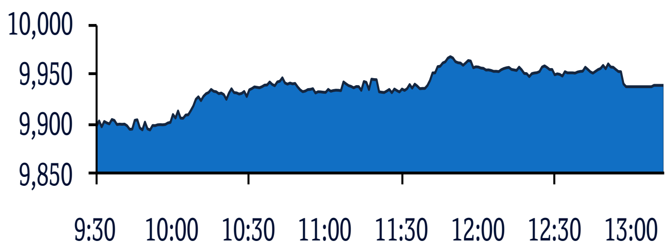
Daily Market Report

Thursday, 17 September 2020

QSE Intra-Day Movement



Market Indicators	16 Sep 20	15 Sep 20	%Chg.
Value Traded (QR mn)	777.8	685.2	13.5
Exch. Market Cap. (QR mn)	587,255.2	585,241.8	0.3
Volume (mn)	454.4	391.6	16.1
Number of Transactions	13,553	12,866	5.3
Companies Traded	46	46	0.0
Market Breadth	30:14	20:25	–

Market Indices	Close	1D%	WTD%	YTD%	TTM P/E
Total Return	19,112.07	0.5	1.8	(0.4)	16.2
All Share Index	3,075.36	0.5	1.8	(0.8)	17.0
Banks	4,095.22	0.9	1.1	(3.0)	13.7
Industrials	3,040.01	(0.4)	2.6	3.7	26.4
Transportation	2,839.86	0.1	0.8	11.1	13.5
Real Estate	1,987.71	1.3	10.3	27.0	16.3
Insurance	2,116.47	0.5	1.0	(22.6)	32.8
Telecoms	897.60	0.3	0.1	0.3	15.1
Consumer	8,064.83	(0.5)	1.3	(6.7)	25.3
Al Rayan Islamic Index	4,165.94	0.3	2.7	5.4	19.4

Qatar Commentary

The QE Index rose 0.5% to close at 9,941.4. Gains were led by the Real Estate and Banks & Financial Services indices, gaining 1.3% and 0.9%, respectively. Top gainers were Baladna and Qatar Islamic Insurance Company, rising 6.4% and 4.8%, respectively. Among the top losers, Zad Holding Company fell 4.7%, while Mannai Corporation was down 2.9%.

GCC Commentary

Saudi Arabia: The TASI Index fell 0.1% to close at 8,311.2. Losses were led by the Consumer Durables and Div. Financials indices, falling 3.4% and 2.8%, respectively. Saudi Fisheries declined 8.9%, while Al-Baha Development & Inv. was down 8.3%.

Dubai: The DFM Index gained 0.4% to close at 2,301.1. The Insurance index rose 2.2%, while the Real Estate & Construction index gained 2.0%. Ithmaar Holding rose 14.9%, while Al Salam Sudan was up 12.1%.

Abu Dhabi: The ADX General Index fell 0.1% to close at 4,505.3. The Industrial index declined 1.0%, while the Energy index fell 0.5%. Ras Al Khaimah White Cement declined 4.2%, while Waha Capital was down 3.1%.

Kuwait: The Kuwait All Share Index gained 0.6% to close at 5,394.8. The Real Estate index rose 1.3%, while the Basic Materials index gained 1.1%. Al Masaken Intl Real Estate rose 13.2%, while Kuwait Remal Real Estate Co. was up 10.0%.

Oman: The MSM 30 Index fell 0.4% to close at 3,662.5. Losses were led by the Services and Financial indices, falling 0.5% and 0.4%, respectively. Al Sharqiya Investment Holding Co. declined 2.9%, while Bank Muscat was down 2.1%.

Bahrain: The BHB Index gained 1.2% to close at 1,417.8. The Commercial Banks index rose 1.7%, while the Industrial index gained 1.5%. Ithmaar Holding rose 13.6%, while Bahrain Duty Free Complex was up 10.0%.

GCC Top Gainers##	Exchange	Close#	1D%	Vol. '000	YTD%
Mabanee Co.	Kuwait	0.69	5.0	2,251.4	(19.2)
Emaar Malls	Dubai	1.53	3.4	21,908.7	(16.4)
Ahli United Bank	Bahrain	0.75	2.6	807.6	(21.0)
Emaar Properties	Dubai	2.99	2.0	21,668.9	(25.6)
Bupa Arabia for Coop. Ins.	Saudi Arabia	124.80	2.0	146.5	21.9

GCC Top Losers##	Exchange	Close#	1D%	Vol. '000	YTD%
Saudi Industrial Inv.	Saudi Arabia	23.10	(2.7)	2,052.9	(3.8)
Bank Muscat	Oman	0.37	(2.1)	379.7	(11.0)
National Petrochemical	Saudi Arabia	28.70	(1.7)	257.9	20.9
Mouwasat Medical Serv.	Saudi Arabia	128.00	(1.5)	231.7	45.5
Riyad Bank	Saudi Arabia	19.44	(1.3)	2,248.0	(19.0)

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

QSE Top Gainers	Close*	1D%	Vol. '000	YTD%
Baladna	1.98	6.4	37,267.5	97.5
Qatar Islamic Insurance Company	6.60	4.8	317.5	(1.2)
Alijarah Holding	1.17	4.5	31,671.5	65.2
United Development Company	1.62	3.9	119,005.5	6.6
Mazaya Qatar Real Estate Dev.	1.31	3.6	45,535.5	82.2

QSE Top Losers	Close*	1D%	Vol. '000	YTD%
Zad Holding Company	15.40	(4.7)	149.5	11.4
Mannai Corporation	3.04	(2.9)	231.9	(1.2)
Al Khaleej Takaful Insurance Co.	1.95	(2.1)	5,100.4	(2.5)
Qatar General Ins. & Reins. Co.	2.22	(1.2)	8,471.3	(9.7)
Ezdan Holding Group	1.91	(1.1)	10,462.7	210.2

