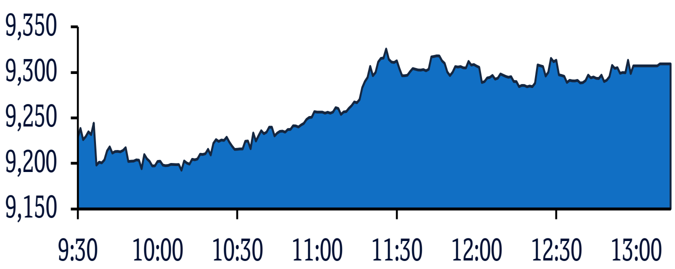
Daily Market Report

Sunday, 08 March 2020

QSE Intra-Day Movement



Qatar Commentary

The QE Index rose 0.7% to close at 9,309.4. Gains were led by the Banks & Financial Services and Telecoms indices, gaining 1.5% each. Top gainers were Gulf International Services and Baladna, rising 4.1% and 4.0%, respectively. Among the top losers, Salam International Investment Limited fell 9.8%, while Al Khaleej Takaful Insurance Company was down 4.8%.

GCC Commentary

Saudi Arabia: The TASI Index fell 0.8% to close at 7,467.5. Losses were led by the Real Estate Mgmt and Soft. & Services indices, falling 2.2% and 2.0%, respectively. Ash-Sharqiyah Dev. declined 4.7%, while Jabal Omar Dev. was down 4.4%.

Dubai: The DFM Index fell 0.8% to close at 2,460.5. The Consumer Staples and Discretionary index declined 4.4%, while the Transportation index fell 2.8%. Khaleeji Commercial Bank and Al Salam Group Holding declined 9.9%, each.

Abu Dhabi: The ADX General Index fell 0.6% to close at 4,643.1. The Services index and the Real Estate index declined 2.1%, each. Arkan Building Materials Co. declined 10.0%, while Eshraq Investments was down 7.7%.

Kuwait: The Kuwait All Share Index fell 0.9% to close at 5,788. The Oil & Gas index declined 3.7%, while the Consumer Services index fell 2.2%. National Consumer Holding Co. declined 36.5%, while Jazeera Airways Co. was down 11.6%.

Oman: The MSM 30 Index gained 0.2% to close at 4,107.8. Gains were led by the Industrial and Services indices, rising 0.3%, each. Al Madina Investment Company rose 7.4%, while Al Anwar Ceramic Tiles Co. was up 3.7%.

Bahrain: The BHB Index fell 0.7% to close at 1,617.8. The Commercial Banks index declined 1.3%, while the other indices ended flat or in green. Khaleeji Commercial Bank declined 8.5%, while Ahli United Bank was down 2.0%.

Market Indicators	05 Mar 20	04 Mar 20	%Chg.
Value Traded (QR mn)	451.9	253.5	78.3
Exch. Market Cap. (QR mn)	520,308.1	515,258.9	1.0
Volume (mn)	115.3	86.8	32.8
Number of Transactions	7,137	6,626	7.7
Companies Traded	43	45	(4.4)
Market Breadth	22:18	12:31	–

Market Indices	Close	1D%	WTD%	YTD%	TTM P/E
Total Return	17,456.71	0.8	(1.2)	(9.0)	13.7
All Share Index	2,843.11	1.0	(0.7)	(8.3)	15.0
Banks	4,138.36	1.5	1.1	(1.9)	14.5
Industrials	2,377.95	1.4	(3.5)	(18.9)	17.4
Transportation	2,351.63	0.0	0.7	(8.0)	12.2
Real Estate	1,317.64	(0.2)	(0.6)	(15.8)	9.9
Insurance	2,352.05	0.5	(4.1)	(14.0)	41.9
Telecoms	823.90	1.5	2.0	(7.9)	14.2
Consumer	6,928.59	(3.0)	(8.1)	(19.9)	16.3
Al Rayan Islamic Index	3,428.50	0.3	(2.5)	(13.2)	14.7

GCC Top Gainers##	Exchange	Close#	1D%	Vol. '000	YTD%
The Commercial Bank	Qatar	4.65	2.4	2,687.8	(1.1)
QNB Group	Qatar	19.20	2.1	5,903.6	(6.8)
Qatar Int. Islamic Bank	Qatar	8.94	2.0	734.6	(7.7)
Industries Qatar	Qatar	8.00	1.8	2,490.8	(22.2)
Oman Telecom. Co.	Oman	0.70	1.7	546.5	16.7

GCC Top Losers##	Exchange	Close#	1D%	Vol. '000	YTD%
Qatar Fuel Company	Qatar	16.91	(4.7)	10,148.0	(26.2)
Jabal Omar Dev. Co.	Saudi Arabia	28.00	(4.4)	3,370.3	3.1
Agility Pub. Warehousing	Kuwait	0.71	(3.0)	3,042.2	(13.2)
Emirates NBD	Dubai	11.45	(3.0)	1,424.5	(11.9)
Saudi British Bank	Saudi Arabia	25.45	(2.9)	2,091.7	(26.7)

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%
Gulf International Services	1.31	4.1	2,003.8	(24.0)
Baladna	1.00	4.0	1,122.9	0.0
Doha Insurance Group	1.14	2.7	404.6	(5.0)
The Commercial Bank	4.65	2.4	2,687.8	(1.1)
QNB Group	19.20	2.1	5,903.6	(6.8)

QSE Top Volume Trades	Close*	1D%	Vol. '000	YTD%
Salam International Inv. Ltd.	0.31	(9.8)	26,895.4	(41.0)
Ezdan Holding Group	0.53	0.8	12,311.8	(13.8)
United Development Company	1.11	(0.4)	10,654.1	(27.1)
Qatar Fuel Company	16.91	(4.7)	10,148.0	(26.2)
QNB Group	19.20	2.1	5,903.6	(6.8)

QSE Top Losers	Close*	1D%	Vol. '000	YTD%
Salam International Inv. Ltd.	0.31	(9.8)	26,895.4	(41.0)
Al Khaleej Takaful Insurance Co.	1.59	(4.8)	640.1	(20.5)
Qatar Oman Investment Co.	0.46	(4.7)	345.7	(30.9)
Qatar Fuel Company	16.91	(4.7)	10,148.0	(26.2)
Qatari German Co. for Med. Dev.	0.51	(3.9)	4,269.5	(12.0)

