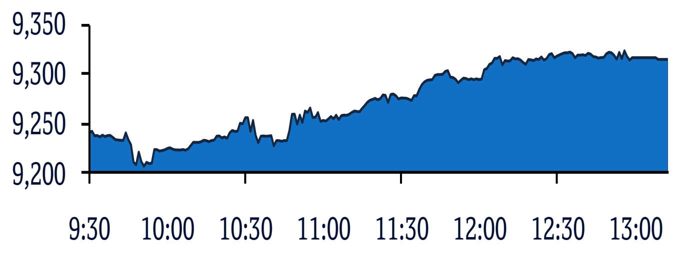
Daily Market Report

Sunday, 12 July 2020

QSE Intra-Day Movement



Qatar Commentary

The QE Index rose 1.0% to close at 9,316.4. Gains were led by the Real Estate and Consumer Goods indices, gaining 2.0% and 1.7%, respectively. Top gainers were Qatari German Co. for Medical Devices and Salam International Investment Limited, rising 10.0% and 7.1%, respectively. Among the top losers, Dlala Brokerage & Investment Holding Co. fell 2.6%, while Qatar Oman Investment Co. was down 2.0%.

GCC Commentary

Saudi Arabia: The TASI Index gained 0.3% to close at 7,416.7. Gains were led by the Commercial & Prof. Svc and Real Estate indices, rising 1.8% and 1.5%, respectively. Tourism Enterprise rose 10.0%, while Walaa Cooperative Insurance was up 9.9%.

Dubai: The DFM Index fell 0.1% to close at 2,082.2. The Transportation index declined 1.9%, while the Investment & Financial Services index fell 0.4%. Al Salam Sudan declined 4.7%, while SHUAA Capital was down 3.8%.

Abu Dhabi: The ADX General Index fell 0.4% to close at 4,295.5. The Industrial index declined 2.7%, while the Investment & Financial Services index fell 1.7%. Arkan Building Materials Co. declined 4.9%, while Gulf Cement Co. was down 4.8%.

Kuwait: The Kuwait All Share Index fell 0.2% to close at 5,131.5. The Consumer Services index declined 0.4%, while the Banks index fell 0.3%. Arkan Al Kuwait Real Estate declined 5.0%, while National International Co. was down 4.8%.

Oman: The MSM 30 Index gained marginally to close at 3,494.0. However, all indices ended in red. Gulf Investments Services rose 3.4%, while Al Suwadi Power was up 1.9%.

Bahrain: The BHB Index gained 0.2% to close at 1,286.3. The Commercial Banks index rose 0.5%, while the Services index gained 0.1%. Al Salam Bank-Bahrain rose 1.5%, while Ahli United Bank was up 0.8%.

QSE Top Gainers	Close*	1D%	Vol. '000	YTD%
Qatari German Co for Med. Devices	1.36	10.0	22,941.0	133.5
Salam International Inv. Ltd.	0.46	7.1	30,150.3	(12.0)
Barwa Real Estate Company	3.22	4.0	36,511.0	(9.0)
Qatar First Bank	1.19	3.7	21,013.6	45.8
QNB Group	18.15	2.8	4,705.6	(11.9)

QSE Top Volume Trades	Close*	1D%	Vol. '000	YTD%
United Development Company	1.22	0.6	43,709.7	(19.8)
Barwa Real Estate Company	3.22	4.0	36,511.0	(9.0)
Salam International Inv. Ltd.	0.46	7.1	30,150.3	(12.0)
Alijarah Holding	0.83	0.0	25,010.0	17.7
Qatari German Co for Med. Devices	1.36	10.0	22,941.0	133.5

Market Indicators	09 Jul 20	08 Jul 20	%Chg.
Value Traded (QR mn)	598.8	591.7	1.2
Exch. Market Cap. (QR mn)	544,214.0	537,062.8	1.3
Volume (mn)	299.4	309.3	(3.2)
Number of Transactions	11,568	9,077	27.4
Companies Traded	45	46	(2.2)
Market Breadth	31:11	13:27	–

Market Indices	Close	1D%	WTD%	YTD%	TTM P/E
Total Return	17,910.54	1.0	1.1	(6.6)	14.7
All Share Index	2,911.40	1.3	1.2	(6.1)	15.5
Banks	4,043.42	1.5	0.4	(4.2)	13.3
Industrials	2,635.41	0.7	1.8	(10.1)	21.0
Transportation	2,852.09	0.6	3.0	11.6	13.8
Real Estate	1,590.74	2.0	7.2	1.6	15.7
Insurance	1,970.26	(0.2)	(0.4)	(28.0)	32.9
Telecoms	895.85	1.1	2.4	0.1	15.0
Consumer	7,357.63	1.7	1.1	(14.9)	18.8
Al Rayan Islamic Index	3,732.95	0.7	1.2	(5.5)	17.2

GCC Top Gainers##	Exchange	Close#	1D%	Vol. '000	YTD%
Barwa Real Estate Co.	Qatar	3.22	4.0	36,511.0	(9.0)
QNB Group	Qatar	18.15	2.8	4,705.6	(11.9)
Emaar Malls	Dubai	1.50	2.0	6,182.9	(18.0)
Arab National Bank	Saudi Arabia	19.30	2.0	728.3	(29.6)
Qatar Fuel Company	Qatar	16.28	2.0	671.7	(28.9)

GCC Top Losers##	Exchange	Close#	1D%	Vol. '000	YTD%
Qatar Electricity & Water	Qatar	16.19	(1.6)	515.5	0.6
Co. for Cooperative Ins.	Saudi Arabia	78.50	(1.4)	379.3	2.3
Saudi Industrial Inv.	Saudi Arabia	19.30	(1.3)	459.5	(19.6)
Etihad Etisalat Co.	Saudi Arabia	27.95	(1.2)	2,456.2	11.8
HSBC Bank Oman	Oman	0.09	(1.1)	447.5	(28.1)