QSE Top Volume Trades	Close*	1D%	Vol. '000	YTD%
United Development Company	1.62	3.9	119,005.5	6.6
Investment Holding Group	0.68	0.9	55,846.3	19.7
Mazaya Qatar Real Estate Dev.	1.31	3.6	45,535.5	82.2
Baladna	1.98	6.4	37,267.5	97.5
Alijarah Holding	1.17	4.5	31,671.5	65.2

QSE Top Value Trades	Close*	1D%	Val. '000	YTD%
United Development Company	1.62	3.9	196,411.4	6.6
Baladna	1.98	6.4	73,757.9	97.5
Mazaya Qatar Real Estate Dev.	1.31	3.6	58,956.0	82.2
Investment Holding Group	0.68	0.9	37,766.3	19.7
Alijarah Holding	1.17	4.5	36,098.0	65.2

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*	9,941.43	0.5	1.8	1.0	(4.6)	211.64	159,557.2	16.2	1.5	4.0
Dubai	2,301.13	0.4	1.3	2.5	(16.8)	97.04	87,039.0	8.7	0.8	4.2
Abu Dhabi	4,505.33	(0.1)	(0.3)	(0.3)	(11.2)	95.94	181,080.1	16.4	1.3	5.4
Saudi Arabia	8,311.21	(0.1)	2.2	4.7	(0.9)	3,726.98	2,454,770.5	30.3	2.0	2.5
Kuwait	5,394.83	0.6	1.3	1.9	(14.1)	185.47	101,788.3	29.1	1.4	3.6
Oman	3,662.51	(0.4)	(0.6)	(2.9)	(8.0)	1.18	16,471.5	10.9	0.7	6.7
Bahrain	1,417.83	1.2	2.0	2.7	(11.9)	4.89	21,319.0	13.2	0.9	4.9

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

Qatar Market Commentary

- The QE Index rose 0.5% to close at 9,941.4. The Real Estate and Banks & Financial Services indices led the gains. The index rose on the back of buying support from Qatari and GCC shareholders despite selling pressure from Arab and Foreigners shareholders.
- Baladna and Qatar Islamic Insurance Company were the top gainers, rising 6.4% and 4.8%, respectively. Among the top losers, Zad Holding Company fell 4.7%, while Mannai Corporation was down 2.9%.
- Volume of shares traded on Wednesday rose by 16.1% to 454.4mn from 391.6mn on Tuesday. Further, as compared to the 30-day moving average of 327.0mn, volume for the day was 39.0% higher. United Development Company and Investment Holding Group were the most active stocks, contributing 26.2% and 12.3% to the total volume, respectively.

Overall Activity	Buy %*	Sell %*	Net (QR)
Qatari Individuals	60.40%	59.79%	4,759,312.4
Qatari Institutions	18.22%	13.54%	36,419,540.6
Qatari	**78.62%**	**73.32%**	**41,178,853.0**
GCC Individuals	0.40%	0.82%	(3,222,390.6)
GCC Institutions	1.43%	0.95%	3,751,804.1
GCC	**1.83%**	**1.77%**	**529,413.5**
Arab Individuals	11.23%	12.47%	(9,655,720.7)
Arab Institutions	–	2.43%	(18,871,949.7)
Arab	**11.23%**	**14.90%**	**(28,527,670.4)**
Foreigners Individuals	3.29%	3.60%	(2,444,323.1)
Foreigners Institutions	5.03%	6.41%	(10,736,273.0)
Foreigners	**8.32%**	**10.01%**	**(13,180,596.1)**

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

Global Economic Data

Date	Market	Source	Indicator	Period	Actual	Consensus	Previous
09/16	US	Mortgage Bankers Association	MBA Mortgage Applications	11-Sep	-2.50%	–	2.90%
09/16	UK	UK Office for National Statistics	CPI MoM	Aug	-0.40%	-0.60%	0.40%
09/16	UK	UK Office for National Statistics	CPI YoY	Aug	0.20%	0.00%	1.00%
09/16	UK	UK Office for National Statistics	CPI Core YoY	Aug	0.90%	0.50%	1.80%
09/16	Japan	Ministry of Finance Japan	Trade Balance	Aug	¥248.3bn	-¥15.0bn	¥11.6bn
09/16	Japan	Ministry of Finance Japan	Trade Balance Adjusted	Aug	¥350.6bn	¥23.3bn	¥41.3bn
09/16	Japan	Ministry of Finance Japan	Exports YoY	Aug	-14.80%	-16.10%	-19.20%
09/16	Japan	Ministry of Finance Japan	Imports YoY	Aug	-20.80%	-17.80%	-22.30%

