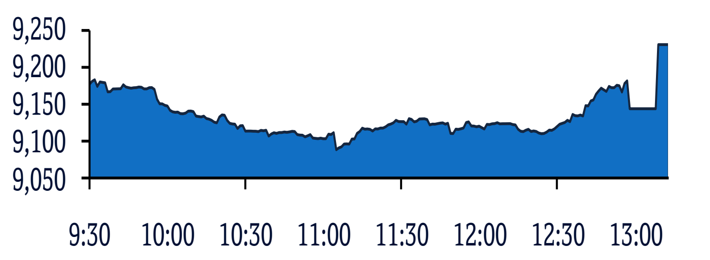
Daily Market Report

Sunday, 14 June 2020

QSE Intra-Day Movement



Qatar Commentary

The QE Index rose 0.5% to close at 9,233.4. Gains were led by the Banks & Financial Services and Real Estate indices, gaining 0.9% and 0.3%, respectively. Top gainers were Qatar Islamic Bank and Alijarah Holding, rising 3.5% and 2.1%, respectively. Among the top losers, Qatar Cinema & Film Distribution Company fell 8.9%, while Qatar National Cement Company was down 3.7%.

GCC Commentary

Saudi Arabia: The TASI Index fell 0.2% to close at 7,309.8. Losses were led by the Food & Beverages and Banks indices, falling 1.5% and 1.0%, respectively. Allianz Saudi Fransi Coop. declined 3.0%, while Mediterranean & Gulf Ins. was down 2.9%.

Dubai: The DFM Index fell 1.0% to close at 2,103.3. The Investment & Financial Services index declined 3.4%, while the Services index fell 1.8%. Commercial Bank of Dubai declined 4.9%, while Gulf Navigation Holding was down 4.8%.

Abu Dhabi: The ADX General Index fell 0.8% to close at 4,294.9. The Banks index declined 1.7%, while the Real Estate index fell 0.6%. Reem Investments and Methaq Takaful Insurance Company were down 5.0% each.

Kuwait: The Kuwait All Share Index fell 1.4% to close at 5,091.0. The Banks index declined 2.7%, while the Consumer Services index fell 2.4%. Al-Massaleh Real Estate Company declined 14.1%, while Gulf Bank was down 7.0%.

Oman: The MSM 30 Index fell 0.3% to close at 3,513.7. Losses were led by the Industrial and Financial indices, falling 1.1% and 0.2%, respectively. Raysut Cement Company declined 8.1%, while Oman Cement Company was down 5.0%.

Bahrain: The BHB Index fell 0.2% to close at 1,280.4. The Commercial Banks index declined 0.2%, while the Services index fell 0.1%. Seef Properties declined 1.7%, while GFH Financial Group was down 0.7%.

Market Indicators	11 Jun 20	10 Jun 20	%Chg.
Value Traded (QR mn)	298.1	300.7	(0.9)
Exch. Market Cap. (QR mn)	523,228.4	521,374.7	0.4
Volume (mn)	185.0	185.4	(0.2)
Number of Transactions	6,982	7,539	(7.4)
Companies Traded	46	44	4.5
Market Breadth	15:25	22:19	–

Market Indices	Close	1D%	WTD%	YTD%	TTM P/E
Total Return	17,750.80	0.5	(0.2)	(7.5)	14.5
All Share Index	2,860.34	0.3	(0.3)	(7.7)	15.2
Banks	3,979.41	0.9	(0.5)	(5.7)	13.1
Industrials	2,620.38	(0.6)	(0.3)	(10.6)	20.8
Transportation	2,650.40	(0.3)	(0.1)	3.7	12.8
Real Estate	1,432.63	0.3	2.2	(8.5)	14.2
Insurance	2,039.32	(0.6)	1.5	(25.4)	33.7
Telecoms	881.77	(0.1)	(1.0)	(1.5)	14.8
Consumer	7,427.13	0.0	(0.3)	(14.1)	19.0
Al Rayan Islamic Index	3,682.67	(0.1)	(0.2)	(6.8)	16.9

GCC Top Gainers##	Exchange	Close#	1D%	Vol. '000	YTD%
Saudi Cement Co.	Saudi Arabia	51.80	4.1	1,014.7	(26.1)
Qatar Islamic Bank	Qatar	16.35	3.5	439.4	6.7
Jarir Marketing Co.	Saudi Arabia	143.80	3.0	492.4	(13.2)
Mobile Telecom. Co.	Kuwait	0.56	2.7	9,000.2	(6.2)
Qatar Electricity & Water	Qatar	16.27	1.4	319.5	1.1

GCC Top Losers##	Exchange	Close#	1D%	Vol. '000	YTD%
Gulf Bank	Kuwait	0.21	(7.0)	17,574.8	(30.0)
Burgan Bank	Kuwait	0.20	(4.9)	5,388.0	(35.5)
National Bank of Kuwait	Kuwait	0.80	(3.2)	10,476.5	(21.8)
Boubyan Bank	Kuwait	0.51	(2.7)	1,745.9	(17.1)
First Abu Dhabi Bank	Abu Dhabi	11.42	(2.4)	3,611.1	(24.7)

