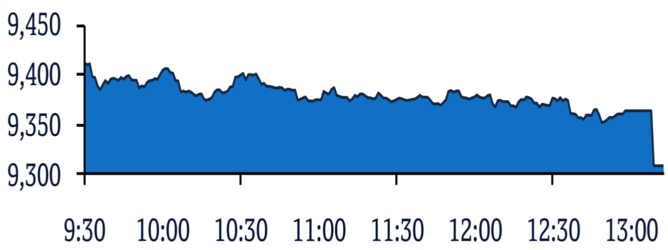
Daily Market Report

Sunday, 19 July 2020

QSE Intra-Day Movement



Qatar Commentary

The QE Index declined 0.9% to close at 9,310.7. Losses were led by the Industrials and Real Estate indices, falling 2.7% and 1.8%, respectively. Top losers were Investment Holding Group and Al Khaleej Takaful Insurance Company, falling 6.9% and 4.7%, respectively. Among the top gainers, Doha Bank gained 4.8%, while Qatar Insurance Company was up 4.6%.

GCC Commentary

Saudi Arabia: The TASI Index gained 0.1% to close at 7,426.8. Gains were led by the Media and Real Estate Mgmt & Dev't indices, rising 1.9% and 1.8%, respectively. Tihama Advertising and Arab Sea Information Systems were up 9.9% each.

Dubai: The DFM Index gained 0.2% to close at 2,052.7. The Services and Consumer Staples and Discretionary indices rose 1.5% each. Tabreed rose 3.7%, while Emaar Properties was up 1.9%.

Abu Dhabi: The ADX General Index gained 1.3% to close at 4,274.5. The Banks index rose 2.0%, while the Energy index gained 1.0%. Abu Dhabi Ship Building Company rose 8.5%, while Eshraq Investments was up 4.6%.

Kuwait: The Kuwait All Share Index fell 0.8% to close at 5,046.2. The Industrials index declined 1.4%, while the Basic Materials index fell 1.3%. Kuwait Co. for Process Plant declined 9.2%, while Real Estate Trade Centers Co. was down 8.6%.

Oman: The MSM 30 Index fell 0.3% to close at 3,450.2. Losses were led by the Financial and Services indices, falling 0.6% and 0.4%, respectively. Oman United Insurance Company declined 5.1%, while Vision Insurance was down 5.0%.

Bahrain: The BHB Index fell 0.1% to close at 1,302.5. The Commercial Banks index declined 0.5%, while the other indices ended flat or in green. Khaleeji Commercial Bank declined 7.3%, while Ahli United Bank was down 0.8%.

QSE Top Gainers	Close*	1D%	Vol. '000	YTD%
Doha Bank	2.40	4.8	5,607.7	(5.1)
Qatar Insurance Company	2.10	4.6	21,216.8	(33.5)
Ezdan Holding Group	1.34	4.1	16,324.1	118.4
Qatari German Co for Med. Devices	1.77	3.3	11,145.8	203.4
The Commercial Bank	3.80	0.8	3,733.1	(19.1)

QSE Top Volume Trades	Close*	1D%	Vol. '000	YTD%
Investment Holding Group	0.53	(6.9)	230,642.3	(6.9)
Qatar Aluminium Manufacturing	0.92	(3.1)	26,137.7	17.8
United Development Company	1.17	(1.6)	24,925.5	(23.2)
Qatar Insurance Company	2.10	4.6	21,216.8	(33.5)
Salam International Inv. Ltd.	0.45	(1.5)	16,776.4	(13.2)

Market Indicators	16 Jul 20	15 Jul 20	%Chg.
Value Traded (QR mn)	648.3	708.3	(8.5)
Exch. Market Cap. (QR mn)	545,005.8	548,710.0	(0.7)
Volume (mn)	482.9	630.4	(23.4)
Number of Transactions	10,267	12,530	(18.1)
Companies Traded	45	45	0.0
Market Breadth	12:27	24:18	–

Market Indices	Close	1D%	WTD%	YTD%	TTM P/E
Total Return	17,899.44	(0.9)	(0.1)	(6.7)	15.0
All Share Index	2,910.61	(0.8)	(0.0)	(6.1)	16.0
Banks	4,029.99	(0.5)	(0.3)	(4.5)	13.7
Industrials	2,613.92	(2.7)	(0.8)	(10.8)	20.8
Transportation	2,870.60	0.2	0.6	12.3	13.7
Real Estate	1,582.10	(1.8)	(0.5)	1.1	15.6
Insurance	2,089.42	2.7	6.0	(23.6)	32.8
Telecoms	920.69	(0.2)	2.8	2.9	15.5
Consumer	7,362.73	(0.4)	0.1	(14.8)	21.2
Al Rayan Islamic Index	3,766.59	(1.6)	0.9	(4.7)	17.5

GCC Top Gainers##	Exchange	Close#	1D%	Vol. '000	YTD%
Jabal Omar Dev. Co.	Saudi Arabia	25.65	5.0	3,902.9	(5.5)
Qatar Insurance Co.	Qatar	2.10	4.6	21,216.8	(33.5)
First Abu Dhabi Bank	Abu Dhabi	10.88	2.6	2,114.4	(28.2)
Saudi British Bank	Saudi Arabia	24.20	2.6	1,463.6	(30.3)
Emaar Properties	Dubai	2.64	1.9	10,361.7	(34.3)

GCC Top Losers##	Exchange	Close#	1D%	Vol. '000	YTD%
Mesaieed Petro. Holding	Qatar	2.10	(4.0)	6,287.4	(16.3)
Barwa Real Estate Co.	Qatar	3.26	(3.6)	3,394.3	(8.1)
Industries Qatar	Qatar	7.91	(3.6)	2,002.8	(23.1)
Sembcorp Salalah Power.	Oman	0.11	(2.7)	206.9	(19.3)
Qatar Islamic Bank	Qatar	15.60	(2.3)	1,778.4	1.8

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%
Investment Holding Group	0.53	(6.9)	230,642.3	(6.9)
Al Khaleej Takaful Insurance Co.	1.69	(4.7)	3,620.3	(15.7)
Mesaieed Petrochemical Holding	2.10	(4.0)	6,287.4	(16.3)
Dlala Brokerage & Inv. Holding Co	1.40	(3.9)	1,850.5	129.1
Qatar First Bank	1.24	(3.8)	6,573.1	52.1

QSE Top Value Trades	Close*	1D%	Val. '000	YTD%
Investment Holding Group	0.53	(6.9)	124,653.9	(6.9)
QNB Group	18.18	(0.4)	64,443.9	(11.7)
Qatar Insurance Company	2.10	4.6	43,629.9	(33.5)
United Development Company	1.17	(1.6)	29,443.9	(23.2)
Qatar Islamic Bank	15.60	(2.3)	28,015.4	1.8

Source: Bloomberg (* in QR)

Regional Indices	Close	1D%	WTD%	MTD%	YTD%	Exch. Val. Traded ($ mn)	Exchange Mkt. Cap. ($ mn)	P/E**	P/B**	Dividend Yield
Qatar*	9,310.66	(0.9)	(0.1)	3.5	(10.7)	177.34	148,950.1	15.0	1.4	4.3
Dubai	2,052.67	0.2	(1.4)	(0.6)	(25.8)	44.73	79,537.4	6.2	0.7	4.7
Abu Dhabi	4,274.46	1.3	(0.5)	(0.3)	(15.8)	25.58	161,996.1	14.1	1.3	6.0
Saudi Arabia	7,426.76	0.1	0.1	2.8	(11.5)	1,537.74	2,252,433.9	22.5	1.8	3.5
Kuwait	5,046.16	(0.8)	(1.7)	(1.6)	(19.7)	73.05	93,456.9	14.7	1.2	3.9
Oman	3,450.20	(0.3)	(1.3)	(1.9)	(13.3)	3.23	15,847.9	9.9	0.8	6.9
Bahrain	1,302.48	(0.1)	1.3	1.9	(19.1)	4.80	19,751.6	9.7	0.8	5.4

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

Qatar Market Commentary

- The QE Index declined 0.9% to close at 9,310.7. The Industrials and Real Estate indices led the losses. The index fell on the back of selling pressure from Qatari shareholders despite buying support from GCC, Arab and Foreigners shareholders.
- Investment Holding Group and Al Khaleej Takaful Insurance Company were the top losers, falling 6.9% and 4.7%, respectively. Among the top gainers, Doha Bank gained 4.8%, while Qatar Insurance Company was up 4.6%.
- Volume of shares traded on Thursday fell by 23.4% to 482.9mn from 630.4mn on Wednesday. However, as compared to the 30-day moving average of 290.8mn, volume for the day was 66.1% higher. Investment Holding Group and Qatar Aluminium Manufacturing Company were the most active stocks, contributing 47.8% and 5.4% to the total volume, respectively.