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

Qatar

- **Moody's: Provisioning costs rise to QR4.1bn in 1H2020 as Qatari banks build pandemic-related buffers –** Qatari banks' provisioning costs have risen as they have built pandemic-related buffers with provisioning increasing to QR4.1bn in 1H2020, Moody's Investor Service (Moody's) has said in a report. The first half provisioning consumed around 26% of pre-provision income compared to QR2.5bn and 17% in 1H2019 as pandemic-related containment actions, the global economic shock and low oil prices weighed on economic growth and borrowers' repayment capacity, it said. According to Moody's, many local banks are taking coronavirus-related provisioning pre-emptively as they expect problem loan formation in the sectors more exposed to the pandemic, such as hotels and restaurants, airlines, tourism and retail sectors amongst others. Whereas in the remaining GCC, small and midsized enterprises have had a greater impact on asset quality, in Qatar this has not been the case, as they account for a small portion of the system's loan book, and are supported by Qatar Development Bank (QDB) guarantees. All the rated banks reported an increase in provisioning cost, with the exception of one bank, where provisioning costs were high in 2019 and reported a lower expense in the first half of 2020 compared to same period last year. Moody's stated, "We expect only a limited further deterioration in asset quality in 2H2020, as the banks' lending books are heavily skewed towards government or related entities, accounting for 29% of total loans as of June 2020 and these loans will be more resilient. Retail exposure is mainly to Qatari nationals where job losses have been negligible, and the real estate market is in a cooling-off period for the past few years and new lending to the sector has therefore been relatively limited. Together these factors will limit the increase in provisioning costs, supporting Qatari banks' profitability." Qatari banks' strong efficiency will continue to support their profitability, Moody's said and noted in 1H2020, Qatari banks managed to improve operating efficiency through costs control measures such as reducing staff and travel expenses, which eased the pressure on bottom line profit. Operating expenses decreased by 3% to QR5.5bn in 1H2020 from QR5.7bn in 1H2019 and the cost to income ratio was down to 26% in 1H2020 from 28% in 1H2019. All of the eight rated banks experienced a lower cost to income ratio. (Gulf-Times.com)
- **Third Qatar-US Strategic Dialogue cements ties –** The Governments of Qatar and the US highlighted at the Third Qatar-US Strategic Dialogue, the strength of the bilateral relationship, opportunities to further deepen cooperation to benefit both countries, and the sustained implementation of previously signed agreements and arrangements. The event, held on Monday and Tuesday in Washington, saw Qatar's Deputy Prime Minister and Minister of Foreign Affairs HE Sheikh Mohamed bin Abdulrahman Al-Thani and the US Secretary of State Michael Pompeo co-chairing the opening session. They reviewed the progress made since the conclusion of the last Strategic Dialogue, held in Doha in January 2019. Both sides discussed opportunities to further their robust bilateral relationship. This is highlighted by the visit by His Highness the Amir Sheikh Tamim bin Hamad Al-Thani to the US in July 2019 for meetings with President Donald Trump, as well as cabinet level visits to Qatar by Pompeo and US Secretary of the Treasury Steven Mnuchin in 2020. A large US delegation led by Mnuchin had travelled to Qatar for the Doha Forum in December 2019. A joint statement issued at the conclusion of the 2020 Strategic Dialogue, reviewed that the event addressed regional and global affairs and built on robust bilateral cooperation in the areas of health, humanitarian assistance, international development, labor, law enforcement, counterterrorism, commerce, culture, and education. Qatar and the US signed a Memorandum of Understanding (MoU) on education, culture, and sports in addition to signing a Statement of Intent (SoI) designating 2021 as the US-Qatar Year of Culture and an Announcement of Intent for Qatar to host an investment forum in the US in 2021. Both sides plan to sign an MoU on international development and humanitarian assistance on September 18. On regional and global affairs, the two governments expressed concern about the detrimental security, economic, and social impacts of the Gulf crisis on the region and affirmed their continued support for a strong and united Gulf Cooperation Council focused on promoting a peaceful and prosperous future for all in the region and on countering regional threats. Qatar thanked the US for supporting Kuwaiti mediation efforts to resolve the ongoing Gulf crisis on the basis of respect for its sovereignty and independence. (Gulf-Times.com)
- **Qatar to continue helping firms pay salaries for three more months –** Qatar's Cabinet on Wednesday extended several COVID-19 exemptions and stimulus packages by three more months. This includes the extension of the National Response Guarantee Program, which effectively enables companies struggling with cash flow to continue getting soft loans to pay salaries for another three months. The Cabinet has also increased the amount allocated as loan guarantees for the soft loans from QR3bn to QR5bn. Besides, customs duty exemptions for food and medical supplies being shipped to Qatar will continue for additional three months, provided that this is reflected in the selling price to the consumer. As per the Cabinet decision, electricity and water fees will not be levied from users in several sectors, such as hospitality and tourism, retail, small and medium industries and commercial complexes (in exchange for providing services), for three more months. Tenants in logistical zones will also be exempted from rental obligations for the next three months. Expired licenses and commercial records will continue to be automatically renewed for an additional three months, provided that the fees due are settled later. (Qatar Tribune)
- **Qatar sells November Al-Shaheen at average 55C- 60C discount –** Qatar Petroleum for the Sale of Petroleum Products Co. (QPSPP) sold two cargoes of Al-Shaheen crude for November 1-2 and November 27-28 loading at an average of about 55c-60c per barrel discount to Dubai benchmark price, according to traders who asked not to be identified. Standard cargo size 500k barrels. QPSPP sold a combined cargo of 50k tons of GTL naphtha and 25k tons of plant condensate at about a $22 per ton premium to Middle East benchmark prices, according to traders who asked not to be identified. Cargo to load October 15-20 from Ras Laffan. (Bloomberg)

- **Real estate trade volume exceeds QR617mn in a week –** The volume of real estate trading in sales contracts registered at the Department of Real Estate Registration at the Ministry of Justice during the period from September 6 to September 10 reached QR617.175mn. The weekly bulletin issued by the department showed that the list of real estate properties traded for sale included vacant lands, houses, residential buildings and multi-purpose buildings. The sales were concentrated in the municipalities of Al Daayen, Doha, Umm Salal, Al Rayyan, Al Wakrah, Al Khor, Al Dhakhira and Al Shamal. The volume of real estate trading from August 30 to September 3 reached QR410.354mn. Meanwhile KPMG said in its recent report that the decline in Qatar's real estate has been 'much softer' in the first half than the decline witnessed over the same period in 2019. The latest KPMG Qatar Real estate Rental Index showed that in the pre COVID -19 phase during the first half of this year, residential real estate' affordable segment witnessed increased vacancy levels. This was primarily due to the movement of tenants seeking affordable deals in the middle-income housing areas of Doha. (Qatar Tribune)