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%
Qatar Islamic Bank	16.35	3.5	439.4	6.7
Alijarah Holding	0.74	2.1	15,575.3	4.4
Ezdan Holding Group	0.88	1.9	32,083.1	42.9
Doha Bank	2.17	1.8	3,367.2	(14.3)
Ahli Bank	3.20	1.6	31.4	(4.0)

QSE Top Losers	Close*	1D%	Vol. '000	YTD%
Qatar Cinema & Film Distribution	2.55	(8.9)	16.1	15.9
Qatar National Cement Company	3.90	(3.7)	219.4	(31.0)
Qatari Investors Group	1.67	(3.6)	2,036.2	(6.7)
Islamic Holding Group	2.83	(3.1)	1,677.7	48.9
Qatar Industrial Manufacturing	2.83	(2.7)	467.7	(20.7)

QSE Top Volume Trades	Close*	1D%	Vol. '000	YTD%
Mazaya Qatar Real Estate Dev.	0.75	1.1	43,366.3	4.6
Ezdan Holding Group	0.88	1.9	32,083.1	42.9
Alijarah Holding	0.74	2.1	15,575.3	4.4
Qatar Gas Transport Company Ltd.	2.49	(0.4)	11,168.4	4.2
Dlala Brokerage & Inv. Holding Co.	1.00	0.4	9,290.5	63.8

QSE Top Value Trades	Close*	1D%	Val. '000	YTD%
QNB Group	17.70	0.6	46,994.7	(14.0)
Mazaya Qatar Real Estate Dev.	0.75	1.1	32,468.5	4.6
Ezdan Holding Group	0.88	1.9	27,974.3	42.9
Qatar Gas Transport Co. Ltd.	2.49	(0.4)	27,824.1	4.2
Industries Qatar	8.40	(0.7)	11,825.0	(18.3)

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*	9,233.35	0.5	(0.2)	4.4	(11.4)	81.06	142,161.1	14.5	1.4	4.3
Dubai	2,103.25	(1.0)	3.1	8.1	(23.9)	80.86	80,392.9	6.3	0.8	4.5
Abu Dhabi	4,294.88	(0.8)	(0.2)	3.7	(15.4)	35.10	131,967.3	13.4	1.3	5.9
Saudi Arabia	7,309.80	(0.2)	1.4	1.3	(12.9)	1,405.97	2,191,029.1	22.2	1.8	3.5
Kuwait	5,091.04	(1.4)	1.4	1.9	(19.0)	156.73	94,292.9	14.8	1.2	3.8
Oman	3,513.67	(0.3)	(0.1)	(0.9)	(11.7)	4.17	15,304.8	9.7	0.8	6.8
Bahrain	1,280.38	(0.2)	0.6	0.8	(20.5)	1.37	19,396.4	9.3	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 0.5% to close at 9,233.4. The Banks & Financial Services and Real Estate 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.
- Qatar Islamic Bank and Alijarah Holding were the top gainers, rising 3.5% and 2.1%, respectively. Among the top losers, Qatar Cinema & Film Distribution Company fell 8.9%, while Qatar National Cement Company was down 3.7%.
- Volume of shares traded on Thursday fell by 0.2% to 185.0mn from 185.4mn on Wednesday. Further, as compared to the 30-day moving average of 223.2mn, volume for the day was 17.1% lower. Mazaya Qatar Real Estate Development and Ezdan Holding Group were the most active stocks, contributing 23.4% and 17.3% to the total volume, respectively.

Overall Activity	Buy %*	Sell %*	Net (QR)
Qatari Individuals	38.00%	38.51%	(1,535,569.27)
Qatari Institutions	21.65%	22.21%	(1,677,059.00)
Qatari	**59.65%**	**60.72%**	**(3,212,628.27)**
GCC Individuals	1.35%	1.76%	(1,204,608.73)
GCC Institutions	1.61%	2.07%	(1,365,128.19)
GCC	**2.96%**	**3.83%**	**(2,569,736.92)**
Non-Qatari Individuals	13.56%	15.82%	(6,736,638.13)
Non-Qatari Institutions	23.83%	19.63%	12,519,003.31
Non-Qatari	**37.39%**	**35.45%**	**5,782,365.18**

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

Global Economic Data

Date	Market	Source	Indicator	Period	Actual	Consensus	Previous
06/11	US	Department of Labor	Initial Jobless Claims	06-Jun	1,542k	1,550k	1,897k
06/11	US	Department of Labor	Continuing Claims	30-May	20,929k	20,000k	21,268k
06/12	UK	UK Office for National Statistics	Monthly GDP (MoM)	Apr	-20.4%	-18.7%	-5.8%
06/12	UK	UK Office for National Statistics	Industrial Production MoM	Apr	-20.3%	-15.0%	-4.2%
06/12	UK	UK Office for National Statistics	Industrial Production YoY	Apr	-24.4%	-19.3%	-8.2%
06/12	UK	UK Office for National Statistics	Manufacturing Production MoM	Apr	-24.3%	-15.6%	-4.6%
06/12	UK	UK Office for National Statistics	Manufacturing Production YoY	Apr	-28.5%	-19.9%	-9.7%
06/12	EU	Eurostat	Industrial Production SA MoM	Apr	-17.1%	-18.5%	-11.9%
06/12	EU	Eurostat	Industrial Production WDA YoY	Apr	-28.0%	-28.8%	-13.5%
06/12	France	INSEE National Statistics Office	CPI MoM	May	0.1%	0.0%	0.0%
06/12	France	INSEE National Statistics Office	CPI YoY	May	0.4%	0.2%	0.2%
06/12	Japan	Ministry of Economy Trade and Industry	Industrial Production MoM	Apr	-9.8%	–	-9.1%
06/12	Japan	Ministry of Economy Trade and Industry	Industrial Production YoY	Apr	-15.0%	–	-14.4%

