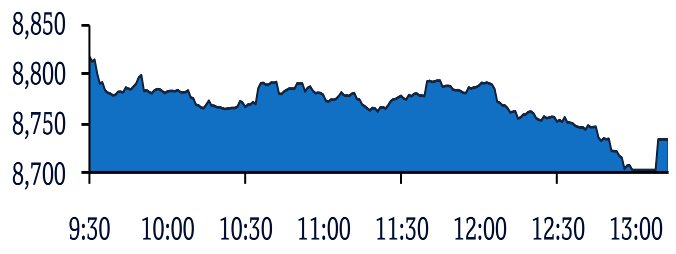
Daily Market Report

Sunday, 17 May 2020

QSE Intra-Day Movement



Qatar Commentary

The QE Index declined 0.8% to close at 8,735.4. Losses were led by the Insurance and Real Estate indices, falling 2.6% and 2.3%, respectively. Top losers were Ezdan Holding Group and Mazaya Qatar Real Estate Development, falling 9.9% and 6.3%, respectively. Among the top gainers, Qatar General Insurance & Reinsurance Company gained 4.2%, while Qatar Industrial Manufacturing Company was up 2.6%.

GCC Commentary

Saudi Arabia: The TASI Index declined 0.1% to close at 6,717.0. Losses were led by the Real Estate Mgmt & Dev't and Software & Services indices, falling 2.0% and 1.7%, respectively. Saudi Marketing Co. and Jabal Omar Dev. Co. fell 3.7% each.

Dubai: The DFM Index fell 1.4% to close at 1,894.5. The Services and Investment & Financial Services indices declined 2.1% each. AL SALAM Sudan declined 4.4%, while Emirates NBD was down 3.4%.

Abu Dhabi: The ADX General Index gained 0.2% to close at 4,067.0. The Telecom. index rose 2.8%, while the Industrial index gained 2.3%. Abu Dhabi Nat. Co. for Building Materials rose 8.3%, while Ras Al Khaimah Ceramics was up 5.7%.

Kuwait: The Kuwait All Share Index fell 0.1% to close at 4,699.1. The Telecom. and Real Estate indices declined 0.8% each. Bayan Investment Company declined 8.7%, while Al Safat Energy Holding Company was down 7.7%.

Oman: The MSM 30 Index fell 0.7% to close at 3,421.7. Losses were led by the Industrial and Financial indices, falling 1.1% and 0.7%, respectively. Muscat Insurance Co. declined 9.1%, while Gulf International Chemicals was down 7.4%.

Bahrain: The BHB Index gained 0.7% to close at 1,240.7. The Commercial Banks index rose 1.4%, while the other indices ended flat or in red. National Bank of Bahrain rose 3.5%, while Ahli United Bank was up 1.3%.

QSE Top Gainers	Close*	1D%	Vol. '000	YTD%
Qatar General Ins. & Reins. Co.	2.08	4.2	1.0	(15.3)
Qatar Industrial Manufacturing Co	2.65	2.6	32.1	(25.8)
Al Meera Consumer Goods Co.	17.45	2.0	106.6	14.1
Mannai Corporation	3.10	1.6	135.8	0.6
Widam Food Company	5.80	1.4	586.4	(14.2)

QSE Top Volume Trades	Close*	1D%	Vol. '000	YTD%
Ezdan Holding Group	0.76	(9.9)	53,095.7	23.7
Aamal Company	0.65	(2.3)	51,773.0	(20.7)
Qatar Gas Transport Company Ltd.	2.37	0.7	24,629.3	(1.0)
Qatari German Co for Med. Devices	1.12	(6.1)	12,993.4	91.6
United Development Company	1.18	(3.0)	12,366.0	(22.2)

Market Indicators	14 May 20	13 May 20	%Chg.
Value Traded (QR mn)	329.5	426.5	(22.7)
Exch. Market Cap. (QR mn)	495,336.9	499,911.2	(0.9)
Volume (mn)	229.4	286.7	(20.0)
Number of Transactions	11,129	9,867	12.8
Companies Traded	45	45	0.0
Market Breadth	15:29	15:24	–

Market Indices	Close	1D%	WTD%	YTD%	TTM P/E
Total Return	16,793.57	(0.8)	(0.7)	(12.5)	13.8
All Share Index	2,715.38	(0.5)	(0.7)	(12.4)	14.5
Banks	3,809.47	0.0	(0.8)	(9.7)	12.5
Industrials	2,400.60	(2.0)	1.2	(18.1)	19.1
Transportation	2,556.80	(0.4)	(7.1)	0.0	12.4
Real Estate	1,350.75	(2.3)	(4.0)	(13.7)	13.3
Insurance	2,008.56	(2.6)	0.9	(26.6)	33.7
Telecoms	832.51	0.7	2.2	(7.0)	14.0
Consumer	7,037.48	0.2	(0.2)	(18.6)	18.0
Al Rayan Islamic Index	3,477.61	(1.1)	(0.4)	(12.0)	16.0

GCC Top Gainers##	Exchange	Close#	1D%	Vol. '000	YTD%
Bupa Arabia for Coop. Ins.	Saudi Arabia	109.60	4.6	391.8	7.0
National Bank of Bahrain	Bahrain	0.59	3.5	41.8	(9.0)
Saudi Electricity Co.	Saudi Arabia	16.36	2.9	2,103.1	(19.1)
Emirates Telecom. Group	Abu Dhabi	15.32	2.8	1,281.8	(6.4)
Savola Group	Saudi Arabia	38.70	2.7	1,572.1	12.7

GCC Top Losers##	Exchange	Close#	1D%	Vol. '000	YTD%
Qatar Insurance Co.	Qatar	2.00	(4.8)	8,073.6	(36.7)
Jabal Omar Dev. Co.	Saudi Arabia	22.00	(3.7)	2,018.2	(19.0)
Emirates NBD	Dubai	8.50	(3.4)	5,470.4	(34.6)
Banque Saudi Fransi	Saudi Arabia	29.05	(3.3)	478.7	(23.4)
HSBC Bank Oman	Oman	0.09	(3.3)	49.2	(26.4)

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%
Ezdan Holding Group	0.76	(9.9)	53,095.7	23.7
Mazaya Qatar Real Estate Dev.	0.63	(6.3)	12,129.7	(12.4)
Qatari German Co for Med. Dev.	1.12	(6.1)	12,993.4	91.6
Qatar Aluminium Manufacturing	0.64	(4.9)	7,720.8	(17.9)
Qatar Insurance Company	2.00	(4.8)	8,073.6	(36.7)

QSE Top Value Trades	Close*	1D%	Val. '000	YTD%
Qatar Gas Transport Co. Ltd.	2.37	0.7	57,912.0	(1.0)
Ezdan Holding Group	0.76	(9.9)	42,464.1	23.7
Aamal Company	0.65	(2.3)	34,540.3	(20.7)
QNB Group	17.15	0.5	25,534.5	(16.7)
Qatar Insurance Company	2.00	(4.8)	16,506.7	(36.7)

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*	8,735.43	(0.8)	(0.7)	(0.3)	(16.2)	89.84	135,028.9	13.8	1.4	4.6
Dubai	1,894.47	(1.4)	(1.5)	(6.5)	(31.5)	41.27	75,970.7	7.4	0.7	5.1
Abu Dhabi	4,067.03	0.2	0.1	(3.9)	(19.9)	27.72	123,595.8	12.2	1.2	6.3
Saudi Arabia	6,716.98	(0.1)	1.3	(5.6)	(19.9)	904.82	2,096,046.1	19.8	1.6	3.7
Kuwait	4,699.11	(0.1)	(3.3)	(5.6)	(25.2)	49.15	86,556.5	13.1	1.1	4.4
Oman	3,421.67	(0.7)	(1.8)	(3.3)	(14.1)	2.32	14,942.8	8.2	0.7	7.0
Bahrain	1,240.65	0.7	(3.1)	(5.3)	(22.9)	1.16	19,115.4	8.6	0.7	5.7