International

- **OECD lifts economic outlook on stronger-than-expected US, Chinese recoveries –** The global economy appears to be recovering from the coronavirus slump faster than thought only a few months ago thanks to improving outlooks for China and the US, the OECD said on Wednesday. The world economy is on course to contract 4.5% this year, the Organization for Economic Cooperation and Development (OECD) said, which - though unprecedented in recent history - was up from the 6% contraction that it forecast in June. Provided the virus is kept from spreading out of control, the global economy will bounce back into growth next year by expanding 5%, trimmed from a June forecast of 5.2%, the Paris-based policy forum said. However, a stronger resurgence of the virus or more strict measures to contain it could chop 2-3 percentage points from the 2021 outlook, the OECD warned. The OECD said its forecasts were built on the assumption that local outbreaks would continue and would be targeted with local action rather than nationwide lockdowns. It also assumed a vaccine would not be widely available until late next year. The OECD said governments and central banks' actions to support households and companies' incomes had helped avert worse downturns and should therefore be kept up as outbreaks keep appearing sporadically. Its brighter overall outlook for this year masked big differences between major economies with the US, China and Europe seen performing better than feared while India, Mexico and South Africa may do worse as they struggle to contain the virus. Having been the first country to experience the outbreak and having moved swiftly to control its spread, China was forecast to be the only country in the G20 group of economic powers to see growth this year with an increase of 1.8%, up from a June projection of a contraction of 2.6%. Meanwhile, the US economy, the world's biggest, was also forecast to fare better this year than previously feared with a contraction of 3.8%, still dire but far better than the -7.3% forecast previously. (Reuters)
- **Fading fiscal stimulus restraining US consumer spending –** US consumer spending slowed in August, with a key retail sales gauge unexpectedly declining, as extended unemployment benefits were cut for millions of Americans, offering more evidence that the economic recovery from the COVID-19 recession was faltering. The report from the Commerce Department on Wednesday ramped up pressure on the White House and Congress to restart stalled negotiations for another fiscal package. At least 29.6mn people are on unemployment benefits. Consumer spending accounts for more than two-thirds of the US economy. The Federal Reserve on Wednesday kept interest rates near zero, noting that the pandemic "will continue to weigh on economic activity" in the near term, "and poses considerable risks to the economic outlook over the medium term." Fed Chair Jerome Powell told reporters more fiscal support is likely to be needed. Retail sales excluding automobiles, gasoline, building materials and food services dipped 0.1% last month after a downwardly revised 0.9% increase in July. These so-called core retail sales, which correspond most closely with the consumer spending component of gross domestic product, were previously reported to have advanced 1.4% in July. Economists polled by Reuters had forecast core retail sales rising 0.5% in August. Overall retail sales increased 0.6% in August, in part as sales at restaurants and bars continued to recover. Data for July was revised down to show retail sales increasing 0.9% instead of 1.2% as previously reported. (Reuters)
- **US business inventories post first gain this year –** US business inventories increased for the first time this year in July likely reflecting a record jump in goods imports as trade flows start to normalize after being severely disrupted by the COVID-19 pandemic. Business inventories edged up 0.1% in July after declining 1.1% in June, the Commerce Department said on Wednesday. Inventories, a key component of gross domestic product, had dropped for six straight months. Economists polled by Reuters had forecast business stocks gaining 0.1% in July. Retail inventories rebounded 1.2% in July as estimated in an advance report published last month. That followed a 2.7% decrease in June. Goods imports soared a record 12.3% in July, the government reported last month. Motor vehicle inventories increased 2.7% rather than 2.5% as previously reported. Retail inventories excluding autos, which go into the calculation of GDP, rose 0.6% as estimated last month. An inventory drawdown contributed to GDP declining at a record 31.7% annualized rate in the second quarter. Inventories subtracted 3.5 percentage points from GDP, the most since the first quarter of 1988. Inventories have declined for five straight quarters. The economy fell into recession is February. Wholesale inventories fell 0.3% in July. Stocks at manufacturers dropped 0.5%. Business sales increased 3.2% in July after shooting up 8.6% in June. At July's sales pace, it would take 1.33 months for businesses to clear shelves, down from 1.37 months in June. (Reuters)
- **Fed projections show it sees smaller economic hit in 2020 than previously expected –** The Federal Reserve signaled on Wednesday it expects the US economic recovery from the coronavirus crisis to accelerate with unemployment falling faster than the central bank expected in June. In new economic projections released along with the US central bank's latest policy statement, Fed policymakers at the median see economic growth dropping by 3.7% this year, an improvement from the

6.5% drop projected in June. The Fed also expects that the unemployment rate, which has improved faster than officials foresaw in June, will continue to drop, with policymakers at the median expecting joblessness to hit 7.6% at the end of this year and fall to 4% in 2023. Inflation is expected to remain below 2% until 2023. The Fed last month unveiled a new strategy that pledges to lift inflation above the 2% level to make up for years of undershooting that target. The projections are the first that outline how Fed officials see the economy reacting under the new approach to policy, which puts more weight on allowing job growth and also envisions inflation running above target for a period of time. They are also the first since the economy entered what officials hope will be a steady recovery from the recession triggered by the coronavirus epidemic. (Reuters)

