated teams at our international representative offices in Shanghai, Shenzhen, and Hong Kong will continue to work to attract many more innovative Chinese companies to Dubai, including those in Wuxi." (Zawya)
- **Abu Dhabi Chamber signs deal with Ethiopian Investment Commission -** The Abu Dhabi Chamber of Commerce and Industry has signed a Memorandum of Understanding with the Ethiopian Investment Commission (EIC) to foster the robust economic collaboration between the UAE and Ethiopia and establish a framework for cooperation that advances trade, investment, and economic relationships between the two sides. The signing of the MoU was held on the sideline of the UAE delegation's visit to the Federal Democratic Republic of Ethiopia. Joining the visiting delegation to Ethiopia, Dr. Ali Saeed bin Harmal Al Dhaheri, First Vice Chairman of the Abu Dhabi Chamber, signed the MoU on behalf of the Abu Dhabi Chamber, whereas Lelise Neme, Commissioner of the EIC, represented her organization in signing the document. The MoU serves as a blueprint for exchanging knowledge, expertise, and resources, facilitating smoother business interactions, developing investment opportunities, and enhancing trade relations, ultimately creating a positive impact on the business environments of both nations. On this occasion, Dr. Al Dhaheri said, "This MoU embodies our shared commitment to fostering economic cooperation, trade, and investment between our countries, considering Ethiopia's fertile investment climate and the unlimited support of both countries' leaderships. It paves the way for positive partnerships, the exchange of expertise, and the mutual growth of our economies. Our combined efforts will enable us to explore new avenues of cooperation, exchange knowledge, and promote sustainable economic development." For his part, Ahmed Khalifa Al Qubaisi, CEO of the Abu Dhabi Chamber, said, "Signing this MoU with the EIC comes from our dedication to building active bridges with different local and regional entities to foster the business community of Abu Dhabi and the region as a whole to achieve the highest levels of growth, success and prosperity. "Ethiopia is a key trade and investment partner with the UAE, and we are confident that our joint efforts with Ethiopia will contribute to creating new investment opportunities that will undoubtedly benefit both sides." According to the MoU, the Abu Dhabi Chamber will facilitate and promote business interactions and investments between the UAE and Ethiopia. This involves leveraging its networks and resources to connect Ethiopian businesses with potential UAE investors and facilitating the exchange of information on trade and investment laws and regulations in the UAE to support the Ethio-UAE Business Forum. On the other hand, the EIC will commit to offering incentives to UAE investors following Ethiopian laws and establishing a continuous dialogue platform to address investment challenges. Its responsibilities include creating a favorable business climate, offering support to investors, ensuring the smooth allocation of resources such as land and permits, and providing information on Ethiopia's legal and regulatory landscape. (Zawya)
- **Application of corporate tax on the manufacturing companies in the UAE -** The corporate tax law (the law) in the UAE applies to the companies involved in the manufacturing, toll manufacturing, contract manufacturing and processing of goods and material (hereinafter referred as manufacturing and processing companies, or MnPC), unless they qualify for exemptions or operate as natural persons with an annual income of less than Dh1mn. Contact manufacturing means outsourcing the full-fledged manufacturing including the sourcing of material while in the toll manufacturing, material and design are provided to the manufacturer and manufacturing is outsourced. Processing of goods and material means the preparation, treatment, transformation or conversion of goods and materials into another form of material for further commercial or industrial use or sale. If the goods and materials are not being processed for sale or further commercial/industrial use, it will not fall under the qualifying activities. These manufacturing and processing companies can be categorized as either resident MnPC or nonresident MnPC. The resident juridical MnPC are established in the UAE or established out of the UAE but controlled and managed from UAE, are subject to CT on their worldwide taxable income, while a sole establishment, civil company or individual having a freelance manufacturing business in the UAE, is liable to pay CT on their worldwide income related to their UAE business only. Whereas MnPC are doing business as a natural person, their taxability is the same, regardless of whether they are in the free zone or out of the free zone. As an exception, such taxable persons are not liable to pay corporate tax and they are not even liable to register if their annual business income is up to Dh1mn within a Gregorian calendar year. If their annual business income is up to Dh3mn, like a juridical person they are exempt from corporate tax till the end of 2026. If their business income is more than Dh3mn, for taxable income of Dh375,000, zero percent corporate tax is applicable and any income beyond Dh375,000, is subject to tax at nine percent. The application of corporate tax on the juridical MnPC depends on their location and level of income. If the annual income of MnPC is upto Dh3mn, they are not liable to pay corporate tax until the end of 2026, and if their annual income is more than Dh3mn, they are subject to tax, and for better understanding, we can classify these MnPCs as free zone juridical MnPCs and non-free zone juridical MnPCs. (Zawya)
- **FTA's 'Muwafaq Package' and 'Specialized Tax Agent' transformational projects post remarkable results -** The Federal Tax Authority (FTA) confirmed that its flagship "Muwafaq Package" and "Specialized Tax Agent" transformational projects, which were both launched this year, have achieved remarkable results, effectively facilitating compliance procedures for taxpayers. Launching these projects forms part of the