Source: Bloomberg, Qatar Stock Exchange, Tadawul, Muscat Securities Market and Dubai Financial Market (** TTM; * Value traded ($ mn) do not include special trades, if any)

Qatar Market Commentary

- The QE Index declined 0.8% to close at 8,735.4. The Insurance and Real Estate indices led the losses. The index fell on the back of selling pressure from non-Qatari shareholders despite buying support from Qatari and GCC shareholders.
- Ezdan Holding Group and Mazaya Qatar Real Estate Development were the top losers, falling 9.9% and 6.3%, respectively. Among the top gainers, Qatar General Insurance & Reinsurance Company gained 4.2%, while Qatar Industrial Manufacturing Company was up 2.6%.
- Volume of shares traded on Thursday fell by 20.0% to 229.4mn from 286.7mn on Wednesday. However, as compared to the 30-day moving average of 199.2mn, volume for the day was 15.1% higher. Ezdan Holding Group and Aamal Company were the most active stocks, contributing 23.1% and 22.6% to the total volume, respectively.

Overall Activity	Buy %*	Sell %*	Net (QR)
Qatari Individuals	36.29%	36.40%	(363,265.25)
Qatari Institutions	19.97%	13.72%	20,618,986.34
Qatari	**56.26%**	**50.12%**	**20,255,721.09**
GCC Individuals	1.31%	2.23%	(3,050,399.11)
GCC Institutions	5.82%	1.52%	14,167,545.07
GCC	**7.13%**	**3.75%**	**11,117,145.97**
Non-Qatari Individuals	17.25%	17.78%	(1,748,741.26)
Non-Qatari Institutions	19.36%	28.35%	(29,624,125.80)
Non-Qatari	**36.61%**	**46.13%**	**(31,372,867.06)**

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

Earnings Releases and Global Economic Data

Earnings Releases

Company	Market	Currency	Revenue (mn) 1Q2020	% Change YoY	Operating Profit (mn) 1Q2020	% Change YoY	Net Profit (mn) 1Q2020	% Change YoY
Alandalus Property Co.	Saudi Arabia	SR	41.9	4.9%	22.6	-22.3%	12.2	-39.6%
Dubai Insurance Co.	Dubai	AED	338.0	12.5%	–	–	22.1	-9.3%
Orient Unb Takaful	Dubai	AED	92.3	-17.4%	–	–	(2.9)	N/A
Al Dhafra Insurance Co.	Abu Dhabi	AED	89.5	3.4%	–	–	13.3	-38.4%
International Holdings Co.	Abu Dhabi	AED	713.1	273.4%	104.4	6360.0%	112.2	1111.3%
Fujairah Building Industries#	Abu Dhabi	AED	52,651.6	-12.5%	10,700.3	-14.8%	(3.8)	N/A
Ras Alkhaima National Ins. Co.	Abu Dhabi	AED	122.1	-7.5%	–	–	0.4	-68.6%

Source: Company data, DFM, ADX, MSM, TASI, BHB. (# – Values in Thousands)

Global Economic Data

Date	Market	Source	Indicator	Period	Actual	Consensus	Previous
05/14	US	Department of Labor	Initial Jobless Claims	09-May	2,981k	2.500k	3.176k
05/14	US	Department of Labor	Continuing Claims	02-May	22,833k	25.120k	22.377k
05/15	US	Federal Reserve	Industrial Production MoM	Apr	-11.2%	-12.0%	-4.5%
05/15	US	Federal Reserve	Capacity Utilization	Apr	64.9%	63.8%	73.2%
05/15	US	Federal Reserve	Manufacturing (SIC) Production	Apr	-13.7%	-14.6%	-5.5%
05/15	EU	Eurostat	GDP SA QoQ	1Q2020	-3.8%	-3.8%	-3.8%
05/15	EU	Eurostat	GDP SA YoY	1Q2020	-3.2%	-3.3%	-3.3%
05/14	Germany	German Federal Statistical Office	CPI MoM	Apr	0.4%	0.3%	0.3%
05/14	Germany	German Federal Statistical Office	CPI YoY	Apr	0.9%	0.8%	0.8%
05/15	Germany	German Federal Statistical Office	PPI MoM	Apr	-0.7%	-0.6%	-0.8%
05/15	Germany	German Federal Statistical Office	PPI YoY	Apr	-1.9%	-1.8%	-0.8%
05/15	Germany	German Federal Statistical Office	GDP SA QoQ	1Q2020	-2.2%	-2.2%	-0.1%
05/15	France	INSEE National Statistics Office	CPI MoM	Apr	0.0%	0.1%	0.1%
05/15	France	INSEE National Statistics Office	CPI YoY	Apr	0.3%	0.4%	0.4%
05/14	Japan	Bank of Japan	Money Stock M2 YoY	Apr	3.7%	3.4%	3.3%
05/14	Japan	Bank of Japan	Money Stock M3 YoY	Apr	3.0%	2.8%	2.7%
05/15	Japan	Bank of Japan	PPI MoM	Apr	-1.5%	-0.8%	-0.9%
05/15	Japan	Bank of Japan	PPI YoY	Apr	-2.3%	-1.4%	-0.4%
05/15	China	National Bureau of Statistics	Industrial Production YoY	Apr	3.9%	1.5%	-1.1%
05/15	China	National Bureau of Statistics	Industrial Production YTD YoY	Apr	-4.9%	-5.4%	-8.4%