QSE Top Value Trades	Close*	1D%	Val. '000	YTD%
Qatar Fuel Company	16.91	(4.7)	172,430.1	(26.2)
QNB Group	19.20	2.1	112,720.8	(6.8)
Industries Qatar	8.00	1.8	19,867.4	(22.2)
Masraf Al Rayan	4.08	1.1	18,228.0	3.0
Ooredoo	6.30	(2.0)	16,813.6	(11.0)

Source: Bloomberg (* in QR)

Regional Indices	Close	1D%	WTD%	MTD%	YTD%	Exch. Val. Traded ($ mn)	Exchange Mkt. Cap. ($ mn)	P/E**	P/B**	Dividend Yield
Qatar*	9,309.39	0.7	(1.9)	(1.9)	(10.7)	123.35	141,992.1	13.7	1.3	4.3
Dubai	2,460.54	(0.8)	(5.0)	(5.0)	(11.0)	60.61	95,751.4	8.9	0.9	4.8
Abu Dhabi	4,643.09	(0.6)	(5.3)	(5.3)	(8.5)	43.65	133,776.9	13.7	1.3	5.4
Saudi Arabia	7,467.52	(0.8)	(2.1)	(2.1)	(11.0)	952.03	2,216,792.2	20.9	1.6	3.6
Kuwait	5,788.04	(0.9)	(4.7)	(4.7)	(7.9)	121.34	107,900.5	14.7	1.3	3.7
Oman	4,107.79	0.2	(0.6)	(0.6)	3.2	5.90	17,464.4	8.3	0.8	7.2
Bahrain	1,617.79	(0.7)	(2.6)	(2.6)	0.5	4.19	25,325.6	11.5	1.0	4.4

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 rose 0.7% to close at 9,309.4. The Banks & Financial Services and Telecoms indices led the gains. The index rose on the back of buying support from non-Qatari shareholders despite selling pressure from Qatari and GCC shareholders.
- Gulf International Services and Baladna were the top gainers, rising 4.1% and 4.0%, respectively. Among the top losers, Salam International Investment Limited fell 9.8%, while Al Khaleej Takaful Insurance Company was down 4.8%.
- Volume of shares traded on Thursday rose by 32.8% to 115.3mn from 86.8mn on Wednesday. Further, as compared to the 30-day moving average of 86.4mn, volume for the day was 33.4% higher. Salam International Investment Limited and Ezdan Holding Group were the most active stocks, contributing 23.3% and 10.7% to the total volume, respectively.

Overall Activity	Buy %*	Sell %*	Net (QR)
Qatari Individuals	26.62%	53.40%	(121,035,163.09)
Qatari Institutions	32.52%	13.93%	84,034,428.69
Qatari	**59.14%**	**67.33%**	**(37,000,734.40)**
GCC Individuals	0.95%	1.01%	(287,804.04)
GCC Institutions	1.72%	14.67%	(58,545,951.83)
GCC	**2.67%**	**15.68%**	**(58,833,755.88)**
Non-Qatari Individuals	8.05%	7.71%	1,544,504.01
Non-Qatari Institutions	30.14%	9.28%	94,289,986.27
Non-Qatari	**38.19%**	**16.99%**	**95,834,490.28**

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

Earnings Releases, Global Economic Data and Earnings Calendar

Earnings Releases

Company	Market	Currency	Revenue (mn) 4Q2019	% Change YoY	Operating Profit (mn) 4Q2019	% Change YoY	Net Profit (mn) 4Q2019	% Change YoY
The Company for Coop. Insurance*	Saudi Arabia	SR	8,375.9	9.6%	–	–	101.8	-53.3%
Yanbu Cement Co.*	Saudi Arabia	SR	975.7	27.2%	–	–	257.8	182.8%
The Mediterranean and Gulf Insurance and Reinsurance Co.*	Saudi Arabia	SR	2,421.3	17.0%	–	–	17.7	17.7%
Sharjah Cement and Ind. Dev. Co.*	Abu Dhabi	AED	567.6	-4.9%	–	–	12.1	-58.9%
Al Qudra Holding*	Abu Dhabi	AED	567.1	-41.1%	255.0	-2.7%	181.0	-11.0%

Source: Company data, DFM, ADX, MSM, TASI, BHB. (*Financial for FY2019)

Global Economic Data

Date	Market	Source	Indicator	Period	Actual	Consensus	Previous
03/05	US	Department of Labor	Initial Jobless Claims	29-Feb	216k	215k	219k
03/05	US	Department of Labor	Continuing Claims	22-Feb	1,729k	1,738k	1,722k
03/05	Germany	Markit	Markit Germany Construction PMI	Feb	55.8	–	54.9

Source: Bloomberg (s.a. = seasonally adjusted; n.s.a. = non-seasonally adjusted; w.d.a. = working day adjusted)

Earnings Calendar

Tickers	Company Name	Date of reporting 4Q2019 results	No. of days remaining	Status
DBIS	Dlala Brokerage & Investment Holding Company	8-Mar-20	0	Due
QOIS	Qatar Oman Investment Company	8-Mar-20	0	Due
QFBQ	Qatar First Bank	10-Mar-20	2	Due
ZHCD	Zad Holding Company	11-Mar-20	3	Due
BRES	Barwa Real Estate Company	11-Mar-20	3	Due
QGMD	Qatari German Company for Medical Devices	11-Mar-20	3	Due