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

News

Qatar

- **UDCD awards QR1.5bn contracts for Gewan Island's infra works –** United Development Company (UDCD) has awarded the contracts for Gewan Island's Building & Landscape package to China Railway 18th Bureau, and has tasked Navayuga Engineering Company with Infrastructure works on the island. UDCD's investment in these packages amounts to approximately QR1.5bn. The development works are expected to be completed in 2022. As part of the building & landscape package, China Railway 18th Bureau is expected to undertake works on Gewan Island's common basement structure, including services and finishing's to all 15 buildings being developed by UDCD which will deliver 586 apartment units, 11,000 square meters of retail area, a mixed-use climate-controlled Crystal Walk and a 71,000 square meters common basement parking. The building & landscape package also includes development of designated roads and road connections, the island's clubhouse, prayer rooms and 20 standalone seaside villas in addition to the installation of island-wide CCTV surveillance and landscaping of all public spaces and 15 UDCD buildings. (Qatar Tribune)
- **Qatar Petroleum announces Muntajat integration into QP –** Qatar Petroleum (QP) has announced its decision to integrate Qatar Chemical and Petrochemical Marketing and Distribution Company (Muntajat) into QP as part of its ongoing efforts to strengthen its global competitive position in the downstream sector. The integration will involve leveraging a combined set of human, technical, commercial, and financial capabilities, as well as customer relationships into the QP organization with the aim of being completed within the next few months, which will enable QP to continue expanding its global reach, and to remain the partner of choice, providing superior high quality products and excellence in customer service. HE the Minister of State for Energy Affairs, Saad bin Sherida Al-Kaabi, also the President and CEO of QP, said, "The integration of Muntajat into QP is a strategic move that will further strengthen our downstream capabilities and enhance the State of Qatar's global competitive position in the downstream sector. We are committed to establishing a center of excellence for the downstream business in Qatar by pooling the commercial, technical, and financial capabilities of both QP and Muntajat, and by leveraging higher efficiencies in the deployment of our

human and financial resources." During the integration process, Muntajat will continue to deliver its commitments and contractual obligations to all its customers around the world with no interruption and with the same superior customer service. This integration marks another step towards achieving QP's vision to become one of the best national oil and gas companies in the world, QP said on Thursday. (Gulf-Times.com)

- **QGRI to hold its AGM on June 28 –** Qatar General Insurance & Reinsurance Company (QGRI) will hold its Annual Ordinary General Assembly Meeting (AGM) on June 28, 2020. In case the required quorum is not met, the second meeting will be held on July 1, 2020. The agenda includes approving the board of director's proposal to not to distribute dividends for the financial year ended December 31, 2019, among others. (QSE)
- **MoCI: Malls, shopping centers to run from 8 am to 8 pm during weekdays –** Malls and shopping centers will be allowed to operate between 8 am and 8 pm at 30% capacity during weekdays from Monday (June 15) when the first phase of lifting of COVID-19 restrictions begins. These businesses, however, will remain closed on Fridays and Saturdays. This was announced by the Ministry of Commerce and Industry (MoCI) on Saturday. The move is in line with the previous decisions and measures adopted by Qatar to preserve the health and safety of citizens and residents, and to limit the spread of the virus. The four-phase easing of restrictions begins on June 15, followed by the second stage on July 1, the third on August 1 and the fourth and the final on September 1. (Qatar Tribune)
- **FocusEconomics: New PPP law to support investment, activity in Qatar's non-oil sector –** Qatar's new Public-Private Partnership (PPP) law should support investment and activity in the non-oil sector even as the stimulus package worth 13% of the country's GDP may prop up domestic demand, a new report has shown. The strong fiscal stimulus package to support the non-oil private sector should cushion the downturn caused by the lockdown following the COVID-19 pandemic, according to FocusEconomics. The report said that Qatar's fiscal balance as a percentage of GDP is set to rise to 4.6% in 2024 from an estimated -7.8% this year, from -7.8% this year. The country's merchandise trade balance may scale up to $48.5bn in 2024 from $25.9bn this year, it said. According to FocusEconomics, Qatar's public debt (as a percentage of GDP) has been forecast to fall to 55.3 from 71.5 this year. The country's public debt as a percentage of the gross domestic product will fall continuously over the next four years, the researcher said. It is projected at 68.3 next year, 63.4 (in 2022) and 59.3 in 2023. Qatar's GDP has been estimated to reach $220bn in 2024 from $167bn 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 $78,914 in 2024 from $60,518 this year. GDP per capita next year will be $65,393, followed by $70,066 in 2022 and $74,501 in 2023. Qatar's economic growth in terms of nominal GDP will reach 6.2% in 2024 from -8.9% by the year-end. Next year, economic growth in terms of nominal GDP will be 8.3%, 7.4% in 2022 and 6.6% in 2023. The current account balance (as a percentage of GDP) will be 3.3 in 2024 compared with -3.9 in 2020, -0.1 (2021), 4.4 (2022) and 3.9 in 2023. International reserves may exceed $36.2bn in 2024, from $34.7bn this year. The country's inflation, the report noted, will be -0.4% this year, 1.8% (2021) and 1.9% between 2022 and 2024. Qatar's unemployment rate (as a percentage of active population) will remain a meagre 0.2% in 2024, unchanged from this year. (Gulf-Times.com)
- **Ezdan: Vacant land lots control 37.4% of property sale deals –** The real estate price index, according to the statistics disclosed by Ministry of Justice, reflected that vacant land lots control over most of property sales deal by an estimated QR84mn, or 37.4%, while residences sale deals were clinched at QR79.8mn. The multi-use vacant lands realized around QR4.8mn, according to Ezdan Real Estate (Ezdan) report. The initial breakdown of the real estate market performance reveals a positive and buoyant resistance against the Coronavirus (COVID-19) outbreak repercussions, which aligns at the same time with the announcement of the gradual easing of preventive restrictions imposed, the report added. The real estate bulletin released by Real Estate Registration Department for the period from May 31 to June 4, 2020, registered up to 84 property sale deals with a total value exceeding approximately QR224.5mn, distributed over seven municipalities, namely; Al Rayyan, Al Shamal, Al Daayen, and Al Wakrah, entailing vacant land lots space, residences, multiuse buildings, multi-use vacant land lots, and residential buildings. (Peninsula Qatar)