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

Qatar

- **Nakilat launches second phase of fleet management transition from Shell –** Nakilat has commenced the second phase of its fleet management transition from Shell International Trading and Shipping Company Limited (Shell) with Q-Max LNG carrier Al Mayeda being the first vessel transitioned as part of several vessels phased management transition agreement. The technical management of Al Mayeda will be undertaken by Nakilat's in-house ship management arm, Nakilat Shipping Qatar Limited (NSQL), bringing NSQL's managed fleet size by the end of the current year to 25 vessels once the transition is completed (21 LNG and 4 LPG carriers). Despite the ongoing challenges of the global pandemic, Nakilat continued to uphold operational excellence in the management of its LNG and Liquefied Petroleum Gas (LPG) vessels and ensured no disruption to its business, demonstrating it strong commitment to safely, reliably and efficiently provide shipping and maritime services. The company's recent business activities regarding ship management within a short period of time has not only contributed to the overall fleet growth, but also strengthened the position as a global leader and provider of choice for energy transportation and maritime services. Nakilat's success in commencing the second phase of fleet management transition will contribute in laying a solid foundation for an integrated maritime industry in the State of Qatar, in line with the Qatar National Vision 2030 for economic growth. In 2017, Nakilat successfully transitioned 10 vessels to in-house management, achieving excellent results in safety and operational performance, better than the industry average in the global shipping sector. (QSE, Gulf Times)
- **QGRI discloses the judgment of the Cassation Court –** Qatar General Insurance and Reinsurance Company (QGRI) disclosed the judgment of the Cassation Court, civil cassation appeal No. (107/2020 - 2nd Circuit), by rejecting the appeal against the ruling of the Court of Appeal (civil and commercial appeal) in upholding the judgment of the First Instance Plenary Court (Ninth Circuit – Commercial and Plenary) in the State Qatar, which annulled a decision taken at the company's General Assembly meeting on March 12, 2018, related to granting a percentage of 0.2% of the 20% of the shares owned by QGRI in the capital of Trust Investment Holding Algeria, to Fatiha Khellal - CEO of the latter, and this is following of a commercial civil action filed by one of the company's shareholders against the company. The cassation verdict is now final and unchallengeable. (QSE)
- **QSE CEO: Foreign investors account for 30% of QSE trade volume –** Qatar has seen a pronounced increase in the number of foreign investors active in its capital markets in recent years, Qatar Stock Exchange's (QSE) CEO, Rashid bin Ali Al Mansoori said. In an interview with Oxford Business Group (OBG), Mansoori said, "Although foreign institutions and individuals own slightly less than 9% of the market's capitalization, these entities account for more than 30% of its trading volume. Foreign investors have proven to be much more active traders than our domestic investors. Of course, our upgrade by MSCI from a frontier to an emerging market in 2014 had a marked impact on both our liquidity and the visibility of our market on an international scale. We are now concentrating on actions and policies that will make it easier for foreign investors to access our market, including simplifying the account opening process without compromising either security and adherence to anti-money laundering regulations, and attracting international brokers to be members of the exchange." Mansoori said that exchange-traded funds (ETFs) play an important role in providing investors with a means to diversify their portfolios. The CEO added, "There are two listed ETFs on the QSE. The first 'the QE Index ETF' tracks the performance of the QSE's 20 largest and most liquid companies. The second 'the Al Rayan Qatar ETF' that tracks the QE Al Rayan Islamic Index and is the largest single-country Islamic ETF in the world by assets under management. Although not actively being traded at the moment, the QSE is working with the issuer and a liquidity provider to boost its availability and attractiveness. Increasing liquidity in the market is a challenge that we at the QSE take very seriously, and we have a task force that constantly monitors our performance and makes recommendations for improvement. We proactively engage with the asset management industry both domestically and internationally and regularly showcase our listed companies at roadshows around the world." (Qatar Tribune)
- **KPMG: Technology, media and telecommunication sector in Qatar set to emerge stronger –** The TMT (technology, media and telecommunication) sector in Qatar is all set to emerge in a better position as the short-term impact of COVID-19 could turn into long-term sustainable revenue streams, according to KPMG Qatar, a global consultant. "We have seen a number of notable positive impacts across TMT such as increased demand for delivery services, video streaming, and teaming services for remote work. There is also continues focus on new technology deployment such as AI, AR/VR, and 5G," KPMG stated in a report. Highlighting that telecommunications companies have been front and center in the COVID-19 response efforts, it said as a result, there is an opportunity for the TMT sector to emerge from this in a better position than before the crisis. "Looking forward, the advanced infrastructure in Qatar and the introduction of 5G constitute great opportunities for service providers to play a major role in establishing the digital economy and ensure business continuity," it said. Qatar's telecommunications sector, which has contributed around 14% to the country's GDP in the recent years, is shaped more by mobile services rather than fixed broadband which represents few challenges but also huge opportunities to the service providers. In this regard, it highlighted that the operators are becoming digital service providers, combining digital service with their ability to provide the service to the customer everywhere and at any time. "The 5G in Qatar will impose speed in data and increased coverage allowing additional use-cases to emerge and giving operators the chance to play a bigger role as enabler for digitization of the country," the report stated. (Gulf-Times.com)

- **QCB's reserve cash increases by QR19.7bn to QR110.7bn in April –** Qatar Central Bank's (QCB) total reserve money in the banking system has increased by QR19.7bn in April 2020 from the previous month to reach QR110.7bn, compared to QR88.9bn in April 2019, and about Q72.9bn in April 2018. The rise in the reserve cash in April has verified the changes in its various components as follows: (1) The obligatory reserve, which has become 36.6% of the reserve money, has increased in April by about QR0.8bn from last March to reach QR40.5bnn, compared to QR39.7bn in March, QR37.8bn a year ago. It is worth noting that this category is considered a stable category and is usually increased by increasing deposits with commercial banks. (2) The surplus of banks' reserve balances, which are deposited with the Qatar Central Bank, increased by QR8.6bn to QR18.9bn, compared to QR10.3bn last March and QR5.8bn a year ago. (3) The issued cash increased by QR2.6bn from March to the level of QR25.2bn, compared to QR22.6bn in March, and QR17.3bn a year ago. (4) Another category, which represents banks deposits with Qatar Central Bank through the Qatari money market mechanism between the bank and local banks, its balance jumped by QR7.6bn to QR26.1bn compared to QR18.5bn last March and QR28bn a year ago. Net foreign assets were low in the first year of the siege between June 2017 and until August 2018, below the level of QR93.5bn, and then there were steady increases after that, and it reached the level of QR146.6bn in the month of April. The large increase in net foreign assets in the past two years indicates a significant improvement in the liquidity of the banking system, despite the pressures exerted by some of the blockade countries on these reserves. As for the net domestic assets, it is often negative, and it was at the end of 2016 at the level of negative QR85.6bn, and it turned into positive QR9.8bn at the end of 2017, then returned to negative QR26.7bn at the end of 2018, and to negative QR69.6bn by the end of 2019, and decreased to minus QR35.9bn by the end of April. In sum, the total net foreign assets with net domestic assets increased to QR110.7bn at the end of April, which is equivalent to the reserve money, or what is known as the monetary base, or high-value money. (Peninsula Qatar)
- **Manateq CEO: Foreign companies showing interest to tap Qatar's expansive investment opportunities –** Companies from around the world are showing great interest in tapping into Qatar's expansive investment opportunities, especially those arising from new free zones, according to Manateq's CEO, Fahad Rashid Al-Kaabi. "Qatar is open for business, and recent laws stimulating foreign direct investment (FDI) have further opened up the nation to global investors," Al-Kaabi told Oxford Business Group (OBG). The country has strong competitive advantages in terms of attracting FDIs, including available energy and feedstock; business-friendly legislation and economic reforms; modern road, airport and seaport infrastructure; and free zones in strategic areas. Qatar Petroleum will invest over $13bn in downstream activities and expand the petrochemicals sector over the next five to 10 years, OBG said in its 'The Report: Qatar 2020'. It will move into more specialty downstream chemical areas, which offer commercial opportunities for oilfield service companies, front-end engineering designers, engineering-procurement construction, refining experts, technology providers and downstream marketing executives. Manateq is facilitating new companies to service this ancillary market via the Mesaieed Industrial Zone, located 30km south of Doha. It is a center for petrochemicals, chemical fertilizers, oil refining, metallurgy, workshops and primary building materials. (Gulf-Times.com)
- **Qatar Airways to resume services to Brisbane from May 20 –** Qatar Airways will resume services to Brisbane in Australia with three flights a week starting from May 20, the airline said on Thursday. The flights will be operated by an Airbus A350-1000 offering 46 seats in Business Class and 281 seats in Economy with flights connecting through the airline's state-of-the-art hub at Hamad International Airport (HIA). The airline is resuming services after previously receiving short-term approval to operate to Brisbane from late-March to early-April. (Gulf-Times.com)