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

QSE Top Losers	Close*	1D%	Vol. '000	YTD%
Dlala Brokerage & Inv. Holding Co	1.50	(2.6)	4,201.7	145.5
Qatar Oman Investment Co.	0.65	(2.0)	6,576.9	(2.4)
Mannai Corporation	2.80	(1.9)	3.9	(9.0)
Qatar Electricity & Water Co.	16.19	(1.6)	515.5	0.6
Qatari Investors Group	2.23	(1.1)	3,424.5	24.6

QSE Top Value Trades	Close*	1D%	Val. '000	YTD%
Barwa Real Estate Company	3.22	4.0	119,583.3	(9.0)
QNB Group	18.15	2.8	84,680.5	(11.9)
United Development Company	1.22	0.6	53,701.0	(19.8)
Qatar Gas Transport Co. Ltd.	2.74	1.3	37,569.3	14.4
Qatari German Co for Med. Dev.	1.36	10.0	30,331.6	133.5

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*	9,316.44	1.0	1.1	3.5	(10.6)	163.77	148,788.1	14.7	1.4	4.3
Dubai	2,082.19	(0.1)	1.0	0.8	(24.7)	49.91	80,577.4	6.3	0.7	4.6
Abu Dhabi	4,295.48	(0.4)	(0.4)	0.2	(15.4)	34.17	161,544.4	13.8	1.3	5.9
Saudi Arabia	7,416.67	0.3	1.4	2.7	(11.6)	1,573.51	2,247,738.7	22.3	1.8	3.5
Kuwait	5,131.45	(0.2)	0.1	0.0	(18.3)	75.68	95,033.0	14.8	1.2	3.8
Oman	3,494.01	0.0	(0.5)	(0.6)	(12.2)	1.76	15,974.2	9.9	0.8	6.8
Bahrain	1,286.33	0.2	0.9	0.7	(20.1)	2.30	19,500.1	9.6	0.8	5.5

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 rose 1.0% to close at 9,316.4. The Real Estate and Consumer Goods & Services 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.
- Qatari German Company for Medical Devices and Salam International Investment Limited were the top gainers, rising 10.0% and 7.1%, respectively. Among the top losers, Dlala Brokerage & Investment Holding Company fell 2.6%, while Qatar Oman Investment Company was down 2.0%.
- Volume of shares traded on Thursday fell by 3.2% to 299.4mn from 309.3mn on Wednesday. However, as compared to the 30-day moving average of 253.9mn, volume for the day was 17.9% higher. United Development Company and Barwa Real Estate Company were the most active stocks, contributing 14.6% and 12.2% to the total volume, respectively.

Overall Activity	Buy %*	Sell %*	Net (QR)
Qatari Individuals	42.81%	42.56%	1,501,146.31
Qatari Institutions	24.85%	27.39%	(15,191,685.95)
Qatari	**67.66%**	**69.95%**	**(13,690,539.64)**
GCC Individuals	0.66%	0.84%	(1,041,328.28)
GCC Institutions	1.21%	1.89%	(4,054,060.60)
GCC	**1.87%**	**2.73%**	**(5,095,388.88)**
Non-Qatari Individuals	13.14%	13.83%	(4,095,040.70)
Non-Qatari Institutions	17.32%	13.50%	22,880,969.22
Non-Qatari	**30.46%**	**27.33%**	**18,785,928.52**

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

Earnings Releases, Global Economic Data and Earnings Calendar

Earnings Releases

Company	Market	Currency	Revenue (mn) 2Q2020	% Change YoY	Operating Profit (mn) 2Q2020	% Change YoY	Net Profit (mn) 2Q2020	% Change YoY
National Company for Learning and Education**	Saudi Arabia	SR	55.7	12.8%	14.3	3.0%	12.1	-9.9%

Source: Company data, DFM, ADX, MSM, TASI, BHB. (** Financial for Period ended on May 31, 2020)

Global Economic Data

Date	Market	Source	Indicator	Period	Actual	Consensus	Previous
07/09	US	Department of Labor	Initial Jobless Claims	04-Jul	1,314k	1,375k	1,413k
07/09	US	Department of Labor	Continuing Claims	27-Jun	18,062k	18,800k	18,760k
07/10	France	INSEE National Statistics Office	Industrial Production MoM	May	19.6%	15.4%	-20.6%
07/10	France	INSEE National Statistics Office	Industrial Production YoY	May	-23.4%	-24.0%	-35.0%
07/10	France	INSEE National Statistics Office	Manufacturing Production MoM	May	22.0%	22.8%	-22.3%
07/10	France	INSEE National Statistics Office	Manufacturing Production YoY	May	-25.2%	-23.6%	-37.9%
07/09	Japan	Bank of Japan	Money Stock M2 YoY	Jun	7.2%	5.7%	5.1%
07/09	Japan	Bank of Japan	Money Stock M3 YoY	Jun	5.9%	4.4%	4.1%
07/10	Japan	Bank of Japan	PPI YoY	Jun	-1.6%	-2.0%	-2.8%
07/10	Japan	Bank of Japan	PPI MoM	Jun	0.6%	0.3%	-0.5%
07/09	China	National Bureau of Statistics	PPI YoY	Jun	-3.0%	-3.2%	-3.7%
07/09	China	National Bureau of Statistics	CPI YoY	Jun	2.5%	2.5%	2.4%
07/10	China	The People's Bank of China	Money Supply M0 YoY	Jun	9.5%	9.1%	9.5%
07/10	China	The People's Bank of China	Money Supply M1 YoY	Jun	6.5%	7.0%	6.8%
07/10	China	The People's Bank of China	Money Supply M2 YoY	Jun	11.1%	11.1%	11.1%

