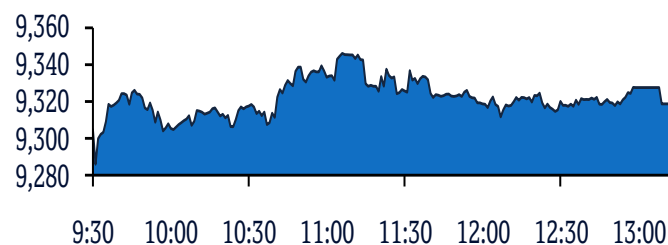


QSE Intra-Day Movement



Qatar Commentary

The QE Index rose 0.2% to close at 9,319.4. Gains were led by the Insurance and Telecoms indices, gaining 2.2% each. Top gainers were Qatari German Company for Medical Devices and Qatar Aluminium Manufacturing Company, rising 10.0% and 9.9%, respectively. Among the top losers, Baladna fell 4.1%, while Dlala Brokerage & Investment Holding Company was down 3.6%.

GCC Commentary

Saudi Arabia: The TASI Index fell 0.4% to close at 7,380.4. Losses were led by the Media & Ent. and Capital Goods indices, falling 2.9% and 1.4%, respectively. Tihama Advertising declined 5.4%, while Mobile Telecom. Co. was down 4.7%.

Dubai: The DFM Index fell 0.7% to close at 2,052.8. The Banks index declined 1.2%, while the Real Estate & Construction index fell 0.8%. Commercial Bank of Dubai declined 4.9%, while Ithmaar Holding was down 2.5%.

Abu Dhabi: The ADX General Index fell 0.4% to close at 4,287.8. The Real Estate index declined 1.6%, while the Banks index fell 1.1%. Finance House declined 5.0%, while Al Qudra Holding was down 4.9%.

Kuwait: The Kuwait All Share Index fell 1.6% to close at 5,094.2. The Consumer Goods index declined 3.2%, while the Industrials index fell 2.4%. Real Estate Trade Centers Co. declined 14.6%, while Fujairah Cement Industries was down 8.1%.

Oman: The MSM 30 Index gained 0.2% to close at 3,504.2. Gains were led by the Industrial and Financial indices, rising 0.3% and 0.1%, respectively. Al Maha Ceramics Company rose 7.7%, while Bank Nizwa was up 2.1%.

Bahrain: The BHB Index fell 0.6% to close at 1,307.5. The Commercial Banks index declined 0.8%, while the Investment index fell 0.6%. Bahrain Commercial Facilities Company declined 6.9%, while Ahli United Bank was down 1.9%.

QSE Top Gainers	Close*	1D%	Vol. '000	YTD%
Qatari German Co for Med. Devices	1.81	10.0	8,511.7	210.5
Qatar Aluminium Manufacturing	0.89	9.9	79,797.6	13.6
Vodafone Qatar	1.31	7.9	26,024.6	12.8
Qatar Oman Investment Company	0.71	7.8	18,590.6	5.7
Qatar Cinema & Film Distribution	3.30	7.1	1.1	50.0

QSE Top Volume Trades	Close*	1D%	Vol. '000	YTD%
Qatar Aluminium Manufacturing	0.89	9.9	79,797.6	13.6
Salam International Inv. Ltd.	0.46	2.7	35,360.2	(11.6)
Baladna	1.69	(4.1)	33,050.7	69.1
Vodafone Qatar	1.31	7.9	26,024.6	12.8
Qatar Oman Investment Company	0.71	7.8	18,590.6	5.7

Market Indicators	14 Jul 20	13 Jul 20	%Chg.
Value Traded (QR mn)	611.3	568.8	7.5
Exch. Market Cap. (QR mn)	543,657.4	543,273.3	0.1
Volume (mn)	377.6	248.8	51.8
Number of Transactions	12,512	9,264	35.1
Companies Traded	46	46	0.0
Market Breadth	27:14	18:25	-

Market Indices	Close	1D%	WTD%	YTD%	TTMP/E
Total Return	17,916.23	0.2	0.0	(6.6)	14.8
All Share Index	2,909.87	0.2	(0.1)	(6.1)	15.9
Banks	4,022.26	(0.1)	(0.5)	(4.7)	13.7
Industrials	2,638.11	0.7	0.1	(10.0)	21.0
Transportation	2,863.06	(0.5)	0.4	12.0	13.9
Real Estate	1,586.85	(0.6)	(0.2)	1.4	15.7
Insurance	2,010.42	2.2	2.0	(26.5)	32.9
Telecoms	925.01	2.2	3.3	3.4	15.5
Consumer	7,398.42	0.1	0.6	(14.4)	18.9
Al Rayan Islamic Index	3,784.98	1.3	1.4	(4.2)	17.4

GCC Top Gainers**	Exchange	Close*	1D%	Vol. '000	YTD%
Qatar Insurance Co.	Qatar	1.97	3.2	8,876.1	(37.6)
Bank Nizwa	Oman	0.10	2.1	1,188.0	4.2
Mesaieed Petro. Holding	Qatar	2.12	1.9	5,013.5	(15.5)
Saudi Kayan Petrochem.	Saudi Arabia	8.52	1.2	6,163.0	(23.2)
Ooredoo Oman	Oman	0.41	1.0	155.0	(22.1)

GCC Top Losers**	Exchange	Close*	1D%	Vol. '000	YTD%
Gulf Bank	Kuwait	0.20	(3.3)	16,514.7	(32.7)
Agility Public Wareh. Co.	Kuwait	0.77	(2.9)	4,899.8	(6.5)
National Comm. Bank	Saudi Arabia	35.90	(2.6)	2,831.8	(27.1)
Mobile Telecom. Co.	Kuwait	0.55	(2.1)	6,966.1	(8.2)
Emaar Malls	Dubai	1.44	(2.0)	9,134.2	(21.3)