International

- **S&P Global Ratings: Banks' Balance Sheet strength reduces COVID-19 impact –** Rating actions on banks globally have slowed over the past month, with our rating outlook bias still markedly negative as a result of the significant effects of the coronavirus pandemic and the potential longer-term impact on banks' profitability, says S&P Global Ratings today in a report published today on RatingsDirect ("How COVID-19 Is Affecting Bank Ratings: June 2020 Update"). "We have taken 212 ratings actions on banks related to COVID-19 and/or the oil shock since the start of the pandemic until June 10, said S&P Global Ratings credit analyst Alexandre Birry. "Nevertheless, 76% of these were outlook revisions. About 30% of banks globally now carry a negative outlook." "We expect that second-quarter results will shed more light on the relative impact of the pandemic on banks across the globe, but the full effect on asset quality will likely only become clear much later in the year," said Mr. Birry. The vast majority of bank downgrades to date have occurred in jurisdictions in which the oil shock also contributed materially to our expectation of weakened operating conditions for banks or on the back of other sovereign rating actions. We continue to expect that bank rating downgrades this year due to the COVID-19 pandemic will be limited by banks' strengthened balance sheets over the past 10 years, the support from public authorities to household and corporate markets, and our base case of a sustained economic recovery next year. (Bloomberg)
- **US consumer confidence rises; COVID-19, unemployment shadow lingers –** US consumer sentiment perked up in early June as households cheered the reopening of businesses and a surprise rebound in hiring, though they did not expect a significant improvement in the economy amid fears of a resurgence in COVID-19 infections. The survey from the University of Michigan on Friday is broadly in line with economists' expectations that the recovery from the recession would be a long slog. The National Bureau of Economic

Research, the arbiter of US recessions, declared on Monday that the economy slipped into recession in February. The University of Michigan's consumer sentiment index increased to a reading of 78.9 from 72.3 in May. It said "few consumers anticipate the reestablishment of favorable economic conditions anytime soon." Two-thirds of consumers in the survey expected "bad times financially" during the year ahead, while half anticipated a "renewed downturn." In addition to concerns about a second wave of COVID-19 infections, consumers also worried that persistently high unemployment could slow the economic recovery. Though the economy created 2.5mn jobs in May, an employment gap of nearly 20mn remains since March when nonessential businesses were shuttered to slow the spread of COVID-19. Layoffs are more than double their peak during the 2007-09 Great Recession. (Reuters)