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

Earnings Calendar

Tickers	Company Name	Date of reporting 2Q2020 results	No. of days remaining	Status
QNBK	QNB Group	12-Jul-20	0	Due
MARK	Masraf Al Rayan	13-Jul-20	1	Due
QFLS	Qatar Fuel Company	15-Jul-20	3	Due
QIBK	Qatar Islamic Bank	15-Jul-20	3	Due
QGTS	Qatar Gas Transport Company Limited (Nakilat)	15-Jul-20	3	Due
IHGS	Islamic Holding Group	16-Jul-20	4	Due
QEWS	Qatar Electricity & Water Company	19-Jul-20	7	Due
ABQK	Ahli Bank	20-Jul-20	8	Due
GWCS	Gulf Warehousing Company	21-Jul-20	9	Due
QIGD	Qatari Investors Group	21-Jul-20	9	Due

Tickers	Company Name	Date of reporting 2Q2020 results	No. of days remaining	Status
QNCD	Qatar National Cement Company	22-Jul-20	10	Due
QIIK	Qatar International Islamic Bank	22-Jul-20	10	Due
KCBK	Al Khalij Commercial Bank	23-Jul-20	11	Due
CBQK	The Commercial Bank	23-Jul-20	11	Due
QAMC	Qatar Aluminum Manufacturing Company	23-Jul-20	11	Due
WDAM	Widam Food Company	23-Jul-20	11	Due
NLCS	Alijarah Holding	23-Jul-20	11	Due
QATI	Qatar Insurance Company	26-Jul-20	14	Due
QIMD	Qatar Industrial Manufacturing Company	27-Jul-20	15	Due
IQCD	Industries Qatar	27-Jul-20	15	Due
DHBK	Doha Bank	27-Jul-20	15	Due
QISI	Qatar Islamic Insurance Group	28-Jul-20	16	Due
ORDS	Ooredoo	28-Jul-20	16	Due
AHCS	Aamal Company	29-Jul-20	17	Due
UDCD	United Development Company	29-Jul-20	17	Due
MERS	Al Meera Consumer Goods Company	12-Aug-20	31	Due
GISS	Gulf International Services	12-Aug-20	31	Due
MPHC	Mesaieed Petrochemical Holding Company	13-Aug-20	32	Due

Source: QSE

News

Qatar

- **MERS to disclose 2Q2020 financials on August 12 –** Al Meera Consumer Goods Company (MERS) will disclose the financial reports for the period ending June 30, 2020 on August 12, 2020. (QSE)
- **QATI to disclose 2Q2020 financials on July 26 –** Qatar Insurance Group (QATI) will disclose the financial reports for the period ending June 30, 2020 on July 26, 2020. (QSE)
- **UDCD to disclose 2Q2020 financials on July 29 –** United Development Company (UDCD) will disclose the financial reports for the period ending June 30, 2020 on July 29, 2020. (QSE)
- **AHCS to disclose 2Q2020 financials on July 29 –** Aamal Company (AHCS) will disclose the financial reports for the period ending June 30, 2020 on July 29, 2020. The conference call with the Investors to discuss the financial results for 2Q2020, will be held on August 06, 2020 at 2:00 pm. (QSE)
- **Indosat Ooredoo launches new digital operating model and Ooredoo Maldives launches fixed broadband services to L. Maamendhoo –** Indosat Ooredoo, together with its Global Partners Ericsson and Huawei, on the July 1, 2020, achieved the first milestone of its transformation journey towards Full Digital Operating Model. This transformation journey will ensure a cutting edge Digital Operating Model combining the latest developments in Analytics, Automation, Artificial Intelligence, and Fault Predictability to deliver the greatest customer experience. Such a journey and partnerships contribute to the development of a new ecosystem that created hundreds of jobs opportunity, through an intensive knowledge transfer program, it has up skilled the entire workforce. A highly successful timely delivery and execution has been achieved despite the COVID-19 situation by adopting large scale virtual workshops and embracing the challenges presented during this Global Pandemic. Ooredoo Maldives has expanded its high speed broadband service Ooredoo SuperNet to L. Maamendhoo with a wide range of packages and service up to 100 Mbps. Ooredoo SuperNet offers a number of plans to suit the varying needs of Maamendhoo customers. (Bloomberg)
- **FocusEconomics: Qatar's economy likely to grow 3.4% in 2021 –** Qatar's economy is expected to grow 3.4% in 2021 as a strong fiscal stimulus package to support the non-oil private sector should cushion the downturn being witnessed due to the COVID-19 pandemic, FocusEconomics has said in its latest report. The report noted that solid external buffers and favorable debt dynamics allow for a robust response to limit the fiscal impact of the pandemic. The FocusEconomics Consensus Forecast-Middle East & North Africa for July report, however, said that that the country's economy is expected to contract in 2020, which is up 0.1 percentage points from last month's forecast, before growth of 3.4% in 2021. FocusEconomics panelists see a 2.8% contraction in GDP in 2020, which is up 0.1 percentage points from last month's forecast. "The economy likely remained depressed in the second quarter, as the full effects of the lockdown and travel restrictions were felt. Since May, containment measures have been gradually eased, but international travel is expected to remain restricted until at least August 1 that does not bode well for the tourism and retail sectors. The lockdown will cripple the tourism sector for the most of the year, while depressed energy prices will weigh heavily on government finances and the external sector. Nevertheless, a strong fiscal stimulus package to support the non-oil private sector should cushion the downturn," the report said. Consumer prices fell 3.1% in annual terms in May, matching April's fall, as COVID-19 dragged on. "Consumer prices should drop on average this year due to the stark fall in domestic demand. Our panelists see consumer prices falling 0.6% in 2020, which is down 0.2 percentage points from last month's forecast. In 2021, our panel sees inflation averaging 1.7%," the report said. According to the annual data released as part of the report, the

overnight lending rate in the country would continue to rise from the current level of 2.5% and reach up to 4.24% by 2024. The Qatari Riyal will continue to be pegged at $3.64 in the years to come, the report said. According to FocusEconomics, Qatar's public debt (as a percentage of GDP) has been forecast to fall to 49.4 from 66.8 this year. The country's public debt as a percentage of the GDP will fall continuously over the next four years, the researcher said. It is projected at 63 next year, 57.9 (in 2022) and 53.6 in 2023. Qatar's GDP has been estimated to reach $220bn in 2024 from $166bn this year. Next year, it will be $181bn, followed by $194bn (2022) and $207bn in 2023. GDP per capita, FocusEconomics said, has been estimated to reach $79,060 in 2024 from $60,256 this year. GDP per capita next year will be $65,369, followed by $70,110 in 2022 and $74,596 in 2023. (Qatar Tribune, Gulf-Times.com)