Overall Activity	Buy %*	Sell %*	Net (QR)
Qatari Individuals	45.16%	44.65%	3,313,384.1
Qatari Institutions	22.09%	27.55%	(35,420,007.9)
Qatari	**67.25%**	**72.20%**	**(32,106,623.8)**
GCC Individuals	1.32%	0.91%	2,666,755.9
GCC Institutions	2.26%	1.58%	4,447,343.9
GCC	**3.58%**	**2.48%**	**7,114,099.7**
Arab Individuals	12.11%	10.68%	9,307,242.6
Arab Institutions	0.00%	0.05%	(304,932.0)
Arab	**12.12%**	**10.73%**	**9,002,310.7**
Foreigners Individuals	3.22%	4.36%	(7,373,720.6)
Foreigners Institutions	13.83%	10.23%	23,363,933.9
Foreigners	**17.06%**	**14.59%**	**15,990,213.3**

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

Earnings Releases, Global Economic Data and Earnings Calendar

Earnings Releases

Company	Market	Currency	Revenue (mn) 2Q2020	% Change YoY	Operating Profit (mn) 2Q2020	% Change YoY	Net Profit (mn) 2Q2020	% Change YoY
Jarir Marketing Co.	Saudi Arabia	SR	2,373.9	25.4%	227.0	19.1%	208.4	23.2%
Al Sharqiya Investment Holding Co.#*	Oman	OMR	944.6	3.9%	–	–	461.0	4.3%
Al Fajar Al Alamia Co.#**	Oman	OMR	18,314.0	-11.4%	–	–	50.0	-97.2%

Source: Company data, DFM, ADX, MSM, TASI, BHB. (# – Values in Thousands, *Financial for FY2019, ** Financial for the Year ended June 30, 2020.)

Global Economic Data

Date	Market	Source	Indicator	Period	Actual	Consensus	Previous
07/16	US	Department of Labor	Initial Jobless Claims	11-Jul	1300k	1250k	1310k
07/16	US	Department of Labor	Continuing Claims	4-Jul	1,7338k	1,7500k	1,7760k
07/16	US	Bloomberg	Bloomberg Consumer Comfort	12-Jul	44.3	–	42.9
07/16	US	U.S. Census Bureau	Business Inventories	May	-2.30%	-2.30%	-1.40%
07/16	UK	UK Office for National Statistics	Employment Change 3M/3M	May	-125k	-275k	6k
07/17	EU	Eurostat	CPI YoY	Jun	0.30%	0.30%	0.30%
07/17	EU	Eurostat	CPI MoM	Jun	0.30%	0.30%	0.30%
07/17	EU	Eurostat	CPI Core YoY	Jun	0.80%	0.80%	0.80%
07/16	France	INSEE National Statistics Office	CPI MoM	Jun	0.10%	-0.10%	-0.10%
07/16	France	INSEE National Statistics Office	CPI YoY	Jun	0.20%	0.10%	0.10%
07/16	China	National Bureau of Statistics	GDP SA QoQ	2Q2020	11.50%	9.60%	-10.00%
07/16	China	National Bureau of Statistics	GDP YoY	2Q2020	3.20%	2.40%	-6.80%
07/16	China	National Bureau of Statistics	GDP YTD YoY	2Q2020	-1.60%	-2.40%	-6.80%
07/16	China	National Bureau of Statistics	Industrial Production YoY	Jun	4.80%	4.80%	4.40%
07/16	China	National Bureau of Statistics	Industrial Production YTD YoY	Jun	-1.30%	-1.50%	-2.80%

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

Earnings Calendar

Tickers	Company Name	Date of reporting 2Q2020 results	No. of days remaining	Status
IHGS	Islamic Holding Group	19-Jul-20	0	Due
QEWS	Qatar Electricity & Water Company	19-Jul-20	0	Due
ABQK	Ahli Bank	20-Jul-20	1	Due
GWCS	Gulf Warehousing Company	21-Jul-20	2	Due
QIGD	Qatari Investors Group	21-Jul-20	2	Due
QNCD	Qatar National Cement Company	22-Jul-20	3	Due
QIIK	Qatar International Islamic Bank	22-Jul-20	3	Due
KCBK	Al Khalij Commercial Bank	23-Jul-20	4	Due
CBQK	The Commercial Bank	23-Jul-20	4	Due
QAMC	Qatar Aluminum Manufacturing Company	23-Jul-20	4	Due
WDAM	Widam Food Company	23-Jul-20	4	Due
NLCS	Alijarah Holding	23-Jul-20	4	Due
QATI	Qatar Insurance Company	26-Jul-20	7	Due
QFBQ	Qatar First Bank	27-Jul-20	8	Due
BRES	Barwa Real Estate Company	27-Jul-20	8	Due
QIMD	Qatar Industrial Manufacturing Company	27-Jul-20	8	Due
IQCD	Industries Qatar	27-Jul-20	8	Due
DHBK	Doha Bank	27-Jul-20	8	Due
QGRI	Qatar General Insurance & Reinsurance Company	28-Jul-20	9	Due
VFQS	Vodafone Qatar	28-Jul-20	9	Due
MCGS	Medicare Group	28-Jul-20	9	Due
QISI	Qatar Islamic Insurance Group	28-Jul-20	9	Due
ORDS	Ooredoo	28-Jul-20	9	Due
AHCS	Aamal Company	29-Jul-20	10	Due
UDCD	United Development Company	29-Jul-20	10	Due
AKHI	Al Khaleej Takaful Insurance Company	5-Aug-20	17	Due
IGRD	Investment Holding Group	10-Aug-20	22	Due
SIIS	Salam International Investment Limited	10-Aug-20	22	Due
MERS	Al Meera Consumer Goods Company	12-Aug-20	24	Due
GISS	Gulf International Services	12-Aug-20	24	Due
MPHC	Mesaieed Petrochemical Holding Company	13-Aug-20	25	Due