Authority's strategy to contribute to the government's efforts to design major and rapid transformational projects that pave the way for new milestones in the national economy across various government sectors, in line with the UAE Government's new approach. The FTA issued a press statement about the results and initial indicators regarding the implementation of "Muwafaq Package" project, which aims to facilitate business practices and tax compliance for the small and medium-sized enterprises (SMEs) sector. The project provides innovative tax solutions to support and empower youth in the sector, activating their role in various sectors, including the economy. Meanwhile, the "Specialized Tax Agent" project aims to establish a procedure that allows taxpayers to select a Tax Agent specializing in the appropriate sector – based on the nature of the taxable activity in each case – from a list of 10 diverse sectors, identified according to the accumulated experiences of certified Tax Agents registered with the Authority. Khalid Ali Al Bustani, Director-General of FTA, said, "The indicators recorded as of late reflect the positive impact of the 'Muwafaq Package' and 'Specialized Tax Agent' initiatives, and their role in creating a procedural environment that encourages and facilitates self-compliance with tax regulations. This aligns with the Authority's strategy to contribute to government efforts to advance the UAE's competitiveness, which calls for multiplying efforts towards the sustainable upgrading of government services." "The Federal Tax Authority is committed to continuously developing its services to meet taxpayers' expectations and enhance their experiences by expanding the scope of innovative tax compliance solutions," he added. "These solutions are designed based on suggestions recorded through direct communication with taxpayers, whom the Authority seeks to involve in the continuous development and upgrading of its services, in accordance with the highest quality standards, most notably, reducing time and effort in completing transactions." The FTA stressed that more than 51,660 taxpayers from the SMEs sector are eligible to benefit from the diverse services, incentives, and privileges provided by 'Muwafaq Package' through the EmaraTax digital tax services platform. The Authority noted that among the services and features available through "Muwafaq Package" are access to tax accounting programs and software at competitive prices to ease financial burdens on SMEs; immediate appointments with tax relationship managers; special offers on Tax Agent services; priority for registered SME representatives when completing certain services; awareness workshops for registered SMEs to introduce them to the FTA's services and future directions, in addition to enhancing their tax culture. Moreover, the FTA affirmed that awareness of the benefits of "Muwafaq Package" has increased as a result of the series of awareness workshops, including virtual sessions, that the FTA organized, along with the intensive media campaigns that were well received among SMEs registered with the Authority, which were designed to encourage them to benefit from the services and privileges the package has to offer. The Authority held 10 workshops about "Muwafaq Package" across all seven emirates, which were attended by more than 1,700 representatives of SMEs. Furthermore, in the first seven months of 2023, FTA representatives carried out more than 16,400 direct promotional calls to introduce the features of the package to registered SMEs. On the same note, the Authority revealed that it has intensified its efforts to expand the base of its strategic partners in the 'Muwafaq Package' initiative, signing cooperation agreements with leading local and international entities and institutions in various fields, including trade, banking, communications, digital services, and accounting software, in a bid to offer added benefits and facilities to companies registered in the Package. The FTA concluded collaboration agreements with the Abu Dhabi Chamber of Commerce and Industry, Ras Al Khaimah Chamber of Commerce and Industry, Emirates Development Bank, and Etisalat by e& to provide a bundle of benefits and privileges under "Muwafaq Package" initiative, whereby Etisalat by e& provides a "support package" to encourage Muwafaq registrants to comply with tax regulations. (Zawya)

- **Kuwait to transfer land worth $8.1bn to pension fund -** Kuwait's finance ministry said on Monday it was preparing to transfer land worth more than 2.5bn dinars ($8.12bn) to the state's pension fund for investment. The move was to support "retirees by strengthening the financial and economic position of the institution and ensuring its sustainability, and reducing the actuarial deficit recorded in the institution's budget," the ministry said. It added that the process is underway to complete the transfer of three land plots with a total area of 842,000 square meters to the Public Institution for Social Security Fund. (Reuters)