- **KPMG Qatar: Banks should have three-pronged strategy to transition away from Libor –** Banks in Qatar should have an initial three-pronged transition strategy as regulators across the globe strategize moving away from Libor (London Interbank Offered Rate) on which 25% of their financial products are linked, according to KPMG Qatar, a global consultant. "In Qatar, it is estimated that about one-quarter of all the financial products in banks reference Libor," Shubhadip Bhattacharya, Financial Risk Management Lead, KPMG Qatar, said in an article. Libor plays a key role in the financial markets and underpins trillions of dollars in financial products. However, regulators globally have signaled that firms should transition away from Libor to alternative overnight RFRs (risk-free rates) before December 2021, he said. Cautioning that the transition will likely trigger an upheaval within financial institutions (FIs) worldwide, he said due to its ubiquitous nature, transitioning will require careful considerations to limit adverse impacts on their (FIs') profitability, customer relations and reputation. Highlighting that across the GCC, regulators are preparing for the transition away from Libor and are establishing working groups to discuss the challenges; he said it is unclear yet how the central banks would deal with country-specific inter-bank offered rates such Qibor (Qatar's inter-bank offered rate). Given their exposure to Libor-based products, banks in Europe and the US could be leading with the implementation of their transition programs, Bhattacharya said, adding the transition path is expected to be similar across jurisdictions and has three initial steps. "Banks in Qatar could therefore leverage the approach taken by their international counterparts," he said, adding an internal working group could be established including key stakeholders across the bank. (Gulf-Times.com)
- **Qatari export revenues edges up MoM in May –** Total exports rose by $390mn to $3.64bn in May, down more than 40% YoY. In percentage terms, the biggest increase was from the non-hydrocarbon sector, which rose 27% to $900mn. The weakest increase meanwhile was the 7% rise in the value of exports of gas and NGLs to $2.26bn. This is by far the largest element of Qatar's export slate, but weak performance is to be expected given that most of Qatar's key LNG sales are under oil-linked contracts, which lag oil-price movements. (Bloomberg)
- **Building permit issuance rises 111% MoM in June –** The number of building permits issued in June by municipalities in Qatar has increased by 111% compared to previous month, according to data released by the Planning and Statistics Authority (PSA). The total number of permits issued by the municipalities reached 572 in June, compared to 271 in May this year. Building completion certificates witnessed a rise of 103% in June compared to May. Building permits and building completion certificates data is of particular importance as it is considered an indicator for the performance of the construction sector which in turn occupies a significant position in the national economy. (Peninsula Qatar)
- **Citizens' subdivisions infrastructure projects key part of Ashghal's development plans –** The citizens' subdivisions projects continue to play a major role in the Public Works Authority's (Ashghal) plans for comprehensive infrastructure development in Qatar. According to the latest figures available with Ashghal, 33 infrastructure projects are being implemented at a total cost of QR13.7bn under this initiative. These projects will serve 30,000 residential plots in 17 areas, including Al Kharaitiyat, Rawdat Egdaim, Izghawa, Al Wukair South, Al Shamal, Al Mearad, southwest of Muaither, Al Ebb & Leabaib, Al Duhail South, Umm Lekhba, Jeryan Nejaima, Ain Khaled North and others. While addressing a remotely held event recently where nine new construction contracts were signed with Qatari companies for projects under the initiative, Ashghal president Dr Saad bin Ahmad Al-Muhannadi noted that there are directives from HE the Prime Minister and Minister of Interior Sheikh Khalid bin Khalifa bin Abdulaziz Al-Thani to continue working at the same pace and with the same commitment to implement all infrastructure works under the said projects in accordance with Ashghal's plans despite the current worldwide economic crisis. Last week, Ashghal had signed nine new contracts worth QR3.6bn with Qatari companies for projects that will serve 5,111 residential plots in six areas. (Gulf-Times.com)

International

- **IMF urges 'equity-like' government support for virus-hit firms –** International Monetary Fund (IMF) Chief Economist Gita Gopinath urged governments to shift to "equity-like" support from one focused on loans as the coronavirus pandemic inflicts prolonged damage on companies. Gopinath said the massive scale of the shock meant more firms will become insolvent as they suffer lower revenues for many months. Government support in the form of loans would saddle such companies with huge debt, which would serve like a tax that makes it difficult for them to emerge from the crisis, she said. "Because there's a bigger insolvency issue here, government support would have to shift more towards being equity-like as opposed to debt-like. Otherwise, you would end up with a lot of firms that exit this crisis with a huge amount of debt over-hang," she said. "If the lending takes form more like equity ... then that's less onus on the firms. That will make it easier for firms to recover from the crisis," Gopinath said in a webinar co-hosted by the IMF and the University of Tokyo on Friday. She did not elaborate on how such financing support would work. During its domestic banking crisis in the late 1990s, Japan injected capital into firms via schemes where state-affiliated bodies bought preferred shares issued by these firms. Gopinath said any recovery of the global economy will be "highly uneven and highly uncertain," urging countries to continue deploying aggressive fiscal and monetary stimulus measures to support their economies. While food price inflation has risen in some countries, overall consumer inflation will likely stay low in most parts of the world because job losses will curb wages, Gopinath said. (Reuters)