- **US import prices post largest gain in more than a year –** US import prices increased by the most in more than a year in May, driven by higher costs for petroleum products and food, which could further diminish fears of deflation as the economy battles a recession. The Labor Department said on Friday import prices rose 1.0% last month, the largest gain since February 2019, after falling 2.6% in April. Economists polled by Reuters had forecast import prices, which exclude tariffs, increasing 0.6% in May. In the 12 months through May, import prices decreased 6.0% after dropping 6.8% in April. The report followed data this week showing consumer prices falling moderately in May and producer prices rebounding. Deflation is a decline in the general price level, which is harmful during a recession as consumers and businesses may delay purchases in anticipation of lower prices. The National Bureau of Economic Research, the arbiter of US recessions, declared on Monday that the economy slipped into recession in February. In May, prices for imported fuels and lubricants surged 20.5% after declining 31.0% in the prior month. Petroleum prices jumped 21.7% after plunging 32.6% in April. Imported food prices rebounded 2.2% last month after dropping 1.6% in April. Excluding fuels and food, import prices dipped 0.1% last month after falling 0.5% in April. The so-called core import prices declined 0.7% in the 12 months through May. The cost of goods imported from China was unchanged in May after gaining 0.1% in the prior month. Prices declined 1.0% year-on-year in May, the smallest drop since March 2019. Last month, prices for imported capital goods was unchanged. The cost of imported motor vehicles dipped 0.1%. Prices for consumer goods excluding autos rose 0.1%. The report also showed export prices increased 0.5% in May as higher prices for nonagricultural products offset lower prices for agricultural goods. That followed a 3.3% drop in April. Export prices declined 6.0% on a YoY basis in May after dropping 6.8% in April. (Reuters)
- **White House sees red state/blue state divide in post-coronavirus economic recovery –** A top White House economic adviser on Friday predicted an "increasing divergence" between states controlled by Republican governors and those led by Democrats, saying Republican "red" states opening up faster will see a stronger economic recovery. President Donald Trump has claimed repeatedly without evidence that Democratic-led "blue" states have not reopened more quickly amid the coronavirus pandemic in order to hurt his re-election bid in November. The Republican president has been pushing to reopen the crippled economy as the country works to recover from a virus that has so far killed more than 113,000 people in the United States, by far the most in the world. "The thing that as an economist gives me pause as I look forward is that there's a radical difference right now in the data between red states and blue states," senior White House adviser Kevin Hassett told Fox News Channel. Hassett pointed to Vermont, which he described as a blue state that elected a socialist US senator - a reference to US Senator Bernie Sanders - as a state with a low number of coronavirus cases per capita whose economy remains basically closed. "Other states are wide open," he said. "So I think that there is going to be increasing divergence between the economies of blue states, where unemployment is going to be staying very, very high and the economies are going to stay closed, and the red states that are mostly open," Hassett said. About half a dozen states, including Republican-led Texas and Arizona, are grappling with a rising number of coronavirus patients filling hospital beds, fanning concerns that the reopening of the US economy may spark a second wave of infections. Hassett said national trends continue to head down, but there are some flare-ups and "the battle is not over." (Reuters)
- **Fed sees 'persistent fragilities' for households and businesses –** The Federal Reserve expects US household finances and business balance sheets to grapple with "persistent fragilities" as a result of the shock to economic activity arising from the coronavirus pandemic, the central bank said in a report to Congress on Friday. In its twice-annual Monetary Policy Report to US lawmakers, the Fed also reinforced expectations for a sharp decline in economic activity in the current quarter. Recent data suggests "real gross domestic product will contract at a rapid pace in the second quarter after tumbling at an annual rate of 5% in the first quarter of 2020." The report comes two days after the Fed wrapped up its latest two-day policy meeting and signaled the US economy faces an arduous and uncertain recovery from the recession triggered by the coronavirus pandemic. "It is a long road. It is going to take some time," Fed Chair Jerome Powell said in a webcast press conference after the meeting. "We can use our tools to support the labor market and the economy and we can use them until we fully recover." The release of the report precedes two days of testimony by Powell before congressional committees next week, scheduled for Tuesday and Wednesday. In their economic projections released on Wednesday, the first since December, Fed policymakers saw the economy shrinking at a 6.5% annualized rate in 2020 and the unemployment rate at 9.3% at year's end, down from 13.3% in May but more than two and half times the 3.5% rate in February, when a record-long economic expansion ended abruptly in the face of the pandemic. While officials saw growth snapping back somewhat in 2021, with gross domestic product seen rising at a 5% annualized pace, they projected the jobless rate would remain elevated at 6.5%. (Reuters)
- **UK economy takes 25% hit from COVID, recovery seen slow –** Britain's economy shrank by a quarter over March and April as entire sectors were shuttered by the coronavirus lockdown in what looks likely to be the bottom of a "catastrophic" crash before a long and slow recovery. Dwarfing previous downturns, the economy contracted by 20.4% in April from March, when it shrank by nearly 6%. It was 24.5% smaller than in April 2019.

Both of April's readings represented bigger falls than the dire forecasts in a Reuters poll of economists. The Office for National Statistics said the economy had shrunk back to its size in 2002. "This is catastrophic, literally on a scale never seen before in history," Paul Johnson, director of the Institute for Fiscal Studies think tank, said. "The real issue is what happens next." Prime Minister Boris Johnson said the figures were no surprise as Britain's huge services sector was being hit particularly hard by social distancing measures, but he said a recovery would follow. "Coronavirus is likely to hit a country like the UK economically very hard. We depend on services, on human contact," he said. "But we're also a very resilient and a dynamic economy and we will bounce back." Much of Britain's retail sector is due to open its doors next week and the government last month urged people who could not do their jobs at home to return to work. The ONS said output in the dominant services sector fell by 19% in April from March while manufacturing was down more than 24% and construction crashed by 40%. In the three months to April, the overall economy contracted by 10.4% from the previous three-month period. (Reuters)