Source: QSE

Qatar

- **Hamad Al Hedfa appointed as advisor to the Chairman of MRDS –** Mazaya Real Estate Development Company (MRDS) announced that the board of directors had appointed Hamad Ali Al Hedfa as advisor to the Chairman instead of his current position as Chief Executive Officer. (QSE)
- **ORDS appoints new Chairman and members to the board of directors –** Ooredoo (ORDS) announced the appointment of HE Sheikh Faisal bin Thani Al Thani as Chairman of the board of directors of Ooredoo Group, as of March 5, 2020. HE Sheikh Faisal succeeds HE Sheikh Abdulla bin Mohammed bin Saud Al Thani, who had held the position of Chairman of the board of directors of Ooredoo since 2005 and was instrumental in the restructuring and regional expansion of Ooredoo, steering the company's growth from a single-nation telecom operator to a group operating in 10 countries spanning North Africa, the Middle East and Southeast Asia. Ooredoo also announced the appointment of new members in the board, Essa Hilal Al Kuwari and Yousef Mohammed Al Obaidly, replacing HE Ali Shareef Al Emadi and HE Mohammed bin Issa Al Mohannadi effective March 5, 2020. (QSE)
- **CBQK to hold its AGM on March 23 –** The board of directors of The Commercial Bank (CBQK) will hold the Ordinary General Meeting (AGM) on March 23, 2020 to discuss the agenda. In case the quorum of the above meeting is not met, the second meeting shall be held on March 29, 2020. The agenda includes - to approve the Dividend Distribution Policy and the board's recommendation to distribute a cash dividend of 20% of the share's nominal value to shareholders of i.e. QR0.2 for each share held, among others. (QSE)
- **CBQK's Turkey unit to increase capital to 2.04bn Liras –** Alternatifbank, the Turkish unit of the Commercial Bank, currently has a capital of 1.73bn Liras, and will increase the capital to 2.04bn Liras, according to public filing. (Bloomberg)
- **QAMC to hold its AGM on March 8 –** Qatar Aluminium Manufacturing Company (QAMC) will hold its Ordinary General Assembly meeting (AGM) on March 8, 2020. QAMC informed its shareholders that QNB Group is the dividend distributor of the company's annual dividends for 2019. (Peninsula Qatar)
- **Milaha expands with acquisition of new floating dock –** Qatar Navigation (Milaha) will expand its facilities with the acquisition of a new floating dock to support vessels repair and dry docking. The dock is set to arrive at the Mesaieed Shipyard in the coming months and will be fully-operational in the second half of this year. The dock acquisition is part of the major upgrade and modernization plan of the shipyard facilities announced last year and will provide key support to the government and private sector in all its maritime and oil and gas sectors. Milaha Group's President and CEO, Abdulrahman Essa Al-Mannai said, "As per our plan announced in December 2018, Milaha's shipyard is undergoing a major modernization program aiming to ensure future success by building on its past accomplishments and set the standards for a quality and safety oriented solution to the market and to Qatar." (Gulf-Times.com)
- **Qatar Petroleum Buys 25% Yara Stake in Qatar Fertiliser for $1bn –** Qatar Petroleum announced that it has entered into a binding agreement to acquire Yara's 25% stake in Qatar Fertiliser Company ("QAFCO"). The transaction will mark the conclusion of a successful, long standing partnership. Since its establishment as a joint venture company in 1969, QAFCO has become the world's largest single-site urea producer, representing a significant percentage of the world's traded urea volumes. Prior to this transaction, QAFCO was owned by Industries Qatar with a 75% share and Yara of Norway with a 25% share. Commenting on this acquisition, His Excellency Mr. Saad Sherida Al-Kaabi, the Minister of State for Energy Affairs, the President and CEO of Qatar Petroleum said, "We are delighted to have signed this agreement with Yara which will increase our effective share in QAFCO. This is another example of Qatar Petroleum's successful implementation of its strategy of capacity and capability building and contributing to the robustness and development of the nation's oil and gas industry. I would like to thank Yara for their partnership and sincere efforts in supporting QAFCO over the past half century." The transaction, in which the parties agreed on a purchase price of USD 1 billion for Yara's 25% share in QAFCO, is conditional upon and customary regulatory and closing conditions. As per our discussion with the company, IQCD is not a part in this deal, therefore we don't expect the deal to have any impact on IQCD. (QP Press Release, QNB FS Research)
- **Ooredoo partners with Huawei to provide 5G services in five nations –** Ooredoo Group and Huawei have announced a strategic partnership to make the Ooredoo Supernet fully 5G-enabled with the goal of enhancing people's digital lives across five countries - Kuwait, Oman, Indonesia, Tunisia and Maldives - over the next five years, a statement stated on Saturday. Ooredoo will leverage Huawei's world-leading 5G SingleRAN radio solution with advanced massive MIMO technology, and 5G Cloud Core solution with a convergent platform to achieve a full digital transformation and modernization of its existing mobile networks. The network upgrade will provide customers with the latest 5G technologies and services. 5G services and devices have been launched earlier by Ooredoo in Kuwait in collaboration with Huawei. Currently, Ooredoo is speeding up the delivery of more network stations to be 5G-ready in Kuwait and Oman, which will offer about 100 times faster download speed than 4G networks. In 2020, Ooredoo will launch 5G commercial services in additional countries across the Ooredoo footprint. (Qatar Tribune)
- **CEO: Technology enhancement, promotion of fintech key priorities for QIIK –** Technology enhancement and promotion of fintech are key priorities for the leading Qatari Islamic bank (QIIK), according to QIIK's CEO, Abdulbasit Ahmad Al-Shaibei. "We are thinking about technology enhancement seriously. This is because we believe technology will enhance the business even as it reduces the costs," Al-Shaibei said in an interview with Gulf Times. He added, "In the last few months we sat with several consultants. We had negotiations with financial technology companies also to take ideas from them. We are exploring ways

to cooperate with them on fintech. Cyber-security is another area where QIIK places a lot of focus. There is no way you can compromise on that." QIIK has invested significantly in alternative and modern digital and electronic channels, which provide significant savings in time for the bank's customers. Customers can now perform various operations and access most of the services through alternative channels such as Internet banking, mobile banking, phone banking and the call center, the CEO said. (Gulf-Times.com)