- **US producer prices unexpectedly fall; underlying inflation stabilizing –** US producer prices unexpectedly fell in June as rising costs for energy goods were offset by weakness in services, pointing to subdued inflation that should allow the Federal Reserve to keep pumping money into the economy to arrest a downward spiral. Still, deflation remains unlikely as the economy battles depressed demand caused by the COVID-19 pandemic. The report from the Labor Department on Friday also showed underlying producer inflation ticked up last month. Deflation, a decline in the general price level, is harmful during a recession as consumers and businesses may delay purchases in anticipation of lower prices. The economy slipped into recession in February. The Fed is injecting money into the economy through extraordinary measures while the government has provided nearly $3tn in fiscal stimulus. The producer price index for final demand dropped 0.2% last month after rebounding 0.4% in May. In the 12 months through June, the PPI declined 0.8%, matching May's decrease. Economists polled by Reuters had forecast the PPI would climb 0.4% in June and fall 0.2% on a YoY basis. (Reuters)
- **Moody's: UK economy to slump over 10%, debt to surge –** Britain will suffer the sharpest peak-to-trough economic slump of any major economy this year, rating agency Moody's warned on Friday, and the coronavirus crisis will push up national debt as a share of GDP by nearly a quarter. Moody's said the UK government's latest 30bn Pound ($37.9bn) stimulus package, announced this week, would aid a gradual economic recovery but add further pressure to the UK's fiscal position."The UK's public debt ratio will likely rise by 24 percentage points of GDP or more relative to 2019 levels," a group of Moody's analysts wrote in a note, taking the debt to 109% of GDP this year. "We forecast a contraction of 10.1% in the UK's GDP for this year, but expect a gradual subsequent recovery on the back of the easing in lockdown measures, with growth rebounding to 7.1% next year." Moody's rates Britain Aa2 with a negative outlook following a series of cuts since the country voted to leave the European Union in mid-2016. Later on Friday, Fitch, another ratings agency, said it now expected Britain's economy to shrink by 9% this year, a bigger hit than its previous projection of a 7.8% contraction, and the budget deficit would leap to as much as 17% of economic output. Fitch said the government's 30bn Pound stimulus package would probably only cost 21bn Pounds - largely because millions of furloughed workers were likely to be sacked later this year, rather than their employers taking a 1,000 pound government grant to reinstate them. Britain is on course to take state borrowing to World War Two levels, though the government has said finances will return to a sustainable footing over the medium term. Moody's said high-frequency indicators suggested that economic activity has gradually begun to recover after reaching a trough in April, when GDP is estimated to have contracted by just over 20%. (Reuters)
- **UK borrowing set to hit 350bn Pounds, risks rising further –** British Finance Minister Rishi Sunak will probably have to ramp up borrowing again this year, even with the country already on course for its biggest peacetime budget deficit in three centuries, leading think-tanks said on Thursday. The Institute for Fiscal Studies said the deficit could hit 350bn Pounds ($442bn) following Sunak's latest emergency coronavirus spending announcement, but that was the price to pay for rescuing the economy. Sunak was likely to deliver more targeted support to the economy again in the autumn, the IFS said. The Resolution Foundation said high-street retailers had received little help and would probably need more assistance. Pharmacy and beauty products retailer Boots said on Thursday it would cut more than 4,000 jobs, and department store chain John Lewis said 1,300 jobs could go as it announced the closure of eight stores. "By not going further the chancellor is taking quite a gamble on the strength of the recovery in the months ahead," Torsten Bell, the think-tank's Chief Executive, said. Despite the scale of its borrowing, Britain's emergency measures so far represented a "a mid-range bazooka" at 8% of economic output, smaller than the US 12%, he said. Britain's economy shrank by a quarter in March and April and the signs of recovery so far have been limited. (Reuters)
- **UK retail warns shoppers face higher prices if no EU trade deal –** Britain's retail industry on Friday urged UK and European negotiators to reach a post-Brexit trade deal, warning that without tariff-free trade, consumers face higher prices from next year. The sector has already announced thousands of job losses due the coronavirus pandemic as wary shoppers stay away from the high street, and the next stage of the Brexit process poses a further challenge. Britain left the EU in January and is currently in a standstill transition period with the bloc to give the two sides time to fix a new relationship in everything from trade to security. Last week's round of talks was cut short, with both sides saying that, while they wanted an agreement, they had yet to overcome the gulf in positions that could see Britain leaving the transition period without a trade deal. Four-fifths of UK food imports come from the EU and EU imports also play a major role in supply chains for fashion, homeware, and other retail sectors. (Reuters)
- **RICS: Buyers return to COVID-hit UK property market in June –** Buyers returned to Britain's property market last month as it reopened following the coronavirus lockdown but activity remained depressed, a closely-watched survey showed on Thursday. The Royal Institution of Chartered Surveyors (RICS) said a net balance of +61% of its members reported a rise in new buyer enquiries in June, following a reading of -94% in May. Still, the number of properties on estate agents' books stayed close to all-time lows, RICS said. The figures come a day after finance minister Rishi Sunak temporarily raised the threshold of a tax on property purchases to 500,000 pounds to boost activity in the housing market after the coronavirus lockdown. (Reuters)
- **EU's Michel proposes five billion Euros Brexit emergency fund –** European Council President Charles Michel said on Friday that EU talks with Britain on their new relationship were "not easy" and countries, regions and industries will face disruptions from 2021 whether there is a new pact or not. Laying out his compromise proposal for a multi-billion-Euro economic stimulus for the EU to recover from the coronavirus pandemic, Michel said a new Brexit "adjustment reserve" of 5bn Euros ($5.64bn) was also needed to "counter the unforeseen consequences" of Britain's departure. Michel said the EU's executive European