Source: QSE

News

Qatar

- **IGRD to disclose 2Q2020 financials on August 10 –** Investment Holding Group (IGRD) will disclose the financial reports for the period ending June 30, 2020 on August 10, 2020. The company will hold its conference call with the Investors to discuss the financial results for 2Q2020 on August 13, 2020 at 2:00pm Doha Time. (QSE)
- **Fitch Solutions more optimistic about Qatar growth in 2021 –** Fitch Solutions (Fitch) is more optimistic about Qatar's growth in 2021 due to favorable base effects, preparations for the 2022 FIFA World Cup and higher natural gas output. While Fitch holds a pessimistic view about activity in 2020, it expects that Qatar's economy will bounce back in 2021 with an expected headline growth of 3.4% next year. The following factors will support the acceleration in Qatar's headline growth to 3.4% in 2021, Fitch Solutions said in its latest economic update. (1) Base Effects: Business activity will experience favorable base effects throughout most of 2021 as COVID-19-related restrictions are lifted. (2) 2022 FIFA World Cup: The world cup will prompt businesses to expand operations and output in anticipation of a large increase in tourism-driven demand. Business sentiment will therefore strengthen, while retail activity and employment will rise. (3) Hydrocarbon production: Fitch Solutions expects that natural gas production will grow by 4% in 2021 as external demand begins to pick up again and global growth returns to positive territory. Fitch Solutions noted that a large (mostly monetary) stimulus (12.3% of GDP) will facilitate a speedy recovery once COVID-19-related disruptions to activity dissipate and the government lifts the social distancing measures. Of these measures, the most significant include a six-month grace period for loan installments (from the private sector) and ample liquidity injections into the banking sector by the Qatar Central Bank. (Gulf-Times.com)
- **CI Ratings affirms Qatar's sovereign ratings –** Capital Intelligence Ratings (CI Ratings) has affirmed the Long-Term Foreign Currency Rating (LT FCR) and Long-Term Local Currency Rating (LT LCR) of Qatar at 'AA-'. The sovereign's Short-Term Foreign Currency Rating (ST FCR) and Short-Term Local Currency Rating (ST LCR) have also been affirmed at 'A1+'. The Outlook for the ratings remains 'Stable', CI Ratings announced. (Peninsula Qatar)
- **Yara plans $530mn buyback after Qatar sale closes –** Yara International (Yara) will buy back 5% of its shares, valued at $530mn based on current prices, once it has completed the sale of its stake in Qatar Fertiliser Company, the Norwegian fertilizer maker said. The purchases are expected to start within two to three weeks, following the completion of its $1bn transaction with Qatar Petroleum, Yara said in its second-quarter report on Friday. The Oslo-based company had said in March it would consider extraordinary dividends and/or buybacks following the deal. Yara will buy 3.2% of its outstanding shares in the market by the end of the first quarter, with the Norwegian government – which owns 36% of the company – selling a proportionate stake separately. (Bloomberg
- **QIBK to hold Investor relation conference call on July 20 –** Qatar Islamic Bank (QIBK) will hold its conference call with the Investors to discuss the financial results for 2Q2020 on July 20, 2020 at 11:00 am Doha Time. (QSE)
- **ABQK to hold Investor relation conference call on July 22 –** Ahli Bank (ABQK) will hold its conference call with the Investors to discuss the financial results for 2Q2020 on July 22, 2020 at 12:00 pm Doha Time. (QSE)
- **BRES to hold Investors relation conference call on July 28 –** Barwa Real Estate Company (BRES) will hold its conference call with the Investors to discuss the financial results for 2Q2020 on July 28, 2020. (QSE)
- **UDCD launches construction works in Gewan Island with 15 mixed-use buildings, crystal walkway –** United Development Company (UDCD) has held a ceremonial concrete pouring to announce the launch of construction works at Gewan Island, starting with Crystal Residence's 15 mixed-use buildings and the climatized outdoor Crystal Walkway, the island's retail hub. Crystal Residence's low-rise buildings sit at the heart of Gewan Island within a vibrant commercial and residential district, with unobstructed sea views from one side and the lively Crystal Walkway from the other. Once completed in 2022, they will have 586 apartment units from one to four bedrooms, 101 public retail, entertainment and dining outlets, comprehensive leisure facilities for residents, and 1,456 underground car parks. Most recently, UDCD had awarded the contracts for building, landscape, and infrastructure works on the Island, while dredging activities and construction of the main entrance's cable-stayed bridge – a landmark and engineering masterpiece that connects The Pearl-Qatar to Gewan Island – continue, demonstrating UDCD's commitment to its strategy and the development timeline of all its projects despite the current challenging situation. The commencement of construction of Crystal Residence is a major milestone for UDCD as this district constitutes the spine of Gewan Island due to its central location as well as its diversified residential and retail products on offer. (Gulf-Times.com)
- **Staycations to stimulate Qatar's hospitality sector –** The staycation offers announced by several hotels will revitalize Qatar's hospitality sector. Hotels across the country have launched exciting offers to attract citizens and residents. Staycation, a term coined by merging 'stay' and 'vacation', refers to a vacation spent in home country rather than abroad. Along with revitalizing the guests, these staycations will boost domestic tourism and stimulate the economy. Usually, the advent of summer marks the flight of people from the country. People would either go to Europe and other exotic destinations for vacation or would head to their home countries. But COVID-19 outbreak has changed the game for hospitality sector this year. Due to travel restrictions imposed to limit COVID-19 spread, citizens and residents are left with no options but to spend their vacations in Qatar. The hospitality sector is trying to turn the adversity into opportunity by launching staycation offers. Hotels have announced offers which can be a perfect getaway during summer for citizens and residents looking to take a break to rejuvenate themselves. Staycation offers vary from hotels to hotels but generally include up to 50% discount on rooms and include breakfast, discount on food and beverages, early check-in and late check-out, access to

swimming pools, and many other such benefits. (Peninsula Qatar)

- **Qatar Chamber: Food industries sector posts QR4.4bn capital investments in five years –** Capital investments in Qatar's food industries sector in the past five years stood at QR4.4bn, reflecting a 35% jump in the total growth of the country's manufacturing sector, according to the latest issue of Al Moltaqa, Qatar Chamber's monthly economic magazine. The magazine reported that the growth recorded in the country's food industries' capital investments was gleaned from an ongoing study by Qatar Chamber's Research and Industries Department. The study, titled 'Production Capacities and Degree of Utilization as an Input to Enhance the Growth of the Manufacturing Industry in Qatar', revealed that based on the type of manufacturing industries, they are distributed over the entire branches of manufacturing industries even if a large percentage is distributed among different food industries. Previously, Qatar Chamber reported that the country's manufacturing industry witnessed "considerable growth" in the number of facilities and production in the past five years. Citing data provided by the Ministry of Commerce and Industry (Qatar Industrial Gateway), the study showed that the number of food production facilities grew by 103% — "the largest growth rate among all other manufacturing industries including oil and gas-related industries." The study said the quantitative and qualitative development contributed significantly to increasing industrial diversity, according to the plans adopted by the country to achieve economic stability through diversifying sources of income, as well as increasing the attractiveness of the Qatari economy to domestic and foreign investments. It said the rise in market shares of Qatari manufacturing industries in local markets to "satisfying levels near to achieving the relative self-sufficiency" would help provide the national economy with a solid basic foundation for the next planning stage for the industry's future. (Gulf-Times.com)
- **Ezdan: Residential properties worth QR225.6mn registered during July 5 to 9 –** Over the past week, the property sale market has witnessed the control of residences and residential buildings on the largest share of property sale volume by registering 53 deals worth QR225.6mn, while land lots registered 67 property sale deals at an aggregate value of QR191.4mn, according to the latest Ezdan Real Estate (Ezdan) report. The breakdown of property sale activity registered from July 5 to 9 by the Real Estate Registration Department reflects 121 property sale deals worth approximately QR455.4mn, distributed over eight municipalities: Salal, Al Khor, Al Dhakhira, Doha, Al Rayyan, Al Shamal, Shehaniya, Daayen, and Al Wakrah. The deals included vacant land lots, residences, multi-use buildings, multi-use land lots, and residential buildings. Al Daayen Municipality accounted for the highest deal in terms of value by selling a residential building in Lusail over an area of 1,876 square meters at QR2,456 per square foot, totaling QR49.6mn. Doha Municipality landed the second highest record deal by selling a multi-use building in Al Sadd spanning over 1,248 square meters sold at QR2,866 per square foot, totaling QR 38.5mn. Al Daayen Municipality witnessed the lowest sale deal in terms of value for a land lot spreading over 205 square meters, at a square foot price of no more than QR193, totaling QR425.000. (Gulf-Times.com)
- **Robust master plan urged for Qatar capital market with focus on long-term debt –** Energy rich Qatar should have a robust master plan for capital market with top priority accorded to long-term debt, as large corporates in the energy, transport and logistics sectors make ideal candidates for longer gestation papers, said a joint report from the Qatar Financial Centre (QFC) and Refinitiv. "The long-term growth of Qatar's domestic debt capital market should be a top priority in the master plan with a focus on driving corporate bond and Sukuk issuance," the report said. This comes as part of its suggestion to establish a joint comprehensive master plan dedicated to capital markets by financial sector regulators in order to further underline the sovereign commitment to establishing Qatar as a world-class investment hub and financial centre. The Qatari government remains the most active issuers in the domestic debt market, typically with maturities of 3, 5, 7 and 10 years, and it has announced its intention to maintain a benchmark yield curve that would facilitate better pricing of local corporate issuances. With a sovereign benchmark yield curve in place, the report said, regulators must focus on eliminating bottlenecks in the issuance and the listing processes and consider the introduction of cost-saving incentives to attract corporate issuers. (Gulf-Times.com)