- **Qatar producers price index falls 3.2% YoY in January –** Qatar's industrial sector saw decline in earnings within hydrocarbons and manufacturing sectors, leading its producers' price index (PPI) shrink 3.2% YoY in January 2020. Qatar's PPI was down 0.8% MoM, according to figures released by the Planning and Statistics Authority (PSA). The mining PPI, which carries the maximum weight of 72.7%, tanked 3.7% on a yearly basis as the index of crude petroleum and natural gas declined 3.7% and that of stone, sand and clay 3% during the review period. The PPI for mining registered a 0.7% dip MoM this January on the back of a 0.7% fall in the price of crude petroleum and natural gas and 2.2% in stone, sand and clay. The manufacturing sector, which has a weight of 26.8% in the PPI basket, witnessed a 1.9% yearly shrinkage in January 2020. The manufacturing sector PPI had seen a monthly 1% fall in January 2020. The utilities group, which has a 0.5% weight in the PPI basket, saw its index expand 6.2% on yearly basis this January as electricity and water prices had risen 5.1% and 7.7% respectively. The index had seen a 2.7% increase MoM in January 2020 with electricity prices and water prices gaining 4.1% and 0.6% respectively. (Gulf-Times.com)
- **QCB's international reserves rises to QR200.6bn in February –** The total international reserves in foreign currency of Qatar Central Bank (QCB) continued to grow for the 25th consecutive month in February, to reach QR200.6bn. A detailed reading of QCB's latest data by Al Byraq Center for Economic and Financial Studies, noted that the official reserves of QCB increased by the end of February by about QR1.6bn to QR147bn, and the total international reserves, including liquidity in foreign currency, rose by QR1.2bn to reach about QR200.6bn. The international reserves increased by QR63.8bn, or 46.6% of what it was two years ago in February 2018, and rose by 11.1% from a year ago. Bashir Al Kahlout, Economic Consultant and Director of Al Byraq Center for Economic and Financial Studies commented that the rise in the official reserves was mainly due to the rise in the bonds and treasury bills by about QR1.1bn to QR81.9bn; and the rise in balances with foreign banks by about QR500mn to QR55.4bn. The value of gold increased by about QR150mn to QR7.88bn, in addition to the stability of special drawing rights deposits with the share of Qatar in the IMF reaching at the level of QR1,882mn. Official reserves consist of four main components, foremost among which are: bonds and foreign treasury bills, deposits and cash balances with foreign banks, central bank holdings of gold, deposits of special drawing rights, and the State of Qatar's share with the International Monetary Fund. In addition to the official reserves, there are other liquid assets in foreign currency. The YoY comparison showed that QCB's international reserves and liquidity in February 2020 increased by 10.8% or about QR19.5bn. The breakdown showed QCB's portfolio of foreign bonds and treasury bills increased by about QR37.5bn or 84.2%. The bank balances with foreign banks decrease by about QR3.4bn or 5.8%. The bank's gold holdings has increased by about QR1.6bn (25.5%). (Peninsula Qatar)
- **Credit to trade and services sectors outpace overall domestic loan growth in January –** The year 2020 began on a sound note especially for trade and services as credit to those sectors considerably outpaced the overall domestic loan growth in Doha's commercial banks in January, according to the Qatar Central Bank data. The credit extended by commercial banks to the general trade witnessed a stupendous 62.12% YoY growth to QR146.95bn, which was 15% of the total domestic loans, which otherwise saw a 13.72% growth to QR986.14bn. Of the QR146.95bn credit to trading, as much as QR55.53bn was extended to the commercial agencies, QR39.66bn to non-specified segments, QR9.16bn to automobiles and spare parts, QR5.98bn to food segment, QR5.69bn to machinery and equipment, QR4.9bn to chemicals and allied products, QR4.2bn to building materials and gypsum and QR4.18bn to petroleum products. The services sector saw a 47.14% yearly growth in credit to QR291.54bn, which was 30% of the total domestic loans in January 2020. The credit to the general services witnessed a 32.26% yearly increase to QR262.07bn, which was almost 90% of the total credit to the services sector. Within the general services, credit to air transport was QR78.45bn, real estate QR58.05bn, others QR27.75bn and hotels QR18.83bn at the end of January 2020. In the case of financial services, it registered an impressive 57.79% growth to QR29.46bn at the end of January this year. The consumption credit grew 8.32% YoY to QR137.19bn, which constituted about 14% of the total domestic credit in January this year. The consumption credit to nationals reported 10.07% yearly increase to QR122.38bn; while those to non-Qataris fell 4.2% to QR14.81bn in the review period. The credit to the industrials sector witnessed a yearly 7.91% expansion to QR17.59bn, which was 2% of the total domestic credit in the period in review. Within the sector, credit to the heavy industry stood at QR10.06bn, followed by natural gas at QR7.92bn, industrial manufacturing at QR5.24bn and oil at QR2.67bn. The credit to the public sector reported 1.78% YoY jump to QR331.39bn, which was about 34% of the total domestic loans in January 2020. (Gulf-Times.com)
- **Oxford Economics: Lowest fiscal break-even makes Qatar more resilient to lower oil prices than other producers –** Qatar is more resilient to lower oil prices than other producers, thanks to the lowest fiscal break-even (at $45.4 per barrel in 2020) in the GCC, large financial buffers and greater flexibility over oil output since leaving OPEC in January 2019, Oxford Economics has stated in a new report. According to Oxford Economics, Qatar's crude oil output rose just 0.1% in 2018 and the researcher thinks it declined by 0.2% in 2019. Industrial production fell in 4Q2019 and nominal exports contracted throughout the year. "With external demand risks diminishing, we retain our projection for oil output in 2020 of 615,000barrels per day (bpd), above the levels achieved in 2018 and 2019," Oxford Economics noted. The lifting of the moratorium on North Field gas projects will have a positive impact and the Barzan gas facility should still boost gas output in 2020, it stated. On Qatari lenders, the report noted most local banks have stable ratings and improving outlooks and are well capitalized. But they face high and rising exposure to construction and real estate and a higher foreign funding risk. On the country's balance of payments, it stated while the external

debt burden became large due to heavy investment in a relatively short period of time, it then fell markedly as a ratio to GDP, before picking up again since 2015 as the oil price plummeted. (Gulf-Times.com)

- **Ezdan: Qatar registers real estate deals worth QR359.7mn during February 23-27 –** Around 84 real estate sales with a total value exceeding QR359.7mn were registered across seven municipalities in Qatar between February 23 and 27, Ezdan has stated in a report. Al Rayyan Municipality registered the highest deal in terms of value during the period through the sale of a residential complex in Al Gharaff a spreading over an area of 10,319 square meters, at a price of QR450 per square meters, totaling up to QR50mn. Doha Municipality had seen the second highest deal in terms of value in respect of a residential building in the Old Airport Area, with a value exceeding QR35.1mn, and an area of 4,031 square meters at a price of QR810 per square meters. On the other hand, Al Shamal Municipality witnessed the lowest property sale deal in terms of value for a vacant land lot in Ruwais spanning over an area of 419 square meters at a price of QR137 per square foot, totaling QR620,000. Meanwhile, the real estate price index grew last week on significant property sale deals that exceeded QR50mn, Ezdan noted. Some municipalities saw hefty transactions with a value worth QR30mn, signaling recovery in the real estate market during the week from February 23 to 27. (Gulf-Times.com)