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%
Baladna	1.69	(4.1)	33,050.7	69.1
Dlala Brokerage & Inv. Holding Co	1.45	(3.6)	5,224.0	137.6
Qatari Investors Group	2.07	(2.7)	1,557.9	15.5
Widam Food Company	6.90	(1.7)	29.4	2.1
Qatar Gas Transport Co. Ltd.	2.76	(1.3)	6,545.1	15.5

QSE Top Value Trades	Close*	1D%	Vol. '000	YTD%
Qatar Aluminium Manufacturing	0.89	9.9	69,102.0	13.6
Baladna	1.69	(4.1)	58,193.5	69.1
QNB Group	18.05	(0.4)	56,892.3	(12.3)
Barwa Real Estate Company	3.28	(1.0)	35,612.9	(7.3)
Vodafone Qatar	1.31	7.9	33,105.6	12.8

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*	9,319.40	0.2	0.0	3.6	(10.6)	166.94	148,418.5	14.8	1.4	4.3
Dubai	2,052.76	(0.7)	(1.4)	(0.6)	(25.8)	81.07	79,530.4	6.2	0.7	4.7
Abu Dhabi	4,287.82	(0.4)	(0.2)	0.0	(15.5)	38.16	162,652.9	14.2	1.3	6.0
Saudi Arabia	7,380.35	(0.4)	(0.5)	2.2	(12.0)	1,328.72	2,247,996.5	22.4	1.8	3.5
Kuwait	5,094.22	(1.6)	(0.7)	(0.7)	(18.9)	122.34	95,842.9	14.8	1.2	3.8
Oman	3,504.16	0.2	0.3	(0.3)	(12.0)	2.87	15,987.4	10.0	0.8	6.8
Bahrain	1,307.52	(0.6)	1.6	2.3	(18.8)	6.96	19,970.3	9.8	0.8	5.4

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 0.2% to close at 9,319.4. The Insurance and Telecoms indices led the gains. The index rose on the back of buying support from Qatari and Foreigners shareholders despite selling pressure from GCC and Arab shareholders.
- Qatari German Company for Medical Devices and Qatar Aluminium Manufacturing Company were the top gainers, rising 10.0% and 9.9%, respectively. Among the top losers, Baladna fell 4.1%, while Dlala Brokerage & Investment Holding Company was down 3.6%.
- Volume of shares traded on Tuesday rose by 51.8% to 377.6mn from 248.8mn on Monday. Further, as compared to the 30-day moving average of 260.6mn, volume for the day was 44.9% higher. Qatar Aluminium Manufacturing Company and Salam International Investment Limited were the most active stocks, contributing 21.1% and 9.4% to the total volume, respectively.

Overall Activity	Buy %*	Sell %*	Net (QR)
Qatari Individuals	51.06%	50.94%	708,477.4
Qatari Institutions	17.57%	17.44%	848,748.8
Qatari	68.63%	68.38%	1,557,226.2
GCC Individuals	1.57%	1.93%	(2,159,177.4)
GCC Institutions	0.40%	1.54%	(6,963,843.3)
GCC	1.98%	3.47%	(9,123,020.7)
Arab Individuals	12.15%	12.29%	(879,941.5)
Arab	12.15%	12.29%	(879,941.5)
Foreigners Individuals	3.68%	3.91%	(1,353,070.4)
Foreigners Institutions	13.56%	11.96%	9,798,806.3
Foreigners	17.25%	15.87%	8,445,735.9

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
Mobile Telecommunications Company Saudi Arabia	Saudi Arabia	SR	1,889.0	-8.2%	297.0	-20.6%	59.0	-54.6%
Al Madina Investment Co.*	Oman	OMR	23.7	-44.4%	-	-	(201.8)	N/A
Raysut Cement Co.**	Oman	OMR	44.8	7.4%	-	-	(10.9)	N/A
Sweets of Oman**	Oman	OMR	2.2	-58.4%	-	-	(1.0)	N/A
Oman Fisheries Co.**	Oman	OMR	6.8	-10.4%	-	-	(0.4)	N/A
Al Jazeera Steel Products Co.**	Oman	OMR	37.9	-30.5%	-	-	0.1	-82.6%
A'Saffa Foods**	Oman	OMR	15.9	2.1%	1.0	4.3%	0.7	-17.7%
Oman United Insurance Co.**	Oman	OMR	17.3	-4.2%	-	-	2.1	20914.0%
Ubar Hotels & Resorts#**	Oman	OMR	1,227.5	-45.3%	(262.7)	N/A	(317.0)	N/A
Dhofar Insurance Co.**	Oman	OMR	25.8	5.1%	-	-	2.2	43.6%
Oman Packaging Co.**	Oman	OMR	5.5	-14.6%	-	-	0.6	26.5%
Al Batinah Development & Investment Holding Co.#**	Oman	OMR	89.4	-30.9%	-	-	(204.7)	N/A
Muscat Thread Mills#**	Oman	OMR	1,179.4	-36.3%	-	-	(118.9)	N/A
Gulf Stones Co.#	Oman	OMR	1,043.5	-30.0%	-	-	(361.6)	N/A
Oman Flour Mills Co.**	Oman	OMR	48.5	-0.7%	-	-	6.0	71.4%
The National Detergent Co.#**	Oman	OMR	10,816.0	0.7%	-	-	715.7	96.2%
Muscat Gases Co.#**	Oman	OMR	8,322.0	79.0%	-	-	215.9	11.0%
National Aluminium Products Co.#**	Oman	OMR	15.4	-30.9%	-	-	(0.9)	N/A
National Biscuit Industries#*	Oman	OMR	12,828.4	1.5%	-	-	900.5	16.9%
Construction Materials Industries & Contracting#**	Oman	OMR	1,762.0	-5.2%	-	-	32.8	-77.3%
Oman Chlorine**	Oman	OMR	8.0	6.8%	1.0	-22.9%	(0.5)	N/A
National Mineral Water Co.#**	Oman	OMR	3,763.8	5.8%	-	-	15.1	-83.4%
Al Madina Takaful Insurance#	Oman	OMR	15,148.1	9.8%	-	-	(331.0)	N/A
National Gas Co.#**	Oman	OMR	32,957.1	-99.9%	-	-	51.5	-95.4%
Phoenix Power Co.**	Oman	OMR	65.9	6.0%	17.9	1.1%	7.2	4.4%
Dhofar Tourism#**	Oman	OMR	302.5	2.9%	-	-	45.1	-69.5%
United Finance Co.**	Oman	OMR	4.0	-12.7%	-	-	0.01	-97.4%
Salalah Beach Resort**	Oman	OMR	0.5	-55.8%	-	-	(0.3)	N/A
Oman Ceramic Co.#**	Oman	OMR	863.5	-24.1%	-	-	(319.7)	N/A
Oman & Emirates Investment Holding Co.	Oman	OMR	(1.3)	N/A	-	-	(2.5)	N/A
Oman Cables Industry**	Oman	OMR	91.2	-14.8%	-	-	2.0	-48.3%