- **Fed vows to keep interest rates near zero until inflation rises –** The Federal Reserve kept interest rates pinned near zero on Wednesday and made a bold, new promise: to keep them there until inflation is on track to "moderately exceed" the US central bank's 2% inflation target "for some time." The new guidance marks a monetary policy shift, first announced by the Fed last month, that is aimed to offset years of weak inflation and allow the economy to keep adding jobs for as long as possible. "Effectively what we are saying is that rates will remain highly accommodative until the economy is far along in its recovery," Fed Chair Jerome Powell said in a news conference following the release of the central bank's latest policy statement and economic projections. "That should be a very powerful statement in supporting economic activity" and returning inflation to the Fed's 2% inflation goal faster, he said, adding that he thinks the forward guidance will be "durable" The recovery, Powell noted, is ongoing but the pace is expected to slow, requiring continued support from the Fed and, he said, from further government spending. The Fed's decision drew two dissents, one from a policymaker who thought it went too far, and the other from one who thought it did not go far enough. The Fed also used its policy statement to begin to pivot from stabilizing financial markets to stimulating the economy, saying that it would keep its current government bond-buying at least at the current pace of $120bn per month, in part to ensure "accommodative" financial conditions in the future. (Reuters)
- **US homebuilder confidence hits record high in September –** US single-family homebuilder confidence increased to a record high in September as historically low mortgage rates continue to boost the housing market despite the COVID-19 recession, which has left tens of millions of Americans unemployed. The NAHB/Wells Fargo Housing Market Index (HMI) rose five points to an all-time high of 83 this month, data showed on Wednesday. A reading above 50 indicates that more builders view conditions as good than poor. Builders, however, remained concerned about rising costs for materials and delivery delays, especially for lumber. The housing market has pushed ahead despite nearly 30 million people being on unemployment benefits. Economists say unemployment has disproportionately affected low-wage workers, who are typically renters. The 30-year fixed mortgage rate is around an average of 2.86%, according to data from mortgage finance agency Freddie Mac. The HMI survey's current sales conditions index rose four points to 88 this month. The component measuring sales expectations in the next six months increased six points to 84 and the measure of prospective buyers jumped nine points to 73. (Reuters)
- **UK diner discounts push inflation down to near five-year low –** A hefty drop in meal prices, spurred by Britain's scheme to support the hospitality sector through the COVID-19 pandemic, helped to push inflation down last month to its lowest rate in almost five years. Consumer prices rose by 0.2% in annual terms in August, the smallest increase since December 2015 and a sharp slowdown from July's 1.0% increase, the Office for National Statistics (ONS) said on Wednesday. A Reuters poll of economists had pointed to a reading of 0.0%. Discounts for more than 100mn meals were claimed Last month through the government's "Eat Out to Help Out" program, which offered diners a state-funded price reduction of up to 10 Pounds ($12.89). While this prompted an unusually large fall in the rate of inflation, the effect of the coronavirus pandemic on the economy and a coming surge in unemployment look likely to keep consumer prices in check. Prices in restaurants and cafes were down 2.6% compared with August last year, their first fall since records began in 1989. Falls in air fares and a smaller-than-usual rise in clothes prices also helped to push annual inflation down. (Reuters)
- **UK watchdog warns banks over treatment of customers in debt –** Britain's Financial Conduct Authority told banks and other lenders on Wednesday not to crack down on customers who will struggle after repayment holidays come to an end. When the economy went into lockdown in March to fight the pandemic, regulators set out how providers of credit to consumers like personal loans, overdrafts, motor finance, buy-now-pay-later and pawnbrokers should offer payment deferrals. Millions of consumers have requested three-month payment holidays. People can request a holiday until October 31, meaning it could stretch to the end of next January. The FCA set out guidance on Wednesday on how it expects banks and others to provide tailored support for those still struggling once a second three-month payment holiday ends. Banks should provide support before a payment is missed, be flexible, such as by offering lower interest rates, or agreeing staged reductions in overdraft limits to minimize stress and anxiety for customers, it said. They must not pressurize customers into repaying their debt within an unreasonably short period of time, the FCA said. (Reuters)
- **European Parliament votes for new taxes in EU to repay recovery borrowing –** The European Parliament voted on Wednesday in favor of assigning new tax revenues to the European Union to repay the bloc's intended joint borrowing of 750bn Euros ($888bn) for economic recovery after the COVID-19 pandemic. Lawmakers voted 455 votes in favor and 146 against, with 88 abstentions, to introduce new sources of revenue - so called "own resources" - to the EU budget that should at least cover the costs related to the recovery plan. They could include a tax on unrecycled plastic and on goods imported into the EU from countries with less ambitious climate-change fighting standards. Also under consideration is taxing digital giants and extending an EU CO2 emissions trading scheme into the maritime and aviation sectors. Leaders hope the 750bn Euro recovery fund and its related 1.1tn Euro

2021-2027 budget will help repair the continent's deepest recession since World War Two after the coronavirus outbreak shut down economies. (Reuters)