International

- **Moody's: Global recession risks have risen due to coronavirus –** The coronavirus has increased the risk of a global recession this year, credit rating agency Moody's stated on Friday. As part of a wholesale cut in its forecasts, Moody's stated that advanced economies including the US, Japan, Germany, Italy, France, Britain and Korea could all fall into recession in an adverse scenario. China's GDP growth would fall below 4% even with substantive economic stimulus it added, while South Africa, to which Moody's is important because it provides the country's only remaining investment grade rating, would also struggle to grow. (Reuters)
- **S&P: Coronavirus could erase $211bn from Asia-Pacific economies –** A fast spreading coronavirus outbreak could knock $211bn off the combined economies of the Asia-Pacific, with Japan, Hong Kong, Singapore and Australia among the most exposed, S&P Global Ratings (S&P) stated on Friday. S&P cut its 2020 growth forecast for China to 4.8% from previous estimate of 5.7%. It forecast Australian growth to slow sharply to 1.2% from an already below-trend 2.2% in 2019. Japan would take 0.5 percentage point hit and Korea a 1 percentage point knock. "The balance of risks remains to the downside due to local transmission, including in economies with low reported cases, secondary transmissions in China as people return to work and tighter financial conditions," S&P stated in a report. (Reuters)
- **Coronavirus could cut global growth by 0.1% to 0.4%, ADB says –** The Asian Development Bank (ADB) stated on Friday the coronavirus outbreak is set to trim economic growth in developing Asia and around the world this year. More than 3,200 people worldwide have died from the respiratory illness that can lead to pneumonia, hurting financial markets and damaging economies. The outbreak could slash global gross domestic product by 0.1 to 0.4%, with financial losses forecast to reach between $77bn and $347bn, the Manila-based lender stated. Economic growth in China and developing Asia, excluding China, could be trimmed by 0.3 to 1.7% and 0.2 to 0.5%, respectively, the ADB stated in an analysis that outlined best- and worst-case scenarios. The ADB stated the coronavirus outbreak could lead to sharp declines in domestic demand, tourism and business travel, trade and production linkages, supply disruptions, hurting growth in developing Asia. (Reuters)
- **US factory orders fall more than expected in January –** New orders for US-made goods fell more than expected in January and could drop further as a worldwide coronavirus outbreak strains supply chains and undercuts the manufacturing sector, which had recently shown signs of stabilizing after a prolonged slump. Factory goods orders decreased 0.5% as an increase in demand for machinery was offset by a decline in transportation equipment, the Commerce Department stated on Thursday. Data for December was revised slightly up to show orders rising 1.9% instead of rebounding 1.8% as previously reported. Economists polled by Reuters had forecasted factory orders would drop 0.1% in January. Factory orders were unchanged on a YoY basis in January. Shipments of manufactured goods fell 0.5% in January and inventories dipped 0.1%. Machinery orders rose 2.1% in January after dropping 1.7% in December. Orders for electrical equipment, appliances and components orders fell 1.1% in January. (Reuters)
- **US weekly jobless claims fall; labor market weathering coronavirus for now –** The number of Americans filing for unemployment benefits fell last week, suggesting the labor market was on solid footing despite the coronavirus outbreak, which has stoked financial market fears of a recession and prompted an emergency interest rate cut from the Federal Reserve. Initial claims for state unemployment benefits slipped 3,000 to a seasonally adjusted 216,000 for the week ended February 29, the Labor Department stated. Jobless claims are the most timely labor market indicator and are being closely monitored for clues on the coronavirus' impact on the economy. Economists polled by Reuters had forecasted claims would fall to 215,000 in the latest week. The four-week moving average of initial claims, considered a better measure of labor market trends as it irons out week-to-week volatility, rose 3,250 to 213,000 last week. (Reuters)
- **US job growth robust before coronavirus outbreak hit shores –** The US employers maintained a robust pace of hiring in February, giving the economy a strong boost heading into the coronavirus outbreak, which has stoked fears of a recession and prompted an emergency interest rate cut from the Federal Reserve. The Labor Department's closely watched monthly employment report on Friday also showed solid wage growth and the unemployment rate falling back to near a 50-year low of 3.5%. Employers also increased hours for workers last month. Nonfarm payrolls increased by 273,000 jobs last month as unreasonably mild weather continued to boost hiring in weather-sensitive sectors, matching January's tally, which was the largest gain since May 2018. While transportation and warehousing payrolls fell by 4,000 jobs in February, suggesting some early impact from the coronavirus, which was erased by strong gains nearly across all sectors, includes government. The economy created 85,000 more jobs in December and January

than previously reported. Economists polled by Reuters had forecasted payrolls increasing by 175,000 jobs in February. Employment gains averaged 243,000 per month in the last three months. The economy needs to create roughly 100,000 jobs per month to keep up with growth in the working-age population. (Reuters)