International

- **Trump says pandemic clouds US-China trade deal –** US President Donald Trump said on Thursday he was very disappointed in China over its failure to contain the novel coronavirus, and that the worldwide pandemic had cast a pall over his trade deal with Beijing. The coronavirus outbreak, which originated in Wuhan, China, in December, was spreading as the US and China signed a Phase 1 trade deal in January that was hailed by the Republican president as a major achievement. "I'm very disappointed in China," Trump said in an interview broadcast on Fox Business Network. "They should have never let this happen. So I make a great trade deal and now I say this doesn't feel the same to me. The ink was barely dry and the plague came over. And it does not feel the same to me," he said. The US president's pique extended to Chinese President Xi Jinping, with whom, Trump has said repeatedly, he has a good relationship. "But I just – right now I don't want to speak to him. I don't want to speak to him," Trump said. Under the Phase 1 agreement, Beijing pledged to buy at least $200bn in additional US goods and services over two years while Washington agreed to roll back tariffs on Chinese goods in stages. A Chinese state-run newspaper has reported that some government advisers in Beijing were urging fresh talks and possibly invalidating the agreement. Trump said again he was not interested in renegotiating. Trump was asked about a Republican senator's suggestion that US visas be denied to Chinese students applying to study in fields related to national security, such as quantum computing and artificial intelligence. "There are many things we could do. We could do things. We could cut off the whole relationship," he replied. "Now, if you did, what would happen? You'd save $500bn if you cut off the whole relationship," Trump said, referring to estimated US annual imports from China, which Trump often refers to as lost money. (Reuters)
- **In patchwork restart, parts of New York and other US states reopen –** Less populated areas of New York, Virginia and Maryland took their first steps towards lifting lockdowns on Friday, part of a patchwork approach to the coronavirus pandemic that has been shaped by political divisions across the US. Construction and manufacturing facilities in five out of 10 New York state regions were given the green light to restart operations, although New York City, the country's most populous metropolis, remained under strict limits. Joe Dundon, whose construction business in Binghamton, New York, was able to start up again after shutting down in March, said he had

a long backlog of kitchen and bathroom remodeling projects and several estimates lined up for Friday. "We are more than excited to get back to work," he said. New York state, home to both bustling Manhattan and hilly woods and farmland that stretch to the Canadian border, has been the global epicenter of the pandemic but rural areas have not been nearly as badly affected as New York City. Statewide, the outbreak is ebbing. Coronavirus hospitalizations in New York declined to 6,394, a third of the level at the peak one month ago, Governor Andrew Cuomo said on Friday. The number of new coronavirus deaths was 132 on Thursday, the state's lowest daily total since March 25, he told a news briefing. Cuomo said New York would join the nearby states of New Jersey, Connecticut and Delaware in partially reopening beaches for the Memorial Day holiday weekend on May 23-25. (Reuters)

- **Coronavirus boosts US layoffs; job openings fall –** Layoffs in the US jumped to a record high in March, while the number of people voluntarily quitting their jobs dropped to a 4-1/2-year low as the novel coronavirus crisis rapidly changed labor market dynamics. The Labor Department said on Friday in its monthly Job Openings and Labor Turnover Survey, or JOLTS, that layoffs and discharges increased 9.5 million in March to 11.4mn, the highest since the government started tracking the series in 2000. In just over a month, the labor market has shifted from one of worker shortages to the worst since the Great Depression. Nonessential businesses shuttered in mid-March in the fight to slow the spread of COVID-19, the respiratory illness caused by the coronavirus. Though many are gradually reopening, economists predict it would take years for the labor market and the broader economy to heal. The government reported last Friday that the economy lost a staggering 20.5mn jobs in April, the deepest plunge in payrolls since the Great Depression. The Labor Department's Bureau of Labor Statistics (BLS), which compiles the report said data collection was affected by the coronavirus pandemic. The BLS said it modified the JOLTS estimates for March to better reflect the impact of the virus. Layoffs and discharges were led by the accommodation and food services industry, with 4.1mn workers getting pink slips. In the retail sector, 908,000 workers lost their jobs. The layoffs and discharge rate surged to a record 7.5% in March from 1.2% in February. The number of people voluntarily quitting their jobs dropped 654,000 to 2.78mn, the lowest since September 2015. The quits rates, which is viewed by policymakers and economists as a measure of job market confidence, dropped to 1.8%. That was the lowest since December 2014 and was down from 2.3% in February. The government also reported that job openings, a measure of labor demand, dropped 813,000 to 6.19mn on the last business day of March. That was the lowest since May 2017. Vacancies peaked at 7.52mn in January 2019. The drop in job openings was led by sharp declines in vacancies in the accommodation and food services industry and manufacturing. The job openings rate fell to 3.9% in March from 4.4% in February. (Reuters)
- **Coronavirus pummels US retail sales, industrial production –** US retail sales endured a second straight month of record declines in April as the novel coronavirus pandemic kept Americans at home, putting the economy on track for its biggest contraction in the second quarter since the Great Depression. The deepening economic slump was underscored by other data on Friday that showed production at industries collapsed last month at its deepest pace in 101 years. The reports, combined with a historic 20.5 million job losses in April, buttressed Federal Reserve Chair Jerome Powell's warning on Wednesday of an "extended period" of weak growth and stagnant incomes. "This isn't a recession, and it cannot even really be called a depression as the fall is so fast and swift that this downturn defies everything economists have seen in the last century," said Chris Rupkey, chief economist at MUFG in New York. "It is sobering if not downright scary." Retail sales plunged 16.4% last month, the biggest decline since the government started tracking the series in 1992, with only online merchants reporting an increase in receipts, Commerce Department data showed. That followed a 8.3% drop in March. Economists polled by Reuters had forecast retail sales would plummet 12.0% in April. Retail sales crashed 21.6% on a YoY basis in April. (Reuters)
- **US business inventories decline further in March –** US business inventories fell in March amid a decline in imports and further decreases are likely as the novel coronavirus outbreak severely disrupts global supply chains and the flow of goods. The Commerce Department said on Friday that business inventories slipped 0.2% in March after dropping 0.5% in February. Inventories are a key component of gross domestic product. March's decline in business stocks was in line with economists' expectations. Retail inventories increased 1.0% in March, instead of rising 0.9% as estimated in an advance report published last month. That followed a 0.3% fall in February. Motor vehicle inventories rose 4.8% rather than surging 5.1% as previously reported. Retail inventories excluding autos, which go into the calculation of GDP, fell 1.0% and not the 1.3% decline as reported last month. Goods imports decreased in March to their lowest since August 2017, the government reported last week. A drawdown of inventories contributed to gross domestic product declining at a 4.8% annualized rate in the first quarter, the sharpest pace of contraction since the 2007-09 Great Recession. Wholesale inventories dropped 0.8% in March. Stocks at manufacturers also fell 0.8% in March. Business sales tumbled 5.2% in March after falling 0.5% in the prior month. At March's sales pace, it would take 1.45 months for businesses to clear shelves, up from 1.38 months in February. (Reuters)
- **UK borrowing to exceed 15% of GDP as COVID-19 costs mount –** Britain's government is on track to borrow a record 298bn Pounds this year, equivalent to more than 15% of economic output, to cope with the economic damage being caused by the coronavirus. The Office for Budget Responsibility (OBR) raised its forecast for public borrowing on Thursday by 25bn Pounds from April's 273bn-Pound estimate, which already represented a five-fold jump from its pre-lockdown prediction of 55b Pounds. Government borrowing looks set to far outstrip the peak caused by the 2008-09 financial crisis, when the Conservative Party that is now in office accused the Labor government of fiscal mismanagement for letting the deficit reach 10% of GDP. Like many other countries around the world, Britain is now spending heavily to mitigate the effect of the coronavirus and the associated lockdown. But even before the crisis, Prime Minister Boris Johnson showed far less appetite for fiscal restraint than his predecessors. Thursday's estimate does not include the full cost of the government's most expensive measure, a wage-support scheme that finance minister Rishi Sunak has extended until the end of October. The government is now paying 80% of

the wages of 7.5mn workers who have been put on temporary leave by their employers. The OBR said this would cost 50bn pounds until the end of July, after taking into account income taxes on the wages that will be paid back to the government. Its borrowing forecasts do not include the cost after that, as the government has said it expects businesses to contribute an as-yet unspecified share. If businesses pay 50% of the cost, the scheme would cost the government an extra 21bn Pounds, the OBR said. (Reuters)