Commission should review by February 2021 the first consequences of the new reality between Britain and the bloc, and the money could then be used to support those most affected in Europe. (Reuters)

- **German states to borrow 95bn Euros to cushion virus fallout –** Germany's 16 states are planning to take on 95bn Euros ($107bn) in new debt as part of their spending efforts to cushion the economy from the worst of the coronavirus shock, Der Spiegel magazine reported on Saturday. The borrowing comes on top of the 218.5bn Euros of debt the Federal Government plans to issue to help finance support to an economy that is expected to shrink more than 6% this year because of the crisis and lockdowns. Der Spiegel calculated, after surveying regional finance ministries, that Germany's states, which enjoy wide autonomy under the country's highly devolved system of governance, were taking on an additional 95bn Euros in debt. The states already have total debts of about 580bn Euros, the magazine said. (Reuters)
- **Minister: German economy could return to pre-crisis level at start of 2022 –** The German economy could return to its pre-coronavirus level at the start of 2022 or possibly even earlier, German Finance Minister Scholz told SWR broadcaster. Scholz said he hoped the government's hefty economic stimulus measures meant the pandemic-induced crisis would not last as long as some people feared. "If things go well, we may have a situation at the beginning of 2022 or a little bit earlier whereby the economy reaches the level it was at before the crisis. That would be pretty quick," he said in an interview published on Friday. (Reuters)
- **Japan's wholesale price fall eases in June, weak demand clouds outlook –** Japanese wholesale prices fell in June at a slower pace after sinking at the fastest rate in four years in May, as a rebound in Chinese demand lifted commodity costs and eased some of the deflationary pressure caused by the coronavirus pandemic. But wholesale prices fell for an increasing number of goods dependent on domestic demand, such as construction materials and food products, suggesting the damage to Japan's economy from the health crisis is broadening. The corporate goods price index (CGPI), which measures the price companies charge each other for their goods and services, fell 1.6% in June from a year earlier, Bank of Japan data showed on Friday. The drop was smaller than a median market forecast for a 1.9% fall and less than the 2.8% plunge in May, which was the biggest drop since October 2016. The drop in oil and nonferrous metal prices eased in June, reflecting a pick-up in demand as China and many advanced economies lifted lockdowns, the data showed. But the number of CGPI components that saw prices fall exceeded those that experienced price gains by 124 in June, up from 92 in May, reflecting sluggish domestic demand. (Reuters)
- **China bank lending hits record $1.72tn in first half after solid June –** New bank lending in China rose 22.3% in June as authorities continued to boost credit and ease policy to get the world's second-largest economy humming again after a sharp coronavirus-induced contraction. Chinese banks extended 1.81tn Yuan (204bn Pounds)in new yuan loans in June, up from 1.48tn Yuan in May and slightly exceeding analysts' expectations, according to data released by the People's Bank of China (PBOC) on Friday. That pushed bank lending in the first half of this year to a record 12.09tn Yuan ($1.72tn), beating a previous peak of 9.67tn Yuan in the first half of 2019 and roughly equivalent to the gross domestic product (GDP) of Canada. Analysts polled by Reuters had predicted 1.80 trillion yuan of new yuan loans in June. The monthly tally was 9% higher than a year earlier. While lending in China typically picks up in June, analysts say policymakers want to maintain strong credit growth until the economy gets back on solid footing following a record 6.8% contraction in the first quarter. PBOC Governor Yi Gang said last month new loans could reach nearly 20 trillion yuan for the full year. (Reuters)
- **China's outstanding total social financing rises 12.8% YoY at June-end –** China's outstanding total social financing (TSF) was 271.8tn Yuan ($38.78tn) at the end of June, up 12.8% from a year earlier, the central bank said on Friday. TSF is a broad measure of credit and liquidity. It includes off-balance-sheet forms of financing that exist outside the conventional bank lending system, such as initial public offerings, loans from trust companies and bond sales. In June, TSF rose to 3.43tn Yuan from 3.19tn Yuan in May. Analysts polled by Reuters had expected June TSF to fall to 3.00tn Yuan. (Reuters)
- **India in talks with EU for trade deal, open to pact with UK –** India has started trade talks with the European Union (EU) and is open to dialogue with the UK for a free trade agreement, the trade minister said on Saturday, as Asia's third largest economy looks for new markets for its products. Piyush Goyal said that India is open to engage with the UK for a preferential trade agreement with the ultimate goal of a free trade agreement. He is also in dialogue with the European Union's trade commissioner for a deal that could start with a preferential trade agreement. He added that the ultimate goal here too would be to have a free trade agreement. Negotiations for a comprehensive free trade agreement between the EU and India were suspended in 2013 after six years of talks. India pulled out of the Regional Comprehensive Economic Partnership last year due to fears over China's access to its markets and is looking for new ways to boost its exports. The country has also been raising trade barriers to block cheap imports from China and replace them with locally made goods for domestic consumption and exports. India's economic growth has largely been driven by local consumption and successive governments have struggled to expand exports. In the last six years Prime Minister Narendra Modi's government has been trying to push exports through various programs like "Make in India" but with limited success. (Reuters)
- **RBI Governor: Indian economy's medium-term outlook remains uncertain –** The medium-term outlook for the Indian economy remains uncertain with supply chains and demand yet to be restored fully while the trajectory of the coronavirus spread and the length of its impact remain unknown, Reserve Bank of India Governor Shaktikanta Das said on Saturday. According to most estimates, the Indian economy will register a record contraction of over 4.5% in the current fiscal year that started on April 1 due to the pandemic. Starting late March, the country was placed under one of the strictest lockdowns in the world for over two months. Since early June, the government has started easing restrictions to help some revival in the economy even though the number of infections in the country continues to rise. (Reuters)
- **India's ambitious plan to help small businesses does little to save them –** India re-opened for business in June after months of

lockdown but for thousands of small entrepreneurs in the town of Meerut, near Delhi, the blow has been devastating. Businesses from textiles to sports goods and furniture are shuttered or working at a bare minimum, and cows roam streets that would be normally packed with workers and vehicles. Prime Minister Narendra Modi's program to help small businesses back on their feet through $40bn of government-guaranteed loans is too little and may not be enough to save the many companies that form the backbone of India's economy, nearly three dozen entrepreneurs Reuters spoke to across the country said. Some said their business was so hamstrung by the pandemic that taking on new debt made little sense. They would rather the government had helped them by cutting the goods and service tax or waive off the interest on loans. Others said that despite Modi's promise to open up the credit lines, it was not easy convincing bankers to lend because of the death throes their businesses were in. Small businesses that account for nearly one-quarter of India's $2.9tn economy and employ more than 500mn workers are the worst affected by the pandemic. (Reuters)