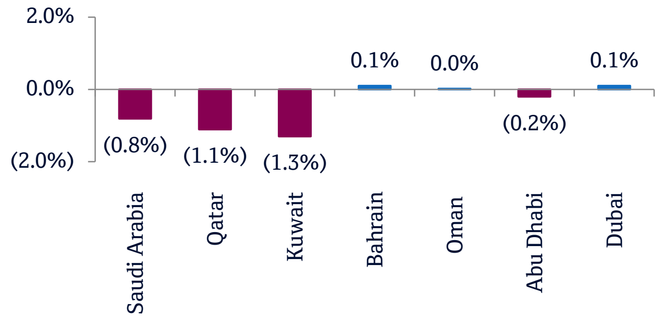
- **Bahrain's foreign currency assets rise $800mn in June -** Bahrain's central bank foreign currency assets rose by almost $800mn in June from May, recovering further from pandemic lows, Reuters has reported quoting HSBC. "However, the rise means that reserves have risen 50% in the space of a year to their highest level since Q4 2015, continuing the recovery from Covid-19-era lows when holdings fell to just $770mn," Simon Williams, HSBC chief economist for Central and Eastern Europe, Middle East and Africa, said in a research note. It was the third consecutive month-on-month rise in foreign currency assets, to BD1.95bn ($5.17bn), he said. "Subsequent to the June data, Bahrain repaid a $1.5bn Eurobond which could have required the authorities to tap reserves, but Bloomberg data also show there was a $1bn private placement that may have preserved liquidity," Mr Williams said. The rise in reserves reflects a strong current account performance, with eight straight quarterly surpluses notched since the second quarter of 2021 worth a cumulative $3.8bn, or 8pc of HSBC's estimate for gross domestic product this year. "The performance has been driven by higher oil earnings, but non-oil exports have also gained, and services credits have risen as the tourism sector strengthened, buoyed by demand from Saudi Arabia," he added. (Zawya)

Rebased Performance



Source: Bloomberg

Daily Index Performance



Source: Bloomberg

Asset/Currency Performance	Close ($)	1D%	WTD%	YTD%
Gold/Ounce	1,894.93	0.3	0.3	3.9
Silver/Ounce	23.31	2.4	2.4	(2.7)
Crude Oil (Brent)/Barrel (FM Future)	84.46	(0.4)	(0.4)	(1.7)
Crude Oil (WTI)/Barrel (FM Future)	80.72	(0.7)	(0.7)	0.6
Natural Gas (Henry Hub)/MMBtu	2.60	6.6	6.6	(26.1)
LPG Propane (Arab Gulf)/Ton	63.60	0.3	0.3	(10.1)
LPG Butane (Arab Gulf)/Ton	56.50	1.1	1.1	(44.3)
Euro	1.09	0.2	0.2	1.8
Yen	146.22	0.6	0.6	11.5
GBP	1.28	0.2	0.2	5.6
CHF	1.14	0.4	0.4	5.2
AUD	0.64	0.1	0.1	(5.9)
USD Index	103.30	(0.1)	(0.1)	(0.2)
RUB	110.69	0.0	0.0	58.9
BRL	0.20	(0.2)	(0.2)	6.1

Source: Bloomberg

Global Indices Performance	Close	1D%*	WTD%*	YTD%*
MSCI World Index	2,910.52	0.4	0.4	11.8
DJ Industrial	34,463.69	(0.1)	(0.1)	4.0
S&P 500	4,399.77	0.7	0.7	14.6
NASDAQ 100	13,497.59	1.6	1.6	29.0
STOXX 600	448.66	0.3	0.3	7.5
DAX	15,603.28	0.5	0.5	14.1
FTSE 100	7,257.82	0.0	0.0	2.7
CAC 40	7,198.06	0.7	0.7	13.2
Nikkei	31,565.64	(0.4)	(0.4)	8.4
MSCI EM	959.79	(0.5)	(0.5)	0.4
SHANGHAI SE Composite	3,092.98	(1.3)	(1.3)	(5.2)
HANG SENG	17,623.29	(1.9)	(1.9)	(11.3)
BSE SENSEX	65,216.09	0.5	0.5	6.8
Bovespa	114,429.35	(1.2)	(1.2)	10.6
RTS	1,057.02	1.0	1.0	8.9

Source: Bloomberg ($ adjusted returns if any)*

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