- **As Eurozone recession deepens, ECB to scale up bond buying next month –** The Eurozone economy's worst recession on record will be even deeper than forecast less than a month ago, according to a Reuters poll of economists who said the European Central Bank (ECB) will ramp up its bond-buying again next month. An economic recovery from the coronavirus pandemic, which has killed nearly 300,000 people globally, will largely depend on the effectiveness of individual governments in preventing a second wave of infections despite easing of lockdown restrictions. "The biggest uncertainty now is around the pace of the reopening of the economy. There is a series of risks that are still to the downside...We may have a more prolonged period of confinement measures imposed by law or just behaviorally," Giada Giani, European economist at Citi, said. Fears about that risk meant a broad measure of European stocks was set to end the week 3% lower - the biggest weekly fall since the mid-March rout in global shares - while Eurozone government bond yields have tumbled. The May 11-14 Reuters poll of nearly 80 economists marks the third downgrade to the economic outlook in a little over a month, despite the ECB adding hundreds of billions of Euros to its balance sheet and governments announcing stimulus worth trillions of Euros. The Eurozone economy is expected to contract 7.5% in 2020, more than the 5.4% predicted three weeks ago, with the worst of the blow expected this quarter. After contracting 3.8% in January-March, its sharpest quarter-on-quarter decline since 1995, the economy was shown in the latest poll shrinking by 11.3% in April-June, more than the 9.6% predicted last month. The economy is not expected to make up for that in the second half of this year or next, growing 7.2% and 2.8% in the third and final quarters of 2020, respectively. (Reuters)
- **German economy sinks, but skirts worst of virus fallout –** Germany's economy slumped in the first quarter at its steepest rate since 2009 with worse expected by mid-year, but it is weathering fallout from the coronavirus better than other European Union (EU) states where outbreaks have been more disruptive. The 2.2% drop in quarter-on-quarter output was the widest since the financial crisis of a decade ago and the second biggest since German reunification in 1990, Friday's federal statistics office data showed. Like almost all EU states, Germany did not go into lockdown to slow the spread of the virus until around mid-March, so the bulk of the impact of those curbs will only become apparent in second quarter data as sectors like tourism, and bars and restaurants, remain shut. A 10% economic contraction is widely forecast for that period, though "the exact extent of the slump depends in part on the easing of restrictions on public life," said statistics office official Albert Braakmann said. "If today's data are the result of two weeks of lockdown, three more weeks of lockdown and a very gradual lifting of some measures do not bode well for the second quarter," ING's chief economist for the Eurozone, Carsten Brzeski, said. That picture strengthens expectations that Europe's largest economy is facing its deepest recession this year since World War Two. Prospects are even worse, however, for peers including France and Italy where, respectively, coronavirus deaths top 27,000 and 31,000 and the economies contracted by 5.8% and 4.7% in the first quarter. In Germany, an early and widespread testing program and a robust healthcare system have - despite a broadly similar number of overall cases - helped keep deaths linked to COVID-19 below 8,000, according to a Reuters tally. The country's 16 states also chose to allow factories and building sites to stay open, and data earlier this month showed construction - which accounts for almost 10% of the economy - expanded by 1.8% in March. Most shops have reopened since the end of April, when lockdown restrictions were eased. (Reuters)
- **Italy approves long-delayed economic stimulus package in coronavirus fight –** The Italian government has approved a long-delayed, 55bn-Euro ($59.6bn) stimulus package aimed at helping Italy's battered businesses and struggling families survive the coronavirus crisis. Prime Minister Giuseppe Conte had promised to introduce the measures last month, but repeated rows within his increasingly shaky coalition over various aspects of the decree, which runs to almost 500 pages, led to repeated holdups. "We have worked on this decree aware that the country is in great difficulty," Conte said on Wednesday following a Cabinet meeting. The decree takes immediate effect. Rome has forecast that the economy will contract by at least 8% this year as a result of the COVID-19 epidemic, which has so far killed 31,106 people in Italy - the third-highest death toll in the world after the US and Britain. After a two-month lockdown, tight restrictions on businesses and movement are being gradually rolled back. "This decree provides the prerequisites so that this phase of reopening can immediately offer the prospect of an economic and social recovery," Conte told reporters. The stimulus package, which follows an initial 25 billion-euro package introduced in March, includes a mix of grants and tax breaks to help firms ride out the downturn. It also offers help to families, including subsidies for childcare and incentives to boost the ravaged tourism sector. The Treasury has predicted that the extra spending, coupled with a collapse in tax revenues, will push the budget deficit to 10.4% of gross domestic product this year, while public debt was seen surging some 20 percentage points to 155.7% of GDP. (Reuters)
- **Japan lifts emergency in most areas but not in Tokyo, Osaka –** Japanese Prime Minister Shinzo Abe lifted a state of emergency in large parts of the country on Thursday but said it would remain in place in Tokyo until the novel coronavirus is contained. Abe lifted the emergency in 39 of Japan's 47 prefectures but left it in force in the capital and in the second-largest urban area of Osaka, as he tries to cushion the economic blow while stopping the virus. Abe said he would begin work on a second extra budget and as part of the economic stimulus, the government would take more steps to ease corporate funding strains, if needed. "While controlling the spread of the virus as much as possible by acting on the premise that the virus is all around us, we will restore ordinary work and daily life," Abe told a news conference. The world's third-largest economy declared the nationwide state of emergency a month ago, urging citizens to reduce person-to-person contact by 80% to slow the spread of

the virus and ease pressure on medical services. Economists said normalization would be gradual as the government keeps a wary eye on the possibility of a second wave of infections, as seen in countries such as South Korea and China. The emergency gives governors more authority to tell people to stay at home and to close schools and businesses, but there is no penalty for non-compliance. Some non-essential businesses, even in areas hit hard by the coronavirus, have started to reopen, even before Thursday's announcement, and the scope of restrictions has varied across the country. Osaka's governor has announced criteria for gradually lifting some restraints on businesses including eateries and bars. (Reuters)