Computer Stationery Industry#**	Oman	OMR	568.4	-30.1%	-	-	(103.9)	N/A
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Earnings Releases

Company	Market	Currency	Revenue (mn) 2Q2020	% Change YoY	Operating Profit (mn) 2Q2020	% Change YoY	Net Profit (mn) 2Q2020	% Change YoY
Salalah Mills Co.**	Oman	OMR	26.3	1.2%	-	-	1.0	17.5%
Dhofar Poultry Co.	Oman	OMR	4.7	-8.9%	-	-	(0.1)	N/A

Source: Company data, DFM, ADX, MSM, TASI, BHB. (# - Values in Thousands, *Financial for 1Q2020, **Financials for Year ended June 30, 2020, ** Financial for 6M2020)

Global Economic Data

Date	Market	Source	Indicator	Period	Actual	Consensus	Previous
07/14	US	Bureau of Labor Statistics	CPI MoM	Jun	0.6%	0.5%	-0.1%
07/14	US	Bureau of Labor Statistics	CPI YoY	Jun	0.6%	0.6%	0.1%
07/14	UK	UK Office for National Statistics	Monthly GDP (MoM)	May	1.8%	5.5%	-20.3%
07/14	UK	UK Office for National Statistics	Industrial Production MoM	May	6.0%	6.5%	-20.2%
07/14	UK	UK Office for National Statistics	Industrial Production YoY	May	-20.0%	-20.4%	-23.8%
07/14	UK	UK Office for National Statistics	Manufacturing Production MoM	May	8.4%	7.8%	-24.4%
07/14	UK	UK Office for National Statistics	Manufacturing Production YoY	May	-22.8%	-24.0%	-28.2%
07/14	EU	Eurostat	Industrial Production SA MoM	May	12.4%	15.0%	-18.2%
07/14	EU	Eurostat	Industrial Production WDA YoY	May	-20.9%	-18.9%	-28.7%
07/14	Germany	German Federal Statistical Office	CPI MoM	Jun	0.6%	0.6%	0.6%
07/14	Germany	German Federal Statistical Office	CPI YoY	Jun	0.9%	0.9%	0.9%
07/14	Japan	Ministry of Economy Trade and Industry	Industrial Production MoM	May	-8.9%	-	-8.4%
07/14	Japan	Ministry of Economy Trade and Industry	Industrial Production YoY	May	-26.3%	-	-25.9%

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 2Q2020 results	No. of days remaining	Status
QFLS	Qatar Fuel Company	15-Jul-20	0	Due
QIBK	Qatar Islamic Bank	15-Jul-20	0	Due
QGTS	Qatar Gas Transport Company Limited (Nakilat)	15-Jul-20	0	Due
IHGS	Islamic Holding Group	19-Jul-20	4	Due
QEWS	Qatar Electricity & Water Company	19-Jul-20	4	Due
ABQK	Ahli Bank	20-Jul-20	5	Due
GWCS	Gulf Warehousing Company	21-Jul-20	6	Due
QIGD	Qatari Investors Group	21-Jul-20	6	Due
QNCD	Qatar National Cement Company	22-Jul-20	7	Due
QIIK	Qatar International Islamic Bank	22-Jul-20	7	Due
KCBK	Al Khalij Commercial Bank	23-Jul-20	8	Due
CBQK	The Commercial Bank	23-Jul-20	8	Due
QAMC	Qatar Aluminum Manufacturing Company	23-Jul-20	8	Due
WDAM	Widam Food Company	23-Jul-20	8	Due
NLCS	Aljarah Holding	23-Jul-20	8	Due
QATI	Qatar Insurance Company	26-Jul-20	11	Due
QFBQ	Qatar First Bank	27-Jul-20	12	Due
BRES	Barwa Real Estate Company	27-Jul-20	12	Due
QIMD	Qatar Industrial Manufacturing Company	27-Jul-20	12	Due
IQCD	Industries Qatar	27-Jul-20	12	Due
DHBK	Doha Bank	27-Jul-20	12	Due
QGRI	Qatar General Insurance & Reinsurance Company	28-Jul-20	13	Due
VFQS	Vodafone Qatar	28-Jul-20	13	Due
MCGS	Medicare Group	28-Jul-20	13	Due
QISI	Qatar Islamic Insurance Group	28-Jul-20	13	Due
ORDS	Ooredoo	28-Jul-20	13	Due
AHCS	Aamal Company	29-Jul-20	14	Due
UDCD	United Development Company	29-Jul-20	14	Due
AKHI	Al Khaleej Takaful Insurance Company	5-Aug-20	21	Due
MERS	Al Meera Consumer Goods Company	12-Aug-20	28	Due
GISS	Gulf International Services	12-Aug-20	28	Due
MPHC	Mesaieed Petrochemical Holding Company	13-Aug-20	29	Due