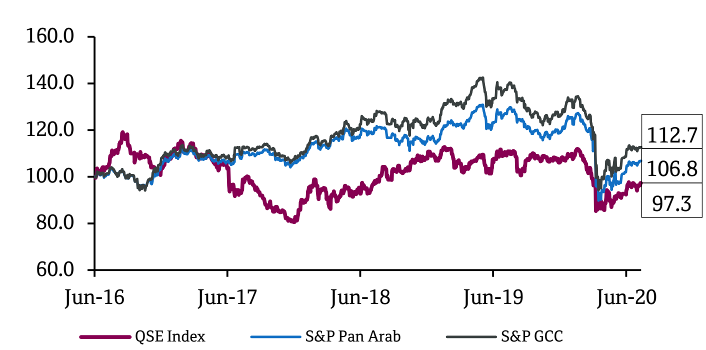
Regional

- **Saudi Aramco raises gasoline prices for July –** Saudi Arabia's oil giant Aramco said it will raise domestic gasoline prices for July, state news TV reported. The new price for 91 octane grade will be SR1.29 instead of SR0.98, and 95 octane grade will be at SR1.44 from SR1.18 in June. (Reuters)
- **Dubai announces new coronavirus economic support worth over AED1.5bn –** Dubai has announced a new package worth AED1.5bn to help the economy cope with the effects of the coronavirus pandemic, the Crown Prince of the Emirate, Hamdan Bin Mohammed Al-Maktoum, said. The package is the third announced by Dubai, the second largest and second-wealthiest member of the UAE federation. The three packages are worth a total of AED6.3bn, Sheikh Hamdan said. The latest intervention includes cancelling certain fines imposed by the government and the customs department, tax reimbursements to hotels and restaurants, financial guarantee refunds to the construction sector and exonerating private schools from licensing renewal fees. The Dubai support measures come on top of initiatives implemented at the federal level, especially by the Central Bank of the UAE (CBUAE), to ease financial and liquidity requirements on lenders and businesses. (Reuters)
- **PMI: Dubai non-oil private sector emerges from contraction in June –** Dubai's non-oil private sector was steady in June, the first time it did not contract since February, a survey showed on Thursday, after the emirate lifted many restrictions to stem the spread of the new coronavirus. The seasonally adjusted IHS Markit Dubai Purchasing Managers' Index (PMI) increased to 50.0 in June from 46.0 in May, settling at the mark that separates growth from contraction. "The latest PMI survey data offered hopeful signs for the Dubai non-oil private sector," Economist at survey compiler IHS Markit, David Owen said. "Some sectors were on the path back to normality, according to survey respondents, though others presented a more cautious picture, finding that demand in some areas, notably travel and tourism, was still extremely weak," he said. Dubai, the Middle East's trade and tourism hub, has been hit hard by virus containment measures, while the Emirate lacks the oil wealth of its neighbor Abu Dhabi. Output in the non-oil economy rose to 53.0 in June from 44.8 in May and from a record low of 36.9 in April. Employment, however, contracted for a fourth consecutive month. "Despite higher demand, the hit to firms' revenues from the lockdown period meant several companies laid off staff to lower cost pressures," the PMI report said. (Reuters)
- **S&P warns Dubai economy to shrink 11%, cuts property giants to junk –** S&P warned that Dubai's economy was set to shrink 11% this year, as it cut the credit ratings of two of the Emirate's biggest property firms to 'Junk' status. Dubai, the Middle East's trade and tourism hub, has been hit hard by coronavirus-containment measures and is set for an economic contraction almost four times worse than during the global financial crisis in 2009, S&P said. "We now expect Dubai's real GDP will shrink by about 11% in 2020, compounding the economic slowdown that began in 2015," S&P analysts wrote in a note dated July 9, adding that the emirate's fiscal deficit was expected to balloon to about 4% of GDP this year. A growth rebound of about 5% is expected next year, but real GDP growth will then slow to 2% through to 2023, which would be half of what it has averaged for the last 10 years. S&P downgraded Emaar Properties, the UAE's largest property firm and the builder of the world's tallest building, Dubai's Burj Khalifa, to a BB+ 'junk' rating from an investment grade BBB- score. It said it expected a 30%-40% slump in Emaar's earnings in 2020, a 15%-20% dive in overall revenues, while the anticipated recovery next year would be only partial. (Reuters)
- **Mubadala set for exclusive talks with Petrobras to buy Bahia refinery –** Abu Dhabi's investment fund Mubadala Investment Co. will enter into exclusive talks with Petrobras to purchase Brazil's second-largest refinery, the Brazilian state-owned oil company said in a securities filing on Thursday. Reuters was the first to report earlier on Thursday that Mubadala was on an inside track to acquire the refinery, known as Rlam, after beating back competition from India's Essar Group, according to sources. Petroleo Brasileiro, as Petrobras is formally known, confirmed in a filing that Mubadala had submitted the best offer and was invited to negotiate. Mubadala will discuss the contract terms with Brazil's Petrobras in an exclusive negotiation expected to take several weeks, sources said. If the contract changes significantly, Petrobras will call back competitors for a second round of bids based on price, the sources said. Indian conglomerate Essar also made a binding offer for Rlam, as Reuters reported in June, and could compete again for the refinery if Petrobras decides to retender it. (Reuters)
- **Moody's assigns provisional Baa2 to Sharjah's GMTN Program –** Moody's Investors Service has assigned a provisional rating of Baa2 to the Government of Sharjah's Global Medium Term Note (GMTN) Program. The Baa2 rating on the emirate's proposed GMTN program mirrors the Government of Sharjah's long-term issuer rating (Baa2), with a stable outlook. "The stable outlook on the issuer rating is supported by Sharjah's relatively diversified economy, low external vulnerability risks and a credible currency peg afforded by membership in the federation of the UAE, ample funding sources, and high-income levels contributing to shock absorption capacity." It is also indicating a degree of resiliency at the current rating level despite pressures on creditworthiness globally associated with the coronavirus shock, according to Moody's. The report further noted that the