- **UK economy shrinks by record 20.4% in April –** Britain's economy shrank by a record 20.4% in April from March as the country spent the month in a tight coronavirus lockdown, official data showed on Friday. In the three months to April, gross domestic product contracted by 10.4% from the previous three-month-period, the Office for National Statistics also said. A Reuters poll of economists had produced median forecasts for a monthly fall of 18.4% and a contraction 10.0% in the February-April period. (Reuters)
- **Eurozone April industrial output plunge worst on record; recovery seen –** Eurozone industrial output fell the most on record in April as coronavirus lockdowns halted activity across the region, data showed on Friday, marking the low point of the pandemic-induced contraction. The European Union's statistics office, Eurostat, said industrial output in the 19 countries sharing the euro fell 17.1% MoM for a 28.0% YoY drop, the steepest declines since records began in 1991. Economists polled by Reuters had expected a 20.0% monthly and 29.5% annual decline. "We see this as the bottom of this crisis, with industrial production standing 73% below February values. May should see a strong bounce, but the pace of recovery after that is more uncertain," said Jacob Nell, economist at Morgan Stanley bank. The sectors that suffered most were durable consumer goods, where output plunged 28.9% MoM for a 47.7% YoY drop and capital goods, with a 26.6% monthly and 40.9% annual decline. The Eurozone's biggest economy, Germany, saw a 30.2% fall in industrial output YoY. The second and third biggest, France and Italy, showed production shrinking even more - 34.9% and 42.5% respectively. The fourth biggest economy, Spain, had a 34.3% fall. (Reuters)
- **Germany hopes stimulus measures will drive second-half recovery –** Germany can avoid a second wave of the coronavirus pandemic and a new 130bn Euro ($147bn) stimulus package should help Europe's largest economy recover from the second half of the year, ministers said on Friday. Germany's economy has taken a battering after many firms went into lockdown in March to curb the spread of the coronavirus and the government expects a 6.3% contraction this year - which would be its worst recession since World War Two. As part of the stimulus package, the cabinet agreed on Friday to cut value-added tax VAT to 16% from 19% from July 1 until Dec. 31 in a bid to boost consumption and to give parents a cash handout of 300 euros per child. "We want to make sure that the economic trough is passed in the second half of the year," Economy Minister Peter Altmaier told a news conference. He later said the first signs of recovery were already starting to show. "In some sectors, we are seeing some hopeful developments," he said, adding that it would likely take until 2022 for the economy to get back to the position it was in before the virus struck. Both measures agreed on Friday are part of a wider package the government announced last week and which the DIW institute has said could boost economic output by 1.3 percentage points this year and next. The stimulus measures come on top of a 750bn-Euro rescue package agreed in March which encompassed a debt-financed supplementary budget of 156bn Euros. Germany's measures, which together with liquidity aid and loan guarantees equal more than 30% of its economic output, go substantially beyond any other national emergency programs launched by other Eurozone countries. Germany can afford generous spending splurges as it has had a balanced budget since 2014. (Reuters)
- **India suspends release of headline retail inflation data for lockdown period –** India said on Friday it was putting off the release of headline consumer price inflation numbers for April and May, a period that include a more-than two-month lockdown imposed to combat the coronavirus pandemic, due to inadequate data collection. The headline numbers for retail inflation for April and May and industrial output for April were not released "in view of the continued limited transactions of products in the market" during the lockdown and problems in collecting of adequate data, the Statistics Ministry said in a statement. However, limited data released by the ministry showed that annual retail food inflation eased to 9.28% in May, from 10.5% in the previous month. (Reuters)

Regional

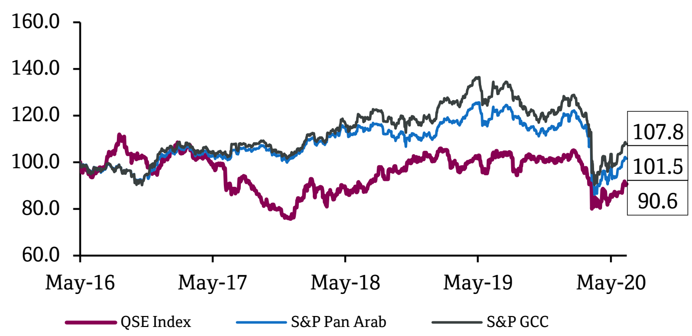
- **OPEC+ panel meeting next week will advise on policy, not decide –** An OPEC-led panel meeting to review the oil market next week will advise the wider OPEC+ group cooperating on a record supply cut, five OPEC+ sources said, meaning further talks would be needed on whether to extend the agreement further. OPEC, Russia and allies, known as OPEC+, agreed on Saturday to keep production cuts of 9.7mn bpd, or 10% of pre-coronavirus world demand, until the end of July. The reduction has helped oil prices to more than double since April. To step up consultations on the effectiveness of the agreement, OPEC+ also agreed that a panel called the Joint Ministerial Monitoring Committee or JMMC, will meet monthly until the end of 2020. Its first such meeting is on Thursday next week. While this is a more frequent cycle of meetings than in the past, the JMMC's remit is still to advise OPEC+, the OPEC+ sources said. This means any decision to extend the supply reduction agreement would not be immediate. "It's an advisory committee that can make recommendations," one of the OPEC+ sources said of the JMMC's role, declining to be identified by name. The JMMC is composed of OPEC members Algeria, Kuwait, Venezuela, Nigeria, Iraq, United Arab Emirates and Saudi Arabia, plus non-OPEC countries Russia and Kazakhstan. (Reuters)