International

- **IMF chief warns global economy 'not out of the woods,' dangers lurk –** Global economic activity is picking up after an unprecedented decline this year due to the coronavirus pandemic, but a second major wave of infections could trigger more disruptions, the International Monetary Fund's (IMF) top official said. IMF Managing Director Kristalina Georgieva said the fiscal costs of actions aimed at containing the pandemic and mitigating its economic fallout were driving up already high debt levels, but it was premature to start withdrawing needed safety nets. "We are not out of the woods yet," she said in a blog posting ahead of Saturday's virtual meeting of finance ministers and central bank governors from the Group of 20 major economies. The IMF last month further slashed its 2020 global output forecasts, predicting a 4.9% contraction and weaker-than-expected recovery in 2021. Georgieva said $11tn in fiscal measures by G20 members and other countries, as well as massive central bank liquidity injections, have put a floor under the global economy. Even so, dangers lurked, she said, including a major new wave of infections, stretched asset valuations, volatile commodity prices, rising protectionism and political instability. Some countries lost more jobs in March and April than had been created since the end of the 2008 global financial crisis, and many of those jobs will never return, Georgieva said. Job losses, bankruptcies and industry restructuring could pose significant challenges for the financial sector, including credit losses to financial institutions and investors, she said. To ensure stability, continued coordination across central banks and support from international financial institutions was essential, she said. Regulation should also support the flexible use of capital to keep credit lines open for businesses. "Monetary policy should remain accommodative where output gaps are significant and inflation is below target, as is the case in many countries during this crisis," she said. (Reuters)

- **IMF exploring additional tools to provide aid to pandemic-hit countries –** The International Monetary Fund (IMF) is exploring additional tools to provide financing to the world's poorest countries and others hit hard by the coronavirus pandemic, Managing Director Kristalina Georgieva said on Saturday. Georgieva told finance ministers and central bank governors from the Group of 20 major economies that they should consider extending a freeze in official bilateral debt service payments offered to the poorest countries beyond the end of the year, and work to promote greater private-sector participation. Beyond that, she said there is a need to think about "more comprehensive debt relief for many countries," given the severity of the crisis and the high debt levels already in place before the current crisis. (Reuters)
- **World Bank Chief: G20 should start talks on reducing debts of poorest countries –** World Bank President David Malpass on Saturday urged the Group of 20 major economies to extend a freeze in official debt payments by the poorest countries through the end of 2021, and said they should start talks on reducing the debt of some countries. Malpass told a virtual meeting of G20 finance officials that some major official creditors were not participating fully in the Debt Service Suspension Initiative (DSSI), and private creditors should stop collecting payments from the poorest countries. "Even with these immediate steps … many of the poorest countries won't be able to make the resulting debt burdens sustainable in the medium term," he said. "I urge the G20 to open the door to consultations about the debt overhang itself and effective ways to reduce the net present value of both official bilateral and commercial debt for the poorest countries." (Reuters)
- **Flight to suburbs boosts US homebuilding, but COVID-19 surge erodes consumer sentiment –** US homebuilding increased in June by the most in nearly four years amid reports of rising demand for housing in suburbs and rural areas as companies allow employees to work from home during the COVID-19 pandemic. But a resurgence in new coronavirus infections across the country eroded consumer sentiment in mid-July, other data showed on Friday, threatening the nascent housing and economic recovery. Some areas in virus hot spots in the populous South and West regions have either shut down businesses again or paused re-openings. The economy slipped into recession in February. "Home building is coming back at a steady, if unspectacular pace," said Robert Frick, corporate economist at Navy Federal Credit Union in Vienna, Virginia. "The numbers also verify that many people are leaving, or planning to leave, big cities as telecommuting becomes the norm for many businesses." Housing starts increased 17.3% to a seasonally adjusted annual rate of 1.186mn units last month, the Commerce Department said. The percentage gain was the largest since October 2016. Data for May was revised up to a 1.011mn unit pace from the previously reported 974,000. Still, homebuilding remains 24.3% below its February level. The South and the West accounted for about 75% of housing starts last month. Economists polled by Reuters had forecast starts increasing to a rate of 1.169mn units. (Reuters)
- **US retail sales snap back; high unemployment, rising COVID-19 loom over recovery –** US retail sales rose more than expected in June as consumers bought big-ticket items like motor vehicles and dined out, but a resurgence in new COVID-19 cases is chipping at the budding recovery, keeping 32mn Americans on unemployment benefits. Economists attributed the second straight monthly increase in retail sales reported by the Commerce Department on Thursday to the government's additional weekly $600 checks for the unemployed, a benefit that is set to end on July 31. The expiration of the program will leave millions of gig workers and the self-employed among others, who do not qualify for regular state unemployment insurance, without an income. Economists warned this would undercut consumer spending and the overall economy at a time when new cases of the coronavirus are sky-rocketing, especially in the densely populated South and West, and forcing some authorities in these regions to either close businesses again or pause re-openings. Retail sales rose 7.5% last month after jumping 18.2% in May, which was the biggest gain since the government started tracking the series in 1992. Economists polled by Reuters had forecast retail sales advancing 5% in June. (Reuters)
- **IMF staff: US economy faces significant risks, long road to recovery –** The US economy is forecast to shrink by 6.6% in 2020 due to the shock of the coronavirus pandemic, but a resurgence in coronavirus infections and a systemic increase in poverty could worsen that outlook, the staff of the International Monetary Fund warned on Friday. After concluding a regular Article IV review of the world's largest economy, IMF staff cited other risks, including a big increase in government and corporate debt levels, and the prospect of a long period of low, or even negative, inflation. "There are tremendous uncertainties surrounding the economic propagation of the COVID-19 shock," they said in a note. "It will likely take a prolonged period to repair the economy and to return activity to pre-pandemic levels." It said US policymakers had acted quickly and assertively to protect US lives and businesses, but further policy steps would be needed to boost demand and support the most vulnerable. The coronavirus has infected more than 3.5mn Americans and killed nearly 140,000, both figures leading the world. The country shattered a daily record on Thursday, reporting more than 77,000 new cases, a Reuters tally showed. (Reuters)
- **Treasury's Mnuchin open to blanket forgiveness for smaller business relief loans –** US Treasury Secretary Steven Mnuchin said Friday policymakers should consider blanket forgiveness for all smaller businesses that received "Paycheck Protection Program" loans. Mnuchin told lawmakers that they should consider such an approach to reduce complexity, coupled with some form of fraud protection. He also said the Trump administration supports adding more funds to the $660bn program, as well as allowing especially hard-hit businesses to apply for a second emergency loan. He did not define how small a loan would have to be to qualify for automatic forgiveness, and added it should be paired with some form of fraud protection without going into detail. Several business and banking groups have pushed for blanket forgiveness for all loans under $150,000, arguing the requirements for applying for forgiveness under the program are too complex. His comments come as Congress is preparing further economic relief legislation to support businesses and people harmed by pandemic lockdowns. Roughly $100bn remains in the PPP, a

forgivable loan program created by the initial stimulus package, is set to expire on August 8. Mnuchin added that he would also support applying some sort of "revenue test" to future PPP loans to make sure the remaining funds go to businesses that need it the most. The PPP has come under criticism after wealthy and larger companies secured loans under the program, which was billed as relief for small businesses. (Reuters)