Qatar

- **Qatar wins air blockade case at top UN court** – The UN's highest court for disputes between countries sided with Qatar Tuesday in its legal fight with several Gulf states that imposed an air blockade against Doha. The International Court of Justice's 16-judge panel ruled that appeals filed by Qatar's neighbors against several decisions of the International Civil Aviation Organization (ICAO) should be dismissed. The court also confirmed that it was the ICAO that has jurisdiction in the airspace row. Qatar objected to the closing of the airspace in a complaint to the ICAO, and that case continues. Qatar has limited airspace and has had to rely on that of Iran. (Gulf-Times.com)
- **AKHI to disclose 2Q2020 financials on August 5** – AlKhaleej Takaful Insurance Company (AKHI) will disclose the financial reports for the period ending June 30, 2020 on August 5, 2020. (QSE)
- **UDCD enters Financing Agreement for developing residential villas complexes in Floresta Gardens** – United Development Company (UDCD) has entered in to Financing Agreement for the project of developing residential villas complexes and infrastructure in Floresta Gardens Area at The Pearl Qatar, and accordingly UDCD has informed the following. (1) The objective to be achieved from the operation is to develop the project of residential villas complexes and infrastructure in the Floresta Gardens area, at The Pearl Island, Qatar, (2) The total value of the operation is QR353mn, (3) The method of payment and the sources of financing of the operation are installments over a period of approximately 10 years, (4) The agreement was entered between UDCD and Al Rayan Bank for financing the project, (5) There is no impact on UDCD' financial position due to the completion of this process, (6) The advantages is to contribute into the completion of developing the project of the Residential Villas Complexes and Infrastructure in the Floresta Gardens at The Pearl Qatar without risks, and (7) There is no conflict of interest between the related parties in the process. Also, there is no change in ownership ratios before and after the completion of the process. (QSE)
- **Qatar's CPI inflation falls 3.41% YoY in June** – Qatar's cost of living, based on consumer price index (CPI), fell 3.41% YoY this June; reflecting the weakened demand, especially for recreation, transport and clothing, owing to the pandemic, according to the Planning and Statistics Authority (PSA). Nevertheless, the country's CPI inflation rose by a marginal 0.26% in the review period MoM, mainly on account of higher prices for food and beverages. The index of recreation and culture, which has a 11.13% weight in the CPI basket, plunged 16.17% and 6.06% YoY and MoM respectively in June this year. The index of transport, which has a 14.59% weight, tanked 4.56% on a yearly basis; even as it grew 3.22% on a monthly basis this June. The sector has the direct linkage to the dismantling of administered prices in petrol and diesel. In June 2020, the price of super, premium gasoline and diesel witnessed a YoY 40%, 41% and 43% plunge respectively; even as they remained unchanged MoM. The index

of housing, water, electricity and other fuels – with a weight of 21.17% in the CPI basket – saw a 3.62% contraction on a yearly basis; whereas it treaded a flat path MoM this June. The CPI of June 2020 excluding “housing, water, electricity, gas and other fuels, fell 3.26% YoY; while it rose 0.33% on monthly basis. Communication, which carries a 5.23% weight, saw its group index shrank 3.26% on yearly basis, but treaded a flat course on monthly basis in June 2020. (Gulf-Times.com)

- **IMF: Higher-rated Qatar maintains global market access with large placements** – Qatar and two other higher-credit rated countries in the GCC region have managed to maintain market access, with large placements in international capital markets in recent months, the International Monetary Fund (IMF) said in relation to market sentiment following the pandemic outbreak. The Middle East and Central Asia (MCD) countries' sovereign issuances made up the majority of emerging market sovereign issuances since the end of March (more than 60%), the IMF said in its latest regional outlook. Secondary dollar spreads have narrowed across the region, although they remain elevated, while market pressures on regional currencies appear to have abated. Growth in credit to the private sector and deposits up to April remained broadly stable, though the former had been declining since the middle of last year. Nonetheless, although the region's banking systems appear resilient and well capitalized, pockets of existing vulnerabilities may yield rising nonperforming loans should the crisis be prolonged with lasting economic scarring. The COVID-19 pandemic continues to spread across the MCD region, though some countries are gradually relaxing restrictions, the IMF said in its latest regional outlook. The region reacted swiftly, with relatively stringent containment measures, though less so in fragile states. Related deaths have also been comparably contained in the region. The synchronized and global nature of the downturn has also led to a contraction in trade, disruptions to supply chains, and a collapse in tourism and remittances with the latter accounting for about 14% of GDP for fragile and conflict-affected countries in the region. (Gulf-Times.com)
- **S&P: Qatari banks can withstand COVID-19 impact** – Although the COVID-19 pandemic and subsequent oil price drop has sparked negative rating pressure for global banks, the damage is expected to be manageable in Qatar, according to S&P Global Ratings (S&P). Thanks to Qatari government's highly supportive stance toward the economy and banks. Globally, the bank ratings are expected to be largely resilient in the near term. Governments' significant direct support to corporate and household sectors, banks' generally strong capital and liquidity positions at the onset of the pandemic, supported by a material strengthening in bank regulations over the past decade will help the banking industry to remain more or less resilient. The global rating agency's “Country-By-Country Outlook for Midyear 2020” noted that Qatar's government is wealthy and will maintain a highly supportive stance toward the economy and banks. The Midyear Outlook on Qatar noted: “The public sector is a key driver of loan growth, with the non-oil private sector contributing only around one third of GDP. Given low

hydrocarbon prices, the Qatari government has postponed some of its discretionary projects, while many infrastructure projects are nearing completion. We therefore expect fiscal expenditure to fall over the medium term, which could be offset somewhat by the development of new gas fields, providing some lending stability.” The rating agency sees the large presence of public sector deposits as a stabilizing factor. However, it believes Qatari banks’ dependence on external funding as a source of risk. These flows can be volatile because of market instability as a result of COVID-19 or if geopolitical risks escalate. S&P expects the government to provide support in case of significant outflows, as it did when a few Arab states imposed a blockade of the country in 2017. (Peninsula Qatar)