stable outlook takes into account the relatively low probability of a significant improvement in fiscal strength. (Zawya)

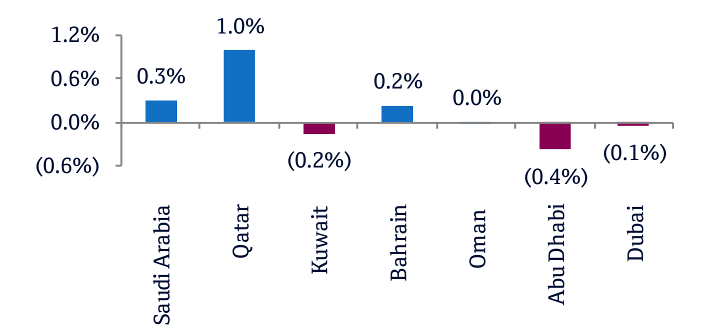
- **Kuwait International Bank obtains CMA approval to issue Sukuk –** Kuwait International Bank has obtained CMA approval to establish Sukuk program for an amount up to $2bn under the umbrella of the Sukuk program for an amount of $750mn. (Reuters)
- **Gulf Cable buys stake in Boursa Kuwait above IPO price –** Kuwait's Gulf Cable & Electrical Industries has bought 14.4% stake in Boursa Kuwait from First Investment Co. which represents 28,925,610 shares bought at a price of 400 fils per share. First Investment sold stake for KD11.6mn at 400 fils per share. In an IPO last year, shares were offered only to Kuwaiti citizens at 100 fils per share. The stock has yet to start trading. (Bloomberg, Zawya)

Rebased Performance



Source: Bloomberg

Daily Index Performance



Source: Bloomberg

Asset/Currency Performance	Close ($)	1D%	WTD%	YTD%
Gold/Ounce	1,798.70	(0.3)	1.3	18.5
Silver/Ounce	18.72	0.4	3.9	4.9
Crude Oil (Brent)/Barrel (FM Future)	43.24	2.1	1.0	(34.5)
Crude Oil (WTI)/Barrel (FM Future)	40.55	2.3	(0.2)	(33.6)
Natural Gas (Henry Hub)/MMBtu	1.78	0.0	10.5	(14.8)
LPG Propane (Arab Gulf)/Ton	48.12	0.2	3.8	16.7
LPG Butane (Arab Gulf)/Ton	46.75	(0.5)	3.9	(29.6)
Euro	1.13	0.1	0.5	0.8
Yen	106.93	(0.3)	(0.5)	(1.5)
GBP	1.26	0.1	1.1	(4.8)
CHF	1.06	(0.1)	0.5	2.8
AUD	0.70	(0.2)	0.2	(1.0)
USD Index	96.65	(0.0)	(0.5)	0.3
RUB	70.73	(0.3)	(1.0)	14.1
BRL	0.19	0.4	(0.2)	(24.5)

Source: Bloomberg

Global Indices Performance	Close	1D%*	WTD%*	YTD%*
MSCI World Index	2,259.60	0.8	1.5	(4.2)
DJ Industrial	26,075.30	1.4	1.0	(8.6)
S&P 500	3,185.04	1.0	1.8	(1.4)
NASDAQ 100	10,617.44	0.7	4.0	18.3
STOXX 600	366.83	1.0	0.9	(11.2)
DAX	12,633.71	1.2	1.4	(3.9)
FTSE 100	6,095.41	0.9	0.2	(23.1)
CAC 40	4,970.48	1.1	(0.2)	(16.3)
Nikkei	22,290.81	(0.7)	0.5	(4.0)
MSCI EM	1,069.27	(1.0)	3.5	(4.1)
SHANGHAI SE Composite	3,383.32	(2.0)	8.3	10.4
HANG SENG	25,727.41	(1.9)	1.4	(8.3)
BSE SENSEX	36,594.33	(0.4)	0.9	(16.0)
Bovespa	100,031.80	1.0	3.2	(35.0)
RTS	1,245.65	0.9	0.8	(19.6)

Source: Bloomberg (*$ adjusted returns)

Contacts

Saugata Sarkar, CFA, CAIA
Head of Research
Tel: (+974) 4476 6534
saugata.sarkar@qnbfs.com.qa

Shahan Keushgerian
Senior Research Analyst
Tel: (+974) 4476 6509
shahan.keushgerian@qnbfs.com.qa

Zaid al-Nafoosi, CMT, CFTe
Senior Research Analyst
Tel: (+974) 4476 6535
zaid.alnafoosi@qnbfs.com.qa

Mehmet Aksoy, PhD
Senior Research Analyst
Tel: (+974) 4476 6589
mehmet.aksoy@qnbfs.com.qa

QNB Financial Services Co. W.L.L.
Contact Center: (+974) 4476 6666
PO Box 24025
Doha, Qatar