- **US travel industry seeks government assistance, new tax breaks to spur trips –** The coronavirus-hit US travel industry on Friday asked Congress for $10bn in federal grants to promote safe practices, new liability protections and tax credits for travelers and the industry. The US Travel Association, which represents hotels, car rental companies, American Express, airports and tourism agencies, also wants $13bn for US airports and a refundable tax credit of up to 50% of travel expenses through the end of 2022 of up to $3,000 per family. "As the virus continues to wreak havoc on society, the situation in the travel industry is only getting worse. The industry is now on track to shrink by $1.2tn by the end of the year," the group's policy chief, Tori Emerson Barnes, told Congress. "The travel industry is facing an economic environment that is 10 times worse than the aftermath of 9/11." The Labor Department has said that the travel industry has lost more than 4mn jobs since March. The group also called for additional payroll assistance, and asked to restore the food and entertainment business expense deduction to encourage business spending, for boosting an employee retention tax credit. The proposal joins a growing number of requests for government assistance. (Reuters)
- **On eve of bankruptcy, US firms shower execs with bonuses –** Nearly a third of more than 40 large companies seeking US bankruptcy protection during the coronavirus pandemic awarded bonuses to executives within a month of filing their cases, according to a Reuters analysis of securities filings and court records. Under a 2005 bankruptcy law, companies are banned, with few exceptions, from paying executives retention bonuses while in bankruptcy. But the firms seized on a loophole by granting payouts before filing. Six of the 14 companies that approved bonuses within a month of their filings cited business challenges executives faced during the pandemic in justifying the compensation. Even more firms paid bonuses in the half-year period before their bankruptcies. Thirty-two of the 45 companies Reuters examined approved or paid bonuses within six months of filing. Nearly half authorized payouts within two months. (Reuters)
- **As big US banks let customers delay payments, loan losses remain unclear –** Major US bank executives this week said they extended forbearance programs to millions of credit card, auto loan and mortgage customers who were financially hard hit by the coronavirus pandemic. While that is good news for customers who need more time to pay their bills, the delays mean some of the largest US banks may not know how many consumer loans have gone bad until the end of this year or early next. "Significant credit card losses won't show up until 180 days past the end of (forbearance) programs," Bank of America Chief Financial Officer Paul Donofrio said on Thursday. "I would not expect to see significantly higher losses until 2021." JPMorgan Chase & Co, Bank of America, Citigroup and Wells Fargo & Co have all extended programs launched this spring that allow customers to delay payments on their credit card balances or loans without incurring late fees or hurting their credit. The four banks set aside $33bn this quarter for loans that could go bad, according to Reuters calculations. (Reuters)
- **UK boosts healthcare funding to ward off winter COVID-19 wave –** Prime Minister Boris Johnson is to pour 3bn Pounds ($3.8bn) into England's National Health Service (NHS) to try to ward off any resurgence of the coronavirus, as he sets out the next stage of his recovery plan for Britain. Britain is the worst-affected country in Europe by COVID-19 with a death toll from confirmed cases of more than 45,000. The government has faced criticism over several different aspects of its response to the pandemic, including that it was too slow to impose a lockdown and failed to ramp up testing capacity quickly enough. In recent weeks, the country has eased lockdown restrictions as infection rates have fallen but the government said it must now begin to prepare for a potential second peak in cases over winter. "The Prime Minister is clear that now is not the time for complacency, and we must make sure our NHS is battle ready for winter," a spokesman said ahead of a news conference by Johnson. Johnson is also reported to be ready to change official guidance to encourage more people back to work, although ministers denied there would be a major shift. (Reuters)
- **Bank of England's Bailey sees UK economy beginning to recover –** Bank of England (BoE) Governor Andrew Bailey said on Friday that Britain's economy was starting to recover from its coronavirus lockdown but some job-intense sectors remained weak and the longer-term outlook was unclear. "We are seeing activity return. We are beginning to see this recovery," Bailey said during a webinar organized by the central bank. There were signs of activity returning "quite strongly" in the housing market and in new car sales, but not in hospitality and entertainment, which employ large numbers of people, many of them on low pay, he said. There was a "very big question" about how cautious people would be about returning to life as before the crisis and there were also risks of a second wave of COVID-19, or localized outbreaks, Bailey said. Furthermore, the BoE did not know how much long-term damage the economy would suffer as a result of companies failing. "We don't yet know the full story of this," he said, in response to a question about whether he shared the view of BoE Chief Economist Andy Haldane that the economy looked like it would have a swift V-shaped recovery. Earlier this week, Britain's budget forecasters said the economy could shrink by more than 14% this year if there is lasting damage from the coronavirus. (Reuters)
- **Eurozone inflation confirmed at 0.3% YoY in June –** Eurozone consumer prices rose slightly in June, while core measures of inflation which exclude volatile components eased, the European Union statistics office Eurostat said on Friday, confirming its earlier estimates. Eurostat said annual inflation in the 19 countries sharing the Euro rose by 0.3% in June after a rise of just 0.1% in May, in line with the agency's earlier estimates released on June 30. Despite the uptick, inflation is still far below the European Central Bank's target of below but close to 2% over the medium term. Food, alcohol and tobacco prices went up in annual terms by 3.2%, while prices in the

services sector, the largest in the bloc's economy, rose by 1.2% in June. These increases offset a 9.3% fall in energy prices. Excluding energy and unprocessed food prices - a measure the ECB calls core inflation and watches closely in policy decisions - prices grew 1.1% in annual terms, easing from 1.2% in May, Eurostat figures showed. An even narrower core inflation measure, stripping out also alcohol and tobacco prices that many market economists look at, dipped to 0.8% YoY from 0.9% in May. (Reuters)