International

- **Gasoline boosts US inflation; escalating COVID-19 cases seen suppressing demand** – US consumer prices rebounded by the most in nearly eight years in June, but a resurgence in new COVID-19 cases after the reopening of businesses suggests a moderation in demand that could keep inflation muted and allow the Federal Reserve to keep injecting money into the ailing economy. The report from the Labor Department on Tuesday came as some densely populated states in the South and West regions were dialing back or pausing reopenings, overwhelmed by rising infections of the respiratory illness. California on Monday announced new business restrictions. The economy slipped into recession in February. Economists are warning of a prolonged slump in the absence of a comprehensive national effort to combat the coronavirus pandemic, which is making consumers cautious about spending. The consumer price index increased 0.6% last month, the biggest gain since August 2012, after easing 0.1% in May. The increase, which ended three straight months of declines, was driven by a 12.3% jump in gasoline prices after dropping in the first five months of the year. Food prices rose a solid 0.6%. The cost of food consumed at home increased 0.7%. Beef prices maintained their upward trend, advancing 4.8%. The cost of beef has shot up 20.4% over the last three months, reflecting shortages as a result of COVID-19 infections at meat processing plants. Consumers also paid more for nonalcoholic beverages, fruits and vegetables. The index for food away from home rose 0.5%. Prices for full service meals surged a record 0.9%, likely reflecting higher operating costs for reopening restaurants. (Reuters)
- **Big US banks predict more economic pain from coronavirus** – Three of the largest US banks said on Tuesday they had set aside a whopping \$28bn for loan losses, in a stark reminder that much of the economic pain from the coronavirus pandemic is still to come. Borrowers have been propped up by trillions of dollars in government and bank assistance, cheap credit and loan forbearance programs, but some of that support is going away, and banks said they fear losses will spike. “The consumers’ incomes are up, savings are up and home prices up,” said JPMorgan Chase & Co CEO Jamie Dimon said on a call with journalists. “The recessionary part” will come later, he said. JPMorgan and Citigroup Inc each reported huge second-quarter profit declines on Tuesday, while Wells Fargo & Co posted its first loss since 2008. Banks with big Wall Street businesses were able to offset their loan woes with huge gains in capital markets revenue, particularly trading. The rough results were almost entirely due to loan-loss provisions. The unprecedented government aid programs have created a disconnect between the financial markets and the economy, such that financial conditions look sunny, but could turn upside down quickly if the temporary assistance expires. Executives warned that there is still a lot of guesswork involved. Under new accounting rules, lenders have to reserve for the entire life of a loan upfront. That would be tricky under normal circumstances, but when a deadly virus is hitting the economy in unpredictable waves, it is especially hard to say how long the downturn might last. More than 13mn people have been infected by the disease globally and at least 572,945 have died since the outbreak began in early December. To prevent its spread, governments across the world have imposed varying degrees of lockdowns, causing widespread business closures, layoffs and retractions in spending. (Reuters)
- **Demand for UK COVID loans and jobs plan flattens out** – Demand for emergency coronavirus loans backed by the British government and for its huge job retention program has further flattened out, finance ministry figures showed on Tuesday. The government had underwritten just over 46bn Pounds (\$58bn) of borrowing by businesses hit by the lockdown as of July 12, up about 1bn Pounds from a week earlier. Its job retention scheme has covered 9.4mn jobs, unchanged from the previous total, with 28.7bn Pounds of claims made, up from 27.4bn Pounds. (Reuters)
- **UK economy limps out of COVID-19 slump as dire 2020 unfolds** – Britain’s economy stumbled out of its coronavirus-induced slump in May, dashing hopes of a swift rebound as government budget forecasters said it was on course for its worst year since pre-industrial times. GDP grew less than any economist polled by Reuters had forecast, up 1.8% after a record 20.3% slump in April when lockdown curbs were tightest, figures from the Office for National Statistics showed. With activity in the dominant service sector not recovering as expected in May, Tuesday’s data fueled doubts about how much of a bounce-back Britain will see after more businesses were allowed to reopen in June and July as Europe’s worst coronavirus outbreak eased. The government’s Office for Budget Responsibility said on Tuesday that unemployment was likely to surge to 11.9% this year under its central scenario, and exceed 13% under a downside prediction that assumed COVID-19 damage would be harder to recover from. Economic output in 2020 was likely to be 12.4%-14.3% lower in the two scenarios, the biggest drop in more than three centuries, while government borrowing would surge to between 322 and 391bn Pounds. While this borrowing was necessary to support the economy, “it seems likely that there will be a need to raise tax revenues and/or reduce spending to put the public finances on a sustainable path,” the OBR said. (Reuters)
- **Eurozone industry output recovers less than expected** – Eurozone industrial production rose in May, official estimates showed on Tuesday, but the recovery from lockdown-induced record declines March and April was lower than expected and far from offsetting past drops. Manufacturing output in the region rose by 12.4% in May from April, mostly driven by a surge in production of durable consumer goods, such as cars or fridges, the European Union statistics office Eurostat said. But the increase was significantly lower than the 15% rise expected by economists polled by Reuters. It was also much less pronounced