- **Britain's government spent 4.4bn Pounds on Brexit planning –** Britain's government has spent at least 4.4bn Pounds ($5.6bn) of taxpayers' money on preparations to leave the European Union, the public spending watchdog stated on Friday, in the first detailed estimate of the cost of Brexit. The National Audit Office (NAO) stated in a report that most of the money was spent on staff costs, building new infrastructure and paying for external advice. Although some ministries had to supplement their spending from existing budgets, the government overall only spent about 70% of the 6.3bn Pounds allocated to cover the cost of preparations, the report stated. In an indication of the upheaval that Brexit caused within government, the report said no fewer than 22,000 government officials were working on Brexit at the peak when Britain was on the verge of leaving the EU without a divorce deal last October. Overall, 1.9bn Pounds was spent on paying government employees, 1.5bn went on new infrastructure and 288mn Pounds was spent on external advice. (Reuters)
- **REC: UK employers' demand for staff accelerates by most since 2013 –** British employers' demand for staff accelerated in February, with a job vacancy index seeing the biggest monthly jump in more than six years, a survey of recruiters showed on Friday. The index of demand for staff from the Recruitment and Employment Confederation (REC) and accountants KPMG, which is monitored by the Bank of England, rose to 57.2 in February, its highest since January 2019. The increase in the index from 54.8 in January was the biggest since July 2013. Permanent job placements rose at the fastest rate for 14 months, with northern England seeing the steepest increase and London the only area to report a decline. (Reuters)
- **Halifax: UK house prices post fourth month of growth in February –** British house prices rose in February for the fourth month running, according to a survey from mortgage lender Halifax on Friday that added to signs of renewed confidence in the housing market. Halifax stated house prices increased 0.3% MoM after a 0.4% rise in January. A Reuters poll of economists had pointed to a 0.2% uptick. In annual terms, house prices rose 2.8% in February, slowing from growth of 4.1% in January due to base effects. (Reuters)
- **Reuters poll: European Central Bank seen on hold despite recession risks doubles –** The European Central Bank (ECB) will not follow the Federal Reserve in cutting interest rates to soften the economic threat from the coronavirus outbreak, even though the median chances of a Eurozone's recession have doubled in the last month. While a March 3-4 Reuters poll of economists showed around 40% expect a further ECB interest rate cut at some point this year, the results underscored the central bank's limited policy options, given its deposit rate is already at -0.50%. Taken after the Fed stunned financial markets on Tuesday with an emergency 50 basis point rate cut, its biggest since the global financial crisis, the survey concluded the ECB will keep the deposit rate on hold until at least the end of 2022. (Reuters)
- **German industry orders surge in Jan by most in five-and-a-half years –** German industrial orders surged in January on bumper aerospace and mechanical engineering bookings, the Federal Statistics Office stated on Friday, giving the manufacturing sector a big boost at the start of a quarter marred by the coronavirus. Contracts for 'Made in Germany' goods rose 5.5% from the previous month, the Statistics Office stated. That was the biggest rise since July 2014 and compared with the Reuters consensus forecast for a 1.4% increase. (Reuters)
- **Japan's households tighten wallets as coronavirus empties streets –** Japanese homes extended their frugal spell for a fourth straight month in January as an earlier sales tax hike and a warmer winter kept wallets shut, adding to headaches for firms as they struggle with the growing hit to business from the coronavirus. The world's third-largest economy is trying to cushion the blow to output and exports from the global health crisis, which threatens to tip it into its first recession in nearly five years. Household spending fell 3.9% in January from a year earlier, government data showed on Friday, largely in line with a median forecast for a 4.0% decline. That marked the longest stretch of contraction since a five-month run to June 2018, a government official stated. The gloomy data suggests households were tightening their purse strings even before the coronavirus forced many retail outlets to close their doors in February and March as shoppers stayed at home. (Reuters)
- **Japan's real wages post first rise in four months in January –** Japan's inflation-adjusted real wages rose for the first time in four months in January, official data showed on Friday, offering a hopeful sign for the economy as risks from the coronavirus crisis overshadow the outlook. Japan's economy is under pressure from the hit to tourism and output amid the coronavirus outbreak, which has emerged as a threat to growth in the current quarter. Real wages, a gauge of household purchasing power, rose 0.7% in January from a year earlier, labor ministry data showed, following a revised 1.1% decline in the previous month. The uptick marked the first rise since September, the data showed. Improvements in wages could boost consumer sentiment and help fuel a domestic demand-led recovery, offsetting the coronavirus outbreak and the government decision to raises taxes nationwide in October. The monthly wage data showed nominal total cash earnings rose 1.5% in the year to January after a revised 0.2% decline in the previous month. (Reuters)
- **China's January-February exports tumble, imports down as coronavirus batters trade and business –** China's exports contracted sharply in the first two months of the year, and imports declined, as the health crisis triggered by the coronavirus outbreak caused massive disruptions to business operations, global supply chains and economic activity. Overseas shipments fell 17.2% in January-February from the same period a year earlier, customs data showed on Saturday, marking the steepest fall since February 2019. That compared with a 14% drop tipped by a Reuters poll of analysts and a 7.9% gain in December. Imports sank 4% from a year earlier, but were better than market expectations of a 15% drop. They had jumped 16.5% in December, buoyed in part by a preliminary Sino-US trade deal. China ran a trade deficit of $7.09bn for the period, reversing an expected $24.6bn surplus in the poll. Factory

activity contracted at the fastest pace ever in February, even worse than during the global financial crisis, an official manufacturing gauge showed last weekend, with a sharp slump in new orders. A private survey highlighted similarly dire conditions. China's trade surplus with the US for the first two months of the year stood at $25.37bn, Reuters calculation based on Chinese customs data showed, much narrower than a surplus of $42.16bn in the same period last year. (Reuters)

- **China's February forex reserves fall to $3.107tn –** China's foreign exchange reserves fell less than expected in February as the Yuan weakened on fears over the fast spreading coronavirus epidemic and its severe impact on economic activity. The country's foreign exchange reserves - the world's largest - fell $8.779bn in February to $3.107tn, central bank data showed on Saturday. Economists polled by Reuters had expected reserves would fall by $15.497bn to $3.100tn, likely due to fluctuations in global exchange rates and the prices of foreign bonds that China holds. Strict capital controls have helped China keep outflows under control over the past year despite a trade war with the US and weakening economic growth at home. The value of China's gold reserves rose to $100.85bn at the end of February from $99.24bn at the end-January. (Reuters)
- **China says consumer sales steadying after virus hit, trade still tough –** The coronavirus outbreak has hit global demand, but its impact on China's foreign trade is only temporary, the Commerce Ministry stated on Thursday, adding that authorities would roll out more targeted support measures to stabilize supply chains. The epidemic, which has killed more than 3,000 people and infected more than 80,000 in mainland China, has triggered a record contraction in the country's vast manufacturing sector, with firms slashing output and losing orders. The virus has limited employees' movements, caused blockages in international logistics and reduced global trade, especially of intermediate goods, Li Xingqian said, director of the foreign trade department at the commerce ministry in a media briefing. However, sales in China's consumer market stabilized in late February as people gradually returned to work after efforts to curb the outbreak had succeeded in some places, Wang Bin, another commerce ministry official, said at the same briefing. (Reuters)