- **EU extends summit to Sunday after deadlock over COVID recovery plan –** European Union (EU) leaders failed to agree on a massive stimulus fund to revive their coronavirus-hammered economies on Saturday after two days of fraught negotiations, but extended their summit for another day to try and overcome their differences. As the 27 leaders scurried back to their hotels after a late, inconclusive dinner, German Chancellor Angela Merkel and French President Emmanuel Macron stayed behind in the EU's headquarters in Brussels to haggle with the Dutch-led camp of thrifty countries demanding cuts to the 1.8tn-Euro package. "The negotiations were heated," said Prime Minister Giuseppe Conte of Italy, one of the EU countries most affected by the coronavirus crisis that are seeking generous aid from the bloc. "Europe is under the blackmail of the 'frugals'." "We have to do all what is possible to reach a deal tomorrow. Further delays are not useful to anybody." Summit chairman Charles Michel was due to hand new proposals before the 27 reconvene at noon (1000 GMT) on Sunday. With the pandemic dealing Europe its worst economic shock since World War Two, leaders first locked horns on Friday over a proposed 750bn Euro ($856bn) recovery fund and a 2021-27 EU budget of more than 1tn Euros. (Reuters)
- **EU's Michel rejigs recovery fund plan to break summit deadlock –** European Council President Charles Michel offered a revised plan for the EU's proposed economic recovery fund on Saturday to break a deadlock between the bloc's 27 leaders on the second day of a summit in Brussels, according to a document, diplomats and officials. To assuage concerns by the northern camp of thrifty EU countries led by Dutch Prime Minister Mark Rutte, the share of free grants in the proposed 750bn Euro recovery fund would be reduced to 450bn Euros from 500bn. This, along with plans for an 'emergency brake' on disbursement of funds, would appease wealthy northern states who want conditions attached to grants and would prefer to see those countries worst affected by the coronavirus crisis take loans. The proposal would also increase rebates on the core EU budget for Austria, Denmark and Sweden. (Reuters)
- **Merkel: Deep discord as EU leaders meet for tough spending talks –** European Union leaders face very tough talks over a proposed budget and recovery plan to lift the bloc from an economic crisis sparked by the coronavirus pandemic, German Chancellor Angela Merkel said on Friday, pointing to deep differences. "We are all going into the talks with a lot of vigor but I must say that the differences are still very, very big and so I can't yet say whether we will get a solution this time already," Merkel said as she arrived at the summit. "I expect very, very difficult negotiations." (Reuters)
- **At G20, Germany pledges 3bn Euros for poor countries –** Germany pledged 3bn Euros ($3.4bn) at a meeting of G20 finance ministers to help the world's poorest countries, the finance ministry said on Saturday. The funds will be made available as long-term loans for the International Monetary Fund's Poverty Reduction and Growth Trust (PRGT). In April, IMF officials said they had received pledges of a combined $11.7bn from Australia, Japan, Canada, France and Britain to replenish the PRGT. The United States has not yet pledged any money for the program. "With the funds ... low-income countries can receive greatly discounted loans and bridge liquidity bottlenecks," the German finance ministry said. It added that Germany will provide a total of 8.7 billion euros for international aid measures in 2020 and 2021. (Reuters)
- **Dutch welcome new ideas on EU recovery fund but deal far off –** The Dutch welcomed new proposals on a massive EU stimulus fund on Saturday in a second day of negotiations among the bloc's leaders though a final deal on how to revive growth stifled by the coronavirus pandemic remained far off. The talks on Friday were deadlocked over who should control how the money is spent, as Prime Minister Mark Rutte held out against his EU counterparts after 13 hours of negotiations at a summit in Brussels. With the pandemic dealing many European economies their worst economic shock since World War Two, leaders seek to agree on a 750bn Euro ($856bn) recovery fund and a 2021-27 EU budget of more than 1tn Euros. "I'm doing this for the whole of Europe, because it is also in the interest of Spain and Italy that they emerge from this crisis with strength," Rutte told reporters early on Saturday, referring to the two EU countries most affected by the pandemic. Many of the 27 leaders - wearing masks in their first face-to-face meeting since February - had their own demands in negotiations crisscrossing different regional and economic priorities. But the Dutch position highlighted the deep splits in the bloc, as the executive European Commission seeks a mandate to borrow billions of euros on capital markets for the first time. Fiscally conservative countries such as Austria, Denmark and Sweden are adamant that any new debt should be strictly policed. The European Parliament must also approve any deal done by leaders. (Reuters)
- **France postpones pension reform talks until 2021 –** Negotiations between the French government and unions over a controversial pension reform will be postponed until 2021 to focus on economic recovery in the wake of the COVID-19 crisis, Prime Minister Jean Castex said on Friday. The reform, pushed by President Emmanuel Macron and the single greatest revamp of the pension system since World War Two, was halted in its tracks in February by the pandemic. The proposal angered unions and brought thousands of people onto the streets at the turn of the year. The decision to push it back aims in part to ease those tensions as France grapples with the economic fallout from the coronavirus. "The priority now is the battle against the crisis, for employment and to tackle unemployment," Castex told reporters after his first meeting with union representatives since becoming prime minister this month. Castex said the reform, which includes raising the retirement age by two years to 64, would not be scrapped. A deferment until after the 2022 presidential elections might defuse union and voter concerns, but would undermine Macron's already-weakened credibility as a reformer. The reform is central to Macron's ambition of creating a more

flexible and competitive labor force. But trade unions who argue that it will erode hard-earned benefits and leave pensioners worse off. Castex also said that the full implementation of unemployment insurance reform would be postponed to January 1. (Reuters)

- **French PM Castex: It is 'essential' to reach deal at EU recovery plan summit –** French Prime Minister Jean Castex said on Friday that it was "essential" that European Union leaders meeting for summit talks in Brussels reach a deal on a multi-billion euro recovery plan for the European Union. "A deal is essential in view of the gravity of the situation," Castex told France 2 television. (Reuters)
- **China's fiscal revenue up 3.2% in June as economy rebounds –** China's fiscal revenues rose 3.2% in June from a year earlier, reversing a 10% drop in May and returning to expansion for the first time this year, the finance ministry said on Friday, in line with a recovery in the economy. Fiscal revenues have been gradually recovering in the second quarter after a deep decline in the first three months, ministry official Liu Jinyun told a briefing. China's economy returned to growth in the second quarter after a deep slump at the beginning of the year, but weak demand underscored the need for more policy support for the recovery after the shock of the novel coronavirus crisis. For the first half, fiscal revenues fell 10.8% from a year earlier to 9.6176tn Yuan, while fiscal spending fell 5.8% to 11.6411tn Yuan, the ministry said. Tax revenues fell 11.3% in the first half, while non-tax revenues were down 8%, it said. China has issued 720bn Yuan ($102.89bn) in special treasury bonds as of July 16, accounting for 72% of the planned issuance that could be completed by the end of July, Liu said. In May, the government said it would issue 1tn Yuan in special treasury bonds to support employment, expand consumption and investment. The government will also let local governments issue 3.75tn Yuan worth of special bonds to fund investment projects. (Reuters)

Regional

- **IMF urges GCC, Arab states to balance reopening economy, keeping Covid cases down –** The GCC and other Arab countries must have a right balance between opening up their economies and keeping coronavirus cases down over the next six months in order to ensure sustainable recovery, say economists and political analysts. While addressing a webinar on Thursday hosted by the IMF, they stressed that the Arab governments would have to move away from job providers and shift this responsibility to the private sector and also do away with the patronage system. Chief Economist of Abu Dhabi Commercial Bank, Monica Malik said getting the balance right between opening up economy and keeping Covid-19 cases down and protecting the businesses that are still there are key for the recovery of economies. "Most important is to come up with a plan on how to broaden and deepen the economy and the sectors because they are not going to provide the same growth and drivers going forward. At the same time, bringing in foreign capital is going to be very, very important, so creating a framework to bring that in will also be very important. It is a mixture of near-term and forward-looking measures to be implemented as soon as possible." Chief Economist for the MENA region at the IMF, Jihad Azour said that regional governments should keep an eye on the pandemic because the risk is not over and with reopening there is still an increased number of cases. (Zawya)
- **Fitch Ratings: OPEC+ cuts tapering reflects recovering oil Deman –** The OPEC+ agreed tapering of oil production cuts from August should support a gradual market rebalancing and may help reduce price volatility, Fitch Rating said. Fitch expects OPEC+ to continue to periodically adjust the two-year deal reached in April 2020 to avoid large production surpluses or deficits. This supports our expectations of gradual oil price recovery in the medium term incorporated in our 'through-the-cycle' rating approach. The second phase of the OPEC+ agreement, which was agreed yesterday after a one-month delay, will scale back production cuts from 9.6MMbpd to 7.7MMbpd between August 2020 and January 2021. Based on the original agreement, cuts are expected to taper further to 5.8MMbpd between January 2021 and April 2022. In practice, the tapering will be implemented more slowly as countries that produced more than their commitments in the previous period, including Iraq and Nigeria, have agreed to compensate for their insufficient compliance by producing less oil in August and September. (Bloomberg)
- **IMF did not recommend Saudi Arabia VAT tripling, official says –** The IMF did not recommend the decision taken by Saudi Arabia to triple value-added tax this month, an official said, cautioning against increasing consumption taxes in the Middle East amid the coronavirus-driven downturn. Saudi Arabia tripled VAT this month to 15% as it seeks to bolster state finances badly hurt by a drop in oil prices. Economists have said the move may lead to a spike in inflation and dampen economic recovery. The IMF had recommended last year that Saudi Arabia double its VAT, advice the Kingdom did not follow at the time. But Director of the IMF's Middle East and Central Asia Department, Jihad Azour told a virtual forum that the Fund was not advising such hikes in the region now, during a recession. "It's not wise at this stage to increase tax on consumption, especially in countries where the level of income is low, because this will create additional regression and additional pressure," he said. "Our general principle here for oil exporting countries and also for others who have the capacities and the reserves, is to find the right balance between providing support to stabilize the economy and consolidating the public finance situation," he said. (Reuters)
- **Reliance's stake sale talks with Aramco stall over price –** Talks over the sale of a 20% stake in Reliance Industries Limited's oil-to-chemical business to Saudi Aramco have stalled over price, sources said. With the energy market hit by falling demand for crude due to COVID-19, Aramco wants the Indian conglomerate to review the $15bn it agreed to sell the stake for last year, the sources told Reuters. "Aramco has told Reliance that refining margins are terrible and are expected to remain subdued in Q3 at least, so they can't pay the price they have agreed pre-COVID," sources said. "In reality, Aramco does not have the money." A second source said Reliance would wait for the market to recover rather than settling for a "drastic" revaluation of the asset. The initial deadline for completion of the deal was March 2020. Reliance Chairman, Mukesh Ambani told shareholders on Wednesday it had been delayed due to