than the 18.2% decline in April, which had followed a 11.8% drop in March, as factories were forced to shut or reduce activity at the peak of the coronavirus outbreak in Europe. The limited rebound in May, when many plants reopened, suggest the recovery is limited. The fall in April was also bigger than initially estimated by Eurostat, which on Tuesday revised its MoM data to -18.2% from -17.1%. Compared with a year earlier, industrial production was down by 20.9%, worse than market expectations of 20.0% but better April's 28.7% drop. The rebound from April concerned all economic sectors surveyed by Eurostat. It was mainly driven by a 54.2% leap in the production of durable consumer goods, which nearly offset big falls in the previous two months. Factories also increased by 25.4% their output of capital goods, such as machinery, in a sign of confidence in long-term economic growth. The increase was, however, lower than the 26.1% fall in April. (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. “Hope for the best, prepare for the worst: a sound principle in politics,” Belgian Prime Minister Sophie Wilmes said in reaction to the proposal that will be debated by the 27 national EU leaders in Brussels next week. “Proposal for a new Brexit adjustment reserve to counter consequences in member states worst affected is a very good signal to start the negotiations,” said the leader of one of the countries, along with Ireland, most likely to seek such aid. (Reuters)
- **German investor sentiment slips, highlighting long road to recovery** – Investor sentiment in Germany worsened somewhat in July, the ZEW economic research institute said, showing Europe’s largest economy has a long path to recovery from the coronavirus crisis despite a slew of more positive data. An indicator tracking investors’ economic sentiment slipped to 59.3 points, down from 63.4 points the previous month, coming in well short of a forecast for 60.0 in a Reuters poll of economists. “The outlook for the German economy largely remains unchanged,” ZEW’s President Achim Wambach said in a statement. “After a very poor second quarter, the experts expect to see a gradual increase in gross domestic product in the second half of the year and in early 2021.” After economic output and sentiment plunged following the advent of the pandemic and the lockdown to curb it, recent data has shown a slow improvement, helped by massive government spending on supporting a battered economy. Industrial output rebounded last week, led by a surge in the production of capital goods, even though it remained well below pre-lockdown levels. ZEW’s gauge of current conditions reflected this trend, rising slightly to -80.9 points, from -83.1 the previous month - but it was well behind the consensus forecast of -65.0 points. (Reuters)

- **Japan manufacturers' mood pinned near 11-year lows as pandemic hammers global demand** – Japanese manufacturers remained close to the most pessimistic they have been in 11 years in July as the coronavirus outbreak hits global demand and deals a punishing blow to the export-reliant economy, the Reuters tankan survey showed on Wednesday. But some firms, in particular those from the service sector, believed conditions would be less negative in the next few months, according to the monthly poll, which tracks the Bank of Japan’s (BOJ) closely watched tankan quarterly survey. Wednesday’s survey found that sentiment at manufacturers was largely unchanged at minus 44 in July from minus 46 the previous month, which was its lowest reading since June 2009. The service-sector gauge ticked up to minus 26 from minus 32. The Reuters Tankan index readings are derived by subtracting the percentage of respondents who say conditions are poor from those who say they are good. A negative reading means that pessimists outnumber optimists. All industry categories across manufacturing were pessimistic, underscoring the harsh conditions firms are facing as the health crisis slams the brakes on the world’s third-largest economy. The survey showed manufacturers’ sentiment in October at minus 32 and that of service-sector firms at minus 16 as some respondents, such as a metals maker, saw a bottoming out in the auto sector, suggesting stronger demand ahead. (Reuters)
- **China posts first import growth since pandemic, exports also up** – China’s imports in June rose for the first time since the coronavirus crisis paralyzed the economy, as government stimulus stoked demand for commodities, while exports, fueled by medical goods, also rose in a sign the recovery is gaining traction. Beijing has doled out aggressive stimulus to support domestic demand even as a resurgence in coronavirus infections around the world has raised questions about the strength of a rebound in global economic activity. China’s imports in June rose 2.7% from a year earlier, customs data showed on Tuesday, confounding market expectations for a 10% drop. They had fallen 16.7% the previous month. Exports also rose unexpectedly, up 0.5%, suggesting global demand is starting to pick up again as many countries begin to ease tough anti-virus measures that have pushed the world’s economy into its biggest slump in almost 90 years. Analyst had estimated a 1.5% drop following a 3.3% decline in May. China’s imports from the US rose 11.3% in June, reversing a double digit declining trend seen after the coronavirus outbreak. US President Donald Trump said on Friday he was not thinking about negotiating a “Phase 2” trade deal with China as relations between Washington and Beijing have been “severely damaged” due to the coronavirus pandemic and other issues. China’s trade surplus with the US widened to \$29.41bn in June from \$27.89bn in May. (Reuters)
- **India wholesale prices contract for third month in June by 1.81% YoY** – India’s wholesale price gauge contracted for a third month in June, data released by the Ministry of Commerce and Industry showed on Tuesday, with prices falling 1.81% from a year earlier. The annual wholesale price index fell in June, mainly because of a fall in fuel prices, from a year earlier, compared to 2.40% fall predicted by analysts in a Reuters poll. The annual retail inflation, the main gauge for the central bank to monitor prices, however, rose to 6.09% in June, data released on Monday showed. (Reuters)