- **As Japan slow-walks stimulus, small businesses fear collapse –** For Japan's shell-shocked small businesses, a promised $1.1 trillion in stimulus is proving too little, too late, raising the likelihood of a surge in bankruptcies at companies that employ nearly three-quarters of the workforce. Prime Minister Shinzo Abe's government last month declared a state of emergency in response to the coronavirus crisis and rolled out a package equal to 20% of economic output, including loans for small businesses. However, seven business owners told Reuters of deep frustration at a process they said was taking too long and not delivering enough. Abe, under fire for his handling of the crisis, has said the government would take additional stimulus measures. However, small businesses, which employ 70% of the workforce, are already on the brink of disaster. The outbreak has pushed more than 140 companies to bankruptcy since February, with more expected toward the end of the month, according to research firm Tokyo Shoko Research. As of Wednesday, 16,724 businesses had applied for such aid, and 6,571 cases had been approved. In the worst-case scenario, almost 40% of Japan's 1.5 million companies could go bankrupt if sales continue to fall by 50% for 11 months without bank loans or government stimulus, research firm Teikoku Data Bank predicts. Although that scenario appears unlikely, it does illustrate how critical government aid is to small companies. "We know the current situation is not the best," said an official at the labor ministry, which is charge of some aid. "We are considering measures to provide the money more quickly," said the official, who was not authorized to speak to the media and was speaking anonymously. The official added that there was a limit to financial resources for the payments. Japan is due to lift its state of emergency for much of the country on Thursday, although Tokyo - the heart of the economy - will remain under restrictions. (Reuters)
- **As China reopens, factories fire up but jobs gloom keeps consumers at home –** China's factory output rose for the first time this year as the world's second-largest economy slowly emerged from its coronavirus lockdown, although consumption remained depressed amid increased job losses. Industrial production climbed 3.9% in April from a year earlier, data showed on Friday, faster than the 1.5% increase forecast in a Reuters poll of analysts and following a 1.1% fall in March. After months of lockdowns, China is reopening its economy as the outbreak on the mainland comes under control. The production of oil, coal, metals and electricity all increased as plants restarted operations in April. However, China continues to face major challenges in its services sector, particularly retail, and as the pandemic sweeps the rest of the globe, affecting other major economies and trading partners. Of particular concern for policymakers ahead of next week's annual meeting of parliament is the prospect of a spike in unemployment, which poses significant political risks for the nation of 1.4bn. China's economy shrank for the first time since at least 1992 in the first quarter, as restrictions to curb the spread of the virus shut down factories and shopping malls. Although much of the economy has reopened, many manufacturers are struggling with reduced or cancelled overseas orders as global demand falters. Earlier this week, data showed producer prices falling at their sharpest pace in four years, as industrial demand weakened. While exports unexpectedly rose in April, driven in part by demand for medical supplies, imports saw a sharper-than-expected dive, signaling weak domestic demand. More telling was a collapse in export orders seen in various factory surveys for April, which has significant implications for the industrial sector, a major employer in China. (Reuters)

Regional

- **Fitch: GCC to tap wealth reserves to cover budget deficit –** The GCC countries will massively tap their fiscal and sovereign wealth reserves to cover budget deficit this year due to low oil income and to offset impact of coronavirus on their economies, says a latest report. Fitch Ratings expects around $140bn in drawdowns from fiscal reserves and sovereign wealth funds by GCC countries in 2020 compared with only about $10bn last year. The region will also raise an additional $48bn in foreign debt this year, the report said. "Wider fiscal deficits will lead to higher debt and drawdowns of fiscal reserves. In 2020, we expect the GCC funding mix to shift in favor of drawdowns from fiscal reserves. We anticipate that the GCC to issue around $48bn in foreign debt this year, of which $30bn has already been issued, roughly in line with last year," Fitch Ratings said. The reserve drawdown is likely to be led by Kuwait, Saudi Arabia and Abu Dhabi. "For Abu Dhabi, Kuwait and Qatar, sovereign wealth fund assets will remain sufficient to cover years of spending and nearly a decade in non-oil deficits, although in Kuwait's case accessing the bulk of SWF assets will require parliamentary approval. Economic contraction will even increase the headline ratio of sovereign net foreign assets to GDP," Fitch Ratings said. Fitch said that oil production cuts announced by some of the GCC nations this week will deepen their fiscal deficit and hinder growth in 2020. "We now expect most GCC sovereigns to post fiscal deficits of 15% to 25% of GDP in 2020, with only Qatar's deficit staying in the single digits at eight per cent of GDP. This assumes an average Brent oil price of $35 per barrel and full compliance with the OPEC+ deal to limit production. This also assumes that the additional cuts announced by Saudi Arabia, Abu Dhabi and Kuwait will last until the end of the year," the report said. (Qatar Tribune)
- **OPEC Chief optimistic that the worst of oil crisis is over –** OPEC is cautiously optimistic that the worst of the oil crisis triggered by the coronavirus pandemic is over, the group's top official said. The outlook for the market in the second half of the year is starting to look more encouraging as the global economy recovers, Secretary-General of the OPEC, Mohammad Barkindo said. The cartel and its allies are rapidly implementing their production cuts, he said. "Here at OPEC we remain cautiously optimistic that the worst is behind us," he said. "What we saw in

April was extraordinary" however, the group's members "rose to the challenge." OPEC+ will look at all options when it meets again in June, Barkindo said. The 9.7mn bpd of production cuts that started on May 1 are due to gradually taper after two months. It is premature to say whether the group could decide to change this plan, he said. The cartel will consider the state of the global economy, the strength of the recovery in oil demand and the status of the coronavirus pandemic in its discussions, Barkindo said. "The outlook for the second half of the year is beginning to look encouraging and positive that there will be a rebound," he said. (Bloomberg)