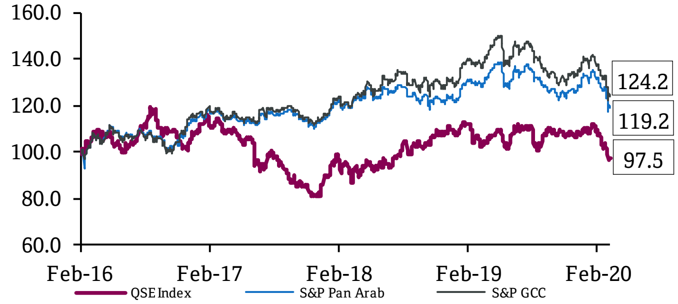
Regional

- **OPEC's pact with Russia falls apart, sending oil into tailspin –** A three-year pact between OPEC and Russia ended in acrimony after Moscow refused to support deeper oil cuts to cope with the outbreak of coronavirus and OPEC responded by removing all limits on its own production. Oil prices plunged 10% as the development revived fears of a 2014 price crash, when Saudi Arabia and Russia fought for market share with US shale oil producers, which have never participated in output limiting pacts. Brent has lost about a third of its value this year, tumbling towards $45 a barrel, its lowest since 2017, putting oil-dependent nations and many oil firms under heavy strain as the global economy reels due to the virus outbreak, which has dampened business activity and stopped people traveling. "From April 1 neither OPEC nor non-OPEC has restrictions," Russian Energy Minister, Alexander Novak told reporters. (Reuters)
- **Saudi Arabia slashes April crude oil prices after OPEC's supply pact collapsed –** Saudi Arabia slashed its official selling price (OSP) for April for all its crude grades to all destinations, after OPEC's oil supply cut pact with Russia fell apart on Friday, sending oil into a tailspin. Saudi Aramco has set its Arab light crude oil to Asia for April at a discount of $3.10 to the Oman/Dubai average, down $6 a barrel from March, the company stated. It cut the April OSP of its Arab light crude oil to the United States to a discount of $3.75 per barrel versus ASCI, down $7 a barrel from March. Saudi Aramco lowered its OSP for Arab light crude oil to Northwestern Europe to a discount of $10.25 per barrel to Ice Brent, down $8 a barrel. A three-year pact between OPEC and Russia ended in acrimony on Friday after Moscow refused to support deeper oil cuts to cope with the outbreak of coronavirus and OPEC responded by removing all limits on its own production. (Reuters)
- **Saudi Arabia's listed banks' assets rise by SR261.5bn in 2019 –** Total assets of banks listed on the Saudi Stock Exchange (Tadawul) grew by SR261.5bn or 11.98% YoY during 2019, according to data compiled by Mubasher. Assets of 11 Saudi banks totaled SR2.445tn last year, compared to SR2.184tn in 2018. The National Commercial Bank (NCB) accounted for 20.7% of total assets of Saudi Arabian listed banks, registering SR507.26bn, up by SR55.09bn YoY in 2019. Al Rajhi Bank came in the second place with a total of SR384.09bn, rising by SR20.06bn or 5.5% from 2018. Over the course of 2019, the Saudi British Bank (SABB) reported the highest asset growth rate of 52% or SR90.8bn. On the other hand, Bank Albilad and Bank Aljazira posted the lowest asset size of SR86.08bn and SR86.54bn, respectively. Investments of Saudi listed banks rose by SR97.68bn or 22.2% to SR537.5bn last year, compared to SR439.85bn in 2018. NCB topped banks in terms of investments with SR134.08bn, followed by Al Rajhi Bank and Bank Aljazira with SR46.84bn and SR27.6bn, respectively. Meanwhile, SABB posted the highest growth investment rate of 75%, followed by Bank Albilad and Arab National Bank with 69.9% and 36.6%, in that order. (Zawya)
- **Uzbekistan signs $2bn of energy deals with Saudi Arabia's ACWA Power –** Uzbekistan's Energy Ministry stated that it has signed $2bn worth three agreements with Saudi Arabia's ACWA Power to boost power generation in the Central Asian nation. A 25-year agreement was reached for development, construction and operation of a 1,500 megawatt combined-cycle gas turbine power plant; Uzbekistan's power grid will buy electricity worth $1.2bn from the facility. ACWA Power will build a wind-power plant to generate 500-1,000 megawatts of electricity in Uzbekistan; project estimated to cost $0.55bn-$1.1bn. Uzbek Energy Ministry and ACWA Power also signed memorandum of understanding for development of training center to enhance technical skills of local students. (Bloomberg)
- **Moody's: UAE's bank guidelines to soften coronavirus' economic effects –** Central Bank of the UAE's (CBUAE) new guidelines to banks to mitigate coronavirus risk will support the economy amid outbreak, however, will diminish transparency, ratings agency Moody's has revealed. On March 1, the CBUAE advised banks and finance companies to implement measures to mitigate the economic effects of the global coronavirus outbreak. The measures include re-scheduling loan contracts, temporary deferrals on monthly loan payments, and reducing fees and commissions for affected customers. "The guidance will support

the economy amid the coronavirus outbreak and contain contingent liability risk for the government by preventing potential liquidity challenges from turning into solvency issues for some UAE private sector and government-related entities. For banks, however, the guidance is credit negative because it will lower system wide transparency of banks' asset quality if sustained over the long term," AVP-Analyst at Moody's investor's service, Mik Kabeya said. (Zawya)