- **EU Chief Executive says chances for Brexit deal fading every day –** Every passing day reduces chances for sealing a new trade deal with Britain, the European Union's (EU) Chief Executive said on Wednesday, warning London that there was "very little time" left to put an agreement in place by the end of the year. In her major annual policy speech, European Commission President Ursula von der Leyen dedicated just a few sentences to Brexit, mostly focusing on the economic recovery from the coronavirus pandemic as well as digital and climate investments. "With every day that passes, the chances of a timely agreement do start to fade," von der Leyen told the European Parliament in a "state of the (European) Union" speech styled on the ones US presidents deliver. Von der Leyen also stressed both the EU and Britain negotiated and ratified their Brexit divorce deal and warned London the agreement "cannot be unilaterally changed, disregarded or dis-applied". "This is a matter of law, trust and good faith… Trust is the foundation of any strong partnership," she said. Von der Leyen said the bloc would "never backtrack" on UK's divorce deal, which took three years to negotiate, as it was protecting the delicate peace on the island of Ireland from the consequences of Brexit. (Reuters)
- **EU Executive to propose framework for minimal wage in EU –** The European Commission will propose a framework for minimum wages in the 27-nation bloc, European Commission Head Ursula von der Leyen said in a speech on Wednesday. "For too many people, work no longer pays," von der Leyen told the European Parliament in an annual policy speech. "Dumping wages destroys the dignity of work, penalizes the entrepreneur who pays decent wages and distorts fair competition in the Single Market," she said. The issue is politically tricky so the Commission is not trying to set a single EU minimum wage or to impose one minimum wage setting system for all of the 27 countries in the bloc. Instead, it wants to ensure there is a collective bargaining for wages in place, that different national systems have clear and stable criteria, that trade unions and employers are involved in the process, that there are few exemptions and that there are monitoring mechanisms in place. "I am a strong advocate of collective bargaining and the proposal will fully respect national competencies and traditions," von der Leyen said. Minimum wages vary widely in EU countries – in July 2020 ranged from 312Euros a month in Bulgaria to 2,142Euro a month in Luxembourg. (Reuters)
- **BOJ holds fire, sees economic gloom lifting slightly –** The Bank of Japan (BOJ) kept monetary policy steady on Thursday and slightly upgraded it view on the economy, suggesting that no immediate expansion of stimulus was needed to combat the coronavirus pandemic. Markets are focusing on what BOJ Governor Haruhiko Kuroda will say at his post-meeting briefing on how the central bank could work with a new Prime Minister Yoshihide Suga to underpin the economy with its dwindling policy tool-kit. As widely expected, the BOJ maintained its -0.1% short-term interest rate target and a pledge to cap 10-year government bond yields around zero. It also made no major tweaks to its asset-buying and lending programs for easing corporate funding strains. "Japan's economy remains in a severe state but has started to pick up as business activity gradually resumes," the BOJ said in a statement announcing its policy decision. That was slightly more upbeat than its view at the previous rate review in July, when it said the economy was an "extremely severe state." Suga became Japan's first new prime minister in nearly eight years on Wednesday, pledging to contain COVID-19 and push reforms after retaining about half of predecessor Shinzo Abe's lineup in his cabinet. (Reuters)
- **China steel sector sees higher demand in second half, calls to fend off import surges –** Chinese major steel producers had suggested to prevent sharp increase in imports of the industrial metals and to relax purchase of overseas steel scrap, the China Iron and Steel Association (CISA) said on Wednesday. Nine steelmakers, including the biggest China Baowu Steel Group, Shougang Group and Ansteel Group raised concerns on the steel market amid the coronavirus disruptions and rising production costs, the companies said at a conference held by the CISA on September 9. "The steel sector will see increasing demand, sufficient supply, easing but still high inventories, falling but stabilizing performance in the second half of the year," the steel body cited the companies as saying. The steel mills had advised the association to strengthen monitoring of steel trade, push forward mergers and reorganizations and ease raw material supply and demand pressure. China's steel sector has bucked the trend of global sluggish demand due to the pandemic in 2020, supported by a raft of economic stimulus such as infrastructure investments, but also dented by increasing raw material prices and imports. The world's top metals consumer ramped up purchases of hot-rolled coils and semi-finished products in recent months, fueled by lower overseas prices. (Reuters)
- **China tightens supervision of micro lenders' debt levels –** China's banking and insurance regulator set caps on the amount of capital that micro lenders can raise in the debt market, in rules issued on Wednesday, as the government tightens supervision to curb financial risks. The new rules, released on the website of the China Banking and Insurance Regulatory Commission (CBIRC), require micro lenders to control their debt levels. Outstanding loans from other banks, from shareholders and other non-standard sources of funding must not surpass their net assets, according to the rules. Outstanding bonds and other securities issued should be less than four times their net assets. China's micro lenders mainly target the country's small companies, and low-income groups who need capital but find it hard to obtain loans from the banking system. The number of micro lenders bloomed to its peak of nearly 9,000 in 2015 nationwide before shrinking to 7,333 at the end of June, as regulators reined in financial risks in the non-bank industry over the past few years. Outstanding loans extended by micro lenders stood at 884.1bn Yuan ($130.8bn) as of end of June, central bank data showed, including loans issued by micro-lending units of tech giants such as Ant Group, Tencent Holdings and JD.com. To support the economy hit by the coronavirus pandemic this year, the regulator separately encourages micro lenders to lower interest rates on loans that they offer to clients, according to the rules. Loans to clients who invest the funds in stocks, financial

derivatives and illegal property projects are forbidden, it added. (Reuters)

- **RBI chief says India's recovery not entrenched, will only be gradual –** Some high frequency indicators are pointing towards stabilization in economic activity in India but the recovery is still not entrenched and will only be gradual, Reserve Bank of India Governor Shaktikanta Das said on Wednesday. The major economy hardest by the coronavirus pandemic, India has been forecast by most leading economists and banks to contract by around 10% in the fiscal year ending in March. "High frequency indicators of agricultural activity, the purchasing managers index and certain private estimates on unemployment point to some stabilization of economic activity in the second quarter of the current year," Das told members of the Federation of Indian Chambers of Commerce & Industry's national executive committee. "The recovery is not yet fully entrenched," he said. "By all indications, the recovery is likely to be gradual as efforts towards re-opening of the economy are confronted with rising infections." Despite India seeing one of the strictest lockdowns in the world, the country has crossed 5mn COVID-19 infections, and has the world's second highest number of cases. Das also underlined the need to regulate non-bank finance companies (NBFCs) or shadow banks better, while highlighting the positive impact of the measures taken by the RBI to lowering borrowing costs for the government and corporates. (Reuters)
- **Russia to increase state borrowing by $12bn in 2021 –** Russia will increase state borrowing by 875bn Roubles ($11.70bn) in 2021 to compensate for a budget shortfall amid lower oil prices and the coronavirus pandemic, Finance Minister Anton Siluanov said on Wednesday. Russia's debt-to-GDP ratio would rise to 20% next year and should stay at around that level as the country steps up budget spending in the next three years, Siluanov told a government meeting. Russia is increasingly dependent on borrowing as it is facing the threat of extra sanctions over the suspected poisoning of Kremlin critic Alexei Navalny and Moscow's role in the political turmoil in neighboring Belarus. Among other ways to plug holes in the budget, Russia is considering raising a range of taxes for industries including its mining sector, sales of cigarettes and extraction of ultra-high viscous oil. Russia expects its budget to remain in deficit for the next three years as its economy is seen falling by nearly 4% this year before returning to pre-crisis levels in the second half of 2021. Economy Minister Maxim Reshetnikov, speaking at the same government meeting, said the end of an OPEC+ deal over output cuts would give an additional boost to the Russian economy in 2022. The Russian Rouble, which plunged to a four-year low against the euro and was near a six-month low versus the dollar earlier this month, was "slightly undervalued," Reshetnikov said. The Rouble should return to fair levels by the end of the year or early 2021, he said without elaborating. (Reuters)