- **Kuwait, Saudi to halt oil production from joint field –** Kuwait and Saudi Arabia have agreed to halt oil production from the joint Al-Khafji field for one month, starting from June 1, Kuwait's Al Rai newspaper reported on Saturday. Saudi Arabia and Kuwait have agreed with other members of the OPEC+ group of oil producers to cut output in a bid to reduce a glut in global supplies. Both Gulf states have also said they would make additional cuts beyond the agreed curbs. (Reuters)
- **Saudi Arabia must keep cool and balance deep oil cuts with need for gas –** Saudi Arabia's sweltering summer may complicate the Kingdom's pledge to deepen oil production cuts. Curbing crude output means lower production of associated gas, a byproduct of crude extraction, which Saudi Arabia uses to power air conditioners during the summer months and as feedstock for its petrochemical industry. While industry sources do not question Saudi Arabia's ability to deliver on the cuts and note that opening and shutting oil wells is technically easier for OPEC's biggest producer than in other parts of the world, balancing the supply and demand of gas for the residential sector and industry is a delicate process. OPEC and allies led by Russia, a group known as OPEC+, agreed last month to reduce output by about 9.7mn bpd in May and June, a record cut aimed at shoring up sliding prices as coronavirus-related lockdowns crippled the global economy and demand for oil tanked. In a further step, Saudi Arabia, Kuwait and the UAE pledged this week to deepen their cuts by an extra 1.180mn bpd in June. Because Saudi oilfields pumping lighter crude tend to produce more associated gas than fields with heavier and sour grades, where the cost of production is also higher, the Kingdom's oil output will likely drift more towards these lighter quality grades, analysts and experts say, potentially worsening the current global glut of such barrels. "The shutting down of (some) fields is not easy because of the gas," said one Gulf oil industry source. "But we can reduce production capacity rates at some fields or bring forward field maintenance to reduce output." (Reuters)
- **IEA says new cuts by Saudi Arabia and others unlikely to balance oil market –** International Energy Agency (IEA) Executive Director, Fatih Birol said that recently announced oil output cuts by major Gulf Arab producers would likely not be enough to balance global markets as coronavirus lockdowns hollow out demand. "I am happy to see Saudi Arabia, the Emirates and Kuwait - on top of their existing commitments - are now going to make further cuts. I do welcome them, whether or not this is enough, I do not think so," Birol told reporters after energy watchdog IEA released its monthly report. "We are seeing the early signs of a start of recovery, however, it is far too early to say we are soon going to reach the rebalancing of the markets, we are just in the beginning of that process." (Reuters)
- **Saudi sovereign fund seeks $10bn margin loan –** Saudi Arabia's sovereign wealth fund plans to borrow about $10bn by pledging some of its investment in SoftBank Group Corp's Vision Fund, Bloomberg News reported on Saturday. The report comes a day after the $300bn Public Investment Fund (PIF) disclosed its stakes in major US companies including Boeing, Facebook and Citigroup. The wealth fund is in talks with investment banks regarding a margin loan backed by some of its investments in Vision Fund, the report said, citing sources. PIF's decision to pledge stake happens amid time when SoftBank's finances are being squeezed after a disastrous bet on co-working firm WeWork and souring portfolio bets on startups. Softbank said last month it expected the $100bn Vision Fund to book a loss of ¥1.8tn due to the worsening performance of its tech bets, which will tip the group as a whole into its first loss for 15 years. The $320bn PIF, which until five years ago was a holding company for government stakes in domestic businesses, disclosed an $827.8mn stake in BP, a $713.7mn investment in Boeing Co. and $522mn positions in both Citigroup Inc. and Facebook Inc. at the end of the first quarter. Other bets include $495.8mn on Walt Disney Co. and $487.6mn on Bank of America Corp. The PIF is looking into "any opportunity" arising from the economic wreckage of the crisis, the fund's Governor, Yasir Al-Rumayyan, said. The fund expects to see "lots of opportunities," he predicted at the time, citing airlines, energy and entertainment companies as examples. As coronavirus outbreaks disrupted commerce and drove stock prices to their lowest levels in years, the fund reassigned staff to find bargains to broaden its global portfolio, sources said. The investments disclosed in a quarterly filing Friday amount to a bet that marquee names of the corporate world will rebound as many facets of life return to normal. "PIF is a patient investor with a long-term horizon. We actively seek strategic opportunities both in Saudi Arabia and globally that have strong potential to generate significant long-term returns while further benefitting the people of Saudi Arabia and driving the country's economic growth," it stated. Other holdings described by the fund include a $513.9mn investment in hotel owner Marriott International Inc. Both companies are contending with a virtual shutdown in global travel. Similarly, the fund gathered a $416.1mn stake in concert promoter Live Nation Entertainment Inc., which faces bans on large gatherings. The fund also amassed shares of Canadian oil sands players Suncor Energy Inc. and Canadian Natural Resources Ltd., on top of investments that previously emerged in Equinor ASA, Royal Dutch Shell Plc, Total and Eni. The regulatory filing disclosed the fund held almost $10bn of US equities, including an approximately $2bn position in Uber Technologies Inc. (Reuters, Bloomberg)
- **Saudi Aramco cuts June crude allocation to some Asian buyers –** Saudi Aramco, the world's largest oil exporter, has cut the volume of crude it will supply to at least three buyers in Asia by 10%-30% for June, sources with knowledge of the matter said. The cuts were made against volumes that the buyers had nominated for June-loading supplies, the refining sources told Reuters. The move came after Saudi Arabia announced it would voluntarily deepen oil output cuts by additional 1mn bpd from June to an output level of 7.492mn bpd, the lowest in almost two

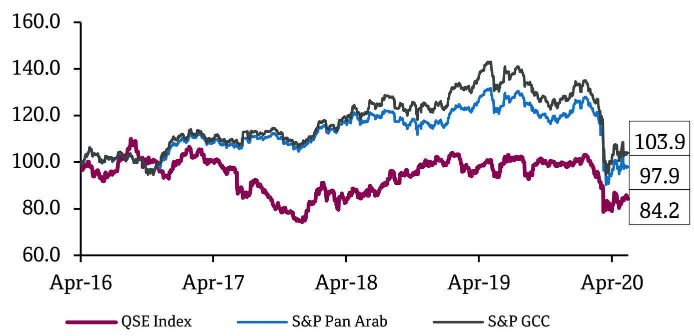
decades. The announcement followed a deal struck by the OPEC and its allies including Russia to cut output by an unprecedented 9.7mn bpd in May and June to reduce excess supply and support prices. Market sentiment regarding the tightening of Aramco's crude supplies propped up Asia's spot market for Middle East sour crude on Thursday as some sellers doubled or even quadrupled their offers from the last trade levels. Several buyers were looking for Middle East crude cargoes, however, sellers were either holding out or offering their cargoes at high premiums, trade sources said. (Reuters)

- **BSFR's net profit falls 25.6% YoY to SR682mn in 1Q2020 –** Banque Saudi Fransi (BSFR) recorded net profit of SR682mn in 1Q2020, registering decrease of 25.6% YoY. Total operating profit rose 2.0% YoY to SR1,757mn in 1Q2020. Total revenue for special commissions/investments fell 8.0% YoY to SR1,699mn in 1Q2020. Total assets stood at SR199.2bn at the end of March 31, 2020 as compared to SR190.0bn at the end of March 31, 2019. Loans and advances stood at SR134.9bn (+11.2% YoY), while customer deposits stood at SR146.8bn (+1.3% YoY) at the end of March 31, 2020. EPS came in at SR0.57 in 1Q2020 as compared to SR0.76 in 1Q2019. (Tadawul)
- **ALBI's net profit falls 5.2% YoY to SR270mn in 1Q2020 –** Bank Albilad (ALBI) recorded net profit of SR270mn in 1Q2020, registering decrease of 5.2% YoY. Total operating profit rose 9.0% YoY to SR1,004.2mn in 1Q2020. Total revenue for special commissions/investments rose 12.9% YoY to SR869.2mn in 1Q2020. Total assets stood at SR88.5bn at the end of March 31, 2020 as compared to SR72.9bn at the end of March 31, 2019. Loans and advances stood at SR62.6bn, while customer deposits stood at SR68.4bn at the end of March 31, 2020. EPS came in at SR0.36 in 1Q2020 as compared to SR0.38 in 1Q2019. (Tadawul)
- **CBUAE says 77% of AED50bn facility against coronavirus impact drawn down –** The Central Bank of the UAE (CBUAE) says 77% of AED50bn liquidity facility against coronavirus impact has been drawn down. CBUAE has urged banks to draw down allocated funding to support economy. (Reuters)
- **Coronavirus impact: 1Q2020 profits of UAE banks hit by increased provisioning –** The UAE's top four banks' first-quarter fell by nearly one-third due to higher provisions. The net profit of four largest banks - First Abu Dhabi Bank, Emirates NBD, Abu Dhabi Commercial Bank and Dubai Islamic Bank - fell 32% to AED5.87bn in 1Q2020 as compared to $2.3bn in 1Q2019. The four banks accounted for 74% of the banking assets as of March 2020. "The banks' material decline in profitability primarily reflects the early effects of the coronavirus outbreak and anticipation of higher credit losses, which prompted them to increase provisioning 222% versus first-quarter 2019," Moody's Investors service said. Emirates NBD first-quarter net profit dropped 24% YoY to AED2.1bn, First Abu Dhabi Bank profit declined 22% to AED2.4bn, Abu Dhabi Commercial Bank profits slipped 82% to AED209mn, and Dubai Islamic Bank profitability sank 18% to AED1.1bn. The four banks' combined return on assets was 1.0% in the first-quarter, compared to 1.7% in 2019. DIB's first-quarter return on assets was 1.6%, followed by ENBD at 1.2% and FAB at 1.1%. ADCB's return on assets was 0.2%. Moody's expects the UAE's coronavirus pandemic-related containment actions, the broader global economic shock, significant drop in oil prices and a pre-existing cyclical and structural slowdown in the non-oil economy to materially weaken banks' asset quality and profitability. "We expect provisioning requirements at the four UAE banks to increase during the coming quarters, with the banks' capitalization buffering upcoming credit losses," Moody's analysts said. (Zawya)
- **Abu Dhabi in talks with Dubai for support through state fund Mubadala –** The governments of Abu Dhabi and Dubai are discussing ways to prop up Dubai's economy by linking up assets in the two emirates, with Abu Dhabi's state fund Mubadala likely to play a key role in any deal, sources familiar with the matter said. Some economic sectors have come to a near standstill in Dubai during the coronavirus outbreak, and it faces its most severe downturn since a 2009 debt crisis. It lacks the oil wealth of Abu Dhabi to cushion the blow. Abu Dhabi bailed out Dubai after the 2009 crisis with a $10bn government loan, which was subsequently rolled over, and $10bn in bonds that Dubai issued to the central bank. One of the sources said any support from Abu Dhabi agreed now would be "orchestrated through mergers of assets where Abu Dhabi and Dubai compete directly or where they have joint ownerships". "The most likely deal to happen in the near term is a merger of the local stock markets," the source said, adding that bank mergers were also possible. A second source confirmed the talks and said Mubadala, which manages around $230bn in assets, would make "a big move into Dubai", however, gave no details. The Dubai media office said on its official Twitter account late on Friday that Dubai denied being in talks with Abu Dhabi for support from Mubadala. (Reuters)
- **ADNOC reports $1bn in business value due to digital –** Oil companies have embraced digital technologies to optimize operations, supply chain visibility, worker safety, and production costs. Some are now beginning to report financial benefits. On May 5, the Abu Dhabi National Oil Company (ADNOC) announced its digital command center has generated over $1bn in 'business value' in three years. Repsol and Equinor expect free cash flow improvements due to digital of $2.7bn (2017-22) and $3bn (2020-25), respectively. ADNOC's $1bn in benefit has come specifically from the hundreds of millions of dollars invested in its digital command center, Panorama, developed with Schneider Electric. Panorama aggregates, visualizes and analyzes real-time data from 14 subsidiaries. The term 'business value' probably covers a range of cost savings from enhanced operations, reduced labor costs, better profit margins in commodity trading and fewer stolen or lost goods. The term may include harder-to-quantify elements such as brand value, partnership building and employee retention. (Bloomberg)
- **Moody's affirms ratings of two Kuwaiti banks; changes outlook to Stable from Positive –** Moody's Investors Service has affirmed the A3 and Baa2 long-term deposit ratings and P-2 short-term deposit ratings of Gulf Bank and Warba Bank, respectively. Concurrently, Moody's has also affirmed the banks' ba1 and ba3 Baseline Credit Assessments (BCA) and adjusted BCAs, respectively. At the same time, the rating agency has changed the outlook on the banks' long-term deposit ratings to Stable from Positive. Moody's affirmation of Gulf Bank's A3 long-term deposit ratings reflects the affirmation of the bank's ba1 BCA and an unchanged four notch government support uplift underpinning the rating agency's expectation of a very high