- **J.P. Morgan: Saudi oil market share set to hit highest since 1980s –** Saudi Arabia's share of the oil market is set to rise this decade to its highest since the 1980s as investment in production elsewhere dries up in the wake of the coronavirus crisis, J.P. Morgan said in a report. Oil prices have plunged more than 40% this year after an unprecedented collapse in demand, prompting oil and gas companies to announce spending cuts that will total $625bn by the end of the decade, according to the Wall Street bank. The investment crunch will lead to a loss of output that is set to push benchmark Brent oil prices to $60 a barrel within two years, J.P. Morgan Analyst, Christyan Malek told Reuters. The US bank expects global oil demand to average 91mn bpd in 2020, 9mn lower than earlier estimates, with consumption only recovering to pre-pandemic levels of 100mn bpd in November 2021. But changes in consumption patterns will lead to a permanent demand loss of 3mn bpd this decade compared with previous forecasts, J.P. Morgan forecasts. Oil supply, meanwhile, is set to fall by 5mn bpd due to a lack of investment in new output and the closure of some fields. With the lowest production costs and biggest capacity, Saudi Arabia is best placed to take up the slack, the bank said. "Saudi Arabia will come out on top in the fight for market share as non-OPEC and US production fades," Malek said. (Reuters)
- **Saudis cut July contractual oil supply to at least three in Asia –** Saudi Aramco will reduce contractual crude oil supply to at least three refiners in Asia for July, according to traders who were notified by the producer. Two of the three refiners had more than 20% cut compared to their nominations for the month; for one of them, the supply cut was mostly heavier grade. (Bloomberg)
- **Saudi telecom regulator to cut wholesale termination rates –** The Communications and Information Technology Commission says it will lower the cap on termination rates for local mobile and fixed calls, according to statement. Termination rates are the fees network providers charge one another for terminating calls originating outside their own networks. Local mobile termination rates are set at SR0.022, and fixed termination rates at SR0.011, representing reductions of 60% and 48% respectively on previous rates, which were last cut in 2017. (Bloomberg)
- **UAE-India non-oil trade surges by 15.3% –** The non-oil bilateral trade between the UAE and India surged 15.3% to $41.4bn in 2019, firmly positioning the third Asian economy as the second-largest trading partner of the Emirates, which recorded an overall 4,4% jump in its global non-oil trade to AED1.603tn last year. Non-oil exports and re-exports from the UAE to India in 2019 was $14.7bn while imports from India were valued at $26.7bn. According to data provided by the UAE Ministry of Foreign Affairs & and International Cooperation, India emerged as the top global destinations for the Emirates' non-oil exports between 2014 and 2019 as it became the second top global source of imports for the second-largest Arab economy. India was also the third top global destination for non-oil re-exports from the UAE in 2019. India also has emerged as a top source of foreign direct investment in the UAE's various sectors, including oil and gas, real estate, chemicals, hotels and tourism, and financial services. The two nations had set $100bn trade target by 2020, which is very unlikely to be achieved due to the pandemic disaster. In 2018, the total UAE-India trade, including oil, hit $57bn during 2018, positioning India as the third-largest trading partner after the US and China. According to data released by the Federal Competitiveness and Statistics Authority (FCSA) all non-oil-related trade indexes in the UAE improved in 2019, led by the export and re-export trade indices, with the latter amounting to AED457.4bn against AED431.5bn in 2018, accounting for 28.5% of total foreign trade. (Zawya)
- **Emirates NBD Bank clarifies: No acquisition of shares by US-based bank –** Emirates NBD Bank has said that 101,731,408 shares were purchased by 254 unique investors on May 28, 2020, following a press clipping indicating that the US-based Bank of America, BofA, had acquired a 1.5% stake in Emirates NBD. In a statement published on the Dubai Financial Market website, the Dubai-based bank explained, "The largest purchase by one single investor was 10,116,892 shares on this date (May 28, 2020)." It went on to note that, "This increase in purchase volume coincides with Emirates NBD's inclusion in the 'MSCI Emerging Markets Standard Index' and Emirates NBD Bank confirms that a large number of these purchases were made by Emerging Markets Index Tracking Funds. Emirates NBD issued the statement in response to a recent news report speculating that BofA had bought 100mn shares - 1.5% stake of Emirates NBD Bank - worth about AED900mn. (Zawya)
- **flydubai extends salary cuts, puts pilots on unpaid leave –** UAE carrier flydubai has indefinitely extended the period of reduced pay for employees and placed dozens of pilots on unpaid leave for a year, company sources said. The airline had temporarily cut salaries for three months from April, which an employee had said reduced wages of pilots and engineers by half and cabin crew pay by a quarter. It extended the pay cut and placed some pilots on unpaid leave in effort to preserve cash, two sources said. Pilots could be recalled to paid work early if needed, they said. The airline has operated few, limited passenger flights since March when it grounded services due to the global coronavirus pandemic. A flydubai spokeswoman said that staff had been offered unpaid leave and that the airline was talking to some pilots and cabin crew about their future. "The decisions we have had to take have not been taken lightly and we will extend our full support," she said. (Reuters)
- **Abu Dhabi's Mubadala says it is well placed to handle virus challenge –** Abu Dhabi state fund Mubadala said on Thursday its strong liquidity position and a diverse portfolio will help the fund tackle the challenges posed by the coronavirus outbreak and weak oil prices, as it posted a four-fold jump in its 2019 income. "All of this positions us very well to handle this very extraordinary situation in the best way possible," Group Chief Executive, Khaldoon Khalifa Al Mubarak said referring to the fund's strong balance sheet and $232bn portfolio in a video message. Mubadala Investment Co's total comprehensive income grew to AED53bn in 2019 from AED12.5bn in 2018, helped largely by gains in its public equity portfolio and funds. Assets under management also rose 1.5% to AED853bn at year-end, it said. The results are also the first to consolidate the full-year results from the Abu Dhabi Investment Council, an

investment arm of the Abu Dhabi government, which joined Mubadala in 2018. (Reuters)