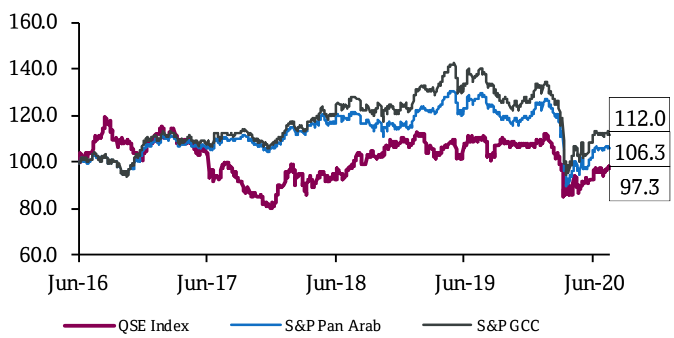
"unforeseen circumstances in the energy market and the COVID-19 situation". The Indian firm, however, remained committed to a long-term partnership with Aramco, he added. (Reuters)

- **Saudi Arabia's Almana General Hospitals in early talks for IPO –** Saudi Arabia's Almana General Hospitals (AGH) is in early talks with banks about an IPO on the Kingdom's Tadawul exchange, sources told Reuters. Almana, focused on the Kingdom's eastern province, is part-owned by Sanabil Investments, a commercial investment company owned by the kingdom's sovereign wealth fund, the Public Investment Fund. Sanabil acquired a 20% stake in Almana in 2016. Almana has asked advisors to carry out a valuation of the hospital in conjunction with the possible IPO transaction, sources said. The company was speaking to independent investment banks but still weighing whether to go ahead with a local offering or consider an international Regulation S offering, making it open to institutional investors outside the US, a second source said. The company could go public in the fourth quarter, should they decide to proceed. Almana, established in 1949 by Shaikh Mohammad Bin Abdullah Almana, has the largest network of hospitals in the eastern province of Saudi Arabia. It operates four hospitals with a total capacity of over 900 beds, according to its website. (Reuters)
- **Saudi Arabia will extend SME loan deferral program if needed –** The Saudi Arabian Monetary Agency (SAMA) could extend a loan deferral program that's benefited 72,000 small and medium enterprises "if there is a need," Governor, Ahmed Alkholifey said. These are some of the other key points about Saudi Arabia from the briefing that followed a virtual meeting of the finance ministers and Central Bank Governors of the Group of 20 leading economies: Saudi economy will contract more in the second quarter than in the first, when output slumped by 1%. Officials saw "some positive signs in June" as the economic activity began to return after a curfew was eased. However, that could be due to "pent-up demand" and front-loading purchases before a July 1 increase in value-added tax. (Bloomberg)
- **Saudi Aramco and Exxon make move to join BP, Shell in carbon curbs –** Saudi Aramco has joined with European and US supermajors representing a third of the world's oil industry to begin curbing emissions at their own operations as the clamor builds for the biggest polluters to act on climate impact. Members of the Oil & Gas Climate Initiative, a group of big oil companies working on ways to respond to climate change, pledged to reduce the carbon intensity of their operations to between 20 and 21 kilograms of carbon dioxide per barrel of crude equivalent by 2025. That represents a reduction of as much as 13% from 2017 levels. The target only refers to "intensity," meaning it allows producers to increase their overall emissions, but they will have to be cleaner on a per-barrel basis. It also does not include customer emissions, referred to by carbon accountants as "Scope 3," which typically add up to more than 90% of an oil company's total footprint. (Bloomberg)
- **Saudi Oil Minister says OPEC+ cuts deal will continue till 2022 –** The OPEC+ oil production cuts deal will continue till April 2022, and may extend beyond two years if needed, Saudi Arabia's Energy Minister, Abdulaziz bin Salman Al Saud said. He said that the March deal was reached as the Kingdom was fed up of volunteering and taking on others' burdens. He is ready to take more measures if needed to deal with virus impact on oil markets. (Bloomberg)
- **Dubai's June consumer prices fall 3.44% YoY; rise 0.2% MoM –** Dubai Statistics Center published Emirate of Dubai's consumer price indices for June which showed that consumer prices fell 3.44% YoY, however, rose 0.2% MoM. (Bloomberg)
- **Fitch affirms Abu Dhabi's Mamoura at 'AA'; Outlook Stable –** Fitch Ratings has affirmed Mamoura Diversified Global Holding (MDGH, formerly Mubadala Development Company) Long-Term Local and Foreign-Currency Issuer Default Ratings (IDR) at 'AA'. The Outlooks on the Long-Term IDRs are Stable. The ratings on MDGH - GMTN B.V.'s GMTN program and euro CP program have been affirmed at 'AA' and 'F1+' respectively. MDGH - GMTN B.V. is a wholly owned subsidiary of MDGH and its obligations are unconditionally and irrevocably guaranteed by the latter. Fitch views MDGH as a government-related entity (GRE) of Abu Dhabi and equalizes its ratings with those of the sovereign, irrespective of its Standalone Credit Profile (SCP). This reflects a score of 55 points under our GRE Rating Criteria. Key Rating Drivers Under our GRE Criteria, we assess four key rating factors - status, ownership and control, and support track record and expectations - which determine the strength of linkage between MDGH and the government of Abu Dhabi. We also assess the incentive to support, which covers the socio-political and financial implications of a GRE's default. Status, Ownership and Control Assessed as 'Very Strong.' MDGH is part of the combined Mubadala Investment Company PJSC (Mubadala) group. Following the merger of the International Petroleum Investment Company (IPIC) and the Mubadala Development Company (MDC), Mubadala was established in 2017. The latter is 100%-owned by the Emirate of Abu Dhabi, which in turn owns 100% of MDGH. MDGH has a strong linkage to Mubadala. (Zawya)
- **Abu Dhabi Bourse to introduce ETF next month, futures later –** Abu Dhabi Securities Exchange (ADX) will list an exchange-traded fund next month and is planning to introduce derivatives such as futures contracts soon, the bourse's Chief Executive Officer, Khaleefa Al Mansouri said. The exchange in the capital of the UAE is close to setting up a central clearing house, which is a prerequisite for derivatives trading, he said. Investment banks will probably be able to buy and sell them for customers next year, he said. The ETF will be Shari'ah-compliant, and it will also followed by a real estate investment trust, he said. "Infrastructure-wise, we are ready to receive any of those," he said on Wednesday. "We are in talks with several investors to introduce REITs." (Bloomberg)
- **ADNOC set to delay $10bn Sour gas tenders off Abu Dhabi –** Abu Dhabi National Oil Co. (ADNOC) is set to delay $10bn sour gas tenders off Abu Dhabi. The tender process will be delayed until late this year for four substantial packages involving its $20bn Hail & Ghasha offshore sour gas development, Upstream reports, sources said. Commercial bid submission date for four Hail & Ghasha contracts may be pushed back until first week of November, as state-owned ADNOC aims to further optimize costs for sour gas development in wake of Covid-19 pandemic,

according to Upstream. Formal communication is likely within days, Upstream reports, citing a person. (Bloomberg)