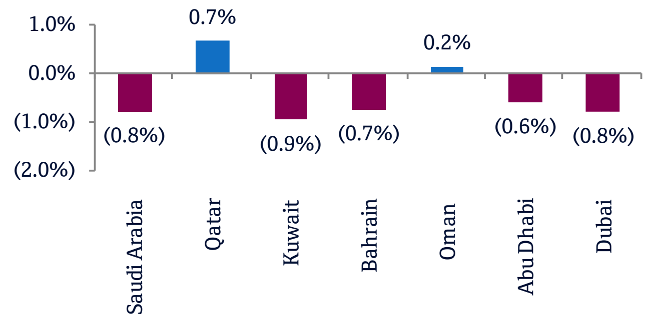
- **Mubadala, OMV negotiating the acquisition of an additional 39% share in Borealis –** OMV and Mubadala are currently negotiating the acquisition of an additional 39% share in Borealis by OMV for a purchase price of $4.68bn, OMV stated, confirming a report by Austrian newspaper Der Standard. OMV already owns 36% of the company, with the remainder held by Abu Dhabi state investor Mubadala. The newspaper reported the transaction is on the agenda for a supervisory board meeting that would have to sign off the purchase. "The supervisory board of OMV has not finally deliberated and decided on the potential transaction. It is expected that a respective decision is made as soon as possible," OMV stated. The Austrian company has been shifting the focus of its refinery division to aviation fuel and petrochemicals, banking on an increasing appetite for air travel and plastic products. It has also made expanding in the Middle East a priority. (Reuters)
- **Abu Dhabi Development Holding Company and Egypt sovereign wealth fund seek Banque du Caire stake –** Abu Dhabi Development Holding Company (ADDH) and Egypt's sovereign wealth fund are seeking to buy a combined stake in Banque du Caire as part of the state-owned lender's initial public offering (IPO), according to sources. The Egyptian fund's CEO, Ayman Soliman, earlier said it was in talks with Banque du Caire with a view to becoming a strategic investor in the IPO. He did not give the name of the international firm also involved, but said an agreement may be reached by the end of March. ADDH, which was established in 2018 as a public joint stock company, holds a portfolio of state-owned enterprises spanning utilities to health care. Egypt and the UAE last year agreed a $20bn investment platform to put money into a range of sectors and assets. Egypt's sovereign fund and ADDH are set to run it. Banque du Caire wants to raise $500mn by offering a stake of 20%-30% in the IPO that will take place by mid-April, Chairman, Tarek Fayed said. Anchor investors will be offered part of that stake, with a cap of about 5% each of the total ownership, he said. The bank is in discussions with regional and foreign financial institutions and funds for the sale, Fayed said, declining to identify any of them. Banque du Caire is owned by Banque Misr, but run by an independent board. (Bloomberg)
- **Moody's: Robust economic growth to support Kuwaiti banks –** The outlook for Kuwait's banking system remains 'Stable' as robust economic growth will support credit conditions, Moody's Investors Service (Moody's) stated. While high lending concentration to single borrowers and to the volatile real-estate sector pose substantial risks to the country's banks, these are mitigated by very large loan-loss reserves, robust capital and sound liquidity, it stated in a report. "Non-oil GDP growth will remain strong, supporting banks' business-generation," VP-Senior Credit Officer at Moody's, Nitish Bhojnagarwala said. High lending concentration to single borrowers and to the volatile real-estate sector poses substantial risks to Kuwait's banks, but these are mitigated by very large loan-loss reserves, robust capital and sound liquidity. Moody's expects non-oil GDP growth to remain strong, picking up to around 3% this year from 2.5% in 2019. The government remains committed to its national development plan and its many projects will drive annual credit growth to around 5% over our outlook period. Domestic credit growth is likely to remain around 5% in 2020 against an inflation forecast of around 3%, largely driven by retail (consumer and household) loans. Corporate credit growth will remain a little lower, however, the hydrocarbon (crude oil and gas), construction and contracting sectors will continue to be areas of credit growth. While loan quality is expected to deteriorate slightly, it will remain sound, according to Moody's. However, problem loans will gradually rise to around 2% of gross loans in 2020 from 1.6% in 2018, due to delinquencies at some banks' foreign subsidiaries. In Kuwait itself, credit conditions will remain sound. However, concentration of credit and exposure to volatile real estate and equity markets remain as vulnerabilities. Personal loans extended for the purchase of securities, and loans to Kuwaiti investment companies are also vulnerable, the report noted. Loans to these vulnerable segments (including real estate) made up a third of the sector-wide domestic loan book as of September 2019, it stated. (Zawya)
- **Moody's cuts Oman's rating by a notch to 'Ba2' –** Moody's downgraded Oman's credit rating deeper into junk territory citing the Arab country's lower fiscal strength, evident in its higher government debt and weaker debt affordability metrics than the ratings agency expected. Moody's cut Oman's rating here to 'Ba2' from 'Ba1' and changed the outlook to 'Stable'. On February 23, Oman's Sultan Haitham bin Tariq Al-Said said the government would work to reduce public debt and restructure public institutions and companies to bolster the economy. The small oil producing country has relied heavily on debt to offset a widening deficit caused by lower crude prices. Moody's stated that last March it expected Oman's government debt to peak under 60% of GDP by 2021, but the level was nearly reached already in 2019. "Taking into account some, gradual, fiscal consolidation, Moody's now expects (Oman's) government debt to stabilize at around 67% of GDP in the next few years, contributing to a weaker fiscal strength assessment," the ratings agency stated. Moody's also stated that Oman's debt will continue to increase in the next two years, despite expectation that the government will begin implementing a significant medium-term fiscal adjustment program in the next few months. 'Stable' outlook reflects the agency's assessment that Oman's credit metrics are resilient to moderately negative fiscal and oil price shocks at the 'Ba2' rating level, Moody's added. (Reuters)
- **Central Bank of Bahrain urges banks to ease debt terms, fees due to coronavirus –** Central Bank of Bahrain (CBB) on Thursday urged banks and financing companies to consider re-scheduling or granting deferrals on credit installments in light of the coronavirus outbreak, according to a circular seen by Reuters. It also urged the financial institutions to reduce profit and interest rates, fees and commissions or other measures for customers affected by the outbreak, the central bank stated in the circular. (Reuters)

Rebased Performance



Source: Bloomberg

Daily Index Performance



Source: Bloomberg

Asset/Currency Performance	Close ($)	1D%	WTD%	YTD%
Gold/Ounce	1,673.83	0.1	5.6	10.3
Silver/Ounce	17.35	(0.5)	4.1	(2.8)
Crude Oil (Brent)/Barrel (FM Future)	45.27	(9.4)	(10.4)	(31.4)
Crude Oil (WTI)/Barrel (FM Future)	41.28	(10.1)	(7.8)	(32.4)
Natural Gas (Henry Hub)/MMBtu	1.76	(6.9)	(1.7)	(15.8)
LPG Propane (Arab Gulf)/Ton	35.88	(6.8)	(9.2)	(13.0)
LPG Butane (Arab Gulf)/Ton	42.75	(7.3)	(13.9)	(35.6)
Euro	1.13	0.4	2.3	0.6
Yen	105.39	(0.7)	(2.3)	(3.0)
GBP	1.30	0.7	1.8	(1.6)
CHF	1.07	0.8	2.9	3.2
AUD	0.66	0.3	1.9	(5.5)
USD Index	95.95	(0.9)	(2.2)	(0.5)
RUB	68.57	1.4	2.5	10.6
BRL	0.22	(0.4)	(3.4)	(13.1)

Source: Bloomberg

Global Indices Performance	Close	1D%*	WTD%*	YTD%*
MSCI World Index	2,149.29	(2.0)	0.4	(8.9)
DJ Industrial	25,864.78	(1.0)	1.8	(9.4)
S&P 500	2,972.37	(1.7)	0.6	(8.0)
NASDAQ 100	8,575.62	(1.9)	0.1	(4.4)
STOXX 600	366.80	(2.9)	0.3	(11.2)
DAX	11,541.87	(2.6)	(0.2)	(12.2)
FTSE 100	6,462.55	(3.1)	0.1	(16.0)
CAC 40	5,139.11	(3.4)	(0.5)	(13.5)
Nikkei	20,749.75	(2.0)	0.6	(9.5)
MSCI EM	1,012.08	(2.6)	0.7	(9.2)
SHANGHAI SE Composite	3,034.51	(1.2)	6.3	(0.1)
HANG SENG	26,146.67	(2.3)	0.4	(7.0)
BSE SENSEX	37,576.62	(2.5)	(4.2)	(12.6)
Bovespa	97,996.80	(3.7)	(8.9)	(26.5)
RTS	1,257.96	(5.0)	(3.2)	(18.8)

Source: Bloomberg (*$ adjusted returns)

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