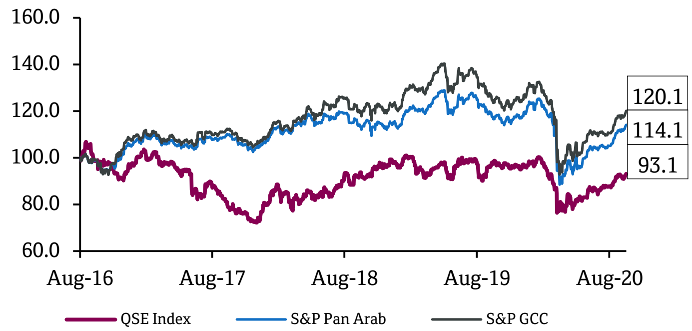
Regional

- **Compliance with oil production cuts in August among OPEC+ members was seen at around 101% –** The UAE has emerged as a major laggard in delivering oil output cuts in August, figures used by OPEC+ showed on Wednesday, as the group meets this week amid signs of a faltering demand recovery. Compliance with oil production cuts in August among OPEC+ members was seen at around 101%, OPEC+ sources told Reuters on Wednesday, a figure calculated using production assessments from six secondary sources. Several of the secondary sources showed the UAE missed its target in August, with the International Energy Agency (IEA) giving OPEC's third-largest producer a score of only 10%, significantly lower than an average of around 80% from other sources. The UAE had said its overproduction was due to higher demand for associated gas for power generation, driven by hot weather and more people ditching foreign holidays, adding that it will compensate for the August rise by reducing its oil supply in the coming months. (Reuters)
- **SAMA approves entertainment insurance products –** The Saudi Arabian Monetary Authority (SAMA), in a nod to the growing entertainment sector, has approved a number of insurance products to cover the risks of canceling live events. The insurance will cover costs in case of cancellation, postponement, suspension, or relocation of officially licensed events for reasons outside the organizer's control, the SAMA said. (Bloomberg)
- **Saudi Aramco exports first shipment of blue ammonia –** Saudi Aramco exported first-ever blue ammonia to Japan, company's Director of technology strategy & planning, Bashir Dabbousi said. Saudi Aramco, like several other state energy producers, is expanding into petrochemicals and other products to capture more value from its crude. (Bloomberg)
- **Saudi Arabia's SALIC ups stake in Brazil's Minerva –** Saudi investment firm Saudi Agricultural and Livestock Investment Co (SALIC) said on Wednesday it had increased its stake in Brazilian meat company Minerva Foods to 33.83% from 25.5%. SALIC, an arm of the desert kingdom's sovereign wealth fund, was formed in 2012 to secure food supplies for Saudi Arabia through mass production and investment. Saudi Arabia consumes 550,000 tons of red meat a year, of which 70% is imported. (Reuters)
- **Middle East Healthcare gets SR305mn facility from Al Rajhi Bank –** Middle East Healthcare gets SR305mn facility from Al Rajhi Bank. It consists of SR120mn revolving loan, renewed periodically, and SR185mn facility for six years including two-year grace period, company said. The guarantee for the facility is Promissory note from the company. (Bloomberg)
- **Emaar Economic reschedules facilities of SR1.7bn from Alinma Bank –** Emaar Economic City has rescheduled two Islamic facilities to facilitate cash flow position, enhance ability to meet commitments, company said. The facilities include SR800mn and SR900mn. It includes a grace period of three years, a repayment over 7.5 years in semi-annual installments. The financing duration is for 15 years. The guarantee includes company provided land as collateral, signed promissory notes for amount of the loan. (Bloomberg)
- **Saudi Pharmaceutical sells part of portfolio for SR482mn –** Saudi Pharmaceutical sells part of portfolio for SR482mn. The sale accounts for 10% of company's assets, Saudi Pharmaceutical said. The realized comprehensive income of SR235mn will be reflected as retained earnings in financial statement. The sale process is ongoing. (Bloomberg)
- **UAE Economy Minister expects $350mn-$550mn in Israel trade –** UAE Minister of Economy, Abdulla bin Touq Al Mari sees

$350mn-$550mn in commerce between the countries, noting the ministry is still working on its formal estimates. Governments are only "catching up" with private sector, Al Mari said. The two agreed to move quickly to strengthen economic ties. Al Mari said the two nations are looking at ways to include the Palestinian areas in future bilateral deals. (Bloomberg)