Regional

- **OPEC sees record rise in global oil demand in 2021** – Global oil demand will soar by a record 7mn bpd in 2021 as the global economy recovers from the coronavirus crisis but will remain below 2019 levels, OPEC said in its monthly report. It was the first report in which OPEC assessed oil markets next year. It said the forecast assumed no further downside risks materialized in 2021 such as US-China trade tensions, high debt levels or a second wave of coronavirus infections. "This assumes that COVID-19 is contained, especially in major economies, allowing for recovery in private household consumption and investment, supported by the massive stimulus measures undertaken to combat the pandemic," OPEC said. Oil prices collapsed this year after global demand fell by a third when governments-imposed lockdowns to stop the spread of the virus. OPEC said in 2020 oil demand would drop by 8.95mn bpd, slightly less than in last month's report. In 2021, it expects efficiency gains and remote working to cap demand growth, keeping demand below record 2019 levels. OPEC expects to cover the lion's share of the massive projected demand spike in 2021 with demand for its crude rising by 6mn bpd to reach 29.8mn bpd. From May 2020, OPEC and allies led by Russia have been cutting output by nearly 10mn bpd, or a 10th of global demand, to help prop up oil prices. (Zawya)
- **Saudi Aramco says reorganizing downstream business to support growth** – Saudi Aramco said on Tuesday that it will be reorganizing its downstream business to support its global growth strategy, aiming to complete it by the end of this year. The downstream model will be divided into four units: fuels including refining, trading, retail and lubes; chemicals; power; and pipelines, distribution and terminals, Aramco said in a statement. "This reorganization is designed to enhance the effectiveness and efficiency of Aramco's existing downstream assets, but does not represent a fundamental change in the overall business structure," Aramco said. Aramco, the world's biggest oil producing company, is expanding its downstream, or refining and marketing, business globally. It pumps around 8.5mn bpd of crude, of which it exports about 6 million bpd. The company plans to raise its refining capacity - inside Saudi Arabia and abroad - to 8mn-10mn bpd, from around 5mn bpd now. Aramco is expanding its refining business at home as well as in new markets, particularly in Asia. (Reuters)
- **Tadawul says derivative product to boost investment profile ahead of IPO** – Saudi Arabia's bourse, Tadawul is committed to listing on the stock exchange and the launch of its first exchange-traded derivatives product will enhance its profile with foreign investors ahead of its flotation, its Chief Executive, Khalid Al-Hussan said. Tadawul, which hired HSBC in 2016 to manage its planned initial public offering, initially targeted for 2018, had put its plans on hold due to oil giant Saudi Aramco's record \$29.4bn IPO at the end of last year. He said the launch of the exchange-traded derivatives product, due to start on August 30, would also help deepen liquidity on the local equity market and enable it to compete regionally and globally. "It is indeed complementing our IPO story, it is complimenting our readiness to go public, because we're still committed to take Tadawul public," he told Reuters. "It fits very well in our equity story," he added. The Dubai Financial Market is the only publicly listed

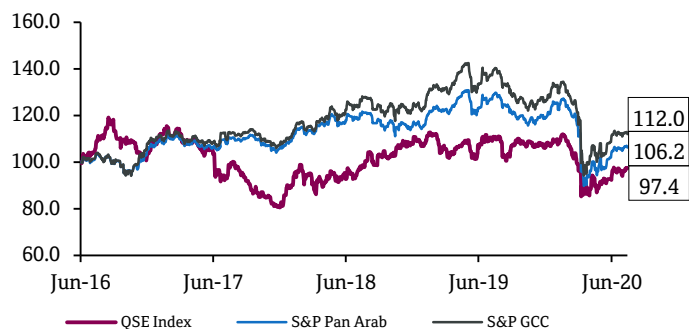
stock market in the region. With a market capitalization of \$2.5tn, Tadawul is the world's ninth biggest stock market, ranked after the London Stock Exchange and ahead of Canada's Toronto Stock Exchange, according to World Federation of Exchanges data. "We are in good shape as being the largest in the region, our focus now is to activate this region's presence on the global map," Al-Hussan said. "Exchanges in Europe, the US and Asia are very active across the board and the region we are in is a little bit behind in that perspective so as Tadawul we have a great role to play here." The Saudi Stock Exchange (Tadawul) will launch its exchange-traded derivatives on August 30, 2020. The first exchange-traded derivatives product is an index futures contract, the Saudi Futures 30 (SF30). This contract is based on the MSCI Tadawul 30 Index (MT30). "The launch of The Derivatives Market is a significant step to further advance the Saudi capital market, providing investors with a full and diversified range of investment products and services," Tadawul said in a statement. "The SF30 will provide investors with hedging tools to more effectively manage risk and will deliver expanded opportunities to gain exposure to the Saudi capital market," the statement added. Saudi Arabia's stock market joined the MSCI emerging market (EM) index last year. Index compiler MSCI had first announced in June 2017 that it has added the Saudi market to its watch list for a possible inclusion to its emerging market index. Ten Saudi companies plan to list by year-end, he said. Tadawul IPO is set to occur in the next 24 months. It plans to update stock shorting rules in 3Q2020. The exchange has about 3,000 foreign investors registered so far, he added. (Reuters, Zawya, Bloomberg)

- **Morgan Stanley: Saudi Banks' 2Q2020 earnings to drop as much as 30%** – Saudi Banks' 2Q2020 earnings to drop as much as 30%, Morgan Stanley stated. Macro pressures are expected to affect second-quarter results in Saudi Arabia's banking sector, with earnings at most lenders dropping by 20% to 30% from a year earlier, mostly because of the higher cost of risk, Morgan Stanley says in a note. Data from the monetary authority for April and May suggest that banks intend to take substantial provisions in 2Q20, "having now had time to make an initial assessment of the risks to asset quality from Covid-19 and austerity measures." Analyst Saul Rans expects 1H2020 dividend cuts of 3%-23% in comparison to same period in 2019. 2Q2020 net income for National Commercial Bank expected to drop 31% YoY, by 21% for Riyadh Bank and by 13% for Al Rajhi Bank. (Bloomberg)
- **Emirate of Sharjah sells \$1bn in 30-year Formosa bonds** – The government of Sharjah sold \$1bn in 30-year Formosa bonds on Tuesday at 4%, a document showed. Gulf states are seeking to bolster their finances amid the economic impact of the coronavirus and the crash in oil prices, and the third largest of the UAE sold \$1bn of Sukuk, or Islamic bonds, last month. The Formosa bond - a category of debt sold in Taiwan by foreign borrowers and denominated in currencies other than the Taiwanese dollar - is Sharjah's first non-Islamic benchmark bond. It is also its longest dated, with its previous longest tenor being 10 years. The Emirate received around \$3.7bn in orders for the bond and tightened the yield after it began marketing at around 4.375% earlier on Tuesday. "Asia is flush with liquidity," a banking source said, adding that Formosa bonds were a good way for Sharjah to diversify its sources of financing away from mostly regional sukuk investors. The Emirate hired Citi,