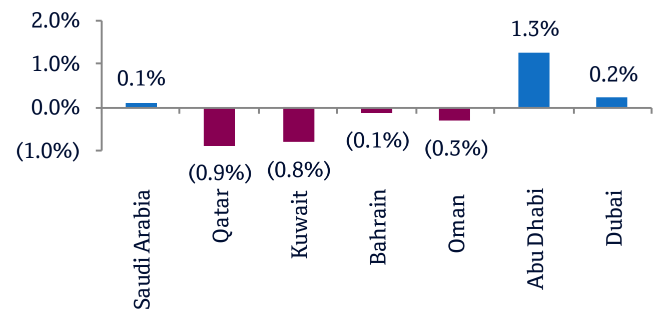
- **Overseas investor base in Abu Dhabi's ADX rises by 25% in 1H2020 –** Abu Dhabi Securities Exchange (ADX) has seen an increase of 25% in its overseas investor base and has distributed cash dividends worth AED22.5bn in the first-half of 2020, highlighting the growth and robustness of the platform in the face of COVID-19, ADX said in its 1H2020 performance report. The largest proportion of overseas investors were from the UK, who traded AED5.2bn of shares in the period, followed by those from the US (AED4.1bn) and then Luxembourg (AED1.2bn.) Total trading value fell to AED40.7bn in the six months to June 30, compared to AED54.7bn in the same period a year ago. TAQA's absorption of ADPower's assets on July 1 to create one of the top utility assets company in the region led to a AED107bn surge in market cap of Abu Dhabi Securities to AED607bn. TAQA is now one of the largest companies on ADX. Property developer Wahat Al Zaweya, Agthia, Abu Dhabi Islamic Bank and Methaq Takaful Insurance raised their limits for foreign investors during H1. Currently, foreign investors can invest in 55 companies, or about 80% of listed entities on the ADX, the second largest in the region, behind Saudi Arabia's Tadawul. "The year-on-year decrease was inevitable in view of COVID-19 and was similar to the experience of other exchanges around the world," the ADX said. (Zawya)
- **S&P revises Kuwait's outlook to negative on depletion in liquidity buffer –** S&P on Friday revised Kuwait's outlook to 'negative' from 'stable', saying it expects that the country's main liquidity buffer, the General Reserve Fund, will be insufficient to cover central government deficit. "The GRF balance has been steadily reducing over the past three years, but this process has accelerated in recent months following the decline in oil prices and Kuwait's implementation of the OPEC+ oil production cut agreement," the ratings agency said in a statement. Kuwait has been drawing down its GRF to plug the deficit, which the IMF estimates could reach more than 11% of GDP this year, compared with a 4.8% surplus last year. The ratings agency expects Kuwait's Central Government deficit to be almost 40% of GDP in fiscal 2020, up from an estimated 10% a year ago, estimating that the GRF alone will be unable to fund a deficit of that magnitude. In the absence of other measures, complete depletion of the GRF could lead to a hard budget constraint for Kuwait, which could precipitate a distortionary expenditure adjustment when economic performance is already weak, S&P said. A government official, speaking on condition of anonymity, had told Reuters on July 12 that the state was considering selling assets of the GRF to the Future Generations Fund as one alternative to plug the deficit. The Future Generations Fund automatically receives 10% of state oil revenue each year and accounted for about $489bn of Kuwait Investment Authority's estimated total assets of $527bn at the end of March, according to Fitch Ratings estimates. The agency affirmed the Middle Eastern country's ratings at 'AA-/A-1+'. The negative outlook primarily reflects our view of risks stemming from fiscal pressure, including the likely depletion of the GRF, the government's main source of budget funding, while alternative financing arrangements are not yet in place. S&P could lower the ratings over the next two years if Kuwait's institutional settings prevent the government from finding a sustainable long-term solution to its funding needs. In an extreme case, an insufficient policy response could leave Kuwait facing a hard-fiscal budget constraint, potentially resulting in a disorderly expenditure adjustment that could inflict long-term damage on the Kuwaiti economy. S&P could also lower the ratings if broader reform efforts, such as taxation and labor market changes, and measures to diversify the economy remain sluggish, increasing the burden on Kuwait's fiscal and balance-of payments metrics beyond 2020. Additionally, ratings could come under pressure if we consider that Kuwait's monetary policy flexibility has reduced or regional geopolitical tensions materially deteriorate, potentially disrupting key trade routes. S&P could revise the outlook to stable if the authorities swiftly address immediate and medium-term funding constraints. Wide-ranging political and economic reforms enhancing institutional effectiveness and improving long-term economic diversification would also support the ratings. (Zawya, Bloomberg)
- **Central Bank of Kuwait says currency strong in statement issued after Emir hospitalized –** Central Bank of Kuwait's (CBK) Governor issued a statement on Saturday noting the strength and stability of the country's currency, which is pegged to a weighted basket of the oil-exporting nation's big trading partners. The statement sent to Reuters came after the state news agency reported that Kuwait's 91-year-old Emir had been admitted to hospital and that the crown prince would temporarily exercise some of the ruler's constitutional duties. (Reuters)

Rebased Performance



Source: Bloomberg

Daily Index Performance



Source: Bloomberg

Asset/Currency Performance	Close ($)	1D%	WTD%	YTD%
Gold/Ounce	1,810.42	0.7	0.7	19.3
Silver/Ounce	19.33	0.9	3.2	8.3
Crude Oil (Brent)/Barrel (FM Future)	43.14	(0.5)	(0.2)	(34.6)
Crude Oil (WTI)/Barrel (FM Future)	40.59	(0.4)	0.1	(33.5)
Natural Gas (Henry Hub)/MMBtu	1.74	(1.1)	(6.6)	(16.7)
LPG Propane (Arab Gulf)/Ton	47.75	(0.5)	(0.8)	15.8
LPG Butane (Arab Gulf)/Ton	45.75	2.2	(2.1)	(31.1)
Euro	1.14	0.4	1.1	1.9
Yen	107.02	(0.2)	0.1	(1.5)
GBP	1.26	0.1	(0.4)	(5.2)
CHF	1.07	0.8	0.3	3.1
AUD	0.70	0.4	0.7	(0.4)
USD Index	95.94	(0.4)	(0.7)	(0.5)
RUB	71.89	0.5	1.6	16.0
BRL	0.19	(1.1)	(1.2)	(25.4)

Source: Bloomberg

Global Indices Performance	Close	1D%*	WTD%*	YTD%*
MSCI World Index	2,293.92	0.2	1.5	(2.7)
DJ Industrial	26,671.95	(0.2)	2.3	(6.5)
S&P 500	3,224.73	0.3	1.2	(0.2)
NASDAQ 100	10,503.19	0.3	(1.1)	17.1
STOXX 600	372.71	0.4	2.8	(8.7)
DAX	12,919.61	0.6	3.5	(0.5)
FTSE 100	6,290.30	0.4	2.6	(21.0)
CAC 40	5,069.42	(0.1)	3.2	(13.6)
Nikkei	22,696.42	(0.2)	1.7	(2.4)
MSCI EM	1,055.06	0.9	(1.3)	(5.3)
SHANGHAI SE Composite	3,214.13	0.1	(4.9)	4.9
HANG SENG	25,089.17	0.5	(2.5)	(10.6)
BSE SENSEX	37,020.14	1.8	1.5	(14.7)
Bovespa	102,888.30	1.7	2.4	(33.4)
RTS	1,216.17	(0.3)	(2.4)	(21.5)

Source: Bloomberg (*$ adjusted returns)

Contacts

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

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

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

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

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