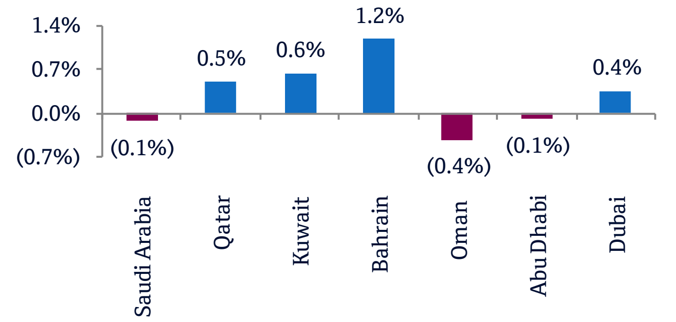
- **UAE signals it will atone for pumping too much oil in July, August –** The UAE sent a fresh signal it will make up for pumping too much oil in the past two months, as crude prices come under renewed pressure from sagging energy demand and rising coronavirus infections. Abu Dhabi National Oil Co. (ADNOC), which produces almost all the UAE's crude, has indicated to refiners and traders that reductions in oil shipments for October will continue through November. ADNOC will cut supplies to customers who buy contracted monthly volumes by 25% in November, according to a statement seen by Bloomberg. All four of ADNOC's grades of crude -- Murban, Umm Lulu, Das and Upper Zakum -- will be affected. It follows ADNOC slashing allocations for October by 30%. The company, owned by the Abu Dhabi government, usually informs long-term buyers of its supply plans around the 27th day of each month. Its decision to issue a statement early could be an attempt to flag its commitment to output reductions agreed by the OPEC and partners including Russia at the height of the pandemic in April. (Bloomberg)
- **DP World to partner with Israeli firm in bid for Haifa Port –** Dubai's DP World is partnering with an Israeli group to bid for one of Israel's two main ports and to examine opening a direct shipping line between the two Middle East states, it said on Wednesday. The announcement came a day after Israel and the United Arab Emirates signed an historic agreement to normalize ties and marks a big development in trade and economic collaboration. Dubai state-owned DP World, which operates ports from Hong Kong to Buenos Aires, signed a series of agreements with Israel's DoverTower including a joint bid in the privatization of Haifa Port on the Mediterranean, one of Israel's two main sea terminals. "Israel has two ports, the port of Ashdod and the port of Haifa. They are strong ports in excellent locations. If there is an opportunity, there is nothing to prevent us from having a presence there," DP World Chairman, Sultan Ahmed bin Sulayem told Arabiya TV. (Reuters)
- **Emirates Islamic Bank expected to sell $500mn in 5-year Sukuk –** Emirates Islamic Bank is expected to sell $500mn in five-year Sukuk, or Islamic bonds, and has received over $1.2bn in orders for the debt sale, a document seen by Reuters showed on Wednesday. The lender tightened price guidance for the Sukuk by 15 basis points (bps) to around 155 bps over mid-swaps, according to the document from one of the banks arranging the deal, which is expected to close later on Wednesday. (Reuters)
- **Unikai Foods hikes prices to recoup losses –** Unikai Foods, which has a manufacturing facility in Dubai, has unveiled plans to increase sale prices and discontinue some of its products as part of a multi-year plan to recoup accumulated losses that have so far reached about 20% of the company's paid-up capital. The maker and distributor of milk, laban and juice products have been incurring losses since 2018, partly due to stiff competition in the market and the implementation of the value-added tax and excise tax in the UAE. Its revenues fell by eight percent to AED312mn in 2019 when compared to 2018, and by 12% when compared to 2017. The company expects its revenues to drop further this year by more than 20% to AED243mn, due to the coronavirus pandemic. In a statement to the Dubai Financial Market (DFM) on Wednesday, the company said, it intends to improve its gross margins by approximately 35% to 37% over the next few years through the implementation of a loss recovery plan. It also shared plans to expand into other markets in the GCC region, such as Saudi Arabia and Kuwait. (Zawya)
- **Abu Dhabi Investment Office to open Tel Aviv office –** The state-run Abu Dhabi Investment Office (ADIO) is to open its first office outside the UAE in Tel Aviv, the Abu Dhabi Media Office said on Wednesday, following normalization of relations between the UAE and Israel. Israel on Tuesday signed normalization agreements at the White House in Washington with both the UAE and Bahrain. "Tel Aviv is the first in a planned network of international offices that will support companies looking to expand their operations in Abu Dhabi, and to connect innovators from around the world to solve global challenges," the statement on Twitter said. ADIO and Invest in Israel, part of the economy ministry, agreed two weeks ago on bilateral investment cooperation. (Reuters)
- **Abu Dhabi's sovereign fund ADIA discloses 5.05% stake in Cheniere Energy –** Abu Dhabi Investment Authority (ADIA), UAE's biggest sovereign wealth fund, has disclosed a 5.05% stake in US liquefied natural gas producer Cheniere Energy in a filing with the US Securities and Exchange Commission. ADIA, which manages about $700bn in assets, invests on behalf of the Government of Abu Dhabi overseas in listed and unlisted assets. The value of the stake is around $615mn, based on Cheniere's last traded price. (Reuters)
- **ADIB signs memorandum of understanding with Israel's Bank Leumi –** Abu Dhabi Islamic Bank (ADIB) has signed a memorandum of understanding (MoU) with Israel's no. 2 lender Bank Leumi to explore areas for future cooperation in the UAE, Israel and other international markets. The deal is intended to open new business and trade opportunities for customers, and support individuals travelling to Israel or businesses looking to benefit from access to new market, ADIB said in a statement. (Reuters)
- **Oman, EOG Resources sign oil exploration pact –** Oman and EOG Resources Inc have signed a pact to explore Block 36, according to the state-run Oman News Agency. The company plans to drill at least two wells in the block by mid-2022. (Bloomberg)

Rebased Performance



Source: Bloomberg

Daily Index Performance



Source: Bloomberg

Asset/Currency Performance	Close ($)	1D%	WTD%	YTD%
Gold/Ounce	1,959.26	0.3	1.0	29.1
Silver/Ounce	27.16	0.1	1.6	52.1
Crude Oil (Brent)/Barrel (FM Future)	42.22	4.2	6.0	(36.0)
Crude Oil (WTI)/Barrel (FM Future)	40.16	4.9	7.6	(34.2)
Natural Gas (Henry Hub)/MMBtu	2.06	(5.9)	6.7	(1.4)
LPG Propane (Arab Gulf)/Ton	51.25	3.0	9.0	24.2
LPG Butane (Arab Gulf)/Ton	59.25	3.0	10.2	(9.5)
Euro	1.18	(0.3)	(0.3)	5.4
Yen	104.95	(0.5)	(1.1)	(3.4)
GBP	1.30	0.6	1.3	(2.2)
CHF	1.10	(0.1)	(0.1)	6.4
AUD	0.73	0.1	0.3	4.1
USD Index	93.21	0.2	(0.1)	(3.3)
RUB	75.01	(0.0)	(0.0)	21.0
BRL	0.19	0.8	1.6	(23.2)

Source: Bloomberg

Global Indices Performance	Close	1D%*	WTD%*	YTD%*
MSCI World Index	2,403.50	(0.2)	1.5	1.9
DJ Industrial	28,032.38	0.1	1.3	(1.8)
S&P 500	3,385.49	(0.5)	1.3	4.8
NASDAQ 100	11,050.47	(1.2)	1.8	23.2
STOXX 600	373.13	0.4	1.4	(5.4)
DAX	13,255.37	0.1	0.4	5.6
FTSE 100	6,078.48	0.2	2.3	(21.1)
CAC 40	5,074.42	(0.0)	0.8	(10.6)
Nikkei	23,475.53	0.6	1.5	3.0
MSCI EM	1,116.99	0.4	2.3	0.2
SHANGHAI SE Composite	3,283.92	0.1	1.9	11.0
HANG SENG	24,725.63	(0.0)	0.9	(11.8)
BSE SENSEX	39,302.85	0.9	1.1	(7.6)
Bovespa	99,675.70	(0.1)	2.3	(34.1)
RTS	1,251.86	(0.1)	2.4	(19.2)

Source: Bloomberg (*$ adjusted returns)

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