Emirates NBD Capital, HSBC, Invest Bank, JPMorgan and Standard Chartered to arrange the issue, which will be listed on Euronext Dublin, Nasdaq Dubai and Taipei Exchange. (Reuters)

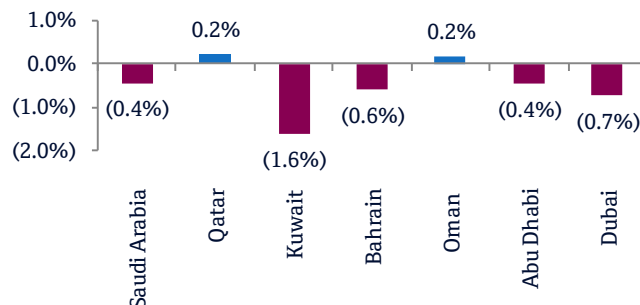
- **Kuwait sells KD240mn 91-day bills; bid-cover at 11.39x** – Kuwait sold KD240mn of 91-day bills due on October 13, 2020. Investors offered to buy 11.39 times the amount of securities sold. The bills have a yield of 1.25% and settled on July 14, 2020. (Bloomberg)
- **HBMO reported net loss of OMR3.2mn in 1H2020** – HBMO reported net loss of OMR3.2mn in 1H2020. Operating Income fell 17.6% YoY to OMR37.0mn in 1H2020. Total assets stood at OMR2.4bn at the end of June 30, 2020 as compared to OMR2.5bn at the end of June 30, 2019. Net loans and advances to customers stood at OMR1.5bn (+4.5% YoY), while customers' deposits stood at OMR1.9bn (-5.6% YoY) at the end of June 30, 2020. (MSM)
- **Investcorp sells \$200mn US industrial real estate portfolio** – Investcorp sold Industrial real estate properties in Boston and Chicago metropolitan areas. It has been sold in two transactions for a combined total of more than \$200mn, the Bahrain-based alternative investment firm said. The company owns about 230 industrial properties in US totaling about 19mn square feet. (Bloomberg)
- **BKMB's net profit falls 25.7% YoY to OMR69.6mn in 1H2020** – Bank Muscat (BKMB) recorded a net profit of OMR69.6mn in 1H2020, registering a decrease of 25.7% YoY. Net interest income and income from Islamic financing rose 0.9% YoY to OMR160.5mn in 1H2020. Operating profit fell 4.2% YoY to OMR131.2mn in 1H2020. Net loans and Islamic financing stood at OMR9.0bn (-1.2% YoY), while customer deposits and Islamic deposits stood at OMR8.6bn (+7.3% YoY) at the end of June 30, 2020. (MSM)

Rebased Performance



Source: Bloomberg

Daily Index Performance



Source: Bloomberg

Asset/Currency Performance	Close (\$)	1D%	WTD%	YTD%
Gold/Ounce	1,809.36	0.4	0.6	19.3
Silver/Ounce	19.22	0.7	2.7	7.6
Crude Oil (Brent)/Barrel (FM Future)	42.90	0.4	(0.8)	(35.0)
Crude Oil (WTI)/Barrel (FM Future)	40.29	0.5	(0.6)	(34.0)
Natural Gas (Henry Hub)/MMBtu	1.73	0.0	(7.1)	(17.2)
LPG Propane (Arab Gulf)/Ton	48.25	(2.0)	0.3	17.0
LPG Butane (Arab Gulf)/Ton	47.50	(1.6)	(1.0)	(27.5)
Euro	1.14	0.5	0.9	1.7
Yen	107.24	(0.0)	0.3	(1.3)
GBP	1.26	(0.0)	(0.5)	(5.3)
CHF	1.06	0.2	0.1	3.0
AUD	0.70	0.5	0.4	(0.7)
USD Index	96.26	(0.2)	(0.4)	(0.1)
RUB	70.87	(0.2)	0.2	14.3
BRL	0.19	0.8	(0.7)	(25.1)

Source: Bloomberg

Global Indices Performance	Close	1D%*	WTD%*	YTD%*
MSCI World Index	2,270.69	0.8	0.5	(3.7)
DJ Industrial	26,642.59	2.1	2.2	(6.6)
S&P 500	3,197.52	1.3	0.4	(1.0)
NASDAQ 100	10,488.58	0.9	(1.2)	16.9
STOXX 600	367.40	(0.5)	1.1	(10.3)
DAX	12,697.36	(0.5)	1.4	(2.5)
FTSE 100	6,179.75	(0.5)	0.7	(22.5)
CAC 40	5,007.46	(0.7)	1.7	(14.9)
Nikkei	22,587.01	(0.9)	1.1	(3.0)
MSCI EM	1,059.52	(1.1)	(0.9)	(4.9)
SHANGHAI SE Composite	3,414.62	(1.0)	0.8	11.3
HANG SENG	25,477.89	(1.1)	(1.0)	(9.2)
BSE SENSEX	36,033.06	(2.1)	(1.8)	(17.5)
Bovespa	100,440.20	1.0	(0.5)	(35.3)
RTS	1,216.79	(1.4)	(2.3)	(21.4)

Source: Bloomberg (*\$ adjusted returns)

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