probability of government support given the established track record of Kuwait, Government (Aa2, RUR) in extending support to banks in times of need. The affirmation of Warba Bank's Baa2 long-term deposit ratings reflects the affirmation of the bank's ba3 Baseline Credit Assessment (BCA) and an unchanged four notch government support uplift underpinning the rating agency's expectation of a very high probability of government support given the established track record of Kuwait, Government (Aa2, RUR) in extending support to banks in times of need. (Bloomberg)

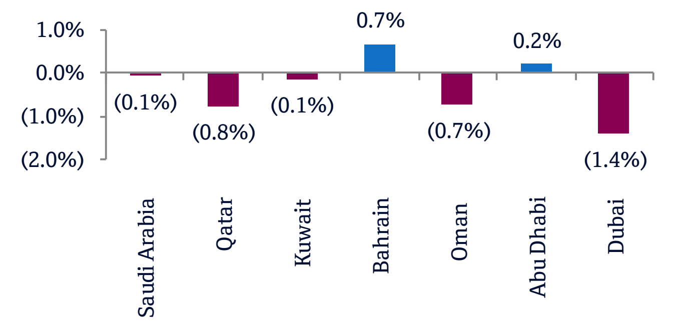
- **Oman considers cutting oil output in June by an extra 10,000-15,000 bpd –** Oman is considering cutting its oil output in June by another 10,000 to 15,000 bpd, the Omani Oil Minister, Mohammed Al-Rumhy told Reuters, after Saudi Arabia and other Gulf OPEC producers also made additional cuts to reduce a global glut. "It is likely that this cut will be effective from June," he said of Oman's plans, after the country had earlier signed up to making cuts in May and June alongside other members of the OPEC+ group. (Reuters)
- **Oman says decision to liquidate glass point solar company comes after fall in oil, gas prices –** Oman's decision to liquidate GlassPoint Solar company comes after the sharp fall in oil and gas prices caused by the global economic slowdown in the wake of the coronavirus pandemic, Oman news agency said, citing a statement from State General Reserve Fund. Oman owns 31% of shares in GlassPoint Solar. (Reuters)

Rebased Performance



Source: Bloomberg

Daily Index Performance



Source: Bloomberg

Asset/Currency Performance	Close ($)	1D%	WTD%	YTD%
Gold/Ounce	1,743.67	0.8	2.4	14.9
Silver/Ounce	16.61	4.6	7.3	(7.0)
Crude Oil (Brent)/Barrel (FM Future)	32.50	4.4	4.9	(50.8)
Crude Oil (WTI)/Barrel (FM Future)	29.43	6.8	19.0	(51.8)
Natural Gas (Henry Hub)/MMBtu	1.66	3.8	(5.1)	(20.6)
LPG Propane (Arab Gulf)/Ton	42.25	2.4	11.2	2.4
LPG Butane (Arab Gulf)/Ton	37.25	3.5	6.8	(43.9)
Euro	1.08	0.1	(0.2)	(3.5)
Yen	107.06	(0.2)	0.4	(1.4)
GBP	1.21	(0.9)	(2.4)	(8.6)
CHF	1.03	0.2	(0.0)	(0.4)
AUD	0.64	(0.8)	(1.8)	(8.7)
USD Index	100.40	(0.1)	0.7	4.2
RUB	73.60	0.2	0.2	18.7
BRL	0.17	(0.8)	(2.2)	(31.4)

Source: Bloomberg

Global Indices Performance	Close	1D%*	WTD%*	YTD%*
MSCI World Index	2,008.41	0.4	(2.6)	(14.8)
DJ Industrial	23,685.42	0.3	(2.7)	(17.0)
S&P 500	2,863.70	0.4	(2.3)	(11.4)
NASDAQ 100	9,014.56	0.8	(1.2)	0.5
STOXX 600	328.24	0.7	(4.1)	(24.0)
DAX	10,465.17	1.5	(4.4)	(23.9)
FTSE 100	5,799.77	0.4	(4.2)	(29.7)
CAC 40	4,277.63	0.3	(6.3)	(31.1)
Nikkei	20,037.47	0.5	(1.3)	(14.0)
MSCI EM	901.16	0.0	(1.2)	(19.2)
SHANGHAI SE Composite	2,868.46	(0.2)	(1.3)	(7.8)
HANG SENG	23,797.47	(0.1)	(1.8)	(15.2)
BSE SENSEX	31,097.73	(0.5)	(2.1)	(29.2)
Bovespa	77,556.60	(0.4)	(4.6)	(53.7)
RTS	1,107.49	0.4	(2.5)	(28.5)

Source: Bloomberg (*$ adjusted returns)

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