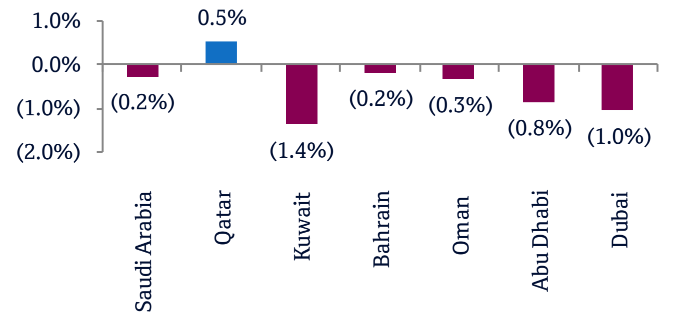
- **Burgan Bank cancels Bank of Baghdad stake sale due to virus –** Burgan Bank has cancelled Bank of Baghdad stake sale due to the virus. The sale to United Gulf Holding has been canceled due to macroeconomic environment caused by pandemic, Kuwait-based Burgan Bank said. Bank of Baghdad will be reinstated as unit on Burgan Bank's books. It expects NPL ratio to rise by around 70bps. On March 16, Burgan Bank said it started transferring Bank of Baghdad shares to United Gulf at a value of KD39.9mn. (Bloomberg)
- **Oman testing waters for financial aid from Gulf neighbors –** Oman has discussed the possibility of financial aid with other Gulf states to help it cope with the economic impact of the coronavirus pandemic and low oil prices, according to two officials in the region and a US government official familiar with the contacts. The topic was one of several discussed at recent high-level political meetings between Gulf officials, sources said. The discussions are preliminary, and nothing has been decided, including the scope or type of support that could be on the table, they said, declining to be named because of the sensitive nature of the conversations. The talks took place at the leadership and foreign ministry level, the people said. An Omani foreign ministry official said the country is engaged with Gulf neighbors to discuss ways to back up its national program to mitigate the impacts of the drop in oil prices and the coronavirus outbreak, asking not to be named because the discussions have not been made public. (Bloomberg)

Rebased Performance



Source: Bloomberg

Daily Index Performance



Source: Bloomberg

Asset/Currency Performance	Close ($)	1D%	WTD%	YTD%
Gold/Ounce	1,730.75	0.2	2.7	14.1
Silver/Ounce	17.49	(0.9)	0.4	(2.0)
Crude Oil (Brent)/Barrel (FM Future)	38.73	0.5	(8.4)	(41.3)
Crude Oil (WTI)/Barrel (FM Future)	36.26	(0.2)	(8.3)	(40.6)
Natural Gas (Henry Hub)/MMBtu	1.66	(6.2)	(7.8)	(20.6)
LPG Propane (Arab Gulf)/Ton	49.50	2.3	(5.7)	20.0
LPG Butane (Arab Gulf)/Ton	52.01	0.0	(6.7)	(21.6)
Euro	1.13	(0.4)	(0.3)	0.4
Yen	107.38	0.5	(2.0)	(1.1)
GBP	1.25	(0.5)	(1.0)	(5.4)
CHF	1.05	(0.8)	1.0	1.6
AUD	0.69	0.2	(1.5)	(2.2)
USD Index	97.32	0.6	0.4	1.0
RUB#	70.19	0.0	2.2	13.2
BRL	0.20	(1.4)	(1.8)	(20.4)

Source: Bloomberg (#Market was closed on June 12, 2020)

Global Indices Performance	Close	1D%*	WTD%*	YTD%*
MSCI World Index	2,164.46	0.5	(4.5)	(8.2)
DJ Industrial	25,605.54	1.9	(5.6)	(10.3)
S&P 500	3,041.31	1.3	(4.8)	(5.9)
NASDAQ 100	9,588.81	1.0	(2.3)	6.9
STOXX 600	354.06	(0.8)	(6.1)	(14.8)
DAX	11,949.28	(1.3)	(7.4)	(9.6)
FTSE 100	6,105.18	(0.5)	(7.2)	(23.7)
CAC 40	4,839.26	(0.6)	(7.4)	(19.0)
Nikkei	22,305.48	(1.5)	(0.4)	(4.5)
MSCI EM	987.01	(0.7)	(1.6)	(11.5)
SHANGHAI SE Composite	2,919.74	(0.3)	(0.4)	(5.9)
HANG SENG	24,301.38	(0.7)	(1.9)	(13.4)
BSE SENSEX	33,780.89	1.0	(2.0)	(23.3)
Bovespa	92,795.30	(4.8)	(3.5)	(36.2)
RTS#	1,238.11	0.0	(3.7)	(20.1)

Source: Bloomberg (*$ adjusted returns, #Market was closed on June 12, 2020)

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